Managing our portfolio in a sustainable way

Asset Management and Sustainability Report June 2025

Custodian
PROPERTY INCOME REIT

Welcome

Inside this report

Welcome to the Asset Management and Sustainability Report of Custodian Property Income REIT plc ("the Company").

For more information, visit: **custodianreit.com**

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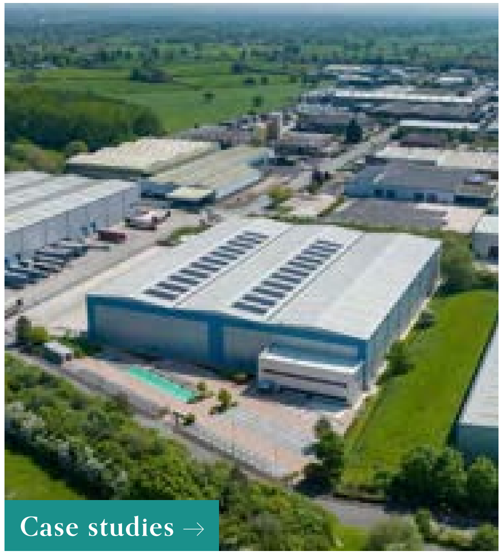


Chairman's introduction

David MacLellan
Chairman

Welcome to the Asset Management and Sustainability Report of Custodian Property Income REIT plc ("the Company").

The Company is committed to managing its portfolio proactively through its investment in asset upgrades which help to maintain occupier demand and secure rental growth. Environmental considerations are a part of all asset management and are embedded in the Company's day-to-day operations with a particular focus this year being the generation of on-site renewable energy through solar panel installation.

While focused on returns for shareholders, the Board also acknowledges its responsibility to society and is committed to meeting the Company's challenging goals in relation to environmental and social matters. To this end, the Board encourages the Investment Manager to act responsibly in the areas which it can influence as a landlord, for example, by working with tenants to improve the environmental performance of the Company's properties, which the Board believes will ultimately benefit shareholders through enhanced rent and asset values. Investing in real estate that meets the environmental requirements of occupiers and legislation should ultimately lead to shorter periods of vacancy, higher rents and enhanced values.

This report sets out the key ongoing and recently completed asset management initiatives with a focus on the environmental improvements that these initiatives are making to the Company's portfolio along with a number of case studies. I hope you find it helpful.

> "The Board's responsibility to society is broader than simply generating financial returns for shareholders

Shrewsbury

Investment Manager's introduction

Richard Shepherd-Cross
Managing Director
On behalf of Custodian Capital Limited
Investment Manager

During the year ended 31 March 2025 ("the year") we have remained focused on active asset management, completing 15 rent reviews at an aggregate 29% increase in annual rent from £2.5m to £3.2m, along with 64 new lettings, lease renewals and lease regears, with rental levels remaining affordable to our occupiers.

We have also updated energy performance certificates across 24 properties, documenting the continuing improvements in the environmental performance of the portfolio. The weighted average EPC across the portfolio is following a positive trajectory towards an average B rating (equivalent to a score of between 25 and 50), having improved from C (53) to C (51) during the year. With energy efficiency a core tenet of the Company's asset management strategy and with tenant requirements aligning with our energy efficiency goals we see this as an opportunity to secure greater tenant engagement and higher rents.

The Investment Manager has undertaken and completed a number of refurbishments, and continued to expand our photovoltaics ("PV") capacity, increasing the Company's renewable energy generating capacity 60% from 2,485 kWp to 4,162 kWp which should generate £0.3 m of annual net income once fully operational. We now have owned PV at 17 properties and anticipate earnings-accretive installations at a further c.74 properties in the future.

Our priorities are to continue to invest in the Company's portfolio of assets to meet the Company's stretching sustainability targets, crystallise latent rental growth and increase renewable energy generation.

Stevenage

Business model and property strategy

Purpose

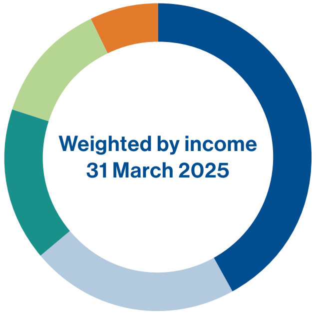
Custodian Property Income REIT offers investors the opportunity to access a diversified portfolio of UK commercial real estate through a closed-ended fund. The Company seeks to provide investors with an attractive level of income and the potential for capital growth, becoming the REIT of choice for private and institutional investors seeking high and stable dividends from well-diversified UK real estate.

Property strategy

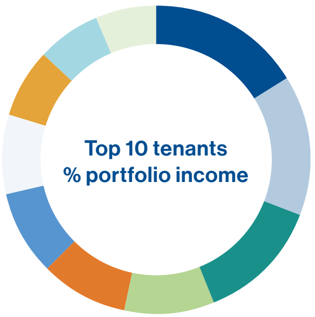
The Company's portfolio is focused on smaller, regional, core/core-plus which helps achieve our target of high and stable dividends from well-diversified real estate by offering:

- **An enhanced yield on acquisition –** with no need to sacrifice quality of property/location/tenant for income and with a greater share of value in 'bricks and mortar';
- **Greater diversification –** spreading risk across more assets, locations and tenants and offering more stable cash flows; and
- **A higher income component of total return –** driving out-performance with forecastable and predictable returns.

Our portfolio by sector



- 42% Industrial
- 22% Retail warehouse
- 16% Office
- 13% Other
- 7% High street retail



- 3.9% Menzies Distribution
- 3.5% Wickes Building Supplies
- 3.1% B&M Retail
- 2.3% B&Q
- 2.2% Matalan
- 2.1% First Title (t/a Enact Conveyancing)
- 2.0% DFS
- 1.7% Zavvi
- 1.6% Next
- 1.5% Nicwood Logistics

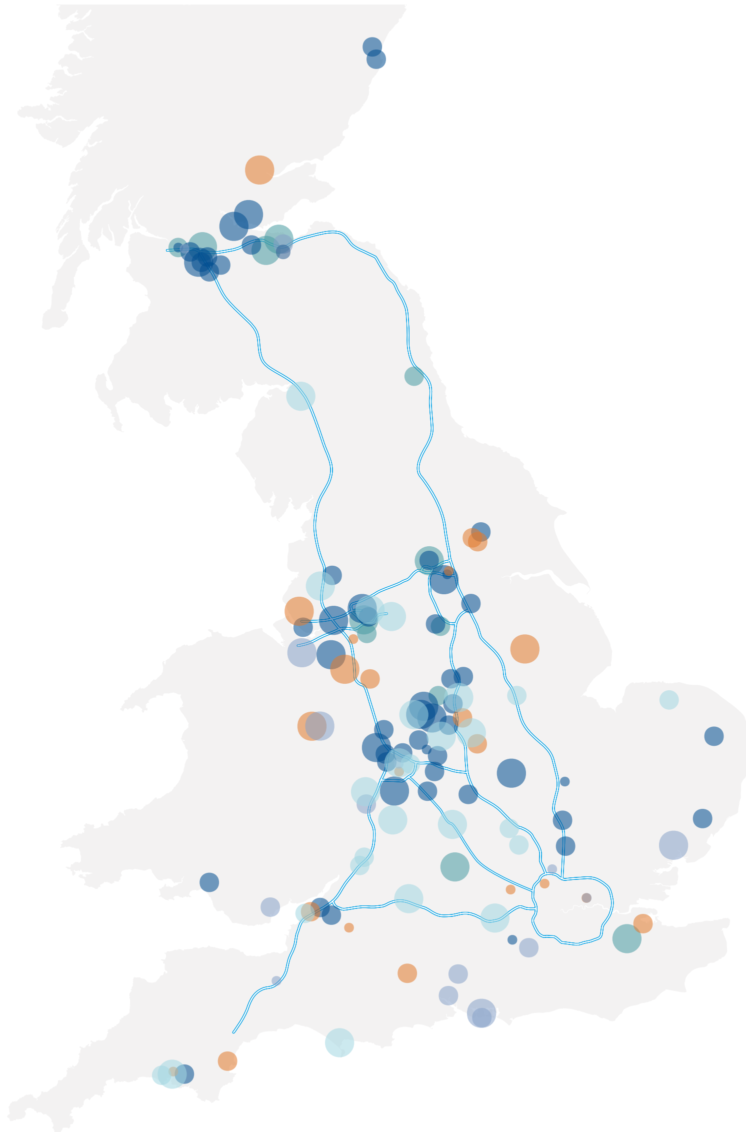
Property income

Property type

- Industrial
- Office
- Retail
- Retail warehouse
- Other

Property income

- <£100k
- £101k–£350k
- £350k+



Strategy

1 Improving the energy performance of our buildings
Investing in carbon reducing technology, infrastructure and on-site renewables and ensuring redevelopments are completed to high environmental standards which are essential to the future leasing prospects and valuation of each property.

2 Reducing tenants' energy usage and emissions
Liaising closely with our tenants to gather and analyse data on the environmental performance of our properties to identify areas for improvement.

3 Achieving social outcomes and supporting local communities
Engaging constructively with tenants and local government to ensure we support the wider community through local economic and environmental plans and strategies and playing our part in providing the real estate fabric of the economy, giving employers safe places of business that promote tenant well-being.

4 Understanding and responding to environmental risks and opportunities
Allowing the Board to maintain appropriate governance structures to ensure the Investment Manager is appropriately mitigating risks and maximising opportunities.

5 Complying with requirements and reporting in line with responsible practice where appropriate
Exposing the Company to public scrutiny and communicating our targets, activities and initiatives to stakeholders

Net zero carbon

Hazel Adam
Chair of the ESG Committee

Last year the Company announced its operational net zero carbon ("NZC") commitment, to be achieved through a 90% reduction in carbon intensity by 2050 from a 2021 baseline, with the aim of aligning with the 1.5°C Carbon Risk Real Estate Monitor ("CRREM") pathway.

