

Custodian Property Income REIT plc

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

Q2 trading update shows active asset management and diversified portfolio continuing 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 second quarter ended 30 September 2025 ("Q2" or the "Quarter").

Commenting on the trading update, Richard Shepherd-Cross, Managing Director of the Investment Manager, said: "The direct property market has been witnessing a recovery since September 2024, with valuations improving quarter on quarter for Custodian Property Income REIT, driven by consistent rental growth across all real estate sectors in the UK. As a result, the diversified nature of our portfolio is well positioned to benefit from the upside of both the real estate recovery and the improving market sentiment towards listed markets.

"Despite uncertainty leading into the November 2025 Budget, the Company has continued to deliver another quarter of stable earnings, fully covering our dividend, with like-for-like passing rent growing by 2.3% through active asset management initiatives and the leasing of vacant space. Logic suggests that the strong performance of our underlying assets should flow through to narrowing the share price discount. However, a continued shift in sentiment is required alongside a willingness to consider the longer term income-focused opportunity that exists in listed real estate, with Custodian Property Income REIT currently offering an attractive c.7.5% dividend yield secured against a broadly diversified, well-let, reversionary portfolio of modern, regional properties.

"Looking ahead, we will continue to pursue opportunities to invest in our existing portfolio and grow through selective corporate acquisitions, such as the all-share acquisition of the Merlin portfolio in May 2025. At the same time we will continue to actively recycle capital to strengthen the portfolio and increase NAV, facilitated by our share buy-back programme through which we have been selling assets at a premium to valuation while undertaking the timely acquisition of shares at a discount to the same metric."

Highlights

Strong leasing activity continues to improve occupancy and drive rental growth, supporting 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 the target of at least 6.0p for the year ending 31 March 2026 (FY25: 6.0p). This target dividend represents a 7.3% yield based on the prevailing 82.0p share price² and is in line with the Company’s goal of being the REIT of choice to investors seeking high and stable dividends from well-diversified UK real estate
- EPRA earnings per share of 1.5p for the Quarter (Q1: 1.5p)
- During the Quarter, like-for-like³ ERV increased by 1.1%, primarily driven by 0.9% like-for-like growth in the industrial sector, which represents 43% of the portfolio by income. Portfolio like-for-like ERV has grown 1.9% so far this financial year.
- 13% additional income growth already embedded within the portfolio with ERV of £51.9m (30 June 2025: £51.5m) exceeding the current passing rent of £45.9m (30 June 2025: £44.9m)
- 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, while continuing to drive passing rent and ERV growth further through asset management initiatives
- Positive leasing activity during the Quarter comprised:
 - Letting five vacant units with annual rent of £645k (1.2% of ERV), including an industrial unit in Plymouth where a £2.5m refurbishment has led to a 66% increase in annual rent to £0.5m. These lettings helped improve EPRA occupancy⁴ to 92.2% (30 June 2025: 90.9%); and
 - Seven lease renewals and regears 4% ahead of ERV and 39% ahead of previous passing rent, in aggregate.
- £0.2m (Q1: £0.1m) of revenue generated from solar panel arrays across 12 assets, selling the renewable electricity generated to tenants and exporting any surplus.

Continued valuation growth across the Company’s c.£625m portfolio, with a 1.4% increase on a like-for-like basis

- Q2 net asset value (“NAV”) total return per share⁵ of 3.8%
- NAV per share increased to 98.9p (30 June 2025: 96.7p)
- NAV increased to £456.3m (30 June 2025: £448.7m), primarily due to valuation increases across all key property sectors

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

² Price on 12 November 2025. Source: London Stock Exchange.

³ Adjusting for property acquisitions, disposals and capital expenditure.

⁴ Estimated rental value (“ERV”) of let property divided by total portfolio ERV.

⁵ NAV per share movement including dividends paid during the Quarter on shares (excluding treasury shares) in issue at 30 June 2025.

The value of the Company's investment property portfolio was £625.0m (30 June 2025: £614.7m), a like-for-like valuation increase of 1.4% during the Quarter, net of £3.7m of capital expenditure.

Ongoing capital investment programme continues to enhance the portfolio, and asset recycling from the Merlin acquisition continues to be accretive

- During the Quarter, the Company sold:
 - A retail unit in Guildford for £1.6m, representing a 6.25% premium to the 30 June 2025 valuation; and
 - A retail unit in Leicestershire for £0.4m, generating a 9% premium to the allocated purchase price. This property was sold at auction having been earmarked for disposal when acquired as part of the Merlin Portfolio.
- Post period end a further six assets in Leicestershire, acquired as part of the Merlin Portfolio, were sold for an aggregate £2.4m. Two assets were sold to special purchasers, which helped deliver aggregate proceeds £0.7m (41%) ahead of the allocated purchase price.
- £3.7m of capital expenditure primarily relating to the refurbishment of industrial buildings in Plymouth and Biggleswade, including the installation of solar panels and electric vehicle chargers, window replacement and installation air source heat pumps, which both increases rental income and improves environmental performance.
- Five solar panel arrays were independently valued for the first time during the Quarter, having been in operation for 12 months, resulting in a £1.6m (124%) valuation uplift on cost.

