Property Investment Company plc

A year of change and substantial challenge

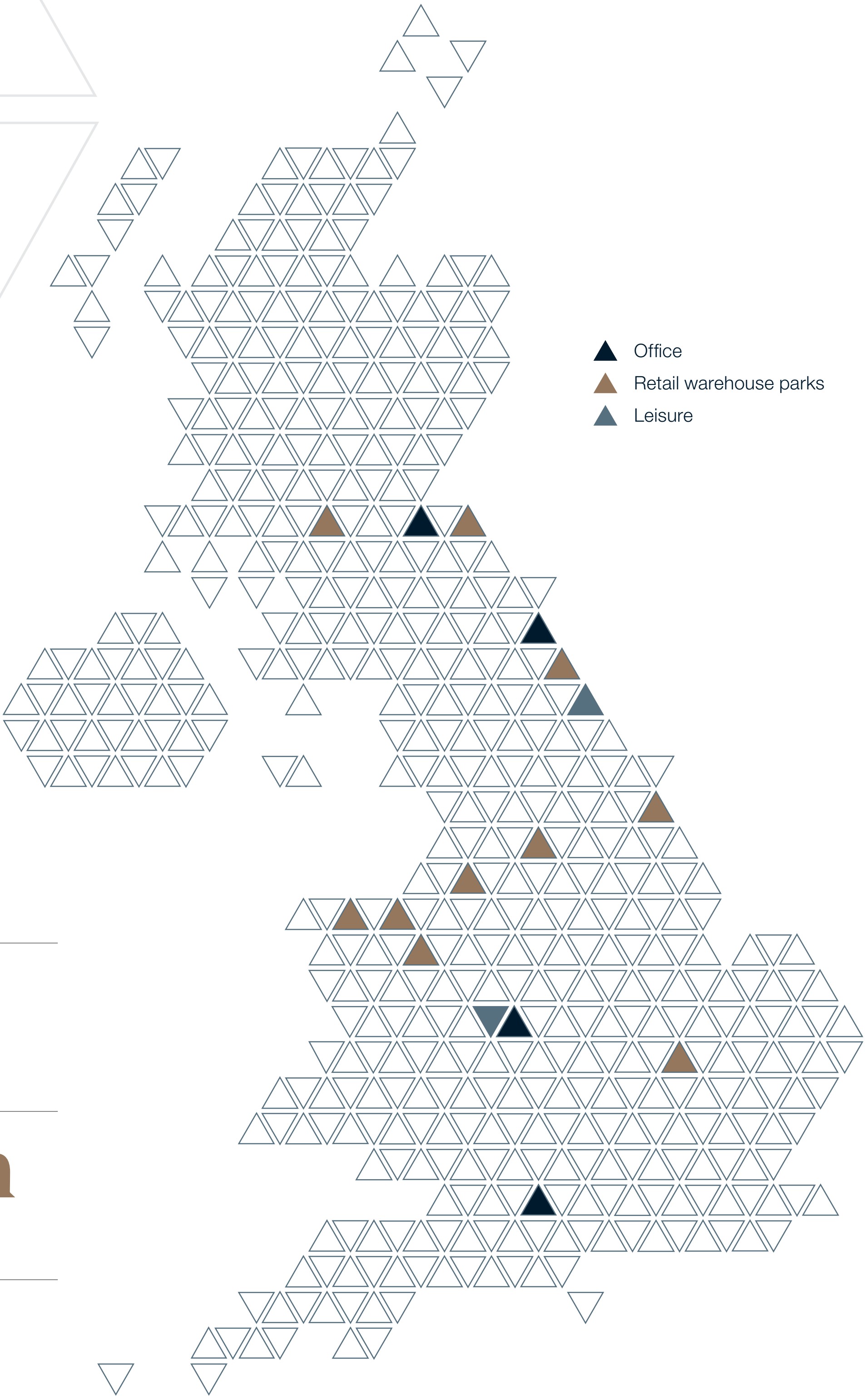
ANNUAL REPORT AND ACCOUNTS 2020

Ediston Property Investment Company is a Real Estate Investment Trust (REIT) listed on the London Stock Exchange. Our objective is to provide shareholders with an attractive level of income, coupled with the prospect of income and capital growth, through investing in UK commercial property.

Our results for this financial year have been affected by the COVID-19 pandemic which has had a significant adverse impact on the sectors of the UK commercial property market where the Company is predominantly invested.

Our assets

We own a portfolio of commercial properties throughout the UK. We can invest in office, retail warehouse, leisure and industrial assets without regard to any benchmark.



Number of properties

16

Portfolio value

£273.0m

Contracted rent

£20.2m

Key information

FINANCIAL
as at 30 September 2020

Total assets

£294.7m

(2019: £342.2 million)

NAV total return

-16.6%

(2019: -0.8%)

EPRA vacancy rate

5.1%

(2019: 2.9%)

Weighted average unexpired lease term

5.7 years

(2019: 6.1 years)

EPRA NAV per share

86.0p

(2019: 108.7p)

Annualised dividend per share

4.88p

(2019: 5.75p)

Rent collected in the year

89.3%

Rent to be collected once deferments are paid

97.2%

OPERATIONAL
as at 30 September 2020

- Dividend cover for the year was 118.9%.
- 12 lease transactions completed with a contracted rent of £1.6 million per annum.
- Asset management activity on 8 out of 10 retail warehouse sites.
- Started construction of the retail park at Haddington, which on completion in June 2021, will deliver £875,000 of additional rent per annum.
- Rent collection, which was affected by COVID-19, has improved as the year progressed, resulting in 89.3% of the rent billed for the year being collected, rising to 97.2% when deferred rent is paid back.
- Post-period end, two developments were completed securing £232,500 of additional rent per annum.

A summary of the Company’s financial record since inception can be found at page 101.

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary shares in Ediston Property Investment Company plc, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

At a glance

To maximise income and capital returns within our risk framework, we select assets with a diverse range of tenants, lease lengths and strong covenants across a range of geographical areas and sectors.

Our portfolio is diversified across regional markets and has no exposure to Central London. By sector it has a high conviction position in retail warehousing. The Company does not own high street or shopping centre assets.

We acquire assets where we can add value through active asset management. Properties that can be enhanced to institutional grade are key targets. The depth of the Investment Manager's team gives us the resource to execute this strategy. The outcome is a well located, diversified portfolio of good quality assets which offers a robust income stream with opportunities to enhance and improve it.

The focus for the year ended 30 September 2020 was to build on the asset management successes of the previous year, to secure and protect income and to find ways to add value within the portfolio.

The ongoing structural changes in the retail market, political uncertainty and the COVID-19 pandemic, have all had a significant adverse effect on the Company and are discussed in detail in this report. Despite this, the Investment Manager has been able to complete 12 lease transactions which secured £1.6 million of income per annum and has made progress with the development programme, which, on completion, will deliver £1.1 million of new income per annum.

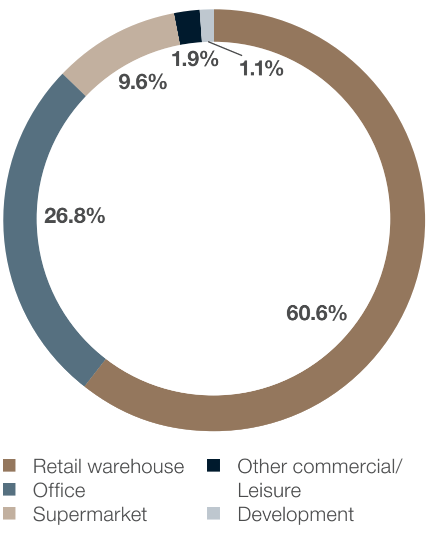
The onset of the COVID-19 crisis in March 2020 has put the rent collection process in sharp focus. Additional resource was deployed in this area which enabled 89.3% of the rent billed to be collected during the financial year. Rent collection was aided by the fact that 56% of the Company's retail warehouse income is received from tenants classed as 'essential' by the Government and who were able to trade throughout lockdown. As well as challenging the resilience of the portfolio, the resilience of the Company's operations has also been tested. These withstood the test of the crisis and the restrictions imposed by the UK Government.

During the period we also improved the way in which ESG is embedded in the Company's activities. The Company received a Gold Award from EPRA, and an award in the 'Most Improved Company' category. The Company's GRESB rating improved by 40%, and it achieved a 'Green Star' for the first time. The Company also made positive strides in its own governance and oversight during the year, as reported in the Chairman's statement.

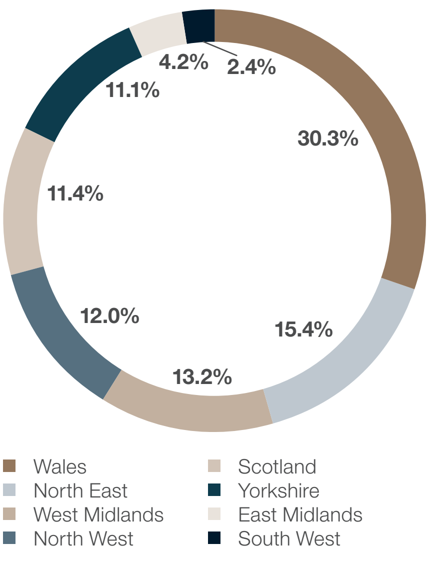
The changes and challenges and what they mean for the Company are more fully discussed in this report.

