Custodian Property Income REIT

"Aiming to be the REIT of choice for private and institutional investors seeking high and stable dividends from well diversified UK commercial real estate"

April 2025

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The investment landscape

2025 Investment Landscape

THE DARKNESS BEFORE THE DAWN OF REAL ESTATE

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- The "Magnificent Seven" have shaped the investment climate in global stocks
- Trumponomics effect
- Geopolitical risks dominate market sentiment
- November 2024 budget has led to economic uncertainty
- Investment has been attracted to fixed income opportunities
- It has been a challenging environment for real estate investment since 2022
    - Rising interest rates
    - Falling valuations
    - Focus on macro-economic drivers, overlooking positivity in underlying real estate
    - But now - poised for recovery

Source: Unattributed quotes from UK property market investors and commentators

Ask AI: Why are UK REIT’s trading at a discount?

IS THE PENDULUM ABOUT TO SWING?

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Challenges

Property market is robust, with valuation and rental growth

Interest rates are falling

Dividends are fully covered by earnings

Operating costs being matched/exceeded by earnings growth

Drivers of rating against Net Asset Value

Market Conditions
- Economic uncertainty

Supply and demand imbalances
-Institutional investors reducing positions

Liquidity concern
-Difficulty of raising capital

Property Market Challenges

Interest Rates

Dividend Cuts

Operating cost inflation

Noise vs Information

Gilts influence on market pricing

CLOSE CORRELATION BETWEEN LISTED REAL ESTATE AND 10-YEAR GILTS

Impact

CREI Discount to NAV 21%(1)

CREI Dividend Yield 8.1%(1)

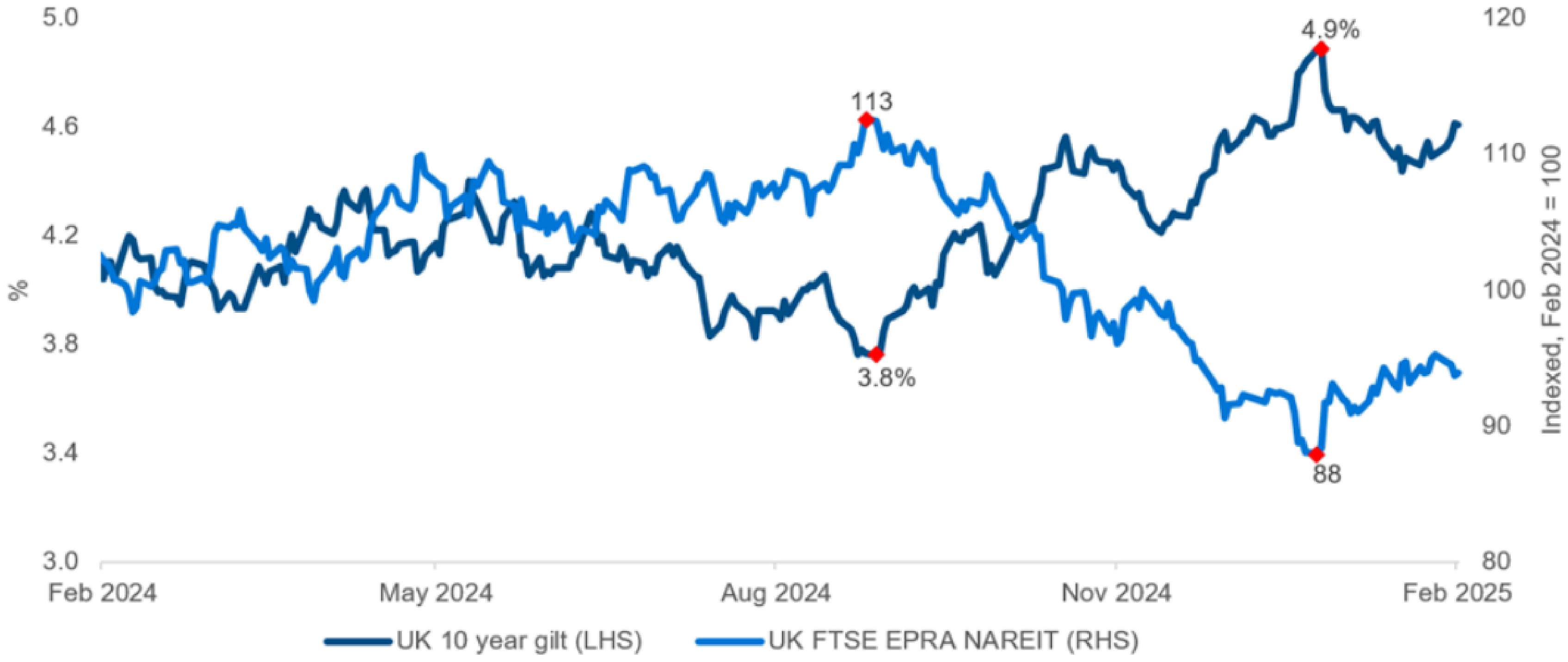
Forecast for 10-year gilt yield 4% by end of 2025

Source:

