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THIS IS AN ANNOUNCEMENT FALLING UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE AND THERE CAN BE NO CERTAINTY THAT ANY FIRM OFFER WILL BE MADE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

For immediate release

4 August 2021

Custodian REIT plc

("Custodian REIT")

Possible offer for DRUM Income Plus REIT plc

Custodian REIT (LSE: CREI), the UK property investment company, notes the announcement made today by DRUM Income Plus REIT plc ("DRIP") regarding a possible securities exchange offer by Custodian REIT for the entire issued share capital of DRIP, which is repeated below:

Drum Income Plus REIT plc ("DRIP" or the "Company")

Possible Offer for the Company

The Board of DRIP announces it is in discussions regarding a possible securities exchange offer by Custodian REIT plc ("Custodian") for the entire issued and to be issued share capital of the Company (the "Possible Offer"). There can be no certainty that any firm offer will be made.

The Possible Offer under consideration and evaluation by Custodian is a securities exchange offer at a ratio of 0.535 Custodian ordinary shares for each DRIP ordinary share (the "Exchange Ratio") (subject to the reservations set out below). The Exchange Ratio would give an implied value for the entire issued and to be issued share capital of DRIP of approximately £21.6 million (based on a closing price of 105.80 pence per Custodian share on 3 August 2021, being the latest practicable date prior to this announcement).

At the value implied by the Exchange Ratio, the Possible Offer represents a premium of approximately:

- 8.8 per cent. to the bid market closing price of 52.00 pence per DRIP share on 3 August 2021; and,
- 11.2 per cent. to the volume weighted average price for DRIP shares of 50.85 pence over the 12 month period ended on and including 3 August 2021.

Custodian will adjust the Exchange Ratio in the event that: (a) either Custodian or DRIP announces, declares, makes or pays any one or more dividends or other distributions on or after the date of this Announcement and prior to completion of the Possible Offer (save in relation to the making or payment of any dividend or distribution that was announced or declared prior to the date of this Announcement) that is in aggregate in excess of 1.25 pence per Custodian share or 0.75 pence per DRIP share respectively (the amount of such excess in each case being the "Excess"), in which event the adjustment to the Exchange Ratio shall be to take account of the Excess; and/or (b) at the time of completion of the Possible Offer, either Custodian or DRIP has announced, declared, made or paid its regular quarterly dividend of 1.25 pence per Custodian share and 0.75 pence per DRIP share as applicable, but the other has not announced, declared, made or paid such dividend

(a "Dividend Discrepancy"), in which case the adjustment to the Exchange Ratio shall be to take account of the Dividend Discrepancy.

The Board of DRIP has confirmed to Custodian that the Possible Offer is at a value the Board of DRIP would be minded to recommend, should a firm intention to make an offer pursuant to Rule 2.7 of the Code be announced on the terms contained in the Possible Offer, and has therefore agreed that Custodian should be provided with access to due diligence materials.

Custodian has received an irrevocable undertaking from DRIP's largest shareholder, Seven Investment Management LLP ("**7IM**") to support the Possible Offer, should a formal offer be made. The irrevocable undertaking is in respect of 26,266,690 ordinary shares, representing approximately 68.76 per cent. of DRIP's issued ordinary share capital, in respect of which 7IM has investment management discretion and can procure the exercise of the voting rights attaching to such shares in favour of a scheme or to accept an offer. Further details regarding the irrevocable undertaking are set out in the Appendix.

Custodian believes that on successful completion of the Possible Offer, if made, DRIP shareholders would benefit from, inter alia, gaining exposure to a larger portfolio with more diversity by sector and geography with a property strategy consistent with that of DRIP, and a holding in a significantly larger company offering accessible liquidity and lower ongoing charges as a percentage of net asset value. In addition, DRIP shareholders would hold shares in a company that has predominantly traded on a premium to net asset value since IPO and has managed to grow through the issuance of new shares, whilst current Custodian shareholders would benefit from exposure to DRIP's portfolio with low purchaser's costs.

