

To: RNS

From: Ediston Property Investment Company plc

Date: 30 January 2015

Audited results for the period from incorporation 17 June 2014 to 30 September 2014

The Company was dormant throughout the period except for the issuance of initial share capital. Consequently, there has been no earnings to attribute to each share since that issue and no return from the movement in net asset value.

The Chairman, Ratan Engineer stated

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 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. 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

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.

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

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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

Statement of Changes in Equity
For the period from incorporation on 17 June 2014 to 30 September 2014

	Share Capital	Share Premium	Total
	£'000	£'000	£'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.

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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 not effective for accounting periods commencing after the 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 the 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

As at 30 September 2014

	Number of shares	Share Capital £'000	Share Premium £'000	Total £'000
Allotted, called-up and unpaid Issue of 50,000 ordinary shares of 1p 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. Financial Statements

The financial information set out above does not constitute the Company's statutory financial statements for the period ended 30 September 2014. The financial statements for 2014 are audited and the Auditors have issued an unqualified opinion. The full audited accounts for the period ended 30 September 2014, which were unqualified, will shortly be lodged with the Registrar of Companies.

The report and accounts for the period ended 30 September 2014 will be available on the website www.epic-reit.com.

12. 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.

13. 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 re-let. These expenses could include legal and surveyor's costs in re-letting, 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 of 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.

14. 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.

