

Ready for Growth

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 goal is to provide investors with an attractive level of income through well-researched acquisitions, which offer the opportunity to improve income and add value through entrepreneurial asset management.

FOCUSSED REGIONAL APPROACH

The portfolio contains properties located throughout the regions of the UK. While the Company's investment policy does not preclude investment in London, the current low yields on offer do not sit well with our focus on income.

In constructing the portfolio we have avoided the herd mentality of many investors and selected assets we believe are right for our strategy, without being forced into stiff pricing competition. The outcome is a well located, diversified portfolio of quality assets which offer a robust income stream but with opportunities to enhance and improve it.

Fund Manager:
Ediston Investment Services Limited
Launch date: 28 October 2014
SEDOL: BNGMZB6

ediston-reit.com

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KEY FINANCIAL FACTS AT 30 SEPTEMBER 2017

Portfolio Value

£173.4m

EPRA NAV per share

111.32p

Market capitalisation

£139.5m

Share Price

106.5p

EPRA Vacancy Rate

0.7%



This quarter we completed the sale of another mature asset, disposing of our office building in Reading town centre. The asset was forecast to underperform.

Calum Bruce, Investment Manager
calum.bruce@ediston.com

Annual dividend per share

5.5p

Annualised dividend yield

5.16%

EPRA NAV total return*

9.3%

* Year to 30 September 2017

WAULT

6.28 years

Loan to Value

32.8%*

* Due to sale of the asset in Reading



PORTFOLIO

Market view

Investment and letting markets continue to shrug off the uncertainties brought about by the Brexit process and the changed political situation. Overseas investors are the largest buyers by volume with the statistics distorted by some large central London transactions.

Yields have generally remained static for the quarter. We do not see significant yield change over the remaining part of the year. However, it is likely the weight of money will push the pricing of long lease properties up further and those assets with income uncertainty will see some valuation falls. The latter assets have the greater scope for mispricing and could be attractive targets with well-founded knowledge of occupational markets, backed up by management capability. We see greatest value in the retail warehouse sector for schemes that are let on the correct rental levels.

Refreshing the portfolio

Following on from the investment activity completed in June, we have continued to refresh the portfolio through the disposal of a second office property. In August, we sold our office building in Reading for £20.5m. The asset, which extended to c.52,000 sq. ft., was forecast to underperform over the next five years and we felt the capital could be used to generate better returns by reinvesting it in other opportunities.

The asset was acquired by the Company, as part of the seed portfolio, in October 2014. On acquisition it had over 20,000 sq. ft. vacant and to let. Prior to sale, we had let 14,000 sq. ft. of this space to two new tenants, and moved the rental tone of the property from £25.00 per sq. ft. to in excess of £30.50 per sq. ft.

Proposed acquisition and fund raising

On 6 October, the Board announced that the Company is in discussions to acquire a portfolio of retail warehouse parks with an aggregate value of

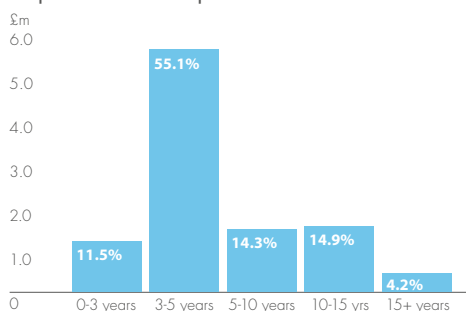
approximately £146 million. The vendor will receive a material proportion of the consideration in the form of new ordinary shares in the Company. The balance of the consideration will be funded through a combination of the Company's existing cash resources, the proceeds of an open offer to existing shareholders, a placing, and an offer of subscription, including an intermediaries' offer, of up to 100 million new ordinary shares and through debt finance. The acquisition, which has been favourably received by the major shareholders in the Company, if approved, will increase the Company's property portfolio to over £315 million.

