

## Who we are

Ediston Property Investment Company is a UK-listed Real Estate Investment Trust (REIT) investing in commercial property throughout the UK. It has a strong track record of, and continued focus on, improving value through intensive and entrepreneurial asset management.

Our approach is to add value at all stages of the investment process through the expertise and skill-set of the team at our investment manager, Ediston Real Estate. We invest in the main UK commercial property sectors but without regard to a traditional property market relative-return benchmark.

## What we do

Our objective is to deliver to our shareholders an attractive level of income, coupled with the prospect of income and capital growth.

We target a portfolio internal rate of return (IRR) of 10.0% per annum and look to invest in assets which have a net yield in excess of 6.5% over the hold period, but lower yielding assets can be acquired if there are portfolio benefits.

This financial promotion has been approved by Ediston Investment Services Limited ("EISL") for the purposes of section 21 of the Financial Services and Markets Act 2000 ("FSMA 2000"). EISL is authorised and regulated by the Financial Conduct Authority.

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# Delivering on our promises

Since Ediston-REIT launched in October 2014, we have delivered on our promises and have built a credible track record:

- Secured and invested £133m of equity
- Constructed a quality portfolio of 12 assets across the UK

- Sold assets to take profit at the appropriate time (e.g. Cutlers Gate Sheffield, which delivered a 14.0% per annum IRR)
- Fully covered annual dividend of 5.5 pence per share, paid monthly
- In the absence of any unforeseen circumstances, the dividend will increase by 4.5% to 5.75 pence per share in January 2018

## Performance since launch

Property income return*	Portfolio IRR*	EPRA NAV total return*
<b>17.0%</b>	<b>9.9% p.a.</b>	<b>31.2%</b>

\* Since launch in October 2014 to 30 September 2017.

## Proposed fundraising

Ediston-REIT is currently raising capital to purchase a portfolio of four retail park assets valued at £144m.

Close of intermediaries offer – 6 December 2017

Admission and dealing in new shares – 8 December 2017

## The acquisition:

- Provides sustainable and credible growth for the Company
- Gives access to an asset class with capital and income growth potential
- NOT a blind pool – income producing immediately
- Efficient transaction – no Stamp Duty Land Tax payable
- The vendor is investing in the Company as part payment for the assets
- Diversifies tenant base and reduces exposure to individual tenants
- Shares to be issued at 111.75 pence per share
- A ring-fenced allocation of at least 15 million shares in the intermediaries offer

## Why retail parks and why now?

Our Investment Manager is an experienced investor in and developer of retail parks across the UK. It believes it is the right time to invest in the sector for the following reasons:

- Low vacancy rate (currently 5.1% v. 10.0% in 2013)
- Good prospects for rental growth and yield compression
- Opportunities for 'hands-on' asset management to improve income and capital value
- Pipeline of new development limited by planning authorities looking to protect town centres by restricting new retail park development
- Retailers perform well on retail parks due to lower operational costs, rates and management costs

The sector is defensible against the internet:

- Retail parks offer a flexible sales platform which support retailers' online offerings via:
  - Click and collect
  - Last mile delivery
  - Storage & distribution
- This is in addition to regular 'walk in' sales
- Despite the popularity of the internet, 81.6% of sales are forecast to be instore in 2022
- Bricks and mortar still has a huge part to play in the UK retail park market

We believe that well-located, prominent retail parks offer a good value opportunity when compared to other sectors of the property market, such as industrial and logistics assets, where yields have been reduced as a result of stiff pricing competition.

There is currently an opportunity to acquire retail warehouse parks at yields which look attractive relative to other parts of the property market.

The sector offers assets with a good income stream, which can be improved through active management. Further, as a result of increasing demand for the sector it is anticipated that retail warehouse park yields could reduce, increasing capital values.

## Portfolio at a glance

-  Office
-  Retail Parks
-  Leisure
-  New Assets



### Before acquisitions\*

as at 31 October 2017

#### Portfolio value

**£173.59m**

#### Number of tenants

**37**

#### Contracted annual rent

**£12.12m**

#### Weighted average unexpired lease term

**6.19 years**

### After acquisitions

#### Combined portfolio value

**£317.59m**

#### Number of tenants

**62**

#### Net annual rent

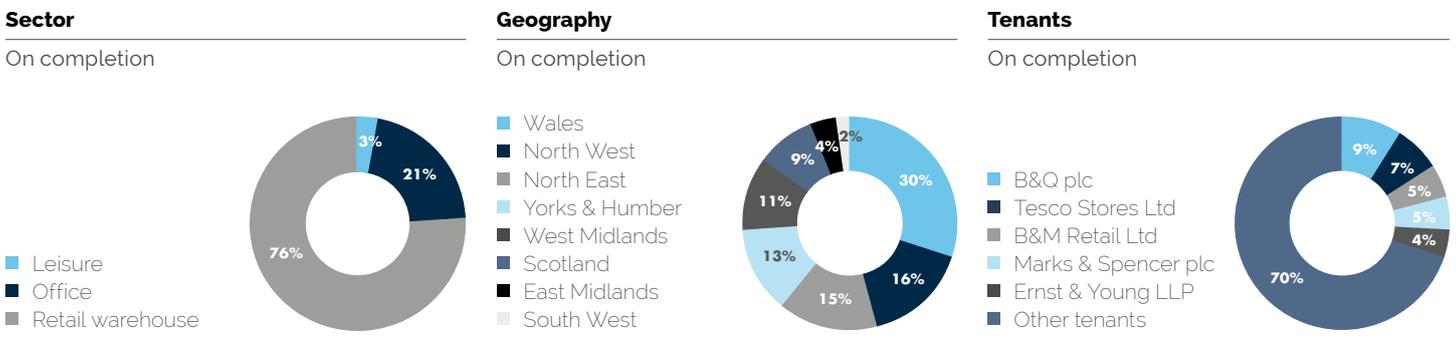
**£19.73m**

#### Weighted average unexpired lease term

**6.78 years**

\* Source: Ediston Properties Limited.

