## Part B

## REPORT FROM RSM UK CORPORATE FINANCE LLP ON CREI QUANTIFIED FINANCIAL BENEFITS STATEMENT

RSM UK Corporate Finance LLP
25 Farringdon Street
London
EC4A 4AB
United Kingdom
T +44 (0)20 3201 8000
rsmuk.com

The Directors
Custodian Property Income REIT plc
1 New Walk Place
Leicester
LE1 6RU

The Directors
Numis Securities Limited
45 Gresham Street
London
EC2V 7BF

19 January 2024

To the Directors of Numis Securities Limited and Custodian Property Income REIT plc,

**Report on Quantified Financial Benefits Statement by Custodian Property Income REIT plc (the "Company") and its subsidiary undertakings (the "Group")**

We report on the quantified financial benefits statement (the "Statement") by the directors of the Company (the "**Directors**") included in Part A of Appendix 5 (*CREI Quantified Financial Benefits Statement*) of the Rule 2.7 Announcement dated 19 January 2024 to the effect that:

*The CREI Directors, having reviewed and analysed the potential cost savings of the Combined Group, as well as taking into account factors they can influence, believe the Combined Group can deliver shareholder value through the expected realisation of approximately:*

- *£1.0 million of pre-tax recurring run-rate cost synergies by the end of the first year following the Effective Date (the "Recurring Cost Synergies"); and*
- *£2.1 million of additional non-recurring pre-tax cost synergies during the Transition Period (the "Transition Period Cost Synergies").*

*The Recurring Cost Synergies are expected to be realised principally from:*

- *Management fees: unification of investment management under Custodian Capital, delivering an estimated £0.5 million of annualised run-rate cost synergies derived from lower management and administrative fees charged on the API investment properties (the "Management Fee Savings"); and*
- *Corporate and administrative: rationalisation of duplicated listing, administration and operational expenses delivering at least an estimated £0.5 million of annualised run rate cost synergies.*

*The additional Transition Period Cost Synergies are expected to be realised principally from:*

- *Amended management fee tiers: reduction in the management fees payable by CREI to Custodian Capital for the Transition Period delivering an estimated £0.3 million of annualised run rate cost synergies (£0.6 million total estimated cost synergies) through the consolidation of the first two fee tiers into one fee tier, such that the consolidated fee tier will be calculated as a fee of 0.75 per cent. in respect of the NAV of the Combined Group which is less than or equal to £500 million (rather than a fee of 0.90 per cent. in respect of NAV up to £200 million and 0.75 per cent. up to £500 million) (the "Amended Management Fee Tier Savings"); and*

- *Partial management fee waiver: Custodian Capital has agreed to waive its management fee in relation to the NAV attributable to the API portfolio for the first nine months following completion of the Merger (the "Partial Management Fee Waiver Savings") delivering an estimated £1.5 million of cost synergies in the first year following the Effective Date.*

*In order to achieve the Management Fee Savings, the Amended Management Fee Tier Savings and the Partial Management Fee Waiver Savings, it is estimated that API will incur one-off costs of between £1.5 million and £2.0 million in connection with the termination of the API Investment Management Agreement. These costs will be incurred within the first year following the Effective Date and have been reflected as a cost to API within the Exchange Ratio. The CREI Directors expect that any costs incurred in the realisation of the other cost synergies will be immaterial.*

*Other potential adverse effects of the Merger have been considered and were determined by the CREI Directors to be immaterial for the analysis.*

*The identified cost savings will accrue as a direct result of the Merger and would not be achieved on a standalone basis.*

*These statements relating to identified cost savings and estimated savings relate to future actions or circumstances which by their nature involve risks, uncertainties and contingencies. As a consequence, the identified synergies and estimated savings referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.*

## Opinion

In our opinion, the Statement has been properly compiled on the basis stated.

The Statement has been made in the context of the disclosures in Part A of Appendix 5 of the Rule 2.7 Announcement setting out the basis of the Directors' belief (including the principal assumptions and sources of information) supporting the Statement and their analysis and explanation of the underlying constituent elements.

This report is required by Rule 28.1(a) of the City Code on Takeovers and Mergers (the "Takeover Code") and is given for the purpose of complying with that requirement and for no other purpose.

## Responsibilities

It is the responsibility of the Directors to prepare the Statement in accordance with the requirements of Rule 28 of the Takeover Code.

It is our responsibility to form our opinion, as required by Rule 28.1(a)(i) of the Takeover Code, as to whether the Statement has been properly compiled on the basis stated and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under Rule 28.1(a)(i) of the Takeover Code to any person as and to the extent therein provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Rule 23.2 of the Takeover Code, consenting to its inclusion in the Rule 2.7 Announcement.

## Basis of preparation of the Statement

The Statement has been prepared on the basis stated in Part A of Appendix 5 of the Rule 2.7 Announcement.

## Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent in accordance with relevant ethical requirements. In the United Kingdom this is the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We have discussed the Statement, together with the underlying plans (relevant bases of belief/including sources of information and assumptions), with the Directors and Numis Securities Limited. Our work did not involve any independent examination of any of the financial or other information underlying the Statement.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Statement has been properly compiled on the basis stated.

We do not express any opinion as to the achievability of the benefits identified by the Directors in the Statement.

Since the Statement and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we express no opinion as to whether the actual benefits achieved will correspond to those anticipated in the Statement and the differences may be material.

Yours faithfully,

[redacted]

**RSM UK Corporate Finance LLP**