Operational NZC for real estate is achieved when the amount of annual carbon emissions from a building's landlord and tenant operational energy on an annual basis is reduced to zero or negative. This is typically achieved through energy efficiency improvements by installing low-carbon systems, renewable energy generation or procurement, and finally offsetting remaining carbon emissions.

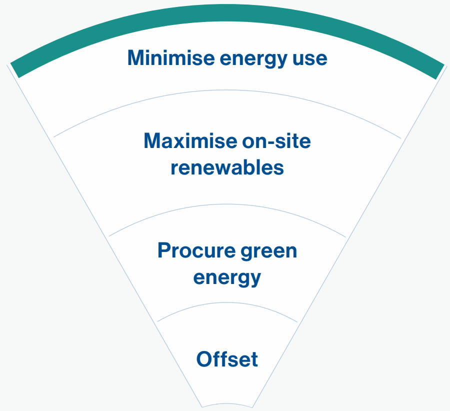
Modelling the NZC pathway, undertaken by our environmental consultants JLL, involved benchmarking the performance of each sector, modelling the portfolio's future operational carbon footprint and identifying the types of measures necessary to fully decarbonise the portfolio, and offsetting remaining emissions. This sector-by-sector approach involves an initial period of optimisation, seeking to engage with tenants to make behavioural changes. Over time this will improve energy efficiency and gradually reduce operational carbon emissions. Based on tenants' needs and the lease expiry profile, we are implementing improvement works to each asset in line with our property strategy. This ranges from a light retrofit covering mechanical, electrical and plumbing improvements, LED light fittings, building management system optimisation and other minor energy efficiency measures, to a deeper retrofit involving electrification, improving the building envelope insulation, glazing replacement and other changes to the structure as necessary.

During the year ended 31 March 2025 the Company did not see a change in total operational carbon intensity, remaining at 28 kgCO_2e/m^2 compared to the previous financial year ("FY"), which followed a 13% improvement in FY23. We recorded a 3% year-over-year decrease in absolute energy consumption largely due to selling assets, which was insufficient to materially impact our emissions intensity metrics.

As refurbishments and on-site renewable installations completed over the last 18 months are reflected in annual energy usage, we expect the intensity measure to fall.

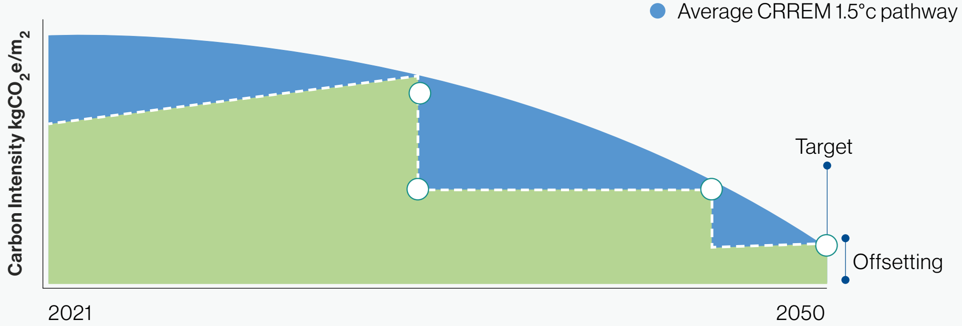
Our initial commitment is to achieve operational NZC by 2050 with the aim of aligning with the CRREM 1.5°C pathway. The Board will consider accelerating this timeline and refining our interim targets based on improved data coverage and portfolio evolution through strategic acquisitions and disposals. We remain focused on the Company's carbon reduction strategy to improve the 2021 operational carbon intensity baseline performance, with continued rollout of PV to our industrial and retail warehouse assets.

Energy hierarchy



CRREM has become the market standard for 1.5°C alignment in the real estate sector. CRREM's objective is to translate global emissions reduction requirements, into Paris Agreement-compliant 1.5°C emissions pathways for buildings, by country and by asset type.

Targeted alignment with NZC pathway



Investing in improvements to our portfolio

Asset management strategy

Our asset management strategy is summarised as follows:

1 Generating strong and predictable levels of cash flow by:

- **In-house property management** – maintaining direct relationships with tenants and identifying early any issues so they can promptly be addressed
- **Minimising vacancies** – proactively discussing renewals and regears and pre-empting exits to ensure marketing has commenced in advance of expiry

2 Enhancing asset value through:

- **Refurbishment** – ensuring tenants perform maintenance obligations within lease contracts and working with tenants to actively refurbish and improve assets
- **Improving energy performance** – encouraging tenants to reduce carbon emissions and usage and investing in assets to enhance environmental credentials and future-proof rents

3 Maximising opportunities of differing cycles in different sectors:

- **Adjusting allocations** – focusing on areas with the best medium-term rental growth prospects and mitigating risk by maintaining a diversified portfolio

Key asset management initiatives completed in the 12 months to 31 March 2025 include:

Location	Various	Burton-upon-Trent	Manchester
			
Tenant	Menzies Distribution	Nicwood Logistics	Elizabeth School of London
Sector	Industrial	Industrial	Office
Activity	Rent reviews across six assets	Lease renewal	Letting five vacant floors
New lease length (years)	N/A	6	12
Tenant break option (years)	N/A	None	7
Annual rent £000	1,400	650	596
% Increase in annual rent	13%	30%	N/A

Investing in improvements to our portfolio continued

Key asset management initiatives completed in the 12 months to 31 March 2025 include:

Location	**Motherwell**	**Tamworth**	**Leeds**	**Ashby-de-la-Zouch**
				
Tenant	Next	ICT Express	Enact Conveyancing	Inspired Gaming
Sector	Industrial	Industrial	Office	Industrial
Activity	Rent review	Rent review	Lease renewal	Letting vacant unit
New lease length (years)	N/A	N/A	10	10
Tenant break option (years)	N/A	N/A	None	None
Annual rent £000	579	508	480	468
% Increase in annual rent	50%	42%	42%	N/A

Investing in improvements to our portfolio continued

Key asset management initiatives completed in the 12 months to 31 March 2025 include:

Location	Normanton	Lincoln	Redditch	Leighton Buzzard
				
Tenant	YESSS Electrical	Total Fitness	DS Smith	Wickes
Sector	Industrial	Other	Industrial	Retail warehouse
Activity	Reversionary lease	Reversionary lease	Reversionary lease	New lease
New lease length (years)	5	5	5	15
Tenant break option (years)	N/A	N/A	N/A	None
Annual rent £000	449	431	404	340
% Increase in annual rent	–	–	–	–

Investing in improvements to our portfolio continued

Key asset management initiatives completed in the 12 months to 31 March 2025 include:

Location	**Southport**	**Kettering**	**Manchester**	**Southampton**
				
Tenant	Wickes	Sealed Air	Northern Commercials	UBRN
Sector	Retail Warehouse	Industrial	Industrial	Retail
Activity	Agreement for lease subject to comprehensive refurbishment of two units for c. £1.2m	Rent review	Lease renewal	Reversionary lease
New lease length (years)	10	N/A	10	2
Tenant break option (years)	None	N/A	None	N/A
Annual rent £000	340	227	225	195
% Increase in annual rent	–	78%	37%	–

Investing in improvements to our portfolio continued

Key asset management initiatives completed in the 12 months to 31 March 2025 include:

Location	**Sheffield**	**Carlisle**	**Oxford**	**Liverpool**
				
Tenant	Arkote	Halfords	National Westminster Bank	Blue Whale Supermarket
Sector	Industrial	Retail Warehouse	Office	Retail
Activity	Rent review	Lease renewal	Lease renewal	New lease
New lease length (years)	N/A	5	N/A	20
Tenant break option (years)	N/A	N/A	N/A	15
Annual rent £000	173	163	128	120
% Increase in annual rent	32%	6%	58%	–

Investing in improvements to our portfolio continued

Details of the Company's unlet properties at 31 March 2025, and their associated letting strategy, are set out below:

Town	Sector	ERV £000	Rental Void (%)	Marketing Agents	Current Status	Strategy
Redditch	Industrial	660	1.3%	Garrison Real Estate	Available	Redevelopment of a brand new 60k sq ft industrial unit which achieved practical completion in August 2023. We have seen consistent, promising levels of occupier interest but have not yet secured a letting.
Manchester	Office	649	1.3%	Sixteen Real Estate/Cushman & Wakefield	Available	Completed a comprehensive £2.5m 'best in class' refurbishment in September 2023. Since March 2025 we have completed a letting on the 5th floor which we expect to accelerate take up of the remaining space.
Biggleswade	Industrial	561	1.1%	Adroit Real Estate	Under refurbishment	Asset is under offer to let subject to completion of refurbishment works.
Plymouth	Industrial	435	0.9%	HTC	Under refurbishment	A £2.1m refurbishment is expected to complete in July 2025. The unit is currently under offer to let.
Sheffield	Office	386	0.8%	GV&Co	Available	On the market to let or sell.
Southport	Retail Warehouse	275	0.6%	ESHP	Under refurbishment	Refurbishment in progress to combine two retail units into a single larger unit, already under offer to let.
Knowsley	Industrial	213	0.4%	Savills	Under refurbishment	Refurbishment works are due to complete July 2025. All three units are on the market to let.
Other smaller units		1,288	2.5%			
Total		**4,467**	**8.9%**			

Of the Company's total vacant space of £4.5m ERV, 44% is currently either under offer to sell or let or is planned vacancy to enable redevelopment or refurbishment, as illustrated below:

	No. assets	ERV £m	% ERV	% of vacancy
Vacant assets:				
Undergoing or earmarked for refurbishment/redevelopment	7	1.7	3.3%	37%
Under offer to sell or let	3	0.5	0.6%	7%
Being marked to let	9	2.3	5%	56%
	19	4.5	8.9%	100%
Let property	132	45.7	91.1%	N/A
Portfolio	**151**	**50.2**	**100%**	**N/A**

Redditch

Case studies

The Investment Manager's responsibility is to uphold the ESG policy by investing in the portfolio to make meaningful changes in reducing its longer-term environmental footprint and improving tenant welfare.

