EDISON

Custodian Property Income REIT

A year of growth

FY26 results

Real estate

15 June 2026

Custodian Property Income REIT (CREI) has published its FY26 results. Consistent rent growth through the year, in combination with active asset management, underpinned increased earnings and capital growth. The acquisitions of three privately-held property companies, complementary to CREI's higher-yielding, smaller lot size strategy, were immediately accretive to earnings and added more than 10% to portfolio size, providing an innovative route to increased scale and the benefits that brings. We believe there are clear benefits to many investors in being able to access the commercial property market through a diversified, income-focused and conservatively managed REIT.

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	6.7	0.93
3/26	42.0	29.0	6.3	1.00	6.00	6.7	0.89
3/27e	45.4	30.7	6.3	1.01	6.00	6.7	0.88
3/28e	46.0	31.2	6.4	1.03	6.00	6.7	0.87

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

Organic rental growth continuing

FY26 EPRA EPS of 6.3p covered DPS of 6.0p by 1.05x. EPRA NTA per share increased by 3.6p, or 3.7%, to 99.7p. Adding back DPS paid (but not reinvested), the NAV total return was 10.0%, building on the FY25 return of 9.5%. Estimated rental value (ERV) increased throughout the year with an overall like-for-like increase of 3.3% to c £56m. ERV is c 13% ahead of current passing rent and, even allowing for lease incentives, represents significant income upside potential to be captured in future leasing events. With yields having stabilised, rental growth was the primary driver of property revaluations in each quarter of the year, amounting to 3.1% on a like-for-like basis. Property sales generated a net gain of £2.6m. The net loan to value ratio (LTV) remains moderate and reduced to 25.9% (FY25: 27.9%).

Earnings accretive acquisitions build scale

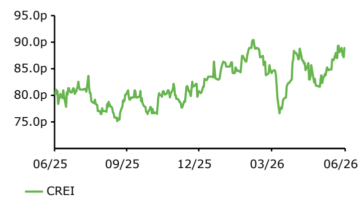
The acquisitions of Merlin Properties, Grove Court Properties and Scorpion Properties added £66m of assets to the portfolio (end-FY26: £669m) and c £5.1m to annual rent roll at the time of acquisition, reflecting an immediately accretive c 7% net initial yield, with further value-creation opportunities through asset and portfolio management. Pricing was on an adjusted NAV for NAV basis and funded mostly by new CREI shares mixed with cash. In addition to the financial and strategic benefits to CREI shareholders, the transactions allowed the vendors to resolve succession issues and manage potentially significant capital gains tax liabilities. CREI believes that similar transactions are possible with other high-net-worth and family offices.

Attractive yield and accelerating capital growth

FY26 EPS was in line with our forecasts and there is little change to FY27. NAV per share forecasts are increased c 2%. Whereas we had assumed FY27 DPS growth, CREI is targeting at least 6.0p (FY26: 6.0p), representing a yield of c 7%.

Price	**89.00p**
Market cap	**£435m**
Net cash/(debt) at 31 March 2026 (excluding restricted cash).	£(175.0)m
Shares in issue	488.8m
Code	CREI
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	6.6	4.6	11.8
52-week high/low		91.1p	70.9p

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.

Next events

Investor Meet Company presentation	29 June 2026
Q127 update	Aug/Sept 2026

Analyst

Martyn King +44 (0)20 3077 5700

financials@edisongroup.com

Edison profile page

Custodian Property Income REIT is a research client of Edison Investment Research Limited

A robust organic performance and accretive acquisitions

Custodian Property Income REIT provides investors with diversified UK commercial property exposure, within a closed-end fund structure. It seeks to deliver an enhanced income return by investing in smaller, regional properties, with strong income characteristics, let to predominantly institutional-grade tenants. Smaller properties provide a yield premium over larger assets, partly the result of a broader range of potential occupiers and less competition from larger institutional investors. Income risk is spread across a wide number of properties and tenants, the vast majority of which are externally classified as having better than average risk. Although diversified, the portfolio is not passively positioned and is actively managed. The weighting towards industrial and retail warehouse assets is strong. Meanwhile, accretive capital recycling has supported debt repayment and capex aimed at enhancing asset quality, rents and capital values.

Upcoming investor presentation

On 29 June at 11am, the company's investment manager, Richard Shepherd-Cross, will provide a live presentation, open to all existing and potential investors, via Investor Meet Company. Details and registration for the presentation can be found here.