Goldman Sachs Jan 25

Capital Economics Feb 25

UK 10-year gilts vs FTSE EPRA UK NAREIT Index, last 12 months



Source: Bloomberg Data to 25th February 2025

(1) Based on share price of 73.8p – 5-day average as at 07.04.25

Interest rate forecast to fall

3 MONTH SONIA FORWARD RATE CURVE

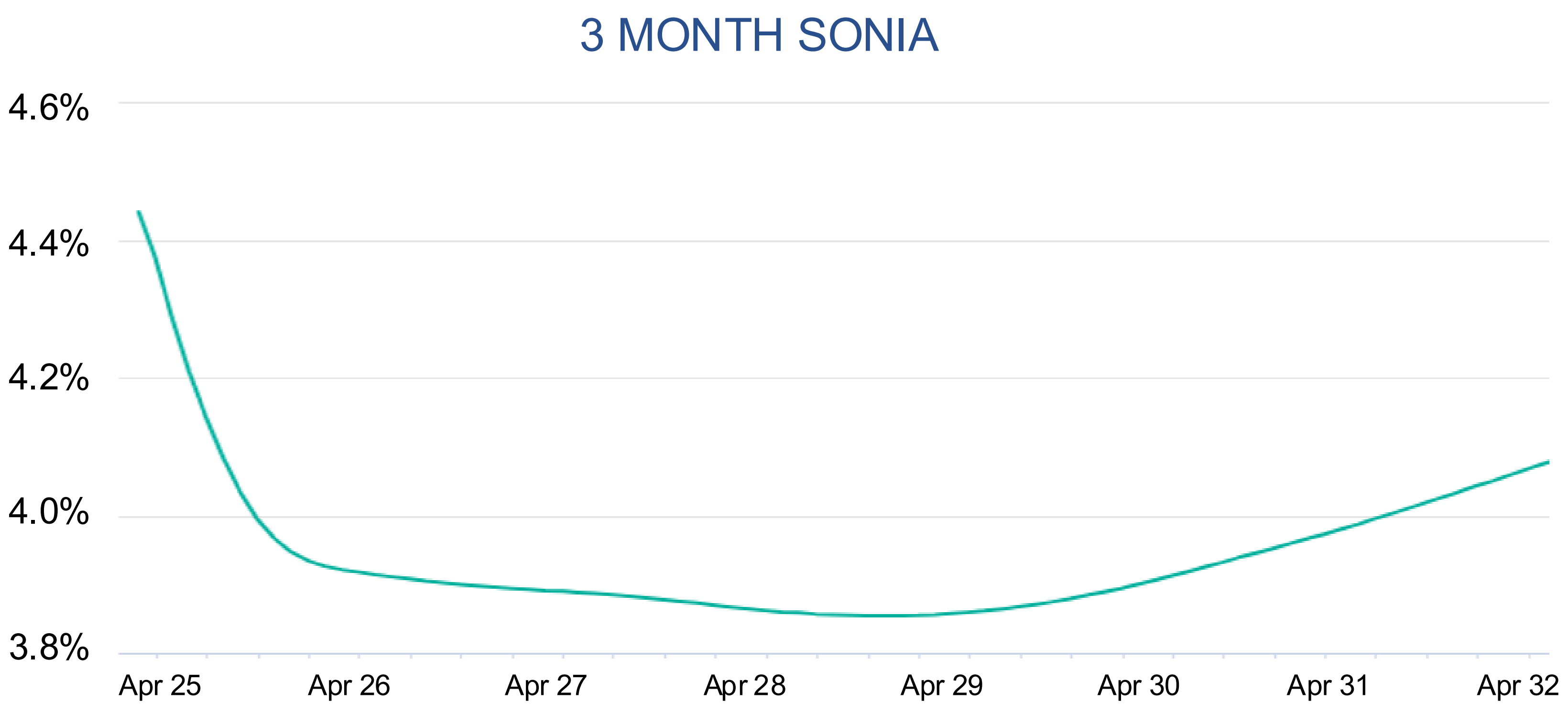
Expectation

Improved investor sentiment for riskier assets

Sector rotation into undervalued assets

Reduced cost of variable rate debt – earnings enhancing

Positive for valuations



Source: Chatham Financial 05.03.2025

Consensus Forecast from Property Market

KEY MARKET PARTICIPANTS FROM INVESTORS TO ADVISERS

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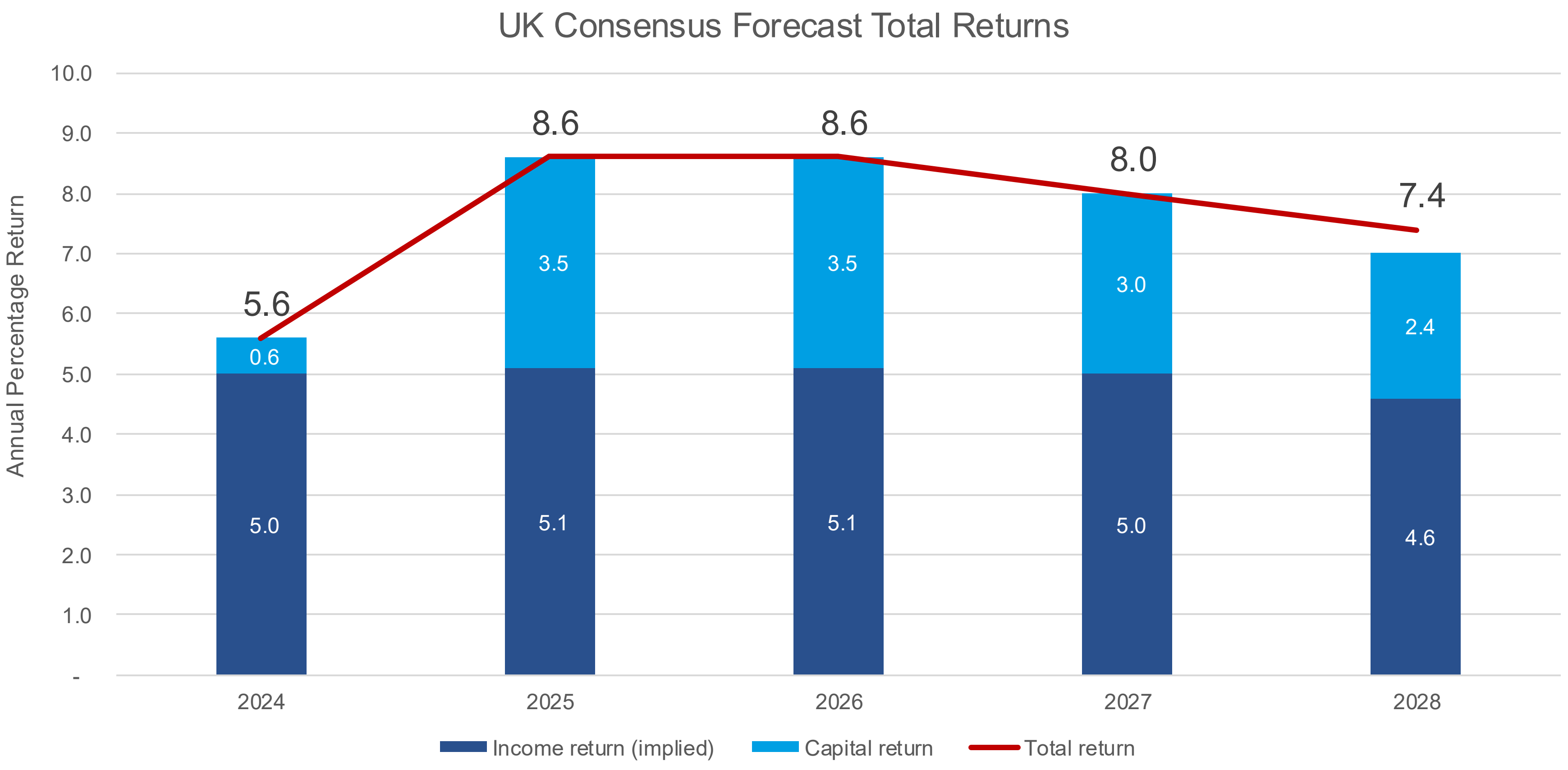
Key points

Industrial property to lead on rental growth

Industrial and retail warehousing to show strongest capital growth

Offices to show growth, but below All Property average

Retail warehousing to show the strongest total return overall



Source: Investment Property Forum (IPF)

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Custodian Property Income REIT in 2025

Why should I invest in Custodian Property Income REIT

DOES CHAT GPT HOLD THE ANSWERS?