Tenant demand for energy efficient property is apparent and as a result we have seen the ERVs of properties successfully refurbished with strong environmental credentials, increase significantly. We anticipate further valuation increases for higher-quality refurbished property as investor and occupier demand continues to focus on energy efficiency and further tightening of ESG legislation making further improvements mandatory.

Examples of recent initiatives are set out below which are in line with our commitment to improve Energy Performance Certificate ("EPC") ratings across our property portfolio.

Bellshill

Case studies continued

Cardinal House and David Street, Leeds

Background

Between February 2023 and May 2024, the Company refurbished two adjacent office buildings in Leeds city centre (Cardinal House and David Street) investing an aggregate £3.9m. These refurbishments were undertaken whilst the tenant, First Title Limited (t/a Enact Conveyancing), remained in situ, maintaining continuity of income over the 15-month project. As part of this refurbishment new 10-year co-terminus leases to First Title were agreed increasing the aggregate annual passing rent from £649k to £943k.

Aim/specification

The refurbishment significantly enhanced the energy efficiency of the buildings, leading to a reduction in occupational costs for the tenant. By removing the on-site gas supply and installing LED lighting, the EPC rating for the offices improved from ‘C’ to ‘A’. These upgrades have also increased the estimated rental value (ERV) of the property, and have increased its valuation by £0.9m (net of capex).

The refurbishment works comprised:

- Replacement of the original windows with aluminium double-glazed windows;
- Installation of new suspended ceilings to accommodate LED lighting in both buildings;
- Implementation of a brand-new Variable Refrigerant Flow system to future-proof the buildings; i.e. heating/cooling system;
- Improvements to the internal mechanical and electrical systems;
- Decarbonisation of the site through the removal of the gas supply; and
- Installation of electric vehicle charging points.

Total cost of works

£3.9m

Impact on EPC

C to A

Outcome

The comprehensive refurbishment has achieved a 45% increase in rental income and a return on investment of 7.5%, producing a final gross valuation of £11m.

Before

Case studies continued

Lochside Way, Edinburgh

Background

In 2023, the Company completed a £0.2m refurbishment of Lochside Way, a multi-let office building situated in Edinburgh's premier business park. The building spans three floors extending to a total area of 23,500 sq ft and was acquired as part of the acquisition of DRUM Property Income REIT plc in November 2021.

The building was circa 50% occupied on acquisition.

Aim/specification

The aim was to enhance the quality of vacant offices and common areas to improve overall occupancy and retain existing tenants within the building.

The refurbishment works comprised:

- Installation of new suspended ceilings to accommodate LED lighting;
- Upgrades to the efficient air conditioning heat recovery system;
- Zoning of mechanical and electrical systems to separate heating and cooling for each suite;
- Addition of 12 electric vehicle charging points;
- Draught-proofing to windows and doors to minimise heat loss; and
- Installation of programmable thermostats to enable tenants to optimise their energy usage effectively.

Total cost of works

£0.2m

Impact on EPC

C to A

Outcome

The occupancy rate has improved to c. 74%. The recent ground floor suite letting has established a new headline rent for the building at £24 per sq ft.

Inside

Case studies continued

Burnside Industrial Estate, Aberdeen

Background

The Company acquired the six unit multi-let industrial scheme in 2022 and undertook a comprehensive refurbishment of all units in 2024 to modernise and improve sustainability credentials and rental levels for the estate.

Aim/specification

The aim was to enhance the vacant offices and common areas to improve overall occupancy and retain existing tenants within the building.

The refurbishment works comprised:

- Replacing all lighting with LED equivalents;
- Replacing roller shutter doors;
- Replacement roof and wall cladding;
- New aluminium framed windows;
- New doors and decoration throughout; and
- New distribution boards, switchgear, containment, internal and external lighting, power, electric heating (welfare area only), fire alarm and intruder alarm.

Before

Total cost of works

£1.0m

Impact on EPC

D to B

Outcome

The units are now fully let and the refurbishments have increased the headline rents from £9 to £11.50 per sq ft.

Case studies continued

Todd Square, Livingston

Background

The Company obtained planning permission to extend the existing warehouse (43k sq ft) by c. 20k sq ft to meet the tenant's requirement for additional storage space and agreeing a new reversionary lease at market rental level.

Aim/specification

- Agreement for lease completed subject to planning/construction of 20k sq ft extension to existing warehouse;
- New 10-year lease upon practical completion of the extension;
- Market rent agreed at £6.50 per sq ft; and
- Open market rent review on 5th anniversary.

Before

After

Total cost of works

£2.9m

Impact on EPC

D to A

Outcome

The construction phase is due to reach practical completion in June 2025 whilst simultaneously completing the new reversionary lease at market rental level and increasing the valuation of the asset by c. £1.1m (net of capex) to £7m.

Case studies continued

Total Fitness, Lincoln

Background

The Company acquired the asset in June 2018 and identified that the tenant had a requirement to reduce its operational energy costs as a high energy user.

Aim/specification

As part of a lease regear, the Company agreed to extend the tenant's (Total Fitness) lease by five years. In return, the tenant has invested £750k in roof repairs and upgrades, enabling the Company to install solar photovoltaic (PV) panels on the roof of the 64k sq ft building. The installation, consisting of 697 panels, is expected to generate approximately 253k kWh of electricity annually.

Before

Total cost of works

£0.2m

Impact on EPC

D to B

Expected outcome

Given the tenant's significant energy consumption as an air conditioned leisure facility with a swimming pool, this investment presented a valuable opportunity to collaborate with the tenant in reducing the building's carbon footprint and reducing energy costs.

Case studies continued

Innage Park, Atherstone

Background

At acquisition Atherstone was let to Warwickshire Borough Council on a single over-riding lease which then sub-let 23 small industrial units to local businesses. In 2023 the Company surrendered the Council's head lease, taking on direct responsibility for the underlying tenants. As part of the surrender the Company received a significant surrender premium from the Council with these funds then being used to comprehensively refurbish to the site, significantly improving the estate.

Aim/specification

The refurbishment works carried out across the whole site comprised:

External:

- A comprehensive recoating of the roof;
- Replacement of all rooflights;
- Recoating of the external cladding with new roller shutters, doors and windows installed;
- Installation of new estate signage;
- Landscaping of the common areas;
- Updating the communal lighting; and
- Relining of the car park and additional car park spaces created.

Internal (vacant units only):

- New toilet and kitchen facilities;
- Upgrading the electrics, including new lighting where appropriate;
- Recoating of the concrete floors; and
- Decoration throughout including internal walls and roofs.

Total cost of works

£0.6m

Impact on EPC

E to C

Expected outcome

All vacant units which underwent an internal refurbishment are now fully let with rents increased from £5-£6psf to £11psf.

Implementing a new estate lease with existing tenants during lease events and moving rents from £5-£6psf to £9+psf on non-refurbished units.

Before

Electric vehicle chargers

EVs are an important step in sustainable transportation. Growing our network of EV chargers, both for public use and tenant only use, is a key way of achieving our carbon reduction targets and improving our properties for tenants.

Installing EV chargers for public use also enhances properties' occupier appeal by increasing both customer footfall and dwell time. Office and industrial tenants now expect EV charging as a feature on-site when looking for properties based on their requirements for their EV/hybrid fleet or staff use.

With many towns in the UK introducing clean air zones where a congestion fee is charged for driving in specific areas, and the Government banning production of all new petrol or diesel vehicles from 2035, we expect to receive further demand and income for these chargers in the coming years.

Leased model

In 2020 we agreed leases with Instavolt allowing it to install 16 'rapid' 62kWh EV charging points across retail parks in Carlisle, Evesham, Gloucester, Grantham, Plymouth, Portishead, Sheldon and Swindon. Each site has two dual chargers with the ability to charge four cars and the potential to increase the number of chargers on larger sites when demand increases. The Company has benefited from a stable income stream from these chargers since installation and continually looks for opportunities to continue with this roll-out. The income received from leased EV chargers increased by 3.2% to £52k following the settlement of the 2024 rent reviews.

Owned by the company

21 x 75kWh chargers providing a total capacity of 1,625kWh have been installed at the following sites, owned by the Company, with the installer offering insight into day-to-day performance and advising on optimum pricing points:

- Gazelle Close, Winnersh
- Harbour Road, Portishead, Bristol
- Wellington Road Retail Park, Burton-upon-Trent
- St Catherine's Leisure Park, Perth
- Phoenix Leisure Park, Crewe
- Coypool Retail Park, Plymouth
- Duloch Retail Park, Dunfermline
- Kew Retail Park, Southport
- Eastern Avenue, Gloucester

23 x 7.5kWh workplace chargers totalling 172.5kWh are also now live at the following sites for tenants' own use:

- Willow Court, Oxford
- Trafford Park, Manchester
- Lochside House, Edinburgh
- Road One, Winsford
- Acanthus Road, Redditch
- Cheadle Royal Business Park

Willow Court, Oxford

Solar panels

During the year ended 31 March 2025 the Company installed additional solar capacity of 1,677 kWp, a 67% increase in its owned PV capacity, illustrated below:

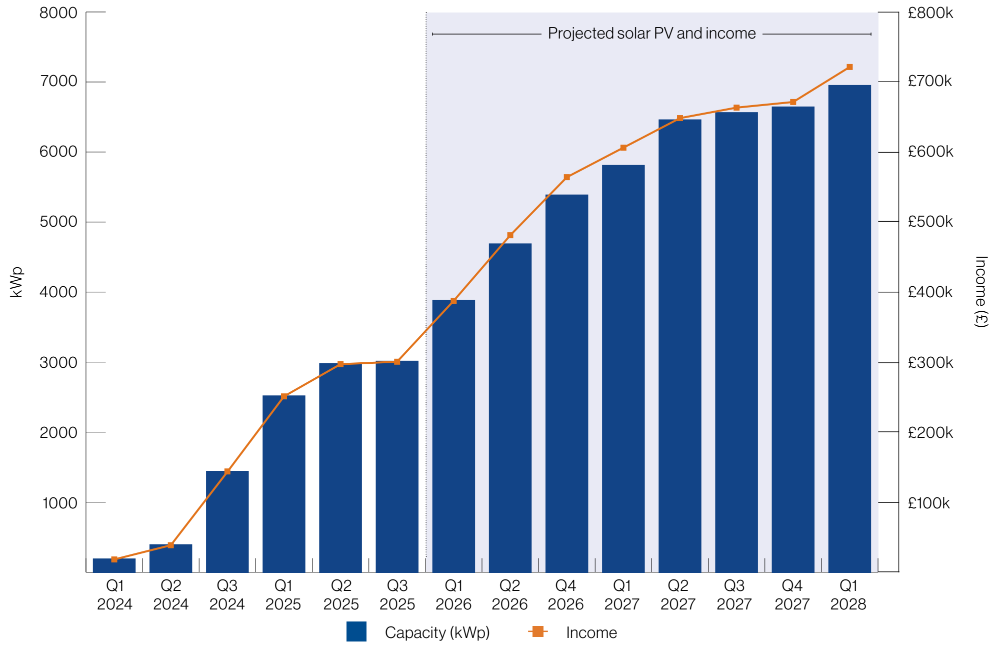
Location	Tenant	Go-live date	Total peak capacity (kWp)
Installed/owned by the Company			
Installed in during the year			
Warrington	Life Technologies	25/06/2025	820
Daventry	MCC Labels	16/04/2025	572
Lincoln	Total Fitness	Expected July 2025	285
			1,677
Installed in prior years			
Edinburgh	Menzies Distribution	20/11/2023	471
Ipswich	Menzies Distribution	23/04/2025	298
Ashby-de-la-Zouch	Inspired Gaming	12/09/2024	267
Glasgow	Menzies Distribution	27/11/2023	261
Swansea	Menzies Distribution	17/06/2024	257
Winsford	Zavvigroup	08/08/2023	204
Norwich	Menzies Distribution	08/07/2024	192
Dundee	Menzies Distribution	18/12/2023	161
Aberdeen	Menzies Distribution	08/12/2023	155
West Bromwich	PDS Group Holdings	Expected 2026	133
Manchester	Harbour International Freight	02/06/2023	50
Redditch	Vacant	17/12/2024	36
			2,485
			4,162
Installed/owned by the tenant			
Sheffield	Arkote		198
Warrington	Synertec		195
Erdington	West Midlands Ambulance Service		36
			4,591

Moreover, owned installations at 12 further sites are under active consideration which, once complete, would add a further circa 3,000 kWp of a capacity.

The Company's existing operational arrays generate annually, on average, £100 per kWp, which should increase annually with the prevailing grid price. The Company has targeted installations at all of its industrial and retail warehouse assets. Based on the current average array size and level of net income produced, these installations would increase capacity to 7,000kWp and are expected to offer a yield on cost of 10-12%.

Environmental benefits of PV

PV offers a means to considerably reduce an organisation's carbon footprint. A typical 250kWp PV system will offset approximately 64 tonnes of CO_2.



Power purchase agreements

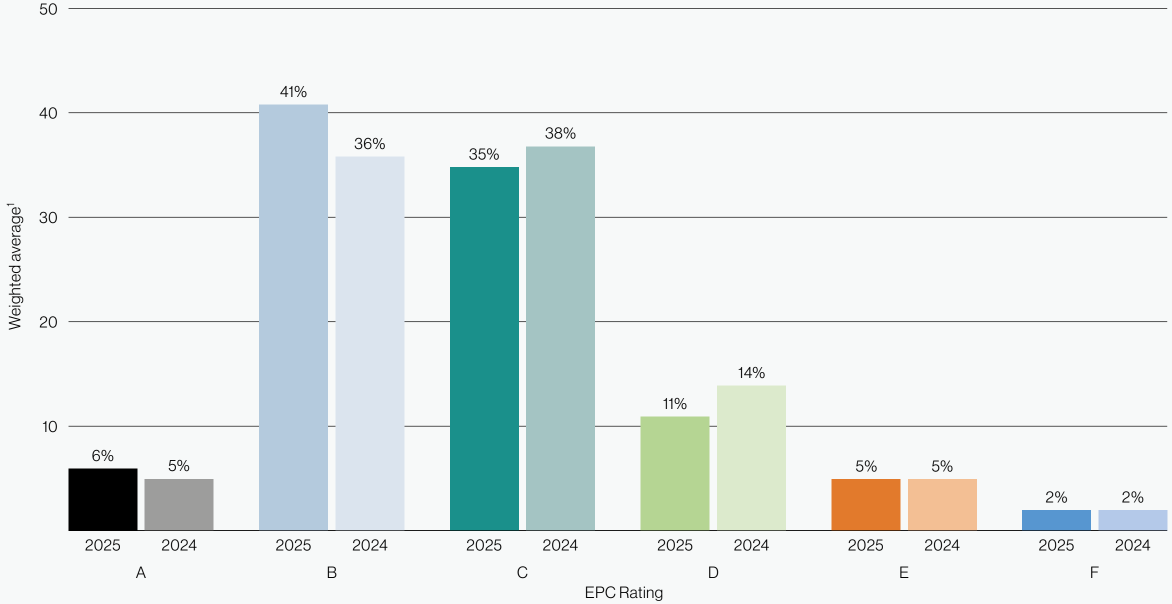
A power purchase agreement ("PPA") is a contract between an electricity generator and a customer. PPAs usually last between five and 20 years, during which time the power purchaser buys energy at a pre-negotiated price, typically at a discount to the 'grid' price, with surplus being sold to either other local occupiers or the grid. Such agreements play a key role in the financing of independently owned electricity generators, especially producers of renewable energy such as PV.

All metering and monitoring of the PV systems is carried out through the Orsis Energize portal. This allows the Investment Manager to monitor the performance of the PV and the tenant's usage of the solar power generated on-site.

EPC ratings

The Investment Manager is currently reviewing and undertaking new assessments of any EPCs that are older than five years and below a 'C' rating. A 'B' rating is due to become the minimum standard for new leases under the Minimum Energy Efficiency Standard ("MEES") by 2030 at the latest and therefore the Company is actively working towards improving the energy performance of its portfolio.

The Company's weighted average EPC score by rating is illustrated below:



The charts show that the weighted average 'C' or better ratings has increased from 79% to 82% during the year.

1. Weighted by floor area.

EPC rating	Number of EPCs 31 March 2025	Number of EPCs 31 March 2024
A	**21**	19
B	**143**	127
C	**121**	130
D	**39**	49
E	**17**	18
F	**8**	8
G	**–**	–
Total	**349**	351

Location	EPC Improvement	Total Area (Sq ft)	Action taken
Duloch Park	C to B	16,851	New EPC assessment of the units
York, Clifton Moor	E to B	5,616	Refurbishment of the drive-through unit
Swindon	D to B	29,962	Landlord refurbishment of unit
Atherstone	E to C	23,300	Refurbishment of units
Ipswich	E to B	30,662	Installation of Solar PV

Tenant engagement

Effective occupier engagement is key to the successful implementation of asset-level sustainability initiatives and projects, such as improving data collection processes and reducing occupier-related emissions. Our aim is to enable this process through a range of tailored initiatives designed to connect with the occupier's corporate and/or operational staff.

We have a number of tenant engagement initiatives we have implemented including:

- Sustainability training for Investment Manager staff and tenants;
- Tenant surveys and questionnaires in order to establish occupier priorities; and
- Sustainability working groups including representatives from key tenants and the Investment Manager.

These initiatives are designed to:

- Support awareness and engagement by using toolkits and knowledge sharing, as well as asset/portfolio overall management;
- Improve knowledge management through green building management groups and joint agreements to improve the building performance; and
- Offer support during lease negotiations and 'green' lease advice.

As part of the day-to-day management of the portfolio, the management team proactively inspect each asset and arrange to meet the occupiers once a year to maintain a healthy Landlord and Tenant relationship, whilst at the same time, exploring new sustainability enhancements to meet our occupiers' ever-changing requirements.

Green leases

A green lease is a standard form lease with additional contractual provisions designed to result in an improvement to the environmental performance of a building by both landlord and occupier. A significant proportion of UK commercial building stock likely to exist in 2050 has already been built and carbon reduction targets cannot be met by simply improving the efficiency of new buildings.

Green leases provide a useful tool to bridge the gap between owners and occupiers in meeting mutually beneficial goals by setting out provisions for the efficient environmental management and improvement of buildings. A significant barrier to improvement is determining how roles and responsibilities are shared between owner and occupier in the procurement, control and use of resources. Green leases help to overcome this challenge by providing a framework for engagement on environmental issues, enabling each party to better understand each other's environmental aspirations, identify where opportunities for collaboration exist and develop an understanding of how improvements can best be undertaken.

A green lease does not automatically result in a more environmentally efficient or sustainable building. Commitment is required from both parties to fulfil the aspirations and commitments agreed and to work in partnership to reduce the adverse environmental impacts of the buildings they own and occupy.

Implementation

All of the Company's new leases or lease renewals granted since 2021 have contained a 'green clause' aligned to best practice, meaning 28% of the Company's leases are now considered 'green' (2023: 15%).

We are seeing an increasing willingness by tenants to embrace opportunities to make carbon reducing changes to their business. Improving the level of tenant engagement is a priority and these leases provide contractual support for making that engagement a success.

Data

Effective data management plays a critical role in environmental performance reporting and informing decision-making to drive decarbonisation. We have committed to improving data management practices to ensure a robust data management and reporting strategy, which involves the complete lifecycle of information – from its collection to maintenance, analysis, and utilisation.

To ensure the accuracy, comprehensiveness, and timeliness of our data, we use advanced technologies to centralise and streamline our collection, analysis, and reporting efforts. This provides a solid foundation of reliable and relevant information and deeper insights into trends.