Prudent debt levels

- Net gearing⁶ was 26.4% loan-to-value at 30 Sept 2025 (30 June 25: 26.9%)
- £173.5m (30 June 2025: £172m) of drawn debt at 30 Sept 2025, comprising £120m (69%) of fixed rate debt and £53.5m (31%) drawn under the Company's £60m variable rate revolving credit facility ("RCF")
- Weighted average cost ("WAC") of aggregate borrowings increased to 4.0% (30 June 2025: 3.8%) due to the Company utilising its RCF to repay a £20m fixed rate loan that expired on 13 August 2025. The Company's remaining £120m of longer-term fixed-rate debt facilities have a weighted average term of 5.3 years and a WAC of 3.3%, offering significant medium-term interest rate risk mitigation.

Dividends

The Company paid an interim dividend per share of 1.5p on Friday 29 August 2025 relating to Q1, fully covered by EPRA earnings.

⁶ Gross borrowings less cash (excluding rent deposits) divided by property portfolio and solar panel valuations.

The Board has approved a fully covered interim dividend per share of 1.5p for the second quarter to be paid on Friday 28 November 2025 to shareholders on the register on 7 November 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.

Net asset value

The Company’s unaudited NAV increased to £456.3m, or approximately 98.9p per share, at 30 September 2025:

	Pence per share	£m
NAV at 30 June 2025	96.7	448.7
Shares repurchased	0.1	(1.7)
	96.8	447.0
Net income for the Quarter	1.5	7.1
Interim quarterly dividends paid during the Quarter relating to FY25 Q4 ⁷	(1.5)	(7.0)
Valuation increases and depreciation	2.1	9.1
Profit on disposal	-	0.1
NAV at 30 Sept 2025	98.9	456.3

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 September 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 under review to be paid on Friday 28 November 2025.

⁷ Quarterly interim dividends totalling 1.5p per share were paid on shares (excluding treasury shares) in issue at 30 June 2025.

Market update

The Bank of England's decision to hold interest rates at 4% despite persistent inflation and weak growth has done little to convince investors to break cover and commit new funds to UK listed real estate. As a result, share prices continue to show a wide discount to NAV across the whole of listed real estate with an average discount, as reported by Newmark, of 28.6%⁸.

This compares to a discount of 17%⁹ for Custodian Property Income REIT, which offers an opportunity to invest ahead of both a real estate recovery and improving market sentiment, while securing a c.7.3% dividend yield that is underpinned by a broadly diversified, well-let, reversionary portfolio of modern, regional properties in strong locations.

The direct property market has been witnessing a recovery since September 2024, with valuations improving quarter-on-quarter, driven by rental growth across all sectors of the property market. Logic suggests that the strong performance of the underlying assets should flow through to listed property companies' share prices, but a further shift in market sentiment is required along with a willingness to consider the longer term opportunity that exists in real estate.

At a property level, Custodian Property Income REIT is delivering on all fronts to provide shareholders with strong income returns. Quarterly NAV increased by c.2%, driven by property valuation growth, six lease renewals with an average 35% increase in rent, six new lettings of vacant units securing £1.0m of rent and two rent reviews showing a 3% aggregate increase.

During the Quarter, the portfolio's rent roll grew 2.3% on a like-for-like basis, from £44.9m to £45.9m. As a result, the portfolio has continued to deliver a fully covered dividend of 6p per share, with future rental growth potential of 13% already embedded and offering the potential for further earnings growth, while profitable sales fund capital expenditure and refurbishment programmes, in addition to proving valuations.

Asset management

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

- Seven lease renewals and regears, in aggregate 4% ahead of ERV and 39% ahead of previous passing rent;
- Letting five vacant units with annual rent of £645k (1.2% of ERV); and
- Two rent reviews with an aggregate 3% increase in annual rent (£10k), in line with ERV;

⁸ Source: Deutsche Numis.

⁹ Based on 30 September 2025 NAV and share price on 12 November 2025.