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Considerations

Property market fluctuations

Interest rate risks

Impact of economic conditions on

- Property Valuations
- Rental Income

Seeking higher risk adjusted yields from diversified, regional, commercial real estate: Our DNA

INCOME DRIVEN TOTAL RETURN

To provide access to diversified, regional, UK commercial real estate in an institutional grade package

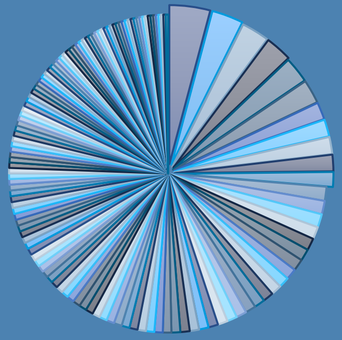
To benefit from high, risk adjusted, income returns

UK, diversified, regional commercial property

Diversified Income

150 properties

Over 300 tenancies



Fully Covered Dividend since inception

6.0 pps

8.1% yield(1)

In prospect

£

Reversionary Potential

Passing rent £44m

ERV £49m

11% reversion

(1) Based on 5-day average share price as at 07 04.25

Growing Income

CONTINUED STRONG LEASING AND OUTLOOK SUPPORTED DIVIDEND INCREASES

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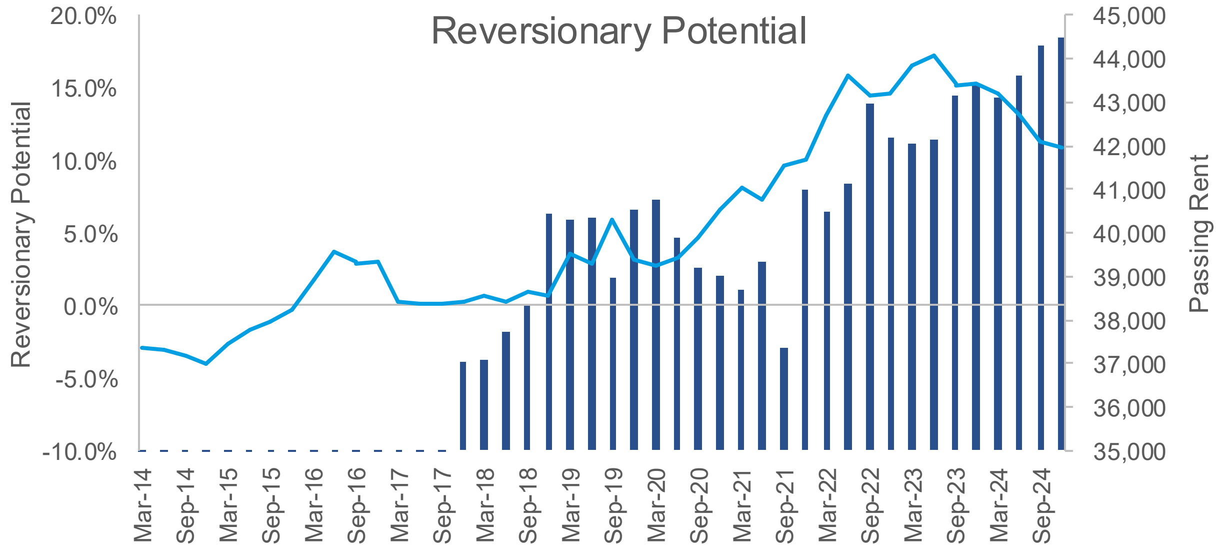
Highlights

- **Fully covered dividend – 8.1%** dividend yield[(1)]
- **Resilient occupational -** Up from 90% to 93.5%
- **Valuation recovery -** rising 1.0% since June 2024
- **Capturing rental reversion through asset management:**



FY25 dividend target

6.0pps

FY24: 5.8p
FY23: 5.5p

High occupancy

93.5%

FY24: 91.7%
FY23: 90.3%

Quarterly Rental Growth[(2)]

+1.4%

Annualised 5.5%

Loan to Value[(3)]

28.5%

FY24: 29.2%
FY23: 27.4%

Source: Company information.
(1) Based on 5-day average share price as at 07.04.25
(2) Average quarterly rental growth since March 2023
(3) LTV at 31.12.24

Asset Management

Office demand is very location specific, but can offer strong rental growth

Supply and demand imbalance, combined with build cost inflation supporting industrial rental growth

Retail warehousing is in short supply and offers great potential for rental growth

Rental growth has returned to prime high street locations

Renal growth across all sectors

SCENE IS SET FOR RECOVERY

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Offices

Oxford
Lease renewal +58%

Leeds
Lease renewal +45%

Industrial

Warrington
Lease renewal +62%

Leeds
Reversionary lease +43%

Normanton
Rent review +42%

Retail Warehouse

Leighton Buzzard
New letting +15%

Retail

Shrewsbury
New Letting +38%

Edinburgh +26%
New letting

Custodian Property Income diversified portfolio

GENERALIST UK PROPERTY PORTFOLIO, DIVERSIFIED ACROSS ASSET CLASS, WEIGHTED TOWARDS SECTORS WITH MOST RENTAL GROWTH

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	Industrial	Retail warehousing	Office	Other	Retail
Portfolio weighting(1)	41%	22%	16%	14%	7%

Source: Company information.
Note: Information as at Dec-24. (1) Portfolio weighting by income.