By employing various data collection methods, we are currently significantly improving our data coverage through the installation of smart meters and the use of a data aggregator, reducing our reliance on estimations and other proxies. We have partnered with JLL to utilise its ESG reporting expertise, allowing us to focus more time on action rather than monitoring. In doing so, we can take a more proactive approach to managing risks and opportunities identified.

We now work with a data aggregator, Arbnco, to implement a technological solution that will help to automate and accelerate this process by streamlining tenant onboarding to our chosen systems and increase the accessibility of data.

Embracing effective data management is not only a crucial part of our ESG strategy but is also aligned with our broader ESG commitments. In developing this understanding of our assets, we are able to demonstrate transparency, enhance operational efficiency, and maximise the value of our investments.

Perth

Key performance indicators

The Company tracks certain key performance indicators (“KPIs”) which provide a strategic way to assess its success towards achieving its environmental objectives and ensure the Investment Manager has embedded key principles. These environmental KPIs cover our main areas of environmental impact including energy efficiency, greenhouse gas (“GHG”) emissions, water, waste and tenant engagement.

These environmental KPIs also directly support climate risk mitigation and capture opportunities from the transition to a low-carbon economy. As we progress our climate-related risk identification and management, we aim to identify and implement further climate-related metrics that can more clearly define the impact of climate-related risks and opportunities on our business.

The Company has set the following revised targets for the financial year ending 31 March 2026:

Baseline (2021)	KPI	KPI value at 31 March 2025	Progress during the year
Operational carbon intensity at 31 March 2021: 40.7 ($kgCO_2e/m^2$)	Cumulative annual 2.0 $kgCO_2e/m^2$ reduction of operational carbon intensity (3.5% pa of 2021 baseline)	• 28 $kgCO_2e/m^2$ • 0 $kgCO_2e/m^2$ decrease in the last 12 months	We continue to upgrade our buildings, typically at the point of tenant exit, with the impact of this work only recognised following completion of works and a subsequent letting
Number of warehouse assets with PV installed at 31 March 2021: 0 / 105 assets (0%)	PV to be installed on five warehouses per annum from 2023	17 PV installs out of 91 potential assets	The Company has an immediate pipeline of 12 assets on which to install PV in the next 18 months
31 March 2021: A – 8 E – 27 B – 61 F – 1 C – 199 G – 1 D – 63 Weighted average: C (63)	Cumulative annual reduction of two EPC rating points across the portfolio, weighted by floor area	A – 21 E – 17 B – 143 F – 8 C – 121 G – 0 D – 39 Weighted average: C (51)	EPCs updated across 24 properties, achieving the targeted two point annual decrease from C (53) to C (51)
% floor area covered by direct collection techniques at 31 March 2021: 0%	Install smart meters or appoint data aggregators across 60% of the portfolio by floor area	34% floor area covered by direct collection techniques at 31 March 2025	Overall increase of 8% in energy data coverage compared to the previous reporting period. We have been continuing to engage with tenants and implemented a data aggregator to increase coverage, through which we obtained authorisation for and onboarding 20 buildings in 2024

Key performance indicators continued

Glasgow

Baseline (2021)	KPI	KPI value at 31 March 2025	Progress during the year
2021 GRESB scores: • Real estate = 49 • Development = 35	Achieve an annual improvement in GRESB score	• Real estate – 48 (2024: 45) • Developments – 59 (2024: 57)	Scoring for real estate and development benchmarks have increased compared to the prior year, but scoring for real estate remains below our baseline. We have observed increases over the past two years and are continuing to target improvements moving forwards. We are assessing the viability of implementing supporting initiatives, but the ESG Committee is also reviewing the use of GRESB as an appropriate framework. Two key areas of potential improvement are: • Increasing data coverage – this is actively being addressed with the continued roll-out of smart meters and increased coverage of our data aggregator partner • Engaging an independent third-party to conduct verification and/or assurance work regarding performance data – we do not believe the cost of this work is in shareholders' best interests
Nil	Utilise 25% of vacant high street retail space by floor area for not-for-profit lettings	55%	Of five vacant retail properties two are occupied by a charity and another property's windows and frontage are used by the local Business Improvement District

Achieving social outcomes and supporting local communities

The Company strives to manage and develop buildings that are safe, comfortable, and high-quality spaces which have a positive impact on the local community. As such we aim to maximise the safety and wellbeing of our occupants. We adopt a portfolio approach to wellbeing which encourages engagement with tenants, promotes carbon reducing behaviours, ensures maximum building safety, and optimises comfort and quality of occupancy.

As part of ongoing asset management and in particular during major property refurbishments, consideration is therefore given to the following:

- Bicycle parking and shower facilities to encourage active commuting;
- Indoor and outdoor break out space;
- Improved indoor ventilation and lighting;
- Increased external lighting; and
- Use of sustainable materials where possible.

Cladding

Custodian Property Income REIT's portfolio currently has no exposure to 'high risk' assets which are typically either high-rise buildings (characteristically those over 18m tall) which use cladding in their construction or those used for multiple residential occupation. Custodian Property Income REIT does have exposure to properties where cladding material has been used in their construction, and where the composition of the material is unknown.

Biodiversity

There is significant evidence demonstrating the value of biodiversity in terms of ecosystems services, health and wellbeing and placemaking. Therefore safeguarding biodiversity resources helps us improve the resilience of our business and the communities we work in.

Biodiversity Net Gain ("BNG") is an approach to development which seeks to ensure that habitats for wildlife are left in a measurably better state than they were before the development. In England, BNG is mandatory under Schedule 7A of the Town and Country Planning Act 1990 (as inserted by Schedule 14 of the Environment Act 2021). Developers must deliver a BNG of 10% for each development which means a development will result in more or better quality natural habitat than there was before development.

For the purposes of BNG, biodiversity value is measured in standardised biodiversity units. If the developer cannot achieve the 10% BNG by creating and enhancing on-site habitats, they must buy off-site units. If that is not enough to achieve BNG, they must buy statutory biodiversity credits.

We are aware of the growing importance of biodiversity to real estate but note the Company is not a developer and we therefore have minimal opportunities to make significant improvements.

Charitable lettings

Whenever possible we proactively let vacant properties to charities to utilise the space on a nil rent basis to assist with our social responsibilities and minimise void property costs. We target utilising 25% of vacant high street retail space for short-term not for profit lettings.

During the year the Company has had the following charitable lettings:

Location	Rent (rateable value) £000	Annual rates £000	Previous tenant	Charitable use
Eastern Avenue, Gloucester	186	95	Staples	Furniture Recycling Project – storage
Long Wyre Street, Colchester	75	38	Poundland	One Colchester – community hub

Furniture Recycling Project, Gloucester

Since the charity was first registered in 1996, Furniture Recycling Project ("FRP") has been at the heart of Gloucestershire communities. FRP reuse items that would otherwise be sent to landfill, offer meaningful volunteering opportunities and provide good quality, affordable household items for sale.

FRP offer volunteering and learning opportunities to individuals, for the development of their work and social skills in environmentally-beneficial activities. They also encourage individuals and organisations to support the protection and preservation of the environment for the public benefit, through the promotion of waste reduction, reuse, reclamation, recycling, and use of recycled products.

The charity has now been in occupation since March 2022.

Understanding and responding to environmental risks and opportunities

Physical and transition risks

The Board is ultimately responsible to stakeholders for the Company's activities and for oversight of our climate-related risks and opportunities.

The Investment Manager maintains the Company's risk management framework and risk register, which means our ESG objectives are embedded into the way the Company conducts and manages the business and the property portfolio on a day-to-day basis.

The increased frequency and severity of extreme weather events caused by climate change heightens a number of physical risks to our property portfolio. There are a number of transition-related risks, including economic, technology or regulatory challenges related to moving to a greener economy, but climate change also provides opportunities to invest in alternative asset classes or to provide tenants with additional services.

The Board considers the Company's climate-related risks and opportunities to determine continued relevance to, and impact on, the Company and assesses the completeness and effectiveness of controls and processes in place to mitigate and manage these risks and opportunities. The Company's ESG targets also support continuous monitoring of progress against the ESG strategy, capturing opportunities and the mitigation of climate risks. These targets are reported against on a quarterly basis to the Board by the Investment Manager and the Company's environmental consultants.

Climate-related risk/ opportunity	What this means for Custodian Property Income REIT	Management and mitigation of risk	Future plans
Physical risks			
Asset damage from storms and flooding and associated changing insurance products, pricing and availability *Long-term*	• Extreme weather events causing damage to infrastructure or assets, making assets unusable by tenants, making insurance cover harder or more expensive for tenants to arrange and impacting future lettability through lower occupational demand • Historical impact of floods or increasing flood risk impacting the long-term attractiveness of properties due to tenants avoiding rentals with flood risk	• Annual property inspections enabling the Investment Manager to identify any damage or areas of improvements to ensure increased property resilience against potential storms • Building maintenance (where in the Company's control) ensures properties are maintained to prevent increased levels of potential damage from storms and floods • Buildings insurance coverage minimises the financial impact of the damage caused by storms • Environmental reports are carried out for all acquisitions including flood risk assessment, albeit flood risk is measured on likelihood of river/sea/ surface water flooding based on current scenarios/historical data rather than future climate change • Due diligence seeks to prevent purchasing assets with environmental risks exceeding appetite	• Begin to establish which assets are likely to be most at risk of potential extreme weather damage • Update flood risk for existing assets and understand how this may change in the future • With identified assets at risk, develop a management plan to build property resilience such as through fit out, asset upgrades or plan to divest, as appropriate • Review maintenance and fit out guidelines to include guidance on upgrades to storms such as securing of external equipment, roof specifications etc. • Review environmental reports procured at acquisition to determine whether future climate projection of flood risk can be included
Global temperature increases increasing demand for electricity to cool buildings and charge EVs *Medium – long-term*	Certain assets will be more significantly impacted by rising temperatures, such as glass offices, requiring more energy for cooling. Also increasing requirements for sustainable energy for EV charging. Current infrastructure might be unable to meet the increased energy demand	• Upgrading power supplies where availability permits • Installing on-site renewables	• Ensure power upgrades are utilising renewable energy sources, where contracts are under Custodian's control, in line with Custodian's emissions and energy targets • Continue with on-site PV installations