PORTFOLIO COMPOSITION
at 30 September 2020

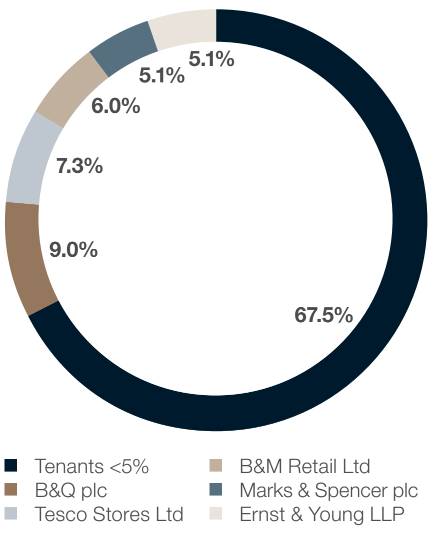
Sector exposure



Location exposure



Tenant exposure



Number of properties
At 30 September 2020
16

Portfolio value
At 30 September 2020
£273.0m

Contracted rent
At 30 September 2020
£20.2m

Offices

Good quality offices, let to strong covenants.

Number of properties
4

Value
£73.2m

Sector weighted average unexpired lease term
4.9 years

Retail Warehouse & Supermarket

Well-let retail warehouse parks and a supermarket, with good income streams and asset management angles.

Number of properties
10

Value
£194.7m

Sector weighted average unexpired lease term
6.1 years

Leisure

Two bingo halls let to a national operator.

Number of properties
2

Value
£5.1m

Sector weighted average unexpired lease term
2.0 years

An asset management specialist

We aim to add value at all stages of the investment process. This is achieved through the expertise of the team at our Investment Manager.

Experienced and well advised

The Investment Manager has a focused and talented team of real estate experts, with extensive experience in UK property markets.

The Investment Manager knows how the assets 'live and breathe', how they fit into the location and economic environment and what opportunities and risks exist beyond general market movements.

Unlocking value

The Investment Manager is well-resourced and seeks to identify value-adding opportunities for each asset.

The generous ratio of surveyors to properties ensures all asset management initiatives can be identified and properly followed through to execution. Generally, three to six projects are allocated to each surveyor but, given the diverse skill-set of the team, it is usual to have more than one member of the team involved on a project.

Targeted investment

The Investment Manager seeks to identify assets which are mispriced, or are capable of being managed to a higher value, through a detailed analysis of risk and the property fundamentals, combined with good knowledge of the local occupational market.

The Investment Manager looks to acquire assets which can be improved to institutional grade property. The investment policy is not benchmarked against a traditional property relative return benchmark. It is more important for the Company to create a portfolio where each asset can ultimately offer a strong and potentially improving cash flow.

Average experience of the Ediston team

20 years

Asset management initiatives completed this year

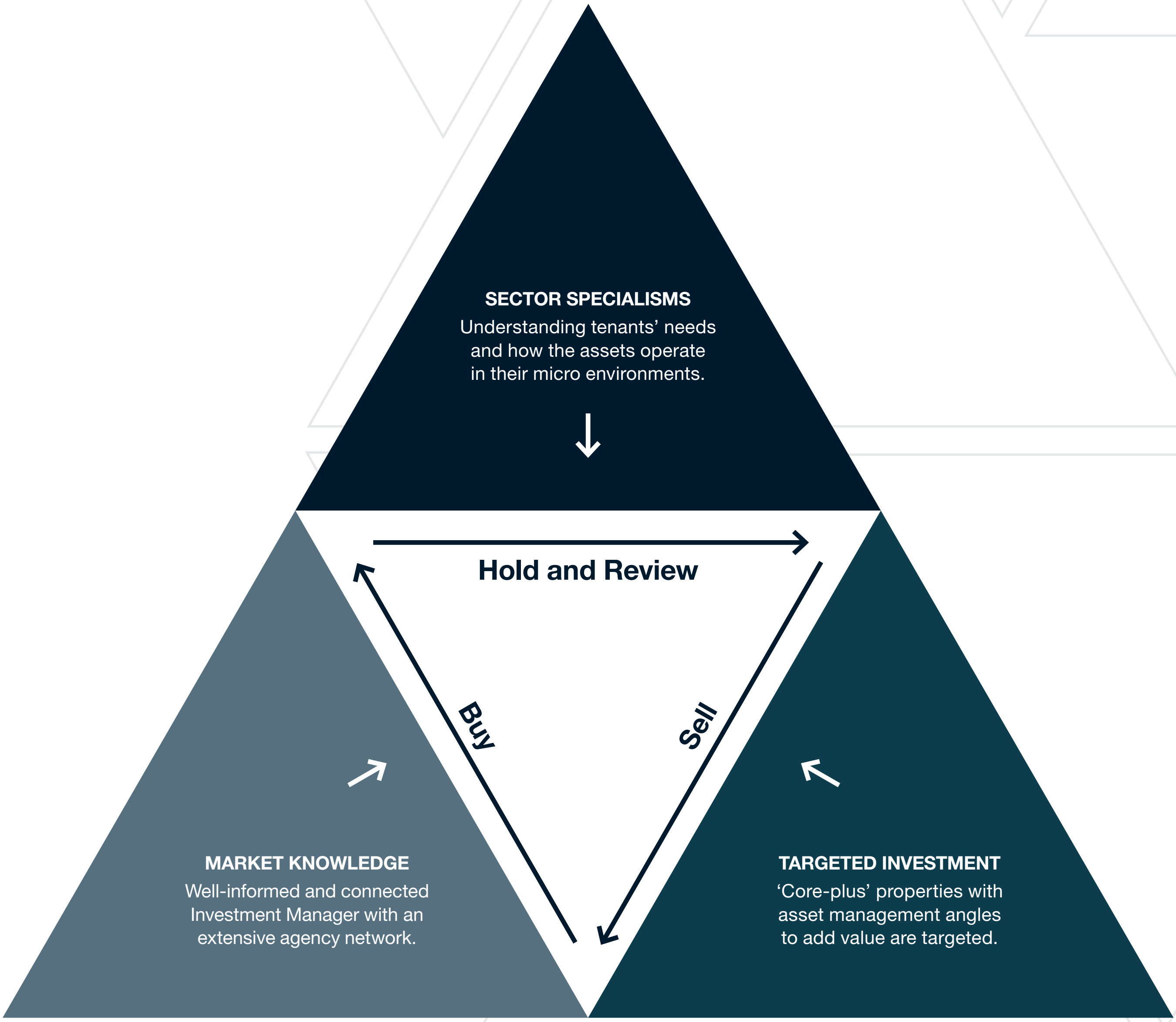
12

Number of developments undertaken

3

This has been an extraordinary period with the COVID-19 pandemic testing these skills, particularly with regards to protecting income. The Investment Manager has been focussed on rent collection and completing asset management initiatives to secure existing tenants and finding new ones to reduce vacancy levels in order to mitigate valuation declines and provide a solid base on which to build.

> "Income secured and value created through intensive and entrepreneurial asset management."



Buy

Detailed due diligence and forensic cash flow analysis.

ESG issues integrated into investment decisions.

Hold and Review

Credible and implementable business plan to deliver positive asset performance; keep on top of market sentiment and price potential; deliver income and capital growth.

Sell

Sell assets and recycle capital, with the objective of reinvesting at a higher yield in assets with asset management angles.

A year of change and substantial challenge

Rent collected in the year

89.3%

Rent to be collected once deferments are paid

97.2%

OVERVIEW

This has been the most challenging year for the Company since its inception in late 2014. The NAV has declined, the discount to the NAV has widened and the dividend has been cut in response to the difficulties of collecting rent from tenants protected by COVID-19 legislation. The Company and its management have been fully tested. However, beneath the starkness of the financial headlines, the Company has demonstrated resilience and there are a number of positives which augur well for the future.

Within the portfolio the Investment Manager has continued to deliver asset management initiatives that show ongoing occupational demand for the assets we hold, manufactured new income from development activity, achieved rent collection levels above market averages and has taken significant steps forward with the sustainability strategy which resulted in the Company winning an EPRA award.

Good business continuity planning enabled the Company to maintain full operational integrity during the year. Various corporate initiatives have been taken forward including a refresh of the Board and director responsibilities, a review and change of Company Secretary and Administrator and the acceptance of an innovative proposal from our Investment Manager following our annual review of all of our agents. These initiatives are described more fully in this report.

My report last year was headed 'challenges and opportunities'. The challenges are far from over. However, with bigger challenges come bigger opportunities. We remain confident that our Investment Manager's active portfolio management style and the positioning of our current portfolio will enable us to exploit these opportunities as they arise and will provide a strong investment platform on which to progress over the medium to longer term.

INVESTMENT AND SHARE PRICE PERFORMANCE

Based on the headline numbers the Company's investment performance over the year can only be regarded as disappointing. The NAV per share has declined by 20.9%, the discount to NAV widened to 40.8% at the year end and the monthly dividend rate has been cut by 30.4%. Yet beneath the headlines a more complex and encouraging picture emerges.

Most of the value decline took place in the retail warehouse part of the portfolio. The main factor was a rise in retail investment yields with investors anticipating increases in vacancy levels and a permanent diminution in retail rents. Whilst this has indeed been the case for large parts of the retail market the Investment Manager has long argued that not all retail is the same. The evidence can be seen in the Company's portfolio by the strong trading performance of a number of tenants, for example B&Q, B&M, Tesco and Halfords, the low levels of vacancy, the encouraging number of lease transactions completed, the robustness of the Company's income collection and the strength of the contracted rent roll.

It is clear the pandemic has accelerated the rate of change in how and where people shop. Increasing numbers of consumers used on-line shopping during lockdown and have not returned in numbers to the high street and shopping centres. However, reinforcing the point that not all retail is the same, the exception is retail warehousing where footfall was within 10% of pre-crisis levels before the second lockdown was implemented. Retail warehousing is benefitting from the less congested layouts (which suit social distancing requirements) and is the best placed of all the retail sub-sectors to support retailers' omnichannel strategies through online sales and click and collect.

