

Asset management activity continues despite the challenges

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. We invest in the main UK commercial property sectors but without regard to a traditional property market relative-return benchmark.

WHAT WE DO

Our investment objective is to provide shareholders with an attractive level of income together with the prospect of income and capital growth.

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.

KEY FINANCIAL FACTS AT 31 DECEMBER 2020

Portfolio value

£273m

EPRA NAV per share

84.63p

Market capitalisation

£147.9m

Share price

70.0p

EPRA vacancy rate

5.9%

Annualised dividend per share

4.00p

Annualised dividend yield

5.7%

NAV total return*

-14.1%

*12 months to 31 December 2020

WAULT

5.2 years

Gearing (debt to total assets)

37.9%

ediston-reit.com

Investment Manager: Ediston Properties Limited

Launch date: 28 October 2014

SEDOL: BNGMZB6

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RENT UPDATE

As at 25 January 2021, 96% of the rent for quarter 4 2020 has been collected. To date, no rent forgiveness has been agreed unless the Company has received some benefit in return. On a cash basis, the dividend cover for quarter 4 was 139%.

ASSET MANAGEMENT

At St Philips Point in Birmingham, we completed a lease restructure with existing tenant AXA Insurance UK plc. The previous leases each had a tenant break option in June 2021. AXA has committed to 27,990 sq. ft. of space across three floors, including a new lease on the vacant refurbished first floor which extends to 14,208 sq. ft. AXA reduced the amount of floorspace it leases by 5,005 sq. ft. and will occupy three floors instead of five. One floor has a break option in June 2022, one has a break option in December 2023, and the largest floor is leased for a term certain of five years. We worked in collaboration with the tenant to identify an occupational solution which offered flexibility to deal with the challenges posed by COVID-19. This transaction secures £687,696 of rental income per annum.

At Pallion Retail Park in Sunderland, B&M has upsized from a unit of 20,000 sq. ft. into a vacant unit of 30,000 sq. ft. B&M will pay an annual rent of £400,000 and the lease will expire in 2032. This is the third time we have been able to accommodate B&M's expansion on our retail parks having completed similar deals at Barnsley and Hull in previous years.

We completed two pre-let developments during the quarter, at Coatbridge and Barnsley, which secured £232,500 of income per annum. Our development at Haddington Retail Park is progressing well. It remains on time and on budget and is expected to complete in June 2021.

DIVIDENDS

The Company continues to pay a monthly dividend at a rate of 0.3333 pence per share, equating to an annualised dividend of 4.00 pence per share. The dividend was fully covered.

The Board is looking for an opportunity to start the process of building the dividend back up again as soon as it is prudent to do so, and with regard to the REIT distribution requirements.

PERFORMANCE

As at the 31 December, the Fair Value independent valuation of the property portfolio was £273 million, a like-for-like decrease of 1.6% on the 30 September 2020 valuation. This takes into account the capital expenditure on the development project at Haddington.

OUTLOOK

Despite the lockdown restrictions, rent collection held up as out of town retailers were better prepared than they were for previous lockdowns and many stayed open for trade. Several retailers who were not classed as 'essential' by the Government offered click and collect, appointment only or delivery services to enable sales to be fulfilled.

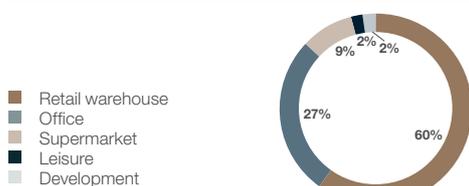
Despite the local lockdown restrictions in place during November, 90% (by income) of the Company's retail warehouse portfolio was either open for trade or was offering a click and collect service.

As at 25 January, in the midst of another national lockdown, 73% (by income) of the retail warehouse portfolio is either open or offering a click and collect service. This compares favourably to the first lockdown in 2020 when 56% of the Company's income was from tenants who were allowed to open for trade.

The immediate focus remains on managing the income through the current lockdown, from all parts of the portfolio, and to ensure the current dividend remains fully covered. We will continue with our hands-on approach to rent collection and arrears recovery, which delivered good levels of rent collection during 2020.

However, this focus will not be to the detriment of active asset management and the long-term strategy of the Company. We continue to look for ways to improve the portfolio from both a capital and income perspective.

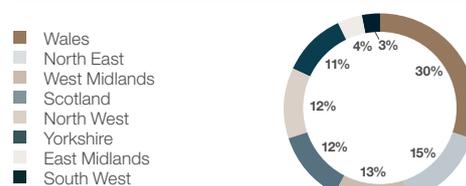
Sector exposure at 31 December 2020



Tenant exposure at 31 December 2020



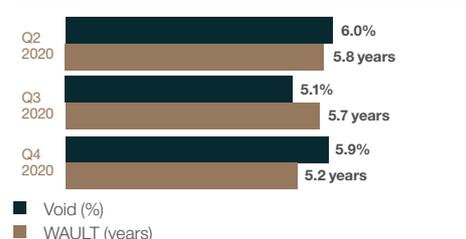
Location exposure at 31 December 2020



PROPERTY PORTFOLIO AS AT 31 DECEMBER 2020

Location	Name	Sub-sector	Market Value Range (£)	Tenure
Birmingham	St Philips Point	Office – Rest of UK	30-35m	Freehold
Newcastle	Citygate II	Office – Rest of UK	20-25m	Leasehold
Edinburgh	145 Morrison Street	Office – Rest of UK	10-15m	Heritable
Bath	Midland Bridge House	Office – Rest of UK	5-10m	Freehold
Prestatyn	Prestatyn Shopping Park	Retail Warehouse (48%) Supermarket (52%)	50m+	Freehold
Widnes	Widnes Shopping Park	Retail Warehouse	30-35m	Leasehold
Hull	Kingston Retail Park	Retail Warehouse	20-25m	Freehold
Sunderland	Pallion Retail Park	Retail Warehouse	15-20m	Freehold
Wrexham	Plas Coch Retail Park	Retail Warehouse	15-20m	Freehold
Coatbridge	B&Q	Retail Warehouse	15-20m	Heritable
Rhyl	Clwyd Retail Park	Retail Warehouse	10-15m	Freehold
Barnsley	Barnsley East Retail Park	Retail Warehouse	5-10m	Freehold
Daventry	Abbey Retail Park	Retail Warehouse	10-15m	Leasehold
Telford	Mecca Bingo	Leisure	0-5m	Freehold
Hartlepool	Mecca Bingo	Leisure	0-5m	Freehold
Haddington	Site	Development (pre-let)	5-10m	Heritable

EPRA vacancy rate and weighted average unexpired lease term (WAULT)



Lease expiries illustrating revenue impact on portfolio at 31 December 2020

