

Progress with rent collection and asset management

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 30 JUNE 2020

Portfolio value

£281.1m

EPRA NAV per share

90.24p

Market capitalisation

£114.1m

Share price

54.0p

EPRA vacancy rate

6.00%

Annualised dividend per share

4.00p

Annualised dividend yield

7.4%

NAV total return*

-15.3%

*12 months to 30 June 2020

WAULT

5.8 years

Gearing (debt to total assets)

36.5%

ediston-reit.com

Investment Manager: Ediston Properties Limited

Launch date: 28 October 2014

SEDOL: BNGMZB6

0131 225 5599 | info@ediston.com

Ediston, 1 St Andrew Square, Edinburgh EH2 2BD

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RENT COLLECTION

The rent collection figure is ahead of projections made earlier in the quarter. While rent collection has been affected by the COVID-19 emergency, as at 21 July 79% of the rent for Q2 2020 has been collected, including 100% of the rent due from the office tenants. A further 7% has been deferred and will be paid by tenants in instalments.

As at 21 July, 78% of the rent for Q3 2020 which was due by 1 July has been collected. This is a higher collection rate than for the same data point in the previous quarter. Several tenants now pay their rent monthly and are not required to make further payments until 1 August and 1 September.

If tenants who paid monthly for July continue to make payments for August and September, and if deferred rent is paid, it is anticipated that 88% of the rent due for Q3 will be collected. To date, no rent forgiveness has been agreed unless the Company has received some benefit in return.

During the period we have been negatively affected by one CVA and two administrations. The expected loss in rent from these equates to 3.6% of the contracted rent roll. These tenants did not pay rent in the March quarter and it was assumed that they would not pay in the June quarter, therefore the rent collection projections are not affected by these events.

ASSET MANAGEMENT

At Widnes Shopping Park we have completed three lease renewals. Boots, Next and River Island have extended their occupation on the park by signing new five-year leases. These transactions secure £392,130 of income per annum and ensure that 25,459 sq. ft. of space remains let. The rental achieved is in line with the independent valuer's estimated rental values.

Also at Widnes, we are progressing works to split the former Arcadia unit in two having signed an Agreement for Lease (AFL) with JD Sports, who will lease a unit of 6,792 sq. ft. Works are on schedule and practical completion is anticipated by the end of July, after which the lease to JD Sports will complete.

We are back on site at Coatbridge progressing the pod development. The units have been pre-let to Costa Coffee and Burger King and on completion will provide a combined rental income of £160,000 per annum.

At Barnsley East Retail Park, Barnsley, we started construction work on a drive-thru unit for Costa Coffee. Costa has signed an AFL for a 1,800 sq. ft. unit and on completion of the construction works will enter into a 15-year lease (no break). Costa will pay a rent of £72,500 per annum.

DIVIDENDS

From May, the dividend was reduced by 30.4% to an annualised level of 4.00 pence per share. This adjustment was made to reflect the reduced rent collection as a result of the COVID-19 crisis. We will do what we can to continue to pay the shareholders monthly dividends from the income we are able to collect, having ensured the Company can meet its other financial commitments over the medium term.

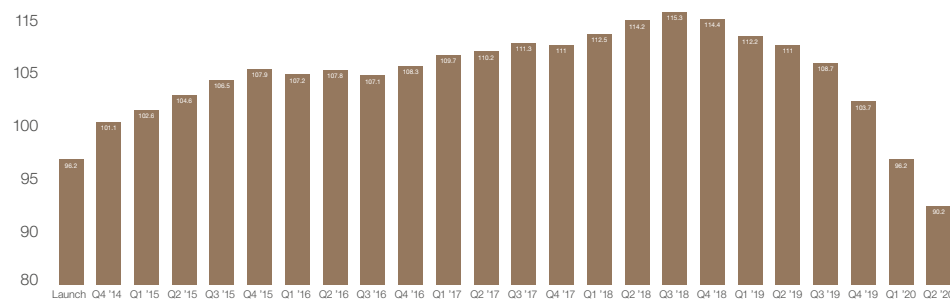
PERFORMANCE

As at the 30 June, the Fair Value independent valuation of the property portfolio was £281.1 million, a like-for-like decrease of 4.3% on the 31 March 2020 valuation. As a result of the COVID-19 emergency, the valuer retained a Material Uncertainty Clause in its valuation. In the same period, the NAV per share decreased by 6.2% to 90.24 pence.

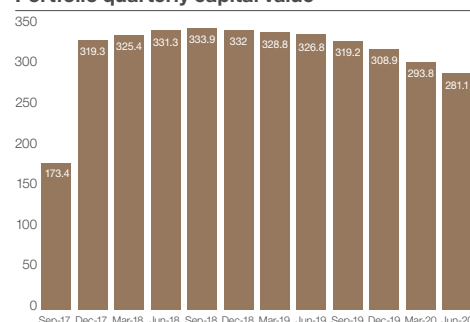
OUTLOOK

Protecting and growing income remains a top priority. Active asset management is also key to this and we are well placed to capitalise on opportunities which are identified given our track record of delivering asset management. Of course, COVID-19 has changed the perspective and our effort is focussed on being on the front foot to move quickly and make things happen, rather than wait for the recovery to occur.

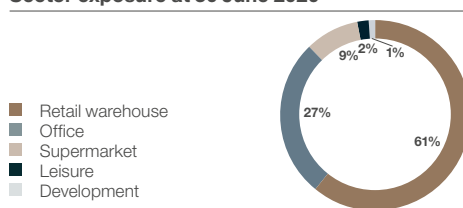
NAV



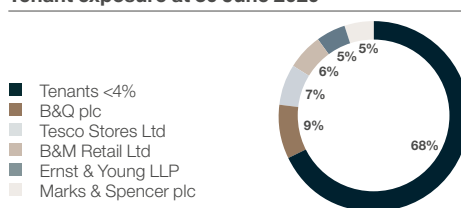
Portfolio quarterly capital value



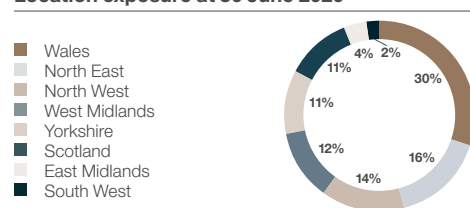
Sector exposure at 30 June 2020



Tenant exposure at 30 June 2020



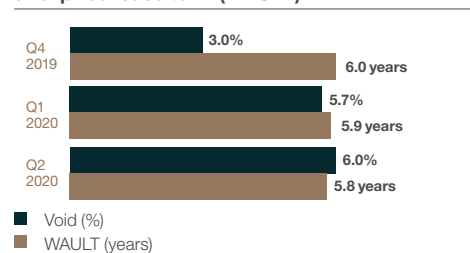
Location exposure at 30 June 2020



PROPERTY PORTFOLIO AS AT 30 JUNE 2020

| Location | Name | Sub-sector | Market Value Range (£) | Tenure |
|-------------------|---------------------------|---|------------------------|-----------|
| Birmingham | St Philips Point | Office – Rest of UK | 35-40m | 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 (49%) Supermarket (51%) | 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 | 20-25m | 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) | 0-5m | Heritable |

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



Lease expiries illustrating revenue impact on portfolio at 30 June 2020

