

Custodian Property Income REIT plc

("Custodian Property Income REIT" or "the Company")

Active asset management continues to drive income and valuation growth, underpinning fully covered dividend

Custodian Property Income REIT (LSE: CREI), which seeks to deliver an enhanced income return by investing in a diversified portfolio of smaller, regional properties with strong income characteristics across the UK, today provides a trading update for the quarter ended 30 June 2025 ("Q1" or the "Quarter").

Commenting on the trading update, Richard Shepherd-Cross, Managing Director of the Investment Manager, said: "The Company has delivered another quarter of positive net asset value ("NAV") momentum and stable earnings, fully covering our dividend, which continues to offer investors an attractive yield of c.7.7%. We achieved an average rental uplift of 13.5% across all asset management initiatives, from rent reviews to new lettings, with growth evident across the full breadth of our diversified portfolio. This strong rental performance, coupled with resilient tenant demand and stable valuations, highlights the continued disconnect between the underlying fundamentals of UK real estate and current market sentiment, where discounts to NAV and capital outflows point to a clear underappreciation of the opportunity.

"In this context, we were particularly pleased to complete the strategic all-share acquisition of the Merlin portfolio. This transaction allows us to scale and grow earnings despite capital market headwinds, demonstrating both our commitment to enhancing shareholder value and the benefits of disciplined consolidation.

"Custodian Property Income REIT offers a compelling, income-focused opportunity, and with a consensus that the market is now past its inflection point, we see real potential for valuation recovery to enhance total returns. Looking ahead, we will continue to pursue opportunities to invest in our existing portfolio and grow through selective corporate acquisitions, while actively recycling capital to strengthen the portfolio and increase NAV."

Highlights

Strong leasing activity continues to drive rental growth and support a fully covered dividend

- 1.5p dividend per share approved for the Quarter, fully covered by unaudited European Public Real Estate Association (“EPRA”) earnings per share¹, in line with target of at least 6.0p for the year ending 31 March 2026 (FY25: 6.0p). This target dividend represents a 7.9% yield based on the prevailing 76.1p share price²
- EPRA earnings per share of 1.5p for the Quarter (FY25 Q4: 1.6p)
- EPRA occupancy³ was broadly maintained at 90.9% (31 Mar 2025: 91.1%)
- During the Quarter, like-for-like⁴ ERV increased by 0.8%, primarily driven by 1.7% like-for-like growth in the industrial sector which represents 43% of the portfolio by income
- Significant potential for further income growth with the portfolio’s ERV of £51.5m (31 Mar 2025: £50.2m) exceeding the current passing rent of £44.9m (31 Mar 2025: £43.9m) by 15% (31 Mar 2025: 14%).
- Based on our track record and strong occupier demand for space, we expect to capture this potential rental upside at (typically) five-yearly rent reviews or on re-letting, and will continue to drive passing rent and ERV growth further through asset management initiatives
- Positive leasing activity during the Quarter comprised:
 - The completion of two rent reviews at an average 25% increase in annual rent;
 - Seven lease renewals and regears in aggregate 8% ahead of ERV and in line with the previous rent; and
 - Letting three vacant units.

Valuation growth across the Company’s c.£615m portfolio, with a 0.8% uptick on a like-for-like basis

- Q1 net asset value (“NAV”) total return per share⁵ of 2.2%
- NAV per share grew by 0.6% to 96.7p (31 Mar 2025: 96.1p)
- NAV increased to £448.7m (31 Mar 2025: £423.5m), primarily due to the issuance of 22.9m shares through the corporate acquisition of Merlin Properties Limited (“Merlin”)
- The value of the Company’s portfolio was £614.7m (31 March 2025: £594.4m), a like-for-like valuation increase of 0.8% during the Quarter, net of £2.4m of capital expenditure.

¹ Profit after tax, excluding depreciation and net gains on investment property, divided by weighted average number of shares in issue during the Quarter.

² Price on 1 September 2025. Source: London Stock Exchange.

³ Estimated rental value (“ERV”) of let property divided by total portfolio ERV.

⁴ Adjusting for property acquisitions, disposals and capital expenditure.

⁵ NAV per share movement including dividends paid during the Quarter on shares in issue at 31 March 2025.

Capital investment and asset recycling continues to be accretive

- Acquisition of the £22m Merlin portfolio, primarily comprising 28 smaller lot-sized investment properties, delivering day one earnings enhancement and the potential for value creation through asset and portfolio management opportunities
- Disposal of two office buildings in Cheadle for an aggregate £6.9m, representing a 12% premium to pre-offer valuation⁶
- £2.4m of capital expenditure primarily relating to the refurbishment of industrial buildings in Plymouth and Biggleswade, and combining two units to facilitate a letting at a retail warehouse in Southport
- £0.1m (FY25 Q4: £0.1m) of revenue generated from solar panel installations across 12 assets, selling the renewable electricity generated to tenants and exporting any surplus.