Geographically spread throughout UK

STRONG COMMERCIAL LOCATIONS

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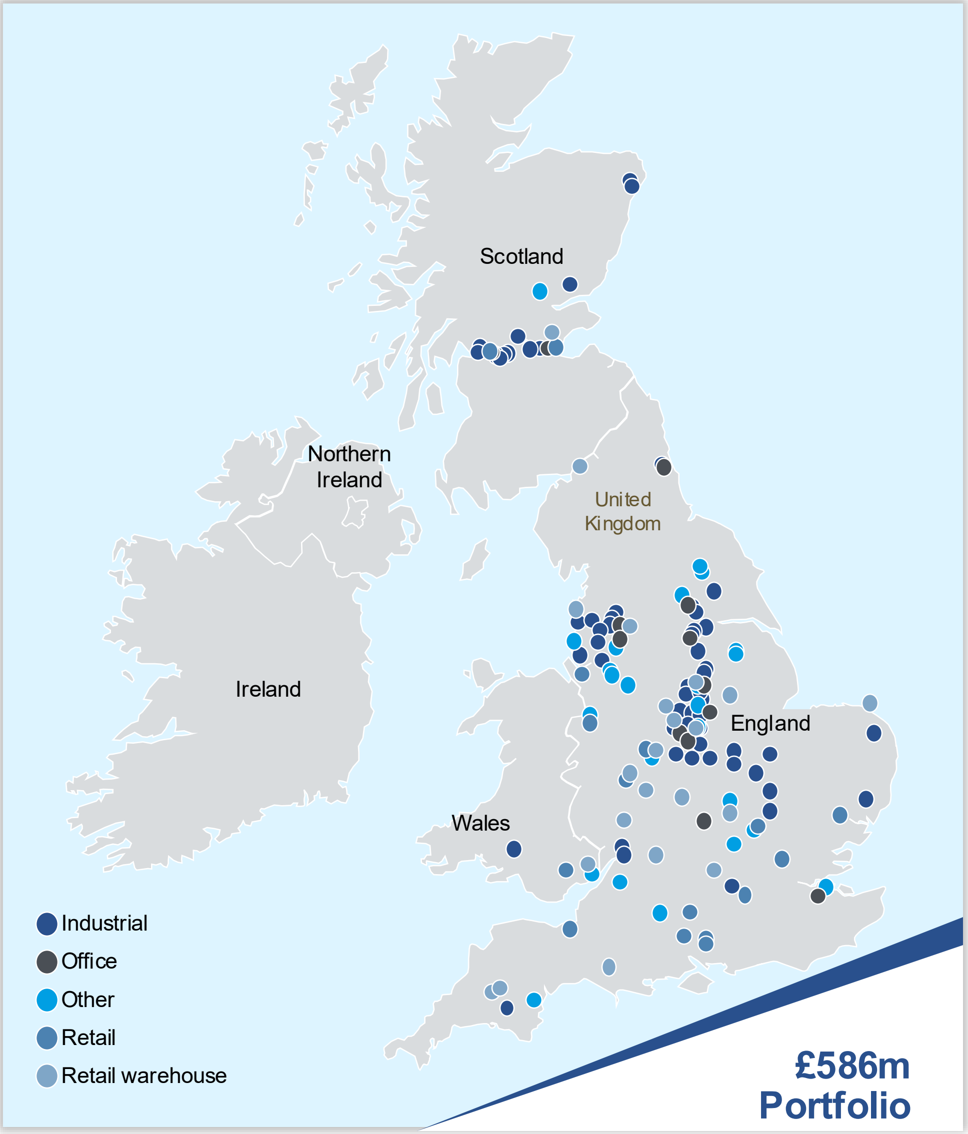
"We look for commercial hotspots in the regional economies with an absolute focus on location and long-term use"



Location	Weighting by income 30 September 2024
West Midlands	20%
North-West	19%
East Midlands	13%
South-East	11%
Scotland	13%
South-West	10%
North-East	9%
Eastern	4%
Wales	1%

Diversification

MINIMISES PROPERTY SPECIFIC RISK

“No one property let to a single tenant represents more than 1.5% of income”

Portfolio split of income

150 properties

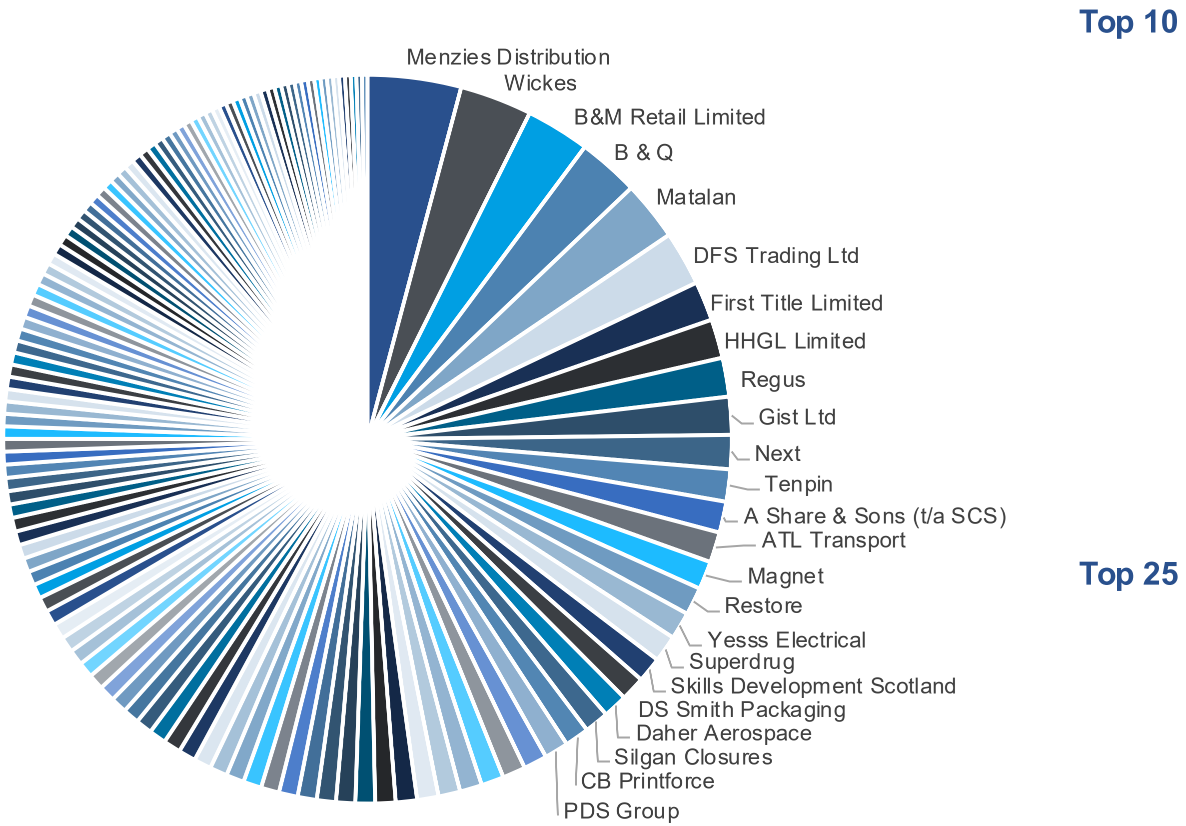
300+ tenancies

Top 10 tenants:

- 22% of income
- 28 properties

Top 25 tenants:

- 38% of income



Quality of Income

EXPERIAN CREDIT RATING

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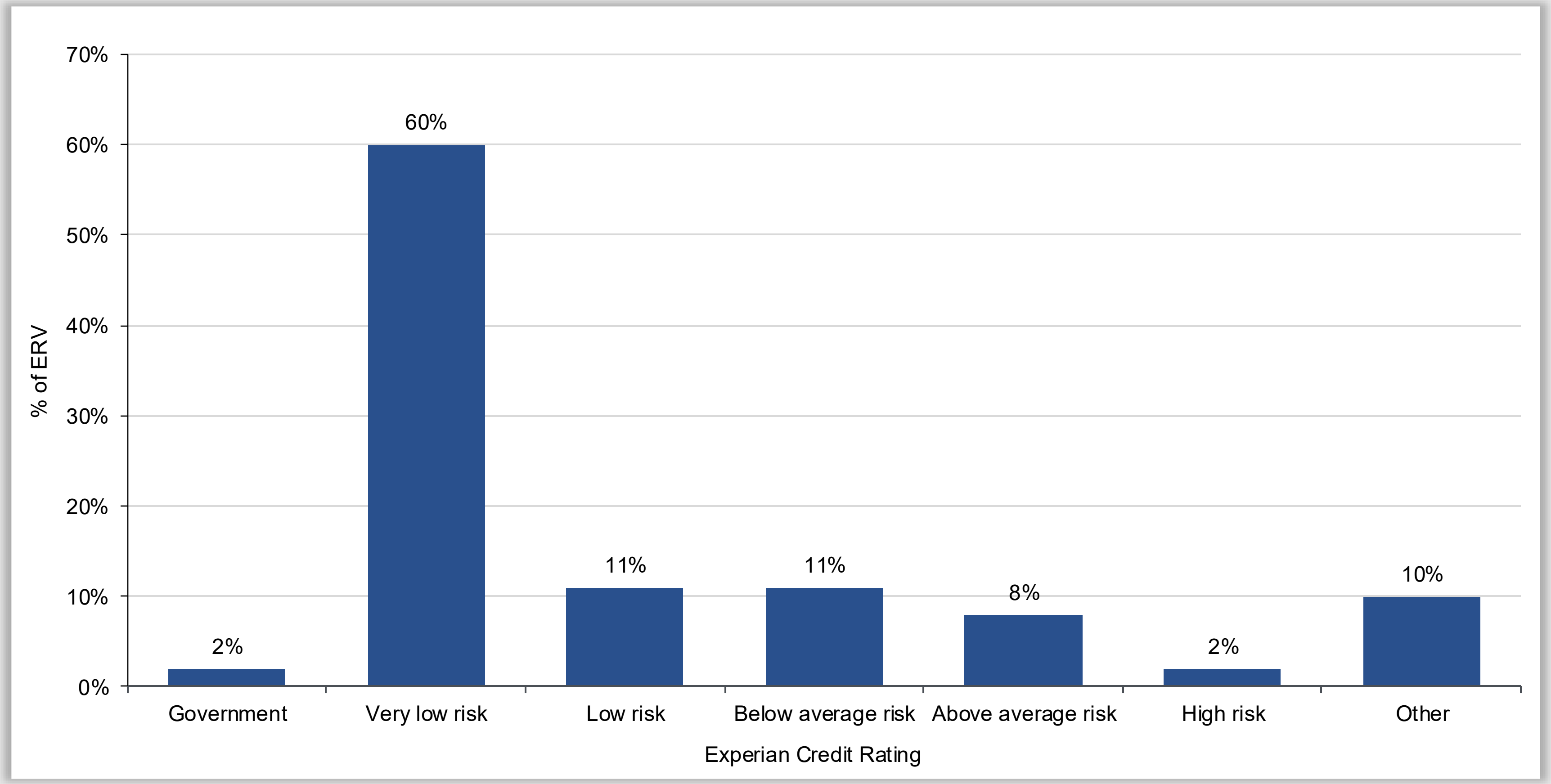
"84% of tenants are lower than average risk or government"

Tenant Risk Rating



Note: Experian tenant risk assessment as at 31 December 2024
Other includes maximum risk, imminently falling and unknown.

