

Custodian Property Income REIT plc

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

Q4 trading update: Integration of recently acquired portfolios and active asset management continue to drive income growth and underpin 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, UK regional properties with strong income characteristics, today provides a trading update for the fourth quarter ended 31 March 2026 ("Q4" or the "Quarter") and the year ended 31 March 2026 ("FY26").

Commenting on the trading update, Richard Shepherd-Cross, Managing Director of the Investment Manager, said: *"Custodian Property Income REIT performed well during the Quarter, marking a successful close to a financial year in which we have consistently driven rental growth across the Company's portfolio, added scale and income through a number of majority-share corporate acquisitions of family owned portfolios, while creating value from our existing properties through asset management. Our income focused strategy and the yield advantage we achieve from our unique portfolio of smaller assets versus those of our larger peers, have helped us progress towards our ultimate objective of being the REIT of choice for investors seeking high and stable dividends from well-diversified UK real estate.*

"Despite the challenging investment market backdrop, we are seeing more positive underlying sentiment towards listed real estate which we hope will accelerate if and when geopolitical tensions ease. In the meantime, we remain extremely focused on what we can control by continuing to remain hands-on in our asset management approach and capturing the 13% of income growth that is already embedded in our portfolio. At the same time, we will continue to progress discussions with further families seeking a tax efficient solution to continue their investment in regional property for the next generation, while allowing us to grow the Company through income accretive share-based acquisitions."

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, leading to total FY26 dividends of 6.0p per share, in line with target, fully covered by EPRA¹ earnings per share² (“EPS”) and represents a 7.1% dividend yield³
- Q4 EPRA EPS of 1.5p (Q3: 1.7p), in line with Q3 excluding the benefit of a one-off surrender premium on an industrial property which added c.0.2p
- 0.7% like-for-like⁴ growth in the estimated rental value (“ERV”) of the portfolio in Q4 driven by 1.2% like-for-like growth in the industrial sector, which represents 42% of portfolio income, bringing the whole portfolio’s FY26 like-for-like ERV growth to 3.3%
- 13% further income growth already embedded within the portfolio with ERV of £55.6m (31 December 2025: £52.0m) exceeding the current £49.2m passing rent (31 December 2025: £45.8m). Based on our track record and strong occupier demand for space in our assets, we expect to both continue to capture this potential rental upside at (typically) five-yearly rent reviews or on re-letting, and drive passing rent and ERV growth further through asset management
- Positive leasing activity during the Quarter comprised:
 - Respective 22% and 14% average uplifts on passing rent and ERV on 10 lease renewals/re-gears;
 - Four new leases, with £0.8m of new annual income added to the rent roll, in line with ERV; and
 - Three rent reviews at an average of 10% ahead of previous passing rent, in line with ERV.

Continued valuation growth across the Company’s c.£670m portfolio, with a 0.6% like-for-like increase

- Corporate acquisitions of Grove Court and Scorpion (“the Transactions”)⁵ included the issuance of 29.1m new shares for £27.7m in addition to £12.4m cash consideration, which helped drive Q4 net asset value (“NAV”) to £486.7m (31 December 2025: £458.2m)
- NAV per share of 99.7p (31 December 2025: 99.8p) with one-off corporate acquisition costs offsetting valuation gains and leading to a 1.4% Q4 NAV total return per share⁶
- 174 asset property portfolio valued at £669.3m (31 December 2025: £626.7m), with a Q4 like-for-like valuation increase of 0.5%, net of £1.9m of capital expenditure. Benefitting from a diversified asset base the Company has seen a like-for-like portfolio valuation increase of 3.1% during FY26

¹ European Public Real Estate Association.

² EPRA EPS: 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.

³ Based on 84.5p share price as at market close on 19 May 2026.

⁴ Adjusting for property acquisitions, disposals and capital expenditure.

⁵ Grove Court Properties (Holdings) Limited (“Grove Court”) and Scorpion Properties Limited (“Scorpion”).

⁶ NAV per share movement including dividends paid during the Quarter on shares (excluding treasury shares) in issue at 31 December 2025.