Prudent debt levels

- Net gearing⁷ was 26.9% loan-to-value at 31 March 2025 (31 Mar 25: 27.9%).
- £172m (31 Mar 2025: £175m) of drawn debt at 30 June 2025 comprising £140m (81%) of fixed rate debt and £32m (19%) drawn under the Company's £60m variable rate revolving credit facility ("RCF")
- Weighted average cost ("WAC") of aggregate borrowings decreased to 3.8% (31 Mar 2025: 3.9%)
- Since the Quarter end, the Company has utilised its RCF to repay a £20m fixed rate loan that expired on 13 August 2025, which increased the WAC of aggregate borrowings to c.4.0%. The Company's remaining £120m of longer-term fixed-rate debt facilities have a weighted average term of 5.5 years and a WAC of 3.4%, offering significant medium-term interest rate risk mitigation

Dividends

The Company paid an interim dividend per share of 1.5p on Friday 30 May 2025 relating to FY25 Q4, fully covered by EPRA earnings.

The Board has approved a fully covered interim dividend per share of 1.5p for the Quarter paid on Friday 29 August 2025 to shareholders on the register on 1 August 2025, designated as a property income distribution ("PID").

The Board is targeting a dividend per share of no less than 6.0p for the year ending 31 March 2026.

⁶ Latest external valuation prior to the disposal offer being reflected in subsequent valuations.

⁷ Gross borrowings less cash (excluding rent deposits) divided by property portfolio and solar panel valuations.

Net asset value

The Company's unaudited NAV increased to £448.7m, or approximately 96.7p per share, at 30 June 2025:

	Pence per share	£m
NAV at 31 March 2025	96.1	423.5
Interim quarterly dividends paid during the Quarter relating to FY25 Q4 ⁸	(1.5)	(6.6)
Merlin acquisition		
- Issue of initial equity consideration ⁹	(0.2)	21.2
- Acquisition costs	(0.2)	(0.9)
Valuation increases and depreciation	0.8	3.9
Profit on disposal	0.2	0.7
Net income for the Quarter	1.5	6.9
NAV at 30 June 2025	96.7	448.7

The unaudited NAV attributable to the ordinary shares of the Company is calculated under International Financial Reporting Standards and incorporates the independent portfolio valuation at 30 June 2025 and net income for the Quarter.

The movement in unaudited NAV reflects the payment of an interim dividend per share of 1.5p during the Quarter, but as usual this does not include any provision for the approved dividend of 1.5p per share for the Quarter paid on Friday 29 August 2025.

⁸ Quarterly interim dividends totalling 1.5p per share were paid on shares in issue at 31 March 2025.

⁹ On 30 May 2025 the Company issued 22.9m new shares in the Company as initial consideration for acquiring Merlin on an adjusted 30 September 2024 NAV-for-NAV basis at 92p per new share. A further c. 1.7m new shares are expected to be issued at 92p per share on finalisation of completion accounts, expected during Q3.

Market update

Custodian Property Income REIT has concluded another quarter with positive NAV momentum and stable earnings, fully covering a dividend of 6.0pps. This offers investors an attractive yield from a diversified, UK portfolio with conservative gearing of 26.9% and earnings well-supported by growing rents and positive asset management outcomes.

As the months go by, the continued disparity between investor confidence in UK real estate and the improving picture for rental growth, tenant demand and stability in valuations makes for an ever more perplexing picture. As current share price discounts to NAV and capital outflows from UK real estate demonstrate, investors are not seeing the opportunity in listed UK real estate that is evident from the Company's asset management activity and operational performance: sales ahead of valuation; rental uplifts of up to 37%; new lettings securing £965k of rental income; and NAV up for the fourth consecutive quarter.

Across 12 asset management events, from rent reviews to new lettings, the average increase in rent was 13.5% over the prior level, with increases achieved across the portfolio and across different sectors, including industrial, retail warehouse, car showroom and drive-through restaurants.

Merlin acquisition

As a clear sign of the Board's confidence in the UK market, Custodian Property Income REIT completed the all-share acquisition of the Merlin portfolio ("the Transaction") during the Quarter. The Transaction provided the Company with a £19.4m portfolio of 28 smaller lot-size regional UK investment properties (the "Merlin Portfolio") which are highly complementary to the Company's existing assets, as well as c. £2.7m of newly built housing stock, the ongoing sale of which is expected to conclude in the coming months, generating additional cash for the Company. A number of opportunities have been identified to drive further value from the Merlin Portfolio, including increasing rental income from upcoming lease events and improving certain properties' environmental credentials.