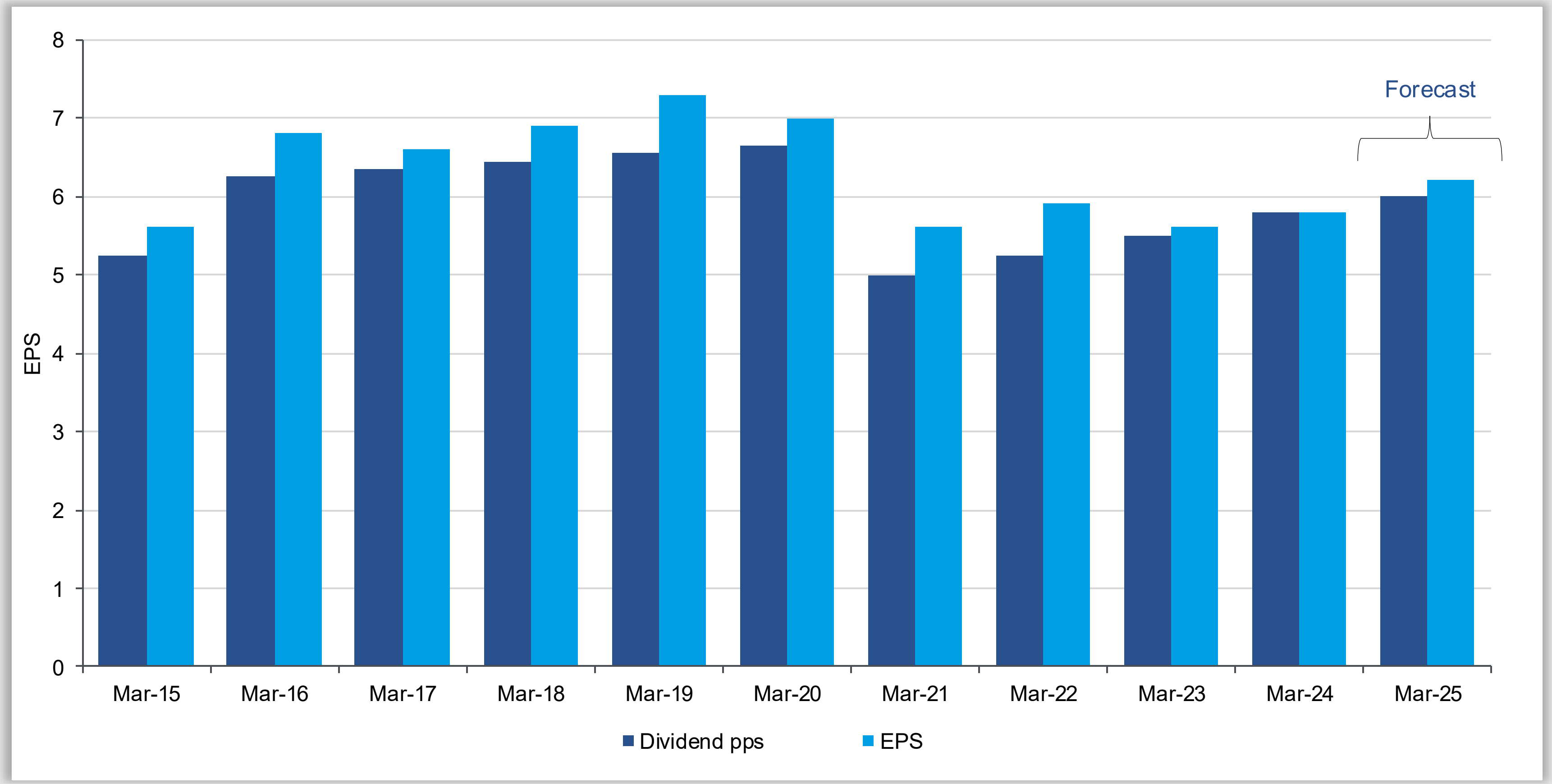
Long-term commitment to a fully covered and growing dividend

CONSISTENTLY HIGH DIVIDEND

Dividend increase

- +9% FY23-FY25
- FY 24: increased dividend 5.5-5.8 pps
- Prevailing target dividend of 6.0 pps
- Dividend cover: 100-116%

Dividend vs EPS



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Strategy explained

Long term yield advantage of diversified, regional property

AVERAGE LOT SIZE OF SUB £4M

Well-positioned to capture yield advantage

Av. net initial yield:

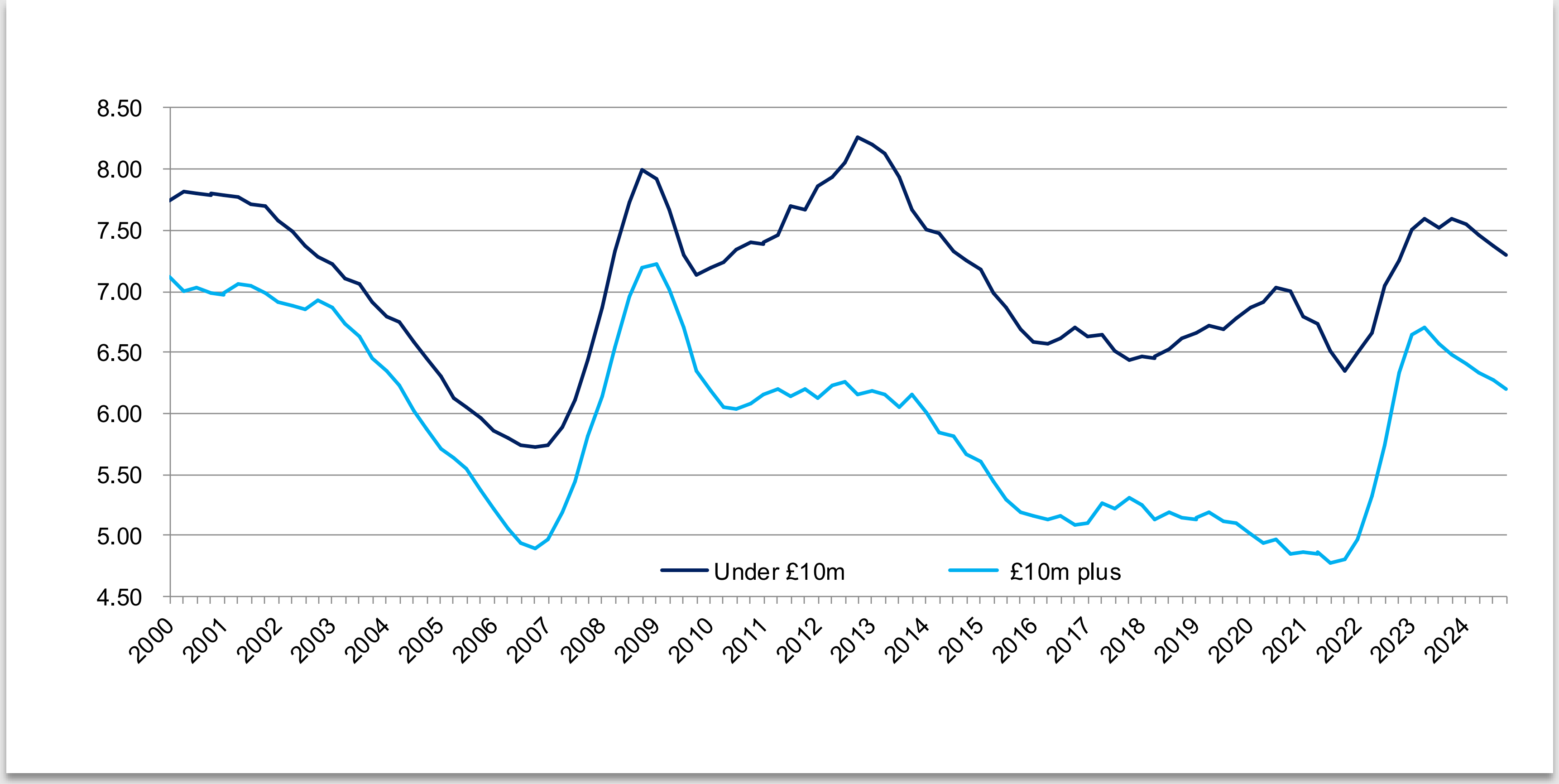
- 7.1% sub £10m
- 5.6% +£10m(1)