Details of the FY26 financial performance

During FY26, net assets increased by £63m, or 15%, to £487m, substantially reflecting the c £50m value of shares issued to the vendors of Merlin, Grove Court and Scorpion. NAV per share increased 3.6% to 99.7p.

As the acquisition shares were issued at close to NAV, this had only a very small (c 0.3p) dilutive impact on NAV per share. Costs related to the acquisitions (0.6p) were offset by disposal gains (0.5p) and unrealised valuation gains (3.5p), accretion on share repurchases at a discount to NAV (0.2p) and retained earnings (0.3p).

Exhibit 1: FY26 NAV movement

	Pence per share	£m
NAV at 31 March 2026 (FY25)	**96.1**	**423.5**
Shares issued for acquisition	(0.3)	49.7
Shares repurchased	0.2	(4.8)
Valuation movement	3.5	17.0
Profit/(loss) on disposal	0.5	2.6
Acquisition costs	(0.6)	(2.9)
EPRA earnings	6.3	29.0
Dividends paid	(6.0)	(27.4)
NAV at 31 March 2026 (FY26)	**99.7**	**486.7**

Source: CREI

Turning to the income statement in more detail, EPRA earnings increased 8% to £29.0m, driven by 7% growth in net rental income. EPRA EPS increased 3% to 6.3p.

The corporate acquisitions, discussed in more detail below, contributed only partially to the FY26 result, as did the shares issued, and will have a more meaningful impact in FY27. The Merlin acquisition (c £19m of investment properties excluding non-core residential assets) contributed for c 10 months, Grove Court (£36m) for c six weeks and Scorpion (£9m) for less than a month.

Net rental and related income increased to £42m and, as previously reported in Q326, this included c £1m, or 0.2p per share, of non-recurring surrender premium (equivalent to c 3.5 years of passing rent) relating to an industrial unit, along with completing dilapidation works of c £1.0m. 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. In accounting terms, the dilapidation receipt increased both revenues and property costs, with no material impact on the net result.

The increase in expenses was primarily driven by increased NAV, which determines investment management fees.

With the majority of debt costs fixed or hedged, net finance expense fell slightly.

Exhibit 2: Summary of FY26 financial data

Year to 31 March (£m unless stated otherwise)	FY26	FY25	FY26/FY25	H126	H226
Gross rental & other income	48.7	44.4	10%	23.5	25.2
Non-rechargeable property costs	(6.7)	(4.9)	38%	(2.5)	(3.7)
Net rental income	**42.0**	**39.5**	**6%**	**21.0**	**21.5**
Administrative expenses (exc. depreciation)	(5.8)	(5.4)	8%	(3.4)	(2.9)
Operating Profit before revaluations	**36.2**	**34.1**	**6%**	**17.5**	**18.6**
Net finance expense	(7.2)	(7.4)	-2%	(3.5)	(3.7)
EPRA earnings	**29.0**	**26.8**	**8%**	**14.1**	**14.9**
Revaluation of investment properties net of depreciation	16.7	10.9		12.8	4.0
Profit on disposal	2.6	0.4		0.8	1.8
IFRS earnings	**48.3**	**38.2**		**27.6**	**20.7**
IFRS EPS (p)	10.5	8.7		6.1	4.4
EPRA EPS (p)	**6.3**	**6.1**	**3%**	**3.1**	**3.2**
DPS (declared) (p)	**6.0**	**6.0**	**0%**	**3.0**	**3.0**
EPRA earnings/dividends paid in period (x)	1.03	1.01		1.01	1.05
IFRS NAV & EPRA NTA per share (p)	**99.7**	**96.1**	**4%**	**98.8**	**99.7**
Investment portfolio (£000s)	669.3	594.4		622.8	669.3
NAV total return	10.0%	9.5%		6.0%	3.9%
Net LTV	25.9%	27.9%		26.9%	25.9%

Source: CREI data, Edison Investment Research

Rental growth, asset management and a stabilising property market have delivered consistent dividend and capital returns during the past two years, compounding into a total NAV return of more than 20%.

