

# Income & 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.



Over the last 12 months we have completed 21 lease transactions, with a contracted rent of £3.1m per annum."

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

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

**0131 225 5599 | [info@ediston.com](mailto:info@ediston.com)**  
 Ediston, 1 St Andrew Square, Edinburgh EH2 2BD

## KEY FINANCIAL FACTS AT 30 SEPTEMBER 2019

### Portfolio Value

**£319.2m**

### EPRA NAV per share

**108.72p**

### Market capitalisation

**£180.5m**

### Share Price

**85.4p**

### EPRA Vacancy Rate

**2.9%**

### Annualised dividend per share

**5.75p**

### Annualised dividend yield

**6.7%**

### NAV total return\*

**-0.8%**

\*12 months to 30 September 2019

### WAULT

**6.1 years**

### Gearing (debt to total assets)

**32.5%**

## DISCLAIMER

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**SECURING INCOME**

In the 12 months to the September quarter end, 21 leasing transactions have been completed across the retail warehouse portfolio. There has been activity in nine of our ten retail warehouse parks involving 16 different tenants and a contracted rent of £3.1m per annum. The total contracted retail warehouse rent has increased from £16.0m to £16.2m over the last 12 months.

During the last quarter, we have completed three leasing transactions:

At Widnes Shopping Park, JD Sports Gyms ('JD') has leased 23,725 sq. ft. on the lower ground floor, meaning the park is now fully let. JD has signed a 15-year lease with a break option at year 10. JD will pay £135,000 per annum and was granted a nine-month rent free period as part of the transaction.

At Barnsley East Retail Park, Dunelm (Soft Furnishings) Limited ('Dunelm') has recommitted to the location by signing a new 10-year lease on unit 1, which extends to 25,370 sq. ft. Dunelm will pay an annual rent of £213,600 per annum and received a rent-free incentive of 12 months.

At Plas Coch Retail Park, Wrexham, Costa Limited completed a 15-year lease on a 1,800 sq. ft. pod unit constructed by the Company. Costa is paying an annual rent of £63,000 which is subject to five-yearly rent reviews to RPI with a 1% collar and 3% cap.

At Coatbridge, Glasgow, planning permission was granted for the construction of two pod units of 1,800 sq. ft. and 2,750 sq. ft. respectively. Agreements for Lease (AFLs) were previously signed with Costa Coffee and Burger King with a total annual rent of £160,000. Construction is expected to start in the first quarter of 2020.

We have signed conditional AFLs with Costa Coffee, Home Bargains, Aldi, Iceland and Euro Garages for our proposed 50,000 sq. ft. convenience-led development at Haddington, to the south of Edinburgh. Lease terms vary from 10 to 25 years and the average rent per sq. ft. is £15.83 for the retail warehouse and pod accommodation. The development is subject to planning with construction potentially starting in Q1 2020.

Assuming the development initiatives are completed, and leases granted as per the signed AFLs, they will generate £1.1 million of additional income per annum for the Company.

**REDUCING VACANCY**

As a result of the active asset management, the EPRA vacancy rate at the period end reduced from 3.4% to 2.9%.

**REFRESHING THE PORTFOLIO**

We have always said we will sell an asset if it is the right thing to do for the Company. In July we sold our leisure asset at Knotty Ash, Liverpool. The property

was let to Mecca Bingo Limited until September 2022. The sale price was £2,915,000, which was in line with the valuation.

**MARKET OUTLOOK**

Despite the current uncertainty in the economic and political outlook, the investment market is continuing to function, albeit at lower levels of transactional activity.