These nuances in the retail market were ignored when the Company's share price fell by 40.4% in the market turmoil at the onset of the COVID-19 crisis. The share price reached a low point of 40.0 pence per share on 14 May 2020. It recovered 27.3% by the financial year end, reflecting a discount to the 30 September NAV of 40.8% and an average discount through the year of 33.2%. The total return, taking into account dividends paid, was therefore -35.3% based on share price movement and -16.6% on NAV movements. Since the year end, the share price has continued to recover, closing at 71.0p on 11 December 2020.

PORTFOLIO ACTIVITY

12 leasing transactions were completed during the year and five shortly after the year end. Activity has been predominantly in the retail warehouse portfolio but did include an important office lease restructure. Perhaps counter intuitively, there was more activity in the second half of the year, after the COVID-19 pandemic had been declared, than the first. These transactions are discussed in more detail in the Investment Manager's review. However, I want to bring out some key points to illustrate the strength of the retail warehouses parks and other assets owned by the Company:

- There was asset management activity on eight of the ten retail warehouse parks.
- Six lease transactions were completed at Widnes Shopping Park, all during the pandemic.
- CVAs can be an opportunity. At Widnes, the CVA of Arcadia led to a letting to JD Sports, through proactive asset management.
- Two developments were completed on the parks generating £232,500 of new income per annum and a return on cost of around 8%.
- The development of the retail park at Haddington commenced. On completion it will generate £875,000 of additional income per annum, with all except one small unit pre-let, and a projected return on cost of approximately 8%.
- Jack's, the value fascia for Tesco, signed an Agreement for lease on a vacant 15,000 sq. ft. unit on Kingston Retail Park in Hull.
- AXA regeared and restructured its leases at the office, St Philips Point, in Birmingham.
- B&M has expanded its occupation at Sunderland by 10,000 sq. ft.

EPRA defined vacancy levels in the portfolio have risen from the exceptionally low base of 2.9% last year to 5.1% at the year end. Whilst this may rise further, this is still well below the typical reported vacancy rates in portfolios in the sector and encouragingly is lower than the reported vacancy at the June quarter.

RENT COLLECTION

The rent collection process has been more challenging following the onset of the pandemic. By the end of the year 89.3% of the rent billed had been collected compared to the 99.5% collected in the previous year. This is a strong result given the exceptional challenges faced by the Company and the inability to use normal legal proceedings to recover arrears. Once deferred rent is paid back via repayment plans, we expect to collect 97.2% of the billed rent for the year ended 30 September 2020. The Investment Manager devoted substantial effort and time to rent collection and arrears recovery, engaging regularly with the Company's tenants to ensure as much of the contracted rent as possible was collected. Where rent was not immediately forthcoming, repayment and deferment plans were agreed.

INVESTMENT STRATEGY

Throughout the year the Board has watched closely the continued disruption in the retail sector and the negative impact this was having on the Company's share rating and NAV. The Investment Manager has consistently argued that bricks and mortar retail is changing, not dying, and that the Company's retail assets are on the right side of the changes taking place. The Board remains supportive of the Investment Manager's strategy to continue investing in the convenience and bulky goods led part of the retail warehouse sector and believes that this will pay off in the longer term. The Board was supportive during the year of increasing the commitment to the sector by taking advantage of attractive income returns from undertaking development projects at Coatbridge, Barnsley and Haddington.

The longer-term investment strategy was reviewed in the Autumn. We took a step back and reviewed the market more generally and considered the ongoing impact of COVID-19 and its longer-term consequences on real estate markets. The Board and Investment Manager also considered the potential impact of global mega trends affecting the economy and society, including the growing importance of sustainability. Our conclusion was that the standout part of the market, based on current pricing, was the sector in which the Company is predominantly invested.

The Board also carried out a detailed assessment of the investment objectives and risk parameters of the Company and concluded that no changes were required.

"12 leasing transactions were completed during the year and five shortly after the year end."

GEARING AND CASH RESOURCES

The Company's total debt is unchanged at £111.1 million at a blended 'all-in' fixed rate of 2.86%. The loans do not mature until 2025 and 2027. Gearing at 30 September 2020 was 37.6% of total assets, a small increase due to the fall in NAV but within investment policy limits and covenants. Our borrowing covenants, on both income and capital, are still well covered. As at 30 September 2020, the Company held £20.5 million of cash on its balance sheet, including £8.2 million drawn under the debt facility.

The Company had total assets of £294.7 million and net assets of £181.8 million, as at 30 September 2020. The Company is almost fully invested with identified uses for existing cash. The Board considers there are sufficient cash resources to complete the construction of Haddington, as well as to undertake further asset management initiatives and meet the operational needs of the Company.

DIVIDENDS

The first six of the monthly dividends were maintained at an annualised rate of 5.75 pence per share. The timing of the lockdown coincided with the start of the second half of the Company's financial year. From this point the financial impact of the pandemic on tenants and the suspension of the rights for landlords to recover arrears had an adverse effect on the Company's cash flow. The Board and Investment Manager reviewed cash projections and financial sensitivities in detail and concluded that it would be prudent to re-examine the dividend pay-out level.

It was decided to continue to pay monthly dividends, but at a rate which matched the level of cash received rather than due. The monthly dividend paid in May was reduced by 30.4% to an annualised rate of 4.00 pence per share. This rate has been maintained for the remainder of the financial year and for dividends paid since the year end.

The total dividends for the year equates to 4.88 pence per share. Rent collection has exceeded initial expectations with the dividend being well covered for the year at 118.9%. As at 30 September 2020, the cash dividend cover was 139%. The Board would like to re-build the dividend and will do so if rent collection remains at least at current levels and if it is prudent to do so. The Board will also factor in the REIT distribution requirements to maintain REIT status.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The sustainability agenda is moving from a narrative about minimising harm to one where stakeholders expect their capital to do good. In addressing the challenges relating to climate change, the erosion of planetary resources and social injustice, all of which lie at the heart of the UN Sustainable Development Goals, this can only be a good thing. In the foreseeable future returns may well be measured not just in financial terms but also taking into account environmental and social impact. By reporting against the GRESB benchmarking the Company is already moving in this direction.

> "…our current portfolio will enable us to exploit these opportunities as they arise and will provide a strong investment platform on which to progress over the medium to longer term."

The Company has made significant progress in its commitment to sustainability during the year. We established a working group alongside the Investment Manager, and the Company employed Savills to help us review and suggest improvements to our policies and to give us the confidence to 'raise the bar' on our objectives. We undertook a Materiality Assessment to help guide the setting of our priorities and an updated sustainability policy and set of objectives were published on 30 July. The progress that the Company has made on ESG issues during the period has been recognised externally, most notably by being awarded the EPRA Sustainability Best Practice Recommendations Gold Award and receiving its Most Improved Award for 2020.

Full details on the Company's approach to ESG is set out on pages 20 to 23.

CORPORATE MATTERS

MANAGEMENT ENGAGEMENT COMMITTEE

Following the annual review, the Management Engagement Committee received an innovative and constructive proposal from the Investment Manager which the Board accepted. It falls into four parts:

- future investment by the Investment Manager in the ordinary shares of the Company each quarter, for a period of three years, equating to 20% of the quarterly management fee;
- a quarterly contribution of £10,000 (£40,000 per annum) towards the overall management costs of the Company through a reduction of the management fee;
- a new tier to the management fee for net assets over £500 million, lowering the fee from the previous tiered fee of 0.75% to 0.65%; and
- clarification of management resource to be applied to the Company, which has resulted in some minor amendments to the Company's management agreements.

These proposals help align interests, with the closing of the discount to NAV over the coming periods being a key objective for the Company, demonstrate ambition for growth and secure a contribution to the Company's operating costs.

Following a full review process, the Company appointed JTC (UK) Limited as Company Secretary and Administrator replacing Maitland Administration Services (Scotland) Limited from 29 January 2020.

I would like to thank our Investment Manager and all the agents to the Company for their committed efforts during this difficult year.

MARKETING COMMITTEE

During the year, the Company reduced its marketing spend as part of its response to control costs after the onset of the pandemic. The overall marketing strategy is to continue to build awareness of the Company's activities and to improve communication with retail investors. Retail investors have increased during the year from 3.9% to 8.2% of the Company's register which is encouraging progress but still lower than we would like.

The Board believes that allocating resources to marketing is in the interests of shareholders and will resume marketing activities when efficient to do so. The main focus of activities has been on effective communication with our existing shareholders and other stakeholders in the Company. In the last month or so I have met with shareholders representing 58% of the register, and over the year the Investment Manager has met with most of the register it can reach. We will continue to communicate openly with our shareholders, who have proven loyal to the Company during this challenging time, and for which we are immensely grateful. We hope that we can repay this with a more positive total return and outlook in the future.

LONG-TERM GROWTH STRATEGY

Despite the importance during the year of looking after the short term, the Board and the Investment Manager have not done so at the expense of planning for the future. We would like to be able to raise funds for new projects and the Investment Manager is confident of finding suitable opportunities were this to be the case. However, the significant reduction in the share rating during the year is currently a barrier for the Company to continue the growth in its equity base. Growth remains a strategic objective of the Company for the reasons of diluting the fixed costs, improving share liquidity and broadening the investment opportunity.

BOARD

Board membership and individual director responsibilities underwent change during the year. Imogen Moss replaced Robert Dick, who stood down from the Board on 31 March. Imogen, the former global head of real estate at Allen & Overy LLP, brings substantial corporate real estate legal experience to the Board.