In accordance with Rule 2.6(a) of the Code, Custodian is required, by not later than 5.00 pm on 1 September 2021, either to announce a firm intention to make an offer for the Company in accordance with Rule 2.7 of the Code or to announce that it does not intend to make an offer for the Company, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline can be extended only with the consent of the Panel on Takeovers and Mergers ("Takeover Panel") in accordance with Rule 2.6(c) of the Code.

As a consequence of this announcement, an offer period has now commenced in respect of DRIP in accordance with the rules of the Code and the attention of shareholders is drawn to the disclosure requirements of Rule 8 of the Code, which are summarised below.

This announcement has been made with the consent of Custodian and 7IM.

For the purposes of Rule 2.5(a) of the Code, Custodian has reserved the right to make an offer on less favourable terms than those set out in this announcement:

- a) with the agreement or recommendation of the Board of DRIP; and/or
- b) if a third party announces a possible or firm intention to make an offer for DRIP on terms less favourable than the value implied by the Exchange Ratio; and/or
- c) following an announcement by DRIP of a whitewash transaction pursuant to the Code.

A further announcement regarding the Possible Offer will be made in due course as appropriate.

Enquires:

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No.596/2014 as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

Disclaimer

Dickson Minto W.S., which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for DRIP and for no one else in connection with the Possible Offer and will not be responsible to anyone other than DRIP for providing the protections afforded to its clients or for providing advice in connection with the Possible Offer referred to in this announcement.

Numis Securities Ltd, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Custodian and for no one else in connection with the Possible Offer and will not be responsible to anyone other than Custodian for providing the protections afforded to its clients or for providing advice in connection with the Possible Offer referred to in this announcement.

The release, publication or distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by laws of the relevant jurisdictions and therefore persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction.

This announcement is for information purposes only, and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Rule 2.9 disclosure

In accordance with Rule 2.9 of the Code, DRIP confirms that as at the close of business on 3 August 2021 its issued share capital consisted of 38,201,990 ordinary shares of 10 pence each (excluding shares held in treasury). The International Securities Identification Number for DRIP's ordinary shares is GB00BW4NWS02.

LEI number DRIP's LEI number is 213800FG3PJGQ3KQH756.

In accordance with Rule 2.9 of the Code, Custodian confirms that as at the close of business on 3 August 2021 its issued share capital consisted of 420,603,344 ordinary shares of one pence each (excluding shares held in treasury). The International Securities Identification Number for Custodian's ordinary shares is GB00BJFLFT45.

LEI number Custodian's LEI number is 2138001BOD1J5XK1CX76.

Publication of this announcement

A copy of this announcement will be made available subject to certain restrictions relating to persons resident in restricted jurisdictions on the Company's website no later than 12 noon on 4 August 2021 (www.dripreit.co.uk).

The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

Appendix

The irrevocable undertaking received by Custodian from 7IM is in respect of 26,266,690 DRIP shares, representing approximately 68.76 per cent. of DRIP's entire issued share capital, in respect of which 7IM has investment management discretion and can procure the exercise of the voting rights attaching to such shares in favour of a scheme or to accept an offer. The irrevocable undertaking will lapse and cease to have any effect if (a) the terms on which the Offer is made are less favourable than those set out in this announcement, save where the terms of the Offer are adjusted solely to take account of an Excess or Dividend Discrepancy; (b) Custodian has not released a binding offer announcement under Rule 2.7 of the Code for DRIP by 5.00 p.m. on 20 September 2021; (c) the offer or scheme document is not posted within 28 days of the release of the Rule 2.7 announcement; (d) the Court convened shareholder meeting of the shareholders of DRIP in respect of the offer (if the offer is undertaken by way of scheme of arrangement) is not scheduled to take place within 28 days of the date of the scheme document; (e) the offer is withdrawn or does not become unconditional or effective by 31 December 2021 (or a date no more than two months later if required to satisfy outstanding regulatory clearances); or (f) 7IM is required to withdraw any of the undertakings given in the irrevocable undertaking by any court of competent jurisdiction or a competent regulator.