EDISTON PROPERTY
INVESTMENT COMPANY PLC

One year on

Annual Report and Accounts 2015

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Cover image: The city of Edinburgh, location of the Company's best performing asset in 2015.

One year on

Ediston Property Investment Company is a UK-listed Real Estate Investment Trust (REIT) investing in commercial property throughout the UK.

We aim to deliver to our shareholders an attractive level of income coupled with the prospect of income and capital growth. Our approach is to add value at all stages of the investment process. Key to this is the expertise and skill-set of the team at our investment adviser, Ediston Real Estate, with its generous ratio of experienced property professionals to assets. It has a strong track record of, and continued focus on, improving value through intensive and entrepreneurial asset management. We invest in the main UK commercial property sectors but without regard to a traditional property market relative-return benchmark.

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Portfolio value

£136.4m

Weighted average unexpired lease term

8.6 years

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PROPERTY PORTFOLIO REVIEW

A period of intensive acquisition and asset management

HIGHLIGHTS

EPRA NAV total return

13.7%

EPRA NAV per share

106.49p

+8.6% from launch

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FINANCIAL REVIEW

A diversified portfolio with long and secure income

OPERATIONAL HIGHLIGHTS

- Launched Company on LSE in October 2014, raising gross proceeds of £95.0 million.
- Obtained REIT status.
- Acquired 11 properties for £119.8 million.
- Reduced vacant space from 25.0% to 7.4%.

We support EPRAs drive to bring parity to the comparability and quality of information provided to investors and other key stakeholders of this Report. We have therefore within the 2015 Annual Report included a number of performance measures based on EPRA methodology. It should be noted that there is no difference between the Company's IFRS and EPRA NAV in this year's accounts.

FINANCIAL HIGHLIGHTS

- NAV per share increased by 8.6% from initial NAV at launch to 30 September 2015.
- Share price increased by 9.5% to 109.50p from the initial subscription price at launch to 30 September 2015.
- In May 2015 concluded a £40.0 million, 10-year credit facility with Aviva Commercial Finance Limited at an 'all-in' fixed interest rate of 3.09% per annum for the duration of the loan.
- In July 2015, raised additional gross proceeds of £35.9 million through issuance of 33.3 million Ordinary Shares.

Targeting regional property

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

Our Structure

The Board of Directors is responsible for the direction and control of the Company, including investment policy and strategy. We have appointed Rawlinson & Hunter (R&H) to provide corporate administration, secretariat function and to act as the AIFM to the Company. Ediston Real Estate is appointed as Investment Adviser and is responsible for day-to-day management of the Company's portfolio, advising on acquisition, development and disposal of assets.

R&H — Administration, secretariat and AIFM

EDISTON REAL ESTATE — Investment Adviser

→ EDISTON PROPERTY INVESTMENT COMPANY PLC

INVESTMENT STRATEGY

We aim to achieve our investment strategy by targeting 'core-plus' properties with a net yield, during the expected hold period, in excess of 6.5%. We seek assets offering opportunities to add value through our Investment Adviser's entrepreneurial approach to asset management. Assets may often be non-institutional, which we transform into institutional-grade property. The investment policy is not to be rigidly benchmarked against any IPD index. We believe it more important to create a sustainable, diversified portfolio where each asset can ultimately offer strong and, potentially, improving cash flow.

FOCUSED REGIONAL APPROACH

The portfolio contains properties located throughout the regions of the UK. While the Company's investment policy does not preclude investment in London, the current low yields on offer do not sit well with our focus on income. We have benefited from a less crowded market-place in the regional locations, allowing us to select the assets we believe are right for the strategy without being forced into stiff pricing competition, which inevitably leads to yields being driven lower.

RESOURCE-LED ASSET MANAGEMENT

The Investment Adviser aims to actively manage the portfolio through a detailed understanding of every asset we own, to identify, create and exploit opportunities to add value. This process starts in the pre-ownership stage, as we carry out detailed due diligence on the property to ensure we have a credible and implementable business plan to deliver positive asset performance.

OUR KEY PROPERTIES

1

ST PHILIPS POINT, BIRMINGHAM
(office/retail)

Purchase price
£22.35m

Net yield at purchase
7.15%

2

HARTSHEAD HOUSE, 2 CUTLERS GATE, SHEFFIELD
(office)

Purchase price
£13.50m

Net yield at purchase
7.34%

3

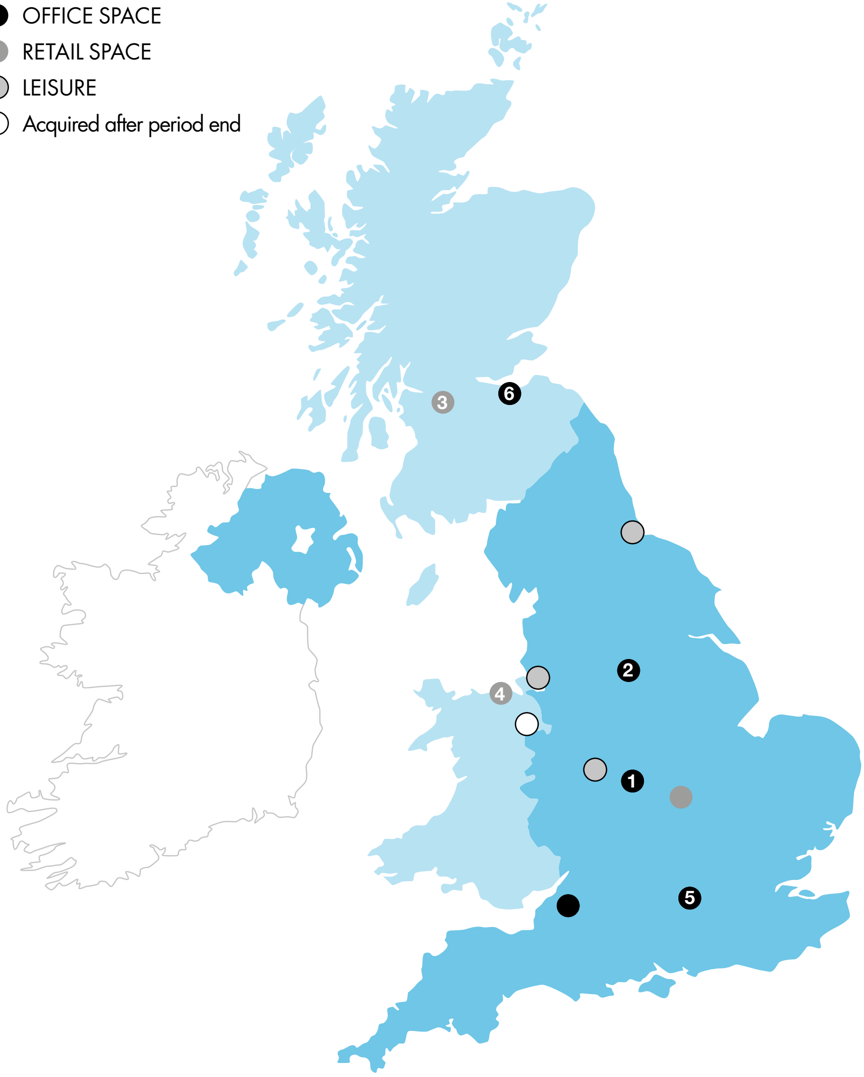
B&Q EXTRA, TENNENT STREET, COATBRIDGE, STRATHCLYDE
(retail warehouse)

Purchase price
£16.80m

Net yield at purchase
7.46%

Our key properties map

- OFFICE SPACE
- RETAIL SPACE
- LEISURE
- Acquired after period end



Number of properties at 30 September 2015

11

Portfolio value at 30 September 2015

£136.4m

Total contracted rent at 30 September 2015

£8.6m

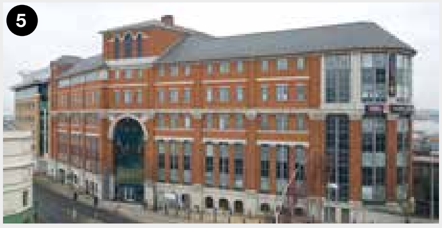
We are a member of the Association of Investment Companies (AIC).

For further information on our portfolio, please visit **www.ediston-reit.com/property-portfolio**

CLWYD RETAIL PARK, RHYL
(retail warehouse)

Purchase price
£15.10m

Net yield at purchase
6.85%



PHOENIX, READING
(office)

Purchase price
£19.50m

Net yield at purchase
6.58%

145 MORRISON STREET, EDINBURGH
(office)

Purchase price
£6.25m

Net yield at purchase
8.08%

Delivering on our promises

The progress made in the period is in line with our key objectives set out at launch.

INTRODUCTION

The prospectus published in October 2014 set out an ambitious programme for the Company. I am delighted to report that the management team has delivered on the objectives that were set.

Ratan Engineer, the Company's chairman at flotation in October 2014, very sadly did not live to see the considerable achievements the Company has made in its first full year as a real estate investment trust. He was instrumental in overseeing the successful start of the Company and it is important that this is properly acknowledged and recorded.

Following Ratan's death, the Board responsibilities were reorganised among the remaining three Directors. I would like to thank my fellow Directors for the considerable amount of time that they have expended during the year in helping oversee a busy programme of activity. During the next 12 months, we will look to add another Director to the Board.

INVESTMENT PERFORMANCE

At flotation gross proceeds of £95.0 million were raised from a broad spread of investors. This enabled the Company to complete the acquisition of the portfolio of five investments identified in the prospectus for £76.7 million.

This portfolio had some immediate asset management opportunities to exploit. The execution of these, with lettings achieved in Edinburgh, Birmingham and Reading and a value-enhancing restructuring of the lease to Capita on the Sheffield property, were important drivers of the EPRA NAV total return per share of 13.7% for the accounting period. They also impacted positively on the share price total return of 14.3%. These returns were achieved despite the Company incurring the purchase costs associated with the acquisition of 11 properties during the year.

ARRANGEMENT OF DEBT FACILITY

In accordance with the gearing intentions set out in the prospectus, the Investment Adviser and the Board considered various debt strategies and potential debt providers. A decision was taken to capitalise on the attractive long-term finance that was available from several insurance company lenders. As a result, a 10-year £40.0 million loan agreement was put in place with Aviva at a fixed interest cost of 3.09% per annum over the term of the loan. An important feature of the facility is the substitution arrangement, providing flexibility to replace properties sold with new assets. Locking into this rate for 10 years was not only helpful in protecting future distributions to shareholders from the risk of higher borrowing rates in the future, but also enabled the Company to develop its three to five-year strategy without having to face the distraction and potential risks of a bank refinance.

INVESTMENT PURCHASES AND STRATEGY

The investment strategy has been to acquire properties with an average yield during the hold period in excess of 6.5%, with potential for income growth and/or value-add opportunities that could play to the Investment Adviser's active asset management strengths.

Income is central to the investment philosophy of the Company: income protection through careful tenant selection and management of unexpired lease terms; income growth by investing in the right assets; and income creation by utilising management skills to create additional revenue streams.

Share price total return
14.3%

EPRA NAV total return per share
13.7%

Dividends per share
5.09p

Following the acquisition of the five properties identified in the initial prospectus, six further property purchases were made in the year, in a competitive market, at a total cost of £43.1 million. The properties comprised an office in Bath, a retail warehouse in Coatbridge, a retail warehouse park in Daventry and three leisure properties in Hartlepool, Telford and Liverpool. The rationale behind each purchase is explained in the Property Portfolio Review on pages 16-19. The total investments made in the year were £119.8 million.

Subsequent to the year end, an investment has been made in a retail warehouse park in Wrexham. This asset is also referred to in the Property Portfolio Review.

GROWTH OF EQUITY BASE

A stated objective in the initial prospectus was that the Company should seek to grow its equity base. The Board and its advisers considered that new equity could be raised on terms acceptable to shareholders and that additional assets could be acquired with the proceeds on attractive terms. Accordingly, shareholders were asked in June 2015 to approve a 12-month placing programme for up to 150 million new shares and to dis-apply pre-emption rights for an initial tranche of up to 40.0 million. An initial 33.3 million new shares, for a consideration of £35.9 million, were subsequently issued in July 2015 at a 3.3% premium to the prevailing NAV.

Including assets purchased after the year end or under offer, the Company has successfully committed its initial equity, the capital from the debt facility and the majority of the new tranche of equity. Assuming the Board continues to believe that further investment opportunities are available and the capital can be raised on terms that enhance the interests of shareholders, there is a prospect of the Company returning to the market in the first half of 2016 using the existing placing programme authorities.

"The Board is pleased with the progress made in the Company's maiden year and further evidence is the positive movement of the NAV at 31 December 2015 to 107.92 pence per share, an increase of 1.3% from the year end.

The Board believes a good platform has been established to move ahead with some optimism."

DIVIDENDS

The Board is committed to monthly dividend payments. A final dividend of 0.46 pence per share for the month of September was paid in October 2015. Together with dividends paid to September 2015 of 4.63 pence total dividends for the financial year were 5.09 pence per share, in line with the prospectus.

Dividend cover during the year was 84.7% due to the diluting effect of cash from un-invested capital at launch, debt drawdowns and the new equity raise. However, the current dividend expressed as a proportion of NAV per share attributed to property assets (that is, ignoring cash in the NAV) is fully covered going forward. On this basis, the Board is confident that the dividend is sustainable, assuming investments can continue to be made at the target yield level.

GOVERNANCE

The Board take its corporate governance responsibilities seriously and has worked throughout the year putting in place structures to ensure compliance with the various codes of practice. The approach taken is detailed in the governance section of the report and accounts.

OUTLOOK

Looking ahead, the Board believes that the fall in property yields that has characterised the market over the last two years may come to an end. A greater proportion of total return is therefore likely to come from income. With several parts of the UK property market undersupplied, the prospects for income growth are positive. Against this backdrop, there are still attractive parts of the market in which to invest. The Company's strategy for the coming months is therefore:

- continuing to invest in assets with income returns above 6.5%;
- targeting properties with the ability to grow income or the potential to add value from management initiatives;
- if possible, raising further capital to enable the Company to continue to grow in a measured way;
- actively managing the existing portfolio to improve value in the portfolio; and
- using prudent levels of gearing to enhance opportunities for income distribution and capital growth.

The Board is pleased with the progress made in the Company's maiden year and further evidence is the positive movement of the NAV at 31 December 2015 to 107.92 pence per share, an increase of 1.3% from the year end. The Board believes a good platform has been established to move ahead with some optimism. However, caution must not be too far away, given uncertainties in the global economy and the consequent volatility in all markets.

William Hill
Chairman

A changing picture in the UK property market

The Company's portfolio offers an excellent combination of high-quality assets, with attractive lease lengths and numerous asset management opportunities to be exploited to improve income and add value. I believe we are well-positioned for the next phase of the property cycle.

UK PROPERTY MARKET – WHERE WE OPERATE

As we start 2016 the economic fundamentals supporting the economy remain relatively positive. GDP growth, while fragile, remains around trend levels, providing a reasonable backdrop to a supply-constrained property market. The economy is experiencing a period of benign inflation, interest rates remain low and the country enjoys high employment. Household finances have improved as a result of the low inflation environment and an upturn in real wage growth and have resulted in improved levels of business and consumer confidence.

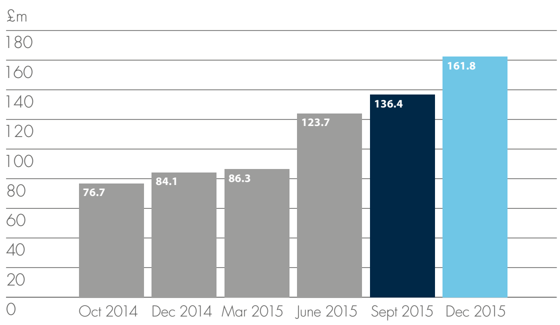
On the downside, there is increased uncertainty over the in/out referendum on EU membership. Recent economic woes in China appear to have lessened the prospect of an immediate increase in interest rates but the resultant volatility in equity markets is a concern. Global oil price falls and Middle Eastern geopolitical issues also have potential to impact negatively and heighten investor concerns. The potential impact of a rise in UK interest rates has been subject to significant commentary, given the historic relationship of UK gilts to property yield. We are of the view that there is presently enough of a yield gap between gilts and property to provide an adequate buffer to cope with some upward movement in rates, whenever that may occur. There may, however, be some short-term volatility as investors take different positions when rates start to move.

One of the most encouraging dynamics of the current property cycle is the limited supply of new property throughout the UK. The lack of development since 2008, particularly in regional locations, has arisen as investors shied away from risk and banks withdrew funding for speculative projects. As a consequence we are witnessing historically low vacancy rates across the UK and the potential for rental growth is positive. As a result we are focused in purchasing assets which can benefit from this.

A CHANGING PICTURE

The combination of positive economic and supply-demand conditions, along with the sizeable weight of money that has flowed into the sector, may have created another record year for investment volumes in the sector in 2015. Prime yields in London have surpassed those at the peak of 2007 and, in many cases, this also applies to numerous regional locations with the phenomenon applying across all use classes. We are, however, now witnessing yield compression slowing and it appears we are moving into a different phase of the market where 'market' yield improvement ends and returns reduce to healthy positive single-digit territory, supported by a generous income yield relative to other asset classes.

Portfolio capital value progression



11 proprieties acquired for
£119.8m

Portfolio Value
£136.4m

Total property return (after acquisition costs)
17.3%

As investors adapt to this new dynamic there should be reassurance that the market still offers prospects for healthy positive returns. UK institutions invested more money into UK regions in 2015 than they did in 2014 and, logically, this is in expectation of better returns in these areas than from London at current price levels. We too have witnessed more competition for assets in the regional markets, with some headline-grabbing yields being paid by UK institutions and US equity funds, supported by higher levels of gearing. This is, however, not reflective of the whole market, as we believe value can still be acquired in locations where rental growth should be achieved in the coming cycle.

INVESTMENT STRATEGY AND STYLE

Our strategy remains focused on building a good-quality, diversified portfolio of properties, which offer the opportunity to increase rental value, income security and capital value, by implementing the Ediston 'style' of asset management. The portfolio will remain regionally based until such time as we believe we can purchase higher-yielding, good-quality assets in central London and which can be accretive to the dividend yield of the Company.

Income will remain central to the Company's investment philosophy but the opportunity to add value to property assets is also one of the asset class's investment characteristics and, thus, we continue to seek assets where we have 'lots to do' and where various asset management initiatives can be pursued at the same time. We will also look to invest opportunistically, where we believe assets are simply mis-priced, in a less-than-perfectly efficient market, or where information we have leads us to believe we have an entrepreneurial edge to the management of the property.

RISKS

Outside of the nervousness surrounding global markets and the negative impact this is having we believe the specific risks for the UK property market are limited. It is possible that negative sentiment or an external influence or shock could cause a period of volatility. The possible negative impact of investor weight of money also remains a threat in two respects. While we expect yields to stabilise, continued strong flows into a sector, offering attractive income returns, could continue to drive pricing up, albeit at a slower rate. At the moment investors appear to be exercising restraint and good investment discipline, only paying the keenest of yields for the most prime assets, leaving opportunities in higher-yielding assets. This still leaves the question of how 'sticky' this global capital actually is and the consequential impact, if sizeable sums were withdrawn.

PERFORMANCE

The Company achieved a property total return to 30 September 2015 of 17.3%. In a period of portfolio construction, where costs of purchase impact negatively, this has been achieved with a combination of good stock selection, in a forward moving marketplace, and the positive asset management of properties. There has been continued positive movement in the NAV at 31 December 2015 and we are confident we can add further value through entrepreneurial asset management of the portfolio in 2016 as the portfolio continues to offer opportunities to create value.

OUTLOOK

With a limited supply pipeline and a low interest rate environment, we remain optimistic about the market's prospects in 2016 with the likely prospect of acquiring good-quality assets in a slightly less-crowded marketplace. However, we do continue to try and identify what the catalysts for change may be and whether the market is ignoring them or not. There is some aggressive pricing being paid for assets and there is a risk of that pricing getting ahead of itself and to a level for which rental growth will not sufficiently compensate. We have witnessed a number of real estate analysts calling the 'top of the market', which may in itself have a negative impact on sentiment. However, it does not follow that every peak has a sharp drop at the other side.

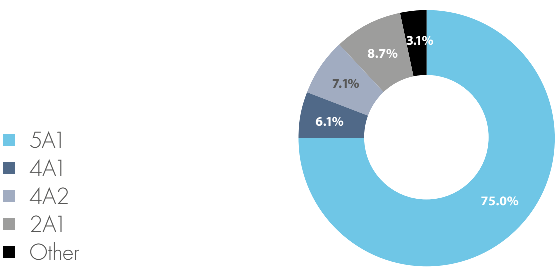
There are clearly positive attributes to the sector. There may well be a yield price correction at the prime end of the market, or in a particular sub-sector or location where things get 'too hot', but the market is generally well-placed to deliver returns closer to income levels. From the Company's perspective we believe the improvement in the Company's quality and security of income over the period, with 75% of our contracted rent having a D&B rating of 5A1 (see chart below), combined with Ediston's intensive approach to asset management, puts it in a good position to cope with uncertain short-term volatility, should it arise. We will seek to exploit market mispricing opportunities with further astute acquisitions. The Company's portfolio offers a good combination of defensive assets, above-average income security and asset management initiatives to improve both capital and income.

Finally, I would like to extend my thanks to the Board for its counsel and support over this busy initial period, particularly following the untimely death of Ratan Engineer, our previous Chairman.

Danny O'Neill
Chief Executive Officer, Ediston Real Estate
danny.oneill@ediston.com

TENANT COVENANT PROFILE

D&B risk ratings of tenant income as a percentage of the portfolio income



Key aspects of our strategy

OUR BUSINESS

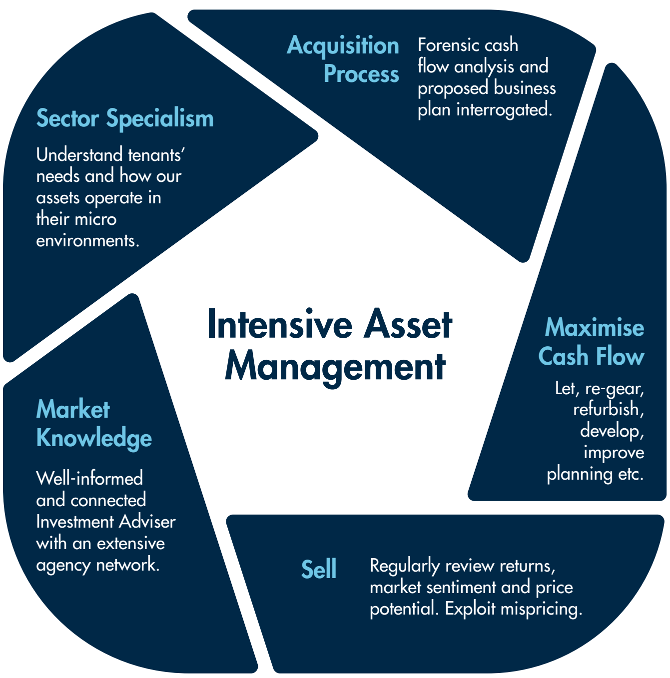
Our goal

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

Our approach

Is focused on adding value. We are not benchmark driven; we do have risk measures in place, but we won't be forced to buy or sell in a particular sub-sector because an IPD benchmark moves in a particular way.

Our process



HOW WE ADD VALUE

Targeted investment

Our investment policy is not benchmark-driven. We seek to identify assets which are mispriced through a detailed analysis of risk and the property fundamentals combined with good knowledge of the local occupational market. We also target property which offers the opportunity to add value through active asset management.

A focus on unlocking value

The ability to unlock value is key to delivering superior returns. We have a resource-driven platform, which seeks to identify value-adding opportunities for each asset. Because of our Investment Adviser's diverse skill-set, it is not uncommon for more than one member of the team to be involved in implementing the agreed business plan. Generally, we allocate three to six projects per surveyor.

Analysis of risk and cash flows

With a thorough understanding of all aspects of the property we are acquiring, including the businesses which operate within it, we aim to know how our assets 'live and breathe', how they fit into the location and economic environment and what opportunities and risks exist beyond general market movements. Then it is about assessing the quality of and risks to the cash flow. Successful property investment is, in our opinion, about cash flow rather than about the glamour of bricks and mortar.

An experienced management team

The Investment Adviser has a wealth of experience in the real estate sector with the team members, possessing an average of 19 years each. The senior Directors have significant institutional fund management experience (at senior Director level); the rest of the team has strong property, Company and developer experience, covering all sectors of the UK market. The Investment Adviser reports regularly to the Board of Directors, two of whom have significant experience in the UK real estate market.

OUR STRATEGIC PRIORITIES

Strategic priority 1

Income Growth

to support dividend payments to shareholders.

Progress in 2015

Good progress has been made in letting a significant amount of vacant space at above the estimated rental value.

Targets for 2016

To have a fully covered dividend as soon as possible subject to the impact that further capital raising might have.

Strategic priority 2

Acquire

properties at a running yield in excess of 6.5% over the anticipated hold period for that property.

Progress in 2015

Excellent progress made during the period with £119.8 million invested in 11 properties.

Targets for 2016

The Company is likely to be fully invested on its current capital base with the acquisition of one property in December 2015 and one further property in January 2016.

Strategic priority 3

NAV Growth

per share of the Company.

Progress in 2015

Delivered an increase of 8.6% in the NAV per share. As illustrated in the strategy-in-action property profiles, much of this is down to the style of management of assets, which has helped to significantly reduce the EPRA vacancy rate and increase the WAULT of the property portfolio.

Targets for 2016

We will continue to pursue this through implementation of the Ediston style of management.

Strategic priority 4

Reduce Voids

minimising the vacancy rate across the portfolio.

Progress in 2015

Good progress made with the EPRA vacancy rate, reducing significantly from 25.0% at launch to 7.4%.

Targets for 2016

To further reduce the EPRA vacancy rate.

KEY PERFORMANCE INDICATORS

The Board uses a number of performance measures to monitor and assess the performance of the Company. The key performance indicators are as follows:

EPRA NAV total return

13.7%

EPRA NAV total return reflects both the growth in net assets as well as dividends paid to shareholders. The Board consider this the best overall measure of value delivered to shareholders.

Dividend per share*

5.09 pence

A key objective is to provide an attractive and sustainable level of dividend to our shareholders. At each quarterly meeting the Board reviews the level of dividend per share, coupled with detailed financial forecasts, to ensure that this objective is being met and is suitable.

Premium/discount of share price to NAV

2.8% premium

Premium/discount of share price to NAV is monitored by the Board and it believes that the long-term investment performance is a key driver of the level of premium or discount achieved. However, it is recognised that there could be stock market volatility which can affect this.

Share price total return

14.3%

(share price at 30 September 2015 was 109.5 pence)

Share price total return reflects both the growth in share price as well as dividends paid to shareholders. The Board consider this to be a good current measure of value that can be realised by shareholders.

EPRA vacancy rate

7.4%

(this falls to 2.1% allowing for contracted rental guarantees)

EPRA Vacancy Rate measures the percentage of investment property space that is vacant, based on ERV. This vacancy rate is measured throughout the year and the Board ensures that the Investment Adviser prioritises the Company's income.

* Based on weighted number of shares in issue during the year. It reflects an annualised dividend yield of 5.5% on those shares in existence throughout the year.

Hartshead House, 2 Cutlers Gate, Sheffield

Unlocking value

When we acquired this 61,638 sq ft grade A office building, it was let for a further 11 years to Capita Business Services Limited. The building was constructed in 2010 and provides modern, grade A office accommodation over a ground and seven upper floors, with 131 car parking spaces.

We approached the tenant with a proposal to re-gear its lease in order to improve our income stream. A deal was struck for a new reversionary lease, which provided a term certain of 25 years from completion in December 2014. The five-yearly, upward-only rent review provision was replaced by annual uplifts in line with the Retail Prices Index (RPI) throughout the term. The RPI increase will be capped at 3.00% per annum and collared at 0.00% per annum.

We negotiated a guarantee from Capita Plc for the duration of the term, providing a further layer of security.

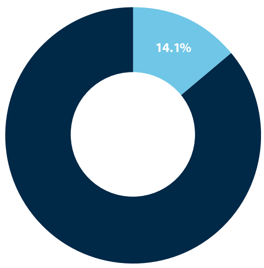
The transaction had a positive impact for the Company. At completion, it increased the WAULT of our portfolio and our NAV by £1.3 million.

"This is a good example of our asset management style: unlocking value from what looked like a 'dry' asset and creating a more robust and attractive income stream."

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

Net annual rent at Cutlers Gate, Sheffield

£1,047,846



- Cutlers Gate value
- Remainder of property portfolio value

St Philips Point, Birmingham

Flexible solutions for our tenants

We acquired a partially-vacant building with short-term leases to a number of financial and professional services tenants.

We were attracted to the prime location of the asset and the quality of the occupiers; however, some of the internal fabric was sub-standard.

In January 2015 we completed a refurbishment of the seventh, eighth and ninth floors to category A specification, before implementing a marketing campaign to secure suitable tenants. In April 2015 the ninth floor was let to Accountancy Action at £24.0/sq ft, a premium rent for the building and ahead of our business plan.

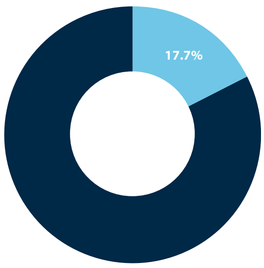
In November 2015, Baker Tilly, an existing tenant, agreed to remove a 2017 break clause in its lease, thereby extending its occupation to at least 2022 and improving the security and length of our income.

"The key to delivering this project was to understand the needs of our tenants and the level of specification required to let vacant space. This enabled us to deliver a first-class product, retain existing tenants and drive rents forward on the remaining space."

Andy McKinlay, Director of Development
andy.mckinlay@ediston.com

Net annual rent at St Philips Point, Birmingham

£1,460,376



- St Philips Point value
- Remainder of property portfolio value

145 Morrison Street, Edinburgh

Understanding customer needs

We acquired this office property in the Exchange District of Edinburgh in October 2014. The property had been developed in 2013 and was vacant, albeit subject to a two-year rental guarantee from the vendor at £534,540 per annum.

The grade A building extends to 26,894 sq ft and is arranged over ground and four upper floors. In July 2015 we let the entire property to Capita Business Services Limited. Capita signed a 15-year lease, without break, at £676,136 per annum.

The letting was secured by using a combination of our relationship with Capita from previous lettings and our local market knowledge and contacts. We identified that Capita had potential to lease around 30,000 sq ft of office space in Edinburgh and had pending lease expiries on a number of buildings in the city. We approached Capita with a compelling business proposal to consolidate these separate business streams in one efficient building.

The transaction was sourced and executed completely off market and represented the largest office letting in the city in the first half of 2015.

"Securing a firm of Capita's stature is testament to the quality of the building and strength of the location. The asset was developed to be a headquarters building for a single occupier and it is satisfying to see that happen."

Niall McLean, Asset Manager
niall.mclean@ediston.com

Net annual rent at 30 September 2015 at Morrison Street, Edinburgh

£676,136

- Morrison Street value
- Remainder of property portfolio value

Property portfolio review

We have had an active period since launch, acquiring 11 properties across the UK and delivering a number of asset management initiatives.

PERFORMANCE

In a period of portfolio construction, performance will always be adversely affected by the significant costs of acquiring properties. Against this backdrop we are pleased to report that the Company has delivered a Property Total Return of 17.3% for the period. As we have made clear, we do not benchmark the Company against any particular index, given we are income-focused, do not currently invest in London and do not wish to be driven one way or another by an inefficient market place.

PORTFOLIO VALUATION

The Company's property portfolio is valued by Knight Frank on a quarterly basis throughout the year. At the year end it was valued at £136.4 million compared to £86.3 million in the interim accounts at March 2015.

SUMMARY OF PURCHASES IN THE PERIOD

Acquisition activity in the period was significant and included the purchase of the seed portfolio of five assets just after launch for £76.7 million, followed by a further six assets for £43.1 million in the months thereafter.

145 Morrison Street, Edinburgh:

Purchased for £6.3 million, reflecting an 8.1% net initial yield. A newly-developed 26,894 sq ft office property in the heart of the financial district of Edinburgh. The property was acquired vacant but subject to a two-year rent guarantee at £534,540 per annum. The entire property was let to Capita Business Services Limited in July 2015 at £676,136 per annum.

St Philips Point, Birmingham:

Purchased for £22.4 million, reflecting a 7.2% net initial yield. A 97,469 sq ft mixed-use office and retail property in a prime location in the city centre. Undergoing a major refurbishment at purchase, which was completed in January 2015.

Phoenix, Station Road, Reading:

Purchased for £19.5 million, reflecting a 6.6% net initial yield. A newly-refurbished grade A office building, comprising 50,853 sq ft located next to Reading train station. Multi-let with two vacant floors at the time of purchase, both subject to rental guarantees for two years at a rent equating to £26.50/sq ft. One floor was let in February 2015 at £29.00/sq ft, with the top floor currently vacant.

Hartshead House, 2 Cutlers Gate, Sheffield:

Purchased for £13.5 million, reflecting a 7.3% net initial yield. A modern office building developed in 2011, comprising 61,638 sq ft of grade A accommodation. At purchase the property was let to Capita Business Services Limited for a further 11 years. In December 2014 the lease was re-geared to provide a full 25-year term from December 2014, subject to annual uplifts in rent linked to RPI, capped at 3% per annum. Capita plc now provides a full guarantee on the lease.

Clwyd Retail Park, Rhyl:

Purchased for £15.1 million, reflecting a 6.9% net initial yield. A well-located retail warehouse park, let to strong covenants and comprising five units and a restaurant in 82,235 sq ft, adjacent to a large Sainsbury's supermarket.

Midland Bridge House, Bath:

Purchased for £4.4 million, reflecting a 3.5% net initial yield (rising to 7.0% in March 2017). A recently-refurbished office building, extending to 18,656 sq ft over ground and three upper floors, occupying a prominent corner position on Lower Bristol Road, an area which is earmarked for significant investment and development. The building is let to Withy King LLP, a firm of solicitors, until March 2023.

Abbey Retail Park, Daventry:

Purchased for £12.0 million, reflecting a 5.9% net initial yield (after deduction of rental guarantees). A retail warehouse park extending to 65,256 sq ft, anchored by Homebase, with parking for 386 cars, on a five-acre site. The weighted average unexpired lease term is just less than 10 years. Two units totalling 11,666 sq ft are vacant.

Tennent Street, Coatbridge, Strathclyde:

Purchased for £16.8 million, reflecting a 7.5% net initial yield. A B&Q Extra retail warehouse store, the property extends to 102,680 sq ft, plus a garden centre and builders' yard, with parking for 600 cars, on a site of 4.27 acres. It is let to B&Q plc until December 2022 with a rent review in 2017. The asset offers a solid income stream for the Company, which can be further improved through asset management and development.

Portfolio of three leisure units:

Purchased for £10.0 million, reflecting an 8.6% average net initial yield. The properties comprise two units in Liverpool and Hartlepool, which are let to Mecca Bingo, and a third unit in Telford, part of the Southwater Square leisure development, which is let to Rank Group Gaming Division. All three leases expire in September 2022, giving an unexpired term at completion of seven years. The passing rent of the properties is £910,085 per annum.

Since the period end the Company has also acquired:

Plas Coch Retail Park, Wrexham:

Purchased for £22.4 million, reflecting a 6.5% net initial yield, rising to 7.4% in March 2016 on expiry of a rent-free period. A well-located retail park, totalling 94,245 sq ft, adjacent to a Sainsbury's supermarket and an Aldi foodstore. It is let to seven national tenants and benefits from a WAULT in excess of 10 years. TK Maxx has recently relocated to the park from Wrexham town centre, reinforcing the attraction of the park to retailers.

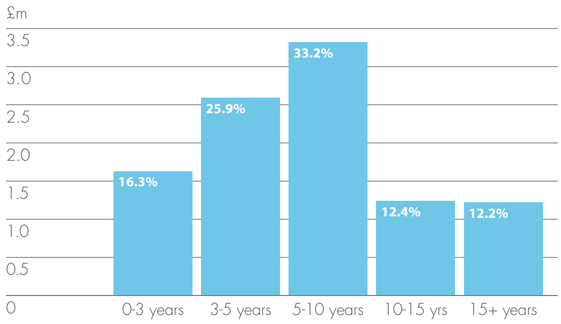
LETTINGS AND ASSET MANAGEMENT INITIATIVES

During the period we completed a number of key transactions, notably the letting of 145 Morrison Street, property in Edinburgh, in its entirety, more fully described on page 14. We also completed a lease restructuring at Cutlers Gate, Sheffield, described on page 10 and improved the income stream at St Philips Point, Birmingham, having completed the refurbishment of the property in January 2015.

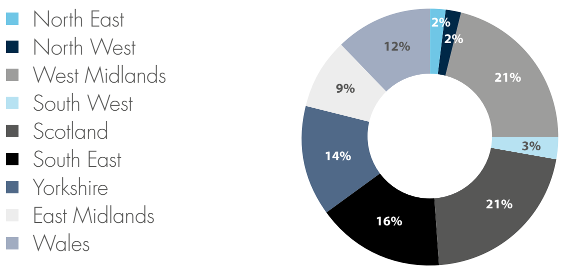
Abbey Retail Park, Daventry

St Philips Point, Birmingham

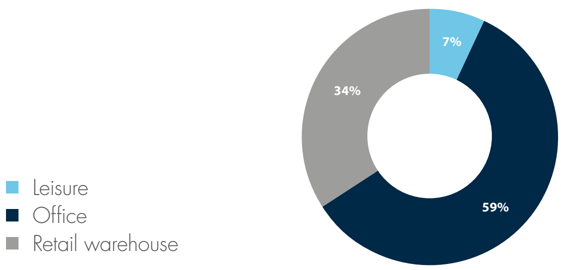
Lease expiries illustrating the revenue impact on the portfolio at 30 September 2015



Regional exposure – Location at 30 September 2015



Sector exposure – Sector at 30 September 2015



Acquisitions
£119.8m

Total property return
17.3%

EPRA vacancy rate
7.4%

WAULT
8.6 years

In February 2015, the Company completed a lease agreement with Babcock Corporate Services Limited for the entire fourth floor at Phoenix, Station Hill, Reading, totalling 10,363 sq ft. The lease has been guaranteed by Babcock Southern Holdings Limited. The rent payable reflects a rate of £29.00/sq ft, a new headline rent for the property. The top floor remains vacant but is income-producing under a rental guarantee provided at purchase for approximately a further 12 months at the period end.

At St Philips Point in Birmingham, the ninth floor of the building was let to Accountancy Action Limited, leaving only two of the nine floors unoccupied. Accountancy Action Limited took the 1,800 sq ft floor at a rent of £24.00/sq ft on a five-year lease, a letting significantly above business plan expectations which set a new tone for the property. The lease to Baker Tilly of the 14,465 sq ft second floor was restructured just after the year end. The 'tenant-only' break clause at April 2017 has been removed with the lease now expiring in 2022, securing an excellent tenant for a certain further five years. The tenant will receive a 12-month rent-free period from April 2017, with the rent from that date increasing to £375,000 per annum.

VOIDS AND LEASE EXPIRY PROFILE

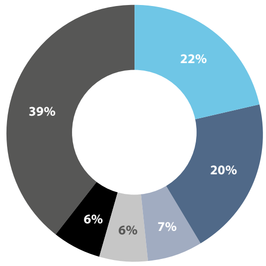
During the year substantial progress was made in reducing the portfolio void rate. At launch the void rate was 25.0%, albeit this was covered by rental guarantees, so the portfolio was 100% income-producing. At the year end the EPRA vacancy rate was 7.4%. This falls to 2.1%, if the vacant space covered by guarantees is excluded.

WAULT

At launch, the WAULT of the portfolio was 5.9 years. Through the execution of the letting and asset management strategy, this has increased to 8.6 years at the year end.

Tenant exposure – Tenant concentration

- B&Q plc
- Capita Business Services Ltd
- Weightmans LLP
- Mecca Bingo Ltd
- Xafinity Consulting Ltd
- Tenants less than 5%



TENANT EXPOSURE

The chart above details our exposure to the top five tenants and those tenants below 5.0% of the rent roll, as at 30 September 2015. The exposure to B&Q plc is greater than the 20.0% income restriction detailed in the prospectus which is permitted whilst the Company is working towards being fully invested. Since the year end and the acquisition of Wrexham, this exposure has reduced below 18.0%.

Calum Bruce
Investment Adviser

Property portfolio as at 30 September 2015

Location	Name	Sub-sector	Market Value Range (£)	Tenure	Area (sq.ft.)	Occupancy Rate
Birmingham	St Philips Point	Office – Rest of UK	20-25m	Freehold	97,469	87.8%*
Reading	Phoenix	Office – Rest of South East	20-25m	Freehold	50,853	79.0%*
Sheffield	Capita	Office – Rest of UK	15-20m	Freehold	61,638	100%
Coatbridge	B&Q	Retail Warehouse	15-20m	Heritable	102,680	100%
Rhyl	Clwyd Retail Park	Retail Warehouse	15-20m	Freehold	82,235	100%
Daventry	Abbey Retail Park	Retail Warehouse	10-15m	Leasehold	65,256	81.3%
Edinburgh	145 Morrison Street	Office – Rest of UK	10-15m	Heritable	26,894	100%
Bath	Midland Bridge House	Office – Rest of UK	0-5m	Freehold	18,656	100%
Telford	Mecca Bingo	Leisure	0-5m	Freehold	57,138	100%
Liverpool	Mecca Bingo	Leisure	0-5m	Freehold	31,763	100%
Hartlepool	Mecca Bingo	Leisure	0-5m	Freehold	31,284	100%

*Vacant space is partly subject to a rent guarantee.

Building a strong portfolio with secure income

It has been an active and successful first year, as the Company has sought to build a portfolio to deliver an attractive level of income together with the prospect of income and capital growth for shareholders.

Phoenix, Reading

This report summarises the financial performance for the year and provides a number of statistics, illustrating how the Company is delivering on its objectives.

INCOME STATEMENT AND EARNINGS PER SHARE

The Company has had a successful year both in terms of rental levels on properties acquired, but also on letting activity, helping to achieve a revenue profit before tax of £4.0 million. Rental income generated in the year was £5.9 million, inclusive of rent drawn under the rental guarantee agreement. Expenditure in the period was £1.5 million, of which £0.9 million related to the Investment Adviser's fee. Net interest costs were £0.4 million, in connection with a new £40.0 million debt facility dated May 2015.

The positive movement in the value of our investment properties was £8.9 million, which enabled the Company to report a total profit of £12.9 million.

	£m
Rental income	5.9
Property expenditure	(0.0)
Net rental income	5.9
Administration expenses	(1.5)
Net financing costs	(0.4)
Revenue profit	**4.0**
Gain on revaluation of investment properties	8.9
Accounting profit after tax	**12.9**

EPRA earnings per share	**4.15p**
Basic total earnings per share	**13.43p**

The EPRA cost ratio (including direct vacancy costs) was 24.7% and, excluding direct vacancy costs, was 24.6% for the year. Cash drag, prior to investing the proceeds of capital raising, has negatively impacted on these two ratios and it is expected both of these will fall next year.

RENT

Contracted rent was £8.6 million per annum at the year end, with 18.2% of tenants currently enjoying a rent-free incentive. Rent-free periods as a percentage of contracted rent at the year end falls below 8.0% by June 2016. In any event, the Company has the benefit from the acquisition of the seed portfolio of rental guarantees for the vast majority of these rent-free incentives. 86.5% of rent for the year was collected within seven days, with most of the remainder being collected over a longer timeframe due to administrative matters that technically did not constitute late payment.

As a result of letting activity in the period, the WAULT has increased to 8.6 years from 5.9 years at launch. In addition the EPRA vacancy rate at the year end was 7.4% and falls to 2.1% allowing for contracted rental guarantees. All of this helps provide relatively long-term stability to the Company's income.

Profit before tax
£12.9m

Revenue profit
£4.0m

EPRA earnings per share
4.15p

Dividend per share
5.09p

EPRA NAV per share
106.49p
(+8.6% to launch NAV)

NET ASSET VALUE (NAV)

At 30 September 2015 our net assets were £136.6 million, equating to net assets per share of 106.49 pence, an increase of 8.6% from the opening NAV of the Company (after deduction of launch costs). This is particularly pleasing given the level of investment transaction costs and further equity-raising costs incurred in the year.

The increase in net assets to £136.6 million from launch in October 2014 can be summarised as follows:

Equity raised (net of costs)	£128.4m
Increase in value of investment properties (net of capital expenditure and transaction costs)	£8.9m
Net earnings in the year	£4.0m
Less dividends paid	(£4.7m)
Total	**£136.6m**

The NAV is primarily represented by our investment properties, which have a fair value of £136.4 million at the year end. This is included in the financial statements as Investment Properties at £133.0 million, with the remainder relating to the incentive payment at Sheffield. The remaining £0.2 million of net assets is made up of i) £1.5 million of cash less debt, and ii) (£1.3 million) of net current liabilities.

DEBT

In May the Company entered into a 10-year debt facility of £40.0 million with interest fixed at 3.09% per annum. Further details are included within Note 13 of the financial statements. At the year end the Loan to Value (LTV) was 29.3%, based on debt of £40.0 million and the fair value of Investment Properties of £136.4 million. The Board intends that gearing should be no greater than 30% at the time of drawdown of borrowings, to a maximum of 35%. This represents significant headroom against the relevant debt covenants.

CASHFLOW AND LIQUIDITY

Of the £128.4 million of equity, net of costs, and £40.0 million of debt raised in the year, £119.8 million plus transaction costs was invested in 11 properties. A further £3.4 million of capital expenditure was incurred.

As a result, the Company had cash and cash equivalents of £41.0 million at the year end. Following the year end £22.4 million, excluding transaction costs, has been invested in Wrexham.

DIVIDENDS

In addition to the seed portfolio that was acquired shortly after the initial equity raise in October 2014, further assets have been acquired that are accretive to delivering the initial target level of dividend of 5.5p per share per annum.

The Company is committed to monthly dividend payments. The Board has declared a final dividend of 0.46 pence per share for the month of September which was paid in October 2015. Taking this final dividend with dividends paid to September 2015 of 4.63 pence, the total dividend for the year is 5.09 pence per share, calculated on the weighted average of shares in issue during the year, in line with the targeted dividend policy set out in the prospectus. Taking the current level of monthly dividend, this equates to a dividend yield of 5.5%, based on the launch price of 100.0 pence, or 5.0% on the share price at the year end.

Dividend cover for the year was 84.7%. As this is the Company's first financial year, cover has suffered due to cash drag arising from the equity raisings in October 2014 and July 2015. We expect dividend cover to improve as a result of current and future investment and letting activity.

TAX

Owing to the Company's REIT status, income and capital gains from our property rental business are exempt from corporation tax, therefore, the tax charge for the year is nil.

We continue to pass all the REIT tests to ensure our REIT status is maintained.

OUTLOOK

Our first year has had many successes, not least delivering sound financial performance, whilst investing the proceeds of two new issues and a long term debt facility.

With our strengths in identifying properties with asset management potential, coupled with the strength and relatively long-term security of our income, we are confident that we will continue to generate attractive returns for our shareholders, underpinned by rental growth and the skill of our Investment Adviser in exploiting capital and income opportunities. We also expect to benefit from the acquisitions that occurred later in the financial year as well as those post the year end, which will reduce the cash drag impact on the Company.

Risks

STRATEGIC PRIORITIES

1. Income growth
2. Acquire at 6.5% running yield
3. NAV growth
4. Reduce voids

HOW WE MANAGE RISK

The successful management of risk is essential to ensuring that the Company delivers on its strategic priorities and aligns the Company's interests with our shareholders.

The Audit and Risk Committee recognises that there are risks and uncertainties that could have a material effect on our results. The principal risks facing the business, with their likelihood and impact and how the Company mitigates these, are:

Risk	Impact	Controls and mitigation in place	Probability of occurring	Impact if occurred
INVESTMENT MANAGEMENT				
Lack of investment opportunities reducing the ability to acquire properties at the required return. **Poor investment decisions, incomplete due diligence and mis-timed investment of capital.** Link to strategy: 2	An inappropriate use of capital which hinders investor returns. Reduction in revenue profits impacting on cashflow and dividends.	Thorough due diligence and investment process with regular reviews of property performance against acquisition plan. Experienced Investment Adviser who sources assets which meet agreed investment criteria. Investment committee scrutinises and approves all proposed acquisitions. Comprehensive profit and cashflow forecasting which models the impact of property transactions at Company level.	Low	Medium
Overexposure to a specific property, tenant, sector, geographic location or to lease expiries in a given year. Link to strategy: 3 4	Reduced liquidity resulting in a reduction in the capital value of investment properties. Tenant failure causing a material reduction in revenue profits impacting on cashflow and dividends.	Concentration limits are set by the Board and reviewed quarterly. The limits are monitored at all times by the Investment Adviser. Board approval memorandums state whether there are any concentration issues.	Low	Medium
Ineffective active asset management of properties. Link to strategy: 1 4	High vacancy levels, low tenant retention, sub-optimal rental levels and break clauses exercised. Reduction in revenue profits impacting on cashflow and dividends.	Investment Adviser is experienced in active asset management. Proactive approach to key lease events. Letting and managing agents are also employed.	Low	Medium

Risk	Impact	Controls and mitigation in place	Probability of occurring	Impact if occurred
FINANCIAL				
Non-Compliance with debt facilities. Link to strategy: 3	A substantial fall in property asset values or rental income levels could lead to a breach of financial covenants within the debt funding arrangements. This could lead to a cancellation of debt funding which could leave the company without sufficient long-term resources to meet its commitments.	Covenants are reviewed on a regular basis. Compliance certificates and reports are prepared on a quarterly basis by the Investment Adviser then reviewed and signed by a director. The Board intends to maintain gearing at 30% but will not exceed 35% of Company gross assets at drawdown.	Low	High
ECONOMY/TAXATION/REGULATORY				
Weak economic and/or political environment. Link to strategy: 1 3 4	Lower occupational demand impacting on income, rental growth and capital performance.	To a large extent outwith our control. However, sensitivity analysis of the portfolio is undertaken via a comprehensive cashflow model.	Low	High
Non-compliance with laws and regulations. Link to strategy: 3	The Company is required to comply with REIT rules, the Listing Rules, Disclosure and Transparency Rules, IFRS accounting standards, AIC SORP and UK legislation.	Use experienced tax advisers, auditors, Investment Adviser, Administrator and solicitors. Strong compliance culture with regular risk reviews undertaken by the Audit and Risk Committee.	Low	High
OPERATIONAL				
Health and Safety. Link to strategy: 3	Health and safety processes could fail leading to serious financial or reputational damage to the Company.	Insurance cover in place and insurers visit each property and undertake a risk assessment. The managing agent ensures all matters raised are dealt with promptly.	Low	High
Lack or failure of internal controls of the Investment Adviser or Administrator.	The possibility of self review, human error and even fraud can occur.	Significant segregation of duties within the Investment Adviser and Administrator as well as between them both.	Low	High

The Strategic Report on pages 2 to 23 has been approved by the Board and is signed on its behalf:

William Hill
Director
26 January 2016

Board of Directors

The Board comprises three Directors, all of whom are non-executive and independent of the 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:

William Hill

Chairman

William Hill qualified as a Chartered Surveyor with Drivers Jonas in 1985. He left in 1989 to join Schroders and became head of its real estate investment division in 1991. He successfully grew the business to over £10 billion of assets under management. He also established a number of new business lines including securing the mandate to manage the Schroder Real Estate Investment Trust, a listed investment company. William Hill resigned from this position in November 2013 to set up his own consultancy business. He is a past chairman of the Association of Property Unit Trusts, non-executive director of Mayfair Capital Property Investment Management Ltd and a member of the investment advisory boards of Ashby Capital LLP and The Goldsmiths' Company. He is also Senior Warden of the Worshipful Company of Chartered Surveyors and a director of the Chartered Surveyors Training Trust. William Hill became Chairman on 13 April 2015, following the death of Ratan Engineer.

Robin Archibald

Nomination Committee Chairman

Robin Archibald has over 30 years' experience of working in the corporate finance and corporate broking industries, including roles with Samuel Montagu, SG Warburg Securities, NatWest Wood Mackenzie and Winterflood Investment Trusts, where he was head of corporate finance and broking from August 2004 to August 2013. He qualified as a chartered accountant with Touche Ross in 1983. Since the early 1990s, he has concentrated on advising on and managing transactions in the UK closed-ended funds sector and has gained a wide experience in fundraising, reorganisations and restructurings for all types of listed funds. Robin Archibald was a non-executive director and audit chairman 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 audit chairman. He was most recently appointed as a non-executive director of Capital Gearing Trust plc in May 2015. He has been Chairman of The Stewart Ivory Financial Education Trust since early 2015.

Robert Dick

Audit and Risk Committee Chairman

Robert Dick qualified as a member of The Institute of Chartered Accountants of Scotland (ICAS) in 1980 and has over 29 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 10 years, Chairman of CALA Properties, a property development business, for eight years and a trustee of the CALA pension scheme for 15 years including 11 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 was a member of the ICAS Council from 2009 to 2015 and chaired one of the ICAS Boards from 2009 to 2012.

Date of Appointment

William Hill	Robin Archibald	Robert Dick
17 June 2014	17 June 2014	17 June 2014

Committee Membership

William Hill	Robin Archibald	Robert Dick
Audit and Risk Committee	Audit and Risk Committee	Audit and Risk Committee (chairman)
Management Engagement Committee (chairman)	Management Engagement Committee	Management Engagement Committee
Investment Committee (chairman)	Investment Committee	Investment Committee
Property Valuation Committee (chairman)	Property Valuation Committee	Property Valuation Committee
Nomination Committee	Nomination Committee (chairman)	Nomination Committee

Corporate Governance Statement

CHAIRMAN'S INTRODUCTION

The Board, which consists wholly of independent, non-executive Directors, is committed to implementing high levels of corporate governance within the Company in order to safeguard the interests of its stakeholders; to manage the risks that the Company faces; and to ensure the efficient and effective running of the Company. Sound governance is at the heart of the Board's efforts to ensure that the Company continues to meet the investment objective and policies to which shareholders subscribed.

The following statement reports on how the Board, supported by the Committees that it has established, has achieved these aims throughout the period since launch. It has been guided by the best practice principles established by the Financial Reporting Council, which it has adopted, and importantly for an investment company like ours, the code published by the Association of Investment Companies. The Board remains committed to an ongoing process of improvement in its Corporate Governance framework as the Company continues to mature.

William Hill
Chairman

CORPORATE GOVERNANCE

The Board has considered the principles set out in the UK Corporate Governance Code (revised 2014), which can be found at www.frc.org.uk, and the Association of Investment Companies Code of Corporate Governance (the 'AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies (the 'AIC Guide'), both of which can be found at www.theaic.co.uk. The Company is a member of the Association of Investment Companies. The Company adheres to the principles and recommendations of the AIC Code and complies with the provisions of the UK Corporate Governance Code except as set out below:

The UK Corporate Governance Code includes provisions relating to:
– the role of the chief executive;
– executive Directors' remuneration; and
– the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive Directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

Except for the above provisions, and the provision relating to the appointment of a Senior Independent Director discussed on the following page, the Company complied throughout the year with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code.

INDEPENDENCE

The Board consists solely of non-executive Directors with William Hill as Chairman since 13 April 2015. Prior to this date, Ratan Engineer was the Chairman. All of the Directors are considered by the Board to be independent of the Manager and the Investment Adviser. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. New Directors will receive an induction from the Investment Adviser and the Administrator on joining the Board, and all Directors will receive other relevant training as necessary.

OPERATIONAL STRUCTURE

The basis on which the Group aims to generate value over the longer term is set out in its objective and investment policy as contained on pages 28 and 29.

A management agreement between the Company and the Investment Adviser sets out the matters over which the Adviser has authority and the limits beyond which Board approval must be sought. All other matters, including investment and dividend policies, corporate strategy, gearing, corporate governance procedures and risk management, are reserved for the approval of the Board of Directors. The Board meets at least quarterly and receives full information on the Group's investment performance, assets, liabilities and other relevant information in advance of Board meetings.

Details of loan covenants are included in Note 13 to the Consolidated Financial Statements.

Corporate Governance Statement continued

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. The AIC code notes that whilst there may be some advantages in the concept of investment companies nominating a separate senior independent Director, it may be appropriate for the chairman of the Audit Committee to fulfil this role.

REMUNERATION OF DIRECTORS

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

BOARD AND DIRECTORS' PERFORMANCE APPRAISAL

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

During the year, the performance of the Board, committees and individual Directors was evaluated through an assessment process led by the Chairman. This process involved the completion of questionnaires tailored to suit the nature of the Company, discussions with individual Directors and individual feedback from the Chairman to each of the Directors. The evaluation of the Chairman was led by the Chairman of the Audit and Risk Committee in consultation with all the other Directors.

The Board has established five committees: Audit and Risk, Management Engagement, Investment, Property Valuation and Nomination. Each of the committees has written terms of reference which are reviewed at least annually and clearly define their responsibilities and duties. The terms of reference for these committees are available on request.

THE AUDIT AND RISK COMMITTEE

Robert Dick is the Chairman of the Company's Audit and Risk Committee which comprises the full Board. In discharging its responsibilities the 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 and Risk Committee is expected to meet at least twice a year. The objectivity of the auditor will be reviewed by the Committee, which will also review the terms under which the external auditor is appointed to perform non-audit services. The 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

William Hill is the Chairman of the Company's Management Engagement Committee which comprises the full Board. The Committee will review the appropriateness of the continuing appointment of the Investment Adviser and other key service providers, together with the terms and conditions thereof on a regular basis.

THE INVESTMENT COMMITTEE AND THE PROPERTY VALUATION COMMITTEE

The Investment Committee and the Property Valuation Committee comprise the full Board and have both been chaired by William Hill since April 2015. Prior to this date the Committees were chaired by Ratan Engineer. The Investment Committee is responsible for authorising all purchases and sales within the Company's portfolio. The meetings are convened as investment opportunities arise and therefore frequency may fluctuate. 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.

THE NOMINATION COMMITTEE

The Nomination Committee comprises all of the Directors and is chaired by Robin Archibald. The Committee was originally chaired by Ratan Engineer. The Board considers that, given its size, it would be unnecessarily burdensome to establish a separate Nomination Committee which did not include the entire Board and believes that this enables all Directors to be kept fully informed of any issues that arise.

The Committee is convened for the purpose of considering the appointment of additional Directors as and when considered appropriate. Any appointments to the Board are based on merit, but in considering appointments the Nomination Committee also takes into account the ongoing requirements of the Company.

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.

APPOINTMENTS, DIVERSITY AND SUCCESSION PLANNING

All new appointments by the Board are subject to election by shareholders at the AGM following their appointment. The Company's Articles of Incorporation require all Directors to retire by rotation at least every three years.

The Board believes in the benefits of having a diverse range of skills and backgrounds, and the need to have a balance of experience, independence, diversity, including gender, and knowledge of the Company on its Board of Directors. All appointments will continue to be based on merit and therefore the Board is unwilling to commit to numerical diversity targets. The Board intends to appoint another Director to the Board during the next twelve months.

Attendance at the scheduled meetings throughout the year has been as below:

	Board		Audit and Risk Committee		Management Engagement Committee	
	Held	Attended	Held	Attended	Held	Attended
William Hill	5	5	2	2	–	–
Robert Dick	5	5	2	2	–	–
Robin Archibald	5	5	2	2	–	–
Ratan Engineer	2	2	1	1	–	–

In addition to these scheduled meetings, there were a further 17 Board and Board Committee meetings during the year to deal with other matters. Given the recent establishment of the Company, no meetings of the Management Engagement Committee were held during the year, but one was subsequently held during January 2016.

GOING CONCERN

Under Provision C.1.3 of the UK Corporate Governance Code, the Board needs to consider whether it is appropriate to adopt the going concern basis of accounting in preparing the financial statements. The Board continues to adopt the going concern basis and the detailed consideration is contained on page 48. The viability statement, under which the Directors assess the prospects of the Group over a longer period, is contained on page 33.

RELATIONS WITH SHAREHOLDERS

The Company seeks the views of its shareholders and places great importance on communication with them. The Board receives regular reports, from the Investment Adviser and from the Corporate Broker, on the views of shareholders, and the Chairman and other Directors make themselves available to meet shareholders, when required, to discuss any significant issues that have arisen and address shareholder concerns and queries.

Directors' Report

The Directors present their report and financial statements of the Group for the year to 30 September 2015. The Corporate Governance Statement on pages 25 to 27 forms part of their report.

RESULTS AND DIVIDENDS

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

It is the policy of the Directors to declare and pay dividends as monthly interim dividends. The Directors do not therefore recommend a final dividend.

The interim dividends paid during the year were as follows:

	Payment date	Rate per share
First interim dividend	6 February 2015	0.9685p
Second interim dividend	27 February 2015	0.4583p
Third interim dividend	31 March 2015	0.4583p
Fourth interim dividend	30 April 2015	0.4583p
Fifth interim dividend	29 May 2015	0.4583p
Sixth interim dividend	30 June 2015	0.4583p
Seventh interim dividend	31 July 2015	0.4583p
Eighth interim dividend	28 August 2015	0.4583p
Ninth interim dividend	30 September 2015	0.4583p

The first interim dividend covered the period from launch on 28 October 2014 to 31 December 2014 and was therefore higher than the usual monthly rate.

Since the year end three further interim dividends, each of 0.4583 pence per share, have been paid on 30 October, 30 November and 31 December 2015. A further interim dividend, of 0.4583 pence per share, will be paid on 29 January 2016 to shareholders on the register on 22 January 2016. It is the intention of the Directors that the Company will continue to pay dividends monthly and, in the absence of unforeseen circumstances, at the same rate as is currently being paid.

DIVIDEND POLICY

Subject to market conditions and the Group'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 monthly dividends at a rate of 0.4583 pence per share (which equates to a gross dividend yield of 5.5% per annum on the issue price of 100p of the shares at the Company's launch in October 2014).

PRINCIPAL ACTIVITIES AND STATUS

Ediston Property Investment Company plc (the Company) is registered as a public limited company in terms of the Companies Act 2006 (number: 09090446). It is an investment company as defined by Section 833 of the Companies Act 2006.

The Company and its subsidiary EPIC (No. 1) Limited (together 'the Group') is a closed-ended property investment group which was launched in October 2014. 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 Group has, subsequent to its launch, entered the Real Estate Investment Trust (REIT) regime for the purposes of UK taxation.

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

SUBSIDIARY COMPANY

The Company has a 100% interest in EPIC (No.1) Limited (number: 09106328), a property investment company, details of which are set out in Note 10 to the Consolidated Financial Statements.

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 pursues its investment objective by investing in a diversified portfolio of UK commercial properties.

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

The Group invests predominantly in income producing investments. Investment decisions are 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 Group does not invest in other investment companies or funds. However, the Group may hold property through special purpose vehicles and is permitted to invest in joint ventures which hold real estate directly. The Group is also 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 Group has not set any maximum geographic exposure or maximum weightings in any of the three principal property sectors, it may invest no more than 25% of total assets, at the time of investment, in other sectors such as leisure, residential, student residential, healthcare and hotels. Once the Group is fully invested (including drawdown of available debt facilities), no single property may exceed 20% 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% 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% of total assets at the time of investment or commencement of the development.

Once the Group is fully invested (including drawdown of available debt facilities), the Group is not 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% of the total rental income of the Group for that financial year.

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

The Board currently intends that gearing, calculated as borrowings (less cash) as a percentage of the Group's gross assets, will not exceed 30% at the time of drawdown. In any event, gearing will not exceed a maximum of 35% at the time of drawdown.

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

RISK MANAGEMENT

Under provision C.2.1 of the UK Corporate Governance Code Directors of listed companies are required to confirm in the annual report that they have performed a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The Group's risk register is the core element of the risk management process. The register is prepared, in conjunction with the Board, by the Administrator, Company Secretary, Investment Adviser and Investment Manager. The Audit and Risk Committee review and challenge the register, assessing the likelihood of each risk, the impact on the Group and the strength of controls operating over each risk.

The principal risks and uncertainties faced by the Group in 2015, together with the controls and mitigating factors are set out on pages 22 and 23.

FINANCIAL RISK MANAGEMENT

Details of the financial risk management objectives and policies followed by the Directors can be found on pages 58 to 60.

KEY PERFORMANCE INDICATORS

The Board uses a number of performance measures to assess the Group's success in meeting its objectives. The key performance indicators are as follows:

- EPRA NAV total return;
- Dividend per share;
- Premium/discount of share price to NAV;
- Share price total return; and
- EPRA vacancy rate.

The Group's performance against the key performance indicators for the year under review is reported on page 9.

FUTURE DEVELOPMENTS

The likely future developments of the Company are contained in the Strategic Report on pages 2 to 23.

Directors' Report continued

DIRECTORS

Biographical details of the Directors, all of whom are non-executive, can be found on page 24.

It was with great sadness that the Board reported the death of Ratan Engineer after a short illness in April 2015. Ratan was Chairman of the Company from its launch in May 2014 and served with distinction. The Board resolved subsequently that William Hill would assume the position of Chairman of the Company. In light of the significant activities that the Company was engaged in, the Board concentrated on these activities, satisfied that it has the appropriate skills, experience and resources to do so, with the intention of bolstering the Board in the next twelve months.

As explained in the Corporate Governance Statement on page 27, the Board has agreed that the Directors will retire by rotation in order to meet the requirements of the Articles of Association that each Director be re-elected at least every three years. As the three current Directors were all re-elected at the previous Annual General Meeting, being the first such meeting since their appointment, they all currently fall due to retire and, if eligible, offer themselves for re-election at the Annual General Meeting in 2018. The Board have concluded that it is more appropriate, both for the Company and Shareholders, to move towards a staggered rotation of elections with at least one Director standing for re-election at each Annual General Meeting. Accordingly, Mr Robert Dick will retire at the Annual General Meeting and, being eligible, offers himself for re-election.

The Directors believe that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company to enable it to provide effective strategic leadership and proper guidance of the Company. The Board confirms that, following the evaluation process set out in the Corporate Governance Statement on page 26, the performance of each of the Directors continues to be effective and demonstrates commitment to the role. The Board therefore believes that it is in the interests of shareholders that Mr Robert Dick, who retires by rotation, is re-elected.

DIRECTORS' DEEDS OF INDEMNITY

The Company has entered into deeds of indemnity in favour of each of the Directors. The deeds of indemnity give each Director the benefit of an indemnity, out of the assets and profits of the Company, to the extent permitted by the Companies Act 2006 and subject to certain limitations against liabilities incurred by each of them in the execution of their duties and exercise of the powers as Directors of the Company. A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting.

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 Group'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 Group on the acquisition of its investment portfolio and on the development, management and disposal of UK commercial assets in its portfolio.

The Investment Adviser provides investment management and other services to the Group. Details of the arrangements between the Group and the Investment Adviser in respect of management services are provided in Note 2 to the accounts.

The Board keeps the appropriateness of the Investment Adviser's appointment under review. In doing so the Board reviews performance quarterly and considers the past investment performance of the Group and the capability and resources of the Investment Adviser to deliver satisfactory investment performance in the future. It also reviews the length of the notice period of the investment management agreement and the fees payable to the Investment Adviser, together with the standard of the other services provided.

As indicated previously, in due course, the Board intends to appoint Ediston as the Company's AIFM in place of R&H Fund Services (Jersey) Limited.

SUBSTANTIAL INTERESTS IN SHARE CAPITAL

As at 30 September 2015, the Company had received notification of the following holdings of voting rights (under the Financial Conduct Authority's Disclosure and Transparency Rules):

	30 September 2015	
	Number of Ordinary Shares held	Percentage held*
Investec Wealth & Investment Limited	27,002,561	21.1**
Old Mutual plc	19,343,095	15.1**
Henderson Global Investors	15,000,000	11.7**
Architas Multi-Manager Limited	9,000,000	7.0
Momentum Global Investment Management Limited	8,648,147	6.7
AXA Investment Managers S.A.	8,000,000	6.2
Close Asset Management Limited	6,905,044	5.4
Quilter Cheviot Limited	6,500,000	5.1
Baillie Gifford & Co	6,230,000	4.9

* Based on 128,263,931 Ordinary Shares in issue as at 30 September 2015.

** There were no individual corporate shareholders which were beneficially entitled to 10% or more of the share capital or of the distributions paid by the Company or which controlled 10% or more of the voting power in the Company.

Since the year end, the Company has been notified that Investec Wealth & Investment Limited reduced their holding of Ordinary Shares to 26,734,319. There have been no other changes notified to the Company in respect of the above holdings, and no new holdings notified, since the year end.

CONFLICTS OF INTEREST

Under the Companies Act 2006 a Director must avoid a situation where he or she has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect. The Company's Articles of Association give the Directors authority to approve such situations.

The Company maintains a register of Directors' conflicts of interest which have been disclosed and approved by the other Directors. This register is kept up-to-date and the Directors are required to disclose to the Company Secretary any changes to conflicts or any potential new conflicts.

OTHER COMPANIES ACT 2006 DISCLOSURES

- The Company's equity capital structure consists wholly of Ordinary Shares. Details of the share capital, including voting rights, are set out in Note 16 to the accounts. Details of voting rights are also set out in the Notes to the Notice of Annual General Meeting.
- Details of the substantial shareholders in the Company are listed above.
- The rules for appointment and replacement of Directors are contained in the Articles of Association of the Company. In respect of retiral by rotation, the Articles of Association provide that each Director is required to retire at the third Annual General Meeting after the Annual General Meeting at which last elected.
- Amendment of the Articles of Association and powers to issue and buy back shares require shareholder authority.
- There are no significant restrictions concerning the transfer of securities in the Company (other than certain restrictions imposed by laws and regulations such as insider trading laws); no agreements known to the Company concerning restrictions on the transfer of securities in the Company or on voting rights; and no special rights with regard to control attached to securities. Pursuant to the Company's loan facility, mandatory prepayment may be required in the event of a change of control of the Company; there are no other significant agreements which the Company is a party to that might be affected by a change of control of the Company following a takeover bid.
- There are no agreements between the Company and the Directors providing for compensation for loss of office that occurs because of a takeover bid.

RESOLUTIONS TO BE PROPOSED AT THE AGM

AUTHORITY TO ISSUE SHARES ON A NON-PRE-EMPTIVE BASIS

The Directors are seeking authority to allot new shares. Resolution 5 will, if passed, authorise the Directors to allot new shares up to an aggregate nominal amount of £128,264, being 10% of the issued shares as at 26 January 2016. This resolution would therefore authorise the Directors to allot up to 12,826,400 shares.

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 at a price below the net asset value per share of those shares without first offering them to existing shareholders in proportion to their existing holdings. Resolution 6, 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 £128,264 (representing 10% of the issued ordinary share capital of the Company as at 26 January 2016). The Company does not currently hold any shares in treasury.

RESOLUTIONS TO BE PROPOSED AT THE AGM continued

AUTHORITY TO ISSUE SHARES ON A NON-PRE-EMPTIVE BASIS continued

The authorities granted under resolutions 5 and 6 will expire at the conclusion of the next Annual General Meeting of the Company after the passing of the resolutions or on the expiry of 15 months from the passing of the resolutions, unless they are previously renewed, varied or revoked. It is expected that the Company will seek these authorities on an annual basis.

The authorities sought under resolutions 5 and 6 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 buyback 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 7 will be proposed as a special resolution and seeks to provide the Directors with the authority to purchase up to 19,226,763 Ordinary Shares or, if less, the number representing approximately 14.99% of the Company's Ordinary Shares in issue at the date of the passing of resolution 7.

This authority will expire at the conclusion of the next Annual General Meeting (AGM) of the Company after the passing of this resolution unless it is previously renewed, varied or revoked.

DIRECTORS' REMUNERATION REPORT

The Directors' remuneration policy and annual report, which can be found on pages 38 to 40, provide detailed information on the remuneration arrangements for Directors of the Company. Included is the Directors' Remuneration Policy which shareholders approved at the last AGM and will again be put to shareholders at the AGM in 2018. Shareholders will be asked to approve the Annual Report on Directors' Remuneration (resolution 2).

NOTICE PERIOD FOR GENERAL MEETINGS

Resolution 8 is being proposed to reflect the provisions of the Companies Act 2006 relating to meetings and the minimum notice period for listed Company General Meetings being increased to 21 clear days, but with an ability for companies to reduce this period back to 14 clear days (other than for Annual General Meetings), provided that the Company offers facilities for shareholders to vote by electronic means and that there is an annual resolution of shareholders approving the reduction in the minimum period for notice of General Meetings (other than for Annual General Meetings) from 21 clear days to 14 clear days. The Board is therefore proposing resolution 8 as a special resolution to ensure that the minimum required period for notice of General Meetings of the Company (other than for Annual General Meetings) is 14 clear days.

The approval will be effective until the earlier of 15 months from the passing of the resolution or the conclusion of the next Annual General Meeting of the Company when it is intended that a similar resolution will be proposed. The Board intends that this flexibility of a shorter notice period to be available to the Company will be used only for non routine business and only where needed in the interests of shareholders as a whole.

AUDITOR

The Independent Auditor's Report can be found on pages 41 to 43. Grant Thornton UK LLP has indicated its willingness to continue in office with the Company and a resolution will be proposed at the Annual General Meeting to re-appoint it (resolution 3).

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 shareholdings amounting to 105,000 Ordinary Shares.

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 objective of the Company.

The Investment Adviser acquires and manages properties on behalf of the Group. It is recognised that these activities have both direct and indirect environmental impacts.

The Investment Adviser is required to take into account the broader social, ethical and environmental issues around the investment properties. As an investment trust with its current structure, the Company has no direct, social, community or employee responsibilities of its own. Further information on the Company's environmental disclosures is shown on the following page.

At 30 September 2015, there were three male Directors and, whilst there is no particular policy on the makeup of the Board, other than having collective competence to the task, the Board recognises the potential benefits of diversity on a Board. As a general principle, the Company will show no bias for age, gender, race, sexual orientation, marital status, religion, nationality, ethnic or national origins, or disability in considering the appointment of Directors.

SUSTAINABILITY

The Company has measured its greenhouse gas emissions (GHG) for the year to 30 September 2015. The GHG emissions for the year totalled 870 tCO_2e. In order to satisfy the mandatory carbon reporting requirements, the table below reports our absolute Scope 1* and 2* emissions and their intensity based on floor area.

The Company will shortly be putting in place measures to enable voluntary reporting for the year to 30 September 2016 the Scope 3* emissions that are material to our business.

GHG scope	Absolute GHG emissions (tCO_2e)	Absolute GHG intensity (tCO_2e/m^2)
1	21	0.001
2	849	0.039
Total	870	0.040

* Scope definitions:
Scope 1: Covers direct GHG emissions from controlled operations such as combustion in owned boilers.
Scope 2: Covers indirect GHG emissions from the use of purchased electricity, heat or steam.
Scope 3: Covers other indirect emissions, such as business travel, waste management and water, will be reported on in the 2016 Annual Report.

GOING CONCERN

Under Provision C.1.3 of the UK Corporate Governance Code (the 'Code'), the Board needs to consider whether it is appropriate to adopt the going concern basis of accounting in preparing the financial statements. The detailed consideration is contained on page 48. Based on this information the Directors believe that the Company has the ability to meet its financial commitments for a period of at least 12 months from the date of approval of the accounts. For this reason they continue to adopt the going concern basis in preparing the accounts.

VIABILITY STATEMENT

In accordance with provision C2.2 of the 2014 revision of the Code, the Directors have assessed the prospects of the Group over a period longer than the 12 months required by the 'Going Concern' provision. The Board conducted this review for a period of three years, which was selected for the following reason:

– The Group was established relatively recently and, although the Board regularly considers a detailed cashflow model covering a longer time period which does not indicate any matters which would give concern over the Group's longer-term viability, the Group remains in the process of investing its available cash resources. This ongoing investment means that the exact constituents of the Group's investment property portfolio is subject to a greater degree of uncertainty than may be expected over the longer term. The Board therefore consider that a period of three years is an appropriate length of time over which a detailed sensitivity analysis can be conducted whilst retaining a reasonable level of accuracy regarding forecast rental income and valuation movements.

The three-year viability assessment conducted by the Board considered the Group's cashflows, dividend cover, REIT compliance and other key financial ratios over the period. These metrics are subject to sensitivity analysis which involves flexing a number of main assumptions underlying the forecast. This analysis also evaluates the potential impact of the principal risks actually occurring. The three-year review considers whether additional gearing will be required and forecast compliance with the covenants of both the Group's current debt and the expected terms of any additional debt required.

Current debt consists of a £40 million secured term loan agreement with Aviva Commercial Finance Limited which has a maturity date of May 2025. The loan has been fixed at an interest rate of 3.09% for the period of the loan, as long as the agreed covenants are not breached. There were no breaches of the covenants during the year.

The principal risks faced by the Group, together with the steps taken to mitigate them, are highlighted in the Strategic Report on pages 22 and 23, and in the Report of the Audit and Risk Committee on pages 36 and 37. The Board seeks to ensure that risks are kept to a minimum at all times.

Based on the results of this analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, over the period of their assessment.

By order of the Board

R&H Fund Services Limited
Secretary

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- 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 the financial statements and the Remuneration Report comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the annual report in accordance with applicable law and regulations. The Directors consider the Annual Report and the Financial Statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER THE DISCLOSURE AND TRANSPARENCY RULES

To the best of our knowledge:

- the Group Financial Statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors confirm that:

- 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 Company's auditor is aware of that information.

William Hill
Chairman
26 January 2016

Report of the Audit and Risk Committee

COMPOSITION OF THE AUDIT AND RISK COMMITTEE

Due to the size of the Group and the independent non-executive nature of the Directors, the Audit and Risk Committee comprises all of the Directors. There are written terms of reference which are reviewed at each meeting and are available on request.

ROLE OF THE AUDIT AND RISK COMMITTEE

The Committee's responsibilities are shown in the table below together with a description of how they have been discharged. More detailed information on certain aspects of the Committee's work is given in the subsequent text.

Responsibilities of the Committee	How they have been discharged
Consideration of the half-year and annual financial statements, the appropriateness of the accounting policies applied and any financial reporting judgements and key assumptions.	The Committee has met twice to date and has reviewed the contents of the interim and annual reports. The Investment Adviser and Administrator attended all meetings and the Auditor attended the meetings at which the half-year report annual report was discussed. The significant judgements and estimates made in the financial statements, each of which were considered by the Committee, are detailed on pages 48 and 49. Other significant matters considered by the Committee in relation to the financial statements during the year are detailed in the table on page 37.
Evaluation of the effectiveness of the risk management and internal control procedures.	The Investment Adviser and Administrator maintain risk matrices which summarise the Group's key risks and which include the Group's key internal controls over its principal financial systems. From a review of these matrices, a review of regular management information, and discussion with the Investment Adviser, Administrator and Company Secretary, the Committee has satisfied itself on the effectiveness of the risk and control procedures.
Consideration of the narrative elements of the annual financial report, including whether the annual financial report taken as a whole is fair, balanced and understandable and provides the necessary information for shareholders to assess the Group's business model, strategy and performance.	The Committee has reviewed the content and presentation of the annual financial report and discussed how well it achieves the three criteria opposite. As disclosed on page 37, the Committee concluded that the annual report is fair, balanced and understandable.
Evaluation of reports received from the Auditor with respect to the annual financial statements.	The Auditor's planning Board report and related timetable were discussed with the Auditor in advance of work commencing, together with the areas of audit focus. At the conclusion of the audit the Committee discussed the audit findings report with the Auditor, Administrator and Investment Adviser. The independent auditor's report on pages 41 to 43 highlights their view of the areas of greatest risk of misstatement and these points were discussed with the Committee.
Monitoring developments in accounting and reporting requirements that impact on the Group's compliance with relevant statutory and listing requirements.	The Company ensures through its Legal Adviser, Administrator, Investment Adviser and Auditor, that any developments impacting on its responsibilities are tabled for discussion at Committee or Board meetings. Any new standards are highlighted in the basis of accounting section in Note 1 to the Consolidated Financial Statements. The Committee continued to monitor ongoing developments in accounting and reporting requirements; in particular in the current year the Committee considered the update to the UK Code of Corporate Governance and the introduction of the Viability Statement.
Management of the relationship with the external Auditor, including their appointment and the evaluation of scope, effectiveness, independence and objectivity of their audit.	The Auditor has attended two meetings of the Committee. The scope of the audit was discussed at the planning stage along with the staffing and timing of audit procedures to ensure that an effective audit could be undertaken. The Committee has also reviewed the independence and objectivity of the Auditor and has considered the effectiveness of the audit.

Report of the Audit and Risk Committee continued

RISK MANAGEMENT AND INTERNAL CONTROLS

RISKS

The Directors have conducted a robust assessment of the principal risks faced by the Group. A description of these risks including those that would threaten its business model, future performance, solvency or liquidity, together with the procedures employed to manage or mitigate them, are described in the Strategic Report on pages 22 and 23.

INTERNAL CONTROLS

The Board is responsible for the internal financial control systems of the Group and for reviewing their effectiveness. It has contractually delegated to external agencies the services the Group requires, but the Directors are fully informed of the internal control framework established by the Investment Adviser and the Administrator to provide reasonable assurance on the effectiveness of internal financial control in the following areas:

- income flows, including rental income;
- expenditure, including operating and finance costs;
- capital expenditure, including pre-acquisition diligence and authorisation procedures;
- dividend payments, including the calculation of Property Income Distributions;
- the maintenance of proper accounting records; and
- the reliability of the financial information upon which business decisions are made and which is used for publication, whether to report net asset values or used as the basis for the Annual Report.

As the Group has evolved, the Investment Adviser and Administrator have developed the system of internal controls covering the processes listed above which it has subsequently presented in the form of a risk register and which it has discussed with the Committee.

Committee members receive and consider quarterly reports from the Investment Adviser, giving full details of the portfolio and of all aspects of the financial position of the Group. Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Company Secretary, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The Investment Adviser reports in writing to the Board on operations and compliance issues prior to each meeting, and otherwise as necessary. The Investment Adviser reports directly to the Audit and Risk Committee concerning the internal controls applicable to the Investment Adviser's investment and general office procedures.

In addition, the Board keeps under its own direct control, through the Investment and Property Valuation Committee, all property transactions.

The review procedures detailed above have been put in place during the period as the related income and expenditure streams have arisen and the Board is satisfied with their effectiveness. The procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has reviewed the need for an internal audit function. It has decided that the systems and procedures employed by the Investment Adviser and the Administrator provide sufficient assurance that a sound system of internal control, which safeguards the Group's assets, is maintained. An internal audit function specific to the Group is therefore considered unnecessary.

THE AUDITOR

As part of the review of auditor independence and effectiveness, Grant Thornton UK LLP (Grant Thornton) has confirmed that they are independent of the Group and have complied with relevant auditing standards. In evaluating Grant Thornton's performance, the Audit and Risk Committee has taken into consideration the standing, skills and experience of the firm and of the audit team.

The Committee assessed the effectiveness of the audit process through the quality of the formal reports it received from Grant Thornton at the planning and conclusion of the audit, together with the contribution which Grant Thornton made to the discussion of any matters raised in these reports or by Committee members. The Committee also took into account any relevant observations made by the Investment Adviser and the Administrator. The Committee is satisfied that Grant Thornton provides an effective independent challenge in carrying out its responsibilities.

Following professional guidelines, the audit principal rotates after five years. The current audit principal is in the second year of his appointment. The appointment of Grant Thornton has not been put out to tender since the Company's launch in 2014. On this basis and having considered the effectiveness of the audit, the Audit and Risk Committee has recommended the continuing appointment of Grant Thornton to the Board. Grant Thornton's performance will continue to be reviewed annually taking into account all relevant guidance and best practice.

In relation to the provision of non-audit services by the auditor, it has been agreed that all non-audit work to be carried out by the auditor must be approved in advance by the Audit and Risk Committee and any special projects must also be approved in advance so as not to compromise the independence of Grant Thornton as auditor. A separate team within Grant Thornton has the responsibility for completing the non-audit work. In this respect it considers that the provision of the non-audit services shown in the table on the following page do not constitute such a threat given that the one-off nature of the work conducted in relation to the initial listing and prospectus and the work in relation to the subsequent prospectus was unlikely to impair the objectivity of the audit team.

Service provided (excluding VAT)	Fee (£'000)
Audit fee	63*
Audit related services	
Review of interim financial information	10
Non-audit services	
Assurance on accounting and tax information on listing	52
Assurance on subsequent share issue prospectus	35
Total	**160**

* Includes the audit fee for the period to 30 September 2014.

ANNUAL REPORT AND FINANCIAL STATEMENTS

The Board of Directors is responsible for preparing the Annual Report and Financial Statements. The Audit and Risk Committee considers the form and content of the Annual Report and Financial Statements, any issues which may arise and any specific areas which require judgement. The Audit and Risk Committee considered certain significant issues during the year. These are noted in the table below:

Matter	Audit and Risk Committee action
Valuation and existence of the investment property portfolio The Group's property portfolio accounted for 74.9% of its total assets as at 30 September 2015. Although valued by an independent firm of valuers, Knight Frank LLP (Knight Frank), the valuation of the investment property portfolio is inherently subjective, requiring significant judgement by the valuers. Errors in the valuation could have a material impact on the Group's net asset value. Further information about the property portfolio and inputs to the valuations are set out in Note 9 to the Consolidated Financial Statements.	The Investment Adviser liaises with the valuers on a regular basis and meets with them prior to the production of each quarterly valuation. The Audit and Risk Committee reviewed the results of the valuation procedure throughout the period and discussed in detail the process of producing each of the quarterly valuations with the Investment Adviser. The Committee discussed the September valuation with Knight Frank to ensure that it understood the assumptions underlying the valuation and the sensitivities inherent in the valuation and any significant area of judgement. The Committee also discussed with the Auditor the work performed to confirm the valuation of the properties in the portfolio.
Income recognition Incomplete or inaccurate income recognition could have an adverse effect on the Group's net asset value, earnings per share, its level of dividend cover and compliance with REIT regulations.	The Audit and Risk Committee reviewed the Investment Adviser's processes and controls around the recording of investment income. It also compared the final level of income received for the period to forecasts.
Calculation and payment of management fees Incorrect interpretation of the relevant provisions in the Investment Management Agreement (IMA) and/or incorrect calculation of the fees payable to the Investment Adviser could result in an error in the financial statements and an incorrect payment to the Investment Adviser.	The Committee has discussed the provisions in the IMA relating to the fee and the controls over fee payments. It has satisfied itself that the underlying calculations and assumptions which lie behind it are in accordance with the IMA, as is the timing of payment.

CONCLUSION WITH RESPECT TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Audit and Risk Committee has concluded that the Annual Report and Financial Statements for the year ended 30 September 2015, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's business model, strategy and performance.

The Audit and Risk Committee has reported its conclusions to the Board of Directors. The Audit and Risk Committee reached this conclusion through a process of review of the document and enquiries of the various parties involved in the preparation of the report and financial statements.

Robert Dick
Chairman of the Audit and Risk Committee
26 January 2016

Directors' Remuneration Report

The Board comprises only independent non-executive Directors. The Group has no executive Directors or employees. For these reasons, it is not considered appropriate to have a separate Remuneration Committee. The full Board determines the level of Directors' fees.

STATEMENT BY THE CHAIRMAN

Full details of the Group's policy with regards to Directors' fees and fees paid during the year ended 30 September 2015 are shown below.

The Remuneration Policy, which was approved by shareholders at the Company's AGM in March 2015 and which has not changed, will again be put to shareholders at the AGM in 2018.

The Board considers the level of Directors' fees at least annually.

The Board has not received any direct communications from the Company's shareholders in respect of the levels of Directors' remuneration.

REMUNERATION POLICY

The Group'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 Group properly and to reflect its specific circumstances. There were no changes to the policy during the period and it is intended that this policy will continue to apply for the year ending 30 September 2016.

The fees for the Directors are determined within the limit set out in the Company's Articles of Incorporation. The present limit is an aggregate of £200,000 per annum and may not be changed without seeking shareholder approval at a General Meeting. The fees are fixed and are payable in cash, monthly in arrears. 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 Directors' letters of appointment are available on request at the Company's registered office during business hours and will be available for 15 minutes prior to and during the forthcoming Annual General Meeting. The terms of Directors' appointments provide that Directors should retire and be subject to re-election at the first Annual General Meeting after their appointment and in accordance with the recommendations of the UK Corporate Governance Code, the Board has agreed that all Directors will seek re-election at least every three years. Although not required by the Company's Articles, the Board believe that it is best practice to stagger the re-election of the Directors and ensure that at least one Director retires by rotation at each Annual General Meeting. The Directors may therefore retire and seek re-election earlier than the latest date required under the terms of their appointment as set out below.

Director	Date of original appointment	Most recent date of re-election	Latest due date for re-election
William Hill	17/06/2014	24/03/2015	AGM 2018
Robert Dick	17/06/2014	24/03/2015	AGM 2018*
Robin Archibald	17/06/2014	24/03/2015	AGM 2018

* As set out on page 30, Mr Robert Dick will retire by rotation at the AGM in 2016.

ANNUAL REPORT ON DIRECTORS' REMUNERATION

DIRECTORS' EMOLUMENTS FOR THE YEAR

The Directors who served during the year received the following emoluments (excluding employers' NIC) in the form of fees which commenced on 28 October 2014, when the Company's shares were first admitted to listing:

	Basic fees 2015 £'000	Additional fees 2015 £'000	Total amount salary & fees 2015 £'000	Total amount salary & fees 2014 £'000
William Hill (Chairman)	32	8	40	–
Ratan Engineer*	19	–	19	–
Robert Dick (Audit and Risk Committee Chairman)	32	8	40	–
Robin Archibald	28	7	35	–
Total	**111**	**23**	**134**	**–**

* Up to 13 April 2015.

Since their appointment, the Directors have been closely involved in an exceptional level of corporate activity, which has included three prospectus issues, the introduction of debt, a complicated process to establish the normal reporting cycle and significant acquisitions for the portfolio. The unexpected and sad passing of the former Chairman also resulted in additional responsibilities for all the remaining Board members. In light of this exceptional activity, and following receipt of advice on remuneration, it was determined appropriate for the Directors to be awarded a one-off payment of £7,500 each in relation to these additional activities under the provisions of the Articles.

Based on the current levels of fees and the Directors appointed at the date of this report, Directors' remuneration for the year ending 30 September 2016 would be as follows:

	Total amount salary & fees 2016 £'000	Total amount salary & fees 2015 £'000
William Hill (Chairman)	40	40
Robert Dick (Audit and Risk Committee Chairman)	35	40
Robin Archibald	30	35
Ratan Engineer	–	19
Total	**105**	**134**

RELATIVE IMPORTANCE OF SPEND ON PAY

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distribution to shareholders.

DIRECTORS' SHAREHOLDINGS

The Directors, including connected parties, who held office at the year-end and their interests (all beneficial) in the Ordinary Shares of the Company as at 30 September 2015 and as at 30 September 2014 were as follows:

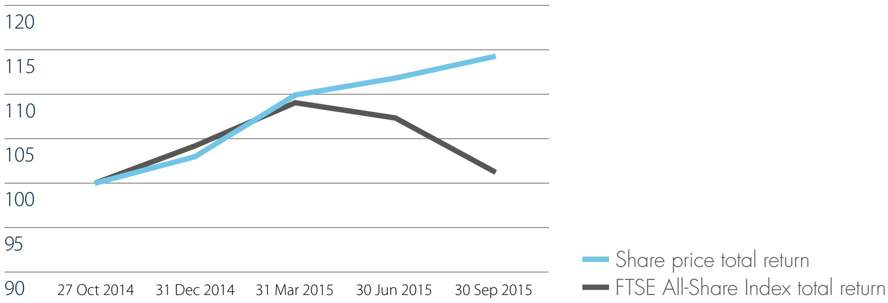
	Ordinary Shares 30 September 2015	Ordinary Shares 30 September 2014
William Hill	**50,000**	–
Robert Dick	**30,000**	–
Robin Archibald	**25,000**	–
Total	**105,000**	–

There were no changes in the interests of the Directors, including connected parties, between 30 September 2015 and 26 January 2016.

Directors' Remuneration Report continued

COMPANY PERFORMANCE

The Board is responsible for the Company's investment strategy and performance, whilst the management of the investment portfolio is delegated to the Manager. The graph below compares, for the period from launch to 30 September 2015, the total return (assuming all dividends are reinvested) to ordinary shareholders compared to the FTSE All-Share Index. This index was chosen as it is considered an indicative measure of the expected return from an equity stock. An explanation of the performance of the Company for the year ended 30 September 2015 is given in the Strategic Report.



It is a company law requirement to compare the performance of the Company's share price to a single broad equity market index on a total return basis. However, it should be noted that constituents of the comparative index used above are typically larger in size than the Company and the Company was not fully invested over the period. The Company does not have a benchmark index.

VOTING AT ANNUAL GENERAL MEETING

At the Company's last AGM, held on 24 March 2015, shareholders approved the Directors' Remuneration Policy. All votes were in favour of the resolution.

An ordinary resolution for the approval of this Annual Report on Directors' Remuneration will be put to shareholders at the forthcoming Annual General Meeting.

On behalf of the Board

William Hill
Chairman
26 January 2016

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

OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

WHO WE ARE REPORTING TO

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.

WHAT WE HAVE AUDITED

Ediston Property Investment Company plc's financial statements for the year ended 30 September 2015 comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flow and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

OVERVIEW OF OUR AUDIT APPROACH

- overall Group materiality: £2,049,000 which represents 1.5% of the Group's net assets;
- we performed full scope audit procedures on both the parent company and EPIC (No. 1) Limited, the parent company's sole subsidiary; and
- key audit risks were identified as recognition of revenue and the valuation of investment properties.

OUR ASSESSMENT OF RISK

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit:

Audit risk	How we responded to the risk
Recognition of revenue	
Revenue for the Group consists of rental income, recognised in accordance with International Accounting Standard 18: Revenue. This income is based on tenancy agreements as well as clauses contained in certain sale and purchase agreements. Included within these agreements are certain terms which increase the risk of error, including lease incentives. Incomplete or inaccurate revenue recognition could have an adverse impact on the Group's net asset value, earnings per share, its level of dividend cover and compliance with REIT regulations. We therefore identified recognition of revenue as a significant risk requiring special audit attention.	Our audit work included, but was not restricted to: – reviewing signed tenancy agreements and sale and purchase agreements in order to create an expectation of rental income taking into account any lease incentives; comparing our expectation to the rental income recognised in the financial statements and seeking explanations for any differences greater than our defined acceptance range; – reviewing revenue transactions to ensure they were treated in accordance with the Group's accounting policy and International Accounting Standard 18: Revenue; – selecting a sample of revenue items and tracing them to a common attribute, being a signed tenancy agreement; and – assessing the treatment of lease incentives. The Group's accounting policy on revenue recognition is shown in Note 1(b) to the Consolidated Financial Statements. The Audit and Risk Committee identified revenue recognition as a significant issue in its report on page 37, where the Committee also described the action that it has taken to address this issue.

OUR ASSESSMENT OF RISK continued

Audit risk	How we responded to the risk
Valuation of investment properties	
The Group's investment property portfolio is required to be held at fair value under International Accounting Standard (IAS) 40 'Investment Property'. The valuation of the properties within this portfolio is inherently subjective due to the specific factors affecting each property. Knight Frank LLP were appointed as the independent, external valuer ('the valuer'). The valuer takes into account property-specific information such as the current tenancy profile and applies assumptions for other inputs such as yields and estimated market rent. The existence of significant estimation uncertainty, coupled with the clearly material value of the properties, gives rise to this being an area of key audit focus. We therefore identified valuation of investment properties as a significant risk requiring special audit attention.	Our audit work included, but was not restricted to: – obtaining the year end valuation workings and narrative for each property, ensuring that the valuation approach for each was appropriate and that any factual inputs were accurate; – conducting further research on rental yields for each property, and comparing our expected yields in the relevant markets with those used by the valuers to establish any properties where the assumptions used were considered to be outliers when compared to the published benchmarks; – attending meetings with the valuers at which the valuations of all properties, and the assumptions and data contained therein were discussed in detail; – exercising professional scepticism by challenging the valuer on the assumptions that they applied to each property. The Group's accounting policy on investment properties is shown in Note 1(f) to the Consolidated Financial Statements and related disclosures are included in Note 9. The Audit and Risk Committee identified valuation and existence of the investment property portfolio as a significant issue in its report on page 37, where the Committee also described the action that it has taken to address this issue.

OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

We determined materiality for the audit of the Group financial statements as a whole to be £2,049,000 which is 1.5% of net assets. This benchmark is considered the most appropriate because of the nature of the Group as a Real Estate Investment Trust, where stakeholders are most interested in the net asset value (NAV) as opposed to its profitability.

Materiality for the current year is higher than the level that we determined for the period ended 30 September 2014 to reflect the fact that all of the properties were purchased in the current year.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 70% of financial statement materiality for the audit of the Group financial statements. We also determined a lower level of specific materiality for certain areas such as the revenue column of the Statement of Comprehensive Income, directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the audit and risk committee to be £102,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

OVERVIEW OF THE SCOPE OF OUR AUDIT

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

We conducted our audit in accordance with ISAs (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit approach was based on a thorough understanding of the Group's business and is risk-based and, in particular, included:
- an evaluation of the components of the Group by the Group audit team based on a measure of materiality considered as a percentage of Group assets, revenues and profit before taxes, to assess the significance of the component and to determine the planned audit response. Our assessment was that the sole subsidiary was a significant component;
- a full scope audit performed by the Group audit team for the parent company and its sole subsidiary;
- evaluation of the Group's internal controls environment including its IT systems and controls; and
- a substantive approach using professional judgement to determine the extent of testing required over each balance in the financial statements.

OTHER REPORTING REQUIRED BY REGULATIONS

OUR OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 IS UNMODIFIED

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

UNDER THE COMPANIES ACT 2006 WE ARE REQUIRED TO REPORT TO YOU IF, IN OUR OPINION:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited 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.

UNDER THE LISTING RULES, WE ARE REQUIRED TO REVIEW:

- the Directors' statements in relation to going concern and longer-term viability, set out on pages 48 and 33 respectively; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

UNDER THE ISAS (UK AND IRELAND), WE ARE REQUIRED TO REPORT TO YOU IF, IN OUR OPINION, INFORMATION IN THE ANNUAL REPORT IS:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

IN PARTICULAR, WE ARE REQUIRED TO REPORT TO YOU IF:

- we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable; or
- the Annual Report does not appropriately disclose those matters that were communicated to the Audit and Risk Committee which we consider should have been disclosed.

We have nothing to report in respect of any of the above matters.

We also confirm that we do not have anything material to add or to draw attention to in relation to:

- the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in the financial statements about whether they have considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements; and
- the Directors' explanation in the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

WHAT THE DIRECTORS ARE RESPONSIBLE FOR:

As explained more fully in the Statement of Directors' Responsibilities set out on page 34, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

WHAT WE ARE RESPONSIBLE FOR:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Julian Bartlett
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
26 January 2016

Consolidated Statement of Comprehensive Income
For the year ended 30 September 2015

	Notes	Year ended 30 September 2015 Revenue £'000	Capital £'000	Total £'000	Period from incorporation to 30 September 2014 Revenue £'000	Capital £'000	Total £'000
Revenue							
Rental income		**5,901**	**–**	**5,901**	–	–	–
Total revenue		**5,901**	**–**	**5,901**	–	–	–
Unrealised gain on revaluation of investment properties	9	**–**	**8,907**	**8,907**	–	–	–
Total income		**5,901**	**8,907**	**14,808**	–	–	–
Expenditure							
Investment adviser fee	2	**(942)**	**–**	**(942)**	–	–	–
Other expenses	3	**(520)**	**–**	**(520)**	–	–	–
Total expenditure		**(1,462)**	**–**	**(1,462)**	–	–	–
Profit before finance costs and taxation		**4,439**	**8,907**	**13,346**	–	–	–
Net finance costs							
Interest receivable	4	**64**	**–**	**64**	–	–	–
Interest payable	5	**(517)**	**–**	**(517)**	–	–	–
Profit before taxation		**3,986**	**8,907**	**12,893**	–	–	–
Taxation	6	**–**	**–**	**–**	–	–	–
Profit for the year		**3,986**	**8,907**	**12,893**	–	–	–
Total comprehensive profit for the year		**3,986**	**8,907**	**12,893**	–	–	–
Basic earnings per share	8	**4.15p**	**9.28p**	**13.43p**	–	–	–

The total column of this statement represents the Group's Consolidated Statement of Comprehensive Income, prepared in accordance with IFRS.

The supplementary revenue return and capital return columns are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement are derived from continuing operations.

No operations were acquired or discontinued in the period.

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

Consolidated Statement of Financial Position
As at 30 September 2015

	Notes	As at 30 September 2015 £'000	As at 30 September 2014 £'000
Non-current assets			
Investment properties	9	**133,033**	–
		133,033	–
Current assets			
Trade and other receivables	11	**3,584**	50
Cash and cash equivalents	12	**40,985**	–
		44,569	50
Total assets		**177,602**	50
Non-current liabilities			
Loan	13	**(39,458)**	–
		(39,458)	–
Current liabilities			
Trade and other payables	14	**(1,558)**	–
Total liabilities		**(41,016)**	–
Net assets		**136,586**	50
Equity and reserves			
Called up equity share capital	16	**1,283**	1
Share premium	17	**34,898**	49
Capital reserve – investments held	17	**8,907**	–
Capital reserve – investments sold	17	**–**	–
Special distributable reserve	17	**89,035**	–
Revenue reserve	17	**2,463**	–
Equity shareholders' funds		**136,586**	50
Net asset value per Ordinary Share	15	**106.49p**	100.00p

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

Company number: 09090446.

The financial statements on pages 44 to 61 were approved by the Board of Directors on 26 January 2016 and signed on its behalf by:

William Hill
Chairman

Consolidated Statement of Changes in Equity
For the year ended 30 September 2015

	Notes	Share capital account £'000	Share premium £'000	Capital reserve – investments held £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 30 September 2014		1	49	–	–	–	50
Profit and total comprehensive profit for the year		–	–	8,907	–	3,986	12,893
Transactions with owners recognised in equity:							
Issue of Ordinary Share capital	16	1,282	129,593	–	–	–	130,875
Issue costs	17	–	(2,523)	–	–	–	(2,523)
Cancellation of share premium	17	–	(92,221)	–	92,221	–	–
Dividends paid	7	–	–	–	(838)	(3,871)	(4,709)
Transfer from special reserve		–	–	–	(2,348)	2,348	–
As at 30 September 2015		**1,283**	**34,898**	**8,907**	**89,035**	**2,463**	**136,586**

For the period to 30 September 2014

	Notes	Share capital account £'000	Share premium £'000	Capital reserve – investments held £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 17 June 2014		–	–	–	–	–	–
Profit and total comprehensive profit for the period		–	–	–	–	–	–
Transactions with owners recognised in equity:							
Issue of Ordinary Share capital		1	49	–	–	–	50
As at 30 September 2014		**1**	**49**	**–**	**–**	**–**	**50**

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

Consolidated Statement of Cash Flow
For the year ended 30 September 2015

	Notes	Year to 30 September 2015 £'000	Period to 30 September 2014 £'000
Cash flows from operating activities			
Profit before tax		**12,893**	–
Adjustments for:			
Interest receivable		**(64)**	–
Interest payable		**517**	–
Unrealised revaluation gains on property portfolio		**(8,907)**	–
Operating cash flows before working capital changes		**4,439**	–
Increase in trade and other receivables		**(3,584)**	–
Increase in trade and other payables		**1,558**	–
Net cash inflow from operating activities		**2,413**	
Cash flows from investing activities			
Purchase of investment properties		**(124,126)**	–
Net cash outflow from investing activities		**(124,126)**	–
Cash flows from financing activities			
Loan drawn down, net of costs	13	**39,439**	
Issue of Ordinary Share capital		**130,925**	–
Issue costs of Ordinary Share capital		**(2,523)**	–
Dividends paid	7	**(4,709)**	–
Interest received		**64**	–
Interest paid		**(498)**	–
Net cash inflow from financing activities		**162,698**	–
Net increase in cash and cash equivalents		**40,985**	–
Opening cash and cash equivalents		**–**	–
Closing cash and cash equivalents	12	**40,985**	–

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

Notes to the Consolidated Financial Statements

1. ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

Basis of Accounting

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, applicable legal and regulatory requirements of the Companies Act 2006 and the Disclosure and Transparency Rules and Article 4 of the IAS Regulation. 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.

Going Concern

Under Provision C.1.3 of the UK Corporate Governance Code, the Board needs to report whether the business is a going concern. In considering this requirement, the Directors have taken the following into account:

- the Group's forecast for the next two years, in particular the cash flows, borrowings and occupancy rate;
- the ongoing ability to comfortably comply with the Group's financial covenants (details of the loan covenants are included in the Strategic Report on page 21 and in Note 13;
- the risks included on the Group's risk register that could impact on the Group's liquidity and solvency over the next 12 months (details of risks are included in the Strategic Report on pages 22 to 23; and
- the risks on the Group's risk register that would be a potential threat to the Group's business model (details of risks are included in the Strategic Report on pages 22 to 23).

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report also includes the Group's risks and risk management processes.

Having due regard to these matters and after making appropriate enquiries, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Board continues to adopt the going concern basis in preparing these Consolidated Financial Statements.

Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end 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.

Key Estimates

The only significant source of estimation uncertainty relates to the investment property valuations. The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation techniques. The properties have been valued on the basis of 'Fair Value' and VPGA1 Valuations for Inclusion in Financial Statements, which adopt the definition of Fair Value as adopted by the International Accounting Standards Board. In line with the recommendation of the European Public Real Estate Association, all properties have been deemed to be Level 3 under the fair value hierarchy classification set out below. This is described in more detail in the accounting policy on page 51 and in Note 9. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

The fair value measurement for the assets and liabilities are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability. 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. As explained in more detail in Note 9, all investment properties are included in Level 3.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred.

Key judgements

Key judgements relate to the treatment of compliance with REIT status, production of consolidated accounts and property acquisitions where different accounting policies could be applied. These are described in more detail on the following page, or in the relevant notes to the financial statements.

1. ACCOUNTING POLICIES continued

(A) BASIS OF PREPARATION continued

Compliance with REIT Status

As disclosed in Note 6, the Group has been approved as a group REIT. As a result, the Group does not pay UK corporation tax on its profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Group continue to be subject to corporation tax as normal. In order to achieve and retain group REIT status, several entrance tests had to be met and certain ongoing criteria must be maintained. The main criteria are as follows:

- at least 90% of the tax exempt rental business profits must be distributed in the form of a Property Income Distribution;
- 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
- the Group must hold a minimum of three properties with no single property exceeding 40% of the portfolio value.

The Directors intend that the Group should continue as a group REIT for the foreseeable future, with the result that deferred tax is not recognised on temporary differences relating to the property rental business. Should the ongoing criteria not continue to be met, the corporation tax payable by the Group may be significantly higher.

Production of consolidated accounts

The Company is required to consider whether it is an 'investment entity' under the definition contained within IFRS 10. The Directors have concluded that the Company is not an investment entity as so defined. In arriving at this conclusion the Directors considered:

- the Company does not have a defined timeframe for exiting each investment property;
- although the Company measures the investment properties held by its subsidiary at fair value, other measures, such as cash flows and rental income, are also considered when making and evaluating investment decisions; and
- the Company does not, through its subsidiary, just hold a portfolio of static investment properties but also undertakes other business activities including maintenance, capital expenditure and leasing activities.

Were the Directors to conclude that the Company was an investment entity then it would not consolidate its wholly owned subsidiary and would instead report the investment in its subsidiary at fair value through profit or loss.

Property Acquisitions and Business Combinations

The Group acquires real estate either as individual properties or as the acquisition of a portfolio of properties. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business or a property. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property.

Goodwill on business combinations is measured as the fair value of the consideration transferred less the net recognised amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, this is recognised immediately in the Consolidated Statement of Comprehensive Income. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

When the acquisition of a property portfolio, or subsidiary, does not represent a business, it is accounted for as an acquisition of an investment property. Given the nature of the transactions undertaken during the year which consisted of the transfer of a portfolio of assets without the additional transfer of significant activities, operations or employees, and the fact they are held as investment properties, all acquisitions have been determined to be the purchases of investment properties and the accounting treatment followed is that set out in Note 1(f) on page 51.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the following new standards have been adopted in the current year with no material impact on the financial statements:

IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRIC Interpretation 21 Levies
Amendments to IAS 32
Amendments to IAS 36
Amendments to IAS 39

The following new standards and interpretations have been issued by the IASB but are not yet endorsed. They are not effective for the current accounting year and were not adopted early:

IFRS 9 Financial Instruments (effective 1 January 2018)
IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)
IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
IAS 16 and IAS 41 (amended) Bearer Plants (effective 1 January 2016)
IAS 27 (amended) Separate Financial Statements (effective 1 January 2016)
Annual improvements to IFRSs 2011-2013 cycle
Annual improvements to IFRSs 2012-2014 cycle
IFRS 11 (amended) Joint arrangements

Notes to the Consolidated Financial Statements continued

1. ACCOUNTING POLICIES continued

(A) BASIS OF PREPARATION continued

The Group 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.

Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and all of its subsidiaries drawn up to 30 September 2015. Subsidiaries are those entities, including special purpose entities, controlled by the Company and are detailed in Note 10. Control exists when the Company is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

In preparing the Consolidated Financial Statements, intra-Group balances, transactions and unrealised gains or losses have been eliminated in full. Uniform accounting policies are adopted for all companies within the Group.

(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 Statement of Comprehensive Income on a straight-line basis over the lease term or on another systematic basis, if applicable. Where income is recognised in advance of the related cash flows, an adjustment is made to ensure that the carrying value of the relevant property, including accrued rent disclosed separately within 'trade and other receivables' does not exceed the external valuation.

The Group 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 Group 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 accounted for on an accruals basis and recognised as rental income within the Statement of Comprehensive Income over the length of the time that the rental guarantee exists as it pertains to vacant space and/or rent-free periods.

Interest Income

Interest income is accounted for on an accruals basis.

Service Charges and Expenses Recoverable from Tenants

Where service charges and other expenses are recharged to tenants, the expense and the income received in reimbursement are offset within the Statement of Comprehensive Income and are not separately disclosed, as the Directors consider that the Group acts as agent in this respect. Service charges and other property-related expenses that are not recoverable from tenants are recognised in expenses on an accruals basis.

(C) OTHER 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 PAYABLE

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

(E) TAXATION

The Group is a REIT and is thereby exempt from tax on both rental profits and chargeable gains. In order to retain REIT status, certain ongoing 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 tax exempt rental business profits must be distributed in the form of a Property Income Distribution.

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

1. ACCOUNTING POLICIES continued

(E) TAXATION continued

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 and laws enacted or substantively enacted at the year end 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 calculated using rates and laws enacted or substantively enacted by the end of the period expected to apply. 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 Group 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 year end 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 – investments sold. Recognition and derecognition occurs on the completion of a sale.

(G) CASH AND CASH EQUIVALENTS

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

(H) TRADE 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.

(I) INTEREST-BEARING LOANS AND BORROWINGS

All 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; any difference is recognised in the Statement of Comprehensive Income over the period of the borrowing using the effective interest method. Amortised cost is calculated by taking into account any loan arrangement costs and any discount or premium on settlement.

(J) PROPERTY ACQUISITIONS

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business or the acquisition of an asset.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

1. ACCOUNTING POLICIES continued

(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 Reserves

The following are accounted for in the capital reserve – investments sold:

– realised gains and losses on the disposal of investment properties.

The following are accounted for in the capital reserve – investments held:

– 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. Where the Company's revenue reserve is insufficient to fund the dividends paid, a transfer is made to this reserve from the Special Distributable Reserve.

Special Distributable Reserve

An application to Court was successfully made for the cancellation of the launch share premium account which allowed the transfer of monies to the special distributable reserve. This reserve is available for paying dividends and buying back the Company's shares.

Capital Management

The Group's capital is represented by the Ordinary Shares, Share Premium, Capital Reserves, Revenue Reserve and Special Distributable Reserve. The Group is not subject to any externally-imposed capital requirements.

The capital of the Group is managed in accordance with its investment policy, in pursuit of its investment objective. Capital management activities may include the allotment of new shares, the buy back or re-issuance of shares from treasury, the management of the Group's discount to net asset value and consideration of the Group's net gearing level.

There have been no changes in the capital management objectives and policies or the nature of the capital managed during the year.

2. INVESTMENT ADVISER FEE

	Year ended 30 September 2015 £'000	Period to 30 September 2014 £'000
Investment Adviser fee	**942**	–
Total	**942**	–

The Investment Adviser fee is calculated as 0.95% per annum of the net assets of the Group up to £250 million and 0.75% per annum of the net assets of the Group over £250 million. The Investment Adviser agreement may be terminated by either party by giving not less than 12 months' notice which can be served at any time following the second anniversary of admission. The Company's shares were admitted to trading in October 2014. The agreement may be terminated earlier by the Group provided that a payment in lieu of notice, equivalent to the amount the Investment Adviser would otherwise have received during the notice period, is made.

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

3. OTHER EXPENSES

	Year ended 30 September 2015 £'000	Period to 30 September 2014 £'000
Direct operating expenses for investment properties:		
– from which income is received	**23**	–
– from which income is not received	**–**	–
Administration fee	**99**	–
Valuation and other professional fees	**50**	–
Directors' fees*	**146**	–
Auditor's remuneration for:		
– statutory audit	**63**	–
– audit-related services	**10**	–
– other services related to taxation	**–**	–
Listing and registrar fees	**22**	–
Public relations	**36**	–
Other	**71**	–
Total	**520**	–

* Includes Employers' National Insurance Contributions totalling £12,000 (2014: nil). For further details refer to the Directors' Annual Report on Remuneration on pages 38 to 40.

The valuers of the investment properties, Knight Frank LLP, have agreed to provide valuation services in respect of the property portfolio. The valuation agreement states that annual fees will be payable quarterly based on rates of £500 per property.

The Group paid £52,000 to Grant Thornton UK LLP as non-audit fees in relation to the launch and listing costs. These were deducted from the Share Premium account prior to its cancellation. The Group paid £10,000 to Grant Thornton UK LLP for the review of the interim financial statements as included above. Finally the Group paid £35,000 to Grant Thornton UK LLP as non-audit fees in relation to the recent share issuance and these fees are included within the Share Premium account as issue costs.

The Group paid £568,000 to Dickson Minto W.S. as legal fees in relation to expenses of issue and these are included within the Share Premium account as issue costs.

4. INTEREST RECEIVABLE

	Year ended 30 September 2015 £'000	Period to 30 September 2014 £'000
Deposit interest	**64**	–
Total	**64**	–

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 September 2015 £'000	Period to 30 September 2014 £'000
Loan interest	**498**	–
Amortisation of loan set-up costs	**19**	–
Total	**517**	–

Notes to the Consolidated Financial Statements continued

6. TAXATION

	Year ended 30 September 2015 £'000	Period to 30 September 2014 £'000
Total tax charge	**–**	–

A reconciliation of the corporation tax charge applicable to the results at the statutory corporation tax rate to the charge for the period is as follows:

	Year ended 30 September 2015 £'000	Period to 30 September 2014 £'000
Profit before taxation	**12,893**	–
UK tax at a rate of 20.5% (2014: 21.0%)	**2,643**	–
Effects of:		
REIT exempt profits	**(817)**	–
REIT exempt gains	**(1,826)**	–
Total tax charge	**–**	–

The Company served notice to HM Revenue & Customs that the Company, and its Group subsidiaries, qualified as a Real Estate Investment Trust with effect from 31 October 2014. The Group did not have any taxable profits arising prior to this date.

Subject to continuing relevant UK-REIT criteria being met, the profits from the Group's property rental business, arising from both income and capital gains, are exempt from corporation tax.

7. DIVIDENDS

Dividends paid as distributions to equity shareholders during the year were:

	Year ended 30 September 2015		Period to 30 September 2014	
	Pence per share	£'000	Pence per share	£'000
First interim dividend paid 6 February 2015	**0.9685**	**923**	–	–
Second interim dividend paid 27 February 2015	**0.4583**	**435**	–	–
Third interim dividend paid 31 March 2015	**0.4583**	**435**	–	–
Fourth interim dividend paid 30 April 2015	**0.4583**	**435**	–	–
Fifth interim dividend paid 29 May 2015	**0.4583**	**435**	–	–
Sixth interim dividend paid 30 June 2015	**0.4583**	**435**	–	–
Seventh interim dividend paid 31 July 2015	**0.4583**	**435**	–	–
Eighth interim dividend paid 28 August 2015	**0.4583**	**588**	–	–
Ninth interim dividend paid 30 September 2015	**0.4583**	**588**	–	–
Total	**4.6349**	**4,709**	–	–

A tenth interim dividend for the year to 30 September 2015, of 0.4583 pence per share, was paid on 30 October 2015 to shareholders on the register on 23 October 2015.

A first interim dividend for the year to 30 September 2016, of 0.4583 pence per share, was paid on 30 November 2015 to shareholders on the register on 13 November 2015, a second interim dividend for the year to 30 September 2016 of 0.4583 pence per share, was paid on 31 December 2015 to shareholders on the register on 11 December 2015. A third interim dividend for the year to 30 September 2016 of 0.4583 pence per share will be paid on 29 January 2016 to shareholders on the register on 22 January 2016.

8. TOTAL EARNINGS PER SHARE

The Group's basic and diluted revenue earnings per Ordinary Share of 4.15 pence per share (2014: nil) is based on the net income for the period of £3,986,000 (2014: nil) and 95,982,833 ordinary shares (2014: 50,000), being the weighted average number of shares in issue during the year.

The Group's basic and diluted capital gain per Ordinary Share of 9.28 pence per share (2014: nil) is based on the capital gain for the period of £8,907,000 (2014: nil) and on 95,982,833 ordinary shares (2014: 50,000), being the weighted average number of shares in issue during the year.

The Group's basic and diluted total earnings per Ordinary Share of 13.43 pence per share (2014: nil) is based on the profit for the period of £12,893,000 (2014: nil) and on 95,982,833 (2014: 50,000) ordinary shares, being the weighted average number of shares in issue during the year.

9. INVESTMENT PROPERTIES

Freehold and leasehold properties

	As at 30 September 2015 £'000	As at 30 September 2014 £'000
Opening fair value	**–**	–
Purchases	**119,658**	–
Capitalised costs	**4,468**	–
Revaluation movement	**8,907**	–
Closing fair value	**133,033**	–

Changes in the valuation of investment properties

	Year ended 30 September 2015 £'000	Period to 30 September 2014 £'000
Unrealised gain on revaluation of investment properties	**8,907**	–

The properties were valued at £136,400,000 as at 30 September 2015 by Knight Frank LLP (Knight Frank), in their capacity as external valuers. Of the £136,400,000 Knight Frank valuation, £133,033,000 is reflected in the market value of freehold and leasehold properties and £3,367,000 is recorded as unamortised lease incentives in Trade and other receivables. The valuation was undertaken in accordance with the RICS Valuation – Professional Standards VPS4 (1.5) Fair Value and VPGA1 Valuations for Inclusion in Financial Statements, which adopt the definition of Fair Value adopted by the International Accounting Standards Board.

Fair value is based on an open market valuation (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), provided by Knight Frank on a quarterly basis, using recognised valuation techniques as set out in the Group's accounting policies.

The Group is required to classify fair value measurements of its investment properties using a fair value hierarchy, in accordance with IFRS 13 'Fair Value Measurement'. In determining what level of the fair value hierarchy to classify the Group's investments within, the Directors have considered the content and conclusion of the position paper on IFRS 13 prepared by the European Public Real Estate Association (EPRA), the representative body of the publicly listed real estate industry in Europe. This paper concludes that, even in the most transparent and liquid markets, it is likely that valuers of investment property will use one or more significant unobservable inputs or make at least one significant adjustment to an observable input, resulting in the vast majority of investment properties being classified as Level 3.

Observable market data is considered to be that which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. In arriving at the valuation Knight Frank will have to make adjustments to observable data of similar properties and transactions to determine the fair value of a property and this will involve the use of considerable judgement.

All leasehold properties are carried at fair value rather than amortised over the term of the lease. The same valuation criteria are therefore applied to leasehold as freehold properties. All leasehold properties have more than 100 years remaining on the lease term.

Considering the Group's specific valuation process, industry guidance, and the level of judgement required in the valuation process, the Directors believe it appropriate to classify the Group's assets within Level 3 of the fair value hierarchy.

The Group's investment properties, which are all commercial properties, are considered to be a single class of assets. There have been no changes to the valuation technique used through the period, nor have there been any transfers between levels.

The key unobservable inputs made in determining the fair values are:
– estimated rental value (ERV): The rent at which space could be let in the market conditions prevailing at the date of valuation; and
– yield: The equivalent yield is defined as the internal rate of return of the cash flow from the property, assuming a rise to ERV at the next review, but with no further rental growth.

Information on these significant unobservable inputs is disclosed below:

Significant unobservable input	**Range**	**2015 Weighted average**	Range	2014 Weighted average
Estimated rental value per sq ft per annum	**£6 – £28**	**£16**	–	–
Net equivalent yield	**5.0% – 8.8%**	**6.4%**	–	–

9. INVESTMENT PROPERTIES continued

The ERV for the total portfolio is materially the same as the passing rent which is disclosed on page 3.

A decrease in the investment yield applied to the portfolio by 0.25% will increase the fair value of the portfolio by £6.1 million, and consequently increase the Group's reported income from unrealised gains on investments. An increase in yield by 0.25% will decrease the fair value of the portfolio by £5.3 million and reduce the Group's income.

10. 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 (Company Number: 09106328). EPIC (No.1) Limited was incorporated on 27 June 2014 and began trading on 5 May 2015. On 5 May 2015, the ownership of the property portfolio held by the Company at that date was transferred to EPIC (No.1) Limited. The net asset value of EPIC (No.1) Limited as at 30 September 2015 was £95.9 million (30 September 2014: £1) and the book cost was £91.2 million. The profit of EPIC (No.1) Limited for the year to 30 September 2015 was £6.7 million (30 September 2014: nil).

11. TRADE AND OTHER RECEIVABLES

	As at 30 September 2015 £'000	As at 30 September 2014 £'000
Lease incentives	**3,367**	–
Rent receivable	**81**	–
Share capital issue proceeds due	**–**	50
Other debtors and prepayments	**136**	–
Total	**3,584**	50

12. CASH AND CASH EQUIVALENTS

All cash balances at the year-end were held in cash, current accounts or deposit accounts.

	As at 30 September 2015 £'000	As at 30 September 2014 £'000
Cash and cash equivalents	**40,985**	–
Total	**40,985**	–

13. LOAN

	As at 30 September 2015 £'000	As at 30 September 2014 £'000
Principal amount outstanding	**40,000**	–
Set-up costs	**(561)**	–
Amortisation of loan set-up costs	**19**	–
Total	**39,458**	–

In May 2015, the Group entered into a £40 million secured 10-year term loan arrangement with Aviva Commercial Finance Limited. The loan has been fixed at an interest rate of 3.09% for the period of the loan as long as the loan-to-value ratio is maintained below 40%, increasing to 3.19% if the loan-to-value ratio is 40% or higher. The final maturity date of the loan is May 2025. The loan is secured over EPIC (No.1) Limited's current property portfolio.

Under the financial covenants relating to the loan the Group has to ensure that for EPIC (No.1) Limited:
- The Historic Interest Cover and Projected Interest Cover, each being the passing rental income as a percentage of finance costs and generally calculated over a period of 12 months to/from the calculation date, is at least 300%.
- The Loan-to-Value Ratio, being the adjusted value of the loan as a percentage of the aggregate market value of the relevant properties, must not exceed 50%.

Breach of the financial covenants, subject to various cure rights, may lead to the loan falling due for repayment earlier than the final maturity date stated above. The Group has complied with all the loan covenants during the year.

The fair value of the loan based on a marked-to-market basis, being the yield on the Treasury 5% 2025 plus the appropriate margin, was £40,817,000 as at 30 September 2015.

Under the terms of early repayment relating to the loan, the cost of repaying the loan on 30 September 2015 would have been approximately £42,561,000, including repayment of the principal.

14. TRADE AND OTHER PAYABLES

	As at 30 September 2015 £'000	As at 30 September 2014 £'000
Rental income received in advance	**542**	–
Investment Manager's fees payable	**314**	–
Other payables	**702**	–
Total	**1,558**	–

The Group's payment policy is to ensure settlement of supplier invoices in accordance with stated terms.

15. NET ASSET VALUE

The Group's net asset value per Ordinary Share of 106.49 pence (2014: 100.00 pence) is based on equity shareholders' funds of £136,586,000 (2014: £50,000) and on 128,263,931 (2014: 50,000) Ordinary Shares, being the number of shares in issue at the year end.

The net asset value calculated under IFRS above is the same as the EPRA net asset value at 30 September 2015.

16. CALLED-UP EQUITY SHARE CAPITAL

Allotted, called-up and fully paid ordinary shares of 1 pence par value	Number of shares	£'000
Opening balance as at 30 September 2014	**50,000**	**1**
Issue of 94,950,000 Ordinary Shares of 1 pence par value on 27 October 2014	94,950,000	949
Issue of 33,263,931 Ordinary Shares of 1 pence par value on 8 July 2015	33,263,931	333
Closing balance as at 30 September 2015	**128,263,931**	**1,283**

On 27 October 2014, the Company issued 94,950,000 Ordinary Shares at a price of 100 pence per Ordinary Share raising gross proceeds of £94,950,000. On 8 July 2015, the Company issued 33,263,931 Ordinary Shares at 108 pence per Ordinary Share raising gross proceeds of £35,925,000.

The consideration received in excess of the par value of shares issued, net of total expenses of issue of £2,523,000 (being £1,829,000 relating to the original issue and £694,000 to the further issue in July 2015), has been credited to the share premium account.

Ordinary shareholders are entitled to all dividends declared by the Company and to all of the Company's assets after repayment of its borrowings and ordinary creditors. Ordinary shareholders have the right to vote at meetings of the Company. All Ordinary Shares carry equal voting rights.

17. RESERVES

	Share premium £'000	Capital reserve – investments held £'000	Special distributable reserve £'000	Revenue reserve £'000
As at 30 September 2014	**49**	**–**	**–**	**–**
Shares issued in the period	129,593	–	–	–
Issue costs	(2,523)	–	–	–
Cancellation of share premium	(92,221)	–	92,221	–
Capital movement	–	8,907	–	–
Net revenue profit	–	–	–	3,986
Dividends paid	–	–	(838)	(3,871)
Transfer from special distributable reserve	–	–	(2,348)	2,348
As at 30 September 2015	**34,898**	**8,907**	**89,035**	**2,463**

On 21 January 2015, an application to Court was successfully made for the cancellation of the initial share premium account which allowed the transfer of the balance of the share premium account of £92,221,000 to the special distributable reserve.

18. RELATED PARTY TRANSACTIONS AND FEES PAID TO EDISTON PROPERTIES LIMITED AND R&H FUND SERVICES (JERSEY) LIMITED

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 Group. There are no other key management personnel, as the entity has no employees except for the Directors.

The Directors of the Group received fees for their services. Total fees for the period, including Employers' National Insurance Contributions, were £146,000 (for the period from incorporation to 30 September 2014: nil) of which £23,000 (30 September 2014: nil) remained payable at the year end.

Ediston Properties Limited, being the Investor Adviser, received £942,000 during the year (for the period from incorporation to 30 September 2014: nil) of which £314,000 (30 September 2014: nil) remained payable at the year end.

R&H Fund Services (Jersey) Limited, being the AIFM and Investment Manager, received £15,000 during the year (for the period from incorporation to 30 September 2014: nil) of which £15,000 (30 September 2014: nil) remained payable at the year end.

19. CONTINGENT ASSETS AND LIABILITIES

i. The Group acquired the units in a Jersey Property Unit Trust on 7 November 2014. Prior to the sale of the units to the Group, the seller transferred a property to another group entity by way of a distribution in specie for nil consideration. The Group has indemnified the seller should any SDLT arise as a result of that property transfer. Both the Seller's and the Group's tax advice is that there is a low probability of an SDLT liability on the transaction.
ii. If the Group disposes of the property at Sheffield before 22 June 2016, an overage payment will be due to Capita Business Services Limited, the tenant of that property. The amount due would be 50% of the sale price of the property over £18,512,000. The valuation of the property at 30 September 2015 was £19,250,000.

20. OPERATING SEGMENTS

The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Group is engaged in a single unified business, being property investment, and in one geographical area, the United Kingdom, and that therefore the Group has no segments. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance is the total return on the Group's net asset value. As the total return on the Group's net asset value is calculated based on the net asset value per share calculated under IFRS as shown at the foot of the Consolidated Statement of Financial Position, 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 Group 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 an index or benchmark; and
– the management of the portfolio is ultimately delegated to a single property manager, Ediston Properties Limited.

21. FINANCIAL INSTRUMENTS

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

The Group 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 Group are maintained in pounds sterling.

The Board reviews and agrees policies for managing the Group'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 Group's investment properties which, whilst not constituting financial instruments as defined by IFRS, are considered by the Board to be integral to the Group's overall risk exposure.

The following table summarises the Group's financial assets and liabilities into the categories required by IFRS 7 'Financial Instruments: Disclosures':

	As at 30 September 2015		As at 30 September 2014	
	Held at fair value through profit or loss £'000	**Financial assets and liabilities at amortised cost £'000**	Held at fair value through profit or loss £'000	Financial assets and liabilities at amortised cost £'000
Financial assets				
Trade and other receivables	**–**	**3,584**	–	50
Cash and cash equivalents	**–**	**40,985**	–	–
	–	**44,569**	–	50
Financial liabilities				
Loan	**–**	**(39,458)**	–	–
Trade and other payables	**–**	**(1,558)**	–	–
	–	**(41,016)**	–	–

21. FINANCIAL INSTRUMENTS continued

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 Group. At the reporting date, the Group's financial assets exposed to credit risk amounted to £41,066,000 (2014: nil), consisting of cash of £40,985,000 and rent receivable of £81,000.

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 Group 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 reletting, maintenance costs, insurances, rates and marketing costs and may have a material adverse impact on the financial condition and performance of the Group and/or the level of dividend cover. The Board receives regular reports on concentrations of risk and any tenants in arrears. The Investment Adviser monitors such reports in order to anticipate, and minimise the impact of, defaults by occupational tenants.

Where there are concerns over the recoverability of rental income, the amounts outstanding will be fully provided for. There was no such provision recognised as there were no financial assets which were either past due or considered impaired at 30 September 2015 or at 30 September 2014.

All of the Group's cash was placed with The Royal Bank of Scotland plc (RBS) as at 30 September 2015. Bankruptcy or insolvency of the bank holding cash balances may cause the Group's ability to access cash placed with them to be delayed, limited or lost. RBS is rated by all the main rating agencies. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, cash holdings would be moved to another bank. As at 30 September 2015, Standard & Poor's credit rating for RBS was A-2 and Moody's was P-2. There has been no change in the fair values of cash or receivables as a result of changes in credit risk in the current or prior periods.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The Group's investments comprise commercial properties.

Property and property-related assets in which the Group invests are not traded in an organised public market and may be illiquid. As a result, the Group 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 Group'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 Group has a comprehensive 10-year cashflow forecast that aims to have sufficient cash balances, taking into account projected receipts for rental income and property sales, to meet its obligations for a period of at least 12 months.

At the reporting date, the maturity of the financial assets was:

Financial assets as at 30 September 2015

	Three months or less £'000	More than three months but less than three years £'000	More than three years £'000	Total £'000
Cash and cash equivalents	40,985	–	–	40,985
Rent receivable	81	–	–	81
Total	**41,066**	**–**	**–**	**41,066**

The Group did not have any financial assets at 30 September 2014.

At the reporting date, the financial liabilities on a contractual maturity basis were:

Financial liabilities as at 30 September 2015

	Three months or less £'000	More than three months but less than three years £'000	More than three years £'000	Total £'000
Loan	–	–	40,000	40,000
Interest payable on loan	312	3,400	8,334	12,046
Other payables	993	–	–	993
Total	**1,305**	**3,400**	**48,334**	**53,039**

The table above details the total payment due to Aviva, including interest payable, in connection with the loan as detailed in Note 13.

The Group did not have any financial liabilities at 30 September 2014.

21. FINANCIAL INSTRUMENTS continued

INTEREST RATE RISK

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

Apart from the Aviva loan as disclosed in Note 13, the fair value of financial assets and liabilities is not materially different from their carrying value in the financial statements.

Considering the effect on the loan balance, it is estimated that an increase of 50 basis points in interest rates as at the balance sheet date would have decreased its fair value by approximately £1.6 million and a decrease in 50 basis points would have increased its fair value by approximately £1.7 million.

When the Group retains cash balances, they will ordinarily be held on interest-bearing deposit accounts. The Group'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 Group arising out of the investment and risk management policies.

The following table sets out the carrying amount of the Group's financial instruments that are exposed to interest rate risk:

	As at 30 September 2015		As at 30 September 2014	
	Fixed rate £'000	Variable rate £'000	Fixed rate £'000	Variable rate £'000
Cash and cash equivalents	–	40,985	–	–
Loan	39,458	–	–	–

An increase of 0.50% in interest rates would have increased the reported profit for the period and the net assets at the year end by £8,000 (2014: nil), a decrease in interest rates would have an equal and opposite effect. These movements are calculated as at 30 September 2015 (30 September 2014) and may not be reflective of actual future conditions.

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.

Any changes in market conditions will directly affect the profit and loss reported through the Statement of Comprehensive Income. Details of the Group's investment property portfolio held at the balance sheet date are disclosed in Note 9. A 10% increase in the value of the investment properties held as at 30 September 2015 (30 September 2014) would have increased net assets available to shareholders and increased the net income for the year by £13.3 million (2014: nil); an equal and opposite movement would have decreased net assets and decreased the net income by an equivalent amount.

The calculations are based on the investment property valuations at the respective balance sheet date and are not representative of the period as a whole, nor reflective of future market conditions.

22. CAPITAL COMMITMENTS

The Group did not have any contractual commitments to refurbish, construct or develop any investment property, or for repair, maintenance or enhancements as at 30 September 2015 (2014: nil).

23. LEASE LENGTH

The Group leases out its investment properties under operating leases. These properties are measured under the fair value model as the properties are held to earn rentals. All leases are non-cancellable with a weighted average unexpired lease term of 8.6 years.

The minimum lease payments based on the unexpired lessor lease length at the year end were as follows (based on actual rentals):

	As at 30 September 2015 £'000	As at 30 September 2014 £'000
Less than one year	**8,587**	–
Between two and five years	**28,341**	–
Over five years	**35,600**	–
Total	**72,528**	–

The largest single tenant at the year-end accounted for 20.7% (2014: nil) of the passing rental income.

24. POST-BALANCE SHEET EVENTS

On 9 December 2015 the Group announced that it had exchanged contracts to acquire Plas Coch Retail Park in Wrexham for £22.4 million (net of acquisition costs). The net initial yield was 6.52%, rising to 7.35% in March 2016 on expiry of a rent-free period. The acquisition was funded from existing cash resources. The transaction completed during December 2015.

Plas Coch is a well-located retail park, totalling 94,000 sq ft, adjacent to a Sainsbury's supermarket and an Aldi foodstore. It is let to seven national tenants and benefits from a weighted average unexpired lease term (WAULT) in excess of 10 years.

Company Statement of Financial Position
As at 30 September 2015

	Notes	As at 30 September 2015 £'000	As at 30 September 2014 £'000
Non-current assets			
Investment in subsidiary undertaking	3	**91,200**	–
Investment properties	4	**–**	–
		91,200	–
Current assets			
Trade and other receivables	5	**9,854**	50
Cash and cash equivalents	6	**29,446**	–
		39,300	50
Total assets		**130,500**	50
Current liabilities			
Trade and other payables	7	**(635)**	–
Total liabilities		**(635)**	–
Net assets		**129,865**	50
Equity and reserves			
Called up equity share capital	8	**1,283**	1
Share premium	9	**34,898**	49
Capital reserve	9	**4,649**	–
Special distributable reserve	9	**89,035**	–
Revenue reserve	9	**–**	–
Equity shareholders' funds		**129,865**	50
Net asset value per Ordinary Share (pence)	10	**101.25**	100.00

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

Company number 09090446.

The Company financial statements on pages 62 to 67 were approved by the Board of Directors on 26 January 2016 and signed on its behalf by:

William Hill
Chairman

Company Statement of Changes in Equity
For the year ended 30 September 2015

	Notes	Share capital account £'000	Share premium £'000	Capital reserve £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 30 September 2014		1	49	–	–	–	50
Profit and total comprehensive profit for the year		–	–	4,649	–	1,523	6,172
Transactions with owners recognised in equity:							
Issue of Ordinary Share capital	8	1,282	129,593	–	–	–	130,875
Issue costs	8	–	(2,523)	–	–	–	(2,523)
Cancellation of share premium		–	(92,221)	–	92,221	–	–
Dividends paid	2	–	–	–	(838)	(3,871)	(4,709)
Transfer from special reserve		–	–	–	(2,348)	2,348	–
As at 30 September 2015		**1,283**	**34,898**	**4,649**	**89,035**	**–**	**129,865**

For the period to 30 September 2014

	Notes	Share capital account £'000	Share premium £'000	Capital reserve £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 17 June 2014		–	–	–	–	–	–
Profit and total comprehensive profit for the period		–	–	–	–	–	–
Transactions with owners recognised in equity:							
Issue of Ordinary Share capital		1	49	–	–	–	50
As at 30 September 2014		**1**	**49**	**–**	**–**	**–**	**50**

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

Company Statement of Cash Flow
For the year ended 30 September 2015

	Notes	Year to 30 September 2015 £'000	Period to 30 September 2014 £'000
Cash flows from operating activities			
Profit before tax		**6,172**	–
Adjustments for:			
Interest receivable		**(49)**	–
Revaluation gains on property portfolio		**(4,649)**	–
Operating cash flows before working capital changes		**1,474**	–
Increase in trade and other receivables		**(9,854)**	–
Increase in trade and other payables		**635**	–
Net cash outflow from operating activities		**(7,745)**	–
Cash flows from investing activities			
Purchase of investment properties	4	**(86,551)**	–
Net cash outflow from investing activities		**(86,551)**	–
Cash flows from financing activities			
Issue of Ordinary Share capital	8	**130,925**	–
Issue costs	8	**(2,523)**	–
Dividends paid	2	**(4,709)**	–
Interest received		**49**	–
Net cash inflow from financing activities		**123,742**	–
Net increase in cash		**29,446**	–
Opening cash and cash equivalents		**–**	–
Closing cash and cash equivalents		**29,446**	–

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

Notes to the Company Financial Statements

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable legal and regulatory requirements of the Companies Act 2006. The accounts have been prepared on a historical cost basis.

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 major accounting policies of the Company are set out below and have been applied consistently throughout the current year and previous period.

The accounting policies adopted are consistent with those adopted by the Group as stated in Note 1 of the Consolidated Financial Statements on pages 48 to 52. The only additional policy applied is in relation to investments in subsidiary undertakings and this is set out below.

GOING CONCERN

The financial statements are prepared on the going concern basis as explained for the Consolidated Financial Statements on page 48.

INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Investments in subsidiary undertakings are stated at cost less, where applicable, any provision for impairment.

CAPITAL MANAGEMENT

The Company's capital is represented by the Ordinary Shares, Share Premium, Capital Reserves, Revenue Reserve and Special Distributable Reserve and is managed in line with the policies set out for the Group on page 52.

ADOPTION OF FINANCIAL REPORTING STANDARD (FRS) 101 – REDUCED DISCLOSURE FRAMEWORK

Following the publication of *FRS 100 Application of Financial Reporting Requirements* by the Financial Reporting Council, Ediston Property Investment Company plc intends to change its accounting framework for its Company only financial statements, which is currently prepared under IFRS, for its financial year commencing 1 October 2015.

The Board considers that it is in the best interests of the Group for Ediston Property Investment Company plc to adopt *FRS 101: Reduced Disclosure Framework* in relation to the Company only financial statements. The main changes from adopting FRS 101 would be as follows:

– an exemption from preparing the Company cashflow statement and related notes;
– an exemption from listing any new or revised standards that have not been adopted or providing information about their likely impact; and
– an exemption from disclosing transactions between the Company and its wholly owned subsidiary (as detailed in Note 13).

The above exemptions would apply only to the Company financial statements as presented on pages 62 to 67 and would not apply to the Consolidated Financial Statements presented on pages 44 to 61. A shareholder, or shareholders holding in aggregate, 5% or more of the total allotted shares in Ediston Property Investment Company plc may serve objections to the use of the disclosure exemptions on Ediston Property Investment Company plc, in writing, to its registered office (Broadgate Tower, 20 Primrose Street, London EC2A 2EW) not later than 30 June 2016.

COMPANY PROFIT FOR THE FINANCIAL YEAR AFTER TAX

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The profit after tax for the year was £6,172,000 (2014: nil).

The Company does not have any employees (2014: nil). Details of the Directors' fees paid during the year are disclosed in the Group's Remuneration Report and in Note 3 to the Consolidated Financial Statements. All of the Directors' fees were paid by the parent Company.

Audit fees in relation to the parent Company only were £55,000 (2014: nil), excluding VAT, of which £10,000 related to the period to 30 September 2014. Other non-audit fees paid to Grant Thornton LLP by the Group, all of which were in relation to the parent Company, are disclosed in Note 3 to the Consolidated Financial Statements.

2. DIVIDENDS

Details of dividends paid by the Company are included in Note 7 to the Consolidated Financial Statements.

3. INVESTMENTS IN SUBSIDIARIES

	As at 30 September 2015 £'000	As at 30 September 2014 £'000
Opening balance	**–**	–
Additions	**91,200**	–
Closing balance	**91,200**	–

The Company has a single equity investment in a wholly owned subsidiary, EPIC (No.1) Limited. See Note 13 on page 67 and Note 10 to the Consolidated Financial Statements on page 56.

Notes to the Company Financial Statements continued

4. INVESTMENT PROPERTIES

Freehold and Leasehold Properties

	As at 30 September 2015 £'000	As at 30 September 2014 £'000
Opening fair value	–	–
Purchases	84,284	–
Capitalised costs	2,267	–
Sales proceeds	(91,200)	–
Realised gain on sale	4,649	–
Closing fair value	**–**	–

On 5 May 2015, the Company transferred its portfolio of investment properties to its wholly owned subsidiary (see Note 13 on page 67). The Company did not hold any investment properties at either 30 September 2014 or 30 September 2015.

5. TRADE AND OTHER RECEIVABLES

	As at 30 September 2015 £'000	As at 30 September 2014 £'000
Amount due from subsidiary undertaking	9,739	–
VAT due to the Company	115	–
Share capital issue proceeds due	–	50
Total	**9,854**	50

6. CASH AND CASH EQUIVALENTS

All cash balances at the year-end were held in cash, current accounts or deposit accounts.

7. TRADE AND OTHER PAYABLES

	As at 30 September 2015 £'000	As at 30 September 2014 £'000
Investment Manager's fees payable	314	–
Tax withheld on dividends paid	111	–
Other payables	210	–
Total	**635**	–

The Company's payment policy is to ensure settlement of supplier invoices in accordance with stated terms.

8. SHARE CAPITAL

Allotted, called-up and fully paid Ordinary Shares of 1 pence par value	Number of shares	£'000
Opening balance as at 30 September 2014	**50,000**	**1**
Issue of 94,950,000 Ordinary Shares of 1 pence par value on 27 October 2014	94,950,000	949
Issue of 33,263,931 Ordinary Shares of 1 pence par value on 8 July 2015	33,263,931	333
Balance as at 30 September 2015	**128,263,931**	**1,283**

On 27 October 2014, the Company issued 94,950,000 Ordinary Shares at a price of 100 pence per Ordinary Share raising gross proceeds of £94,950,000. On 8 July 2015, the Company issued 33,263,931 Ordinary Shares at 108 pence per Ordinary Share raising gross proceeds of £35,925,000.

The consideration received in excess of the par value of shares issued, net of total expenses of issue of £2,523,000, has been credited to the share premium account.

Ordinary shareholders are entitled to all dividends declared by the Company and to all of the Company's assets after repayment of its borrowings and ordinary creditors. Ordinary shareholders have the right to vote at meetings of the Company. All Ordinary Shares carry equal voting rights.

9. RESERVES

	Share capital £'000	Share premium £'000	Capital reserve £'000	Special distributable reserve £'000	Revenue reserve £'000	Total £'000
As at 30 September 2014	**1**	**49**	**–**	**–**	**–**	**50**
Shares issued	1,282	129,593	–	–	–	130,875
Issue costs	–	(2,523)	–	–	–	(2,523)
Cancellation of share premium	–	(92,221)	–	92,221	–	–
Capital movement	–	–	4,649	–	–	4,649
Net revenue profit	–	–	–	–	1,523	1,523
Dividends paid	–	–	–	(838)	(3,871)	(4,709)
Transfer from special distributable reserve	–	–	–	(2,348)	2,348	–
As at 30 September 2015	**1,283**	**34,898**	**4,649**	**89,035**	**–**	**129,865**

On 21 January 2015, an application to Court was successfully made for the cancellation of the initial share premium account which allowed the balance of the share premium account at that date to be transferred to the special distributable reserve.

10. NET ASSET VALUE

The Company's net asset value per Ordinary Shares of 101.25 pence (2014: 100.00 pence) is based on equity shareholders' funds of £129,865,000 (2014: £50,000) and on 128,263,931 (2014: 50,000) Ordinary Shares, being the number of shares in issue at the year 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 investments, and in one geographical area, the United Kingdom, and that therefore the Company has no segments. Full details are provided in Note 20 to the Consolidated Financial Statements on page 58.

12. FINANCIAL INSTRUMENTS

The Company's risks associated with financial instruments and the policies for managing its risk exposure are consistent with those detailed in Note 21 to the Consolidated Financial Statements on pages 58 to 60.

With regards to the categorisation required by IFRS 7 'Financial Instruments: Disclosures' all of the Company financial assets and liabilities are categorised as 'financial assets and liabilities at amortised cost'. The Company's financial assets consist of trade and other receivables and cash and cash equivalents. The Company's financial liabilities consist of trade and other payables.

At the reporting date, the Company's financial assets exposed to credit risk amounted to £39,185,000, consisting solely of the Company's cash balance of £29,446,000 and a current account balance due from its wholly owned subsidiary of £9,739,000.

The maturity of the Company's financial liabilities (on a contractual maturity basis) at 30 September 2015 was as follows:

	Three months or less £'000	More than three months but less than three years £'000	More than three years £'000	Total £'000
Other payables	635	–	–	635

The Company did not have any financial liabilities at 30 September 2014.

The Company's only financial instrument exposed to interest rate risk at 30 September 2015 was its cash balance of £29,446,000 (2014: nil) which received variable rate of interest. An increase of 0.50% in interest rates would have increased the reported profit for the year, and the net assets at year end, by £147,000 (2014: nil). A decrease in interest rates would have had an equal and opposite effect. These movements are calculated as at 30 September 2015 (30 September 2014) and may not be reflective of actual future conditions.

13. RELATED PARTY TRANSACTIONS

On 5 May 2015, the Company transferred its investment property portfolio to its wholly owned subsidiary, EPIC (No.1) Limited, at the external valuation at the date of transfer of £91,200,000 in exchange for Ordinary Share capital in EPIC (No.1) Limited. There were no net cash movements in relation to this transaction.

During the year, the Company settled liabilities on behalf of its subsidiary totalling £9,739,000. This amount is repayable to the Company by EPIC (No.1) Limited on demand and no interest is payable.

Other related party transactions are the same for the Company as for the Group. For details refer to Note 18 of the Consolidated Financial Statements on page 58.

Shareholder Information

TAX STRUCTURE

Ediston Property Investment Company plc is tax resident in the UK and is a Real Estate Investment Trust (REIT) under Part 12 of the Corporation Tax Act 2010, subject to continuing compliance with the REIT rules and regulations. The main REIT rules with which the Group must comply are set out in the section entitled 'Compliance with REIT Status' on page 49.

A REIT does not suffer UK corporation tax on the profits (income and capital gains) derived from its qualifying property rental businesses in the UK and elsewhere (the Tax-Exempt Business), provided that certain conditions are satisfied. Instead, distributions in respect of the Tax-Exempt Business will be treated for UK tax purposes as UK property income in the hands of shareholders (see further below for details on the UK tax treatment of shareholders in a REIT). A dividend paid by the Company relating to profits or gains of the Tax-Exempt Business is referred to in this section as a Property Income Distribution (PID).

However, UK corporation tax remains payable in the normal way in respect of income and gains from the Company's business (generally including any property trading business) not included in the Tax-Exempt Business (the Residual Business). Dividends relating to the Residual Business are treated for UK tax purposes as normal dividends. Any normal dividend paid by the Company is referred to as a Non-PID Dividend.

Distributions to shareholders are likely to consist of a mixture of PID and Non-PID Dividends as calculated in accordance with specific attribution rules. The Company provides shareholders with a certificate setting out how much, if any, of their dividends is a PID and how much is a Non-PID dividend. A breakdown of the dividends paid in relation to the year ended 30 September 2015 is set out below.

Distribution	Ex-dividend Date	Payment Date	PID (per share)	Non-PID (per share)	Total (per share)
First interim	29/01/15	06/02/15	0.7144p	0.2541p	0.9685p
Second interim	19/02/15	27/02/15	0.4583p	–	0.4583p
Third interim	19/03/15	31/03/15	0.4583p	–	0.4583p
Fourth interim	16/04/15	30/04/15	0.2406p	0.2177p	0.4583p
Fifth interim	14/05/15	29/05/15	0.4583p	–	0.4583p
Sixth interim	11/06/15	30/06/15	0.4583p	–	0.4583p
Seventh interim	09/07/15	31/07/15	0.0485p	0.4098p	0.4583p
Eighth interim	13/08/15	28/08/15	0.4583p	–	0.4583p
Ninth interim	10/09/15	30/09/15	0.4583p	–	0.4583p
Tenth interim	22/10/15	30/10/15	0.1509p	0.3074p	0.4583p
Total			**3.9042p**	**1.1890p**	**5.0932p**

UK TAXATION OF PIDS

A PID is, together with any property income distribution from any other REIT company, treated as taxable income from a UK property business. No dividend tax credit will be available in respect of PIDs. However, the basic rate of income tax (currently 20%) will be withheld by the Company (where required) on the PID.

Shareholders who are individuals may, depending on their particular circumstances, either be liable to further UK income tax on their PID at their applicable marginal income tax rate, incur no further UK tax liability on their PID, or be entitled to claim repayment of some or all of the UK income tax withheld on their PID.

Corporate shareholders who are resident for tax purposes in the UK will generally be liable to pay UK corporation tax on their PID and if income tax is withheld at source, the tax withheld can be set against their liability to UK corporation tax or against any income tax which they themselves are required to withhold in the accounting period in which the PID is received.

UK TAXATION OF NON-PID DIVIDENDS

Under current UK legislation, most individual shareholders who are resident in the UK for taxation purposes can obtain a tax credit attaching to Non-PID Dividends received in calculating their liability to dividend tax. It is not possible for shareholders to claim repayment of the tax credit attaching to Non-PID Dividends. With effect from April 2016, the dividend tax credit will be replaced by a new tax free dividend allowance of £5,000 per annum and any dividend income (including Non-PID Dividends) in excess of this allowance, will also be subject to increased rates of dividend tax.

UK resident corporate shareholders (other than dealers and certain insurance companies) are not liable to corporation tax or income tax in respect of UK dividends provided that the dividends are exempt under Part 9A of the Corporation Tax Act 2009.

UK TAXATION OF CHARGEABLE GAINS IN RESPECT OF ORDINARY SHARES IN THE COMPANY

Any gain on disposal (by sale, transfer or redemption) of Ordinary Shares by shareholders resident in the UK for taxation purposes will be subject to capital gains tax in the case of an individual shareholder, or UK corporation tax on chargeable gains in the case of a corporate shareholder.

For the purposes of calculating chargeable gains, the following table sets out the price at which the Company has issued shares since launch:

Date of Issuance	Share price (per share)
27 October 2015	100.0p
8 July 2015	108.0p

The statements on taxation above are intended to be a general summary of certain tax consequences that may arise in relation to the Company and shareholders. This is not a comprehensive summary of all technical aspects of the taxation of the Company and its Shareholders and is not intended to constitute legal or tax advice to investors.

The statements relate to the UK tax implications of a UK resident individual investing in the Company (unless expressly stated otherwise). The tax consequences may differ for investors who are not resident in the UK for tax purposes. The statements are based on current tax legislation and HMRC practice, both of which are subject to change at any time, possibly with retrospective effect.

Prospective investors should familiarise themselves with, and where appropriate should consult their own professional advisers on, the overall tax consequences of investing in the Company.

CONTACTS

Investor relations

Information on Ediston Property Investment Company plc, including the latest share price: www.ediston-reit.com

Registrar:
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

T: 0370 707 1079
E: www.investorcentre.co.uk/contactus

Enquiries about the following administrative matters should be addressed to the Company's registrar:
- Change of address notification.
- Lost share certificates.
- Dividend payment enquiries.
- Dividend mandate instructions. Shareholders may have their dividends paid directly into their bank or building society accounts by completing a dividend mandate form. Tax vouchers, where applicable, are sent directly to shareholders' registered addresses.
- Amalgamation of shareholdings. Shareholders who receive more than one copy of the Annual Report are invited to amalgamate their accounts on the share register.

Shareholders can view and manage their shareholdings online at www.investorcentre.co.uk, including updating address records, making dividend payment enquiries, updating dividend mandates and viewing the latest share price. Shareholders will need their Shareholder Reference Number (SRN), which can be found on their share certificate or a recent dividend tax voucher, to access this site. Once signed up to Investor Centre, an activation code will be sent to the shareholder's registered address to enable the shareholder to manage their holding.

FINANCIAL CALENDAR 2016/17

22 March 2016	Annual General Meeting
April 2016	Announcement of Net Asset Value as at 31 March 2016
May 2016	Publication of Half Yearly Report for the six months to 31 March 2016
July 2016	Announcement of Net Asset Value as at 30 June 2016
October 2016	Announcement of Net Asset Value as at 30 September 2016
January 2017	Publication of Annual Report for the year to 30 September 2016
January 2017	Announcement of Net Asset Value as at 31 December 2016

It is the intention of the Board that dividends will continue to be announced and paid monthly.

Shareholder Information continued

HISTORIC RECORD

	Total assets less current liabilities £'000	Shareholders' funds £'000	Property portfolio £'000	Net asset value per share p	Share price p	Premium/ (discount) %	Earnings per share p	Dividends per share p	Ongoing charges %
27 October 2014 (launch)	93,171	93,171	76,700	98.1	100.0	1.9	–	–	–
30 September 2015	**176,044**	**136,586**	**136,400**	**106.49**	**109.5**	**2.8**	**13.43**	**5.09**	**1.4**

WARNING TO SHAREHOLDERS – BEWARE OF SHARE FRAUD

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you are approached by fraudsters please tell the Financial Conduct Authority (FCA) by using the share fraud reporting form at www.fca.org.uk/scams where you can find out more about investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768. If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040.

Glossary of Terms

AIC – Association of Investment Companies. This is the trade body for Closed-end Investment Companies (www.theaic.co.uk).

AIFMD – Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013, the Directive requires the Company to appoint an Alternative Investment Fund Manager (AIFM). The Board of Directors of a Closed-ended Investment Company, nevertheless, remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations.

AIFM – Alternative Investment Fund Manager – the entity that provides portfolio management and risk management services to the Company and which ensures the Company complies with the AIFMD. The Company's AIFM is R&H Fund Services (Jersey) Limited.

Basic total earnings per share – Total profit after taxation divided by the weighted average number of Ordinary Shares in issue during the period.

Break clause – A clause in a Lease which provides the landlord or tenant with an ability to terminate the Lease before its contractual expiry date.

Closed-end Investment Company – A company with a fixed issued ordinary share capital which is traded on a stock exchange at a price not necessarily related to the Net Asset Value of the company and where shares can only be issued or bought back by the company in certain circumstances. This contrasts with an open-ended investment company, which has units not traded on an exchange but issued or bought back from investors at a price directly related to the Net Asset Value.

Company – Ediston Property Investment Company PLC (Company number 09090446). The Annual Report and Accounts of the Company consolidate the results of its subsidiary undertaking, details of which are contained in note 10 to the Consolidated Financial Statements, collectively referred to as 'the Group'. References throughout this document to 'the Company' may also encompass matters relevant to the subsidiary undertaking.

Contracted rent – The annualised rent adjusting for the inclusion of rent subject to rent-free periods.

Covenant strength – This refers to the quality of a tenant's financial status and its ability to perform the covenants in the Lease.

Discount (or Premium) of share price to NAV – If the share price is less than the Net Asset Value per share, the shares are trading at a discount. If the share price is greater than the NAV per share, the shares are trading at a premium.

Dividend – The income from an investment. The Company currently pays dividends to shareholders monthly.

Dividend cover – Realised profit for the period, excluding exceptional items, divided by dividends declared for the period.

Dividends per share – Dividends declared for the year.

Dividend yield – Calculated using the 30 September 2015 dividend annualised compared to the share price at 30 September 2015.

EPRA – The European Public Real Estate Association, the industry body for European REITs.

EPRA Cost Ratio (including direct vacancy costs) – The ratio of net overheads and operating expenses against gross rental income (with both amounts excluding ground rents payable). Net overheads and operating expenses relate to all administrative and operating expenses.

EPRA Cost Ratio (excluding direct vacancy costs) – The ratio calculated above, but with direct vacancy costs removed from net overheads and operating expenses balance.

EPRA earnings per share – Recurring earnings from core operational activities. A key measure of a company's underlying operating results from its property rental business and an indication of the extent to which current dividend payments are supported by earnings.

EPRA NAV – NAV adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model. Makes adjustments to the IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy. At 30 September 2015, the EPRA NAV was the same as the IFRS NAV.

EPRA NAV Total Return – The growth in EPRA NAV plus dividends reinvested, and this can be expressed as a percentage of EPRA NAV per share at launch, net of launch costs.

EPRA net asset value (NAV) per share – NAV at 30 September 2015 divided by the number of Ordinary Shares in issue at that date.

EPRA net asset value (NAV) per share increase – NAV at 30 September 2015 minus the opening NAV at launch of 98.09 pence which was adjusted to deduct launch costs. This is then divided by the opening NAV to compute the percentage increase in the period.

EPRA vacancy rate – Estimated Market Rental Value (ERV) of vacant space expressed as a percentage of the ERV of the whole portfolio. The vacancy rate excludes those properties which are under development or major refurbishment.

Glossary of Terms continued

Equivalent Yield – The internal rate of return of the cash flow from the property, assuming a rise to ERV at the next review but with no further rental growth.

Escrow – Funds placed in custody or trust until a certain condition has been fulfilled. For example, amounts provided by the seller of a property to cover rent-free periods or vacant units and generally held by a legal firm and released to the Group gradually over the length of the rent-free or vacant period in order to compensate the Group for the anticipated rental shortfall for an agreed period subsequent to purchase.

Estimated Rental Value (ERV) – The estimated annual market rental value of a property as determined by the Company's External Valuer. This will normally be different from the actual rent being paid.

External Valuer – An independent external valuer of a property. The Company's External Valuer is Knight Frank LLP and detailed information regarding the valuation of the Company's properties is included in the accounting polices and Note 9 to the Consolidated Financial Statements.

Fixed and Minimum Uplift Rents – Rents subject to fixed uplifts at an agreed level on agreed dates stipulated within the Lease, or rents subject to contracted minimum uplifts at specified review dates.

Gearing – Unlike open-ended investment companies, Closed-end Investment Companies have the ability to borrow to invest. This term is used to describe the level of borrowings that an Investment Company has undertaken. The higher the level of borrowings, the higher the gearing ratio.

Increase/decrease in NAV – The movement in NAV in the period, shown in total and as a movement per share. Expressed in whole numbers and as a percentage.

Investment Manager – The Company's investment manager is R&H Fund Services (Jersey) Limited. Day-to-day management of the Company has been delegated to the Investment Advisor, Ediston Properties Limited.

Investment Adviser – The Company's investment adviser is Ediston Properties Limited who deals with the day-to-day management of the Company and advises the Group on the acquisition of its investment portfolio and on the development, management and disposal of UK commercial assets in its portfolio.

Loan to Value – Debt outstanding and drawn at the period end expressed as a percentage of the fair value of all property assets.

Lease – A legally binding contract between a landlord and a tenant which sets out the basis on which the tenant is permitted to occupy a property, including the Lease length.

Lease Incentive – A payment used to encourage a tenant to take on a new Lease, for example by a landlord paying a tenant a sum of money to contribute to the cost of a tenant's fit-out of a property or by allowing a rent-free period.

Lease Re-gear – This term is used to describe the renegotiation of a Lease during the term and is often linked to another Lease event; for example, a Break Option or Rent Review.

Lease Surrender – An agreement whereby the landlord and tenant bring a Lease to an end other than by contractual expiry or the exercise of a Break Option. This will frequently involve the negotiation of a surrender premium by one party to the other.

Net Assets (or Shareholders' Funds) – This is calculated as the value of the investments and other assets of an Investment Company, plus cash and debtors, less borrowings and any other creditors. It represents the underlying value of an Investment Company at a point in time.

Net Asset Value (NAV) per Ordinary Share (or 'IFRS NAV') – This is calculated as the net assets of the Company calculated under its accounting policies as set out on pages 48 to 52 divided by the number of shares in issue, excluding those shares held in treasury. This is the number disclosed at the foot of the Consolidated Statement of Financial Position on page 45. At 30 September 2015, the IFRS NAV was the same as the EPRA NAV.

Net Income – The net income from a property after deducting ground rent and non-recoverable expenditure.

Net Initial Yield – The initial Net Income from a property at the date of purchase, expressed as a percentage of the gross purchase price including the costs of purchase.

Non-PID – Non-Property Income Distribution. The dividend received by a shareholder of the Company arising from any source other than profits and gains of the Tax Exempt Business of the Group. This is similar to a dividend paid by any other company resident in the UK. Under current UK tax legislation, a one-ninth tax credit attaches to the dividend and the tax credit may be used to reduce or offset their liability to dividend tax. With effect from April 2016, the dividend tax credit will be replaced by a tax-free dividend allowance of £5,000 per annum and any Non-PID dividend income in excess of this allowance will also be subject to increased rates of dividend tax.

Ongoing Charges – All operating costs incurred by the Company, expressed as a proportion of its average Net Assets over the reporting year. The costs of buying and selling investment properties and the costs of buying back or issuing Ordinary Shares are excluded.

Ordinary Shares – The main type of equity capital issued by conventional Investment Companies. Shareholders are entitled to their share of both income, in the form of dividends paid by the Company, and any capital growth.

PID – Property Income Distribution. A dividend received by a shareholder of the Company in respect of profits and gains of the tax exempt business of the Group. Such distributions are taxable as profits of a UK property business and, in the case of a shareholder, are chargeable to UK income tax at their highest marginal rates in the case of UK resident individuals or to UK corporation tax in the case of UK resident companies.

Premium (or discount) of share price to NAV – If the share price is less than the Net Asset Value per share, the shares are trading at a discount. If the share price is greater than the Net Asset Value per share, the shares are trading at a premium.

Property Total Return – The valuation movement plus net income in the period expressed as a percentage of the opening book value together with the time weighted value for capital expenditure incurred during the year.

REIT – Real Estate Investment Trust. A company which complies with Part 12 of the Corporation Tax Act 2010. Subject to the continuing relevant UK-REIT criteria being met, the profits from the property business of a REIT, arising from both income and capital gains, are exempt from corporation tax.

Rent review – A periodic review of rent during the term of a Lease, as provided for within a Lease agreement.

Reversion – Increase in rent estimated by the Company's External Valuer, where the passing rent is below the ERV. The increases to rent arise on rent reviews and lettings.

Share price – The value of a share at a point in time as quoted on a stock exchange. The Company's Ordinary Shares are quoted on the Main Market of the London Stock Exchange.

Share Price Total Return – The percentage change in the share price assuming dividends are reinvested to purchase additional Ordinary Shares.

SORP – Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the AIC.

Surrender premium – The amount received from tenants who break their leases early, or paid to tenants in order to reclaim vacant possession of the property.

Total assets – This is calculated as the value of the investment properties and other assets of the Company, plus cash and debtors.

Total return – The return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares or Net Assets.

UK Corporate Governance Code – A code issued by the Financial Reporting Council which sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. All companies with a Premium Listing of equity shares in the UK are required under the Listing Rules to report on how they have applied the Code in their annual report and accounts.

Voids – The amount of rent relating to properties which are unoccupied and generating no rental income. Stated as a percentage of ERV.

WAULT (Weighted Average Unexpired Lease Term) – The average lease term remaining to first break, or expiry, across the portfolio weighted by contracted rental income (including rent-frees). The calculation excludes properties allocated as developments.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the second Annual General Meeting of Ediston Property Investment Company plc will be held at 39 George Street, Edinburgh EH2 2HN on 22 March 2016 at 12.00 p.m. for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 5 inclusive will be proposed as ordinary resolutions, and resolutions 6 to 8 inclusive will be proposed as special resolutions:

ORDINARY RESOLUTIONS

1. That the Annual Report and Accounts for the year ended 30 September 2015 be received.

2. That the Directors' Remuneration Report for the year ended 30 September 2015 be approved.

3. That Grant Thornton UK LLP be re-appointed as the Company's auditor and that the Directors be authorised to determine their remuneration.

4. That Robert Dick, who retires by rotation, be re-elected as a Director of the Company.

5. 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 capital of 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 £128,264 (being 10% of the Company's issued share capital, as at 26 January 2016), 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, whichever 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

6. That, subject to the passing of resolution 5, 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 5 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 £128,264 (being 10% of the nominal value of the issued share capital of the Company, as at 26 January 2016).

7. 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 19,226,763 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 Share is the higher of:
      (i) 105% 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 previously 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, whichever 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.

8. That, the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than Annual General Meetings) on 14 clear days' notice, such authority to expire at the conclusion of the next Annual General Meeting of the Company or 15 months from the passing of this resolution, whichever is the earlier.

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

Registered office:
Broadgate Tower
20 Primrose Street
London
EC2A 2EW
26 January 2016

NOTES

1. Only those shareholders registered in the Company's register of members at 6.00 p.m. on 18 March 2016 or, if the meeting is adjourned, 6.00 p.m. on the day two working 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.ediston-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
   (b) 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 12.00 p.m. on 18 March 2015, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting.

   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. 0370 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 12.00 p.m. on 18 March 2016, 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 26 January 2016, the Company's issued share capital comprised 128,263,931 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 26 January 2016 is 128,263,931.

   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 in Note 14 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 338A of the Act 2006, a member or members meeting the qualification criteria set out at Note 14 below may require the Company to include in the business to be dealt with at the Annual General Meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The request must have been received by the Company not later than 9 February 2016. The conditions are that the matter of business must not be defamatory of any person, frivolous or vexatious. The request must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported. The request must be accompanied by a statement setting out the grounds for the request. Members seeking to do this should write to the Company providing their full name and address.

12. Under section 527 of the Act, a member or members meeting the qualification criteria set out at Note 14 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 20 Forth Street, Edinburgh EH1 3LH;
    (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.

13. In order to be able to exercise the members' rights in Note 10 to Note 12, the relevant request must be made by:
    (a) a member or members having a right to vote at the meeting and holding at least 5% 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.

14. 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.

15. Any person holding 3% 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.

16. 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

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Mr William Hill (Chairman)
Mr Robin Archibald
Mr Robert Dick*

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London
EC2A 2EW

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09090446
Registered in England and Wales

AIFM AND INVESTMENT MANAGER
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Jersey
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ADMINISTRATOR AND COMPANY SECRETARY
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