

ADDING VALUE

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 Real Estate. We invest in the main UK commercial property sectors but without regard to a traditional property market relative-return benchmark.

WHAT WE DO

Our goal is to provide investors with an attractive level of income through well-researched acquisitions, which offer the opportunity to improve income and add value through entrepreneurial asset management.

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.

Fund Manager:
Ediston Investment Services Limited
Launch date: 28 October 2014
SEDOL: BNGMZB6

ediston-reit.com

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KEY FINANCIAL FACTS AT 31 MARCH 2017

Portfolio Value

£184.7m

Annual dividend per share

5.5p

EPRA NAV per share

109.67p

Annualised dividend yield

5.06%

Market capitalisation

£140.0m

NAV total return*

5.88%

* Year to 31 March 2017

Share Price (31 March 2017)

108.75p

WAULT

7.4 years

EPRA Vacancy Rate

3.9%*

* Falling to 1.5% when two leases complete.

Loan to Value

28.4%



Over the quarter we have seen our NAV grow, driven by the delivery of successful asset management initiatives and good stock selection. Recent lettings have secured two new tenants for the Company, improved the income stream and reduced the EPRA void rate.



Calum Bruce, Investment Manager
calum.bruce@ediston.com

PORTFOLIO

Market view

The property market is in an interesting phase of the cycle, with overseas investors the most active buyers. The flight to quality remains, with properties let to good covenants, on long leases, with index-linked rent reviews achieving prices higher than pre-ferendum. There is also a weight of money from private equity looking for opportunities with high post-leverage returns.

The UK institutions are not especially active but relatively low levels of property on the market are ensuring prices are holding up reasonably well for most other asset types. However, we are increasingly seeing more opportunities where assets with value-add initiatives can be acquired at attractive yields in line with our investment policy. Income supplemented by value gains from management initiatives will be the key driver of total returns

this year. Therefore identifying and executing asset management initiatives to increase capital value and enhance income will be more important than ever. As we have demonstrated over recent quarters, we have the skill set to do this and continue to build on the attractive income distribution made by the Company.

Delivering asset management

We have been working hard to execute asset management initiatives. Over the quarter contracts were exchanged on two lettings totalling 21,943 sq. ft. On completion, the EPRA vacancy rate reduces from 3.9% to 1.5%. The first letting was on a 4,333 sq. ft. office suite at Phoenix, Reading. Handd Business Solutions Limited has signed a 10 year lease with a five year option to break. The rent is £30.50 per sq. ft. per annum which enhances the rental tone of the building.

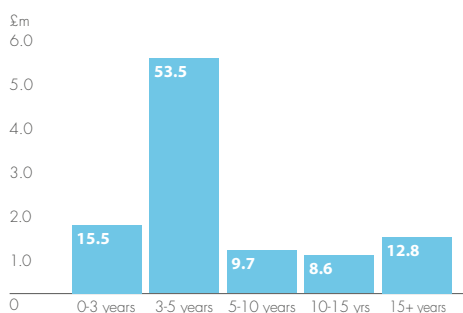
At Abbey Retail Park in Daventry, B&M Retail Limited has agreed to lease 17,610 sq. ft. on a 10-year term at a rent of £14 per sq. ft. per annum. The lease will be on full repairing and insuring (FRI) terms.

The letting secures another high profile tenant for the property and results in the retail park element being fully let. This was a particularly complex transaction to execute as it required a pro-active approach to create the space required. We successfully negotiated lease surrenders with two tenants, and relocated another down the terrace to give the contiguous units needed by B&M.

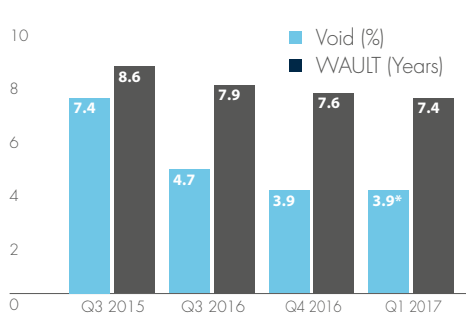
Performance

Over the quarter the Company's NAV has increased by 1.26% to 109.67 pence per share, resulting in a NAV total return of 2.53% for the quarter.

Lease expiries illustrating revenue impact on the portfolio at 31 March 2017

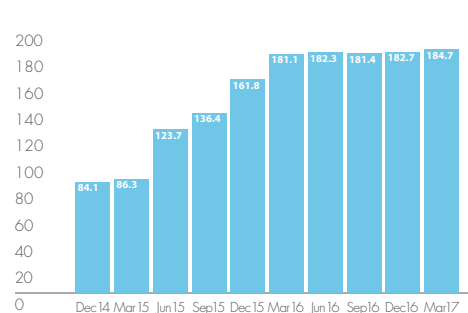


Void rate and weighted average unexpired lease term (WAULT) at 31 March 2017

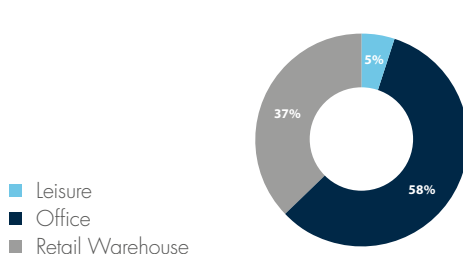


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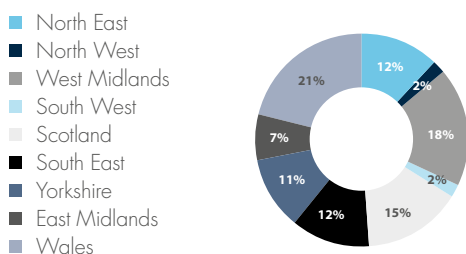
Portfolio quarterly capital value to 31 March 2017



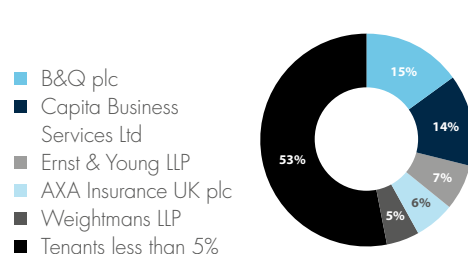
Sector exposure at 31 March 2017



Location exposure at 31 March 2017



Tenant concentration at 31 March 2017



Property portfolio as at 31 March 2017

| Location | Name | Sub-sector | Market Value Range (£) | Tenure |
|------------|-----------------------|---------------------|------------------------|-----------|
| Birmingham | St Philips Point | Office - Rest of UK | 25-30m | Freehold |
| Reading | Phoenix | Office - South East | 20-25m | Freehold |
| Sheffield | Cutlers Gate | Office - Rest of UK | 15-20m | Freehold |
| Newcastle | Citygate 2 | Office - Rest of UK | 15-20m | Leasehold |
| Edinburgh | 145 Morrison Street | Office - Rest of UK | 10-15m | Heritable |
| Bath | Midland Bridge House | Office - Rest of UK | 0-5m | 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 |
| Daventry | Abbey Retail Park | Retail Warehouse | 10-15m | Leasehold |
| Telford | Mecca Bingo | Leisure | 0-5m | Freehold |
| Liverpool | Mecca Bingo | Leisure | 0-5m | Freehold |
| Hartlepool | Mecca Bingo | Leisure | 0-5m | Freehold |

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