Custodian Property Income REIT plc (CREI)
Custodian Property Income REIT plc: Interim Results

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5 December 2024

Custodian Property Income REIT plc

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

Interim Results

Active management of diversified portfolio underpins earnings growth and fully covered dividend

Custodian Property Income REIT (LSE: CREI), which seeks an enhanced income return by investing in a diversified portfolio of smaller, regional properties with strong income characteristics across the UK, today reports its interim results for the six months ended 30 September 2024 ("the Period").

Commenting on the results, David MacLellan, Chairman of Custodian Property Income REIT, said: "The Company's diversified strategy and strong focus on income has served to deliver relatively stable returns against a background of improving sentiment towards commercial property investment. For the six months to 30 September 2024 share price total return was 8.8%, although investment company share prices have weakened since the Period end, and NAV total return was 3.6% with a fully covered dividend providing a significant and defensive component of total returns.

"I was pleased to be able to announce that dividends per share of 3.0p (2023: 2.75p) have been declared relating for the six months to 30 September 2024. The Board expects to continue to pay quarterly dividends per share of 1.5p to achieve a fully covered target dividend per share for the year ending 31 March 2025 of no less than 6.0p.

"While the economic and political picture is still uncertain, the outlook for 2025 is very much brighter for real estate than at the same time in both of the last two years. The indicators of an imminent but gradual recovery in capital values strongly outweigh the risks of continued malaise. Valuations have been flat, and slightly up since December 2023, while vacancy rates have continued to fall, and both passing rent as well as estimate rental values have improved, with private equity becoming increasingly active in the sector. Furthermore, The Bank of England has cut interest rates twice and the listed real estate sector has seen ratings improve as share prices narrow the discount to net asset value.

"Against this backdrop, Custodian Property Income REIT continues to provide shareholders with an income focused investment opportunity, with earnings supporting a fully covered dividend, on top of which there is now the real prospect of a recovery in valuations to enhance total return. We continue to look for opportunities to grow the Company through corporate acquisitions while at the same time expect to progress selective and profitable disposals to further reduce our revolving debt."

Asset management driving income growth

- EPRA earnings per share for the Period increased 3.4% to 3.0p (2023: 2.9p) due to an improvement in occupancy and growth in income generated from PV.
- Target dividend per share for the year ended 31 March 2024 of not less than 6.0p, 100% covered in H1, in line with the Company's policy of paying fully covered dividends.
- Leasing activity during the Period comprised 29 new lettings, lease renewals and regears across 19 assets. Five rent reviews at an aggregate 43% above previous passing rent added £0.4m of new rent, with eight vacant units let across five assets in the industrial, office and other sectors, in aggregate, in line with ERV, adding £0.7m of new rent.

Robust balance sheet

- Fixed rate agreed debt facilities represent 80% of total drawn debt, significantly mitigating interest rate risk and maintaining a beneficial margin between the 4.0% aggregate cost of debt and the income returns the property portfolio continues to generate.
- NAV per share 93.6p (31 March 2024: 93.4p).

Valuations stable with portfolio management driving long term returns

- Strong occupational demand and asset management improved occupancy and drove a 0.4% like-for-like increase in portfolio valuation

to £582.4m (31 March 2024: £589.1m).
- £13.7m of disposal proceeds were generated from the sale of four assets at a 39% premium to pre-offer valuation.
- £4.7m was invested in the refurbishment of existing assets and installation of solar panels which is expected to both enhance the assets' valuations and environmental credentials and, once let, increase rents, delivering a yield on cost of more than 7%, ahead of the Company's marginal cost of borrowing.

Further information

Further information regarding the Company can be found at the Company's website www.custodianreit.com or please contact:

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Property highlights

	30 Sept 2024 £m	*Comments*
Portfolio value	**582.4**	31 March 2024: £589.1m, 30 September 2023: £609.8m
Property valuation increases:	**1.7**	Representing a 0.4% like-for-like increase, explained further in the Investment Manager's report
Capital investment	**4.7**	Primarily comprising: • £1.7m refurbishing offices in Manchester and Leeds • £1.2m refurbishing and extending an industrial unit in Livingstone • £0.6m invested installing solar panels at various sites • £0.5m refurbishing an industrial unit in Aberdeen
Disposal proceeds	**13.7**	At an aggregate 39% premium to pre-offer valuation comprising: • £9.0m vacant industrial unit in Warrington • £2.3m vacant former car showroom in Redhill • £1.8m vacant offices in Castle Donington • £0.6m industrial unit in Sheffield
Disposal proceeds since the Period[1] end	**1.4**	Vacant offices in Solihull, 33% ahead of pre-offer valuation

Financial highlights and performance summary

	6 months ended 30 Sept 2024	6 months ended 30 Sept 2023	12 months ended 31 Mar 2024

				Comments
Returns				
EPRA[2] earnings per share[3]	**3.0p**	2.9p	5.8p	The impact of improvement in occupancy and increase in income from solar panels have exceeded cost inflation
Basic and diluted earnings per share[4]	**3.4p**	(0.6p)	(0.3p)	Current period profit reflects stable valuations
Profit/(loss) before tax (£m)	**14.9**	(2.7)	(1.5)	
Dividends per share[5]	**3.0p**	2.75p	5.8p	Target dividend per share for the year ended 31 March 2025 of not less than 6.0p, in line with the Company's policy of paying fully covered dividends
Dividend cover[6]	**100%**	107%	101%	
NAV total return per share[7]	**3.6%**	(0.7%)	(0.4%)	3.4% dividends paid and a 0.2% capital increase
Share price total return[8]	**8.8%**	(4.4%)	(2.6%)	Share price increased from 81.4p to 85.4p during the Period
Capital values				
NAV and EPRA NTA[9] (£m)	**412.7**	422.8	411.8	NAV increased during the Period due to £1.2m of valuation increases
NAV per share and NTA per share	**93.6**	95.9p	93.4p	
Borrowings				
Net gearing[10]	**28.5%**	29.6%	29.2%	Decreased due to disposal proceeds exceeding capital expenditure and valuations increasing during the Period
Weighted average cost of drawn debt facilities	**4.0%**	4.2%	4.1%	Majority fixed rate debt insulating the Company from high base rate
Costs				
Ongoing charges ratio ("OCR") excluding direct property expenses[11]	**1.28%**	1.23%	1.24%	Fixed cost inflation exceeding rate of valuation increases
Environmental				
Weighted average energy performance certificate ("EPC") rating[12]	**C (52)**	C (56)	C (53)	EPCs updated across 11 properties demonstrating continuing improvements in the environmental performance of the portfolio

The Company presents alternative performance measures ("APMs") to assist stakeholders in assessing performance alongside the Company's results on a statutory basis.

APMs are among the key performance indicators used by the Board to assess the Company's performance and are used by research analysts covering the Company. The Company uses APMs based upon the EPRA Best Practice Recommendations Reporting Framework which is widely recognised and used by public real estate companies. Certain other APMs may not be directly comparable with other companies' adjusted measures, and APMs are not intended to be a substitute for, or superior to, any IFRS measures of performance. Supporting calculations for APMs and reconciliations between APMs and their IFRS equivalents are set out in Note 19.

Business model and strategy

Purpose

Custodian Property Income REIT offers investors the opportunity to access a diversified portfolio of UK commercial real estate through a closed-ended fund. The Company seeks to provide investors with an attractive level of income and the potential for capital growth, with a focus on improving the environmental credentials of the portfolio, to become the REIT of choice for private and institutional investors seeking high and stable dividends from well-diversified UK real estate.

Stakeholder interests

The Board recognises the importance of stakeholder interests and keeps these at the forefront of business and strategic decisions, ensuring the Company:

- Understands and meets the needs of its occupiers, owning fit for purpose properties with a focus on environmental credentials in the right locations which comply with safety regulations;
- Protects and improves its stable cash flows with long-term planning and decision making, implementing its policy of paying maintainable dividends fully covered by recurring earnings and securing the Company's future; and
- Adopts a responsible approach to communities and the environment, actively seeking ways to minimise the Company's impact on climate change and providing the real estate fabric of the economy, giving employers a place of business.

Investment Policy

The Company's investment policy[13] is summarised below:

- To invest in a diverse portfolio of UK commercial real estate, principally characterised by smaller, regional, core/core-plus properties that provide enhanced income;
- The property portfolio should be diversified by sector, location, tenant and lease term, with a maximum weighting to any one property sector or geographic region of 50%;
- To acquire modern buildings or those considered fit for purpose by occupiers, focusing on areas with:
  - High residual values;
  - Strong local economies; and
  - An imbalance between supply and demand;
- No one tenant or property should account for more than 10% of the rent roll at the time of purchase, except for:
  - Governmental bodies or departments; or
  - Single tenants rated by Dun & Bradstreet as having a credit risk score worse than two[14], where exposure may not exceed 5% of the rent roll;
- Not to undertake speculative development, except for the refurbishment or redevelopment of existing holdings; and
- The Company may use gearing provided that the maximum loan-to-value ("LTV") shall not exceed 35%, with a medium-term net gearing target of 25% LTV.

The Board reviews the Company's investment objectives at least annually to ensure they remain appropriate to the market in which the Company operates and in the best interests of shareholders.

Differentiated property strategy

The Company's portfolio is focused on smaller, regional, core/core-plus assets which helps achieve our target of high and stable dividends from well-diversified real estate by offering:

- An enhanced yield on acquisition – with no need to sacrifice quality of property, location, tenant or environmental performance for income and with a greater share of value in 'bricks and mortar';
- Greater diversification – spreading risk across more assets, locations and tenants and offering more stable cash flows; and
- A higher income component of total return – driving out-performance with forecastable and predictable returns.