Exhibit 3: Consistently positive quarterly returns over the past two years

	Q125	Q225	Q325	Q425	Q126	Q226	Q326	Q426
£m unless stated otherwise	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
Opening NAV	411.8	410.3	412.7	416.1	423.5	448.7	456.3	458.2
Shares issued for acquisition					21.2		0.0	27.7
Share repurchases						(1.7)	(1.8)	(0.3)
Valuation movement	(1.0)	2.6	3.0	7.1	3.9	9.1	2.9	1.0
Profit/(loss) on disposal	0.2	(0.1)	0.3	0.0	0.7	0.1	0.0	1.8
Acquisition costs	0.0	0.0	0.0	0.0	(0.9)	0.0	0.0	(1.9)
EPRA earnings	6.7	6.5	6.7	6.9	6.9	7.1	7.7	7.1
Dividends paid	(7.4)	(6.6)	(6.6)	(6.6)	(6.6)	(7.0)	(6.9)	(6.9)
Closing NAV	**410.3**	**412.7**	**416.1**	**423.5**	**448.7**	**456.3**	**458.2**	**486.7**
NAV per share (p)	**93.1**	**93.6**	**94.4**	**96.1**	**96.7**	**98.9**	**99.8**	**99.7**
EPRA EPS (p)	**1.5**	**1.5**	**1.5**	**1.6**	**1.5**	**1.5**	**1.7**	**1.5**
DPS declared (p)	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
NAV total return (based on DPS paid but not reinvested)	**1.5%**	**2.1%**	**2.5%**	**3.4%**	**2.2%**	**3.8%**	**2.4%**	**1.4%**

Source: CREI data

Continuing rental growth

The end-FY26 ERV was £55.6m, up by c £5.4m, an increase of 10.8% or 3.3% on a like-for-like basis. Contracted passing rent increased by c £5.3m to c £49.2m. Of the £6.4m (13%) upside from passing rent to ERV, we estimate c £2.2m represents the reversion gap between current rents and market level rents, primarily in the industrial portfolio, and £4.2m from vacancy reduction.

CREI expects to capture the reversion potential at (typically) five-yearly rent reviews or on re-letting and to drive passing rent and ERV growth further through asset management. In many cases, a period of vacancy is used to refurbish properties, which may also include installing earnings accretive solar panels, enhancing their attraction to occupiers and rental values, ahead of re-letting.

Positive leasing activity during the year comprised:

- Nine rent reviews at an aggregate 6% increase in annual rent from £2.2m to £2.3m and 7% ahead of ERV.

- 53 new lettings, lease renewals and lease re-gears, with rental levels remaining affordable to occupiers.

EPRA occupancy improved to 92.4% (end-FY25: 91.1%).

Increased portfolio scale and diversification and valuation uplifts

During FY26, the value of CREI's investment portfolio increased by c £75m, with corporate acquisitions adding c £64m at the point of completion (and non-core residential assets an additional c £3m). Other movements included capex of almost £10m, gross revaluation gains of c £20m and disposals at book value of c £17m (proceeds of £20m).

The 3.1% like-for-like gain in portfolio value during the year was driven mainly by underlying rental growth and asset management initiatives. Despite the more uncertain economic and political environment, like-for-like revaluation continued to be positive in the final quarter of the year (0.5%) albeit at a slower pace. Subject to further negative news from the Middle East, and ongoing uncertainty over the UK government's leadership, CREI expects the steady valuation recovery in place since the second half of 2024 to continue. It expects this will continue to be driven by asset management-led rental growth, rather than any narrowing of valuation yields.

The c £20m of property sales during the year were at an average 23% premium to the pre-offer valuation, providing strong supporting evidence for CREI's portfolio valuation and NAV. This included a number of smaller properties from the Merlin portfolio that had been identified for sale, comprising 12 primarily retail units in Leicestershire for £4.9m, with the aggregate premium of 52% to purchase price benefiting from certain assets being sold to special purchasers.

The portfolio is well spread across 174 assets (average lot size of £3.85m) and, reflecting positive sector fundamentals, has a significant weighting to industrials (50% by value). CREI's industrial portfolio was again the key driver of valuation growth in FY26, but retail warehouse assets and the broad spread of 'other' assets also showed a good level of appreciation. No single tenant or property accounts for more than 3.5% or 1.7%, respectively, of portfolio rent roll, such that property specific risk and tenant default risk are significantly mitigated.