Further details of these asset management initiatives are shown below:

Renewals/regears

- Five-year lease renewal with Yodel Delivery Network at an industrial unit in Bellshill, with a tenant option to break in the third anniversary, increasing the annual rent by 65% to £510k, 23% ahead of ERV;
- 15-year lease to Sainsbury's at a retail warehouse unit in Cromer, increasing the annual rent by 49% to £325k;
- Five-year lease renewal with Argos at a retail warehouse unit in Evesham, with annual rent lowered 7% from £182k to £168k to reflect prevailing market rates;
- 10-year lease renewal with Nationwide Building Society at a retail unit in Winchester, decreasing annual rent 19% to £115k in line with prevailing market rates. Properties at Evesham and Winchester were known to be over-rented on acquisition so these rental decreases were priced in and expected.
- 10-year reversionary lease with Farmfoods at a retail warehouse unit in Gloucester, maintaining the annual rent at £70k, but simultaneously removing the 2027 tenant break option; and
- Five-year lease renewal with Engineering Solutions and Automations at an industrial unit in Knowsley, increasing the annual rent 51% to £78k;
- 10-year lease renewal to On Tower UK, for a telephone mast at a retail park in Evesham, at an annual rent of £2.5k, in line with prevailing market rates.

New leases

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

- 66% increase in annual rent to £465k with the signing of a 25-year lease to Altilium Metals at a recently refurbished industrial unit in Plymouth, with a tenant break option in the eighth and fifteenth years. The refurbishment cost c.£2.5m and resulted in the building achieving an EPC score of 'A' which was an important factor in securing the tenant;
- 10-year lease to Harmony Fire at an office suite in Edinburgh, with a tenant break option in the fifth year of the term, increasing annual rent by 18% to £112k;
- 10-year lease to MP Bio Science at an industrial unit in Hilton, with a tenant break option in the fifth year of the term, increasing the annual rent by 11% to £51k;
- 15-year lease to EV Charger Points at a retail park in Southport, at an annual rent of £12k; and
- 30% increase over previous passing rent achieved with a three-year lease to Ormerod Rutter at an office suite in Birmingham, with an annual rent £5.5k.

Rent reviews

- An industrial unit in Burton, maintaining passing rent at £337k;
- An industrial unit in Aberdeen, increasing passing rent by 35% from £30k to £40k.
- Since the Quarter-end Ichor Systems has surrendered the remaining 3.5 years of its lease at an industrial unit in Hamilton for a premium of £950k (equivalent to 3.25 years of passing rent), along with completing dilapidations works of c.£1.0m. This surrender premium will increase FY26 Q3 EPRA earnings per share by c. 0.2p. The completion of dilapidations works and a light refurbishment is expected to increase the unit's ERV by approximately 10-15%, and due to a lack of local supply we are optimistic regarding its re-letting potential.

Disposals

During the Quarter the Company 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, generating a 9% premium to purchase price. This property was sold at auction having been earmarked for disposal when acquired as part of the Merlin Portfolio.

Since the Quarter end, the company has sold six properties across Leicestershire that were acquired as part of the Merlin acquisition for £2.4m. Two assets were sold to special purchasers, which helped deliver aggregate proceeds £0.7m (41%) ahead of the allocated purchase price.

Proceeds from the disposals has been used to pay down variable rate debt.

Share capital

Share buyback programme

During the Quarter, the Company implemented a share buyback programme with an initial 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 continues to be an attractive use of property disposal proceeds that will create value for shareholders.

To 11 November 2025, the Company has purchased a total of 3.7m shares under the Buyback Programme, which are held in treasury. Aggregate consideration for these buybacks was £3.0m at a weighted average cost per share of 78.3p, representing an average 18.0% discount to prevailing NAV.

Deferred consideration relating to the acquisition of Merlin Properties Limited

Since the Quarter-end, the Company has issued 1.2m new shares in the Company at 92p per share as final consideration for the corporate acquisition of Merlin Properties Limited ("Merlin") which completed on 30 May 2025.

Borrowings

During the Quarter, the Company utilised its RCF to repay the £20m fixed rate loan with SWIP which expired on 13 August 2025.

At 30 September 2025, the Company had £173.5m of debt drawn comprising:

- £53.5m (31%) at a variable prevailing interest rate of 5.8% and a remaining maturity of 2.1 years; and
- £120m (69%) at a weighted average fixed rate of 3.3% with a weighted average maturity of 5.3 years.

At 30 September 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 £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.

Portfolio analysis

At 30 September 2025, the investment property 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 September 2025			30 June 2025			
	Valuation £m	Weighting by value	Weighting by income	Quarter valuation movement £m	Quarter valuation movement	Weighting by value	Weighting by income
Industrial	319.2	51%	43%	3.5	1.1%	51%	43%
Retail warehouse	135.8	22%	22%	2.9	2.2%	21%	22%
Other ¹⁰	82.4	13%	14%	1.8	2.3%	13%	14%
Office	54.3	8%	14%	(0.5)	(0.4%)	9%	14%
High street retail	33.3	6%	7%	(0.2)	(0.5%)	6%	7%
Total	625.0	100%	100%	7.5		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:

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¹⁰ Comprises drive-through restaurants, car showrooms, trade counters, gymnasiums, restaurants and leisure units.

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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 secure an attractive level of income with the potential for capital growth through a diversified portfolio of UK commercial real estate comprising principally smaller, regional, core/core-plus properties, accessed via a closed-ended listed fund.

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

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