Understanding and responding to environmental risks and opportunities continued

Climate-related risk/ opportunity	What this means for Custodian Property Income REIT	Management and mitigation of risk	Next steps
Transition risks			
Reduced attractiveness of the portfolio due to fast-changing tenant preferences *Short – medium-term*	• Fast-changing tenant preferences to occupy less energy and carbon intensive buildings as well as requirements under MEES • Heightened focus on EPC performance and on-site renewables to achieve tenants' environmental commitments/obligations, and increased running costs for net cooling making poor performing assets less attractive to tenants	• Capital expenditure considered necessary to maintain each asset within the portfolio to a suitable standard to secure new lettings at expected rental levels is forecast and factored into cashflow projections to ensure resources are available • EPCs are maintained for the whole portfolio, with poorer scoring assets under review to ensure improvements are carried out as soon as practical as well as monitoring the renewal dates and tracking score improvements. This control provides oversight and transparency of the assets' improvement over time and provides the basis of an improvement plan with key assets to target and directly relates to one of our ESG KPIs • Asset due diligence is performed at acquisition stage for all new assets. The Investment Manager considers the long-term suitability of the asset including ESG requirements against our ESG strategy and calculates the forecast investment to upgrade the asset over its life in line with compliance and tenant requirements • The Investment Manager's tenant engagement programme provides live insights into the changing tenant preferences to stay abreast of changing trends to maintain lettability of portfolio and levels of occupation	• Monitor any tenant concerns around temperature through tenant engagement programme • Continue ongoing monitoring of energy consumption, particularly of glass properties, to determine whether the risk trend is accelerating and consider the need for upgrade plans such as façades, insulation etc. to reduce the property exposure to external temperature rises • Improve acquisition due diligence processes to more accurately assess forecast investment to upgrade the asset over its life in line with compliance and tenant requirements • Improve coverage of the tenant engagement programme and broaden its remit to better capture tenants' concerns and sustainability plans
Investor divestment or activism due to changing ESG expectations *Short-term*	Increased stakeholder scrutiny over Custodian Property Income REIT's ESG ambitions and climate action and awareness of the impact of the built environment, including carbon emissions from refurbishment and construction, leading to reduced confidence, shareholder activism or divestment	• External environmental consultants are engaged to advise on the Company's ESG initiatives and compare to requirements, best practice and peer-group performance • Shareholder expectations are established by the Company's brokers and distribution agents and directly during meetings with investors. Significant changes in expectations or potential activism would be communicated	• Continue to engage proactively with investors and the Company's wider stakeholder group on ESG matters • Continued Director training to build knowledge around Net Zero and climate issues to ensure ongoing effective governance and guidance • Consider future pricing of GHG emissions and emissions offsets and future enhanced emissions reporting obligations. Climate change could affect the input costs to produce traditional development related materials or building services

Understanding and responding to environmental risks and opportunities continued

Climate-related risk/ opportunity	What this means for Custodian Property Income REIT	Management and mitigation of risk	Next steps
Unsuccessful investment in new technology *Medium-term*	If technology that has been invested in is not researched properly, developed or implemented, or becomes obsolete or no longer industry best practice, it may not bring the return that was forecast	All investments are scrutinised by the Investment Manager's Investment Committee. Investment Committee reports include a dedicated ESG rationale. Carbon reducing technology is a key part of the carbon-reduction strategy but is not invested in speculatively and only established products are considered	
Opportunities			
Exposure to new asset classes for potential investment *Short – medium-term*	Investment opportunities through exposure to new asset classes	All investments are scrutinised by the Investment Manager's Investment Committee	• Continue to encourage investment in the Investment Manager's staff development for them to remain abreast of low-carbon building solutions and other competitive offerings through industry bodies, associations and memberships • Board strategy days include a more prominent segment focused on ESG and future strategy involving ESG Committee recommendations and the Company's environmental consultants, including how the Company might accelerate its NZC commitment
Shifting tenant preferences may create new demand for new or existing products/ services *Short – medium-term*	The effects of climate change on tenant preferences may bring the opportunity to diversify business activities such as low-carbon alternative assets or development or expansion of low emissions services	• ESG credentials are currently part of the marketing/ prospectus of an asset – which ensures tenants are aware of Custodian Property Income REIT's ESG credentials to attract ESG conscious tenants • Tenant engagement programme – provides insights into the changing tenant preferences	
Increased demand for shares due to ESG credentials *Short-term*	Increased demand for shares from investors preferring to invest in companies with strong ESG credentials	• ESG Committee monitors performance against stretching environmental targets • Annual external reporting on progress against ESG targets • Investor feedback is captured regularly	Continue to improve communication with stakeholders regarding environmental initiatives through quarterly stock market reporting, Annual and Interim Reports and shareholder meetings and webinars

GRESB, SECR and EPRA reporting

The Company has historically chosen to comply with external reporting best practice on environmental, social and governance matters including the Global Real Estate Sustainability Benchmark ("GRESB") and European Public Real Estate Association ("EPRA"), as well as its mandatory obligations under Streamlined Energy and Carbon Report ("SECR"), and adopts sector best practice where appropriate.

We regularly review the relevance of external benchmarks in order to align with our operating context, ESG strategy and stakeholder expectations. The use of GRESB as an appropriate framework is currently under review by the Committee.

GRESB

GRESB collects, validates, scores, and independently benchmarks data to provide business intelligence, engagement tools, and regulatory reporting solutions for investors, asset managers, and the wider industry. GRESB provides a methodology and framework to measure the performance of individual assets and portfolios based on self-reported data. Performance assessments are guided by what investors and the wider industries consider to be material issues, and they are aligned with the Sustainable Development Goals, the Paris Climate Agreement and other international reporting frameworks.

The Company's results for the 2024 submission are shown opposite:

	Real Estate		
Fund	2023 GRESB Score	2024 GRESB Score	Change in
Custodian Property Income REIT Plc	45	48	+3

	Development		
Fund	2023 GRESB Score	2024 GRESB Score	Change in
Custodian Property Income REIT Plc	57	59	+2

The use of GRESB as an appropriate framework is currently under review by the Board.

EPRA Sustainability Best Practice Reporting

EPRA Sustainability Best Practice Reporting disclosures are included on the Company's website:

custodianreit.com/epra-sbpr

SECR

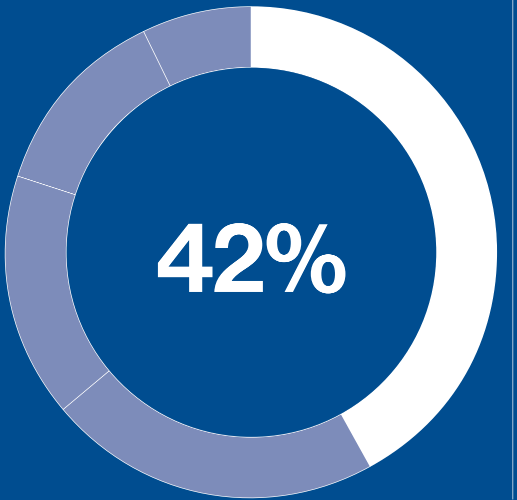
SECR GHG disclosures are included in the Company's Annual Report:

custodianreit.com/annual-interim-reports

Our portfolio

Industrial portfolio overview

Percentage of portfolio



Number of properties

65

Passing rent

£18.2m

ERV

£22.9m

Topped-up net initial yield

5.5%

Property locations

Property income by dot size

- <£100k
- £101k–£350k
- £350k+

Sector overview

Lack of supply, and in some urban areas reducing supply, limited development of smaller and 'mid-box' industrial units and construction cost inflation have all combined to focus occupational demand and create low vacancy rates, driving rental growth for new-build regional industrial units and well specified, refurbished space.

In summary:

- Occupational demand is robust
- Limited supply of modern, 'low carbon', buildings
- Latent rental growth potential
- Target sector for well-priced opportunities

Salford

Our portfolio continued

Industrial

1. **Winsford**
   Zavvigroup
2. **Eurocentral**
   Romac Logistics
3. **Warrington**
   Procurri, Synertec
4. **Burton-upon-Trent**
   ATL Transport
5. **Normanton**
   Yesss Electrical
6. **Ashby-de-la-Zouch**
   Inspired Gaming
7. **Salford**
   Restore
8. **Redditch**
   Vacant

Our portfolio continued

Industrial continued

9 **Redditch**
DS Smith

10 **Grangemouth**
Thornbridge Sawmills

11 **Hilton**
Daher Aerospace

12 **Biggleswade**
Turpin Distribution Services

13 **Doncaster**
Silgan Closures

14 **West Bromwich**
PDS Group

15 **Kettering**
Industrial Control Distributors

16 **Eurocentral**
Next

Our portfolio continued

Industrial continued

17 **Trafford Park**
Harbour International Freight

18 **Warrington**
Life Technologies

19 **Tamworth**
ICT Express

20 **Nuneaton**
DX

21 **Knowsley**
Multi-let

22 **Cannock**
HellermannTyton

23 **Bellshill**
Yodel

24 **Avonmouth**
Nationwide Platforms


17


18


19


20


21


22


23


24

Our portfolio continued

Industrial continued

25 **Daventry**
Multi-Color Daventry

26 **Bedford**
Heywood Williams

27 **Edinburgh**
Menzies Distribution

28 **Gateshead**
Team Valley

29 **Livingston**
A Share & Sons (t/a SCS)