Richard Shepherd-Cross, Managing Director of the Company's discretionary investment manager, commented: "Our smaller-lot specialism has consistently delivered significantly higher yields without exposing shareholders to additional risk".

Sector	Weighting by income 30 September 2024
Industrial	41%
Retail warehouse	22%
Office	16%
Other	14%
High street retail	7%

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%

Our environmental, social and governance ("ESG") objectives

- **Improving the energy performance of our buildings -** investing in carbon reducing technology, infrastructure and onsite renewables and ensuring redevelopments are completed to high environmental standards which are essential to the future leasing prospects and valuation of each property
- **Reducing energy usage and emissions -** liaising closely with our tenants to gather and analyse data on the environmental performance of our properties to identify areas for improvement
- **Achieving positive social outcomes and supporting local communities -** engaging constructively with tenants and local government to ensure we support the wider community through local economic and environmental plans and strategies and playing our part in providing the real estate fabric of the economy, giving employers safe places of business that promote tenant well-being
- **Understanding environmental risks and opportunities -** allowing the Board to maintain appropriate governance structures to ensure the Investment Manager is appropriately mitigating risks and maximising opportunities
- **Complying with all requirements and reporting in line with best practice where appropriate -** exposing the Company to public scrutiny and communicating our targets, activities and initiatives to stakeholders

Investment Manager

Custodian Capital Limited ("the Investment Manager") is appointed under an investment management agreement ("IMA") to provide property management and administrative services to the Company. Richard Shepherd-Cross is Managing Director of the Investment Manager. Richard has 30 years' experience in commercial property, qualifying as a Chartered Surveyor in 1996 and until 2008 worked for JLL, latterly running its national portfolio investment team.

Richard established Custodian Capital Limited as the Property Fund Management subsidiary of Mattioli Woods plc ("Mattioli Woods") and in 2014 was instrumental in the launch of Custodian Property Income REIT from Mattioli Woods' syndicated property portfolio and its 1,200 investors. Following the successful IPO of the Company, Richard has overseen the growth of the Company to its current property portfolio of c.£600m.

Richard is supported by the Investment Manager's other key personnel: Ed Moore - Finance Director and Alex Nix - Assistant Investment Manager, along with a team of five other surveyors and four accountants.

Chairman's statement

Custodian Property Income REIT's strategy is to invest in a diversified portfolio which, at 30 September 2024, comprised 152 properties geographically spread throughout the UK and across a diverse range of sectors, with a portfolio yielding 6.9%[15] (31 March 2014: 6.6%). With an average property value of c.£4m and no one tenant per property accounting for more than 1.75% of the Company's rent roll, property specific risk and tenant default risk are significantly mitigated.

This diversified strategy and strong focus on income has served to deliver relatively stable returns against a background of improving sentiment towards commercial property investment. For the six months to 30 September 2024 share price total return was 8.8%, although investment company share prices have weakened since the Period end, and NAV total return was 3.6% with a fully covered dividend providing a significant and defensive component of total returns.

The Company's weighted average cost of debt has remained at c. 4.0% and earnings have been resilient with EPRA EPS of 3.0p (2023: 2.9p) for the Period primarily due to occupancy increasing since 31 March 2024 from 91.7% to 93.5%. The rent roll has grown from £43.1m at 31 March 2024 to £44.3m, or 2.7% on a like-for-like basis and the like-for-like estimated rental value ("ERV") of the portfolio has increased by £0.9m to £49.3m during the Period, providing a reversionary potential of 11%.

Dividends

In line with the Company's objective to be the REIT of choice for institutional and private investors seeking high and stable dividends from well diversified UK commercial real estate, I was pleased to announce dividends per share of 3.0p (2023: 2.75p) relating to the six months to 30 September 2024. The Board expects to continue to pay quarterly dividends per share of 1.5p to achieve a fully covered target dividend per share for the year ending 31 March 2025 of no less than 6.0p.

The Board acknowledges the importance of income for shareholders and its objective remains to grow the dividend at a rate which is fully covered by net rental income and does not inhibit the flexibility of the Company's investment strategy.

Portfolio

During the Period, and since the Period end, the Company has generated sale proceeds £15.1m which have allowed the Company to continue to invest in accretive asset improvements and solar panel installations whilst reducing the drawn revolving credit facility to support net earnings. The Company's property investment strategy, which targets smaller regional properties, often provides strategic options to re-lease or to sell at lease expiry. This optionality exists because there is an active owner-occupier market for smaller regional properties, which is much less the case for larger assets. As a result, four of the five disposals since 31 March 2024 were vacant buildings sold ahead of investment value to owner-occupiers or developers, with one vacant building currently being marketed to sell for partial redevelopment. Concluding sales without foregoing rental income is strongly positive to earnings.

Net asset value

The NAV of the Company at 30 September 2024 was £412.7m, approximately 93.6p per share:

	Pence per share	£m
NAV at 31 March 2024	93.4	411.8
Valuation increases and depreciation	0.4	1.6
Profit on disposal	-	0.1
Net gains on investment property	0.4	1.7
EPRA earnings	3.0	13.2
Quarterly interim dividends paid during the Period	(2.9)	(12.7)
Special dividend, paid during the Period, relating to FY24	(0.3)	(1.3)
NAV at 30 September 2024	**93.6**	**412.7**

Borrowings

The Company's net gearing decreased from 29.2% LTV at 31 March 2024 to 28.5% during the Period.

The proportion of the Company's drawn debt facilities with a fixed rate of interest was 80% at 30 September 2024 (31 March 2024: 78%), significantly mitigating interest rate risk for the Company and maintaining a beneficial margin between the weighted average cost of debt of 4.0% (31 March 2024: 4.1%) and income returns from the property portfolio. The Company's debt is summarised in Note 14.

Cost disclosure exemption

We welcome the Financial Conduct Authority's recent exemption of investment companies (including REITs) from the Packaged Retail and Insurance-based Investment Products ("PRIIPs") and Markets in Financial Instruments Directive II ("MiFID II") regulation. Since 2018 this regulation has obliged wealth managers and platforms to make cost disclosures to clients that were 'fundamentally misleading'[16] by being presented as being borne by investors despite actually being incurred by the Company and included within reported investment performance.

Exacerbated by more recent Consumer Duty regulations these cost disclosures, which also result in investment companies' management costs appearing spuriously more expensive than alternative structures, are likely to have curtailed investment demand for the Company's shares over the last six years.

As the investment industry gradually adjusts to this change, we expect the Company's competitive cost structure and high returns to be very attractive to new investors seeking strong returns from UK real estate.

Board changes

On 6 November 2024 Ian Mattioli MBE DL stepped down from the Board to focus on capitalising on the market opportunity in UK wealth management in his role as Chief Executive Officer of Mattioli Woods Limited ("Mattioli Woods"), following its recent transition to private ownership. The Board has high regard for Ian's insight and expertise and thanks him for his invaluable contribution as founding director of the Company since its establishment in 2014. Ian and his family are expected to remain major, long-term shareholders in the Company and he is expected to continue to serve a valuable role for the Company in his capacity as chair of Custodian Capital and as a member of its Investment Committee.

Also on 6 November 2024 Nathan Imlach, who is currently Chief Strategic Adviser to Mattioli Woods focusing on acquisitions and contributing to its future direction, was appointed as a new Non-Executive Director of the Company for a transition period up until no later than the end of 2025. Following that transition period the Company's board will become fully independent from the Company's Investment Manager.

Nathan is currently Senior Independent Director of Mortgage Advice Bureau (Holdings) plc. He is a chartered accountant, holds the ICAEW's Corporate Finance qualification and is a Chartered Fellow of the Chartered Institute for Securities and Investment. Nathan was previously Chief Financial Officer of Mattioli Woods, Company Secretary of Custodian Property Income REIT and a director of Custodian Capital Limited. Nathan also played a key role in establishing the Company in 2014 and will bring a valuable perspective to the Board prior to its transition to being fully independent.

Diversity

Our policy on board diversity is summarised in the Annual Report. The Company follows the AIC Corporate Governance Code and, from the start of 2026, expects to meet the FCA's 'comply or explain' target for 40% female Board representation. Custodian Property Income REIT is an investment company with no Executive Directors and a small Board compared to equivalent size listed trading companies. The Board welcomes the gender and ethnic diversity offered by the Investment Management team working with the Company.

ESG

The Company has made further pleasing progress implementing its environmental policy during the Period, improving its weighted average EPC score from C (53) to C (52) due to completing refurbishments. The Board was pleased to publish its Asset Management and Sustainability report in June which is available at:

custodianreit.com/environmental-social-and-governance-esg/

This report contains details of the Company's asset management initiatives with a clear focus on their impact on ESG, including case studies of recent positive steps taken to improve the environmental performance of the portfolio.

Outlook

While the economic and political picture is still uncertain, the outlook for 2025 is very much brighter for real estate than at the same time in both of the last two years. The indicators of an imminent but gradual recovery in capital values strongly outweigh the risks of continued malaise. Valuations have been flat, and slightly up since December 2023, while vacancy rates have continued to fall, and both passing rent as well as estimate rental values have improved, with private equity becoming increasingly active in the sector. Furthermore, The Bank of England has cut interest rates twice and the listed real estate sector has seen ratings improve as share prices narrow the discount to NAV.

Against this backdrop, Custodian Property Income REIT continues to provide shareholders with an income focused investment opportunity, with earnings supporting a fully covered dividend, on top of which there is now the real prospects of a recovery in valuations to enhance total return. We continue to look for opportunities to grow the Company through corporate acquisitions while at the same time expect to progress selective and profitable disposals to further reduce our revolving debt.