Lower volatility

3 years to Q4 24

- 15% sub £10m lot-size
- 29% +£10m(2) lot-size

1 year rolling average transaction yield %



Source: Average transaction yields between 2000 and Q4 2024 as per PropertyData

(1) Based on market rates since 2010 as opposed to pro-forma portfolio

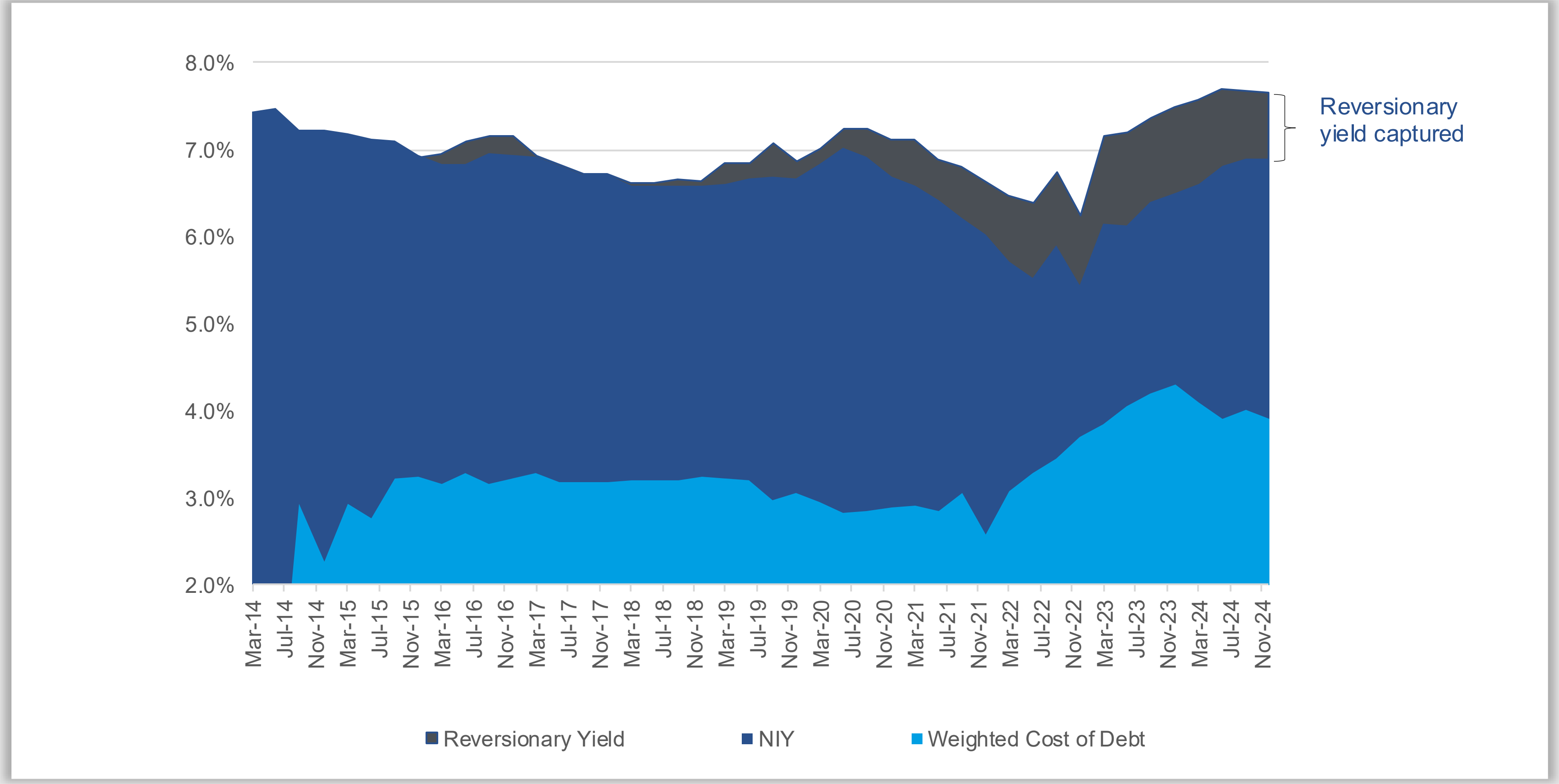
(2) Change in 1 year rolling

Earnings accretion through property investment strategy

PROVEN TRACK RECORD OF CAPTURING REVERSION IN A HIGHER INTEREST RATE ENVIRONMENT

- Net Initial Yield (NIY) remains well ahead of cost of debt
- Debt remains accretive to earnings
- Rental growth to create capacity for progressive dividend and/or increase in debt cost
- Opportune time to invest in UK real estate

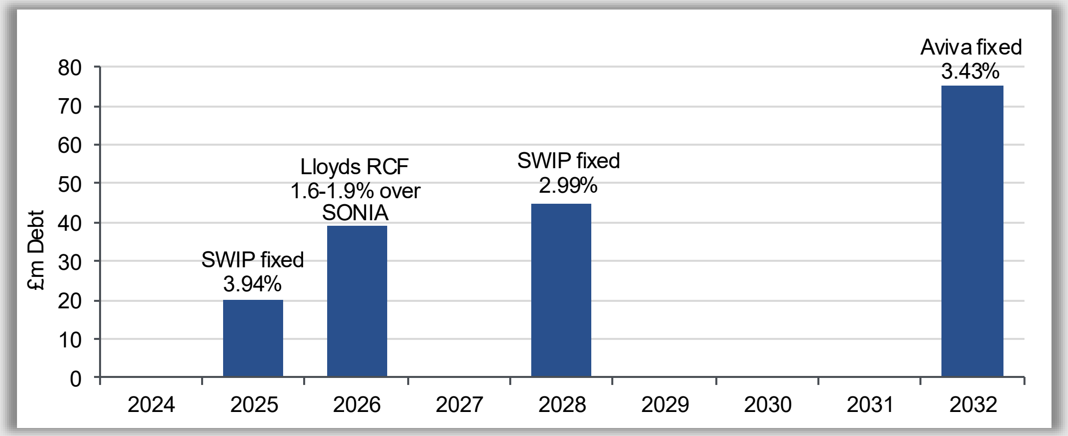
Initial and Reversionary Yield vs Weighted Average Cost of Debt



