

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This document comprises a supplementary prospectus relating to Custodian REIT Plc (the “Company”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (“FCA”) made under section 73A of the Financial Services and Markets Act 2000 (“FSMA”) and approved by the FCA in accordance with section 85 of the FSMA. This document will be made available to the public in accordance with the Prospectus Rules at www.custodianreit.com.

This supplementary prospectus is supplementary to, and should be read in conjunction with, the prospectus published by the Company on 4 November 2015 relating to the placing, open offer and offer for subscription to raise up to £50 million, with the ability to increase this to up to £75 million, and the placing programme of up to 100 million new Ordinary Shares (the “Prospectus”). Save as disclosed in this document, no significant new factor, material mistake or inaccuracy relating to the information in the Prospectus has arisen or has been noted, since the publication of the Prospectus. To the extent that there is any inconsistency between a statement in this document and a statement in the Prospectus, the statement in this document shall prevail.

Words or expressions defined in the Prospectus have the same meaning when used in this document unless the context requires otherwise.

CUSTODIAN REIT PLC

(a company incorporated in England and Wales under the Companies Act 2006 with company number 8863271)

SUPPLEMENTARY PROSPECTUS

Sponsor, Broker and Financial Adviser

NUMIS SECURITIES LIMITED

This document and the Prospectus do not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No action has been taken by the Company or Numis Securities Limited (“Numis”) that would permit an offer of the Ordinary Shares or possession or distribution of this document or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the United Kingdom. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Company has not been, and will not be, registered under the US Investment Company Act of 1940, as amended, (the “Investment Company Act”) and investors will not be entitled to the benefit of the Investment Company Act. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under any of the relevant securities laws of Canada, Australia, the Republic of South Africa, any EEA State (other than the UK), Japan or any other Restricted Jurisdiction.

Numis, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is the sponsor to the Company. Numis is acting exclusively for the Company and for no-one else and will not regard any other person (whether or not a recipient of this document) as its client and will not be responsible to anyone other than the Company for providing the protections afforded to its clients. Apart from the responsibilities and liabilities, if any, which may be imposed on Numis by the FSMA or the regulatory regime established thereunder, Numis does not make any representation, express or implied, in relation to, nor accepts any responsibility whatsoever for, the contents of this document or any other statement made or purported to be made by it or on its behalf in connection with the Company and the contents of this document. Numis accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might have in respect of this document or any other statement.

No person has been authorised by the Company to issue any advertisement or to give any information or to make any representations other than those contained in this document (together with the Prospectus) and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company. Without prejudice to the Company's obligations under the Prospectus Rules, the delivery of this document (together with the Prospectus) creates no implication that there has been no change in the affairs of the Group since the date of this document.

Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other duly authorised independent financial adviser before investing in the Company. Potential investors should also consider the Risk Factors relating to the Company set out in the Prospectus.

1. Purpose of supplementary prospectus

This document constitutes a supplementary prospectus as required under Prospectus Rules 3.4.1 and 3.4.2 and is being published to note the following significant new factors:

- a) on 2 June 2016, the Company entered into a term loan facility agreement with Lloyds Bank Plc and Scottish Widows Limited, further details of which are set out in paragraph 5 of this document (the "2016 Facility");
- b) the Directors expect to seek Shareholder approval at the Company's annual general meeting expected to be held on 26 July 2016 (the "AGM") to amend the Investment Policy, as described in paragraph 6 of this document; and
- c) on 7 June 2016, the Company published its financial results for the year ended 31 March 2016 (the "Results"),

each of which constitutes a significant new factor relating to information contained in the Prospectus. This supplementary prospectus is therefore being published to provide details of the 2016 Facility, the proposed amendment to the Investment Policy and to incorporate by reference the Results. This supplementary prospectus is also being published to supplement the Prospectus's summary with the proposed change in Investment Policy and the key historical financial information contained within the Results.

A copy of the Results has been filed with the FCA and copies of the Results may be obtained, free of charge, during normal business hours at the offices of Numis, as described below.

2. Financial information relating to the Company

2.1 Results for the financial year ended 31 March 2016

The Results have been prepared in accordance with 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 European Union, the requirements of the Companies Act 2006 (the "Act") applicable to companies under IFRS, the Listing Rules and the Disclosure and Transparency Rules. The Results have been audited by the Company's auditor, Deloitte LLP, who has issued an unqualified audit report under section 495 of the Act, which did not contain any reference to any matters required pursuant to section 495(4)(b).