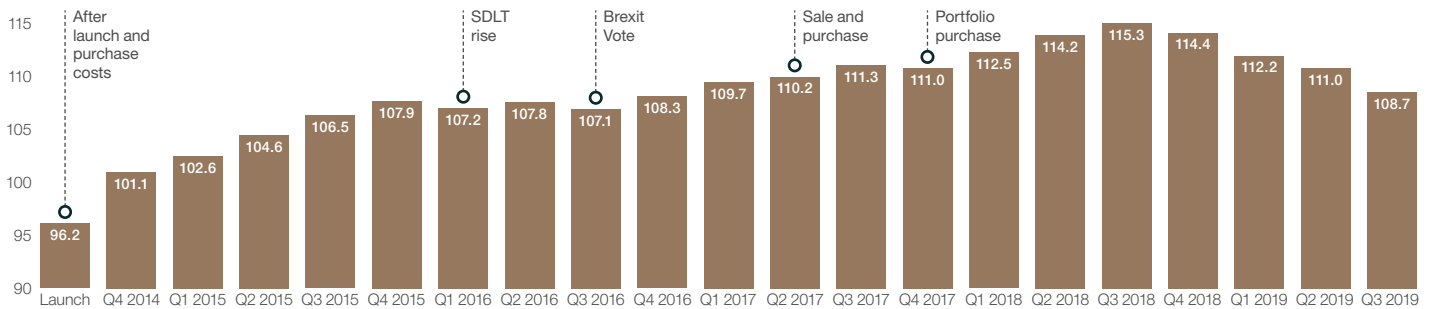
We remain cautious about markets in the short term whilst this uncertainty persists. However, we remain confident about the performance of the Company's assets in the medium term given the attractive yield currently on offer, which is secured on affordable rents on parks where most tenants trade well.

**PERFORMANCE**

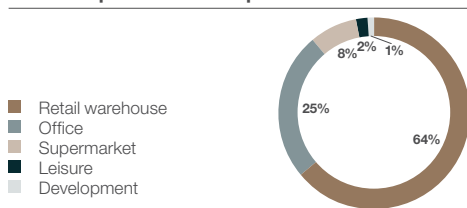
As at the 30 September 2019, the Fair Value independent valuation of the property portfolio was £319.2 million, a like-for-like decrease of 3.5% on the 30 June 2019 valuation. In the same period, the NAV per share decreased by 2.1% to 108.72 pence. The decline is attributed to the continuing weakness in the market for all retail assets. The extent of the decline has been partly mitigated by the continued asset management activity.

The NAV total return (including dividends) for the quarter was -0.8%, resulting in a NAV total return for the year to 30 September 2019 of -0.8%.

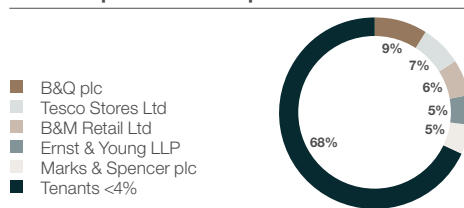
**NAV progression**



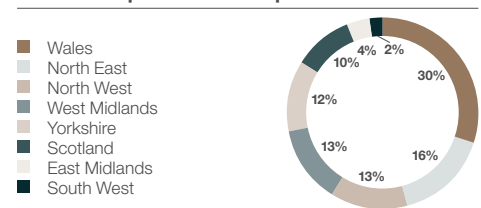
**Sector exposure at 30 September 2019**



**Tenant exposure at 30 September 2019**



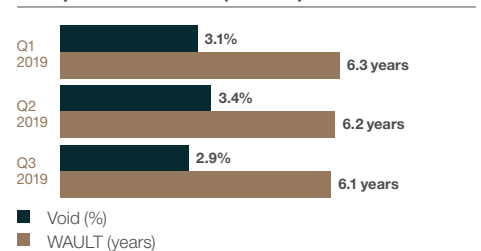
**Location exposure at 30 September 2019**



**PROPERTY PORTFOLIO AS AT 30 SEPTEMBER 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 (53%) Supermarket (47%)	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	0-5m	Heritable

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



**Lease expiries illustrating revenue impact on portfolio at 30 September 2019**

