Custodian Property Income REIT

Positive, income-led returns in Q127

Q127 update

Real estate

3 September 2026

Custodian Property Income REIT (CREI) generated a 1.8p (1.8%) NAV total return in the three months to 30 June 2026 (Q127) comprising the 1.5p DPS paid and a 0.3p increase in NAV per share to 100p. Portfolio manager Richard Shepherd-Cross describes the occupier market as extremely resilient, reflected in the 1.0% growth in the portfolio rental value, following 3.3% in the year to March. Portfolio valuations increased modestly, despite higher long-term interest rates. The disconnect between the strong underlying fundamentals of UK real estate and investor sentiment for most of the UK-listed sector persists.

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	7.4	0.85
3/26	42.0	29.0	6.3	1.00	6.00	7.4	0.81
3/27e	45.4	30.7	6.3	1.01	6.00	7.4	0.80
3/28e	46.0	31.2	6.4	1.03	6.00	7.4	0.79

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

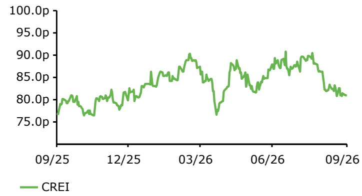
NAV total return has been positive in every quarter since Q4 2024 and was around 10% in both FY25 and FY26. Returns have been driven primarily by dividends, reflecting CREI's higher-yielding, smaller-lot-size strategy, although capital growth has also contributed. The Q127 DPS of 1.5p, fully covered by EPRA earnings, was in line with CREI's target for the year of at least 6.0p in aggregate (FY26: 6.0p). With markets now pricing renewed interest-rate rises and bond yields increasing, further yield-driven valuation gains seem unlikely, at least in the near term. Income growth, delivered through active asset management and rental growth, will therefore be the principal driver of long-term real-estate returns, aligning strongly with CREI's income-focused strategy. In that respect, continuing market rental growth and significant reversionary potential in CREI's portfolio are very positive.

At the end of Q127, the externally assessed estimated rental value (ERV) for the portfolio was £56.1m compared with contracted passing rent of £49.0m. Even allowing for lease incentives (£3.8m at end-FY26), a normal feature of the commercial property market, this represents significant income upside potential to be captured in future leasing events. During Q127, positive leasing activity included one lease re-gear at a new rent that was 4% ahead of ERV; two new leases signed, adding £0.2m of new annual income that was in line with ERV; and two rent reviews at an average of 16% ahead of the previous passing rent and in line with ERV.

In a sector where scale is increasingly demanded, the acquisitions of three privately-held property companies completed in FY26 demonstrated CREI's ability to grow by leveraging its investment strategy and listed real estate investment trust (REIT) structure. These complementary portfolios added £66m of assets to the portfolio (Q127: £672m) 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. 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. CREI shares offer an attractive 7.4% dividend yield and, frustrating as the discount to NAV may be, the prospect of a narrowing is a potential source of enhanced shareholder return.

Price	**81.20p**
Market cap	**£397m**
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.

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

EDISON

General disclaimer and copyright

This report has been commissioned by Custodian Property Income REIT and prepared and issued by Edison, in consideration of a fee payable by Custodian Property Income REIT. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or sol icitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

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