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

- Acquisition of the £35.9m Grove Court and £8.5m Scorpion portfolios, comprising respectively seven mixed use office, retail, motor retail and residential assets, and five industrial units. The Transactions have delivered day one earnings enhancement and the potential for value creation through asset and portfolio management opportunities
- During the Quarter, the Company sold:
 - Seven units across six assets from the Merlin Portfolio in Leicestershire for £2.2m; and
 - An office building in Glasgow for £6.0m, representing a 24% premium to the latest valuation.
- Post Quarter end the Company sold an industrial asset in Scunthorpe from the Merlin Portfolio for £0.1m, in line with its allocated purchase price
- £1.9m of capital expenditure primarily relating to the purchase of the freehold interest of Jubilee Close Retail Park, Weymouth for £0.7m previously held via a long leasehold interest, and the ongoing construction of a drive-through restaurant in Carlisle (£0.6m)

Prudent debt levels

- Net gearing⁷ was 25.9% loan-to-value at 31 March 2026 (31 December 2025: 26.2%)
- £185.0m of drawn debt at 31 March 2026 (31 December 2025: £172.5m), comprising £120m (65%) of fixed rate debt and £65m (35%) drawn under the Company's £75m variable rate revolving credit facility ("RCF")
- Weighted average cost ("WAC") of aggregate borrowings increased to 4.1% (31 December 2025: 4.0%) due primarily to deployment of the variable rate RCF to fund the cash element of Grove Court and Scorpion acquisition consideration and associated professional fees. The Company's remaining £120m of longer-term fixed-rate debt facilities have a weighted average term of 5.0 years and a WAC of 3.3%, offering significant medium-term interest rate risk mitigation
- During the Quarter, the Company and Lloyds Bank plc ("Lloyds") agreed to extend the term of the RCF by one year to expire in November 2028

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

Dividends

The Company paid an interim dividend per share of 1.5p on Friday 27 February 2026 relating to Q3, fully covered by EPRA earnings.

The Board has approved a fully covered interim dividend per share of 1.5p for the fourth quarter to be paid on Friday 29 May 2026 to shareholders on the register on 1 May 2026, 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 2027. This target dividend 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.

Net asset value

The Company's unaudited NAV increased to £486.7m, or approximately 99.7p per share, at 31 March 2026:

	Pence per share	£m
NAV at 31 December 2025	99.8	458.2
Shares issued	(0.3)	27.7
Shares repurchased	-	(0.3)
	(0.3)	27.4
Net income for the Quarter	1.5	7.1
Interim quarterly dividend paid during the Quarter ⁸	(1.4)	(6.9)
Valuation movements	0.1	1.0
Profit on disposal	0.4	1.8
Impact of acquisition costs	(0.4)	(1.9)
NAV at 31 March 2026	99.7	486.7

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 31 March 2026 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 29 May 2026.

⁸ A quarterly interim dividend of 1.5p per share was paid during the Quarter, relating to Q3, on shares in issue on the associated 16 January 2026 record date.

Market update

The advent of the conflict in the Middle East, and its impact on inflation and interest rate expectations as well as supply chain pressures, created volatility at a time of renewed confidence in UK commercial real estate. Listed real estate share prices suffered a sharp decrease in late 2022, as interest rates rose, with associated weak valuations continuing throughout 2023 and into 2024. By mid-2024 we could see the bottom of the valuation cycle in most property sectors, yet investor confidence was weighed down by uncertainty of the November 2025 Budget.

In the three months between the Budget and the start of the conflict in Iran, Custodian Property Income REIT enjoyed a 12.3% recovery in share price, consistent with most listed real estate. What followed was sharp volatility, with the previous three months' gains reversed by the 31 March 2026, but since then a generally upward trend in share price, recovering some of the lost ground. We believe the underlying positivity towards listed real estate can be explained by the structural forces supporting a rental growth story which will support long-term total returns.

Valuations across the Company's portfolio have been recovering since Q3 2024, largely through positive asset management, securing lease renewals and rental growth or from delivering modern, energy efficient buildings through refurbishment. This theme has been widespread across the market with a strong focus from occupiers on good quality buildings. Subject to further negative news from the Middle East, and ongoing uncertainty over the UK government's leadership, we expect this steady valuation recovery to continue. However, unlike in previous cycles, we do not expect this to derive from significant yield shift⁹ supported by falling long-term gilt rates but from primarily asset management led rental growth.

