

# NAV as at 31 March 2016 and quarterly update

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## Ediston Property Investment Company plc

### NAV Update for the quarter 1 January 2016 to 31 March 2016

Ediston Property Investment Company plc (LSE: EPIC) (the "Company") announces its Net Asset Value for the quarter ended 31 March 2016.

#### Quarter 2 Highlights

- Fair Value independent valuation of the property portfolio as at 31 March 2016 of £181 million, a 0.83% like-for-like increase on the valuation at 31 December 2015 before the recent changes to Stamp Duty Land Tax (SDLT) and the new acquisition are taken into consideration.
- NAV per share at 31 March 2016 decreased by 0.66% to 107.21 pence (31 December 2015: 107.92 pence) as a result of acquisition costs and SDLT.
- One property acquired during the period for £18.95 million (net of acquisition costs).
- The debt facility from Aviva Commercial Finance was increased by £12.42 million at an all-in rate of 2.95%, fixed until May 2025. The loan-to-value ratio based on the Company's property portfolio is 28.95%.
- The Company is now fully invested with £6.0 million set aside to be used to facilitate anticipated asset management opportunities.

#### Stamp Duty Land Tax (SDLT)

In order to allow a meaningful like-for-like comparison with the previous quarter, the valuers have calculated the Fair Value of the property portfolio on the basis of the SDLT changes not being taken into account. This resulted in a positive movement of 0.83% in the independent valuation noted above.

This increase was largely offset by the increase in SDLT, announced by the Chancellor of the Exchequer in his Budget statement on 16 March. This unexpected increase in SDLT affects all properties in England, Wales and Northern Ireland and raises the top rate of tax from 4% to 5%. Property valuations have therefore been adjusted downwards to reflect the higher acquisition costs to the buyer. The Scottish assets were not affected by the change.

The knock on effect of the SDLT change on the independent valuation was to reduce the uplift in valuation to 0.12%, ignoring the new asset acquired in the period.

#### Impact of Transactional Activity

During the quarter the Company completed the acquisition of a modern office building, Citygate, in Newcastle, for £18.95 million, which reflected a net initial yield of 6.57%. The property is let to three tenants, has a weighted average unexpired lease term of six years and is well placed to benefit from the rental growth forecast to materialise in the city owing to the favourable supply-demand imbalance. Transaction costs in the period were £1.24 million, which are a deduction to the NAV. The costs related to the extension of the Aviva debt facility by £12.42 million secured at a fixed rate of 2.95% p.a. are amortised over the period of the loan.

#### Net Asset Value

The Company's unaudited NAV per share as at 31 March 2016 was 107.21 pence. As at 31 March 2016, the Company owned investment properties with a Fair Value of £181.07 million and had cash and cash equivalent balances of approximately £10.7 million. The unaudited NAV of the Company at 31 March 2016 was £137.52 million, or 107.21 pence per share, a decrease of 0.66% compared to the Company's NAV as at 31 December 2015:

	Pence Per Share	£ million
<b>NAV at 31 December 2015</b>	<b>107.92</b>	<b>138.42</b>
Transaction costs on acquisitions during the period	(0.97)	(1.24)
SDLT impact	(1.03)	(1.32)
Valuation uplift in property portfolio	1.31	1.69
Income earned for the period	2.17	2.78
Expenses for the period	(0.81)	(1.04)

Dividend paid in the period	(1.38)	(1.77)
<b>NAV at 31 March 2016</b>	<b>107.21</b>	<b>137.52</b>

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 31 March 2016, transaction costs on the acquisition in the period and income for the quarter, but does not include a provision for any accrued dividend.

#### Dividends

The Company paid three dividends of 0.4583 pence per share in January, February and March 2016 in respect of the three-month period ended 29 February 2016, resulting in a cumulative dividend payment for the quarter of 1.375 pence per share. In the absence of unforeseen circumstances, the Board intends to pay further 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.

#### Post quarter-end activity

The Company will pay a dividend of 0.4583 pence per share for the month to 31 March 2016 on 29 April 2016. This will go ex-dividend on 21 April 2016.

#### Calum Bruce, Investment Manager, commented:

"The acquisition of the prime office in Newcastle means the Company is essentially fully invested. In order to drive performance, implementing the identified asset management initiatives will be key over the coming months. A number of opportunities are being progressed and it is expected they can be completed soon.

As we enter the next phase of the cycle, in which income return will be the main component of total return, we continue to see attractive investment opportunities with deliverable asset management angles. Our 12-month placing programme, which was announced in June 2015, puts us in a position to raise further equity, subject to market conditions, to take advantage of some of these opportunities."

#### Forthcoming events

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

#### Enquiries

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