David MacLellan
Chairman
4 December 2024

Investment Manager's report

Property market

After a period of stabilisation, the trajectory of valuations in 2024 appears to be turning, with two consecutive broadly flat quarters followed by a 0.5% like-for-like increase in the quarter ended 30 September 2024. This profile is consistent with our strongly held view that market values have now bottomed out and the prevailing trend is gradually upwards, supported by falling interest rates and the continued strength of the occupier markets, which should also deliver rental growth.

Market research published by Savills shows rental growth in the three main commercial property sectors: Industrial and logistics still lead the growth tables, albeit the rate of rental growth is slowing; office rents are showing growth, but this is both property and location specific; and retail has returned to growth after five years of falling rental values. In the retail sector, it is likely that out-of-town retail will show the greatest rental growth potential, given the heavily restricted supply and low vacancy rate, but prime high street rents are also expected to witness modest growth.

So, while the scene is set for stronger total returns, principally driven by income and income growth, the direct property market has not fully reacted to this potential, as demonstrated by relatively flat valuations. In the indirect market we have seen significant corporate activity, often led by private equity, and a narrowing of discounts to NAV. Both private equity activity and advancing share prices are lead indicators of a recovering direct market. It is disappointing to see publicly owned real estate being sold into private hands at this point in the cycle, but we believe it is still possible to access attractive income returns with the prospect of capital growth from listed UK real estate.

Strong recent leasing activity demonstrates the resilience of Custodian Property Income REIT's well-diversified investment portfolio. 29 new leases/lease renewals across 19 properties with £2.4m of annual rent have been signed during the Period. £1.1m of new rent has been added to the rent roll from:

- Completing five rent reviews on industrial assets at an aggregate 43% above previous passing rent adding £0.4m of new rent; and
- Letting eight vacant units across five assets in the industrial, office and other sectors, in aggregate, in line with ERV, adding £0.7m of new rent.

EPRA occupancy[17] has improved to 93.5% (31 Mar 2024: 91.7%) due to the new lettings above and the sale of vacant units in Warrington, Redhill and Castle Donington.

Property portfolio performance

	30 Sept 2024	30 Sept 2023	31 Mar 2024
Property portfolio value	**£582.4m**	£609.8m	£589.1m
Separate tenancies	**338**	336	335
EPRA occupancy rate	**93.5%**	91.5%	91.7%
Assets	**152**	159	155
Weighted average unexpired lease term to first break or expiry ("WAULT")	**4.9yrs**	4.8yrs	4.9yrs
EPRA topped-up net initial yield ("NIY")	**6.9%**	6.4%	6.6%
Weighted average EPC rating	**C (52)**	C (56)	C (53)

The property portfolio is split between the main commercial property sectors in line with the Company's objective to maintain a suitably balanced investment portfolio. The Company has a relatively low exposure to office and high street retail combined with a relatively high exposure to industrial and to alternative sectors, often referred to as 'other' in property market analysis. The current sector weightings are:

Sector	Valuation 30 September 2024 £m	Weighting by income[18] 30 September 2024	Valuation 31 March 2024 £m	Weighting by income 31 March 2024	Valuation movement £m	Weighting by value 30 September 2024	Weighting by value 31 March 2024
Industrial	287.2	41%	291.4	40%	3.1	49%	49%
Retail warehouse	125.0	22%	122.7	23%	2.3	22%	21%
Other	77.2	14%	78.8	13%	(0.3)	13%	13%
Office	60.2	16%	63.9	16%	(3.9)	10%	11%
High street retail	32.8	7%	32.3	8%	0.5	6%	6%
Total	582.4	100%	589.1	100%	1.7	100%	100%

For details of all properties in the portfolio please see custodianreit.com/property/portfolio.

Disposals

Owning the right properties at the right time is a key element of effective property portfolio management, which necessarily involves periodically selling properties to balance the property portfolio. Custodian Property Income REIT is not a trading company but identifying opportunities to dispose of assets ahead of valuation or that no longer fit within the Company's investment strategy is important.

During the Period the Company sold the following assets for an aggregate £13.7m, 3% ahead of the most recent valuation, and 39% ahead of pre-offer valuation:

- A vacant industrial unit in Warrington for £9.0m to a developer;
- A vacant former car showroom in Redhill for £2.35m to a developer;
- Vacant offices in Castle Donington for £1.75m to a flexible office provider; and
- One unit of a two-unit industrial asset in Sheffield sold to an owner-occupier for £0.55m.

Since the Period end the Company sold a vacant office asset in Solihull to a developer for £1.4m, 33% ahead of its 30 June 2024 valuation.

ESG

The sustainability credentials of both the building and the location have become ever more important for occupiers and investors. As Investment Manager we are absolutely committed to achieving the Company's ambitious goals in relation to ESG and believe the real estate sector should be a leader in this field.

The weighted average EPC across the portfolio is following a positive trajectory towards an average B rating (equivalent to a score of between 25 and 50). With energy efficiency a core tenet of the Company's asset management strategy and with tenant requirements aligning with our energy efficiency goals we see this as an opportunity to secure greater tenant engagement and higher rents.

During the Period the Company has updated EPCs at 15 units across 11 properties where existing EPCs had expired or where works had been completed, improving the weighted average EPC rating from C (53) at 31 March 2024 to C (52).

The Company's EPC profile is illustrated below:

EPC rating	Number of EPCs 30 Sept 2024	31 Mar 2024	Weighted average EPC rating[19] 30 Sept 2024	31 Mar 2024
A	**20**	19	**10.5%**	9.9%
B	**131**	127	**39.3%**	37.5%
C	**128**	130	**40.1%**	40.6%
D	**45**	49	**7.9%**	9.2%
E	**17**	18	**1.9%**	2.5%
F	**8**	8	**0.3%**	0.3%
G	**-**	-	**-**	-
	349	351	**100%**	100%

The table shows that the weighted average 'C' or better ratings has increased from 79% to 90% during the Period.

The Company has eight 'F' rated units in two properties (Aberdeen and Arthur House, Manchester), both of which have refurbishments in progress which are expected to improve the EPC ratings once complete.

The Company's 'E' rated assets are all expected to be improved by December 2025.

Outlook

The asset management of our carefully curated portfolio of regional property continues to deliver rental growth, income security and refurbished buildings with improved environmental credentials. Current refurbishment and capital expenditure plans should see all properties achieve an EPC rating of A-D by December 2025, thus making good progress towards our stated environmental targets. Importantly, this work is also enhancing rents and capital values while keeping properties fit for purpose and in line with tenant demand. All of this is essential to protecting and growing long term value and providing total returns that stay ahead of inflation.

Richard Shepherd-Cross
for and on behalf of Custodian Capital Limited
Investment Manager
4 December 2024

Financial review

A summary of the Company's financial performance for the Period is shown below:

Financial summary	**Period ended 30 Sept 2024 £000**	Period ended 30 Sept 2023 £000	Year ended 31 Mar 2024 £000
Rental revenue	**20,731**	20,654	42,194
Other income	**242**	93	195
Expenses	**(4,087)**	(4,036)	(8,599)
Net finance costs	**(3,683)**	(3,726)	(8,048)
EPRA profits	**13,203**	12,985	25,742
Abortive acquisition cost	**-**	-	(1,557)
Net gain/(loss) on investment property and depreciation	**1,700**	(15,651)	(25,687)
Profit/(loss) before tax	**14,903**	(2,666)	(1,502)
EPRA EPS (p)	**3.0**	2.9	5.8
Dividend cover	**100%**	107%	101%
OCR excluding direct property costs	**1.28%**	1.23%	1.24%

Rental revenue was similar to the period ended 30 September 2023 with the impact of new lettings, which helped occupancy increase from 91.5% at 30 September 2023 to 93.5%, offset by the disposal of let properties in FY24 H2. However, during the Period the Company's rent roll increased by 2.8% from £43.1m at 31 March 2024 to £44.3m at 30 September 2024 driven primarily by new lettings in the industrial sector towards the Period-end.

During the Period we deployed £4.1m of variable rate debt on property refurbishments and £0.6m on solar panel installations, with the latter continuing to drive increases in ‘other income’. The Company received £13.7m of disposal proceeds during the Period, exceeding this £4.7m capital investment, with net proceeds used to pay down the Company’s variable rate revolving credit facility (“RCF”). Combined with SONIA decreasing by 0.25% on both 1 August and 7 November 2024, we expect net finance costs to be lower over the remainder of the financial year, subject to any further accretive deployment.

Overall, the improvement in occupancy and increase in PV income increased EPRA earnings per share to 3.0p (2023: 2.9p) to fully cover this year’s higher dividend. This increase in recurring earnings demonstrates the robust nature of the Company’s diverse property portfolio despite economic headwinds.

Debt financing

The Company’s debt profile at 30 September 2024 is summarised below:

	30 Sept 2024	30 Sept 2023	31 Mar 2024
Gross debt	**£174.0m**	£185.0m	£179.0m
Net gearing	**28.5%**	29.6%	29.2%
Weighted average cost	**4.0%**	4.2%	4.1%
Weighted average maturity	**4.8 years**	5.2 years	5.3 years
Percentage of facilities at a fixed rate of interest	**80%**	76%	78%

Of the Company’s £174m of drawn debt facilities 80% are at fixed rates of interest. The Company’s weighted average term and cost of drawn debt at 30 September 2024 were 4.8 years and 4.0% respectively (fixed rate only: 5.5 years and 3.4%). This high proportion of fixed rate debt significantly mitigates medium-term interest rate risk for the Company and provides shareholders with a beneficial margin between the fixed cost of debt and income returns from the property portfolio.