Exhibit 4: Custodian portfolio summary at 31 March 2026 (Q426)

	Valuation (£m)	Weighting by value	Weighting by income	Q4 valuation movement (£m)	Q4 valuation movement
Industrial	332	50%	42%	1.6	0.5%
Retail warehouse	139	21%	22%	0.0	0.0%
Other*	101	15%	15%	(0.2)	-0.2%
Office	60	8%	14%	(0.1)	-0.5%
High street retail	38	6%	7%	(0.3)	-0.8%
Portfolio total	**669**	**100%**	**100%**	**1.0**	

Source: CREI. Note: *Other comprises drive-through restaurants, car showrooms, trade counters, gymnasiums, restaurants and leisure units.

Strategic and accretive acquisition growth

The acquisitions of Merlin Properties (£22m of assets), in June 2025, followed by Grove Court Properties (£36m) and Scorpion Properties (£9m), in February and March 2026, have demonstrated the appeal to vendors of CREI's ability to leverage its investment strategy and listed REIT structure to facilitate all-share or majority-share corporate acquisitions of privately-held property companies. In addition to the financial benefits to CREI shareholders, the transactions allow vendors to resolve succession issues and manage a potentially significant capital gains tax liabilities. In a recent interview with Richard Shepherd-Cross, fund manager of CREI, he discussed the Grove Court acquisition in detail and the outlook for further, similar transactions with other high-net-worth and family offices.

The acquisitions have helped CREI progress its growth ambitions, aimed at increasing market cap and share trading liquidity so as to appeal to a broader range of investors and enhance cost efficiency. They are complementary to its smaller lot size and diversified property strategy, and consistent with current sector and geographical weightings. The terms are such that there is immediate earnings accretion and, just as importantly, they provide opportunities for further value creation through asset and portfolio management.

The Merlin portfolio added 28 commercial property assets located in the East Midlands with a value of £19.4m and c £2.7m of newly built housing stock, non-core to CREI and earmarked for sale. The investment properties were fully let and generating £2.7m per year of passing rent. Within the portfolio, the top 10 assets represented 75% of the value (and passing rent), or an average lot size of c £1.5m, which is towards the upper range of CREI's existing portfolio. The remaining 18 properties had an average lot size of c £0.3m. As well as occupancy being strong (99%), CREI identified value-creation opportunities from reversionary capture at upcoming lease events and the disposal of investment properties deemed non-core at prices above the purchase price. To date, 13 of these properties have been sold, raising proceeds of c £5m (before costs) on average at prices well above the implied purchase prices and more than offsetting some shortfall on residential sales. In H126, £0.6m of residential sales were booked, with a remaining inventory of c £1.3m.

The Grove Court portfolio, with a fair value of £35.9m, comprises seven mixed-use office, retail, motor retail and residential assets and five industrial units, with an average lot size of £5.3m, generating annual passing rent of £2.7m. The properties are located in close proximity to the M25 motorway on the eastern outskirts of Greater London (Beaconsfield and Gerrards Cross) and were 97% occupied at acquisition. During its due diligence ahead of the acquisition, CREI identified a number of opportunities to drive further value from increasing rental income at lease events.

The smaller Scorpion Properties portfolio comprises five fully let industrial assets located in the South Midlands along the M40 corridor, generating £0.6m of passing rent (net initial yield of 6.8%) but with reversionary upside to c £0.9m, which CREI expects will crystallise over the weighted average unexpired lease term to first break of 2.6 years (reversionary yield of 9.7%).