30 **Plymouth**
Vacant

31 **Stevenage**
Morrison Utility Services

32 **Bristol**
BSS Group

Our portfolio continued

Industrial continued

33 **Coventry**
Royal Mail

34 **Glasgow**
Menzies Distribution

35 **Leeds**
National Court

36 **Oldbury**
Sytner

37 **Aberdeen**
Menzies Distribution

38 **Hamilton**
Ichor Systems

39 **Chesterfield**
Container Components Europe

40 **Farnborough**
Green Retreats

Our portfolio continued

Industrial continued

41 **Coalville**
MTS Logistics

42 **Cambuslang**
Brenntag

43 **Warwick**
Aleido

44 **Langley Mill**
Warburtons

45 **Erdington**
West Midlands Ambulance Service

46 **York**
Menzies Distribution

47 **Atherstone**
Multi-let

48 **Aberdeen**
Multi-let

Our portfolio continued

Industrial continued

- (49) **Norwich** – Menzies Distribution
- (50) **Ipswich** – Menzies Distribution
- (51) **Irlam** – Northern Commercials
- (52) **Castleford** – Bunzl
- (53) **Sheffield** – Arkote
- (54) **Huntingdon** – PHS Group
- (55) **Hilton** – Multi-let
- (56) **Normanton** – Acorn Web Offset

Our portfolio continued

Industrial continued

57 **Speke**
Powder Systems

58 **Sheffield**
ITM Power

59 **Swansea**
Menzies Distribution

60 **Sheffield**
Arkote

61 **Nottinghamshire**
Hickling and Squires

62 **Kettering**
Sealed Air

63 **Speke**
DHL

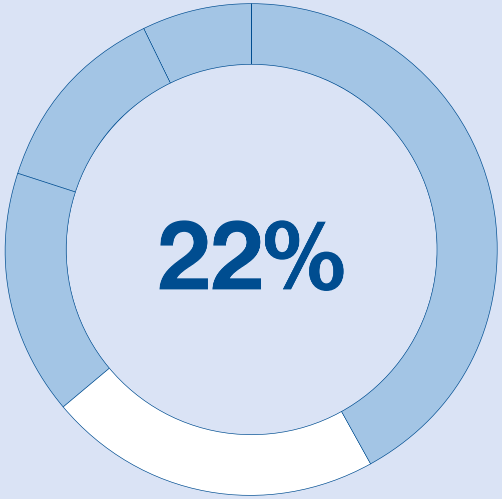
64 **Dundee**
Menzies Distribution

65 **Glasgow**
DHL Global Forwarding

Our portfolio continued

Retail Warehouse overview

Percentage of portfolio



Number of properties

26

Passing rent

£10.2m

ERV

£10.1m

Topped-up net initial yield

7.5%

Sector overview

Retail warehousing is the sector which the Investment Property Forum Consensus Forecast expects to record the highest total return, showing some rental growth but with strong capital performance. Our preferred sub-sectors are food, homewares, DIY and the discounters. Vacancy rates are very low and future rental growth appears affordable for occupiers.

In summary:

- Units let off low rents
- Lower costs of occupation
- Complementary to online

Property locations

Property income by dot size

- <£100k
- £101k-£350k
- £350k+

Our portfolio continued

Retail Warehouse continued

1. **Nottingham**
   Multi-let
2. **Evesham**
   Multi-let
3. **Carlisle**
   Multi-let
4. **Weymouth**
   Multi-let
5. **Winnersh**
   Wickes
6. **Droitwich**
   DFS
7. **Southport**
   Multi-let
8. **Leicester**
   Matalan

Our portfolio continued

Retail Warehouse continued

9	**Swindon**	JD Guys, B&M
10	**Ashton-under-Lyne**	B&M
11	**Plymouth**	B&M, Magnet
12	**Banbury**	B&Q
13	**Measham**	DFS
14	**Leighton Buzzard**	Wickes
15	**Burton-upon-Trent**	CDS (t/a The Range), Wickes
16	**Cromer**	Sainsburys
17	**Sheldon**	Multi-let

Our portfolio continued

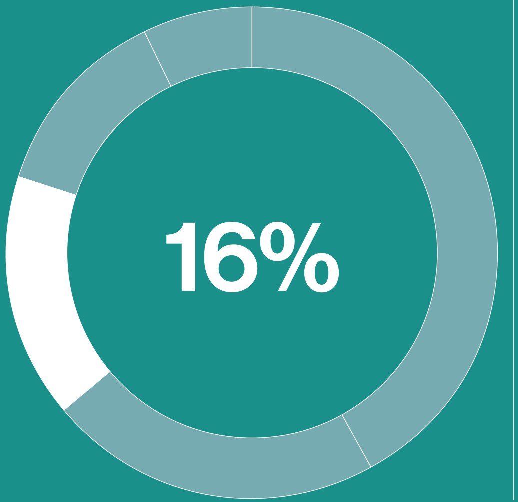
Retail Warehouse continued

18	**Gloucester**	Smyths Toys
19	**Leicester**	Magnet
20	**Burton-upon-Trent**	CDS (t/a The Range), Wickes
21	**Plymouth**	A Share & Sons (t/a SCS), Oak Furnitureland
22	**Torpoint**	Sainsbury's
23	**Grantham**	Pure Gym
24	**Portishead**	Majestic Wine, TJ Morris (t/a Home Bargains)
25	**Plymouth**	B&M, Magnet
26	**Gloucester**	Farmfoods

Our portfolio continued

Office portfolio overview

Percentage of portfolio



Number of properties

17

Passing rent

£5.7m

ERV

£7.8m

Topped-up net initial yield

8.1%

Property locations

Property income by dot size

- <£100k
- £101k–£350k
- £350k+

Sector overview

In the office sector, we have pursued a strategy of reducing exposure to business park assets, where we believe tenant demand is weaker and rental growth prospects are much more limited. While only a small percentage of the portfolio, where we have retained offices, they have been city centre buildings that can be or have been brought up to modern occupier requirements and have low environmental impact standards.

In summary:

- Occupier demand is stronger in city centre locations
- Strong rental growth in select locations
- Valuations have stabilised


Oxford

Our portfolio continued

Office continued

1. **Manchester**
   Multi-let
2. **West Malling**
   Regus (Maidstone, West Malling)
3. **Birmingham**
   Multi-let
4. **Oxford**
   Multi-let
5. **Manchester**
   Multi-let
6. **Cheadle**
   Agilent Technologies
7. **Edinburgh**
   Multi-let
8. **Leicester**
   Multi-let

Our portfolio continued

Office continued

9 **Glasgow**
The Skills Development Scotland Co

10 **Leeds**
First Title (t/a Enact)

11 **Castle Donington**
National Grid

12 **Sheffield**
Health & Safety Executive, Home Office

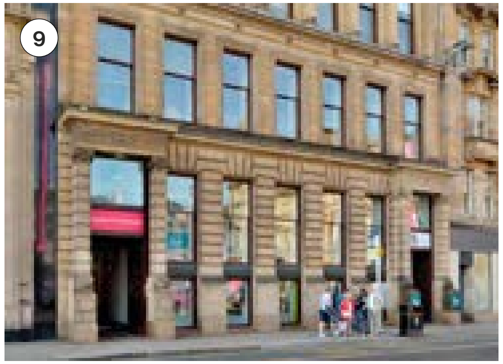
13 **Leeds**
First Title (t/a Enact)