The Company operates with a conservative level of net gearing, with target borrowings over the medium-term of 25% of the aggregate market value of all properties at the time of drawdown. The Company’s net gearing decreased from 29.2% LTV at 31 March 2024 to 28.5% during the Period primarily due to receiving £13.7m of sale proceeds.

At the Period end the Company had the following facilities available:

- A £50m RCF with Lloyds Bank plc (“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, and expiring on 10 November 2026. The facility was £34m drawn at the Period-end. The facility limit can be increased to £75m with Lloyds’ approval.
- A £20m term loan facility with Scottish Widows Limited (“SWIP”) repayable in August 2025, with fixed annual interest of 3.935%;
- A £45m term loan facility with SWIP repayable in June 2028, with fixed annual interest of 2.987%; and
- A £75m term loan facility with Aviva Real Estate Investors (“Aviva”) comprising:
  - A £35m tranche repayable on 6 April 2032, with fixed annual interest of 3.02%;
  - A £15m tranche repayable on 3 November 2032 with fixed annual interest of 3.26%; and
  - A £25m tranche repayable on 3 November 2032 with fixed annual interest of 4.10%.

Each facility has a discrete security pool, comprising a number of the Company’s individual properties, over which the relevant lender has security and covenants:

- The maximum LTV of each discrete security pool is either 45% or 50%, with an overarching covenant on the Company’s property portfolio of a maximum of either 35% or 40% LTV; and
- Historical interest cover, requiring net rental income from each discrete security pool, over the preceding three months, to exceed either 200% or 250% of the facility’s quarterly interest liability.

The Company’s debt facilities contain market-standard cross-guarantees such that a default on an individual facility will result in all facilities falling into default.

At the Period end the Company had £105.6m (18% of the property portfolio) of unencumbered assets which could be charged to the security pools to enhance the LTV and interest cover on the individual loans, of which a further £4.5m was charged since the Period-end.

The Company’s £20m loan SWIP is due to expire in August 2025. At 30 September 2024 the Company had £16m undrawn from its £50m revolving credit facility (“RCF”) with Lloyds which includes an accordion allowing the facility limit to be increased from £50m to £75m, subject to Lloyds’ approval. SWIP has also indicated its willingness to refinance the £20m loan on commercial terms, such that the Board believes refinancing risk is suitably mitigated relating to this expiry.

Dividends

The Company has declared dividends per share of 3.0p relating to the Period, fully covered by EPRA earnings. The Company paid dividends per share of 3.175p during the Period, comprising:

- The FY24 Q4 dividend of 1.375p;
- A fifth interim (special) dividend relating to FY24 of 0.3p; and
- The FY25 Q1 dividend of 1.5p.

The Company paid an interim dividend per share of 1.5p relating to FY25 Q2 on Friday 29 November 2024 to shareholders on the register on 18 October 2024, which was designated as a property income distribution ("PID").

Ed Moore
for and on behalf of Custodian Capital Limited
Investment Manager
4 December 2024

Principal risks and uncertainties

The Company's Annual Report for the year ended 31 March 2024 set out the principal risks and uncertainties facing the Company at that time which are also summarised in Note 2.6. Whilst interest rates have begun to decrease, the ongoing conflicts in Ukraine and Gaza maintain some uncertainty over the global macroeconomic outlook. This prevailing macro-economic situation presents an indirect risk through its impact on the UK economy in terms of growth and consumer spending and the consequential impact on occupational demand for real estate.

We do not anticipate any changes to the other risks and uncertainties disclosed over the remainder of the financial year.

Condensed consolidated statement of comprehensive income
For the six months ended 30 September 2024

	Note	Unaudited 6 months to 30 Sept 2024 £000	Unaudited 6 months to 30 Sept 2023 £000	Audited 12 months to 31 Mar 2024 £000
Revenue	4	**24,757**	22,829	46,243
Investment management fee		**(1,692)**	(1,757)	(3,451)
Operating expenses of rental property				
• rechargeable to tenants		**(2,942)**	(2,082)	(3,280)
• directly incurred		**(2,413)**	(1,376)	(4,032)
Professional fees		**(369)**	(394)	(791)
Directors' fees		**(172)**	(182)	(349)
Administrative expenses		**(409)**	(327)	(683)
Expenses		**(7,997)**	(6,118)	(12,586)
Abortive acquisition costs		**-**	-	(1,557)
Operating profit before net gains/(losses) on investment property		**16,760**	16,711	32,100
Unrealised gains/(losses) on revaluation of investment property:				
- relating to property revaluations	9	**1,699**	(15,632)	(26,972)
• relating to acquisition costs		**-**	-	-
Net valuation increase/(decrease)		**1,699**	(15,632)	(26,972)
Profit/(loss) on disposal of investment property		**127**	(19)	1,418
Net gains/(losses) on investment property		**1,826**	(15,651)	(25,554)
Operating profit		**18,586**	1,060	6,546

Finance income	5	**56**	30	78
Finance costs	6	**(3,739)**	(3,756)	(8,126)
Net finance costs		**(3,683)**	(3,726)	(8,048)
Profit/(loss) before tax		**14,903**	(2,666)	(1,502)
Income tax	7	**-**	-	-
Profit/(loss) and total comprehensive income/(expense) for the Period, net of tax		**14,903**	(2,666)	(1,502)
Attributable to:				
Owners of the Company		**14,903**	(2,666)	(1,502)
Earnings per ordinary share:				
Basic and diluted (p)	3	**3.4**	(0.6)	(0.3)
EPRA (p	3	**3.0**	2.9	5.8

The profit for the Period arises from the Company's continuing operations.

Condensed consolidated statement of financial position
At 30 September 2024
Registered number: 08863271

	Note	Unaudited at 30 Sept 2024 £000	Unaudited at 30 Sept 2023 £000	Audited at 31 Mar 2024 £000
Non–current assets				
Investment property	9	**582,437**	609,757	578,122
Property, plant and equipment	10	**3,448**	1,677	2,957
Total non-current assets		**585,885**	611,434	581,079
Current assets				
Assets held for sale	9	**-**	-	11,000
Trade and other receivables	11	**6,567**	4,819	3,330
Cash and cash equivalents	13	**10,919**	6,697	9,714
Total current assets		**17,486**	11,516	24,044
Total assets		**603,371**	622,950	605,123
Equity				
Issued capital	15	**4,409**	4,409	4,409
Share premium		**250,970**	250,970	250,970
Merger reserve		**18,931**	18,931	18,931
Retained earnings		**138,416**	148,470	137,510
Total equity attributable to equity holders of the Company		**412,726**	422,780	411,820
Non-current liabilities				
Borrowings	14	**152,526**	138,748	177,290
Other payables		**570**	570	569
Total non-current liabilities		**153,096**	139,318	177,859
Current liabilities				
Borrowings	14	**19,974**	44,941	-
Trade and other payables	12	**9,759**	8,067	8,083
Deferred income		**7,816**	7,844	7,361
Total current liabilities		**37,549**	60,852	15,444

Total liabilities	**190,645**	200,170	193,303
Total equity and liabilities	**603,371**	622,950	605,123

These interim financial statements of Custodian Property Income REIT plc were approved and authorised for issue by the Board of Directors on 4 December 2024 and are signed on its behalf by:

David MacLellan
Chairman

Condensed consolidated statement of cash flows
For the six months ended 30 September 2024

	Note	Unaudited 6 months to 30 Sept 2024 £000	Unaudited 6 months to 30 Sept 2023 £000	Audited 12 months to 31 Mar 2024 £000
Operating activities				
Profit/(loss) for the Period		**14,903**	(2,666)	(1,502)
Net finance costs	5,6	**3,683**	3,726	8,048
Valuation (increase)/decrease of investment property	9	**(1,699)**	15,632	26,972
Impact of rent free	9	**(789)**	(1,201)	(2,105)
Amortisation of right-of-use asset	9	**3**	3	7
(Profit)/loss on disposal of investment property		**(127)**	19	(1,418)
Depreciation	10	**126**	41	133
Cash flows from operating activities before changes in working capital and provisions		**16,100**	15,554	30,135
(Increase)/decrease in trade and other receivables		**(3,237)**	(1,071)	418
Increase in trade and other payables and deferred income		**2,131**	824	357
Cash generated from operations		**14,994**	15,307	30,910
Interest and other finance charges	6	**(3,514)**	(3,630)	(7,694)
Net cash flows from operating activities		**11,480**	11,677	23,216
Investing activities				
Purchase of investment property		**-**	-	-
Capital expenditure and development	9	**(4,055)**	(12,179)	(17,034)
Acquisition costs		**-**	-	-
Purchase of property, plant and equipment	10	**(617)**	(605)	(1,977)
Disposal of investment property		**2,650**	1,575	18,176
Disposal of assets held for sale		**11,000**	-	-
Costs of disposal of investment property		**(297)**	(19)	(134)
Interest and finance income received	5	**56**	30	78
Net cash flows from/(used in) investing activities		**8,737**	(11,198)	(891)
Financing activities				
New borrowings	14	**-**	11,500	5,500
New borrowings origination costs	14	**(15)**	(39)	-
Net repayment of RCF		**(5,000)**	-	(744)
Dividends paid	8	**(13,997)**	(12,123)	(24,247)
Net cash flows used in financing activities		**(19,012)**	(662)	(19,491)
Net increase/(decrease) in cash and cash equivalents		**1,205**	(183)	2,834
Cash and cash equivalents at start of the period		**9,714**	6,880	6,880
Cash and cash equivalents at end of the period		**10,919**	6,697	9,714