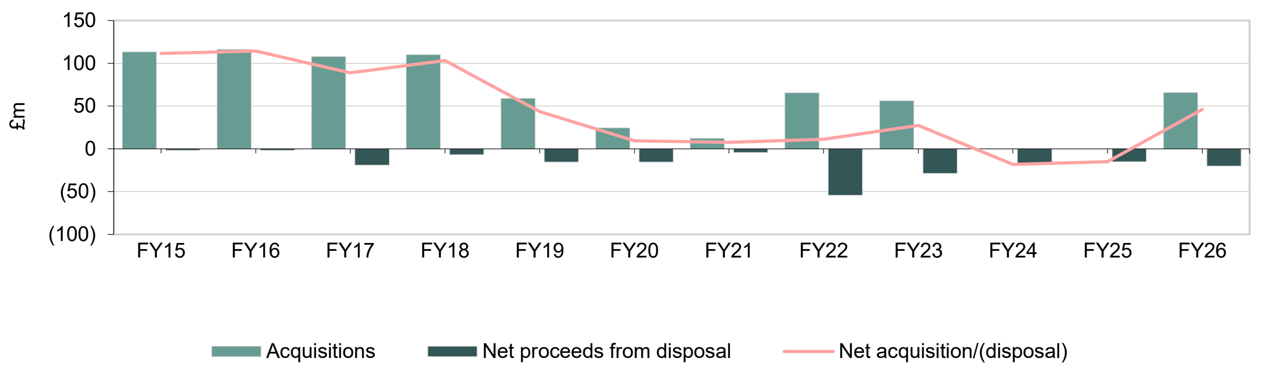
Exhibit 5: FY26 corporate acquisitions

	Jun-25	Feb-26	Mar-26	
£m unless stated otherwise	**Merlin**	**Grove Court**	**Scorpion**	**Total**
Investment property	**19.4**	**35.9**	**8.5**	**63.8**
Non-core residential assets	2.7			2.7
Total assets	**22.1**	**35.9**	**8.5**	**66.5**
Number of investment properties	28	7	5	40
Average lot size	0.7	5.3	1.7	1.6
Passing rent	**1.7**	**2.7**	**0.6**	**5.1**
Occupancy	99%	97%	100%	
Net initial yield	8.1%	6.8%	6.8%	7.2%

Source: CREI data, Edison Investment Research

CREI has grown materially in the period since listing in 2014 with an initial portfolio of £95m. It enjoyed a period of strong, earnings-accretive growth up until the pandemic, supported by its shares trading at a consistent premium to NAV. This allowed the company to satisfy investor demand through equity issuance and fund acquisitions. Growth slowed during the global pandemic period and its aftermath, followed by a period of capital recycling (FY22–23) and portfolio optimisation (FY24–25). While the rating of the shares makes issuance for cash unattractive, private transactions are giving renewed impetus to growth.

Exhibit 6: Net transactions history



Source: CREI data, Edison Investment Research

Forecasts and valuation

FY26 EPRA earnings were higher than we last forecast, although very slightly lower excluding the non-recurring lease surrender premium, which added 0.2p to Q326 EPS.

FY26 EPRA NTA per share and the EPRA NTA total return were also higher than we last forecast.

On an underlying basis, adjusted for acquisitions and disposals, end-FY26 gross contracted rent roll was higher than we had forecast, and, including a full-year contribution from the acquisitions, we expect significantly higher net rental income in FY27. We expect higher rental income to offset the impact of higher borrowings (to part fund the acquisitions) and the drag of rates staying higher for longer.

Our forecast for FY27 EPRA EPS remains at 6.3p, which represents an increase of 0.2p versus FY26, excluding the significant dilapidation receipt.

We have extended our forecasting out to FY29 and take what we believe to be a cautious approach to leasing activity. During FY27–29 we have assumed only 1% per year growth in ERV, well down from recent experience. Further, we assume that contracted passing rent, the contributor to earnings, only keeps pace with ERV growth and that there is no narrowing of the 13% gap between the two. This is a potential source of upside to our earnings forecasts and CREI's dividend-paying capacity.

Dividends

As noted above, the board is targeting FY27 DPS of at least 6.0p, unchanged from FY26. We had previously anticipated an increase to 6.1p. The board's decision strikes us as a sensibly cautious approach given the uncertain political and economic environment at home in the UK and abroad. In our forecasts, we hold DPS at the same level, allowing dividend cover to build to 1.06x by FY28, ahead of low-cost fixed-rate debt maturity in June 2028 (Q129). On this basis we expect DPS to remain comfortably covered by EPRA earnings in FY29 (which includes more than 80% of the annualised impact).

Borrowing and debt costs

At end-FY26, CREI's total borrowings amounted to £185m, comprising £120m of fixed-rate debt, with a weighted average cost of 3.3% and 5.0-year remaining term, and £65m drawn from its £75m revolving credit facility (RCF) at a prevailing variable cost of c 5.5% and remaining term of 2.9 years.

The fixed-rate borrowings comprise a £75m loan (with Aviva), with a cost of 3.43% and which does not mature until 2032, and a £45m loan (with Scottish Widows Investment Partnership or SWIP), with a cost of 2.99% and which matures in June 2028.