We have been clear that a key element of our strategy is to seek opportunities to scale the business through corporate and/or portfolio acquisitions. This strategic transaction via an all-share acquisition on an adjusted NAV-for-NAV basis has enabled growth, enhanced earnings per share and decreased net gearing.

Merlin was a long-established family property company and the Transaction presented an attractive opportunity for the sellers to: solve a family succession issue by passing day-to-day operations to a professional manager; defer crystallisation of a latent capital gain; obtain a more liquid investment; whilst maintaining the focus of their family wealth on regional real estate investments with attractive income

characteristics. The Transaction also offered compelling economic benefits for the Company versus acquiring the properties directly.

Asset management

Custodian Capital Limited, the Investment Manager, has remained focused on active asset management during the Quarter, completing:

- Two rent reviews with an aggregate 25% increase in annual rent (£25k), in line with ERV;
- Seven lease renewals and regears, in aggregate 8% ahead of ERV and in line with the previous passing rent; and
- Letting three vacant units with annual rent of £965k (1.9% of ERV).

Further details of these asset management initiatives are shown below:

Rent reviews

- At a drive-through unit in Nottingham, increasing passing rent 37% from £67k to £92k;
- At a retail warehouse unit in Dunfermline, maintaining passing rent at £32k.

Renewals/re-gears

- 10-year lease renewal with VW Group in Shrewsbury, increasing the previous passing rent by 6% to £215k;
- 10-year lease renewal with DHL at an industrial unit in Glasgow, with a tenant option to break on the fifth anniversary, increasing the annual rent by 33% to £146k;
- Five-year lease renewal with Boots at a retail warehouse unit in Evesham, with annual rent decreasing 30% to £141k reflecting prevailing market rates;
- 10-year reversionary lease with Gastronomy Restaurants (t/a KFC) at a drive-through unit in Nottingham and removing the 2027 tenant break option;
- Five-year lease renewal with Card Factory at a retail unit in Cardiff, with annual rent decreasing 39% to £61k in line with prevailing market rates;
- Removal of a tenant break option with Savers at a retail unit in Colchester, extending the term certain by two years and maintaining the annual rent of £56k; and
- Five-year licence with Nationwide for a fire escape at a retail unit in Cardiff, maintaining the annual rent at £10k.

New leases

£1.0m of new annual rental income was added to the rent roll through letting of three vacant units, in aggregate, in line with ERV:

- A 10-year lease to Romac Logistics at an industrial unit in Motherwell, following the previous tenant exercising the break option and surrendering early, with annual rent increasing by 30% to £813k;
- A five-year lease of a vacant floor to Positive Planet at offices in Manchester, following a comprehensive refurbishment of the building, with annual rent of £99k, reflecting an uplift of 95% on the rental rate prior to the works being undertaken; and
- A five-year lease with LRQA at an office suite in Edinburgh, at an annual rent of £52k, following an internal refurbishment project to create a 'Cat A+' fitted suite.

Disposals

During the Quarter, two office buildings in Cheadle were sold for an aggregate £6.9m:

- 5500 Lakeside, which is 66% let, was sold for £4.0m in line with the 31 December 2024 valuation; and
- Wienerberger House, which is fully let, was sold at £2.9m, a 10% premium to the 31 December 2024 valuation.

Since the Quarter-end the Company has sold:

- A retail unit in Guildford for £1.6m, £0.1m ahead of the 30 June 2025 valuation; and
- A retail unit in Leicestershire for £0.4m, 28% ahead of purchase price. This property was sold at auction having been earmarked for disposal when acquired as part of the Merlin Portfolio.

Share buyback programme

Since the Quarter end the Company has implemented a share buyback programme with a maximum aggregate consideration of £5.0m ("the Buyback Programme"). During the higher interest rate environment since 1 April 2023 the Company has prioritised re-investment of proceeds from selective disposals in funding capital expenditure to improve the quality and environmental credentials of the portfolio and to pay down variable rate debt, aligning with the Company's strategy of providing shareholders with strong income returns. The Board believes the current share price materially undervalues the Company and its portfolio, including the security and quality of income offered through the fully covered dividend. Under the Buyback Programme shares will only be purchased if the Directors believed it would result in an increase in earnings per share or an increased NAV per share (or both) for remaining shareholders. At the current share price and given the latest expectations for future interest

rates, the Directors believe the Buyback Programme is an attractive use of property disposal proceeds that will create value for shareholders.

