Custodian Property Income REIT

Broadening the growth opportunity

Acquisition of assets

Real estate

10 November 2026

Custodian Property Income REIT (CREI) has announced the acquisition of a complementary portfolio of eight industrial and retail assets for £11.0m. The consideration comprises 10.6m new shares to be issued to the vendors on an adjusted NAV-for-NAV basis, together with £0.4m in cash. We expect the acquisition to be accretive to EPS as rental reversion is captured. In a sector where scale is increasingly important, the transaction further demonstrates CREI's ability to grow by leveraging its smaller-lot-size investment strategy and listed REIT structure.

Year end	Net rental income (£m)	EPRA earnings (£m)	EPRA EPS (p)	NAV/share (£)	DPS (p)	Yield (%)	P/NAV (x)
3/25	39.5	26.8	6.1	0.96	6.00	7.2	0.87
3/26	42.0	29.0	6.3	1.00	6.00	7.2	0.84
3/27e	45.4	30.7	6.3	1.01	6.00	7.2	0.82
3/28e	46.0	31.2	6.4	1.03	6.00	7.2	0.81

EPRA earnings excludes revaluation gains/losses and other exceptional items. NAV is defined as EPRA net tangible assets (EPRA NTA) throughout this report.

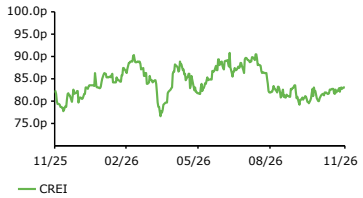
Share-funded acquisitions of complementary, privately owned property portfolios are a key element of CREI's growth strategy, alongside organic rental growth and the capture of reversionary potential embedded in the existing portfolio. They provide an attractive route to increasing portfolio scale, diversifying income and improving operating efficiency, while issuing new equity for cash at a discount to NAV remains unattractive. CREI is able to grow without materially increasing gearing, while providing sellers with a liquid investment in a larger, diversified and professionally managed property portfolio.

The assets that have been acquired are primarily located in the East Midlands, with an average lot size of £1.4m. Annual passing rent of £0.8m represents a 6.7% net initial yield, increasing to 7.2% on a reversionary basis after upcoming index-linked rent reviews and the expiry of lease incentives. The weighted average unexpired lease term is six years. The consideration comprises 10.6m new shares, to be issued on an adjusted NAV-for-NAV basis, and £0.4m in cash. The ungeared acquisition marginally reduces net gearing, maintaining it around the 25% target. This is the fourth such transaction completed by CREI since June 2025, and together these acquisitions have added c £77m to the portfolio (Q127: £672m) and c £5.9m to annual rent roll at the time of acquisition. Unlike the previous acquisitions of Merlin, Grove Court and Scorpion, which involved family-owned private property companies, the latest portfolio has been acquired from investors in eight property syndicates managed by Lincoln Property Syndicates, a specialist manager that pools capital from private investors to acquire individual commercial properties through separate investment vehicles. Such investments are generally illiquid and can present succession and administrative challenges as investors' circumstances change. The transaction enables investors to exchange their interests for listed CREI shares while retaining exposure to commercial property.

We expect CREI to publish its Q227 update later this month. In Q127, despite challenging market conditions, NAV total return was 1.8%, supported by continued rental growth and broadly stable property valuations. The estimated rental value of the portfolio remained c 15% above contracted passing rent, providing significant embedded income potential. At the 83p reference share price, CREI shares trade at a c 17% discount to end-June NAV and offer a c 7.2% dividend yield.

Price	**83.30p**
Market cap	**£407m**
Net (debt) at 30 June 2026 (excluding restricted cash)	£(175.3)m
Shares in issue	488.8m
Code	CREI
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



Business description

Custodian Property Income REIT is a London Main Market-listed REIT focused on commercial property in the UK outside London. It is income-focused, with a commitment to pay a high but sustainable and covered dividend.

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