It remains unclear if UK interest rates will increase in response to higher oil prices and the expected knock on to the general level of inflation, decline to support economic activity or stay where they are. Markets are currently anticipating a c 50bp increase in the benchmark three-month SONIA rate in coming months to c 4.3%, a similar level to the five-year swap rate. Higher rates would increase the borrowing costs on the RCF drawings, and refinancing the SWIP loan in 2028 will be at a higher cost than currently.

Our forecasts are built off a 4.0% benchmark rate from the middle of 2026 and throughout the forecast period. On this basis we expect a refinancing of the SWIP facility to increase the annualised interest cost by c £1.2m per year. Ahead of that, a 50bp increase in the assumed benchmark rate to 4.5% would add c £0.3m per year to the cost of the RCF (c 0.07p per share). If applied to the current RCF drawings and refinanced SWIP loan, the annualised cost uplift is c £0.6m per year (c 0.11p).

Exhibit 7: Forecast update

		New forecasts			Previous forecasts		Difference/change	
£m unless stated otherwise	**FY26**	**FY27e**	**FY28e**	**FY29e**	**FY26e**	**FY27e**	**FY26e**	**FY27e**
Gross rental income	48.7	50.3	50.7	51.2	45.0	45.4	3.7	4.8
Non-recoverable property costs	(6.7)	(4.9)	(4.7)	(4.7)	(4.3)	(3.8)	(2.5)	(1.1)
Net rental income	**42.0**	**45.4**	**46.0**	**46.5**	**40.7**	**41.6**	**1.2**	**3.8**
Administrative expenses	(5.8)	(6.3)	(6.4)	(6.5)	(5.7)	(5.9)	(0.2)	(0.4)
Net Interest	(7.2)	(8.3)	(8.4)	(9.5)	(7.1)	(7.1)	(0.1)	(1.2)
EPRA earnings	**29.0**	**30.7**	**31.2**	**30.5**	**27.9**	**28.6**	**1.0**	**2.1**
EPRA EPS (p)	6.3	6.3	6.4	6.2	6.2	6.3	0.0	0.0
DPS declared (p)	6.0	6.0	6.0	6.0	6.0	6.1	0.0	(0.1)
Dividend cover (x)	1.0	1.0	1.1	1.0	1.0	1.0		
EPRA NTA (p)	99.7	101.0	102.7	104.4	97.9	99.9	1.9	1.1
EPRA NTA total return	10.0%	7.3%	7.6%	7.4%	8.1%	8.3%	1.8%	-1.0%
LTV	26%	26%	27%	27%	27%	26%	-1%	0%

Source: Edison Investment Research

Discount opportunity

With the clue in its name, Custodian Property Income is focused on delivering an enhanced income return by investing in a diversified portfolio of smaller, UK regional properties with strong income characteristics. Over any reasonable period, property valuations and NAV can be expected to follow income.

Dividend returns have been consistently positive, but capital values have fluctuated widely in recent years across the market, weakening first with the global pandemic and then, following a period of recovery, with rising interest rates. Recovery has been underway for the past 18 months. Since listing, CREI's returns have been generated almost entirely from dividends.

Our forecasts for FY27–29 imply an average total return of 7.1% per year, in line with the period prior to the global pandemic. Shares acquired at the current discount have the potential to enjoy a much higher return if the discount closes further.

Exhibit 8: NAV total return history (adjusted for DPS paid without assuming reinvestment)

Pence per share (p) unless stated otherwise	**FY15**	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**Listing-FY26**	**FY27e**	**FY28e**	**FY29e**
Opening NAV per share	98	101	102	104	107	107	102	98	120	99	93	96	98	100	101	103
Closing NAV per share	101	102	104	107	107	102	98	120	99	93	96	100	100	101	103	104
Dividends paid per share	3.8	6.4	6.4	6.4	6.5	6.6	4.9	5.6	5.5	5.5	6.2	6.0	69.7	6.0	6.0	6.0
Dividend return	**3.8%**	**6.3%**	**6.3%**	**6.2%**	**6.1%**	**6.2%**	**4.8%**	**5.8%**	**4.6%**	**5.5%**	**6.6%**	**6.2%**	**71.0%**	**6.0%**	**5.9%**	**5.8%**
Capital return	**3.2%**	**0.2%**	**2.2%**	**3.4%**	**-0.2%**	**-5.2%**	**-4.0%**	**22.7%**	**-17.1%**	**-5.9%**	**2.8%**	**3.8%**	**1.6%**	**1.3%**	**1.7%**	**1.6%**
NAV total return	**7.0%**	**6.4%**	**8.5%**	**9.6%**	**5.9%**	**1.0%**	**0.9%**	**28.4%**	**-12.5%**	**-0.4%**	**9.5%**	**10.1%**	**72.6%**	**7.3%**	**7.6%**	**7.4%**
Average annual dividend return													**4.6%**			
Average annual capital return													**1.6%**			
Average annual return													**4.7%**			