Imogen has become chair of the Management Engagement Committee and joins me on a newly established Sustainability Working Group, which is an important part of the Investment and Property Valuation Committee's activities. Jamie Skinner will continue as chair of the Marketing Committee and has taken on responsibility for the Remuneration and Nomination Committees. Robin Archibald, the Senior Independent Director, has taken on the Audit and Risk Committee chair, an area where he has considerable experience and expertise.

Board remuneration was due to be reviewed this year after a three year freeze. However, given the difficult year, the Remuneration Committee proposes to extend the freeze in base director remuneration into a fourth year. After discussions in the Remuneration Committee, excluding Robin Archibald, it was agreed that Robin should receive £10,000 additional remuneration per quarter starting in the new financial year. This additional remuneration, to be reviewed annually, reflects the valuable and considerable input Robin will continue to provide on all manner of the Company's corporate affairs. This additional remuneration is fully supported by all the other Board members and the Investment Manager. By virtue of the change to the Investment Manager's fee to reduce the costs of managing the Company, the additional remuneration will be cost neutral to the Company. Supportive external advice was received on the remuneration and on Robin's ability to continue in his existing independent non-executive roles for the Company. A number of the major shareholders were consulted on the remuneration proposals generally and no objections were raised. The full rationale for this is detailed in the Remuneration Report.

ANNUAL GENERAL MEETING

Due to the measures imposed by the UK Government to control the spread of COVID-19, this year's AGM will be held in a 'restricted format' on 23 February 2021. The notice convening the AGM is set out on pages 106 to 110. It will not be possible under the current restrictions for shareholders to physically attend the meeting. Shareholders will be able to submit questions in advance through the Company Secretary. This year there will be a presentation by the Investment Manager which can be viewed on the Company's website in advance of the AGM.

The Board believes that all of the resolutions being proposed are in the best interests of the Company and its shareholders and encourages shareholders to vote by proxy in favour of the resolutions, as the Board intends to do in respect of their own shareholdings.

OUTLOOK

"It is a bold and possibly foolish chairman that would make an unequivocal statement about the future direction of markets over the next 12 months." My words from last year seem just as appropriate this year given the uncertainties that lie ahead.

Some of the risks from last year remain but one that was not foreseen 12 months ago was the COVID-19 pandemic. The positive reporting about progress on vaccines is encouraging but it is likely that we are going to continue to live with measures to prevent the spread of the virus for some time to come.

What does this mean? For real estate it is much more than just economics. COVID-19 is making us rethink how we live, work, shop and play. Irrespective of whether the economy gets back to where it was, we will be using real estate in a different way to that pre-crisis. Some of the change was already in the pipeline. Mega trends relating to the climate crisis, demographics, digitalisation, disruption from new technologies (such as robotics), the emphasis on health and well-being and the circular economy were all there before. The post COVID-19 'reset' will accelerate the pace of many of these changes. Other changes will be new and reflect risk management against future pandemics. As owners of real estate we want to be on the right side of these changes by holding assets that are likely to both show resilience to short term economic volatility and the ability to generate attractive long term performance from current valuations.

The Board remains positive about the Company's exposure to its retail warehouse focussed portfolio. It has a high proportion of essential retail tenants, a defensive convenience led bias, rents at affordable levels and it fits well into the new retail economy, including retailers' omnichannel strategies. Our Investment Manager is a highly experienced and skilled operator who specialises in asset management and will continue to extract maximum value from the entire portfolio. I also believe our corporate changes are all positive and align with shareholder interests.

Despite its difficulties, UK real estate remains competitively priced on international comparisons, produces an attractive yield relative to other asset classes and clearly has a place in balanced portfolios. It has been a very difficult year; it may remain difficult for a while longer but there is light at the end of the tunnel.

William Hill
Chairman

Dealing with new challenges

OUR STRATEGIC PRIORITIES

1 INCOME PROTECTION AND GROWTH

to support dividend payments to investors.

Progress in the period
Letting vacant space, securing extensions of existing leases and commencement of development projects to generate new income streams. Intensive and regular dialogue with tenants to secure their ongoing occupation and to maximise rent collection.

Targets
Complete further lettings, rent reviews, lease extensions and developments to protect, and enhance where possible, the Company's income stream.

2 NAV MANAGEMENT

through the active asset management of the portfolio.

Progress in the period
NAV per share decreased 20.9% in the period as a result of valuation declines which have been magnified by the COVID-19 pandemic. The decline has been mitigated through proactive asset management.

Targets
To actively manage the portfolio to rebuild the NAV as the market recovers. To undertake development and repositioning projects that generate capital value uplifts to improve the NAV.

3 TRANSACTIONAL ACTIVITY

to refresh the portfolio and enhance the prospect of income and capital growth.

Progress in the period
No assets were sold, but three development projects were started, two of which have been completed.

Targets
Sales to be considered to provide capital to invest in new properties to help achieve the Company's objective of income and capital growth.

4 VOID MANAGEMENT

to minimise the vacancy rate across the portfolio.

Progress in the period
The EPRA vacancy rate increased to 5.7% at the half-year then decreased to 5.1% at the period end.

Targets
Maintain a low vacancy rate.

5 REGULATORY AND OPERATIONAL

to ensure compliance with regulations and to maintain resilience of operations.

Progress in the period
Changes in management resource, regular and ad hoc meetings, and reporting on specific issues, as well as meeting new regulatory and reporting requirements, including on ESG and governance issues.

Review of key advisers to the Company with change of Company Secretary and Administrator completed.

Targets
Maintain, and improve where possible, strong operational standards and regulatory compliance.

6 MARKET VALUE

aim to maintain an orderly market in the Company's shares and a strong rating for the shares.

Progress in the period
Since the onset of COVID-19 there has been a severe negative impact on the ratings of the shares of some UK commercial property companies. The Company has not been spared from this.

Targets
Good secondary market liquidity at levels close to NAV, and have prospects of equity growth.

KEY PERFORMANCE INDICATORS

NAV total return

-16.6%

2019	-0.8%
2018	8.9%
2017	9.3%
2016	6.1%
2015	13.7%

NAV total return reflects the growth or reduction in net assets as well as dividends paid to shareholders. The Board considers this is the best overall measure of value delivered to shareholders.

Annualised dividend per share

4.88p*

2019	5.75p
2018	5.75p
2017	5.50p
2016	5.50p
2015	5.10p

A key objective is to provide an attractive and sustainable level of dividend to shareholders.

* Due to reduced rent collection because of the COVID-19 pandemic, the dividend was reduced by 30.4% to 4.00 pence per share annualised from May 2020. This helped protect the cash position of the Company.

Average premium/ discount of share price to NAV

-33.2%

2019	-11.6%
2018	-1.6%
2017	-0.3%
2016	-2.0%
2015	+4.9%

The average premium/ discount of the share price to NAV is monitored by the Board. The Board believes that long-term total return will be the main driver of the rating of the Company's shares.

Share price total return

-35.3%

2019	-17.0%
2018	+7.7%
2017	+8.3%
2016	-0.5%
2015	+14.3%

Share price total return reflects the movement in share price as well as dividends paid to shareholders.

EPRA vacancy rate

5.1%

2019	2.9%
2018	5.7%
2017	0.7%
2016	4.7%
2015	7.4%

EPRA vacancy rate measures the percentage of investment property space that is vacant, based on ERV. The Board monitors the vacancy rate closely to ensure the Company's income is maximised.

Ongoing charges

1.4%

2019	1.4%
2018	1.3%
2017	1.5%
2016	1.5%
2015	1.4%

Operating costs incurred by the Company expressed as a proportion of its average net assets. See definition on page 104 for more detail.

The first and second halves of the reporting period could not have been more different, although each had challenges for the Company to deal with.

Portfolio value

£273m

Weighted average unexpired lease term

5.7 years

EPRA vacancy rate

5.1%

The first half of the financial year was influenced by the political uncertainty of Brexit and the general election, with the second half dominated by the COVID-19 pandemic.

At the start of the Company's financial year in October 2019, ongoing political events were causing concern. However, the decisive general election result in December 2019 and clarity over Brexit gave the market confidence. Investment volumes, which had been subdued during Q4 2019, increased.

The Company was also navigating a path through the evolution of the retail market as tenants grappled with the issues facing their businesses, particularly in town centre locations. As the wider retail market changed, it was becoming clear that retail warehousing, which accounts for 61% of the Company's portfolio, was emerging as a 'winning' sub-sector of the retail market. Valuation declines were starting to level off and there was renewed investor interest, driven by the attractive yields and perceived sustainable income streams on offer.

The onset of the COVID-19 pandemic halfway through the reporting period stopped that recovery. The national lockdown and restrictions on personal movement represented an unprecedented challenge to all parts of the UK commercial property market, as occupiers and users of property were forced to change how they used, or even

Number of deals completed

12

Contracted rent per annum

£1.6m

Number of different tenants

10

Total sq. ft. of deals completed

96,469

Average rent per sq. ft.

£16.87

Retail parks which had tenant activity

8 out of 10

could use, buildings. It also accelerated the structural changes that had started to slow in the retail market and introduced a new set of challenges for the Company, chiefly with regards to rent collection.

RENT COLLECTION

With an enforced national lockdown preventing tenants from trading, some chose to withhold rental payments from landlords. This resulted in a significant drop in rent collected by the due date each quarter. In the first week of the quarter ending 30 June, just 69% of the rent due had been collected. This figure increased to 74% for the quarter ending 30 September and, for the quarter ending 31 December, 88% had been collected. By the end of each quarter, the rent collection improved to 79% for the quarter ending 30 June and 91% for the quarter ending 30 September. If rent deferment and repayment plans are considered, the rent collection numbers will increase to 86% and 94% for the quarters ending on 30 June and 30 September, respectively. For the Company's financial year, 89.3% of the rent billed was collected.