2.2 Published financial results

- (a) Financial and operating information

The Results, which have been incorporated in full in this document, included, amongst other things, the following information (on the pages specified in the table below):

Financial statement and independent auditor's report for the year ended 31 March 2016

Chairman's statement	pages 3 to 8
Investment Manager's report	pages 9 to 14
Portfolio	page 15
Principal risks and uncertainties	pages 16 to 17
Business model and strategy	pages 18 to 22
Consolidated and Company statements of comprehensive income	page 23
Consolidated and Company statements of financial position	page 24
Consolidated and Company statements of cash flows	page 25
Consolidated and Company statements of changes in equity	page 26
Notes to the financial statements	pages 27 to 46

(b) Selected financial information

The key figures that summarise the Company's financial condition in respect of the financial year ended 31 March 2016, which have been extracted without material adjustment from the financial information referred to in paragraph 2.2(a) above, are set out in the following table:

	<i>31 March 2016 £000 (unless otherwise stated)</i>
Assets	
Investment property	318,966
Trade and other receivables	4,518
Cash and cash equivalents	5,455
Total assets	<hr/> 328,939
Liabilities	
Deferred rental income	(4,484)
Trade and other payables	(4,252)
Bank borrowings	(65,143)
Total liabilities	<hr/> (73,879)
TOTAL NET ASSETS	255,060
Earnings per Ordinary Share (pence)	5.5
Dividends per Ordinary Share (pence)	6.25
Profit before tax	11,207
Ongoing operating costs	3,851

3. Supplements to the summary

As a result of the publication of the Results, the summary document which forms part of the Prospectus is supplemented as follows:

B.7	Key financial information	<p>The key figures that summarise the Company's financial condition in respect of the financial year ended 31 March 2016, which have been extracted without material adjustment from the Results are set out below.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; vertical-align: bottom;"><i>31 March 2016 £000</i></th> </tr> </thead> <tbody> <tr> <td colspan="2">Assets</td> </tr> <tr> <td>Investment property</td> <td style="text-align: right;">318,966</td> </tr> <tr> <td>Trade and other receivables</td> <td style="text-align: right;">4,518</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">5,455</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;">328,939</td> </tr> <tr> <td colspan="2">Liabilities</td> </tr> <tr> <td>Deferred rental income</td> <td style="text-align: right;">(4,484)</td> </tr> <tr> <td>Trade and other payables</td> <td style="text-align: right;">(4,252)</td> </tr> <tr> <td>Bank borrowings</td> <td style="text-align: right;">(65,143)</td> </tr> <tr> <td>Total liabilities</td> <td style="text-align: right;">(73,879)</td> </tr> <tr> <td> TOTAL NET ASSETS</td> <td style="text-align: right;"> 255,060</td> </tr> </tbody> </table> <p>Save as set out below, there has been no significant change to the financial condition or operating results of the Company since 31 March 2016, being the end of the period covered by the historical financial information:</p> <ul style="list-style-type: none"> • on 2 June 2016, the Company entered into the 2016 Facility; and • the Directors expect to seek Shareholder approval at the Company's AGM on 26 July 2016 to amend the Investment Policy so as to allow the Company to purchase lot sizes with an individual property value of up to £10 million at acquisition. 		<i>31 March 2016 £000</i>	Assets		Investment property	318,966	Trade and other receivables	4,518	Cash and cash equivalents	5,455	Total assets	328,939	Liabilities		Deferred rental income	(4,484)	Trade and other payables	(4,252)	Bank borrowings	(65,143)	Total liabilities	(73,879)	 TOTAL NET ASSETS	 255,060
	<i>31 March 2016 £000</i>																									
Assets																										
Investment property	318,966																									
Trade and other receivables	4,518																									
Cash and cash equivalents	5,455																									
Total assets	328,939																									
Liabilities																										
Deferred rental income	(4,484)																									
Trade and other payables	(4,252)																									
Bank borrowings	(65,143)																									
Total liabilities	(73,879)																									
 TOTAL NET ASSETS	 255,060																									
B.10	Qualifications in the audit report on the historical financial information	Not applicable.																								
B.34	Investment objective and policy	The Directors expect to seek Shareholder approval at the Company's AGM on 26 July 2016 to amend the Investment Policy so as to allow the Company to purchase lot sizes with an individual property value of up to £10 million at acquisition.																								
B.46	Net Asset Value	As at 31 March 2016, the unaudited NAV was 101.5 p per Ordinary Share.																								

4. Significant change

Save as set out below, there has been no significant change in the trading or financial position of the Company since 31 March 2016, the date to which the last audited financial information of the Company was prepared:

- 4.1 on 2 June 2016, the Company entered into the 2016 Facility as described in paragraph 5 below; and
- 4.2 the Directors expect to seek Shareholder approval, at the Company's AGM on 26 July 2016 to amend the Investment Policy, as described in paragraph 6 below.