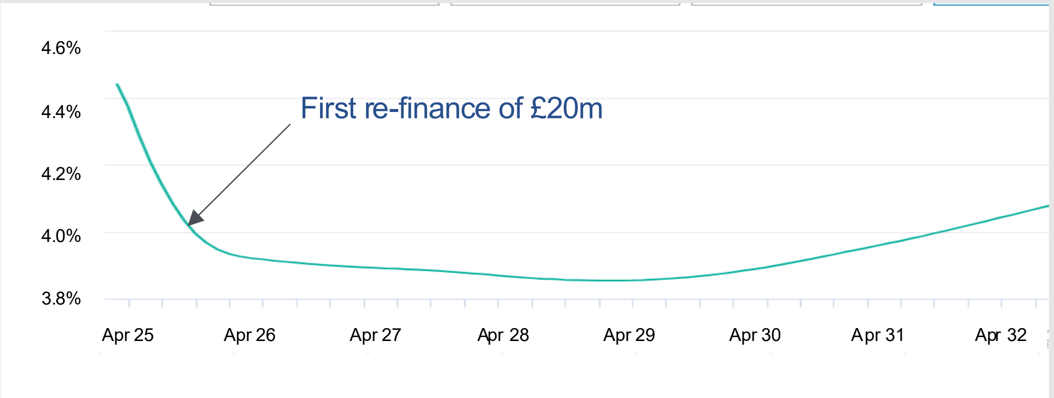
Robust Balance Sheet

BALANCED DEBT PROFILE AND IMPROVING FINANCE OUTLOOK

Debt Profile



Forward Curve for 3m Sonia



Balanced Debt Profile

- LTV 28.5%
- Weighted average cost of debt 3.9%
- 82% of drawn debt is fixed rate
- Weighted average maturity of fixed rate debt 5.2 years

Re-finance Risk

Re-finance risk mitigated by:

- Forecast of falling rates
- Rental growth
- EPRA topped up net initial yield of 6.9% as at 31.12.24
- Equivalent yield of circa 7.5%

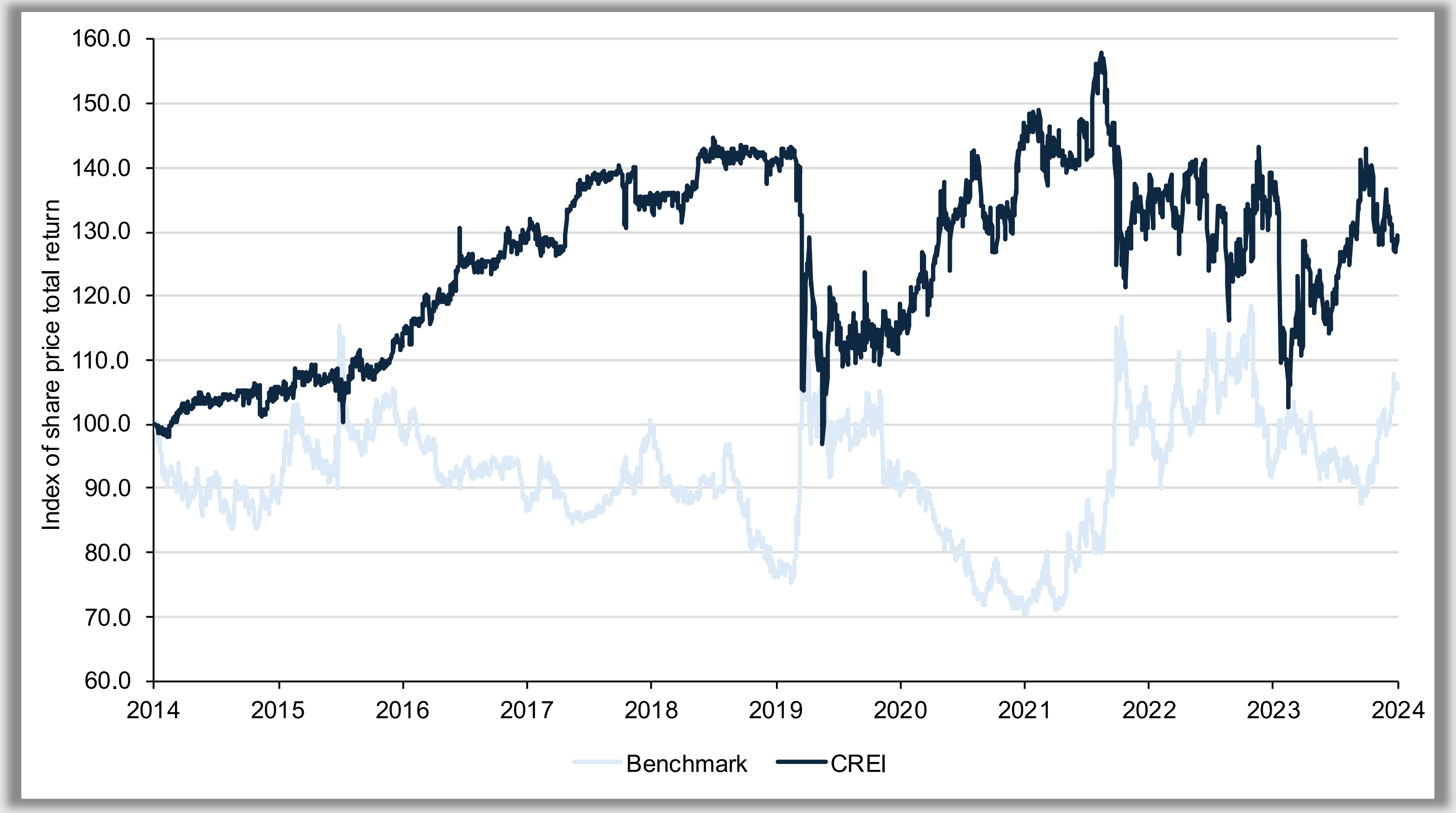
Source: Chatham Financial – 6 September 2024

Consistent, income generated outperformance since IPO

CREI has delivered superior share price total returns relative to the benchmark and its peer group since IPO(1):

- CREI: +29%
- Benchmark: +6%

Share price total return since IPO as at December 2024



Source: Company information, Thomson Reuters Datastream.
Notes:
(1) IPO on 25 Mar-14

Conclusion

INVEST IN PROPERTY FOR INCOME TO OUTPERFORM OVER THE LONG-TERM

- **Income and income growth will underpin returns**
- **Falling interest rates are forecast**
- **10-year gilt rate is expected to reduce**
- **Direct market turned in 2024**
- **Discounts have significant buffer priced-in**
- **Dividend yield offers a great entry point to a recovering sector**

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Share Price Total Return

COMPOUND TOTAL RETURN OVER TIME