The Company expects to make a further announcement of the progress on the transaction closer to when the formal documentation is ready for publication.

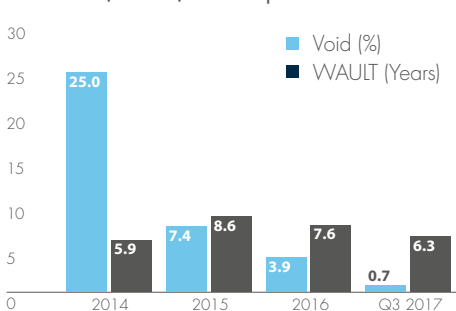
Performance

Despite the costs associated with the sale, the Company's NAV has increased by 1.03% to 111.32 pence per share, resulting in a NAV total return of 2.3% for the quarter.

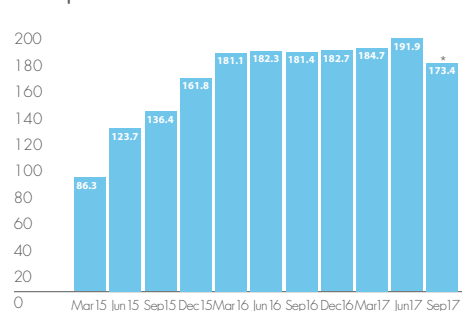
Lease expiries illustrating revenue impact on portfolio at 30 September 2017



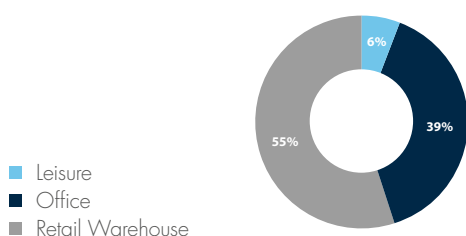
Void rate and weighted average unexpired lease term (WAULT) at 30 September 2017



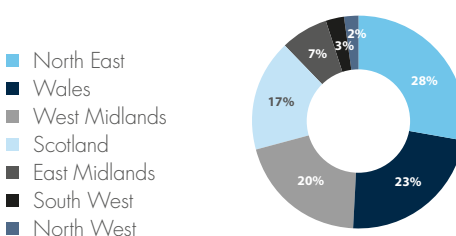
Portfolio quarterly capital value to 30 September 2017



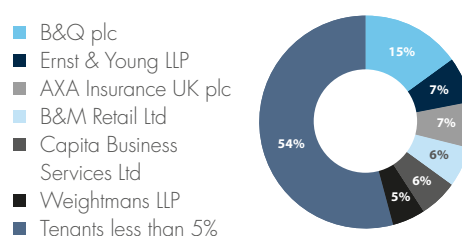
Sector exposure at 30 September 2017



Location exposure at 30 September 2017



Tenant concentration at 30 September 2017



Property portfolio as at 30 September 2017

Location	Name	Sub-sector	Market Value Range (£)	Tenure
Birmingham	St Philips Point	Office – Rest of UK	30-35m	Freehold
Newcastle	Citygate 2	Office – Rest of UK	15-20m	Leasehold
Edinburgh	145 Morrison Street	Office – Rest of UK	10-15m	Heritable
Bath	Midland Bridge House	Office – Rest of UK	5-10m	Freehold
Sunderland	Pallion Retail Park	Retail Warehouse	25-30m	Freehold
Wrexham	Plas Coch Retail Park	Retail Warehouse	20-25m	Freehold
Coatbridge	B&Q	Retail Warehouse	15-20m	Heritable
Rhyl	Clwyd Retail Park	Retail Warehouse	15-20m	Freehold
Daventry	Abbey Retail Park	Retail Warehouse	10-15m	Leasehold
Telford	Mecca Bingo	Leisure	0-5m	Freehold
Liverpool	Mecca Bingo	Leisure	0-5m	Freehold
Hartlepool	Mecca Bingo	Leisure	0-5m	Freehold

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