Rent collection is forecast to reach 94% for the quarter ending 31 December (rising to 97% when deferments are factored in), the first quarter of the Company's new financial year. This is a positive, improving picture, but anticipated rent collection for each quarter is still below pre-COVID levels. The position for commercial property in the UK was not helped by the Government's moratorium on the use of rent arrears recovery methods which are usually available to landlords. This removed any 'teeth' landlords had to recover arrears.

There were tenants in financial distress and the Company has worked with them to find a way through the crisis. However, there were (and still are) several well-funded tenants who are using the situation to their advantage and are refusing to pay rent.

As a consequence of COVID-19, the second half of the reporting period was dominated by rent collection. Rent deferment and repayment plans were agreed with several tenants and regular contact was made with all tenants to ensure that as much rent as possible was collected.

Cash collection and cost management became key discussions with the Board, with the aim of preserving cash for operational purposes and ensuring any dividend was fully covered by rent collected. This resulted in the rate of monthly dividends being reduced by 30.4% in May 2020, to a sustainable annualised rate of 4.00 pence per share. The dividend, at the new annualised rate of 4.00 pence per share, has been paid monthly since this date and there is a growing margin of cover. The Company continues to monitor this closely. As at 30 September 2020, the cash dividend cover was 139%.

PROPERTY VALUATION

The Company's property portfolio is valued by Knight Frank on a quarterly basis. As at 30 September 2020 it was valued at £273m, a like-for-like decrease of 14.5% over the reporting period.

The decline in property value was principally driven by the market-wide negative sentiment towards the retail sector, which was magnified by the COVID-19 pandemic. Valuation declines seen over the first part of the reporting period were beginning to level off at the start of 2020 but concerns over rent collection and the economic impact of the pandemic took hold, resulting in further reductions in values.

PROPERTY VALUATION CONTINUED

The Company has no exposure to high street or shopping centre assets which have been the hardest hit. However, its retail warehouse assets have suffered from the contagion from the wider retail sector. This was despite retail warehousing demonstrating greater resilience during lockdown, with many tenants allowed to remain open for trade. The Company's two leisure assets (1.8% of the portfolio), which are let to bingo operators, have also seen valuation declines during the period as the leisure sector struggled during lockdown and fell out of favour with investors. As a result, over the year, the NAV per share, which includes the impact of gearing, has declined by 20.9%, as valuers hit both ERVs and yields in the retail warehouse and leisure sectors hard.

As the period progressed, the attributes of out-of-town retail parks, which the Company has been championing for some time, started to be recognised by the wider market.

The open space, ease of access and flexible units means out-of-town retail parks can more easily adapt to the requirements of social distancing and lockdown restrictions. During the first lockdown, 56% of the Company's retail warehouse income came from tenants who were classed as 'essential' by the Government, so could stay open for trade. Shortly after lockdown restrictions were eased, 97% of the Company's retail warehouse space was fully open for trade. During the second lockdown 89% of the Company's retail warehouse floorspace was either open or offered a click and collect service.

As the initial period of restrictions eased in the summer, footfall on retail warehouse parks recovered more quickly compared to the high street and shopping centres. Footfall on retail parks was approaching 90% of 2019 levels, compared to 65% for the high street and 68% for shopping centres, before the second lockdown in England and 'fire-break' in Wales were implemented. These new restrictions caused a short-term drop in footfall, but it did recover once restrictions were lifted. It should also be remembered that during lockdown, retailers deemed to be providing 'essential services' are permitted to stay open for trade and others are permitted to operate on a 'click & collect' basis. Many of these services are provided from out-of-town retail parks so it is likely that retail warehouse footfall will be more resilient than that on the high street and in shopping centres.

The Company remains confident that its assets are well-located and despite the severe tests put on them in the last year, should remain capable of providing attractive income and capital returns over the longer term.

OFFICES

The Company's office portfolio has provided reliable income during the year, including in the lockdown phase. Whilst this is positive, the prolonged period of enforced working from home will undoubtedly cause many office occupiers to question how much space they need, and where they need it. Unlike the retail sector where changes are more immediate, the changes in the office market will be more gradual and could drip feed into the market over the next few years. Office tenants are less likely to use insolvency proceedings to shed surplus space and reduce costs in the short term. They are more likely to review their occupational requirements when they have lease breaks or expiries. It is at this time space could be returned to landlords.

The Investment Manager believes that this is not the 'death of the office', but there will be changes, even when the impact of COVID-19 recedes. The challenges of commuting, an increase in agile working and the ability to work from home, will affect how office space is used in the future.

Going forward, flexibility, both in terms of the structure of leases offered to tenants and the floorplates of the buildings to accommodate them, will be key to securing deals. Buildings which have floorplates which can be split or have floors of different sizes which can meet changing size requirements will have an advantage. More than ever, buildings will need to be fit for purpose with wellness and sustainability factors higher up the list of occupiers' requirements.

The Investment Manager is confident that the Company's office assets will be able to accommodate the changing needs of occupiers.

Engaging early with tenants, fully understanding their needs, and working with them to deliver a satisfactory solution will be crucial to successfully managing office assets in the future. This is an approach the Company has used to its advantage before and there is a recent example more fully described in the asset management section below.

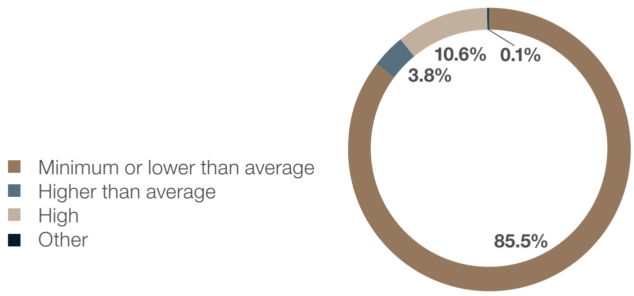
INSOLVENCY EVENTS

The prolonged period of lockdown accelerated the demise of several businesses, especially those who were struggling prior to the pandemic. A number of CVAs have been approved and many companies have been placed directly into administration.

The Company has not been immune to this. Over the year it has been negatively affected by six CVAs or administrations. The expected loss of rent from these insolvency events equates to 6.1% of the contracted rent roll. All the CVAs have given landlords the option to break the leases and the Company will seek to exercise these when suitable alternative tenants to occupy the space have been identified.

TENANT COVENANT PROFILE

Dun and Bradstreet risk of business failure rating. Tenant income as a percentage of the portfolio income.



PROPERTY PORTFOLIO AS AT 30 SEPTEMBER 2020

Location	Name	Sub-sector	Market value range (£m)	Tenure
OFFICE				
Birmingham	St Philips Point	Office – Rest of UK	30-35	Freehold
Newcastle	Citygate II	Office – Rest of UK	20-25	Leasehold
Edinburgh	145 Morrison Street	Office – Rest of UK	10-15	Heritable
Bath	Midland Bridge House	Office – Rest of UK	5-10	Freehold
RETAIL WAREHOUSE				
Prestatyn	Prestatyn Shopping Park	Retail Warehouse (48%) Supermarket (52%)	50m+	Freehold
Widnes	Widnes Shopping Park	Retail Warehouse	30-35	Leasehold
Hull	Kingston Retail Park	Retail Warehouse	20-25	Freehold
Sunderland	Pallion Retail Park	Retail Warehouse	15-20	Freehold
Wrexham	Plas Coch Retail Park	Retail Warehouse	15-20	Freehold
Coatbridge	B&Q	Retail Warehouse	15-20	Heritable
Rhyl	Clwyd Retail Park	Retail Warehouse	10-15	Freehold
Barnsley	Barnsley East Retail Park	Retail Warehouse	5-10	Freehold
Daventry	Abbey Retail Park	Retail Warehouse	10-15	Leasehold
LEISURE				
Telford	Mecca Bingo	Leisure	0-5	Freehold
Hartlepool	Mecca Bingo	Leisure	0-5	Freehold
DEVELOPMENT				
Haddington	Haddington Retail Park	Development (pre-let)	0-5	Heritable

Delivering asset management in difficult conditions

It has been an extremely challenging year, but this has not stopped the Company from delivering multiple asset management deals. Over the period, in the retail warehouse portfolio, 12 lease transactions with a contracted rent of £1.6 million have completed.

Interestingly, 75% of these deals completed during the COVID-19 pandemic. This underscores the solid fundamentals of the property portfolio and proves that the right assets in the right locations do have a future. As ever, affordability of rent is important for tenants and helps secure new deals. The average rent of the Company's retail warehouse portfolio is £15.17 per sq. ft., a level from which tenants, with business models relevant to today's market, can trade profitably. However, the average rent per sq. ft. of the deals completed in the year was £16.87 per sq. ft.

During the year, ten lease events where existing tenants recommitted to our retail parks were completed. This secured £1.3 million of income per annum across the retail parks at Hull, Rhyl, Prestatyn, Widnes and Wrexham. Deals were completed with national tenants Boots, Curry's (twice), Costa Coffee (twice), KFC, Mamas & Papas, Next, River Island and SportsDirect. This shows that demand is coming from all different types of retailer. The weighted average unexpired lease term (WAULT) of these deals is 5.6 years, which is in line with the WAULT of the Company.

Tenants for vacant units have also been secured. The Company completed a new letting to JD Sports at Widnes Shopping Park and signed an Agreement for Lease (AFL) with Jack's, Tesco's value fascia, at Kingston Retail Park in Hull. These secure £0.3 million of income per annum across 21,792 sq. ft. of vacant space.

