EDISTON PROPERTY INVESTMENT COMPANY PLC

Report & Financial Statements

For the period from incorporation on
17 June 2014 to 30 September 2014

Registered Number
09090446

aic
The Association of
Investment Companies

Chairman's Statement

Introduction

I am writing to you for the first time since the successful launch of the Company in October last year, when £95.0m was raised, and would like to welcome you all as fellow shareholders.

We are reporting on the Company's results from the date of its incorporation on 17 June 2014 until the end of its first accounting period on 30 September 2014. This regularises the Company's reporting periods. The period to 30 September 2014 preceded the fund raising and the subsequent listing, and the developments which are most likely to interest you are, therefore, the post balance sheet events. I shall write to you again in May to report the interim results for the six months to 31 March 2015.

Results to 30 September 2014

The Company did not trade during the period.

It received no income and incurred no expenditure during the period and therefore did not make a profit or a loss.

Post Balance Sheet Events

A series of events took place between 30 September 2014 and at the time of writing, the most significant of which I summarise below.

On 27 October 2014 the Company issued 94,950,000 ordinary £0.01 shares at a premium of £0.99 through a placing and offer for subscription. These shares, together with the 50,000 shares already in issue, were admitted to listing on 28 October 2014.

The Company and its subsidiary entered the REIT regime with effect from 31 October 2014 following the submission of the relevant notice to HMRC.

On the same day, in accordance with the prospectus, the initial property purchases were made. The Company completed purchases in Edinburgh, Sheffield and Reading at a cost of £39.25m. On 7 November 2014, the second tranche of properties was purchased at a cost of £37.45m, via the purchase of a Unit Trust holding properties in Birmingham and Rhyl. On 14 November 2014, these properties became directly owned by the Company.

On 23 December 2014, the Company completed a lease renegotiation on Cutler's Gate, Sheffield. The Company granted a reversionary lease to the existing tenant which extends the unexpired term from 10 years to 25 years and replaces the five yearly upward only rent review provisions with annual uplifts in line with the Retail Price Index ("RPI") throughout the term. The RPI increase is capped at 3.00% per annum and collared at 0.00% per annum. A lease incentive of £3.4m was paid and is recorded within deferred income.

At 31 December 2014, the Company's properties were valued at £84.1m by Knight Frank LLP in their capacity as external valuers. The valuation included the Sheffield lease incentive and once this is deducted the valuation for the purposes of the Net Asset Value as at 31 December 2014 is reduced to £80.7m.

The net asset value of the Company as at 31 December 2014 was £96.0m, or 101.1 pence per share, an increase of 5.1 per cent on the Company's net asset value (after launch and portfolio acquisition costs).

On 21 January 2015, an application to the Court was successfully made for the cancellation of the share premium account. On 22 January 2015, the first dividend was announced of 0.9685p per share, with an ex-dividend date of 29 January 2015 and a pay date of 6 February 2015. It is expected that dividends will be paid monthly thereafter.

Annual General Meeting

The Company is required to convene its first annual general meeting within six months of its financial year end. Notice of the Company's first annual general meeting to be held on 24 March 2015 at the office of Ediston Properties Limited, 39 George Street, Edinburgh, EH2 2HN is therefore set out on page 24. The meeting will deal with only routine business.

The Company will convene a second annual general meeting following its first year of active trading and the publication of its accounts to 30 September 2015; this is expected to be held in February 2016.

Outlook

The AREF/IPD UK Quarterly Property Fund Index for balanced property funds recorded a return of 17.2% for 2014 with 4.6% in the last quarter. Positive returns are expected to continue in 2015 with yields potentially falling further as accumulated cash is invested and further flows into the sector are absorbed. One feature that was apparent in the fourth quarter of 2014 was the pick up in leasing activity which demonstrated the lag that exists between improving economic conditions and occupational demand. As markets have relatively low levels of supply compared to previous cycles and construction activity is subdued, returns in 2015 should benefit from rising rental values.

The Company expects to make a number of new investments on completion of a debt facility that it is anticipated will be put in place close to the end of the first quarter of 2015. The focus of the strategy will be on ensuring the dividend is maintained but with assets that can be enhanced over time and benefit from the expected improvement in the leasing markets.

Ratan Engineer

Chairman

29 January 2015

Corporate Summary

The Directors present their Strategic Report on the Company for the period from incorporation to 30 September 2014.

Ediston Property Investment Company plc ("the Company") is a closed-ended property investment company which was launched in October 2014, with its shares admitted to listing on 28 October. The Company has a single class of ordinary shares in issue, which are listed on the premium segment of the Official List and traded on the London Stock Exchange's Main Market. The Company has, subsequent to its launch, entered the Real Estate Investment Trust ("REIT") regime for the purposes of UK taxation.

Investment Objective

The Company's investment objective is to provide shareholders with an attractive level of income together with the prospect of income and capital growth.

Investment Policy

The Company will pursue its investment objective by investing in a diversified portfolio of UK commercial properties.

It will invest principally in three commercial property sectors: office, retail (including retail warehouses) and industrial, without regard to a traditional property market relative return benchmark.

The Company will invest predominantly in income producing investments. Investment decisions will be based on analysis of, *inter alia*, prospects for future income and capital growth, sector and geographic prospects, tenant covenant strength, lease length, initial and equivalent yields and the potential for active asset management of the property.

The Company will not invest in other investment companies or funds. However, the Company may hold property through special purpose vehicles and is permitted to invest in joint ventures which hold real estate directly. The Company will also be permitted to forward fund purchases of properties on a pre-let or a non pre-let basis and obtain options over properties.

Investment risk is spread through investing in a range of geographical areas and sectors, and through letting properties, where possible, to low risk tenants. Although the Company has not set any maximum geographic exposure or maximum weightings in any of the principal property sectors, it may invest no more than 25 per cent. of total assets, at the time of investment, in other sectors such as leisure, residential, student residential, healthcare and hotels. Once the Company is fully invested (including drawdown of available debt facilities), no single property may exceed 20 per cent. of total assets at the time of investment. Speculative development (i.e. properties under construction which have not been pre-let) is restricted to a maximum of 10 per cent. of total assets at the time of investment or commencement of the development. Development, other than speculative development, is also restricted to a maximum of 10 per cent. of total assets at the time of investment or commencement of the development.

Once the Company is fully invested (including drawdown of available debt facilities), the Company shall not be permitted to acquire an investment if, as a result, income receivable from any one tenant, or from tenants within the same group (other than from central or local government), would in any one financial year exceed 20 per cent. of the total rental income of the Company for that financial year.

The Company is permitted to invest cash that is held for working capital or investment purposes in cash deposits, gilts and money market funds.

The Board currently intends that gearing, calculated as borrowings as a percentage of the Company's gross assets, will not exceed 30 per cent. at the time of drawdown. In any event, gearing will not exceed a maximum of 35 per cent. at the time of drawdown.

Any material change to the investment policy will require the prior approval of Shareholders.

Investment Manager/ Investment Adviser

R&H Fund Services (Jersey) Limited has been appointed by the Company, pursuant to the Investment Management Agreement, to be the Company's Alternative Investment Fund Manager (AIFM) under which it is responsible for overall portfolio management and compliance with the Company's investment policy, ensuring compliance with the requirements of the Alternative Investment Fund Manager Directive ("AIFMD") that apply to the Company, and undertaking all risk management. The AIFM has delegated the day to day management of the Company, pursuant to the Investment Managers' Delegation Agreement, to Ediston Properties Limited ("Ediston" or the "Investment Adviser"). Ediston advises the Company on the acquisition of its investment portfolio and on the development, management and disposal of UK commercial assets in its portfolio.

Dividend Policy

Subject to market conditions and the Company's performance, financial position and financial outlook, it is the Directors' intention to pay an attractive level of dividend income to Shareholders on a monthly basis. Whilst not forming part of its investment policy, the Company is targeting the payment of dividends at a gross yield of 5.5 per cent. per annum on the 100p issue price of the shares at the Company's launch.

On 22 January 2015 the Company announced its first interim dividend of 0.9685p per ordinary share in respect of the period from 17 June 2014 to 31 December 2014. It has an ex dividend date of 29 January 2015 and will be paid on 6 February 2015. Thereafter dividends will be paid on a monthly basis at an expected rate of 0.4583p per share, consistent with the annual target of 5.5% gross yield.

Key Performance Indicators

There were no key performance indicators during the period from incorporation to 30 September 2014.

Shareholders' Funds

£50,000 at 30 September 2014

£96,026,118 at 31 December 2014

Statement of Principal Risks and Uncertainties

Risks Relating to the REIT Status of the Company

The Company cannot guarantee that it will maintain continued compliance with all of the REIT conditions. There is a risk that the REIT regime may cease to apply in some circumstances. The Company's activities are monitored to ensure that all conditions are adhered to. The REIT rules are considered during investment appraisal and transactions structured to ensure conditions are met.

Risks Relating to the Taxation of the Company

The Company does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Company will be subject to corporation tax as normal. In order to achieve and retain REIT status, several criteria must be maintained. The main criteria are as follows:

- at the start of each accounting period, the assets of the tax exempt business must be at least 75% of the total value of the Group's assets;
- at least 75% of the Group's total profits must arise from the tax exempt business; and
- at least 90% of the notional taxable profit of the property rental business must be distributed.

The Directors intend that the Group should continue as a group REIT for the foreseeable future, with the result that deferred tax is no longer recognised on temporary differences relating to the property rental business.

The levels of, and reliefs from, taxation may change. Any change in the Company's tax status or in taxation legislation in the United Kingdom or any other tax jurisdiction affecting shareholders or investors could affect the value of the investments held by the Company, or affect the Company's ability to achieve its investment objective for the ordinary shares or alter the post tax returns to shareholders.

Any change (including a change in interpretation) in tax legislation in the United Kingdom, could have a material adverse effect on the Company's business, financial condition, results of operations, future prospects or the price of the ordinary shares. Changes to tax legislation could include the imposition of new taxes or increases in tax rates in the United Kingdom. In particular, an increase in the rates of Stamp Duty Land Tax could have a material impact on the price at which UK land and property can be sold, and therefore on asset values.

Risks Relating to Laws and Regulation which May Affect the Company

The Company and the Investment Adviser are both subject to laws and regulations enacted by national, regional and local governments and institutions. In particular, the Company will be required to comply with certain statutory requirements under English law applicable to a company incorporated in England and Wales, the Listing Rules and the Disclosure and Transparency Rules. Compliance with and the monitoring of applicable regulations may be difficult, time consuming and costly. Any changes to such regulation could affect the market value of the Company's portfolio and/or the rental income of the portfolio.

Risks Relating to Gearing

It is intended that the Group will incur gearing to fund the acquisition of further, as yet unidentified, UK commercial property assets. There is no certainty that such borrowings will be made available to the Group either at all or on acceptable terms, which may adversely affect the ability of the Group to grow in the future and acquire further properties which could, as a consequence, have a material adverse impact on the level of dividends paid to shareholders.

Shareholders should be aware that, whilst the use of borrowings should enhance the Net Asset Value of the ordinary shares where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the rental income of the Company's portfolio falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net revenue of the Company and accordingly will have an adverse effect on the Company's ability to pay dividends to shareholders.

Risks Relating to the Economic Environment

Global market uncertainty and the weakened economic conditions in the United Kingdom and elsewhere and, in particular, the restricted availability of credit, may reduce the value of the Company's portfolio and may reduce liquidity in the real estate market. The performance of the Company would be adversely affected by a downturn in the property market in terms of market value or a weakening of rental yields.

Risks Relating to Property and Property Related Assets

The Company cannot be sure that it will be successful in obtaining suitable investments in UK commercial property assets on financially attractive terms. The Company will incur certain fixed costs on the acquisition of properties, including Stamp Duty Land Tax which will reduce the Net Asset Value per Share immediately following acquisitions. There is no guarantee that the value of the properties will increase to an amount in excess of these costs. The Company will, once fully invested, have a diversified portfolio, but may be more concentrated in terms of number of individual properties than other property investment companies. The Company will not be managed with any direct correlation to any property index and consequently may have returns, favourable or unfavourable, that differ from the performance of UK commercial property markets as a whole.

While the Board will seek to spread the risk relating to tenant concentration, there is the risk, from time to time and in particular in respect of the early stages of the Company, that the Company will have a concentrated number of tenants and material exposure to the financial strength and the operational performance of those tenants.

In the event of default by a tenant or during any other void period, the Company will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs. Investments in property are relatively illiquid. Such illiquidity may affect the Company's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions. This could have an adverse effect on the Company's financial condition and results of operations.

Returns from an investment in property depend largely upon the amount of rental income generated from the property and the expenses incurred in the development or redevelopment and management of the property, as well as upon changes in its market value.

The Company's ability to pay dividends will be dependent principally upon its rental income. Rental income and the market value of properties are generally affected by overall conditions in the relevant local economy, such as growth in gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may also impact employment levels, which in turn may impact the demand for premises. Both rental income and market values may also be affected by other factors specific to the commercial property market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or insolvency of tenants or otherwise, the periodic need to renovate, repair and re-lease space and the costs thereof, the costs of maintenance and insurance, and increased operating costs. In addition, certain significant expenditures, including operating expenses, must be met by the owner even when the property is vacant.

Rent reviews may not be at the then Estimated Net Annual Rent.

The new property portfolio has relatively low levels of vacant stock. However, certain properties currently have, and some other properties owned by the Company in the future may have, significant levels of vacancy. Certain of the Company's properties may be specifically suited to the particular needs of a certain type of tenant. The Company may have difficulty in obtaining a new tenant for any vacant space it has in its properties, particularly if prospective tenants have negative perceptions of the attractiveness or other features of any property. The Company may need to incur additional capital expenditure on a property to attract tenants. The assumptions made by the Valuer regarding the length of void periods may underestimate the actual void periods suffered by the Company. If a vacancy continues for a longer period of time, the Company may suffer reduced revenues resulting in less income available to be distributed to Shareholders. In addition, the market value of a property could be diminished because the value of a particular property will depend principally upon the value of the leases of such property.

In respect of certain properties comprising the new property portfolio, the Vendors shall be providing a rental guarantee for a fixed period. There is no guarantee that such properties will be let, either in whole or in part, prior to the end of such periods.

Where there are lease expiries within the property portfolio, there is a risk that a significant proportion of leases may be re-let at rental values lower than those prevailing under the current leases, or that void periods may be experienced on a significant proportion of the property portfolio.

The Company may undertake development (including redevelopment) of property or invest in property that requires refurbishment prior to renting the property. The risks of development or refurbishment include, but are not limited to, delays in timely completion of the project, cost overruns, poor quality workmanship, and inability to rent or inability to rent at a rental level sufficient to generate profits.

Any change to the laws and regulations relating to the UK commercial property market may have an adverse effect on the market value and/or the rental income of the Company's property portfolio. The Company may face significant competition from UK or other foreign property companies or funds. Competition in the property market may lead either to an over-supply of commercial premises through over-development or to prices for existing properties or land for development being driven up through competing bids by potential purchasers. Accordingly, the existence of such competition may have a material adverse impact on the Company's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis and to acquire properties or develop land at satisfactory prices.

As the owner of real estate property, the Company will be subject to environmental regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. If the Company acquires contaminated land, it could also be liable to third parties for harm caused to them or their property as a result of the contamination. If the Company is found to be in violation of environmental regulations, it could face reputational damage, regulatory compliance penalties, reduced letting income and reduced asset valuation, which could have a material adverse effect on the Company's business, financial condition, results of operations, future prospects and/or the price of the Ordinary Shares.

Risks Relating to Valuations

The value of property and property related assets is inherently subjective due to the individual nature of each property . Whilst property valuations are determined by independent experts they are based on opinion rather than fact, and realised value may differ considerably.

Risks Relating to the Reliance on Key Individuals

The underperformance or the departure of key skilled professionals from the Investment Adviser could have a material adverse effect on the Company's business, financial condition and results of operations.

On behalf of the Board

Ratan Engineer

Chairman

29 January 2015

Directors' Report

The Directors present their Report and Financial Statements of the Company for the period from incorporation on 17 June 2014 to 30 September 2014.

Results

The results for the period are set out in the attached financial statements.

The Company was dormant and did not trade throughout the period.

Principal Activity and Status

The Company is registered as a public limited company in terms of the Companies Act 2006 (number 9090446). It is an investment company as defined by Section 833 of the Companies Act 2006.

The Company is a member of the Association of Investment Companies ('AIC').

Going Concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors

Biographical details of the Directors, all of whom are non-executive, can be found following the Strategic Report.

Corporate Governance

During the period to 30 September 2014, the Company was not trading and had no specific corporate governance policies. Since that time, the Board has considered the principles set out in the UK Corporate Governance Code and the Association of Investment Companies Code of Corporate Governance (the "AIC Code"). The Company is a member of the Association of Investment Companies. The Company now adheres to the principles and recommendations of the AIC Code and complies with the provisions of the UK Corporate Governance Code other than those relating to:

- the role of the Chief Executive;
- the appointment of a senior independent director;
- executive directors' remuneration; and
- the need for an internal audit function.

Independence

The Board consists solely of non-executive Directors with Ratan Engineer as Chairman. All of the Directors are considered by the Board to be independent of the Investment Manager and the Investment Adviser. William Hill was appointed a non-executive Director of the Investment Adviser and Ediston International Holdings Limited in connection with an investment of his former employer Schroders in Ediston International Holdings Limited. He resigned as a director of the Investment Adviser and Ediston International Holdings Limited in November 2013 prior to Schroders' disposal of its investment in Ediston International Holdings Limited. He was not an employee of either the Investment Adviser or Ediston International Holdings Limited and did not receive remuneration in respect of his role. Accordingly, the Board considers William Hill to be independent of the Investment Adviser.

New Directors will receive an induction from the Investment Adviser and the Administrator on joining the Board, and all Directors will receive relevant training as necessary.

Senior Independent Director

In view of its non-executive nature and the requirement of the Articles that all Directors retire periodically at least every three years, the Board considers that it is not appropriate for a senior independent director to be appointed.

Appointment, Re-election and Remuneration of Directors

Directors are selected and appointed by the Board as a whole functioning as a nomination committee. It is chaired by Ratan Engineer. There is no separate nomination committee as the Board is considered small relative to listed trading companies. The Directors are therefore responsible for reviewing the size, structure and skills of the Board and considering whether any changes are required or new appointments are necessary to meet the requirements of the Company's business or to maintain a balanced Board.

The Articles require that Directors submit themselves for re-election at least every three years. In addition, the Board has agreed that any Director with more than nine years' service will be required to stand for re-election at each annual general meeting.

As the period to 30 September 2014 is the first accounting period end, the Directors will be elected at the first annual general meeting.

The Company does not have a separate remuneration committee as the Board as a whole fulfils the function of a remuneration committee.

Policy on Directors' Remuneration

The Company's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, the time commitment required, and be fair and comparable with that of other similar companies. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to oversee the Company properly and to reflect its specific circumstances. It is intended that this policy will apply following the Annual General Meeting and continue for the three year period ending 30 September 2017.

The fees for the Directors are determined within the limit set out in the Company's Articles of Association. The present limit is an aggregate of £200,000 per annum and may not be changed without seeking shareholder approval at a general meeting. Directors are not eligible for bonuses, pension benefits, share options long-term incentive schemes or other benefits.

It is the Board's policy that Directors do not have service contracts, but each new Director is provided with a letter of appointment. The term of Directors' appointments provide that Directors should retire and be subject to re-election at the first Annual General Meeting after their appointment.

Board and Directors' Performance Appraisal

The performance of the Board committees and individual Directors will be evaluated through an assessment process, led by the Chairman. The performance of the Chairman will be evaluated by the other Directors.

The Audit Committee

Robert Dick is the chairman of the Company's audit committee which comprises the full Board. In discharging its responsibilities the audit committee reviews the annual and half yearly accounts, the system of internal controls, and the terms of appointment and remuneration of the auditor. It is also the forum through which the auditor reports to the Board. The Audit Committee is expected to meet at least twice a year. The objectivity of the auditor will be reviewed by the audit committee, which will also review the terms under which the external auditor is appointed to perform non-audit services. The audit committee will review the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor, with particular regard to non-audit fees.

The Management Engagement Committee

Ratan Engineer is the chairman of the Company's management engagement committee which comprises the full Board. The management engagement committee will review the appropriateness of the Investment Adviser's continuing appointment, together with the terms and conditions thereof on a regular basis.

The Investment Committee and the Property Valuation Committee

The investment committee and property valuation committee comprises the full Board. It is chaired by Ratan Engineer. The investment committee is responsible for authorising purchases and sales within the Company's portfolio. The property valuation committee is responsible for reviewing the quarterly independent property valuation reports produced by the Valuer prior to their submission to the Board.

Each of the committees have written terms of reference which are reviewed at least annually and clearly define their responsibilities and duties.

Authority to Allot Shares

The Directors are seeking authority to allot shares. Resolution 9 will, if passed, authorise the Directors to allot new shares up to an aggregate nominal amount of £95,000, being 10 per cent of the total issued shares as at 23 January 2015.

Authority to Issue Shares on a Non Pre-emptive Basis

In accordance with the provisions of the Company's articles of association and the Listing Rules, the directors of a premium listed company are not permitted to allot new shares (or grant rights over shares) for cash without first offering them to existing shareholders in proportion to their existing holdings. Resolution 10, which is a special resolution, seeks to provide the Directors with the authority to issue shares or sell shares held in treasury on a non pre-emptive basis for cash (i.e. without first offering such shares to existing shareholders pro-rata to their existing holdings) up to an aggregate nominal amount of £95,000 (representing 10 per cent. of the issued ordinary share capital of the Company as at 29 January 2015).

This authority will expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, unless it is previously renewed, varied or revoked. It is expected that the Company will seek this authority on an annual basis.

This authority will only be used to issue shares at a premium to net asset value and only when the Directors believe that it would be in the best interests of the Company to do so.

Authority to Make Market Purchases of Ordinary Shares

Given the Company is currently in an investment phase, it is unlikely that the Directors will buy back any ordinary shares in the short term. Thereafter any buy-back of ordinary shares will be subject to the Companies Act 2006 (as amended), the Listing Rules and within guidelines established by the Board from time to time (which take into account the income and cash flow requirements of the Company).

Resolution 11 will be proposed as a special resolution and seeks to provide the Directors with the authority to purchase up to 14,240,500 ordinary shares or, if less, the number representing approximately 14.99 per cent. of the Company's ordinary shares in issue at the date of the passing of resolution 11. The Company may either cancel any ordinary shares it purchases under this authority or hold them in treasury.

This authority will expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution unless it is previously renewed, varied or revoked.

Auditor

The Independent Auditor's Report can be found on page 13. Grant Thornton UK LLP ("Grant Thornton") has been appointed by the Board in the first accounting period of the Company. Grant Thornton has indicated its willingness to continue in office with the Company and a resolution will be proposed at the Annual General Meeting to appoint it (resolution 2).

Social, Community, Employee Responsibility and environmental Policy

The Directors recognise that their first duty is to act in the best financial interest of the Company's shareholders and to achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company.

The investment Manager acquires and manages properties on behalf of the Company. It is recognised that these activities have both direct and indirect environmental impacts.

The Investment Manager is required to take into account the broader social, ethical and environmental issues around their investment properties. As an investment trust with its current structure the Company has no direct social, community, employee or environmental responsibilities of its own. The Company has no greenhouse gas emissions to report from its operations for the period ended 30 September 2014, not does it have responsibility for any other emissions producing sources.

At 30 September 2014 there were four male Directors. Whilst the Company does not have a separate human rights policy, its employee policies are set to comply with or exceed UK regulatory requirements. The Company has no particular policy on the gender of board members but recognises the benefits of diversity in achieving effective operation of the Board.

Statement Regarding the Report and Financial Statements

Following a detailed review of the Report and Financial Statements by the Audit Committee, the Directors consider that taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Recommendation

The Directors consider the passing of the Resolutions to be proposed at the Annual General Meeting to be in the best interest of the Company and its shareholders as a whole and likely to promote the success of the Company for the benefit of its shareholders as a whole. Accordingly, the Directors unanimously recommend that shareholders should vote in favour of the resolutions, as they intend to in respect of their own beneficial shareholders amounting to 70,000 ordinary shares.

By Order of the Board

R&H Fund Services Limited

Secretary

29 January 2015.

Board of Directors

The Board comprises four Directors, all of whom are non-executive and independent of the Investment Manager and the Investment Adviser. The Directors are responsible for the determination of the Company's investment policy and the overall supervision of the Company.

The Directors are as follows:

Ratan Engineer was until recently the Head of Global Wealth & Asset Management at Ernst & Young where he acted as an auditor and adviser to a number of the world's largest traditional asset managers and their funds, closed and open-ended, as well as to a number of hedge funds and private equity managers. Ratan Engineer has more than 25 years of experience both as a principal and advising clients in the asset management sector on inter alia corporate structuring, market entry strategies, capital raising, regulatory and risk matters. He qualified as a chartered accountant with Robson Rhodes in 1977. Prior to joining Ernst & Young he was Chief Financial Officer of Invesco MIM, now Invesco. He is Chairman of Blackstone Alternative Investment Funds plc and a non-executive director and Chairman of the Audit Committee of the North East London NHS Foundation Trust.

Robin Archibald was until May 2014 a director of Winterflood Investment Trusts where he was head of corporate finance and broking from August 2004 to August 2013. He has over 30 years experience of working in the corporate finance and corporate broking industries, including roles with Samuel Montagu, SG Warburg Securities and NatWest Wood Mackenzie, and qualified as a chartered accountant with Touche Ross in 1983. Since the early nineties, he has concentrated on advising and managing transactions in the UK closed-ended funds sector and has gained a wide experience in fund raising, reorganisations and restructurings for all types of listed funds. He was a non-executive director and chairman of the Audit Committee of Albion Income and Growth VCT from September 2010 until November 2013, when the company merged with Albion Technology and General VCT PLC and he was appointed to the successor company board and as chairman of the Audit Committee.

Robert Dick qualified as a member of The Institute of Chartered Accountants of Scotland (ICAS) in 1980 and has over 28 years experience of working in the real estate industry. He joined CALA in 1985 when the company had a full London Stock Exchange listing and held several key executive and non-executive positions over a 23 year period, including serving as Group Finance Director for ten years, Chairman of CALA Properties, a property development business, for eight years and a trustee of the CALA pension scheme for fifteen years including eleven years as Chairman. Robert Dick led the CALA team which completed a successful MBO in 1999, delisting the CALA group and taking it private. Robert Dick left CALA in 2008 and now works with a number of businesses as investor, mentor and non-executive director. He has been a member of the ICAS Council since 2009 and chaired one of the ICAS Boards from 2009 to 2012.

William Hill qualified as a Chartered Surveyor with Drivers Jonas in 1985. He left Drivers Jonas in 1989 to join Schroders becoming head of real estate in 1991 with responsibility for a business that managed approximately £10 billion of assets including the Schroder Real Estate Investment Trust, a listed investment company he secured the mandate to manage in 2011. William Hill resigned from this position in November 2013 to set up his own consultancy business. He is a non-executive director of Mayfair Capital Property Investment Management Ltd and a member of the investment boards of Ashby Capital LLP and The Goldsmiths' Company. He is also a director of Chartered Surveyors Training Trust.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report and Financial Statements, in accordance with applicable law and International Financial Reporting Standards ('IFRS') as adopted by the EU.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with IFRS as adopted by the EU.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they present a fair, balanced and understandable report and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006, where applicable. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable UK law and regulations, the Directors are also responsible for preparing a Directors' Report that complies with that law and those regulations. The financial statements are published on www.epic-reit.com which is a website maintained by the Company's Investment Adviser. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable International Financial Reporting Standards, give a true and fair view of the assets, liabilities and financial position of the Company;
- in the opinion of the Directors, the Report and Financial Statements taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy.
- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board

R Engineer

Chairman

29 January 2015

Independent Auditor's Report to the Members of Ediston Property Investment Company plc

We have audited the financial statements of Ediston Property Investment Company plc for the period ended 30 September 2014 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at **www.frc.org.uk/auditscopeukprivate**.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2014 and of its result for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the period for which the financial statements are prepared is consistent with the financial statements.

Matters on Which We are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Julian Bartlett

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

30 Finsbury Square

London EC2P 2YU

29 January 2015

Statement of Comprehensive Income

For the period from incorporation on 17 June 2014 to 30 September 2014

The Company did not trade during the period.

The Company received no income and incurred no expenditure in the period and therefore did not make a profit or loss. There was no other comprehensive income and therefore there was no profit or loss or comprehensive income attributable to equity holders.

The accompanying notes are an integral part of these financial statements.

Balance Sheet

As at 30 September 2014

	Notes	**£'000**
Current assets		
Trade and other receivables	6	50
Total assets		**50**
Current liabilities		
Trade and other payables	7	–
Total liabilities		**–**
Net assets		**50**
Share capital and reserves	9	
Called up share capital		1
Share premium		49
Equity shareholders' funds		**50**
Net asset value per ordinary share (pence)	8	100

The financial statements on page 14 to 23 were approved by the Board of Directors and authorised for issue on 29 January 2015 and were signed on its behalf by:

Ratan Engineer
Chairman

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity

For the period from incorporation on 17 June 2014 to 30 September 2014

	Share Capital £'000	Share Premium £'000	Total £'000
Opening balance as at 17 June 2014	–	–	–
Total comprehensive profit for the period:	**–**	**–**	**–**
Transactions with owners recognised in equity:			
Issue of ordinary shares	1	49	50
At 30 September 2014	**1**	**49**	**50**

Cash Flow Statement

For the period from incorporation on 17 June 2014 to 30 September 2014

The Company did not trade during the period and consequently there were no cash flows in relation to its activities.

Notes to the Financial Statements

1. Accounting Policies

(a) Basis of Preparation

A summary of the principal accounting policies is set out below. Many of these accounting policies were not applicable as at 30 September 2014 due to the type of transaction undertaken in the period from incorporation. These accounting policies are however now applicable and will be applied consistently throughout future periods.

Basis of Accounting

The financial statements have been prepared and approved in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU, interpretations issued by the International Financial Reporting Standards Committee, applicable legal and regulatory requirements of the Companies Act 2006 and the Disclosure Rules and Transparency Rules. The accounts give a true and fair view.

Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for investment trust companies issued by the Association of Investment Companies ('AIC') in January 2014 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The accounts have been prepared on a historical cost basis, except for investment property valuations that have been measured at fair value.

The notes and financial statements are presented in pounds sterling (being the functional currency and presentational currency for the Company) and are rounded to the nearest thousand except where otherwise indicated.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenue and expenses during the period. The nature of the estimation means that actual outcomes could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Significant estimates and assumptions are made in the valuation of the investment properties held.

The following new standards and interpretations are currently in issue but are not effective for accounting periods commencing after date of incorporation:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)
- IFRIC Interpretation 21 Levies (IASB effective 1 January 2014)
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (IASB effective date 1 July 2014)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (IASB effective date 1 January 2016)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016)
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)
- Amendments to IAS 16 and IAS 41: Bearer Plants (effective 1 January 2016)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective 1 January 2016)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective 1 January 2016)

The Company does not consider that the future adoption of any new standards, in the form currently available, will have any material impact on the financial statements as presented.

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

(b) Revenue Recognition

Rental Income

Rental income excluding VAT arising on investment properties is accounted for in the Statement of Comprehensive Income on a straight-line basis over the terms of the individual leases.

Lease incentives including rent-free periods and payments to tenants, are allocated to the income statement on a straight-line basis over the lease term or on another systematic basis, if applicable. The value of resulting accrued rental income is included within the respective property.

The Company may from time to time receive surrender premiums from tenants who break their leases early. To the extent they are deemed capital receipts to compensate the Company for loss in value of property to which they relate, they are credited to capital reserves. All other surrender premiums are recognised within rental income in the Statement of Comprehensive Income.

Amounts drawn down from escrow which arise from rent free periods are also recognised as rental income.

Interest Income
Interest income is accounted for on an accruals basis.

Service Charges and Expenses Recoverable from Tenants
Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes receivable. Service charges and other such receipts are included gross of the related costs, as the Directors consider the Company acts as principal in this respect.

(c) Expenses

Expenses are accounted for on an accruals basis. The Group's investment management and administration fees, finance costs and all other expenses are charged to revenue through the Statement of Comprehensive Income.

Amounts drawn down from escrow which arise from non-recoverable expenses relating to vacant space are recognised as a deduction from expenses.

(d) Dividends

Dividends are accounted for in the period in which they are paid.

(e) Taxation

Taxation on any profit or loss for the period not exempt under UK-REIT regulations comprises current and deferred tax. Taxation is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised as direct movements in equity, in which case it is also recognised as a direct movement in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an asset the Directors consider that the Group will recover the value of investment property through sale. Deferred tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

(f) Investment Properties

Investment properties consist of land and buildings which are not occupied for use by or in the operations of the Company or for sale in the ordinary course of business but are held to earn rental income together with the potential for capital and income growth.

Investment properties are initially recognised at cost, being the fair value of consideration given, including transaction costs associated with the investment property. Any subsequent capital expenditure incurred in improving investment properties is capitalised in the period incurred and included within the book cost of the property.
After initial recognition, investment properties are measured at fair value, with gains and losses recognised in the Statement of Comprehensive Income. Fair value is based on an open market valuation provided by Knight Frank LLP, Chartered Surveyors at the balance sheet date using recognised valuation techniques appropriately adjusted for unamortised lease incentives, lease surrender premiums and rental adjustments.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (including lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the balance sheet date.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. On derecognition, gains and losses on disposals of investment properties are recognised in the Statement of Comprehensive Income and transferred to the Capital Reserve. Recognition and derecognition occurs on the completion of a sale.

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest classification to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest classification to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Examples of such instruments would be investments listed or quoted on any recognised stock exchange.

Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be those for which the quoted price has been suspended, forward exchange contracts and certain other derivative instruments.

Level 3 – External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument. All investments in direct property would be included in Level 3.

(g) Investments

Investments in subsidiary undertakings are stated at cost.

(h) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and short-term deposits in banks with an original maturity of six months or less.

(i) Rent and Other Receivables

Rents receivable, which are generally due for settlement at the relevant quarter end, are recognised and carried at the original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(j) Interest-bearing Bank Loans and Borrowings

All bank loans and borrowings are initially recognised at cost, being fair value of the consideration received net of arrangement costs associated with the borrowing. After initial recognition, all interest bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any loan arrangement costs and any discount or premium on settlement.

(k) Reserves

Share Premium
The surplus of net proceeds received from the issuance of new shares over their par value is credited to this account and the related issue costs are deducted from this account. The reserve is non-distributable.

Capital Reserve
The following are accounted for in the capital reserve:
- gains and losses on the disposal of investment properties;
- increases and decreases in the fair value of investment properties held at the period end

Revenue Reserve
The net profit/(loss) arising in the revenue column of the Statement of Comprehensive Income is added to or deducted from this reserve which is available for paying dividends.

2. Investment Management Fee

There were no amounts paid for investment management for the period from incorporation to 30 September 2014.

The Company's AIFM and Investment Manager, R&H Fund Services (Jersey) Limited, was appointed on 16 October 2014. The property management arrangements of the Company were delegated by R&H Fund Services (Jersey) Limited, with the approval of the Company, to Ediston Properties Limited ("the Investment Adviser") on 16 October 2014 The Investment Adviser is responsible for the day to day management of the Company.

3. Earnings per share

The Company was dormant throughout the period except for the issuance of initial share capital. Consequently, there have been no earnings to attribute to each share since that issue.

4. Investments

Investment Properties

There were no properties held as at 30 September 2014.

5. Investment in subsidiaries

EPIC (No.1) Limited is a wholly owned subsidiary of Ediston Property Investment Company plc and is incorporated in England and Wales. EPIC (No.1) Limited was incorporated on 27 June 2014 and has been dormant during the period to 30 September 2014. On 15 July 2014 the 1 Ordinary Share of £1.00 in EPIC (No.1) Limited was allotted to Ediston Property Investment Company plc.

The subsidiary is considered immaterial and as such no consolidated financial statements have been prepared.

6. Trade and Other Receivables

	As at 30 September 2014 £'000
Unpaid share capital	50
Total	**50**

The fair value of the unpaid share capital is judged to approximate to its carrying value.

7. Trade and Other Payables

	As at 30 September 2014 £'000
Investment in subsidiary undertakings	–
Total	–

The investment in EPIC (No.1) (a wholly owned subsidiary) of £1.00 was payable as at 30 September 2014.

8. Net Asset Value

The Company's net asset value per ordinary share of 100p is based on equity shareholders' funds of £50,000 and on 50,000 ordinary shares, being the number of shares in issue at the period end.

9. Share Capital Movements

	Number of shares	Share Capital £'000	Share Premium £'000	As at 30 September 2014 Total £'000
Allotted, called-up and unpaid				
Issue of 50,000 ordinary shares of £0.01 par value	50,000	1	49	50
Balance as at 30 September 2014	**50,000**	**1**	**49**	**50**

The Company's capital consists solely of share capital and share premium.

10. Related Party Transactions

The Directors are considered to be related parties. No Director has an interest in any transactions which are, or were, unusual in their nature or significant to the nature of the Company.

The Directors of the Company received no fees for their services during the period. £nil was payable at the period end.

As sole shareholder at the period end, Ediston Properties Limited is considered a related party. Subsequent to the period end the shares were sold as part of the placing and offer for subscription.

Ediston Properties Limited received no fees during the period and £nil (inclusive of VAT) was payable at the period end.

11. Operating Segments

The Board has considered the requirements of IFRS 8 'Operating Segments' The Board is of the view that the Company is engaged in a single unified business, being property investment, and in one geographical area, the United Kingdom, and that therefore the Company has no segments. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance is the total return on the Company's net asset value. As the total return on the Company's net asset value is calculated based on the net asset value per share calculated under IFRS as shown at the foot of the Balance Sheet, the key performance measure is that prepared under IFRS. Therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

The view that the Company is engaged in a single unified business is based on the following considerations:

- one of the key financial indicators received and reviewed by the Board is the total return from the property portfolio taken as a whole
- there is no active allocation of resources to particular types or groups of properties in order to try to match the asset allocation of the benchmark.
- The management of the portfolio is ultimately delegated to a single property manager, Ediston Properties Limited.

12. Financial Instruments

Consistent with its objective, the Company will hold UK commercial property investments. In addition, the Company's financial instruments comprise cash and receivables and payables that arise directly from its operations. The Company does not have exposure to any derivative instruments.

The Company is exposed to various types of risk that are associated with financial instruments. The most important types are credit risk, liquidity risk, interest rate risk and market price risk. There is no foreign currency risk as all assets and liabilities of the Company are maintained in pounds sterling.

The Board reviews and agrees policies for managing the Company's risk exposure. These policies are summarised below and have remained unchanged for the period under review. These disclosures include, where appropriate, consideration of the Company's investment properties which, whilst not constituting financial instruments as defined by IFRS, are considered by the Board to be integral to the Company's overall risk exposure.

Credit Risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company.

In the event of default by a tenant if it is in financial difficulty or otherwise unable to meet its obligations under the lease, the Company will suffer a rental shortfall and incur additional expenses until the property is relet. These expenses could include legal and surveyor's costs in reletting, maintenance costs, insurances, rates and marketing costs and will have a material adverse impact on the financial condition and performance of the Company and/or the level of dividend cover. The Board receives regular reports on concentrations of risk and any tenants in arrears. The Managers monitor such reports in order to anticipate, and minimise the impact of, defaults by occupational tenants.

There were no financial assets which were either past due or considered impaired at 30 September 2014.

All of the Company's cash is placed with financial institutions with a long-term credit rating of A or better. Bankruptcy or insolvency of such financial institutions may cause the Company's ability to access cash placed on deposit to be delayed or limited. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, cash holdings would be moved to another bank.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The Company's investments comprise UK commercial properties. Property and property-related assets in which the Company invests are not traded in an organised public market and may be illiquid. As a result, the Company may not be able to liquidate quickly its investments in these properties at an amount close to their fair value in order to meet its liquidity requirements.

The Company's liquidity risk is managed on an ongoing basis by the Investment Adviser and monitored on a quarterly basis by the Board. In order to mitigate liquidity risk the Company aims to have sufficient cash balances (including the expected proceeds of any property sales) to meet its obligations for a period of at least twelve months.

Interest Rate Risk

Some of the Company's financial instruments will be interest-bearing. As a consequence, the Company will be exposed to interest rate risk due to fluctuations in the prevailing market rate.

The fair value or financial assets and liabilities is not materially different from their carrying value in the financial statements.

When the Company retains cash balances, they will ordinarily be held on interest-bearing deposit accounts. The Company's policy is to hold cash in variable rate or short term fixed rate bank accounts. Exposure varies throughout the year as a consequence of changes in the composition of the net assets of the Company arising out of the investment and risk management policies

Market Price Risk

The management of market price risk is part of the investment management process and is typical of a property investment company. The portfolio is managed with an awareness of the effects of adverse valuation movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Investments in property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Such risk is minimised through the appointment of external property valuers. The basis of valuation of the property portfolio is set out in detail in the accounting policies.

13. Post Balance Sheet Events

On 27 October 2014 the Company issued a further 94,950,000 ordinary shares of £0.01 at a premium of £0.99 each through a placing and offer for subscription. An application was made for the 95,000,000 shares to be admitted to trading on the Main Market of the London Stock Exchange plc and to listing on the Official List of the UK Listing Authority which became effective on 28 October 2014.

The Company's adoption of UK REIT status was effective from 31 October 2014.

In accordance with the prospectus, the initial property purchases were made on 31 October 2014. The Company completed these first purchases for Edinburgh, Sheffield and Reading at a cost of £39.25m. On 7 November, the second tranche of properties were purchased at a cost of £37.45m via the purchase of a JPUT, holding properties in Birmingham and Rhyl. On 14 November 2014, these properties became directly owned by the Company.

On 23 December 2014, the Company completed a lease renegotiation on Cutler's Gate, Sheffield. The Company granted a reversionary lease to the existing tenant which extends the unexpired term from 10 years to 25 years and replaces the five yearly upward only rent review provisions with annual uplifts in line with the Retail Price Index (RPI) throughout the term. The RPI increase is capped at 3.00% per annum and collared at 0.00% per annum. A lease incentive of £3.4m was paid and is recorded within deferred income.

At 31 December 2014, the Company's properties were valued at £84.1m by Knight Frank LLP in their capacity as external valuers. The valuation was undertaken in accordance with the RICS Valuation - Professional Standards VPS4 (1.5) Fair Value and VPGA 1 Valuations for Inclusion in financial statements, which adopt the definition of Fair Value adopted by the International Accounting Standards Board. Market value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The net asset value as at 31 December 2014 was £96.0m.

On 21 January 2015, an application to the Court was successfully made for the cancellation of the share premium account. On 22 January 2015, the first dividend was announced of 0.9685p per share, ex-dividend 29 January 2015, pay date 6 February 2015.

Notice of Annual General Meeting

Notice is hereby given that the first annual general meeting of Ediston Property Investment Company plc will be held at 39 George Street, Edinburgh EH2 2HN on 24 March 2015 at 11.00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 9 inclusive will be proposed as ordinary resolutions, and resolutions 10 to 12 inclusive will be proposed as special resolutions:

Ordinary Resolutions

1. To receive and adopt the Company's report and financial statements for the period from incorporation of 17 June 2014 to 30 September 2014 together with the directors' report and auditor's report thereon.

2. To reappoint Grant Thornton UK LLP as the Company's auditors to hold office from the conclusion of the meeting until the conclusion of the next meeting at which accounts are laid before the Company.

3. To authorise the Directors to agree the remuneration of the auditors.

4. To elect Robin Archibald as a director of the Company.

5. To elect Robert Dick as a director of the Company.

6. To elect Ratan Engineer as a director of the Company.

7. To elect William Hill as a director of the Company.

8. To approve the directors' remuneration policy.

9. That, in accordance with section 551 of the Companies Act 2006, the Directors be generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Securities") up to an aggregate nominal amount of £95,000 (being 10% of the Company's share capital, as at 29 January 2015), provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the next annual general meeting of the Company or on 15 months from the passing of this resolution, which ever is the earlier, save that the Company may, before such expiry, make offers or agreements which would or might require Securities to be allotted and the directors may allot Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

Special Resolutions

10. That, subject to the passing of resolution 9, the Directors be given the general power, pursuant to section 570 of the Companies Act 2006 (the "Act"), to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority under section 551 of the Act either conferred by resolution 9 or by way of a sale of treasury shares as if section 561 of the Act did not apply to any such allotment, provided that this power:

(a) expires at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on expiry of 15 months from the passing of this resolution, whichever is the earlier, unless renewed, varied or revoked by the Company prior to or on such date, and save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired; and

(b) shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £95,000 (being 10% of the nominal value of the issued share capital of the Company, as at 29 January 2015).

11. To authorise the Company generally and unconditionally to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of £0.01 each provided that:

(a) the maximum aggregate number of ordinary shares that may be purchased is 14,240,500 ordinary shares, or if less, 14.99% of the issued ordinary share capital of the Company immediately prior to passing of this resolution (excluding treasury shares);

(b) the minimum price (excluding expenses) which may be paid for each ordinary share is £0.01;

(c) the maximum price (excluding expenses) which may be paid for each ordinary shares is the higher of:

(i) 105 per cent. of the average market value of an ordinary share in the Company for the five business days prior to the day the purchase is made; and

(ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange; and

(d) unless previous varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Company's next annual general meeting or on 15 months from the passing of this resolution, which ever is the earlier, save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.

12. That a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

By order of the Board
R&H Fund Services Limited
Company Secretary

Registered office:
Broadgate Tower
20 Primrose Street
London
EC2A 2EW

29 January 2015

Notes

1. Only those shareholders registered in the Company's register of members at 6.00 p.m. on 20 March 2015 or, if the meeting is adjourned, 6.00 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

2. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006 (the "Act"), can be found at www.epic-reit.com.

3. As a member you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. A proxy does not need to be a shareholder of the Company but must attend the meeting to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. You may not use any electronic address provided either in this notice or any related documents (including the financial statements and proxy form) to communicate with the Company for any purpose other than those expressly stated.

4. Shareholders can:

   (a) appoint a proxy and give proxy instructions by returning the enclosed proxy form by post (see note 5); or

   (c) if a CREST member, register their proxy appointment by utilising the CREST electronic proxy appointment service (see note 6).

   Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting and vote in person, your proxy appointment will automatically be terminated.

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:

   (a) completed and signed;

   (b) sent or delivered to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY; and

   (c) received by Computershare Investor Services PLC no later than 11.00 a.m. on 20 March 2015.

   In the case of a shareholder which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

   If you have not received a proxy form and believe that you should have one, or if you require additional proxy forms, please contact Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY (Tel No. 0870 707 1079).

6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC (ID 3RA50) no later than 11.00 a.m. on 20 March 2015, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

8. As at 6.00 p.m. on 28 January 2015, the Company's issued share capital comprised 95,000,000 ordinary shares of £0.01 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on 28 January 2015 is 95,000,000.

   The website referred to in note 2 will include information on the number of shares and voting rights.

9. Under section 319A of the Act, any member attending the meeting has a right to ask questions. The Company must answer any question you ask relating to the business being dealt with at the meeting unless:

(a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

(b) the answer has already been given on a website in the form of an answer to a question; or

(c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

10. Under section 338 of the Act, a member or members meeting the qualification criteria set out at note 13 below may, subject to certain conditions, require the Company to circulate to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (a) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (b) the resolution must not be defamatory of any person, frivolous or vexatious; and (c) the request: (i) may be hard copy form or in electronic form, (ii) must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported, (iii) must be authenticated by the person or persons making it, and (iv) must be received by the Company not later than six weeks before the meeting to which the requests relate.

11. Under section 527 of the Act, a member or members meeting the qualification criteria set out at note 13 below may have the right to request the Company to publish on its website a statement setting out any matter that such members propose to raise at the meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting.

    Where the Company is required to publish such a statement on its website:

    (a) it may not require the shareholders making the request to pay any expenses incurred by the Company in complying with the request;

    (b) it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and

    (c) the statement may be dealt with as part of the business of the meeting.

    The request:

    (a) must be in writing to R & H Fund Services Limited at 15-19 York Place Edinburgh EH1 3EB;

    (b) either set out the statement in full or, if supporting a statement sent by another shareholder, clearly identify the statement which is being supported;

    (c) must be authenticated by the person or persons making it; and

    (d) be received by the Company at least one week before the meeting.

12. In order to be able to exercise the members' rights in note 10 to note 11, the relevant request must be made by: (a) a member or members having a right to vote at the meeting and holding at least five per cent. of total voting rights of the Company; or (b) at least 100 members having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital.

13. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person"), you may have a right under an agreement between you and the shareholder of the Company who has nominated you to have information rights ("Relevant Shareholder") to be appointed or to have someone else appointed as a proxy for the meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Shareholder to give instructions to the Relevant Shareholder as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Shareholder (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

    The statement of the rights of members in relation to the appointment of proxies in notes 3 and 4 above does not apply to a Nominated Person.

14. Any person holding three per cent. or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his proxy will need to ensure that both he and his proxy comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

15. Copies of the Directors' letters of appointment are available for inspection at the Company's registered office during normal business hours and at the place of the meeting from at least 15 minutes prior to the meeting until the end of the meeting.

Corporate Information

Directors
Mr Ratan Engineer (Chairman)
Mr Robin Archibald
Mr Robert Dick *
Mr William Hill

* Chairman of the Audit Committee.

Registered Office
Broadgate Tower
20 Primrose Street
London EC2A 2EW

Registered Number
09090446
Registered in England and Wales

AIFM and Investment Manager
R&H Fund Services (Jersey) Limited
Ordnance House
31 Pier Road
St. Helier
Jersey JE4 8PW

Investment Adviser
Ediston Properties Limited
Broadgate Tower
20 Primrose Street
London EC2A 2EW

Administrator and Company Secretary
R&H Fund Services Limited
15-19 York Place
Edinburgh EH1 3EB

Legal Adviser
Dickson Minto W.S.
Broadgate Tower
20 Primrose Street
London EC2A 2EW

Property Valuers
Knight Frank LLP
55 Baker Street
London W1U 8AN

Independent Auditors
Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Tax Adviser
Ernst & Young LLP
Ten George Street
Edinburgh
EH2 2DZ

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Corporate Broker
Canaccord Genuity Limited
88 Wood Street
London EC2V 7QR

Website
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EDISTON PROPERTY
INVESTMENT COMPANY PLC