5. 2016 Facility

- 5.1 On 2 June 2016, the Company and the "2016 Facility Finance Parties" (being Lloyds Bank Plc ("Lloyds") and Scottish Widows Limited ("SWL") as "arrangers", SWL as "original lender" and Lloyds as "agent" and "security agent") entered into the 2016 Facility pursuant to which SWL agreed to provide the Company with a term loan facility of up to £45,000,000 (which facility was drawn in full on 6 June 2016) for the purposes of refinancing the amounts due under the Lloyds Term Facility, refinancing the costs of acquisition of certain of the 2016 Facility Properties (defined at paragraph 5.4 below), to raise funds for further property purchases, the payment of fees, costs and expenses associated with the 2016 Facility and for the Company's general working capital purposes.
- 5.2 Under the terms of the 2016 Facility, the Company pays interest at the fixed rate of 2.987 per cent. per annum (payable quarterly). In addition, an arrangement fee of £307,500 was payable on 6 June 2016.
- 5.3 The Company has given standard representations, warranties and covenants to the 2016 Facility Finance Parties, and the agreement contains events of default, (which include (amongst other things) cross default provisions and would also include a solvent members' scheme of arrangement), and conditions precedent to funding which are normal for a facility of this type as well as loan-to-value, interest cover and weighted average unexpired lease length financial covenants (as referred to below). The 2016 Facility will terminate and the loan will be repayable in full on 6 June 2028. The 2016 Facility permits, subject to payment of any applicable break costs, voluntary prepayments.
- 5.4 The financial covenants contained within the 2016 Facility provide that the Company shall be in "default" if, at any time (a) the amount of the loan outstanding under the 2016 Facility exceeds 45 per cent. of the "market value" (determined in accordance with and by reference to the valuation most recently supplied to the 2016 Facility Finance Parties) of the properties of the Company charged in favour of the 2016 Facility Finance Parties under the 2016 Facility (the "2016 Facility Properties"), (b) the aggregate amount of all of the Company's financial indebtedness exceeds 35 per cent of the "market value" of all properties owned by the Company, (c) the passing rental income (as defined in the 2016 Facility) received by the Company in respect of the 2016 Facility Properties in each quarter is less than 250 per cent. of the aggregate amount of finance costs (being interest and other periodic fees) payable by the Company under the 2016 Facility in respect of that quarter and/or (d) commencing from the 8th anniversary of the date of first utilisation, the weighted average lengths of the unexpired term of all occupational leases to which the 2016 Facility Properties are subject is less than 60 months. The 2016 Facility also contains standard cross default provisions meaning that a breach of the terms of the RCF or the Scottish Widows Term Facility would also constitute a default for the purposes of the 2016 Facility (and vice versa).
- 5.5 References in the Prospectus to "Facilities Agreements" should be read as references to the 2016 Facility, the Scottish Widows Term Facility and the RCF.

6. Amendment to Investment Policy

The Company has historically targeted lot sizes with an individual property value of less than £7.5 million, as detailed in the Investment Policy. However, the Directors believe, based on market trends, that the threshold for smaller lot sizes has increased to £10 million. Accordingly, the Directors will be recommending to Shareholders that the Investment Policy be amended to allow the Company to acquire properties with an individual property value of up to £10 million at the time of acquisition.

7. Withdrawal rights

In accordance with section 87Q(4) of the FSMA, investors who have agreed before this document is published to purchase or subscribe for Ordinary Shares, the allotment of which has not become fully unconditional, have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this document was published, to withdraw their agreement.

8. Responsibility

The Company, whose registered office appears below, and the Directors, whose names appears below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the

case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

9. Incorporation by reference

Any information or other documents incorporated by reference in the Results, either expressly or implicitly, is not incorporated by reference in and does not form part of this document except where such information or other documents are specifically incorporated by reference into this document.

10. Documents available for inspection

Copies of the Prospectus, this document and the Results may be inspected free of charge at the offices of Numis Securities Limited at the London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT during normal business hours on any weekday from the date of this document and while the Prospectus remains valid.

Copies of this document will be available for inspection at The National Storage Mechanism which is located at www.morningstar.co.uk.uk/NSM and for as long as Ordinary Shares are available for issue under the Prospectus. This document will also be available on the Company's website, www.custodianreit.com.

11. Definitions

Terms used in this document shall, unless the context otherwise requires, bear the meaning given to them in the Prospectus. To the extent that there is any inconsistency between any statement in or incorporated by reference in this document prospectus and any other statement in or incorporated by reference in the Prospectus, the statements in or incorporated by reference in this document will prevail.

13 June 2016