

# Custodian REIT

13:01 15 Nov 2018

## Custodian REIT offers one of best yields in UK property

Custodian REIT PLC (LON:CREI) pays one of the highest fully-covered dividends amongst its peer group of listed property investment companies.

On a forecast dividend of 6.55p for the year to end next March, the yield is 5.5%, while the shares trade at a premium to asset value of about 8%.

**WATCH:** Custodian REIT 'offering one of the safest dividends in the REIT sector'

What also sets it apart from its peers, is that the trust targets properties outside London, where there is less competition, priced at less than £10mln.

"No properties inside the M25, with one or two minor exceptions," says Richard Shepherd-Cross, managing director of the trust's manager, Custodian Capital.

One of the exceptions arose in November, when the REIT bought a property for £2.1mln in the East End of London.

The Grove in Stratford comprises a ground floor retail unit with an upper floor office suite and was acquired on an initial yield of 6.78%.

Nearby occupiers include Morrisons, Boots, Argos, Lidl and Nando's.

"The title provides the ability to use the adjacent Morrison's car park without restriction, providing almost unlimited car parking, which is a major selling point should the premises ever become vacant," added Shepherd-Cross.

### Industrial sector weighting

Custodian's portfolio is weighted towards the industrial sector and split between industrial, retail, office and other properties.

Shareholder returns were strong in the nine months to September.

Net asset value (NAV) per share was 108.6p, up from 107.8p at the end of June with the portfolio valued at £547mln, up from £537.4mln three months earlier.

Occupancy rose to 96.9% from 96.7% at the end of June.

Regional offices have remained a strong market says Sheppard-Cross, with record rents being achieved in some of the major cities.

Very low levels of development for 10 years have resulted in low levels of modern vacant real estate, he explains.

In the regions, industrial and office rents have been growing since 2016 and while the rate of growth may be slowing there remain a large number of regional assets with latent rental growth.

**Price:** 99

**Market Cap:** £415.85 m

### 1 Year Share Price Graph



### Share Information

**Code:** CREI

**Listing:** LSE

**52 week High Low**  
120.6 81.4

**Sector:** Real Estate

**Website:** [www.custodianreit.com](http://www.custodianreit.com)

### Company Synopsis:

*Custodian REIT aims to be the Real Estate Investment Trust of choice for private and institutional investors seeking high and stable dividends from well-diversified UK real estate. Custodian REIT plc was launched as a main-market-listed, property investment company on the London Stock Exchange on 26 March 2014. The company was established with a seed portfolio of £95m and successful IPO, raising further 55m.*

[action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

## Retail tricky

Retail is more tricky, but blaming online growth for the high street's demise is too simple he says.

"Over-gearing, poor management strategy and an inability to modernise over an extended period of time have had a more detrimental impact on certain retailers than the internet."

At the end of September, retail warehouse space accounted for 18% of the portfolio the High Street 14%.

The largest segment is industrial property (39%) while office space (12%) is the smallest segment.

At 117.6p, Custodian is valued at £465mln.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 [action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

## No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of Custodian REIT named herein, including the promotion by the Company of Custodian REIT in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars (\$25,000).