Condensed consolidated statements of changes in equity
For the six months ended 30 September 2024

	Note	*Issued capital £000*	*Merger reserve £000*	*Share premium £000*	*Retained earnings £000*	*Total equity £000*
At 31 March 2024 (audited)		4,409	18,931	250,970	137,510	411,820
Profit and total comprehensive income for the Period		-	-	-	14,903	14,903
Transactions with owners of the Company, recognised directly in equity						
Dividends	8	-	-	-	(13,997)	(13,997)
At 30 September 2024 (unaudited)		**4,409**	**18,931**	**250,970**	**138,416**	**412,726**

	Note	*Issued capital £000*	*Merger reserve £000*	*Share premium £000*	*Retained earnings £000*	*Total equity £000*
At 31 March 2023 (audited)		4,409	18,931	250,970	163,259	437,569
Total comprehensive loss for the period		-	-	-	(2,666)	(2,666)
Transactions with owners of the Company, recognised directly in equity						
Dividends	8	-	-	-	(12,123)	(12,123)
At 30 September 2023 (unaudited)		4,409	18,931	250,970	148,470	422,780

Notes to the interim financial statements for the period ended 30 September 2024

1. Corporate information

The Company is a public limited company incorporated and domiciled in England and Wales, whose shares are publicly traded on the London Stock Exchange plc's main market for listed securities. The interim financial statements have been prepared on a historical cost basis, except for the revaluation of investment property, and are presented in pounds sterling with all values rounded to the nearest thousand pounds (£000), except when otherwise indicated. The interim financial statements were authorised for issue in accordance with a resolution of the Directors on 4 December 2024.

2. Basis of preparation and accounting policies

1. Basis of preparation

The interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting.* The interim financial statements do not include all the information and disclosures required in the annual financial statements. The Annual Report for the year ending 31 March 2025 will be prepared in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB (together "IFRS") as adopted by the United Kingdom, and in accordance with the requirements of the Companies Act applicable to companies reporting under IFRS.

The information relating to the Period is unaudited and does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. A copy of the statutory financial statements for the year ended 31 March 2024 has been delivered to the Registrar of Companies. The auditor's report on those financial statements was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

Certain statements in this report are forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Accordingly, undue reliance should not be placed on forward looking statements.

2. *Significant accounting policies*

The principal accounting policies adopted by the Company and applied to these interim financial statements are consistent with those policies applied to the Company's Annual Report and financial statements.

3. Critical judgements and key sources of estimation uncertainty

Preparation of the interim financial statements requires the Company to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on the Directors' best judgement at the date of preparation of the interim financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Judgements

No significant judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised within the interim financial statements.

Estimates

The accounting estimates with a significant risk of a material change to the carrying values of assets and liabilities within the next year are:

- *Valuation of investment property* - Investment property is valued at the reporting date at fair value. Where an investment property is being redeveloped the property continues to be treated as an investment property. Surpluses and deficits attributable to the Company arising from revaluation are recognised in profit or loss. Valuation surpluses reflected in retained earnings are not distributable until realised on sale. In making its judgement over the valuation of properties, the Company considers valuations performed by the independent property valuers in determining the fair value of its investment properties. The property valuers make reference to market evidence of transaction prices for similar properties. The valuations are based upon assumptions including future rental income, anticipated capital expenditure and maintenance costs (particularly in the context of mitigating the impact of climate change) and appropriate discount rates (ie property yields). The key sources of estimation uncertainty within these inputs above are future rental income and property yields. Reasonably possible changes to these inputs across the portfolio would have a material impact on its valuation.

4. *Going concern*

The Directors believe the Company is well placed to manage its business risks successfully and the Company's projections show that it should be able to operate within the level of its current financing arrangements for at least the 12 months from the date of approval of these financial statements. The Board assesses the Company's prospects over the long-term, taking into account rental growth expectations, climate related risks, longer-term debt strategy, expectations around capital investment in the portfolio and the UK's long-term economic outlook. At quarterly Board meetings, the Board reviews summaries of the Company's liquidity position and compliance with loan covenants, as well as forecast financial performance and cash flows.

Forecast

The Investment Manager maintains a detailed forecast model projecting the financial performance of the Company over a period of three years, which provides a reasonable level of accuracy regarding projected lease renewals, asset-by-asset capital expenditure, property acquisitions and disposals, rental growth, interest rate changes, cost inflation and refinancing of the Company's variable rate debt which typically has a maximum tenor of three years. The detailed forecast model allows robust sensitivity analysis to be conducted and over the three year forecast period included the following key assumptions:

- A 1% annual loss of contractual revenue through CVA or tenant default;
- No changes to the demand for leasing the Company's assets going forwards, maintaining the prevailing occupancy rate;
- No portfolio valuation movements and completion of any disposals currently under offer;
- Rental growth, captured at lease expiry based on current ERVs adjusted for consensus forecast changes;
- The Company's capital expenditure programme to invest in its existing assets continues as expected; and
- Interest rate movements follow the prevailing forward curve.

In accordance with Provision 35 of the AIC Code the Directors have assessed the Company's prospects as a going concern over a period of 12 months from the date of approval of the Interim Report, using the same forecast model and assessing the risks against each of these assumptions.

The Directors note that the Company has performed strongly during the period despite economic headwinds with rents and occupancy increasing over the last six months.

Sensitivities

Sensitivity analysis involves flexing these key assumptions, taking into account the principal risks and uncertainties and emerging risks detailed in the Annual Report, and assessing their impact on covenant compliance and liquidity:

Covenant compliance

The Company operates the loan facilities summarised in Note 14. At 30 September 2024 the Company had the following headroom on lender covenants at a portfolio level with:

- Net gearing of 28.5% compared to a maximum LTV covenant of 35%, with £105.6m (18% of the property portfolio) unencumbered by the Company's borrowings; and
- 151% minimum headroom on interest cover covenants for the quarter ended 30 September 2024.

The Company has agreed to reduce interest cover covenants on its £20m facility from 250% to 200% until its August 2025 expiry due to certain assets in the charge pool being in rent free periods for the majority of that period.

Over the three year assessment period the Company's forecast model projects a small increase in net gearing with a small increase in headroom on interest cover covenants. Reverse stress testing has been undertaken to understand what circumstances would result in potential breaches of financial covenants over these periods. While the assumptions applied in these scenarios are possible, they do not represent the Board's view of the likely outturn, but the results help inform the Directors' assessment of the viability of the Company. The testing indicated, assuming no unencumbered properties were charged, that:

- The rate of loss or deferral of contractual rent on the borrowing facility with least headroom would need to deteriorate by 34% from the levels included in the Company's prudent base case forecasts to breach interest cover covenants; or
- At a portfolio level property valuations would have to decrease by 15% from the 30 September 2024 position to risk breaching the overall 35% LTV covenant for the assessment period.

The Board notes that the Summer 2024 IPF Forecasts for UK Commercial Property Investment survey suggests an average 2.6% increase in rents during 2025 with capital value increases of 3.4%. The Board believes that the valuation of the Company's property portfolio will prove resilient due to its higher weighting to industrial assets and overall diverse and high-quality asset and tenant base comprising over 150 assets and over 300 typically 'institutional grade' tenants across all commercial sectors.

Liquidity

The Company's forecast model projects it will have sufficient cash and undrawn facilities to settle its target dividends and its expense and interest liabilities over the next 12 months.

The Company's £20m loan with Scottish Widows ("SWIP") is due to expire in August 2025. At 30 September 2024 the Company had £16m undrawn from its £50m revolving credit facility ("RCF") with Lloyds which includes an accordion allowing the facility limit to be increased from £50m to £75m, subject to Lloyds' approval.

The Directors do not believe this upcoming expiry exposes the Company to going concern risk because:

- Lloyds has indicated its willingness to make the £25m accordion available to fund ongoing capital expenditure and the £20m SWIP loan on expiry;
- SWIP has indicated its willingness to refinance the £20m loan on commercial terms;
- Discretionary dividends and capital expenditure could be withheld in the event lender support was withdrawn to keep the Company operating within its existing borrowing facilities; and
- The Company has sufficiently liquid assets which could be sold to pay off debt before the £20m SWIP loan expires.

Results of the sensitivity analysis

Based on the prudent assumptions within the Company's forecasts regarding the factors set out above, the Directors expect that over the period of their assessment:

- The Company has surplus cash to continue in operation and meet its liabilities as they fall due;
- Borrowing covenants are complied with; and
- REIT tests are complied with.

Having due regard to these matters and after making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of these condensed consolidated financial statements and, therefore, the Board continues to adopt the going concern basis in their preparation.

5. Segmental reporting

An operating segment is a distinguishable component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker (the Board) to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available. As the chief operating decision maker reviews financial information for, and makes decisions about the Company's investment properties as a portfolio, the Directors have identified a single operating segment, that of investment in commercial properties.

6. Principal risks and uncertainties

The Company's assets consist of direct investments in UK commercial property. Its principal risks are therefore related to the UK commercial property market in general, the particular circumstances of the properties in which it is invested and their tenants. Principal risks faced by the Company are:

- Loss of contractual revenue;
- Decreases in property portfolio valuations;
- Reduced availability or increased costs of debt and complying with loan covenants;
- Inadequate performance, controls or systems operated by the Investment Manager;
- Non-compliance with regulatory or legal changes;
- Business interruption from cyber or terrorist attack or pandemics;
- Failure to meet ESG compliance requirements or shareholder expectations; and
- Inflation in property costs and capital expenditure.