A key support to the current delivery of positive asset management outcomes is the limited supply of modern or refurbished buildings. Supply has been restricted by limited development since 2022 in all but a few property sub-sectors, with an acute reduction in speculative projects more recently. In the two largest sectors of the Company's portfolio, industrial and retail warehousing, which account for 42% and 22% of income respectively, the supply side effect has had the greatest impact, supporting refurbishment projects and rental growth. Over the last 12 months the portfolio has recorded like-for-like growth in estimated rental value of 4.1% in industrial and 2.7% in retail warehousing.

In addition to supply/demand dynamics, rental growth in commercial property is also driven by inflation which has been, and will likely continue to be, a feature of the economy. Build cost and labour cost inflation requires rents to grow to support refurbishment and new development. Without higher rents cost inflation will restrict supply, which will in turn put pressure on rents to grow. In short, commercial property should perform relatively well in an inflationary environment as investors are naturally drawn to real assets and

⁹ Yield shift refers to a change in the percentage return (yield) an investor receives on a property due to movement in its capital value due to investor market sentiment rather than movement in rental expectations.

the high inflation we experienced over the last few years has been met with higher rental levels across most sectors of real estate.

Unlike in 2018-2023 when rental growth was focused principally on logistics assets, which brought forward significant investment and development capital, the market is now much flatter with rental growth potential a feature of all sectors, as seen in the Custodian Property Income REIT portfolio in the year to 31 March 2026. Investors appear less focused on single sector investing and more attracted to the diversified portfolios than previously.

Asset management

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

- Four new leases, with £0.8m of new annual rental income added to the rent roll, in aggregate, in line with ERV;
- 10 lease renewals/re-gears at a combined average of 22% ahead of passing rent and 6% ahead of ERV; and
- Three rent reviews at an aggregate average of 6% ahead of previous passing rent.

Further details of these asset management initiatives are shown below:

New leases

£0.8m of new annual rental income was added to the rent roll through the letting of four vacant units, in aggregate, in line with ERV:

- 10-year lease with a tenant break option after six years to Sonas Bathrooms at an industrial unit in Redditch, following a redevelopment, at a passing rent £669k, 117% ahead of the passing rent prior to redevelopment;
- 15-year lease with Shrimp and Co at a restaurant unit in Liverpool, at an annual rent of £100k, in line with ERV;
- Five-year lease with Phone Gadget at a retail unit in Chester, increasing previous passing rent by 30% to £54k; and
- Nine-year lease to Bradley and Cuthbertson at an office building in Birmingham, at an annual rent of £8k.

Renewals/re-gears

10 lease renewals/re-gears at a combined average of 22% ahead of passing rent and 6% ahead of ERV:

- Assignment of a lease from Wickes to CDS Stores (t/a The Range) at a retail warehouse unit in Leighton Buzzard, increasing the passing rent 15% from £340k to £390k;
 - 15-year lease renewal with McDonalds at a drive-through unit in Plymouth, including settlement of the outstanding rent review, increasing the passing rent by 26% from £79k to £100k;
 - Assignment of the lease of a restaurant unit in Torquay from Bistrot Pierre to Cherry Two, increasing the passing rent 6% from £90k to £95k;
 - 10-year lease renewal with United Carpets at a retail warehouse in Leicester, increasing the passing rent by 18% from £74k to £88k;
 - Five-year lease renewal with Carbide Properties at an office suite in Leicester, increasing passing rent by 5% from £78k to £81k;
 - One-year lease with Anduff Car Wash with a rolling landlord break option at a retail park in Southport, increasing the annual rent 112% from £25k to £53k;
 - A variation of the lease with Romac Logistics at an industrial unit in Motherwell, increasing annual rent by £38k, to lease the solar panels added recently at a cost of £0.3m
 - 10-year lease renewal with CHAS Trading at a retail unit in Dunfermline, increasing the passing rent 9% from £33k to £36k; and
 - Five-year lease renewal at an industrial unit in Loughborough, increasing passing rent 10% from £10k to £11k, and a three-year lease renewal at a retail unit in Coalville, maintaining the passing rent at £7k.
- These properties were subsequently sold at auction.