Jack's will enter a 10-year lease with a five-year break option on the 15,000 sq. ft. unit which was vacated by Mothercare earlier this year. The AFL is conditional on Jack's obtaining a liquor licence and planning consent for minor works to the unit.

JD Sports signed a ten-year lease with a five-year break option on a newly created unit of 6,792 sq. ft. The Company exercised its break option in the lease to Arcadia and divided its unit in two, to facilitate the JD Sports letting. The construction works were completed during lockdown, ahead of schedule, allowing the lease to JD Sports to complete. The rent being received from this tenant is 75% of the rent which was being paid by Arcadia on the whole unit, meaning the combined rent roll of the two units, when the remaining 6,006 sq. ft. is let, will be greater than the rent being paid by Arcadia under the CVA. The Company is working to identify a suitable tenant who will enhance the tenant line up on the park.

The fact that tenants are still committing to new leases on the Company's retail warehouse assets, despite the challenges in the wider retail market, shows that the underlying fundamentals of the retail parks remain sound and are still attractive for tenants.

Post period end, at Pallion Retail Park in Sunderland, the Company completed a transaction with B&M. B&M has agreed to upsize from its current unit of 20,000 sq. ft. into a vacant unit of 30,000 sq. ft. B&M will pay an annual rent of £400,000 and the lease will expire in 2032. This is the third time the Company has been able to accommodate B&M's expansion on its retail parks, having completed similar deals at Hull and Barnsley in prior years.

In its office portfolio, at St Philips Point in Birmingham, the Company completed a lease restructure with existing tenant AXA Insurance UK plc. AXA has committed to 27,990 sq. ft. of space across three floors, including the refurbished first floor which extends to 14,208 sq. ft. AXA now occupies three floors instead of five and has reduced the amount of floorspace it leases by 5,005 sq. ft. One floor has a break option in 2022, one has a break option in 2023, but the largest floor is leased for a term certain of five years. The Company had to work with the tenant to identify a solution which offered flexibility to deal with the challenges posed by COVID-19. This transaction secures £687,696 of rental income per annum.

In addition to these deals, the Company has progressed its development programme, including the commencement of the construction of a retail park in Haddington. This and other projects are more fully described later in this report.

SUMMARY AND OUTLOOK

This has been an extremely challenging year for the Company and the UK commercial property market. There will be further obstacles to navigate as the COVID-19 pandemic evolves, and other uncertainties to overcome, such as Brexit. It will be important to be on the right side of the structural changes that have been accelerated in both retail and office markets.

It is likely that localised restrictions and lockdowns will be in place for at least the short term, and it remains to be seen how tenants react to these and how it will affect rent collection, particularly in the retail sector. Offices will not be immune to change and it will be interesting to see how office occupiers interact with their space, and how that affects their size requirements when they have lease breaks or expiries. It will be as important as ever to maintain a regular dialogue with all tenants to ensure that solutions can be provided for their changing needs.

There are signs that the investment market, which shunned retail earlier in the period, is again looking at retail warehousing as an asset class worth investing in. The market is starting to appreciate the attributes of convenience led, out-of-town retail warehouse parks and the fact that it should not be lumped together with the high street and shopping centre sub-sectors. If this continues, there is a prospect of some recovery starting in 2021 for retail warehousing.

The focus remains on income, not just in terms of rent collection which has improved each quarter since its decline in quarter 2, but also through active asset management of the portfolio. The Company has again demonstrated that despite the challenges being faced by the property market it is still able to complete asset management initiatives which help to minimise vacancy, mitigate valuation declines, and importantly secure income for the Company. It is not the time to batten down the hatches and wait for the recovery to occur. COVID-19 has changed the perspective and every effort is being made to ensure the Company is on the front foot and able to move quickly to make things happen.

Calum Bruce
Investment Manager

Developing our own income

In an environment where income is key, it is important to find new ways of creating income streams beyond the 'standard' asset management initiatives. Over the year we have been able to do this through our development programme. This year we have commenced projects at three of our retail warehouse assets, with two completing post period end.

The developments are all pre-let (save for one small unit at Haddington) which substantially reduces the risk. Once they have all completed, they will secure £1.1 million of new income per annum.

In December 2019 we obtained planning permission for a 48,000 sq. ft. retail warehouse park and petrol filling station at our site in Haddington, East Lothian, which is 18 miles east of Edinburgh. The site, which is adjacent to several new housing developments, is 97% pre-let to national retailers Aldi, Home Bargains, The Food Warehouse, Costa Coffee and Euro Garages. One unit of 1,500 sq. ft. is available to lease, but it is anticipated that this will be let prior to completion. We intended to start on site in March 2020 but took the prudent decision to delay construction until we had greater clarity on the implications of the COVID-19 pandemic and lockdown. We were able to start construction in August and we expect to achieve practical completion in June 2021.

Once completed and fully occupied, the retail park will provide new rental income of £875,000 per annum and will have a weighted average unexpired lease term of 14.4 years, assuming the vacant unit is let for a term of five-years.

Costs to completion will be c. £7.5 million. This will be funded through a combination of the existing debt facilities and cash resources. The development should generate an income return on cost of capital employed of c. 8.00% per annum.

In January 2020, we commenced the construction of two drive-thru pod units at Coatbridge. Practical completion was achieved in October 2020, post-period end. Construction was delayed as work on site had to stop in accordance with guidance from the Scottish Government because of the COVID-19 pandemic.

The development was pre-let to Costa Coffee and Burger King. Costa has signed a 15-year lease with a 10-year break option on a unit of 1,800 sq. ft. Burger King has signed a 20-year lease with a 15-year break option on a unit which extends to 2,750 sq. ft. The units provide a combined rental income of £160,000 per annum.

Post period end we completed the development of a drive-thru pod for Costa Coffee at Barnsley East Retail Park. Construction started in April and practical completion was achieved in October, meaning the lease to Costa could complete. Costa has signed a 15-year lease (no break) on a 1,800 sq. ft. unit and will pay a rent of £72,500 per annum.

We believe that development is a good way to build 'something from nothing' and allows us to manufacture new income streams in a risk-controlled manner. Development provides the opportunity to generate higher returns on capital deployed when compared to buying similar assets in the market. Undertaking development is a more cost-effective way of accessing assets of the type we want to own, as we benefit from Stamp Duty Land Tax savings when compared to buying existing investments. At Coatbridge and Barnsley we were able to repurpose underused land, which we already owned, for the development projects.

We will look to undertake additional development projects in the future if there are opportunities to do so in the portfolio and if it is the best use of the Company's cash resources.

Key statistics

New rent per annum

£1.1m

Total sq. ft. to be developed

54,350

Number of new leases

8

Income return on capital deployed

8.0%

Costa Coffee Barnsley

Haddington Retail Park

Putting ESG at the heart of our investment objectives

The Company recognises the increasing importance of sustainability and addressing Environmental, Social and Governance (ESG) issues. It is committed to putting ESG at the heart of its investment objectives and to operating in a responsible and sustainable manner, looking at both the direct and indirect impact on tenants, suppliers, customers, service providers, local communities, and the environment.

The progress that the Company has made on ESG issues during the period has been recognised externally, most notably by being awarded the EPRA Sustainability Best Practice Recommendations Gold Award and receiving its Most Improved Award for 2020.

Good governance and engagement with stakeholders in the Company, which is covered in detail elsewhere in these accounts, has always been to the forefront of the Company's activities since the Company was launched in late 2014 as a listed and regulated investment company.

Development of the Company's Sustainability Strategy

During the period, the Company has focussed on how sustainability factors are embedded into the Company's investment and operational activities and engaged Savills as an external sustainability adviser to assist in this process. Details are set out below:

1. A materiality assessment was undertaken in line with the Global Reporting Initiative methodology. Feedback from key investors and other external and internal stakeholders was obtained to identify those ESG factors which matter most to the Company and its stakeholders.

2. The assessment results were used to help develop the Company's Sustainability Policy and its objectives and targets (which were published on the website in July 2020) and to ensure that the Company placed the key ESG factors identified at the centre of its sustainability strategy.

3. The Company's Sustainability Policy was also developed to align with the five UN Sustainable Development Goals which most closely matched the issues identified by the materiality assessment and supports disclosure on those goals.

4. The Company is committed to working towards meeting the Taskforce on Climate-Related Financial Disclosure Recommendations and a review against those recommendations has been undertaken, including an initial climate risk analysis.

5. A new Sustainability Working Group, comprising two Board members (William Hill and Imogen Moss) and the Investment Manager, has been established to oversee the sustainability strategy and will report on progress in implementing the strategy to the Board at least quarterly. The Sustainability Policy will be reviewed annually and taken into account in all the investment decisions as approved by the Board. The Investment Manager has responsibility for the day-to-day performance management and implementation of the Sustainability Policy.

SUSTAINABILITY POLICY
The Company's sustainability strategy focuses the Company's objectives on those ESG matters identified as being the most important to stakeholders and on long-term value creation.

FOCUSING OUR EFFORTS
In addition to maintaining sound governance the focus is on the following four key areas:

Health, safety and wellbeing
Ensuring safety, and promoting wellbeing of staff, tenants and members of the public across the portfolio.

ESG disclosure and transparency
Committed to open and transparent disclosure of our operational performance, and its wider impacts.

Managing environmental impacts
Minimising negative environmental impacts through proactive management of energy, waste, water, materials use, and associated carbon emissions across the portfolio.

Sustainable building design
Applying sustainable design principles into development and refurbishment strategies to create places that are efficient, healthy, comfortable, productive and resilient.

SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS
The Company's Sustainability Policy is aligned to the five UN Sustainable Development Goals which most closely match the issues identified by the materiality assessment.