These risks, and the way in which they are mitigated and managed, are described in more detail under the heading 'Principal risks and uncertainties' within the Company's Annual Report for the year ended 31 March 2024. The Company's principal risks and uncertainties have not changed materially since the date of that report.

3. Earnings per ordinary share

Basic earnings per share ("EPS") amounts are calculated by dividing net profit for the Period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the Period.

Diluted EPS amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the Period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There are no dilutive instruments.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Unaudited 6 months to 30 Sept 2024	Unaudited 6 months to 30 Sept 2023	Audited 12 months to 31 Mar 2024
Net profit/(loss) and diluted net profit/(loss) attributable to equity holders of the Company (£000)	**14,903**	(2,666)	(1,502)
Net (gain)/loss on investment property and depreciation (£000)	**(1,700)**	15,651	25,687
Abortive acquisition costs (£000)	**-**	-	1,557
EPRA net profit attributable to equity holders of the Company (£000)	**13,203**	12,985	25,742
Weighted average number of ordinary shares:			
Issued ordinary shares at start of the Period (thousands)	**440,850**	440,850	440,850
Effect of shares issued during the Period (thousands)	**-**	-	-
Basic and diluted weighted average number of shares (thousands)	**440,850**	440,850	440,850

Basic and diluted EPS (p)	**3.4**	(0.6)	(0.3)
EPRA EPS (p)	**3.0**	2.9	5.8

4. Revenue

	Unaudited 6 months to 30 Sept 2024 £000	Unaudited 6 months to 30 Sept 2023 £000	Audited 12 months to 31 Mar 2024 £000
Rental income from investment property	**20,731**	20,654	42,194
Income from recharges to tenants	**2,942**	2,082	3,280
Income from dilapidations	**842**	-	574
Other income	**242**	93	195
	24,757	22,829	46,243

5. Finance income

	Unaudited 6 months to 30 Sept 2024 £000	Unaudited 6 months to 30 Sept 2023 £000	Audited 12 months to 31 Mar 2024 £000
Bank interest	**56**	30	78
	56	30	78

6. Finance costs

	Unaudited 6 months to 30 Sept 2024 £000	Unaudited 6 months to 30 Sept 2023 £000	Audited 12 months to 31 Mar 2024 £000
Amortisation of arrangement fees on debt facilities	**225**	126	432
Other finance costs	**120**	28	113
Bank interest	**3,394**	3,602	7,581
	3,739	3,756	8,126

7. Income tax

The effective tax rate for the Period is lower than the standard rate of corporation tax in the UK during the Period of 25.0%. The differences are explained below:

	Unaudited 6 months to 30 Sept 2024 £000	Unaudited 6 months to 30 Sept 2023 £000	Audited 12 months to 31 Mar 2024 £000
Profit/(loss) before income tax	**14,903**	(2,666)	(1,502)
Tax at a standard rate of 25.0% (30 September 2023: 25.0%, 31 March 2024: 25.0%)	**3,726**	(667)	(376)
Effects of:			
REIT tax exempt rental losses	**(3,726)**	667	376
Income tax expense for the Period	**-**	-	-
Effective income tax rate	**0.0%**	0.0%	0.0%

The Company operates as a Real Estate Investment Trust and hence profits and gains from the property investment business are normally exempt from corporation tax.

8. Dividends

	Unaudited 6 months to 30 Sept 2024 £000	Unaudited 6 months to 30 Sept 2023 £000	Audited 12 months to 31 Mar 2024 £000
Interim equity dividends paid on ordinary shares relating to the periods ended:			
31 March 2023: 1.375p	**-**	6,062	6,062
30 June 2023: 1.375p	**-**	6,061	6,061
30 September 2023: 1.375p	**-**	-	6,062
31 December 2023: 1.375p	**-**	-	6,062
31 March 2024: 1.375p	**6,062**	-	-
30 June 2024: 1.5p	**6,613**	-	-
Special equity dividends paid on ordinary shares relating to the year ended:			
31 March 2024: 0.3p	**1,322**	-	-
	13,997	12,123	24,247

All dividends paid are classified as property income distributions.

The Directors approved an interim dividend relating to the quarter ended 30 September 2024 of 1.5p per ordinary share in October 2024 which has not been included as a liability in these interim financial statements. This interim dividend was paid on Friday 29 November 2024 to shareholders on the register at the close of business on 18 October 2024.

9. Investment property and assets held for sale

Assets held for sale	At 30 Sept 2024 £000	At 30 Sept 2023 £000	At 31 Mar 2024 £000
Balance at the start of the period	**11,000**	-	-
Reclassification from investment property	**-**	-	11,000
Disposals	**(11,000)**	-	-
Balance at the end of the period	**-**	-	11,000

Investment property

	£000
At 31 March 2024	578,122
Impact of lease incentives and lease costs	789
Additions	-
Capital expenditure	4,055
Disposals	(2,225)
Amortisation of right-of-use asset	(3)
Valuation increase	1,699
At 30 September 2024	**582,437**

	£000
At 31 March 2023	613,587
Impact of lease incentives and lease costs	1,201
Additions	-
Capital expenditure	12,179
Disposals	(1,575)
Amortisation of right-of-use asset	(3)
Valuation decrease	(15,632)
At 30 September 2023	609,757

£476.8m (2023: £483.5m) of investment property was charged as security against the Company's borrowings at the Period end with a further £4.5m charged since the Period-end. £0.6m (2023: £0.6m) of investment property comprises right-of-use assets.

Investment property is stated at the Directors' estimate of its 30 September 2024 fair value. Savills (UK) Limited ("Savills") and Knight Frank LLP ("KF"), professionally qualified independent property valuers, each valued approximately half of the property portfolio as at 30 September 2024 in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors ("RICS"). Savills and KF have recent experience in the relevant locations and categories of the property being valued.

Investment property has been valued using the investment method which involves applying a yield to rental income streams. Inputs include yield, current rent and ERV. For the Period end valuation, the following inputs were used:

Sector	Valuation 30 September 2024 £000	Weighted average passing rent of let properties (£ per sq ft)	ERV range (£ per sq ft)	EPRA topped-up NIY
Industrial	287.1	6.7	4.8 – 14.6	5.8%
Retail warehouse	125.0	12.4	6.1 – 22.4	7.8%
Other	60.2	11.1	2.7 – 66.7*	7.7%
Office	77.3	19.0	8.5 – 38.0	8.2%
High street retail	32.8	18.8	3.7 – 57.4	9.5%
	582.4			

*Drive-through restaurants' ERV per sq ft are based on building floor area rather than area inclusive of drive-through lanes.

Valuation reports are based on both information provided by the Company eg current rents and lease terms, which are derived from the Company's financial and property management systems and are subject to the Company's overall control environment, and assumptions applied by the property valuers eg ERVs, expected capital expenditure and yields. These assumptions are based on market observation and the property valuers' professional judgement. In estimating the fair value of each property, the highest and best use of the properties is their current use.

All other factors being equal, a higher equivalent yield would lead to a decrease in the valuation of investment property, and an increase in the current or estimated future rental stream would have the effect of increasing capital value, and vice versa. However, there are interrelationships between unobservable inputs which are partially determined by market conditions, which could impact on these changes.

	30 Sept 2024 £000	31 Mar 2024 £000
Increase in equivalent yield of 0.25%	**21,580**	21,627
Decrease in equivalent yield of 0.25%	**(20,075)**	(20,134)
Increase of 5% in ERV	**2,992**	1,807
Decrease of 5% in ERV	**(1,792)**	(1,754)

10. Property, plant and equipment

EV chargers and PV cells	Unaudited at 30 Sept 2024 £000	Unaudited at 30 Sept 2023 £000	Audited at 31 Mar 2024 £000
Cost			
Balance at the start of the period	**3,202**	1,225	1,225
Additions	**617**	605	1,977
	3,819	1,830	3,202
Depreciation			
At the start of the period	**(245)**	(112)	(112)
During the period	**(126)**	(41)	(133)
	(371)	(153)	(245)
Net book value at the end of the period	**3,448**	1,677	2,957

11. Trade and other receivables

	Unaudited at 30 Sept 2024 £000	Unaudited at 30 Sept 2023 £000	Audited at 31 Mar 2024 £000
Trade receivables before expected credit loss provision	**4,476**	2,788	1,911
Expected credit loss provision	**(499)**	(547)	(855)
Trade receivables	**3,977**	2,241	1,056
Other receivables	**2,250**	2,096	2,081
Prepayments	**340**	482	191
Accrued income	**-**	-	2
	6,567	4,819	3,330

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk, for example a deterioration in a tenant's or sector's outlook or rent payment performance, and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before amounts become past due.

Tenant rent deposits of £1.8m (2023: £1.8m) are held as collateral against certain trade receivable balances.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Available information indicates the debtor is unlikely to pay its creditors.

Such balances are provided for in full. For remaining balances the Company has applied an expected credit loss ("ECL") matrix based on its experience of collecting rent arrears.

Expected credit loss provision	Unaudited at 30 Sept 2024 £000	Unaudited at 30 Sept 2023 £000	Audited at 31 Mar 2024 £000
Opening balance	**855**	1,143	1,143
Decrease in provision relating to trade receivables that are credit-impaired	**(235)**	(596)	(241)
Utilisation of provisions	**(121)**	-	(47)
Closing balance	**499**	547	855

12. Trade and other payables

	Unaudited at 30 Sept 2024 £000	Unaudited at 30 Sept 2023 £000	Audited at 31 Mar 2024 £000
Falling due in less than one year:			
Trade and other payables	**3,745**	902	1,442
Social security and other taxes	**942**	816	830
Accruals	**3,307**	4,430	4,079
Rental deposits and retentions	**1,765**	1,919	1,732
	9,759	8,067	8,083

The Directors consider that the carrying amount of trade and other payables approximates their fair value. Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. For most suppliers interest is charged if payment is not made within the required terms. Thereafter, interest is chargeable on the outstanding balances at various rates. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timescale.