Rent reviews

Three rent reviews at an average 6% ahead of previous passing rent:

- A car showroom in Beaconsfield acquired as part of the Grove Court Portfolio, increasing annual rent 5% from £690k to £725k;
- A car showroom in York, increasing passing rent 8% from £255k to £275k; and
- A drive-through unit in Burton-upon-Trent, increasing passing rent 16% from £55k to £64k.

Other asset management

During the Quarter, the Company acquired the freehold interest of Jubilee Close, Weymouth for £0.7m. CREIT previously held the 125 year long leasehold interest over this retail park which had 82 years remaining.

Disposals

During the Quarter, the Company sold:

- Seven units across six assets in Leicestershire, acquired as part of the Merlin Portfolio, for an aggregate £2.2m; and
- An office building in Glasgow for £6.0m, representing a 24% premium to the latest valuation.

Corporate acquisitions

The Board retains strong ambitions to continue scaling the business through selective portfolio acquisitions. During the Quarter the Company completed the majority-share acquisitions of Grove Court and Scorpion for an aggregate consideration of £40.3m (before costs), based on a NAV-for-NAV exchange ratio at a weighted average adjusted issuance NAV per share of 95.9p. This consideration is expected to rise to c. £41.9m¹⁰ (before costs) once deferred consideration has been settled, comprising £29.2m equity and £12.7m cash.

The Transactions together provided the Company with a £44.4m portfolio of 12 smaller lot-size assets and added £3.4m of net rental income on day one. Respectively the properties are located on the western outskirts of Greater London and the South Midlands and are highly complementary to the Company's existing assets. We have identified a number of opportunities to drive further value from these portfolios, including increasing rental income from upcoming lease events.

Last year's Merlin transaction had provided a strong blueprint of how the Company can utilise the combination of its listed status and smaller-lot size investment strategy to provide a tax efficient solution to families seeking to simplify the ownership structure of their property investments.

Both Grove Court and Scorpion were long-established family property companies and the Transactions presented attractive opportunities for the sellers to solve a family succession issue by passing day-to-day operations to a professional manager and obtain a more liquid investment that is also easier to apportion to family members, in a highly tax efficient manner. At the same time the Transactions allowed the vendors to fulfil their desire to maintain the focus of their family wealth on regional real estate investments with attractive income characteristics. For the Company, the Transactions also offered compelling economic benefits, particularly when compared to acquiring the properties directly.

¹⁰ Comprising: issuing 27.9m new shares and paying cash consideration of £12.4m during the Quarter; plus 1.4m further new shares and cash of £0.3m cash to satisfy deferred consideration.

Borrowings

On 10 February 2026 the Company and Lloyds Bank plc agreed to extend the term of the RCF by one year to expire on 10 November 2028 and increased the RCF facility limit from £60m to £75m.

On 25 March 2026 the Company secured an asset in Dundee valued at £1.9m to its Aviva loan pool.

At 31 March 2026, the Company had £185.0m of debt drawn comprising:

- £65m (35%) at a variable prevailing interest rate of 5.5% and a remaining maturity of 2.9 years; and
- £120m (65%) at a weighted average fixed rate of 3.3% with a weighted average maturity of 5.0 years.

At 31 March 2026, the Company's borrowing facilities were:

Variable rate borrowing

- A £75m 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 2028.

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 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 31 March 2026, 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	31 March 2026			31 December 2025			
	Valuation £m	Weighting by value	Weighting by income	Quarter valuation movement £m	Quarter valuation movement	Weighting by value	Weighting by income
Industrial	332.2	50%	42%	1.6	0.5%	51%	43%
Retail warehouse	138.8	21%	22%	-	-	22%	22%
Other ¹¹	100.7	15%	15%	(0.2)	(0.2%)	13%	14%
Office	59.5	8%	14%	(0.1)	(0.5%)	9%	14%
High street retail	38.1	6%	7%	(0.3)	(0.8%)	5%	7%
Total	669.3	100%	100%	1.0		100%	100%

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

Board

Elizabeth McMeikan stepped down from the Board of McBride plc on 31 March 2026.

- 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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Deutsche Bank AG, London Branch

¹¹ 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.