3 GOOD HEALTH AND WELL-BEING
7 AFFORDABLE AND CLEAN ENERGY
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

PROGRESS AND ACHIEVEMENTS

GRESB

GRESB REAL ESTATE SUSTAINABILITY BENCHMARK
- Achieved 52/100 score in the 2020 survey, a 15 point improvement from 2019.
- Achieved 'Green Star' status.

EPRA sBPR GOLD

EPRA sBPR MOST IMPROVED AWARD

EPRA SUSTAINABILITY BEST PRACTICE RECOMMENDATIONS
- Achieved the Gold Award.
- Awarded a 'Most Improved Award' for 2020.

The Sustainability Policy and more detail on the materiality assessment can be found on the Company's website: **www.ediston-reit.com**

TARGETS AND 2020 PROGRESS

In 2020, we set fifteen annual and long-term targets to support our strategic ESG objectives and drive performance across the four focus areas. Each year the targets will be reviewed, with progress regularly reported to the Board by the Investment Manager.

This is also the first year of disclosure on our progress against the newly set ESG targets and we are pleased to have already achieved improvements across three of the four focus areas.

Progress key: ▶ On track ▲ Achieved

Focus area	Target	Target year	Progress	
HEALTH, SAFETY AND WELLBEING	Continue to ensure all incidents are resolved within the required timeframe.	**2020 onwards**	We continue to work with the managing agent to meet this objective.	▲
	Achieve over 90% scores on Health & Safety Risk Rating across all managed properties.	**2021 onwards**	90% of sites achieved Gold or Silver rating (>90% score), with three more assets meeting the target.	▶
	Develop a tenant and community engagement programme to promote health and wellbeing initiatives.	**2021**	To be developed in 2021.	▶
ESG DISCLOSURE AND TRANSPARENCY	Achieve GOLD Standard for disclosing in line with EPRA sBPR.	**2021**	GOLD Award received for the Company's 2019 report.	▲
	Achieve 3-star GRESB rating.	**2022**	Achieved score of 52/100 (a 15 point improvement from last year). Achieved 'Green Star' designation.	▶
	Align the Company's sustainability objectives with the UN Sustainable Development Goals.	**2020**	Completed – The Company has aligned its ESG strategy and objectives to the UN Sustainable Development Goals.	▲
	Strengthen alignment with the TCFD recommendations.	**2020 onwards**	Ongoing.	▲
MANAGING ENVIRONMENTAL IMPACTS	Develop a sustainability action plan for all operationally managed assets.	**2021**	Asset sustainability action plans to be developed and maintained from 2021 onwards.	▶
	Procure 100% renewable electricity for all landlord-controlled areas.	**2022**	66% procured, a 25% increase from 2019.	▶
	Achieve 10% reduction in like-for-like energy intensity for our managed offices, measured against 2019 baseline, m^3/ m^2.	**2023**	20% reduction in energy intensity across our like-for-like office portfolio in 2020, largely due to the impact of COVID-19.	n/a*
	Develop a pathway for achieving Net Zero carbon in operation.	**2021**	To be developed during 2021 for implementation from 2022 onwards.	▶
	Maintain zero waste to landfill.	**2020 onwards**	Zero waste sent to landfill.	▶
	Improve measurement of water consumption and waste management.	**2021**	Completed implementation of SAV IQ for environmental reporting; ongoing improvements in data reporting processes.	▲
SUSTAINABLE BUILDING DESIGN	Commit to and promote a set of chosen standards for sustainable design for New Construction, Fit Out and Refurbishment.	**2021 onwards**	To be developed during 2021 for implementation from 2022 onwards.	▶
	Engage occupiers to support the delivery of their sustainability programmes for Fit Out and Refurbishment.	**2021 onwards**	To be reviewed during 2021.	▶

* We have not accounted for progress in reducing our environmental impacts as most of the EPRA environmental performance measures were impacted by the disruption caused by COVID-19, resulting in a lower demand for energy and water use, as well as waste management.

Disclosure of the Company's GHG emissions and EPRA Sustainability Performance measures can be found on pages 65 to 68.

ALIGNMENT WITH THE TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

GOVERNANCE **The organisation's governance around climate related risks and opportunities**	Management of the climate-related risks is outlined within the Company's Sustainability Policy and is overseen by the Sustainability Working Group, chaired by the Chairman and attended by the Management Engagement Committee Chair, the Investment Manager and its sustainability advisers.
	The Investment Manager has responsibility for the day-to-day performance management and implementation of the Company's Sustainability policy, reporting at least quarterly to the Sustainability Working Group and the main Board.
STRATEGY **The impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning**	The Company acknowledges the growing potential impacts and its exposure to climate-related risks and opportunities. Assessment of the impacts of climate-related risks and opportunities is included within the principal risks disclosure and can be found on page 34.
	The Company is working to improve its understanding of climate-related risks and the wider ESG impacts to the Company's operations short, medium and long term. It is committed to continue to evolve its strategy and approach in relation to climate change. This includes development of a pathway for achieving Net Zero carbon in operation, thereby managing future risks, and supporting the transition to a low carbon economy.
RISK MANAGEMENT **How the organisation identifies, assesses, and manages climate-related risks**	The Audit and Risk Committee assesses the risks faced by the Company and ensures that appropriate mitigating controls are in place. Failure to manage ESG, including climate-related physical and transitional risks, is considered as one of the Company's principal risks and is governed by the Company's risk management processes. The Investment Manager and the Company's sustainability adviser update the Board on emerging ESG trends and risks on a regular basis.
	The Company monitors and ensures compliance with the current and emerging legislative requirements in relation to energy efficiency and climate change. 48% of the assessed portfolio holds A-B Energy Performance Certificate (EPC) ratings and no properties are graded F-G. The portfolio is well placed to address the compliance requirements with the Minimum Energy Efficiency Standard (MEES).
METRICS AND TARGETS **Disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities**	Disclosure of the Company's Scope 1 and 2 greenhouse gas emissions and EPRA Environmental Performance measures can be found on pages 65 to 67.
	The Company set targets to manage its environmental impacts, including targets for renewable energy procurement, energy intensity and a pathway for achieving Net Zero carbon in operation.
	The Company will continue to work to improve its disclosure and alignment with the TCFD recommendations.

Maximising rent collection and protecting assets

Rent billed which was collected in the year

89.3%

Revenue profit

£12.6m

Dividend cover for the year

118.9%

The past financial year was, as a result of COVID-19, split into two distinct halves, the latter half being a testing period for the Company. The focus on intensive asset and cash flow management has been crucial in these challenging circumstances. The majority of the Company's income has proved to be resilient which is demonstrated by the rent collection statistics for the year.

This report summarises the financial performance for the year and provides statistics which illustrate how the Company has performed during the year.

INCOME STATEMENT

The increased focus on asset management and letting activity in the year resulted in £1.6 million of rental income being secured. This contributed to rental income for the year of £19.8 million (2019: £20.8 million). This decrease of £1.0 million was largely as a result of lease expiries, tenant administrations and CVAs in the year. Revenue expenditure in the period was £4.0 million, including £0.5 million of property specific expenditure, £0.7 million of bad debts and £1.9 million relating to the Investment Manager's fee. Net interest costs were £3.2 million, all similar to the prior year. As a result, revenue profit decreased to £12.6 million (2019: £14.1 million), a fall of 10.6% from 2019.

The value of our investment properties decreased by £50.0 million in the year, which resulted in the Company reporting a total loss of £37.4 million. A decline in the valuation of the retail warehouse properties, as a result of negative sentiment towards the retail sector, was the principal reason for the valuation decline. Asset management over the period (which saw 12 lease transactions complete) helped to minimise the impact on the Company. Net financing costs remained at the same level for the year and the covenants on income and capital remained well-covered. There was a modest reduction in administration costs, and this was despite a change of administrative agents during the year and increased activity with all the external advisers.

	2020 (£m)	2019 (£m)
Rental income	**19.8**	20.8
Property expenditure	**(1.2)**	(0.4)
Net rental income	**18.6**	20.4
Administration expenses	**(2.8)**	(3.2)
Net financing costs	**(3.2)**	(3.1)
Revenue profit	**12.6**	14.1
(Loss)/Gain on revaluation of investment properties	**(50.0)**	(15.8)
Accounting (loss)/profit after tax	**(37.4)**	(1.7)

EPRA and diluted EPRA earnings per share	**5.90p**	6.66p
Dividends per share	**4.88p**	5.75p
Basic and diluted earnings per share	**(17.70p)**	(0.83p)

RENT

Contracted rent was £20.2 million (2019: £21.4 million) per annum at the year-end and was negatively impacted by a number of CVAs and administrations. The primary focus since the onset of COVID-19 has been on rent collection and providing assistance to tenants in financial difficulty.

During the year, 89.3% (2019: 99.5%) of rent billed in the year was collected. Of the 10.7% of rent outstanding at the year-end, 52.6% is expected to be collected shortly. Payment plans have been agreed for 21.6%, with the remaining 25.8% due from tenants in administration or CVAs, the majority of which has been provided for as bad debts at the year end. Once deferred and expected rent is paid, the rent collected for the year will rise to 97.2%.

Rent free periods as a percentage of contracted rent at the year-end was 1.6%. 85.5% of the Company's income was from tenants classed by Dun & Bradstreet as having a minimal or lower than average chance of business failure, highlighting further the strength of the portfolio's income.

The portfolio continues to provide long term stability to the Company's income. The EPRA vacancy rate has increased to 5.1% from 2.9% in 2019 due to the expiry of leases and the surrender of units from tenants in administration. The WAULT in the year was 5.7 years (2019: 6.1 years) and the decrease can be explained by the passing of another year, offset by the asset management activity.