13. Cash and cash equivalents

Unaudited at 30 Sept	Unaudited at 30 Sept	Audited at 31 Mar

	2024 £000	2023 £000	2024 £000
Cash and cash equivalents	**10,919**	6,697	9,714

Cash and cash equivalents at 30 September 2024 include £4.4m (2023: £2.4m, 31 March 2024: £2.5m) of restricted cash comprising: £1.8m (2023: £1.8m, 31 March 2024: £1.7m) rental deposits held on behalf of tenants, £2.6m (2023: £Nil, 31 March 2023: £Nil) disposal proceeds held in charged disposal accounts or in solicitor client accounts.

14. Borrowings

	Bank borrowings £000	*Costs incurred in the arrangement of bank borrowings £000*	*Total £000*
Falling due within one year:			
At 31 March 2024	-	-	-
Reclassification	20,000	(40)	19,960
Amortisation of arrangement fees	-	14	14
At 30 September 2024	**20,000**	**(26)**	**19,974**
Falling due in more than one year:			
At 31 March 2024	179,000	(1,710)	177,290
Reclassification	(20,000)	40	(19,960)
New borrowings	-	-	-
Costs incurred in the arrangement of bank borrowings	-	(15)	(15)
Net repayment of RCF	(5,000)	-	(5,000)
Amortisation	-	211	211
At 30 September 2024	**154,000**	**(1,474)**	**152,526**
Total borrowings at 30 September 2024	**174,000**	**(1,500)**	**172,500**

	Bank borrowings £000	*Costs incurred in the arrangement of bank borrowings £000*	*Total £000*
Falling due within one year:			
At 31 March 2023	-	-	-
Reclassification	33,500	(89)	33,411
New borrowings	11,500	-	11,500
Amortisation of arrangement fees	-	30	30
At 30 September 2023	45,000	(59)	44,941
Falling due in more than one year:			
At 31 March 2023	173,500	(1,398)	172,102
Reclassification	(33,500)	89	(33,411)
New borrowings	-	-	-
Costs incurred in the arrangement of bank borrowings	-	(39)	(39)
Repayment of borrowings	-	-	-
Amortisation	-	96	96
At 30 September 2023	140,000	(1,252)	138,748
Total borrowings at 30 September 2023	185,000	(1,311)	183,689

The Company's borrowing facilities require minimum interest cover of either 200% or 250% of the net rental income of the security pool. The maximum LTV of the Company combining the value of all property interests (including the properties secured against the facilities) must be no more than 35%.
The Company's borrowing position at 31 March 2024 is set out in the Annual Report for the year ended 31 March 2024.

15. Issued capital and reserves

Share capital	*Ordinary shares of 1p*	*£000*
At 31 March 2024	440,850,398	4,409
Issue of share capital	-	-
At 30 September 2024	**440,850,398**	**4,409**

Share capital	*Ordinary shares of 1p*	*£000*
At 31 March 2023	440,850,398	4,409
Issue of share capital	-	-
At 30 September 2023	440,850,398	4,409

The Company has made no further issues of new shares since the Period end.

The following table describes the nature and purpose of each reserve within equity:

Reserve	*Description and purpose*
Share premium	Amounts subscribed for share capital in excess of nominal value less any associated issue costs that have been capitalised.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.
Merger reserve	A non-statutory reserve that is credited instead of a company's share premium account in circumstances where merger relief under section 612 of the Companies Act 2006 is obtained.

16. Financial instruments

The fair values of financial assets and liabilities are not materially different from their carrying values in the financial statements. The fair value hierarchy levels are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There have been no transfers between Levels 1, 2 and 3 during the year. The main methods and assumptions used in estimating the fair values of financial instruments and investment property are detailed below.

Investment property – level 3

Fair value is based on valuations provided by independent firms of chartered surveyors and registered appraisers, which uses the inputs set out in Note 10. These values were determined after having taken into consideration recent market transactions for similar properties in similar locations to the investment properties held by the Company. The fair value hierarchy of investment property is level 3. At 30 September 2024, the fair value of the Company's investment properties was £582.4m (2023: £609.8m).

Interest bearing loans and borrowings – level 3

At 30 September 2024 the gross value of the Company's loans with Lloyds, SWIP and Aviva all held at amortised cost was £174.0m (31 March 2024: £179.0m).

Trade and other receivables/payables – level 3

The carrying amount of all receivables and payables deemed to be due within one year are considered to reflect their fair value.

17. Related party transactions

Save for transactions described below, the Company is not a party to, nor had any interest in, any other related party transaction during the period.

Transactions with directors

Each of the directors is engaged under a letter of appointment with the Company and does not have a service contract with the Company. Under the terms of their appointment, each Director is required to retire by rotation and seek re-election at least every three years. The Company's Articles require one third of Directors to retire and seek re-election each year. However, notwithstanding the provisions of the Articles, all the Non-Executive Directors offer themselves for re-election at each AGM in accordance with the provisions of the AIC Code.

Each director's appointment under their respective letter of appointment is terminable immediately by either party (the Company or the director) giving written notice and no compensation or benefits are payable upon termination of office as a director of the Company becoming effective.

Nathan Imlach is Chief Strategic Advisor of Mattioli Woods, the parent company of the Investment Manager. As a result, Nathan Imlach is not independent. The Company Secretary, Ed Moore, is a director of the Investment Manager.

Investment Management Agreement

The Investment Manager is engaged as AIFM under an IMA with responsibility for the management of the Company's assets, subject to the overall supervision of the Directors. The Investment Manager manages the Company's investments in accordance with the policies laid down by the Board and the investment restrictions referred to in the IMA. The Investment Manager also provides day-to-day administration of the Company and acts as secretary to the Company, including maintenance of accounting records and preparing the annual and interim financial statements of the Company.

Annual management fees payable to the Investment Manager under the IMA are:

- 0.9% of the NAV of the Company as at the relevant quarter day which is less than or equal to £200m divided by 4;
- 0.75% of the NAV of the Company as at the relevant quarter day which is in excess of £200m but below £500m divided by 4;
- 0.65% of the NAV of the Company as at the relevant quarter day which is in excess of £500m but below £750m divided by 4; plus
- 0.55% of the NAV of the Company as at the relevant quarter day which is in excess of £750m divided by 4.

In June 2023 the rates applicable to each NAV hurdle for calculating the Administrative fees payable to the Investment Manager under the IMA were amended, with effect from 1 April 2022, to:

- 0.125% of the NAV of the Company as at the relevant quarter day which is less than or equal to £200m divided by 4;
- 0.115% (2022: 0.08%) of the NAV of the Company as at the relevant quarter day which is in excess of £200m but below £500m divided by 4;
- 0.02% (2022: 0.05%) of the NAV of the Company as at the relevant quarter day which is in excess of £500m but below £750m divided by 4; plus
- 0.015% (2022: 0.03%) of the NAV of the Company as at the relevant quarter day which is in excess of £750m divided by 4.

The IMA is terminable by either party by giving not less than 12 months' prior written notice to the other. The IMA may also be terminated on the occurrence of an insolvency event in relation to either party, if the Investment Manager is fraudulent, grossly negligent or commits a material breach which, if capable of remedy, is not remedied within three months, or on a force majeure event continuing for more than 90 days.

The Investment Manager receives a marketing fee of 0.25% (2023: 0.25%) of the aggregate gross proceeds from any issue of new shares in consideration of the marketing services it provides to the Company.

During the period the Investment Manager charged the Company £1.94m (2023: £2.06m) comprising £1.69m (2023: £1.80m) in respect of annual management fees, £0.25m (2023: £0.26m) in respect of administrative fees and £nil (2023: £nil) in respect of marketing fees.

Mattioli Woods arranges insurance on behalf of the Company's tenants through an insurance broker and the Investment Manager is paid a commission by the Company's tenants via their premiums for administering the policy.

18. Events after the reporting date

An interim dividend relating to the quarter ended 30 September 2024 of 1.5p per ordinary share was paid on Friday 29 November 2024 to shareholders on the register at the close of business on 18 October 2024.

19. Additional disclosures

NAV per share total return

An alternative measure of performance taking into account both capital returns and dividends by assuming dividends declared are reinvested at NAV at the time the shares are quoted ex-dividend, shown as a percentage change from the start of the period.

	Unaudited at 30 Sept 2024 £000	Unaudited at 30 Sept 2023 £000	Audited at 31 Mar 2024 £000
Net assets (£000)	**412,726**	422,780	411,820
Shares in issue at the period end (thousands)	**440,850**	440,850	440,850
NAV per share at the start of the period (p)	**93.4**	99.3	99.3
Dividends per share paid during the period (p)	**3.175**	2.75	5.5
NAV per share at the end of the period (p)	**93.6**	95.9	93.4
NAV per share total return	**3.6%**	(0.7%)	(0.4%)

Share price total return

An alternative measure of performance taking into account both share price returns and dividends by assuming dividends declared are reinvested at the ex-dividend share price, shown as a percentage change from the start of the period.

