Ediston Property Investment Company plc

NAV Update for the quarter 1 April 2016 to 30 June 2016

Ediston Property Investment Company plc (LSE: EPIC) (the "Company") announces its Net Asset Value for the quarter ended 30 June 2016.

Quarter 3 highlights

- Fair value independent valuation of the property portfolio as at 30 June 2016 of £182.3 million, a 0.70% like-for-like increase on the valuation at 31 March 2016, driven by successful asset management initiatives
- NAV per share at 30 June 2016 increased by 0.54% to 107.79 pence (31 March 2016: 107.21 pence).
- Two value-enhancing asset management initiatives completed at St Philips Point in Birmingham
- Admitted to the FTSE-All Share Index on 17 June

Net Asset Value

The Company's unaudited NAV per share as at 30 June 2016 was 107.79 pence. As at 30 June 2016, the Company owned investment properties with a fair value of £182.3 million and had cash and cash equivalent balances of approximately £10.44 million. The unaudited NAV of the Company at 30 June 2016 was £138.26 million, or 107.79 pence per share, an increase of 0.54% compared to the Company's NAV as at 31 March 2016:

	Pence Per Share	**£ million**
NAV at 31 March 2016	**107.21**	**137.52**
Valuation uplift in property portfolio	0.98	1.25
Capital expenditure in the period	(0.64)	(0.82)
Income earned for the period	2.40	3.08
Expenses for the period	(0.78)	(1.00)
Dividend paid in the period	(1.38)	(1.77)
NAV at 30 June 2016	**107.79**	**138.26**

The NAV attributable to the ordinary shares has been calculated under International Financial Reporting Standards; the EPRA NAV is not reported separately in this update as it is the same as the NAV reported for this quarter.

The NAV incorporates the independent portfolio valuation as at 30 June 2016 and income for the quarter, but does not include a provision for any accrued dividend.

EU referendum effect

In the wake of Britain's decision to leave the EU, the financial markets have experienced significant turbulence and volatility. The consensus is that Brexit will have a negative impact on the UK property sector with property valuations coming under downward pressure.

The Company's valuer, Knight Frank, has prepared its valuation in the immediate aftermath of the referendum result. Since the result was only announced on 24 June, it has not been possible for Knight Frank to gauge fully the effect of the Brexit decision by reference to transactions in the marketplace. In line with the approach adopted by other valuers, Knight Frank has therefore provided caveats to its 30 June valuation.

Any effect which Brexit might have upon UK property values could take several weeks or months to emerge, as we expect there to be a cutback in trading activity due to both the summer period and investors assessing the implications of the referendum outcome.

Impact of asset management activity

During the quarter two asset management initiatives were completed at St Philips Point in Birmingham.

US retailer David's Bridal agreed to lease 15,000 sq. ft. of retail space in the lower ground floor of the building. The destination retailer will transform the shopping mall, which was mostly vacant when the asset was acquired. David's Bridal signed a 10-year lease at a rent of £225,000 per annum. The lease is on full repairing and insuring (FRI) terms and will benefit from upwards-only rent reviews, based on annual RPI compounded and applied in year five, with an annual collar and cap of 1% and 3% respectively.

In a second deal, AXA Insurance plc, an existing tenant, restructured its existing leases on the fourth to sixth floors and expanded its operation by leasing the vacant seventh floor. AXA now occupies 27,667 sq. ft., which represents around 32% of the office accommodation. Each lease is for a term of 10 years with a five-year tenant break option. AXA is paying an annual rent of £664,008.

This activity has resulted in the property being 95% let with only 5,328 sq. ft. of office accommodation available on the eighth floor. The deals illustrate the Company's style of asset management: unlocking value from redundant space, while transforming the retail offer, and building on relationships with existing tenants.

Both deals improve the Company's income stream. The Manager continues to work on other initiatives which, it believes, will improve the quality of income in the portfolio.

Portfolio attributes

In the context of the market uncertainty, the Board believes it is helpful to shareholders to highlight some key attributes of the Company's property portfolio:

- The Company has no exposure to Central London markets, which may take the brunt of any market weakness
- The weighted average unexpired lease term of the portfolio is 8.12 years, which reduces the impact of any uncertainty in occupational markets

- 81% of the portfolio income is secured against covenants with a D&B rating of 4A1 or better, providing security of dividend
- Low EPRA vacancy rate of 4.6%
- Low gearing – the loan-to-value ratio of 28.75% provides resilience against the risk of covenant breach from significant market falls
- Further asset management angles to exploit

Portfolio Composition

Sector

Sector	Exposure
Office	57%
Retail warehouse	37%
Other commercial	6%

Geography

The portfolio is diversified across the regional markets and has no exposure to Central London assets.

Sector	Exposure
North East	12%
North West	2%
West Midlands	17%
South West	2%
Scotland	16%
South East	12%
Yorkshire	11%
East Midlands	7%
Wales	21%

Dividends

The Company paid three dividends of 0.4583 pence per share each in April, May and June 2016 in respect of the three-month period ended 31 May 2016, resulting in a cumulative dividend payment for the quarter of 1.375 pence per share. The Board intends to continue paying monthly dividends of 0.4583 pence per share, implying an annualised dividend yield of 5.5%, calculated by reference to the Company's issue price of 100p per share as set out in its October 2014 prospectus.

Growth of the Company

The Company's placing programme prospectus expired on 22 June. It was stated in the interim accounts that it was the Board's intention to issue a new prospectus to provide the flexibility to continue with the placing programme when suitable opportunities arose. As a consequence of the EU referendum result, the Board has decided to postpone the publication of the new prospectus until market conditions for raising equity are more favourable. The ability to issue up to 12.8 million shares under the Company's tap authority remains in place.

The Board remains committed to growing the Company and is alert to the possibility of an overcorrection of the market which can then be exploited for the benefit of shareholders.

Calum Bruce, Investment Manager, commented:

"The result of the EU referendum will undoubtedly lead to a period of uncertainty, which is likely to subdue UK property market activity, as investors and occupiers wait for more clarity on where the market is heading. The upcoming weeks and months will present us with challenges. However, we are well placed to deal with them and any opportunities which might arise.

"Shareholders can be reassured by the fact the property portfolio has many defensive qualities including a robust income stream. There are also a number of value accretive asset management angles to exploit."

Forthcoming events

The next scheduled independent quarterly valuation of the property portfolio will be conducted by Knight Frank as at 30 September 2016, with the NAV per share at that date expected to be announced in October 2016.

Enquiries

Will Barnett – Canaccord Genuity, 0207 523 8000

Calum Bruce – Investment Manager, Ediston Properties Limited, 0131 225 5599

Gordon Humphries – Company Secretary, R&H Fund Services Limited, 0131 550 3758

James Whitmore/ Jeremy Carey – Tavistock, 0207 920 3150