

Navigating a path through the crisis

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 MARCH 2020

Portfolio value

£293.8m

EPRA NAV per share

96.23p

Market capitalisation

£96.6m

Share price

45.7p

EPRA vacancy rate

5.7%

Annualised dividend per share

5.75p

Annualised dividend yield

12.6%

NAV total return*

-10.6%

*12 months to 31 March 2020

WAULT

5.9 years

Gearing (debt to total assets)

34.9%

ediston-reit.com

Investment Manager: Ediston Properties Limited

Launch date: 28 October 2014

SEDOL: BNGMZB6

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SUMMARY

Market conditions have changed significantly over the quarter from a market which was buoyed by a decisive general election result in December to one which has been locked down as a result of the COVID-19 emergency. We are in uncharted waters with social, economic and financial consequences that are impossible to predict as no-one can be clear of what lies ahead after the events of these last few weeks. The real estate market will have to deal with some extremely testing issues over the next two quarters and beyond, including more difficulty in collecting rent, potential tenant failures and a transactional market that will struggle with price discovery to provide valuation data points. That said, we continue to manage our portfolio for the benefit of all stakeholders and have been progressing with our asset management initiatives.

ASSET MANAGEMENT

In January, we started construction of our pod development at Coatbridge. The two units, which extend to a total of 4,550 sq. ft., have been let to Costa Coffee and Burger King. Costa has signed a 15-year lease with a 10-year break option, whilst Burger King has signed a 20-year lease with a 15-year break option. On completion, which is anticipated in Q3, the units will provide a combined annual rental income of £160,000.

Post period end, at Barnsley East Retail Park, Barnsley, we received planning consent for a Costa Coffee drive-thru unit. Costa has signed an agreement for lease for a 1,800 sq. ft. unit. On completion it will enter a 15-year lease (no break) and will pay a rent of £72,500 per annum. Finally, at Widnes Shopping Park, Next has extended its occupation on the park by signing a new five-year lease on a unit extending to 10,009 sq. ft.

DIVIDENDS

The Board will do what it can to continue to pay the Company's shareholders monthly dividends from the income it is able to collect, having ensured that the Company can meet its other financial commitments over the medium term. However, there can be no guarantee that the current dividend level can be maintained if cash collection at current levels does not improve or indeed deteriorates.

PERFORMANCE

As at the 31 March, the Fair Value independent valuation of the property portfolio was £293.8 million, a like-for-like decrease of 4.9% on the 31 December 2019 valuation. As a result of the COVID-19 emergency, the Company's valuer has included a Material Uncertainty Clause in its valuation. This states that at the valuation date the valuer believes it can attach less weight to previous market evidence for comparison purposes, to inform its opinion of value. In the same period, the NAV per share decreased by 7.2% to 96.23 pence.

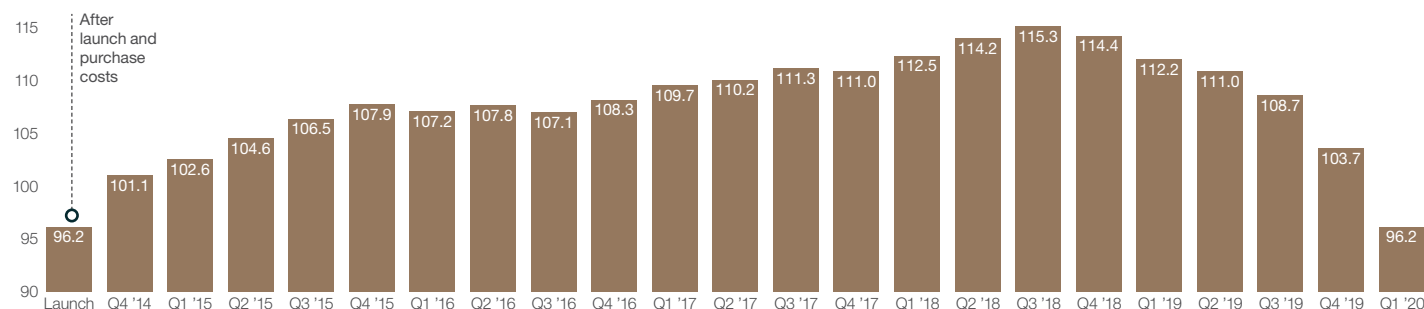
OUTLOOK

The immediate focus is on rent collection and the protection of our income stream. This requires a detailed understanding of each asset and a pro-active approach to asset management. This will ensure that any challenges are dealt with efficiently and any value-add opportunities are identified within the portfolio, which can then be unlocked in the future.

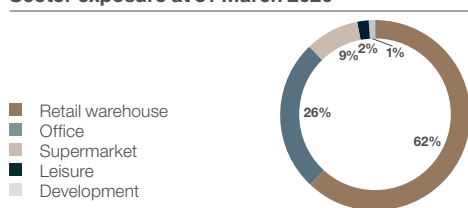
It is our belief that our convenience led retail warehouse assets, which constitute 61.6% of the portfolio, will prove to be more resilient than other parts of the retail market. It is our view that once lockdown restrictions are lifted, but social distancing continues, the attributes of out-of-town retail parks will appeal to customers. Their accessibility, ample car parking provision, the space they provide for queuing (and avoiding contact with other shoppers) plus the fact that they are open-air, in our opinion makes them the logical choice to be reopened first.

In these difficult times we will continue to intensively manage our assets, to identify and execute initiatives which will support both the income and capital value of our property portfolio. We have a strong team, plus the time, resource and expertise to do this and are confident of navigating a successful path through the crisis.

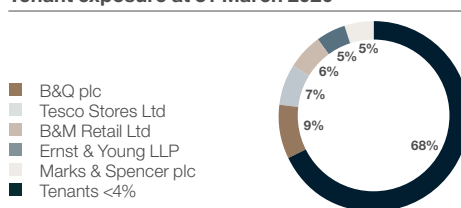
NAV progression



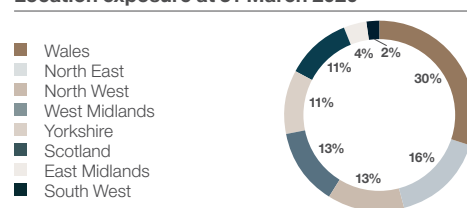
Sector exposure at 31 March 2020



Tenant exposure at 31 March 2020



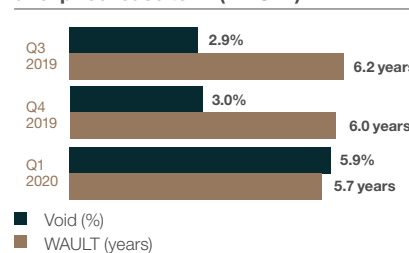
Location exposure at 31 March 2020



PROPERTY PORTFOLIO AS AT 31 MARCH 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 (50%) Supermarket (50%)	50m+	Freehold
Widnes	Widnes Shopping Park	Retail Warehouse	35-40m	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	20-25m	Freehold
Coatbridge	B&Q	Retail Warehouse	15-20m	Heritable
Rhyl	Clwyd Retail Park	Retail Warehouse	15-20m	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 unexpired lease term (WAULT)



Lease expiries illustrating revenue impact on portfolio at 31 December 2019