	Unaudited at 30 Sept 2024 £000	Unaudited at 30 Sept 2023 £000	Audited at 31 Mar 2024 £000
Share price at the start of the period (p)	**81.4**	89.2	89.2
Dividends per share for the period (p)	**3.175**	2.75	5.5
Share price at the end of the period (p)	**85.4**	82.5	81.4
Share price total return	**8.8%**	(4.4%)	(2.6%)

Dividend cover

The extent to which dividends relating to the Period are supported by recurring net income, indicating whether the level of dividends is sustainable.

Group	Unaudited 6 months to 30 Sept 2024 £000	Unaudited 6 months to 30 Sept 2023 £000	Audited 12 months to 31 Mar 2024 £000
Dividends paid relating to the Period	**6,613**	6,061	18,185
Dividends approved relating to the Period	**6,613**	6,062	7,384
	13,226	12,123	25,569
Profit/(loss) after tax	**14,903**	(2,666)	(1,502)
One-off costs	**-**	-	1,557
Net (gain)/loss on investment property and depreciation	**(1,700)**	15,651	25,687
EPRA earnings	**13,203**	12,985	25,742
Dividend cover	**100%**	107%	101%

Net gearing

Gross borrowings less cash (excluding deposits), divided by property portfolio value. This ratio indicates whether the Company is meeting its investment objective to target 25% loan-to-value in the medium-term to balance enhancing shareholder returns without facing excessive financial risk.

	Unaudited at 30 Sept 2024 £000	Unaudited at 30 Sept 2023 £000	Audited at 31 Mar 2024 £000
Gross borrowings	**174,000**	185,000	179,000
Cash	**(10,919)**	(6,697)	(9,714)
Deposits	**2,700**	1,919	2,502
Net borrowings	**165,781**	180,222	171,788
Investment property	**582,437**	609,757	589,122
Net gearing	**28.5%**	29.6%	29.2%

Weighted average cost of debt

The interest rate payable on bank borrowings at the period end weighted by the amount of borrowings at that rate as a proportion of total borrowings

30 September 2024	*Amount drawn £m*	*Interest rate*	*Weighting*
Lloyds RCF	34.0	6.720%	1.31%
Variable rate	34.0		
SWIP £20m loan	20.0	3.935%	0.45%
SWIP £45m loan	45.0	2.987%	0.77%
Aviva			
• £35m tranche	35.0	3.020%	0.61%
• £15m tranche	15.0	3.260%	0.28%
• £25m tranche	25.0	4.100%	0.59%
Fixed rate	140.0		
Weighted average drawn facilities	**174.0**		**4.01%**

31 March 2024	*Amount drawn £m*	*Interest rate*	*Weighting*
Lloyds RCF	39.0	6.900%	1.50%
Variable rate	39.0		
SWIP £20m loan	20.0	3.935%	0.44%
SWIP £45m loan	45.0	2.987%	0.75%
Aviva			
• £35m tranche	35.0	3.020%	0.59%
• £15m tranche	15.0	3.260%	0.27%
• £25m tranche	25.0	4.100%	0.57%
Fixed rate	140.0		
Weighted average rate on drawn facilities	179.0		4.12%

30 September 2023	*Amount drawn £m*	*Interest rate*	*Weighting*
Lloyds RCF	45.0	6.840%	1.66%
Variable rate	45.0		
SWIP £20m loan	20.0	3.935%	0.43%
SWIP £45m loan	45.0	2.987%	0.73%
Aviva			
• £35m tranche	35.0	3.020%	0.57%

• £15m tranche	15.0	3.260%	0.26%
• £25m tranche	25.0	4.100%	0.55%
Fixed rate	140.0		
Weighted average rate on drawn facilities	185.0		4.20%

Ongoing charges

A measure of the regular, recurring costs of running an investment company expressed as a percentage of average NAV, and indicates how effectively costs are controlled in comparison to other property investment companies.

Group	Unaudited 6 months to 30 Sept 2024 £000	Unaudited 6 months to 30 Sept 2023 £000	Audited 12 months to 31 Mar 2024 £000
Average quarterly NAV during the period	**411,615**	431,742	423,622
Expenses (annualised)	**15,994**	12,236	12,586
Operating expenses of rental property rechargeable to tenants (annualised)	**(5,884)**	(4,164)	(3,280)
Operating expenses of rental property directly incurred (annualised)	**(4,826)**	(2,670)	(4,032)
One-off costs	**-**	-	-
Ongoing charges excluding direct property expenses (annualised)	**5,284**	5,402	5,274
OCR excluding direct property expenses	**1.28%**	1.25%	1.24%

EPRA EPS

A measure of the Company's operating results excluding gains or losses on investment property, giving an alternative indication of performance compared to basic EPS which sets out the extent to which dividends relating to the Period are supported by recurring net income.

	Unaudited 6 months to 30 Sept 2024 £000	Unaudited 6 months to 30 Sept 2023 £000	Audited 12 months to 31 Mar 2024 £000
Profit/(loss) for the period after taxation	**14,903**	(2,666)	(1,502)
Net (gains)/losses on investment property and depreciation	**(1,700)**	15,651	25,687
Abortive acquisition costs	**-**	-	1,557
EPRA earnings	**13,203**	12,985	25,742
Weighted average number of shares in issue (thousands)	**440,850**	440,850	440,850
EPRA EPS (p)	**3.0**	2.9	5.8

EPRA vacancy *rate*

EPRA vacancy rate is the ERV of vacant space as a percentage of the ERV of the whole property portfolio and offers insight into the additional rent generating capacity of the portfolio.

	Unaudited at 30 Sept 2024 £000	Unaudited at 30 Sept 2023 £000	Audited at 31 Mar 2024 £000
Annualised potential rental value of vacant premises	**3,198**	4,243	4,113
Annualised potential rental value for the property portfolio	**49,328**	49,744	49,395
EPRA vacancy rate	**6.5%**	8.5%	8.3%

EPRA Net Tangible Assets ("NTA")

Assumes that the Company buys and sells assets for short-term capital gains, thereby crystallising certain deferred tax balances

	Unaudited at 30 Sept 2024 £000	Unaudited at 30 Sept 2023 £000	Audited at 31 Mar 2024 £000
IFRS NAV	**412,726**	422,780	411,820
Fair value of financial instruments	**-**	-	-
Deferred tax	**-**	-	-
EPRA NTA	**412,726**	422,780	411,820
Closing number of shares in issue (thousands)	**440,850**	440,850	440,850
EPRA NTA per share (p)	**93.6**	95.9	93.4

EPRA topped-up NIY

Annualised cash rents at the period-end date, adjusted for the expiration of lease incentives (rent free periods or other lease incentives such as discounted rent periods and stepped rents), less estimated non-recoverable property operating expenses, divided by property valuation plus estimated purchaser's costs.

	Unaudited at 30 Sept 2024 £000	Unaudited at 30 Sept 2023 £000	Audited at 31 Mar 2024 £000
Investment property	**582,437**	609,757	589,122
Allowance for estimated purchaser's costs[20]	**37,858**	39,634	38,293
Gross-up property portfolio valuation	**620,295**	649,391	627,415
Contractual rental income	**44,267**	43,162	43,140
Property outgoings[21]	**(1,431)**	(1,679)	(1,931)
Annualised net rental income	**42,836**	41,483	41,209
EPRA topped-up NIY	**6.9%**	6.4%	6.6%

Directors' responsibilities for the interim financial statements

The Directors have prepared the interim financial statements of the Company for the Period from 1 April 2024 to 30 September 2024.

We confirm that to the best of our knowledge:

a. The condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the United Kingdom;
b. The condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4R;
c. The interim financial statements include a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year, and their impact on the Condensed Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
d. The interim financial statements include a fair review of the information required by DTR 4.2.8R of the Disclosure and Transparency Rules, being material related party transactions that have taken place in the first six months of the current financial year and any material changes in the related party transactions described in the last Annual Report.

A list of the current directors of Custodian Property Income REIT plc is maintained on the Company's website at custodianreit.com.

By order of the Board

David MacLellan
Chairman
4 December 2024

Independent review report to Custodian Property Income REIT plc

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2024 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows, consolidated statements of changes in equity and related notes 1 to 19.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2.1, the annual financial statements of the Company are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
4 December 2024

- Ends -

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[1] The six months ended 30 September 2024.
[2] The European Public Real Estate Association ("EPRA").
[3] Profit after tax, excluding net gains or losses on investment property and depreciation, divided by weighted average number of shares in issue.
[4] Profit after tax divided by weighted average number of shares in issue.
[5] Dividends paid and approved for the Period.
[6] Profit after tax, excluding net gains or losses on investment property and depreciation, divided by dividends paid and approved for the Period.
[7] Net Asset Value ("NAV") movement including dividends paid during the Period on shares in issue at 31 March 2024.
[8] Share price movement including dividends paid during the Period.
[9] EPRA net tangible assets ("NTA") does not differ from the Company's IFRS NAV or EPRA NAV.
[10] Gross borrowings less cash (excluding rent deposits) divided by property portfolio value.
[11] Expenses (excluding operating expenses of rental property) divided by average quarterly NAV.
[12] Weighted by floor area. For properties in Scotland, English equivalent EPC ratings have been obtained.
[13] A full version of the Company's Investment Policy is available at www.custodianreit.com/wp-content/uploads/2024/01/CREI-Investment-Policy-amended-16-January-2024.pdf
[14] A risk score of two represents "lower than average risk".
[15] EPRA topped-up net initial yield.
[16] Source: Association of Investment Companies.
[17] ERV of let property divided by total portfolio ERV.
[18] Current passing rent plus ERV of vacant properties.
[19] Weighted by floor area.
[20] Assumed at 6.5% of investment property valuation.
[21] Non-recoverable directly incurred operating expenses of rental property, excluding letting and rent review fees.

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