14 **Cheadle**
Wienerberger

15 **Gateshead**
Multi-let

16 **Solihull**
Lyons Davidson

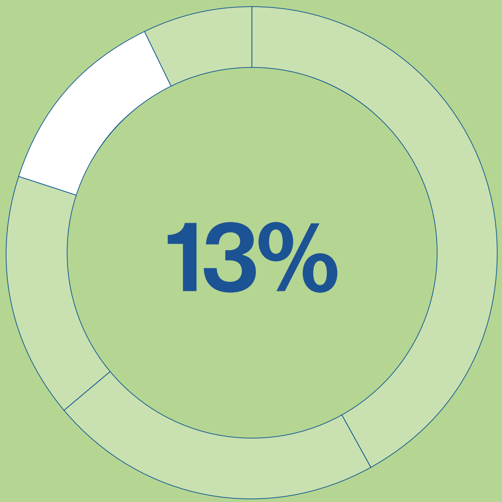
17 **Glasgow**
Multi-let



Our portfolio continued

Other overview

Percentage of portfolio



Number of properties

32

Passing rent

£6.4m

ERV

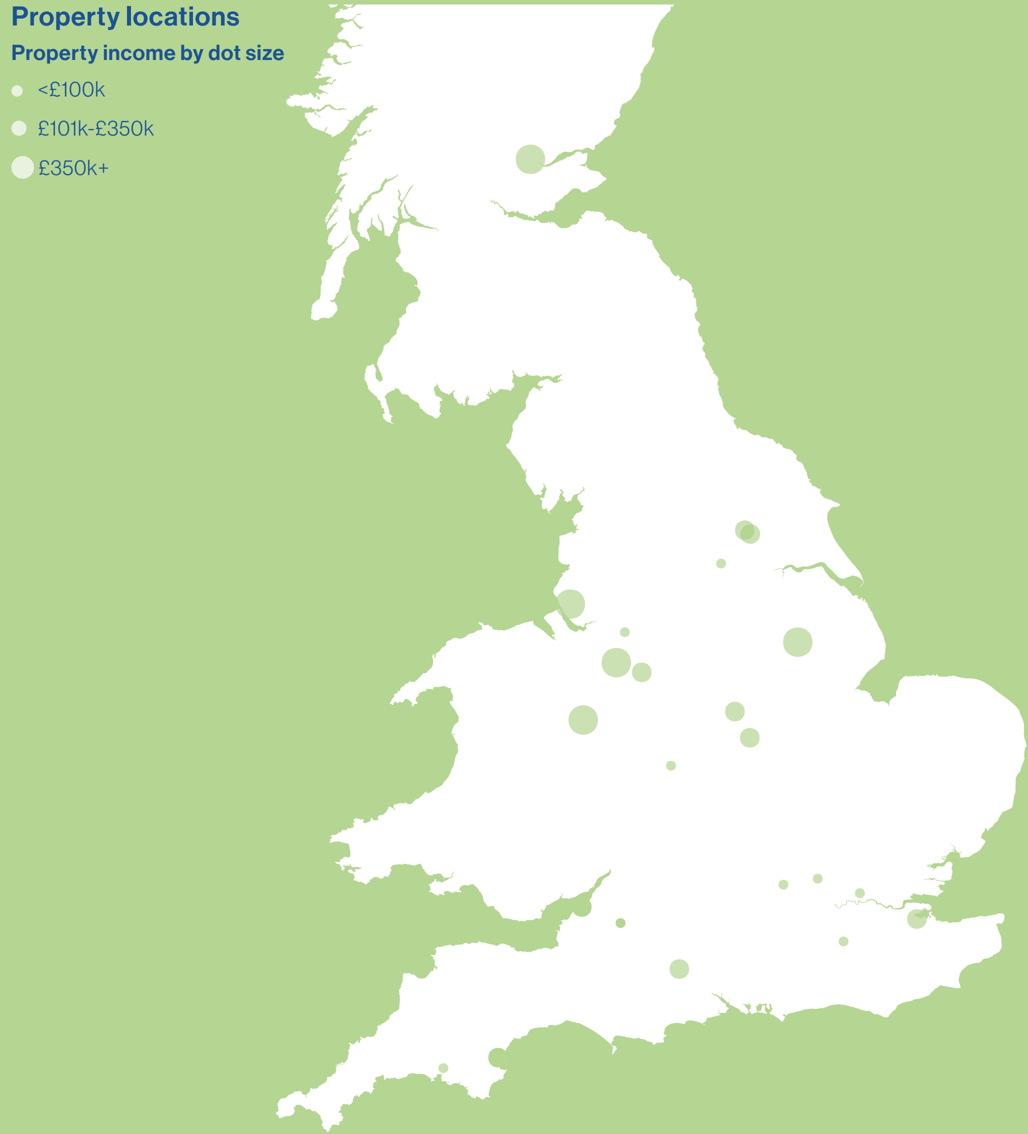
£6.4m

Topped-up net initial yield

7.7%

Property locations

Property income by dot size



Sector overview

Property type	Percentage
Gym	20%
Drive-through	17%
Motor trade	16%
Pub and restaurant	15%
Other, including day nursery and hotel	13%
Leisure	12%
Trade counter	7%
Total	**100%**

Maypole

Our portfolio continued

Other continued

1. **Crewe**
   Multi-let
2. **Liverpool**
   Multi-let
3. **Perth**
   Multi-let
4. **Milton Keynes**
   Tenpin
5. **Stoke**
   Nuffield Health
6. **Lincoln**
   Total Fitness
7. **Portishead**
   AGO Hotels
8. **Torquay**
   Multi-let

Our portfolio continued

Other continued

9 **Gillingham**
Co-operative

10 **York**
Pendragon Property Holdings

11 **Shrewsbury**
TJ Vickers & Sons

12 **York**
Chicken Cabins (t/a KFC)

13 **Salisbury**
Parkwood Health & Fitness

14 **Lincoln**
MKM Building Supplies

15 **Loughborough**
Listers Group

Our portfolio continued

Other continued

16 **Castleford**
MKM Buildings Supplies

17 **Maypole**
Starbucks

18 **Watford**
TH UK & Ireland (t/a Tim Hortons)

19 **Bath**
Chokdee (t/a Giggling Squid)

20 **Shrewsbury**
TJ Vickers & Sons

21 **Leicester**
TH UK & Ireland (t/a Tim Hortons)

22 **Crewe**
Multi-let

23 **Carlisle**
The Gym Group

Our portfolio continued

Other continued

24 **High Wycombe**
Stonegate Pub Co

25 **Nottingham**
Kbeverage (t/a Starbucks)

26 **Plymouth**
McDonald's

27 **Portishead**
JD Wetherspoons

28 **Nottingham**
Gastronomy Restaurants (t/a KFC)

29 **Stratford**
Foxtons

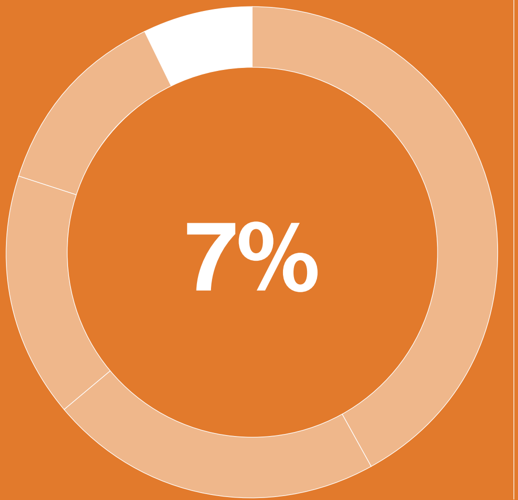
30 **Burton-upon-Trent**
1 Oak (t/a Starbucks)

31 **Knutsford**
Knutsford Day Nursery

Our portfolio continued

Retail portfolio overview

Percentage of portfolio



Number of properties

22

Passing rent

£3.3m

ERV

£2.9m

Topped up initial yield

9.4%

Property locations

Sector Overview

We continue to see low vacancy rates in prime locations and occupier demand, from both retail and leisure operators, should be supportive of future rental growth.

In summary:

- Low vacancy rates in prime locations
- Rents are starting to show growth
- Rental yields support dividends

Winchester

Our portfolio continued

Retail continued

1 **Worcester**
Superdrug

2 **Dunfermline**
Multi-let

3 **Cardiff**
Multi-let

4 **Winchester**
Nationwide Building Society

5 **Portsmouth**
Multi-let

6 **Guildford**
Vacant

7 **Shrewsbury**
Multi-let

8 **Colchester**
Multi-let

Our portfolio continued

Retail continued

9	**Southampton**	URBN
10	**Southsea**	Portsmouth City Council
11	**Birmingham**	Multi-let
12	**Chester**	Aslan Jewellery, Der Touristik
13	**Chester**	Diamonds of Chester Camelot, Ciel (Concessions)(t/a Chesca)
14	**Portsmouth**	The Works
15	**Shrewsbury**	Nationwide Building Society
16	**Edinburgh**	Aubin & Wills

Our portfolio continued

Retail continued

17 **Stratford**
The Universal Church of the Kingdom of God

18 **Chester**
Signet Trading (t/a Ernest Jones), Felldale Retail (t/a Lakeland)

19 **Colchester**
Kruidvat Real Estate (t/a Savers)

20 **St Albans**
Crepeaffaire

21 **Glasgow**
Ramsdens Financials

22 **Taunton**
Vacant

Glossary of terms

Term	Explanation
Automated External Defibrillators (AED)	Medical device used to help those experiencing sudden cardiac arrest
Biodiversity Credit	Tradeable financial instrument that rewards positive nature and biodiversity outcomes
Biodiversity Net Gain (BNG)	An approach to development that aims to leave the natural environment in a measurably better state than it was beforehand
Building Energy Efficiency Survey	A government project to improve and update evidence of how energy is used, and an assessment of the carbon reduction opportunities
Building Research Establishment Environmental Assessment Method (BREEAM)	A set of assessment methods and tools designed to help understand and mitigate the environmental impacts of developments
Carbon Risk Real Estate Monitor (CRREM)	The market standard for 1.5°C alignment in the real estate sector. CRREM's objective is to translate global emissions reduction requirements, into Paris Agreement-compliant 1.5°C emissions pathways for buildings, by country and by asset type
Data Aggregator	An organisation that collects data from one or more sources, provides some value-added processing, and repackages the result in a usable form
Electric Vehicles (EV)	A vehicle that can be powered by an electric motor
Energy performance certificate (EPC)	Required certificate whenever a property is built, sold or rented. An EPC gives a property an energy efficiency rating from A (most efficient) to G (least efficient). An EPC contains information about a property's energy use and typical energy costs, and recommendations about how to reduce energy use and save money
Environmental Social Governance (ESG)	The framework used to evaluate a company's sustainability and ethical impact, focusing on its impact on the environment, society, and governance practices
EPRA (Sustainability) Best Practice Recommendations (BPR), (sBPR)	EPRA BPR and sBPR facilitate comparison with the Company's peers through consistent reporting of key real estate specific and environmental performance measures
Estimated rental value (ERV)	The external valuers' opinion of the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property
Global Real Estate Sustainability Benchmark (GRESB)	GRESB independently benchmarks ESG data to provide financial markets with actionable insights, ESG data and benchmarks
Greenhouse gas (GHG)	Gasses in the earth's atmosphere which trap heat and lead directly to climate change
kiloVolt Amperes (kVA)	The unit of measurement for electrical power
kiloVolt Hour (kVh)	The amount of power converted into useful output in one hour
kiloWatt Peak (kWp)	The unit of measurement for the output of a photovoltaic system
Key performance indicator (KPI)	The Company's environmental and performance targets are measured by KPIs which provide a strategic way to assess its success towards achieving its objectives
Minimum Energy Efficiency Standards (MEES)	MEES regulations set a minimum energy efficiency level for rented properties
Net Zero Carbon (NZC)	Operational net zero carbon for real estate is achieved when the net carbon emissions from a portfolio's operational activities (landlord controlled) and tenant energy usage is reduced to zero or are negative
Passing rent	Annualised cash rents at the year-end date, adjusted for the expiration of lease incentives
Photovoltaics (PV)	A photovoltaic system produces energy by converting sunlight directly into electricity
Power Purchase Agreement (PPA)	A contract between an electricity generator (the seller) and a customer (the buyer), whereby the seller agrees to sell to the buyer an amount of energy which is generated by a renewable source at a pre-negotiated price
Streamlined Energy and Carbon Report (SECR)	SECR requirements aim to put green credentials into the public domain and help organisations achieve the benefits of environmental reporting

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Designed and produced
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