To date the Company has purchased 2,210,000 shares under the Buyback Programme, which are held in treasury. Aggregate consideration for these buybacks was £1.7m at a weighted average cost per share of 78.4p, representing an average 18.5% discount to 31 March 2025 NAV per share of 96.1p.

Borrowings

At 30 June 2025 the Company had £172m of debt drawn comprising:

- £32m (19%) at a variable prevailing interest rate of 5.9% and a facility maturity of 2.4 years; and
- £140m (81%) at a weighted average fixed rate of 3.4% with a weighted average maturity of 4.8 years.

At 30 June 2025 the Company's borrowing facilities were:

Variable rate borrowing

- A £60m RCF with Lloyds with interest of between 1.62% and 1.92% above SONIA, determined by reference to the prevailing LTV ratio of a discrete security pool of assets, expiring on 10 November 2027. The facility limit can be increased to £75m with Lloyds' approval.

Fixed rate borrowing

- A £20m term loan with Scottish Widows plc ("SWIP") repayable on 13 August 2025 with interest fixed at 3.935%;
- A £45m term loan with SWIP repayable on 5 June 2028 with interest fixed at 2.987%; and
- A £75m term loan with Aviva comprising:
 - A £35m tranche repayable on 6 April 2032 with fixed annual interest of 3.02%;
 - A £25m tranche repayable on 3 November 2032 with fixed annual interest of 4.10%; and
 - A £15m tranche repayable on 3 November 2032 with fixed annual interest of 3.26%.

Each facility has a discrete security pool, comprising a number of individual properties, over which the relevant lender has security and covenants:

- The maximum LTV of the discrete security pools is either 45% or 50%, with an overarching covenant on the property portfolio of a maximum of 35% or 40% LTV; and

- Historical interest cover, requiring net rental receipts from the discrete security pools, over the preceding three months, to exceed either 150% or 250% of the associated facility's quarterly interest liability.

Loan expiry

Since the Quarter end the Company has utilised its RCF to repay the £20m fixed rate loan with SWIP which expired on 13 August 2025, increasing pro-forma¹⁰ weighted average cost of debt from 3.8% at 30 June 2025 to 4.0%.

Portfolio analysis

At 30 June 2025, the portfolio was split between the main commercial property sectors, in line with the Company's objective to maintain a suitably balanced investment portfolio. Sector weightings are shown below:

Sector	30 Jun 2025			31 Mar 2025			
	Valuation £m	Weighting by value	Weighting by income	Quarter valuation movement £m	Quarter valuation movement	Weighting by value	Weighting by income
Industrial	213.9	51%	43%	4.4	1.5%	50%	42%
Retail warehouse	132.4	21%	22%	(0.5)	(0.4%)	21%	22%
Other ¹¹	80.6	13%	14%	-	-	13%	13%
Office	54.5	9%	14%	(0.1)	(0.1%)	10%	16%
High street retail	34.9	6%	7%	0.1	0.3%	6%	7%
Total	614.7	100%	100%	3.9		100%	100%

For details of all properties in the portfolio please see custodianreit.com/property-portfolio.

- Ends -

Further information:

Further information regarding the Company can be found at the Company's website custodianreit.com or please contact:

¹⁰ Adjusting for disposals and the £20m refinancing.

¹¹ Comprises drive-through restaurants, car showrooms, trade counters, gymnasiums, restaurants and leisure units.

Custodian Capital Limited

Richard Shepherd-Cross – Managing Director

Ed Moore – Finance Director

Ian Mattioli MBE DL – Chairman

Tel: +44 (0)116 240 8740

www.custodiancapital.com

Numis Securities Limited

Hugh Jonathan / George Shiel

Tel: +44 (0)20 7260 1000

www.numis.com/funds

FTI Consulting

Richard Sunderland / Ellie Sweeney / Andrew Davis / Oliver

Parsons

Tel: +44 (0)20 3727 1000

custodianreit@fticonsulting.com

Notes to Editors

Custodian Property Income REIT plc is a UK real estate investment trust, which listed on the main market of the London Stock Exchange on 26 March 2014. Its portfolio comprises properties predominantly let to institutional grade tenants throughout the UK and is principally characterised by smaller, regional, core/core-plus properties.

The Company offers investors the opportunity to access a diversified portfolio of UK commercial real estate through a closed-ended fund. By principally targeting smaller, regional, core/core-plus properties, the Company seeks to provide investors with an attractive level of income with the potential for capital growth.

Custodian Capital Limited is the discretionary investment manager of the Company.

For more information visit custodianreit.com and custodiancapital.com.