Custodian
PROPERTY INCOME REIT

2 September 2026

Custodian Property Income REIT plc

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

Active asset management and diversified portfolio continue to drive rental 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, UK regional properties with strong income characteristics, today provides a trading update for the quarter ended 30 June 2026 ("Q1" or the "Quarter").

Commenting on the trading update, Richard Shepherd-Cross, Managing Director of the Investment Manager, said: *"The Company has delivered another positive quarter of stable valuations and a fully covered dividend, which continues to offer investors an attractive yield of c.7%. Performance remains underpinned by rental growth, with Custodian Property Income REIT's portfolio now showing a reversionary potential of 15%, following a further 1% increase in the like-for-like ERV. We expect to capture this potential through our asset management approach and upcoming lease events.*

"Despite ongoing economic and geopolitical instability, the occupier market has remained extremely resilient with rental growth evident across all real estate sectors within our diversified portfolio, including on the high street and in regional offices, which is a positive shift in momentum from previous periods. There is a significant disconnect between the strong underlying fundamentals of UK real estate and current investor sentiment, where persistent discounts to NAV and increased levels of consolidation and takeover activity indicate that the widening window of opportunity remains underappreciated. Importantly, our diversified portfolio is well positioned to benefit from the upside of both the continued real estate recovery and the gradually improving sentiment towards listed markets.

"Looking ahead, we will continue to pursue our hands-on approach to asset management, targeting opportunities to invest in the existing portfolio which will be accretive to earnings and deliver sustainable dividend growth for shareholders, while actively exploring opportunities to scale through selective corporate acquisitions."

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 EPRA[1] earnings per share[2] ("EPS"), in line with target of at least 6.0p for the year ending 31 March 2027 (FY26: 6.0p). This represents a 7.4% dividend yield[3] and is in line with the Company's goal of being the REIT of choice for investors seeking high and stable dividends from well-diversified UK real estate.
- Q1 EPRA EPS of 1.5p (FY26 Q4: 1.5p)
- 1.0% like-for-like[4] growth in the estimated rental value ("ERV") of the portfolio in Q1 driven by 1.6% like-for-like growth in the industrial sector, which represents 42% of portfolio income
- 15% further income growth already embedded within the portfolio with ERV of £56.1m (31 March 2026: £55.6m) exceeding the current £49.0m passing rent (31 March 2026: £49.2m). 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:
  - One lease re-gear 4% ahead of ERV;
  - Two new leases, with £0.2m of new annual income added to the rent roll, in line with ERV; and
  - Two rent reviews at an average of 16% ahead of previous passing rent, in line with ERV.

Resilient valuations across the Company's £671.6m diversified portfolio

- Issuance of 1.1m new shares during the Quarter, to settle deferred consideration from the corporate acquisitions in FY26 of Grove Court and Scorpion ("the Transactions")[5], which helped drive Q1 net asset value ("NAV") to £489.0m (31 March 2026: £486.7m)
- NAV per share increased to 100.0p (31 March 2026: 99.7p) with valuation gains of £1.4m leading to a 1.8% Q1 NAV total return per share[6]
- 172 asset property portfolio valued at £671.6m (31 March 2026: £669.3m), with a Q1 like-for-like valuation increase of 0.1%, net of £1.1m of capital expenditure.

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[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 81.2p share price as at 1 September 2026.
[4] Adjusting for property acquisitions, disposals and capital expenditure.
[5] The acquisition of 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 March 2026.

Ongoing capital investment programme continues to enhance the portfolio, and non-core asset recycling from corporate acquisitions continues to be accretive

- During the Quarter, the Company sold:
  - An industrial asset in Scunthorpe from the Merlin Portfolio for £0.1m, in line with its allocated purchase price and valuation; and
  - An industrial building in Coventry from the Scorpion Portfolio for £0.4m, in line with valuation and £0.1m ahead of its allocated purchase price.
- Post Quarter end, the Company sold:
  - Two non-core investment properties from the Merlin portfolio at auction for £0.9m, in line with valuation and £0.3m ahead of their combined allocated purchase price; and
  - The final new-build residential property acquired with the Merlin portfolio at its allocated purchase price of £0.5m.
- £1.1m of capital expenditure primarily relating to the ongoing refurbishment of an industrial asset in Warwick

Prudent debt levels

- Net gearing[7] was 26.1% loan-to-value at 30 June 2026 (31 March 2026: 25.9%)
- £185.0m of drawn debt at 30 June 2026 (31 March 2026: £185.0m), 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 remained at 4.1% (31 March 2026: 4.1%). The Company's remaining £120m of longer-term fixed-rate debt facilities have a weighted average term of 4.5 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 28 August 2026 relating to FY27 Q1 to shareholders on the register on 7 August 2026, fully covered by EPRA earnings and 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.

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[7] Gross borrowings less cash (excluding restricted cash) divided by property portfolio and solar panel valuations.

Net asset value

The Company's unaudited NAV increased to £489.0m, or approximately 100.0p per share, at 30 June 2026:

	Pence per share	£m
NAV at 31 March 2026	99.7	486.7
Shares issued	-	0.9
	99.7	487.6
Net income for the Quarter	1.5	7.3
Interim quarterly dividend paid during the Quarter[8]	(1.5)	(7.3)
Valuation movements	0.3	1.4
Profit on disposal	-	-
NAV at 30 June 2026	100.0	489.0

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 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 dividend of 1.5p per share for the Quarter under review paid on Friday 28 August 2026.