Source: CREI data, Edison Investment Research

To a large extent, the P/NAV is outside the company's control, but we expect accretive scale-building to support a revaluation, an ongoing share repurchase programme is in place, and the company maintains an active investor relations programme.

The buyback programme was implemented in July 2025 with a maximum aggregate consideration of up to £5m and in May 2026 the board approved a further £2m. To date, 6.0m shares have been repurchased and are held in treasury, with an aggregate consideration of £4.8m at a weighted average cost per share of 79.1p, representing an average 17.7% discount to prevailing dividend adjusted NAV per share.

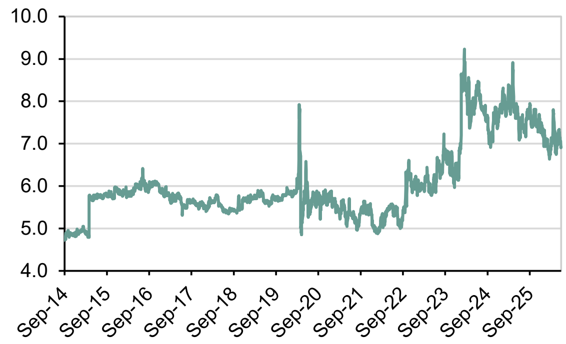
The discount has narrowed considerably in recent months, from c 30% to currently 13%. In part this reflects ongoing corporate activity across the REIT sector, including within the mid-cap diversified space where CREI sits. A consortium of LondonMetric Property and Schroder REIT is considering a bid for Picton Property Income. The re-rating of CREI shares has come despite a sharp rise in longer-term gilt yields. 30-year gilt rates recently reached a 28-year high of 5.8%, with 10-year gilts at an 18-year high. Risk-free yields contribute to the externally assessed property valuation and are also a benchmark against which listed property company dividends are viewed by investors. Unlike fixed coupon gilts, rents and rental income are typically positively correlated with inflation, supporting earnings and dividend-paying capacity.

We believe there are clear benefits to many investors in being able to access the commercial property market through a diversified, income-focused and conservatively managed REIT and that the remaining discount should be viewed as an opportunity.

