

Delivering asset management throughout the pandemic

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 SEPTEMBER 2020

Portfolio value

£273m

EPRA NAV per share

86.01p

Market capitalisation

£107.6m

Share price

50.9p

EPRA vacancy rate

5.1%

Annualised dividend per share

4.00p

Annualised dividend yield

7.9%

NAV total return*

-16.6%

*12 months to 30 September 2020

WAULT

5.7 years

Gearing (debt to total assets)

37.6%

ediston-reit.com

Investment Manager: Ediston Properties Limited

Launch date: 28 October 2014

SEDOL: BNGMZB6

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RENT UPDATE

As at 20 October, 91% of the rent for the quarter ended 30 September (quarter 3) has been collected. At the same date, 88% of the rent due by 1 October (quarter 4), has been collected. This compares to 69% collected at the same point in quarter 2 and 74% in quarter 3. If the tenants who paid their rent monthly in October continue to do so for November and December, it is projected that 93% of the rent due for quarter 4 will be collected.

During the period we have been negatively affected by one CVA. The expected loss in rent from this equates to 0.96% of the contracted rent roll.

ASSET MANAGEMENT

We have completed five lease transactions which will secure £495,500 of income per annum. At Widnes shopping park, Costa Coffee extended its occupation on the park by signing a new five-year lease to expire in 2025, and KFC signed a five-year lease extension, committing to the park until 2032. The works to split the former Arcadia unit finished ahead of schedule enabling the 10-year lease (five-year break option) to JD Sports, on a newly created unit of 6,792 sq. ft., to complete.

At Kingston Retail Park in Hull, Costa Coffee signed a five-year lease extension meaning its lease will now expire in 2025. In addition, an Agreement for Lease (AFL) has been signed with Jack's, Tesco's value food fascia. It will enter into a 10-year lease with a five-year break option on the 15,000 sq. ft. unit which was vacated by Mothercare earlier this year. The AFL is conditional on Jack's obtaining a liquor licence and planning consent for minor works to the unit. The rental values achieved are in line with the independent valuer's estimated rental values.

Post period end the Company finished its developments at Coatbridge and Barnsley. At Coatbridge the leases to Costa Coffee (15 years with a 10-year break option) and Burger King (20 years with a 15-year break option) have completed, and at Barnsley the lease to Costa Coffee (15 years, no break option) has also completed. This secures £232,500 of new income per annum for the Company. All the tenants are currently on site fitting out the units.

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 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, ensuring that it meets the REIT distribution requirements.

PERFORMANCE

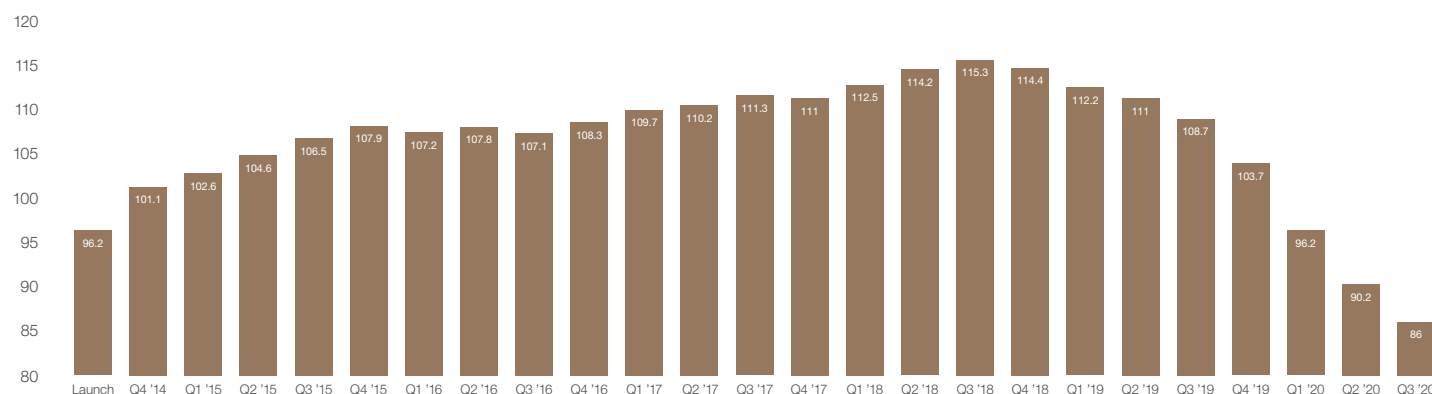
As at the 30 September, the Fair Value independent valuation of the property portfolio was £273 million, a like-for-like decrease of 2.9% on the 30 June 2020 valuation. The Material Uncertainty Clause has been removed. In the same period, the NAV per share decreased by 4.7% to 86.01 pence.

OUTLOOK

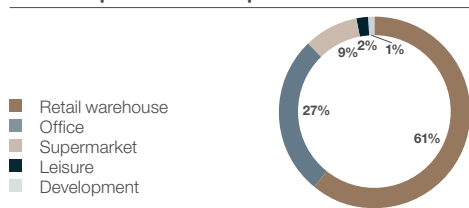
The uncertainties arising from the pandemic are going to be present for the foreseeable future. The short-term focus will remain on income, not just in terms of rent collection which has improved quarter on quarter, but also through active asset management to retain existing occupiers and attract new ones.

However, the acceleration in the rate of change in real estate markets is creating opportunity and perhaps none more than in the retail warehouse sector where the resilience of income appears mispriced. We are looking at ways in which the Company can benefit from this opportunity.

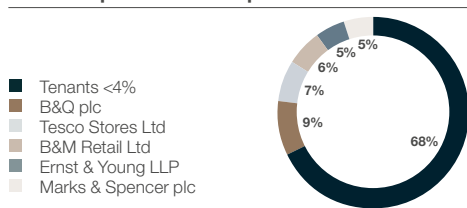
NAV



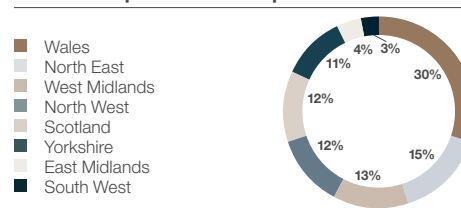
Sector exposure at 30 September 2020



Tenant exposure at 30 September 2020



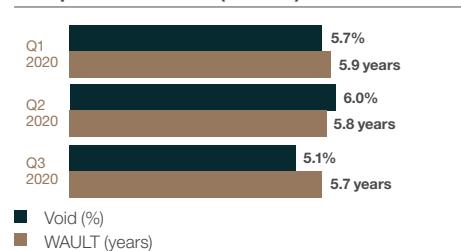
Location exposure at 30 September 2020



PROPERTY PORTFOLIO AS AT 30 SEPTEMBER 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)	0-5m	Heritable

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



Lease expiries illustrating revenue impact on portfolio at 30 September 2020