[8] A quarterly interim dividend of 1.5p per share was paid during the Quarter, relating to FY26 Q4, on shares in issue on the associated 1 May 2026 record date.

Market update

Unlike the consistently hot weather, the summer has provided a mixed economic picture with moderate growth, relatively low unemployment, easing labour pressures and lower inflation than in recent years. In contrast there has been weakness in the service sector and reduced construction activity as high financing costs and ongoing geopolitical risks continue to act as a constraint to consumer and investor sentiment.

This macro-economic backdrop has led to a slowing of investment activity in commercial investment property, which is exacerbated by the current longer-term gilt rate hovering around 5%. Cushman and Wakefield reported that the first half of 2026 saw £11.3bn of investment activity, 7% down in Q2 versus Q1, and 24% down compared to H1 2025.

The expectation that a decrease in interest rates would reignite the property market now feels like a distant memory. Instead, investors will need to adhere to conventional asset management and rental growth to drive long-term, income focused, total returns from real estate, which resonates strongly with Custodian Property Income REIT's strategy.

The challenging economic and geopolitical environment is at odds with the performance of the occupational property market, where positive rental growth is a feature of all the main commercial real estate sectors and is reflected in our asset management initiatives below. This is a shift from previous quarters where, for some time, rental growth has been absent on the high street and in regional offices. Custodian Property Income REIT's portfolio recorded like-for-like ERV growth through the year to 31 March 2026 of 3.3%, and a further 1.0% in the three months to 30 June 2026. The reversionary potential[9] of the portfolio now stands at 15%, following growth in the ERV from £55.6m to £56.1m, during the Quarter.

Notwithstanding some seasonal, post year-end weakness in the share price, where dividend yields have drifted out to 7.4%, the dividend yield based on the three-month average daily closing price of c.86p has been 7.0%. We believe this represents an attractive entry point for shareholders to secure a long-term investment in real assets that offer downside protection in an inflationary environment, with provable rental growth and earnings growth potential.

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[9] Expected future increase in rents once reset to market rate, calculated as estimated rental value as a proportion of passing rent.

Asset management

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

- One lease re-gear 4% ahead of ERV;
- Two new leases, with £0.2m of new rental income added to the rent roll, in aggregate, in line with ERV; and
- Two rent reviews at an aggregate average of 16% ahead of previous passing rent.

Further details of these asset management initiatives are shown below:

Renewals/regears

- Regear of the lease with Matalan at a retail warehouse unit in Leicester, providing a 7.5 year extension of the term, with annual rent rebased to £452k, and subject to an open market rent review in 2031 with a minimum uplift to £475k

New leases

- 20-year lease with Burger King at a drive-through unit in Carlisle, at an annual passing rent of £105k
- 10-year lease with Wren Kitchens at a retail warehouse unit in Southport, with a tenant option to break in the fifth year of the term, increasing previous passing rent by 41% to £70k

Rent reviews

Two rent reviews at an average 22% ahead of previous passing rent at:

- An industrial unit in Cannock, increasing passing rent by 22% from £314k to £382k; and
- A car showroom in Shrewsbury, increasing passing rent by 23% from £135k to £166k.

The positive impact of these asset management initiatives has been partially offset by the Administration of the Company's tenant at an industrial site in Grangemouth, which vacated the three-unit site in May 2026. We expect each unit to be re-let separately which should lead to aggregate annual passing rent increasing over the previous £438k.

Energy Performance Certificate ("EPC") regulations

The government recently announced expected updates to the Minimum Energy Efficiency Standards ("MEES") for commercial properties in England and Wales in June 2026, requiring buildings over 1,000 square metres to have a minimum EPC rating of a 'B' by 2031, and buildings under 1,000 square metres to be at a minimum 'E' rating to be compliant. The Company's portfolio is 83% compliant (as at 25 August 2026), with a further 6% exempt from the requirements, with the remaining c11% of EPC's being actively targeted to reach full compliance with new regulations in advance of 2031.

Borrowings

At 30 June 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 2.4 years; and
- £120m (65%) at a weighted average fixed rate of 3.3% with a weighted average maturity of 4.5 years.

At 30 June 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 30 June 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:

	30 June 2026					31 March 2026	
Sector	Valuation £m	Weighting by value	Weighting by income	Quarter valuation movement £m	Quarter valuation movement	Weighting by value	Weighting by income
Industrial	332.6	50%	42%	-	-	50%	42%
Retail warehouse	140.3	21%	21%	1.3	1.0%	21%	22%
Other[10]	101.4	15%	16%	0.7	0.7%	15%	15%
Office	59.0	8%	14%	(0.7)	(1.2%)	8%	14%
High street retail	38.3	6%	7%	0.1	0.4%	6%	7%
Total	671.6	100%	100%	1.4	0.1%	100%	100%

The industrial sector £nil valuation movement is the result of the Grangemouth tenant failure (£1.0m) offsetting other increases due to rental growth.

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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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.