Exhibit 9: P/NAV history

Source: Company data, LSEG Data & Analytics prices, Edison Investment Research

Exhibit 10: Trailing yield history



Source: Company data, LSEG Data & Analytics, Edison Investment Research

Exhibit 11: Financial summary

Year end 31 March	2024	2025	2026	2027e	2028e	2029e
INCOME STATEMENT						
Gross rental & other income	43.0	44.4	48.7	50.3	50.7	51.2
Non-recoverable property costs	(3.9)	(4.9)	(6.7)	(4.9)	(4.7)	(4.7)
Net rental & other income	39.1	39.5	42.0	45.4	46.0	46.5
Administrative expenses	(5.4)	(5.7)	(6.2)	(6.6)	(6.8)	(6.9)
Operating Profit before revaluations	33.7	33.9	35.8	38.7	39.2	39.6
Revaluation of investment properties	(27.0)	11.2	20.0	6.7	6.9	7.0
Costs of acquisitions	(1.6)	(0.0)	(2.9)	0.0	0.0	0.0
Profit/(loss) on disposal	1.4	0.4	2.6	0.0	0.0	0.0
Operating Profit	6.5	45.5	55.5	45.5	46.1	46.7
Net Interest	(8.0)	(7.4)	(7.2)	(8.3)	(8.4)	(9.5)
Profit Before Tax	(1.5)	38.2	48.3	37.1	37.7	37.2
Taxation	0.0	0.0	0.0	0.0	0.0	0.0
Profit After Tax	(1.5)	38.2	48.3	37.1	37.7	37.2
Adjust for:						
Net revaluation of investment property/costs of acquisition	25.7	(11.7)	(19.7)	(6.7)	(6.9)	(7.0)
Other EPRA adjustments	1.6	0.3	0.3	0.3	0.3	0.3
EPRA earnings	25.7	26.8	29.0	30.7	31.2	30.5
Average Number of Shares Outstanding (m)	440.9	440.9	460.5	488.4	488.4	488.4
IFRS EPS (p)	(0.3)	8.7	10.5	7.6	7.7	7.6
EPRA EPS (p)	5.8	6.1	6.3	6.3	6.4	6.2
Dividend per share (p)	5.80	6.00	6.00	6.00	6.00	6.00
Dividend cover (x)	1.01	1.01	1.05	1.05	1.06	1.04
Ongoing charges ratio (excluding property expenses)	1.2%	1.3%	1.3%	1.3%	1.2%	1.2%
NAV total return	-0.3%	9.5%	10.0%	7.3%	7.6%	7.4%
BALANCE SHEET						
Non-current assets	581.1	599.1	675.3	689.3	703.4	717.8
Investment properties	578.1	594.4	669.3	683.0	696.9	710.9
Other non-current assets	3.0	4.7	6.0	6.3	6.5	6.8
Current assets	24.0	15.3	19.9	13.6	11.0	8.0
Debtors	3.3	5.2	6.8	6.8	6.8	6.8
Cash	9.7	10.1	12.3	6.0	3.4	0.4
Current liabilities	(15.4)	(35.2)	(22.6)	(22.6)	(22.6)	(22.6)
Creditors/Deferred income	(15.4)	(15.2)	(22.6)	(22.6)	(22.6)	(22.6)
Short term borrowings	0.0	(20.0)	0.0	0.0	0.0	0.0
Non-current liabilities	(177.9)	(155.7)	(185.8)	(186.2)	(189.4)	(192.7)
Long term borrowings	(177.3)	(153.6)	(183.8)	(184.2)	(187.3)	(190.7)
Other long term liabilities	(0.6)	(2.1)	(2.0)	(2.0)	(2.0)	(2.0)
Net assets	411.8	423.5	486.7	494.0	502.4	510.4
NAV/share (p)	**93.4**	**96.1**	**99.7**	**101.0**	**102.7**	**104.4**
EPRA NTA/share (p)	**93.4**	**96.1**	**99.7**	**101.0**	**102.7**	**104.4**
CASH FLOW						
Net cash flow from operating activity	23.2	25.0	27.9	29.5	30.0	29.3
Net acquisitions and disposals (including costs)	18.0	14.7	4.5	(0.5)	0.0	0.0
Capex	(19.0)	(8.2)	(9.7)	(6.0)	(6.0)	(6.0)
Net cash flow from investing activity	(1.0)	6.6	(5.2)	(6.5)	(6.0)	(6.0)
Net proceeds from share issuance	0.0	0.0	(0.1)	0.0	0.0	0.0
Ordinary dividends paid	(24.2)	(27.2)	(27.4)	(29.3)	(29.3)	(29.3)
Debt drawn/(repaid)	4.8	(4.0)	10.0	0.0	3.0	3.0
Other movements	0.1	0.0	(5.0)	0.0	(0.3)	0.0
Net cash flow from financing activities	(19.4)	(31.2)	(22.5)	(29.3)	(26.6)	(26.3)
Net Cash Flow	**2.8**	**0.4**	**0.2**	**(6.3)**	**(2.6)**	**(3.0)**
Cash assumed on acquisition			2.0	0.0	0.0	0.0
Opening cash	**6.9**	**9.7**	**10.1**	**12.3**	**6.0**	**3.4**
Closing cash	9.7	10.1	12.3	6.0	3.4	0.4
Debt as per balance sheet	(177.3)	(173.6)	(183.8)	(183.9)	(187.3)	(190.5)
Unamortised loan arrangement fees	(1.7)	(1.4)	(1.2)	(1.1)	(0.7)	(0.5)
Total debt	(179.0)	(175.0)	(185.0)	(185.0)	(188.0)	(191.0)
Restricted cash	(2.5)	(2.2)	(2.3)	(2.3)	(2.3)	(2.3)
Closing net debt	(171.8)	(167.1)	(175.0)	(181.3)	(186.9)	(192.9)
Net LTV	29.2%	27.9%	25.9%	26.3%	26.6%	26.9%

Source: CREI historical data, Edison Investment Research

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom