



SOLID FOUNDATIONS

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

Portfolio Value

£182.7m

EPRA NAV per share

108.31p

Market capitalisation

£134.6m

Share Price (31 December 2016)

104.9p

EPRA Vacancy Rate

3.90%

Annual dividend per share

5.5p

Annualised dividend yield

5.24%

EPRA NAV total return*

4.40%

* Year to 31 December 2016

WAULT

7.6years

Loan to Value

28.7%



Six months on from the EU referendum result and the market has repriced and stabilised. During the quarter we have seen our NAV increase and our void rate decrease as we continue to identify and execute asset management opportunities.



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

PORTFOLIO

A stabilised and repriced market

Six months has passed since the EU referendum result and despite a degree of volatility in the immediate aftermath of the vote, the market has stabilised and repriced. There is an active investment market, with willing buyers and sellers keen to do business. There will be challenges in 2017. The occupational market, which has proved to be relatively robust, will be affected by Brexit, but it is too early to tell what the full impact might be. Rental growth will be lower, but the impact could be limited as a result of the favourable supply and demand equation which still exists across most of the UK. The supply side is not going to rise dramatically as caution from developers will lead to muted construction activity, maintaining low vacancy rates in many markets.

Inflation will be a bigger feature of the economy which could influence the property market. The fall in the pound combined with the recovery of commodity prices and increased import costs will push up inflation. Factory input prices are already up and it is expected that those increases will gradually feed through into higher prices in the shops during the year. Despite these challenges, property remains an attractive investment proposition given its level of income compared to other asset classes. The gap between property yields and 10 year gilt yields is c. 390bps, which implies property is still attractive relative to bonds. Given the consensus view that the risk premium for property over bonds should be 2%, there is enough headroom for interest rates and bond yields to rise before property looks overpriced. There will be interesting buying opportunities during the year as investors adopt a different stance on key issues. Good stock selection of new acquisitions

coupled with intensive asset management of existing assets will help the Company to grow.

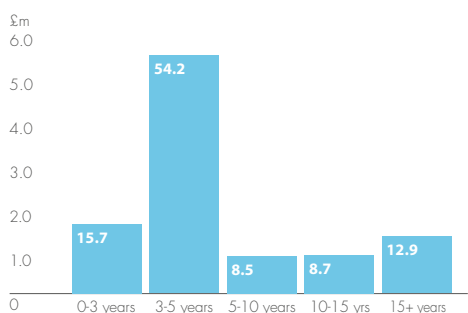
Performance

Over the quarter the Company's NAV has increased by 1.17% to 108.31 pence per share, resulting in a NAV total return of 2.4% for the quarter. The rise was driven by another letting at St Philips Point in Birmingham to AXA Insurance UK plc. This letting results in the property being 100% let, strengthens the portfolio's income stream and improves its capital value. The letting also reduces the EPRA void rate to 3.9%.

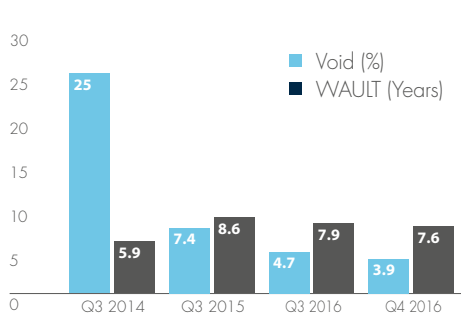
Share issue

During the quarter the Company issued 500,000 new shares under its tap authority at 109.00 pence per share.

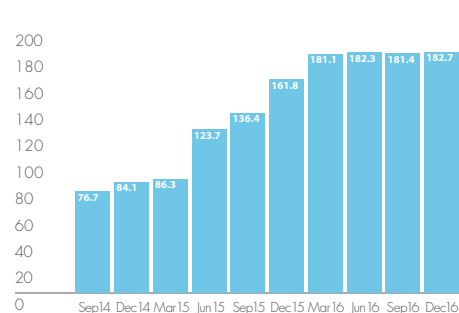
Lease expiries illustrating revenue impact on the portfolio at 31 December 2016



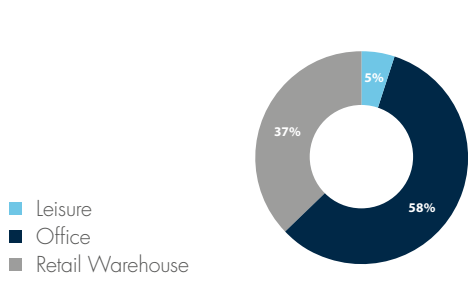
Void rate and weighted average unexpired lease term (WAULT) at 31 December 2016



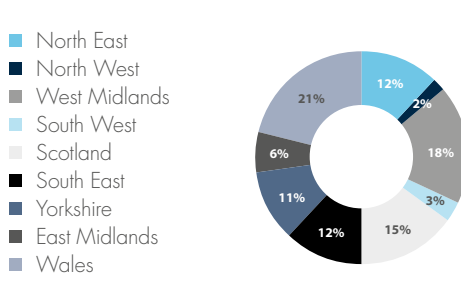
Portfolio quarterly capital value to 31 December 2016



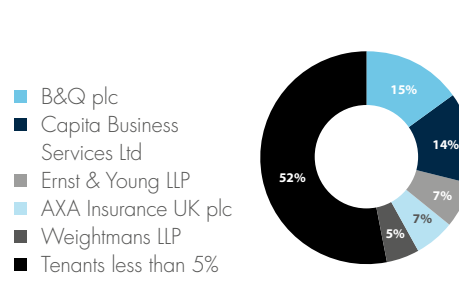
Sector exposure at 31 December 2016



Location exposure at 31 December 2016



Tenant concentration at 31 December 2016



Property portfolio as at 31 December 2016

Location	Name	Sub-sector	Market Value Range (£)	Tenure
Birmingham	St Philips Point	Office - Rest of UK	25-30m	Freehold
Reading	Phoenix	Office - Rest of 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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