



Edited Q&A from Elite UK REIT 1H2025 analyst briefing on 31 July 2025

1. How is the lease regearing with DWP progressing?

We are actively engaging with DWP and maintain our guidance towards a partial lease renewal of around one-third of the portfolio this year, with further renewals on remaining leases in the following years. There could be some rationalisation of footprint as historically, the retention rate for is between 85% to 95% during lease events.

2. What are the capital expenditure requirements and underwriting assumptions for the Lindsay House PBSA conversion? What is the REIT's long-term PBSA strategy?

The conversion of Lindsay House into a PBSA will create 168 beds with an estimated return on investment of approximately 18%, estimated yield on cost of 7%, and an estimated gross development value of circa £24 million. Capex estimates are preliminary, with final construction quotes and planning still in progress. The PBSA strategy is to redevelop existing assets, with Cardiff and another asset in the pipeline. Future acquisitions will be considered only if market conditions and cost of capital improve. At the present, the core strategy that is most sensible for the REIT is to pursue redevelopment opportunities from within its existing portfolio of assets.

3. How will the Lindsay House's redevelopment be funded?

A range of funding options are being considered include tapping on our balance sheet or exploring entering into a joint venture. Discussions with high-net-worth investors, family offices and funds are ongoing.

4. Are there MAS restrictions on redevelopment?

As the Lindsay House PBSA project involves a conversion using the existing building structure, the total capital expenditure is expected to remain modest and within the regulatory threshold of 10% of the REIT's deposited property. Larger-scale projects may have to involve joint venture arrangements and are also likely attract greater interest from institutional investors.

5. Can you provide some guidance on Peel Park, Blackpool?

The power supply available has increased to 120 MVA but requires a secondary feed, which is in process. Planning and power arrangements are ongoing, with the intention to create options for better outcomes than current valuations suggest.

6. What percentage of assets can be redeveloped into PBSA or Build-To-Rent?

Since lease renewal discussions are ongoing, it would be preliminary to comment on the percentage of assets that can be repositioned. That said, Lindsay House, Dundee will yield 168 beds, Newport Road, Cardiff could yield another over 300 beds, and the next one could be more than double the number of beds in Lindsay House and Newport Road combined.

7. Have all dilapidation negotiations been settled? What is the status of Ladywell House, Edinburgh and Victoria Road, Kirkcaldy?

We have received all dilapidation settlements, and the proceeds were used to reduce debt. Both Ladywell House, Edinburgh and Victoria Road, Kirkcaldy may be divested in due course. We are also exploring alternative uses for Ladywell House, Edinburgh.

8. Why did financing costs increase despite a lower cost of debt?

The increase in finance costs is due to accounting for non-cash fair value losses on derivatives (i.e. interest rate swaps) and an amortisation of transaction costs. These are accounting adjustments and excluded from distributable income. Amortisation will continue into 2027 but cashflow remains positive.

9. Are the current hedges expiring soon?

The interest rate swap facility expires in 2027. We will review closer to maturity but positive cash flow continues.

10. What is the outlook for valuations by year-end?

Lower interest rates and stronger leasing markets are suggesting potential valuation uplift, subject to year-end market conditions. A re-gearing of the DWP leases, the conversion of Lindsay House, Dundee into student accommodation, and Peel Park, Blackpool development are expected to be value accretive.

11. Is the REIT considering acquisitions?

We continue to explore opportunities. Factors such as funding costs and availability of quality assets with strong government tenants at attractive valuations are being considered.

12. What is the rental uplift from converting Lindsay House to PBSA?

Based on comparable student housing in the vicinity, Lindsay House could achieve rentals of around £250 per week per student bed – representing a substantial uplift from its prior= government lease income.