

# Actively managing our income

## 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.

## FOCUSED 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.



During 2019 we completed 23 lease transactions, with a contracted rent of £3.5m per annum, which shows there is good tenant demand for the right assets."

[ediston-reit.com](http://ediston-reit.com)

**Investment Manager: Ediston Properties Limited**  
**Launch date: 28 October 2014**  
**SEDOL: BNGMZB6**

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## KEY FINANCIAL FACTS AT 31 DECEMBER 2019

### Portfolio Value

**£308.9m**

### EPRA NAV per share

**103.69p**

### Market capitalisation

**£188.7m**

### Share Price

**89.3p**

### EPRA Vacancy Rate

**3.0%**

### Annualised dividend per share

**5.75p**

### Annualised dividend yield

**6.4%**

### NAV total return\*

**-5.7%**

\*12 months to 31 December 2019

### WAULT

**6.0 years**

### Gearing (debt to total assets)

**33.5%**

## DISCLAIMER

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**ACTIVE ASSET MANAGEMENT**

During the quarter we completed two lease renewals with Currys, securing £464,094 of income per annum.

At Clwyd Retail Park in Rhyl, Currys has signed a five-year lease extension on their 10,020 sq. ft. unit. The lease was due to end in March 2020 but will now expire in 2025. This lease extension follows the recent lease restructures completed on the park with Pets at Home and B&Q plc.

At Plas Coch Retail Park in Wrexham, Currys has agreed to restructure its lease to give a 10-year term certain. The lease on the 22,182 sq. ft. unit was due to expire in June 2022 but Currys has underscored its commitment to the location by signing a lease which will keep them on the park until 2029.

**BREAK NOTICE SERVED ON ARCADIA**

We have served notice to break Arcadia's lease at Widnes, following their CVA last year. We felt the rent set under the CVA was low, so we took steps to secure vacant possession of the unit. We will split the 13,202 sq. ft. unit in two and have exchanged an Agreement for Lease with JD Sports who will lease 6,792 sq. ft. We are confident of identifying another tenant to lease the remaining 6,006 sq. ft. unit.

**PROGRESS WITH OUR DEVELOPMENTS**

During the quarter the decision was made to start construction of the two pod units at Coatbridge. Construction is due to start in early February 2020 and is expected to finish in August 2020.

The units, which extend to 1,800 and 2,750 sq. ft. have been pre-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. On completion the units will provide a combined rental income of £160,000 per annum.

In December planning consent was received for our proposed retail warehouse development at Haddington, East Lothian. We now have a planning consent for a 48,000 sq. ft. retail warehouse park and a petrol filling station.

It is 97% pre-let to Aldi, The Food Warehouse, Costa Coffee, Home Bargains and Euro Garages. One unit of 1,500 sq. ft. remains available to let, in which there is tenant interest. Once fully let and constructed, the asset will have a WAULT in excess of 15 years and will generate an annual rent of £875,000.

**RESILIENT INCOME**

The Company's rent roll has been resilient. Throughout 2019, the contracted rent remained unchanged on a like for like basis. One asset was

sold that reduced the overall rent by £300,000 but this will be replaced in due course by redeployment of the capital released. The retail warehouse rent remained stable around £16.0m per annum.

**MARKET OUTLOOK**

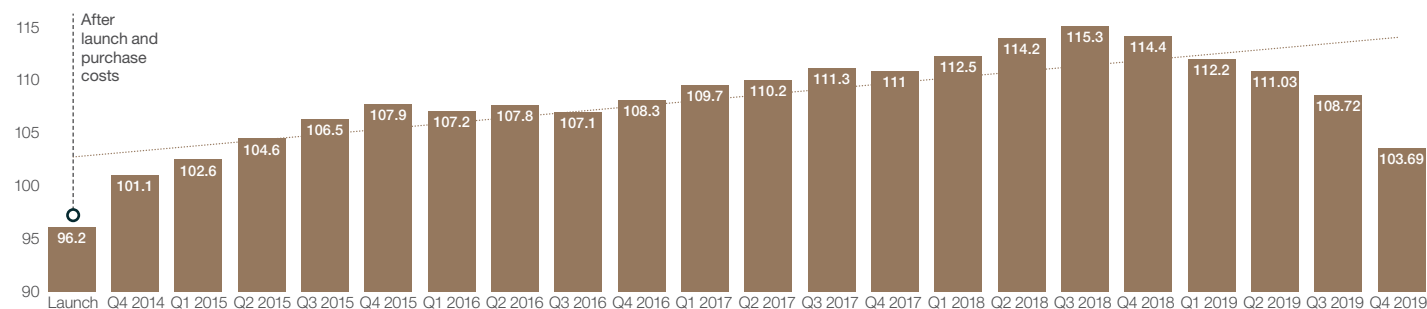
The outcome of the General Election and more clarity over Brexit have brought some confidence back into the market. However, the retail sector remains out of favour. There are still sellers of retail property, including retail parks, which could suppress values in the short term, but there are new investors with capital for retail park assets now looking to deploy their money in the UK. This is a sign perhaps, that the sector has been oversold.

On a medium-term outlook, we remain confident about our assets given the resilient income, asset management angles and development opportunities within the portfolio.

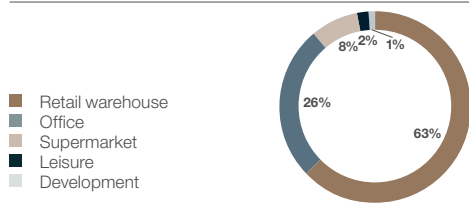
**PERFORMANCE**

As at the 31 December 2019, the Fair Value independent valuation of the property portfolio was £308.9 million, a like-for-like decrease of 3.2% on the 30 September 2019 valuation. In the same period, the NAV per share decreased by 4.63% to 103.69 pence. The decline is attributed to the continuing weakness in the market for all retail assets. The extent of the decline has been partly mitigated by the asset management activity completed in the quarter.

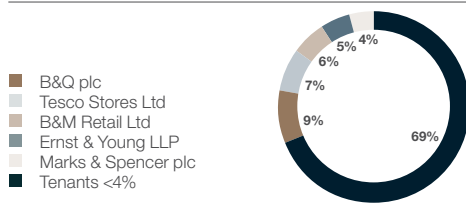
**NAV progression**



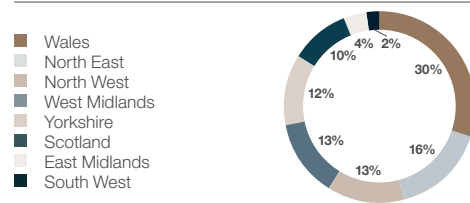
**Sector exposure at 31 December 2019**



**Tenant exposure at 31 December 2019**



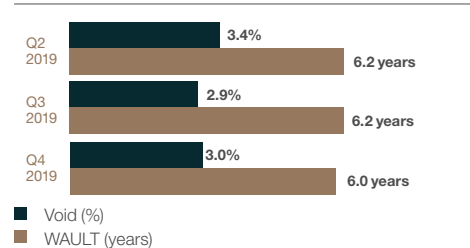
**Location exposure at 31 December 2019**



**PROPERTY PORTFOLIO AS AT 31 DECEMBER 2019**

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 (52%) Supermarket (48%)	50m+	Freehold
Widnes	Widnes Shopping Park	Retail Warehouse	40-45m	Leasehold
Hull	Kingston Retail Park	Retail Warehouse	25-30m	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	10-15m	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 31 December 2019**