## The combined portfolio



All data as at 31 October 2017. Source: Ediston Properties Limited.

### Combined asset value

**£144m, 6.02% net initial yield**

### New assets



Widnes, Widnes Shopping Park Value

**£46m**



Prestatyn, Prestatyn Shopping Park Value

**£57.5m**



Hull, Kingston Retail Park Value

**£29m**



Barnsley, Wombwell Lane Retail Park Value

**£11.5m**

## Key financial facts

### EPRA NAV total return\*

**31.2%**

\* Since launch in October 2014 to 30 September 2017.

### Property income return\*

**17.0%**

\* Since launch in October 2014 to 30 September 2017.

### EPRA NAV per share\*

**111.32p**

\* As at 30 September 2017.

### EPRA NAV per share increase\*

**15.8%**

\* Since launch in October 2014.

### Current annual dividend

(paid monthly and fully covered)

**5.5p per share**

### Dividend increase

**4.5% to 5.75p  
per share**

\* in January 2018, in the absence of unforeseen circumstances

Fee 0.95% of net assets up to £250m, reducing to 0.75% on net assets in excess of £250m.

Existing £56.92m debt facility from Aviva Commercial Finance Limited, expiring 2025 at an "all-in" fixed rate of 2.99%. The target loan-to-value-range is 30-35%.

The Company will enter into a new debt facility when it acquires the new assets.

## Reasons to invest

- Established Company with a track record of delivering targeted performance
- Experienced Investment Manager with an intensive and entrepreneurial approach to asset management
- Good retail park assets which offer value relative to others sectors, such as industrial and logistics
- Prospects of income and capital growth
- Good income stream

## Key risks

Detailed disclosure of risks are contained in the prospectus, in the section headed 'risk factors'. These should be carefully considered.

### INVESTMENT RISK

The value of the Company's shares and the income from them can fall as well as rise. Past performance is not a guide to future performance.

### FINANCIAL RISK

There is no guarantee that the Company will be able to refinance the new or existing bank facilities when they mature, which may adversely affect the returns to shareholders.

### PROPERTY RISK

The ability of the Company to achieve its investment objectives may be affected by competition for appropriate investment opportunities.

### CORPORATE RISK

There is no guarantee that the Company will achieve its investment objective. Meeting the objective is the target, but the existence of the objective is not an assurance or guarantee it will happen.

Performance could be adversely affected by a downturn in the property market and/or UK economy which could lead to property valuations falling and/or a reduction in revenues which could detrimentally affect the Company's ability to pay dividends or its ability to sell assets.

### TAXATION RISK

The Company operates as a UK-listed REIT and has a tax-efficient corporate structure as are result. A change in UK tax legislation or practice could affect the Company's ability to meet its investment objective and provide favourable returns to shareholders.

## What makes us different



### TARGETED INVESTMENT

We seek to identify assets which are mispriced, through a detailed analysis of risk and the property fundamentals, combined with good knowledge of the local occupational market.



### UNLOCKING VALUE

The ability to unlock value is key to delivering superior returns. We have a well-resourced investment manager, which seeks to identify value-adding opportunities for each asset.



### EXPERIENCED INVESTMENT MANAGER WITH A TRACK RECORD OF DELIVERING

Our investment manager has a wealth of experience in the real estate sector. All of the team has a strong track record of and continued focus on improving the value of our assets through intensive and entrepreneurial asset management.

We look to acquire assets which we can improve to institutional grade property. The investment policy is not rigidly benchmarked against a traditional property relative-return benchmark. We believe it is more important to create a sustainable diversified portfolio where each asset can ultimately offer strong and potentially improving cash flow.

We strive to know how the assets 'live and breathe', how they fit into the location and economic environment and what opportunities and risks exist beyond general market movements. It is then all about assessing the quality of and risks to the cash flow. In our opinion, successful property investment is about 'cash-flow first, bricks and mortar second'.

We aim to achieve our investment strategy by targeting 'core-plus' properties with a net yield, during the hold period, in excess of 6.5% and target an IRR of 10% per annum.

## The team



**Calum Bruce**  
Investment Manager,  
Ediston-REIT

Formerly of SWIP, Calum joined Ediston as a Director in 2013. Responsible for sourcing, acquiring and managing investment properties for Ediston-REIT.



**Danny O'Neill**  
CEO,  
Ediston Real Estate

Founder of Ediston and formerly Investment Director at Standard Life Investments, he has expertise in investment markets and asset management.



**Neelum Yousaf**  
Financial Controller,  
Ediston Real Estate

Joined Ediston in 2015 and has 10 years' experience. Neelum is a member of both the Institute of Chartered Accountants of Scotland and the Chartered Institute of Securities & Investments.



**Alastair Dickie**  
Development Director,  
Ediston Real Estate

Joined Ediston in 2010 having spent 10 years as a Director at McDonald Estates. Alastair has extensive experience in the retail warehouse sector and heads up Ediston's retail warehouse function.

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Copies of the prospectus are available from the Ediston website: [www.ediston-reit.com](http://www.ediston-reit.com)

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