COVID-19 has challenged rent collection this year. However, the diversification of tenants, the number of 'essential retailers', office tenants who managed to trade throughout lockdown measures, the relatively low vacancy levels and the cash collected from tenants, all provide comfort with regard to the resilience of the income.

EPRA PERFORMANCE MEASURES

As a member of EPRA, we support EPRA's drive to bring consistency to the comparability and quality of information provided to investors and other key stakeholders of this report. We therefore continue to include a number of performance measures which are 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, or in any of our accounts to date.

	2020	2019
EPRA earnings	**£12.5m**	£14.1m
EPRA earnings per share	**5.90p**	6.66p
Diluted EPRA earnings per share	**5.90p**	6.66p
EPRA NAV per share	**86.01p**	108.72p
EPRA cost ratio (including direct vacancy costs)	**20.8%**	17.7%
EPRA cost ratio (excluding direct vacancy costs)	**20.4%**	17.3%
EPRA net initial yield	**6.9%**	6.0%
EPRA topped up net initial yield	**7.0%**	6.3%
EPRA vacancy rate	**5.1%**	2.9%

NET ASSET VALUE (NAV)

At 30 September 2020 our net assets were £181.8 million, equating to net assets per share of 86.01 pence (2019: 108.72p) a fall of 20.9%. This is primarily due to a decrease in the valuation of the investment properties in the year.

The decrease in net assets to £181.8 million is summarised in the table below:

	£ million	Pence per share
NAV at 30 September 2019	229.76	108.72
Decrease in value of investment properties (net of capital expenditure and transaction costs)	(49.99)	(23.65)
Net earnings in the year	12.61	5.96
Less: dividends paid in the year	(10.61)	(5.02)
NAV at 30 September 2020	**181.77**	**86.01**

The NAV is predominantly represented by our investment properties, which have a fair value of £273.0 million at the year end. This is included in the financial statements as Investment Properties at £268.2 million with the difference relating to lease incentives. The remaining £86.5 million of net liabilities is made up of: i) (£110.1 million) of debt; ii) £12.3 million of cash and cash equivalents; and iii) £11.3 million of net current assets.

DEBT

The Company has two debt facilities with Aviva Commercial Finance Limited for the sum of £111.1 million in aggregate. One facility of £56.9 million will mature in 2025 and the other of £54.2 million will mature in 2027. The facilities have an all-in blended interest rate of 2.86%. The Company is fully compliant with all debt covenants and has significant headroom against income and asset cover breach covenants. Property values in the two facilities would need to drop by more than 27% and 20% respectively, from the 30 September valuations, for the loan-to-value covenant to be breached.

Gearing (debt to total assets) was 37.6% at the year-end (2019: 32.5%). Whilst this is higher than the Board's target range of 30-35%, it does not breach the Company's Investment Policy as no new gearing has been taken on. As noted above, there is headroom against the loan-to-value breach covenants of the debt facilities.

Further details are included in Note 13 of the financial statements.

CASH

As at 30 September 2020 the Company had cash and cash equivalents of £12.3 million with a further £8.2 million drawn under the debt facility which will be drawn down to assist with future asset management or investment opportunities.

DIVIDENDS

The Board continued to pay a dividend at the annual rate of 5.75 pence for the first half of the financial year, which was fully covered at that time.

However, due to the impact of COVID-19 which resulted in some tenants withholding rent, the Board took the decision in April 2020 to reduce the monthly dividend payments to an annualised rate of 4.00 pence for the May payment onwards. This meant that the dividend would be fully covered from a cash and accounting perspective, in line with the rent collected from tenants. The Company has provided a fully covered dividend since early 2016 and dividend cover for the year was 118.9%.

The Board declared a dividend of 0.33 pence per share for the month of September which was paid in October 2020. Taking this last dividend with dividends paid to September 2020, dividends for the year amounted to 4.88 pence, equating to a dividend yield of 9.6%, based on a share price of 50.9 pence at the year end. The Company continues to monitor cash collection in reviewing the dividend level and also the aggregate distributions made to ensure compliance with REIT regulations, which, with some flexibility on timing, requires a REIT to distribute 90% of tax exempt rental income as Property Income Distributions (PIDs): a condition that the Company has met since inception.

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. The Company is able to recover all of its VAT.

We continue to pass all the REIT tests to ensure our REIT status is maintained and as mentioned above, the amount to be distributed as PIDs is kept under review.

SUMMARY AND OUTLOOK

The Company has faced extraordinary challenges in the year, principally around valuation declines (which negatively affected the NAV) and reduced rent collection. That said, positive progress was made with rent collection as the year progressed, with 89.3% of rent collected by the year-end, which is anticipated to rise to 97.2% once deferred and expected rents are paid.

In the short term it is difficult to predict how COVID-19 and any future lockdown restrictions will affect the Company, particularly on future rent collections. Notwithstanding this, the focus will again be on completing additional asset management initiatives to protect and secure income. The development at Haddington completes in June 2021 and will assist with this as it will deliver £875,000 of new income per annum.

The Board remains committed to fully covered monthly dividend payments and the Company's rental income receipts have been sufficient for the Company to hold the reduced dividend with a growing margin of cover. As we navigate our way through the COVID-19 pandemic, the Board is looking for an opportunity to start the process of building the dividend back up again as soon as it is prudent to do so, ensuring that it meets the REIT distribution requirements in the meantime.

Neelum Yousaf
Director of Finance,
Ediston Investment Services Limited

Principal and emerging risks

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

The Audit and Risk Committee recognises that there are risks and uncertainties that could have a material effect on the Company's results. Under the 2019 AIC Code of Corporate Governance (the 'AIC Code'), directors of listed companies are required to confirm in the annual report that they have performed a robust assessment of the Company's emerging and principal risks, 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 and Investment Manager.

The Directors review and challenge the risk register on a quarterly basis, assessing the likelihood of each risk, including emerging risks, the impact on the Group and the strength of controls operating over each risk. An assessment is also made as to whether any changes have occurred in the nature of the risks faced by the Company, or whether any new risks have arisen, to ensure that appropriate mitigating controls are in operation. The Board is also cognisant of emerging risks defined as potential trends, sudden events or changing risks which are characterised by a high degree of uncertainty in terms of probability of occurrence and possible effects on the Company. Once emerging risks become sufficiently clear, they may be treated as specific risks and added to the Company's matrix of significant risks.

The world has been subject to the most extraordinary challenges, largely as a result of the COVID-19 virus which has affected most parts of the world bringing health, social, economic and financial crises. It is impossible to quantify the extent of damage that may be wrought over the longer term. During the year under review, the Board and the Company's agents have responded to this in how they regard risk and in particular in how to maintain resilience in the portfolio and in the operations of the Company in these extraordinary circumstances.

The Board works closely with the Investment Manager and advisers to the Company to try and manage the risks, including emerging risks, as best as they can. The central aims remain to preserve net income for the Company, resilience in its day to day operations (including meeting its regulatory obligations and obligations to its stakeholders) and capital values where it can, whilst looking to the longer term to try and find strategic direction for positive rather than simply protective returns.

The impact of exposure to a particular sector, for example retail or offices, the impact of share price volatility on shareholder returns, the effects of gearing (when returns are negative) and the continuing risks of an uncertain economic and political environment in the UK have all resulted in challenges since the turn of the year. Two new risks were introduced last year: share price volatility and gearing, which were previously regarded only in the context of non-compliance with debt facilities. This year we have introduced exogenous risk within the financial and economic risk category. This addition reflects the impact of events outside the control of the Company but with the potential for significant impact on the Company and the economy as a whole. Existing risk areas have changed in how they are viewed and monitored with priority on protection of value, income or capital, being paramount, as well as longer term analysis of changes to the UK commercial property sector. Some aspects of risk have been accelerated massively by the advent of COIVD-19 such as changes in working and social practices and the role of commercial property in these regards. The Board has also introduced sustainability as a risk, although it was always part of the investment review process of the Company.

For the purposes of this year's report the concentration has been on preserving income and capital value, wherever practical, and looking to the longer term for the significant changes that are impacting on the UK commercial property sector, the eventual outcomes of which are difficult to assess or predict with any accuracy.

The Board and its advisers have identified the following categories of risk:
- investment strategy and performance;
- premium/discount level and share price volatility;
- financial, which includes the impact of gearing;
- regulatory;
- operational; and
- economic, governmental and exogenous risks outside the Company's control.

During the year the final category has been heightened considerably with direct impact being felt of the COVID-19 pandemic, how the UK Government is responding to it, directly and indirectly, and the continuing uncertain risks over Brexit which has been overshadowed by the direct impact of COVID-19.

These categories of risk are broken into individual key risks with an assessment of potential impact controls and mitigation in place and changes in that environment since the previous year end and any other comments on the risk. Emerging risks have been identified as new.

Detail of all risks facing the Company are set out in the table opposite.

STRATEGIC PRIORITIES

1 Income Protection and Growth | 2 NAV Management | 3 Transactional Activity
4 Void Management | 5 Regulatory and Operational | 6 Market Value

Risk	Impact	Controls and mitigation in place	Change in the year
INVESTMENT STRATEGY & PERFORMANCE			
Strategic direction of the Company and how and where it invests. Link to strategy: 1 2 3	Deployment of the Company's capital in areas of the market which are poorer in their return prospects or more affected by structural changes and exogenous risks than other investment areas, with an adverse impact on income and capital values, as well as opportunity cost. Sustainability is a key part of the investment review process in making and retaining investments and how they are developed. Impact if occurred: **High**	The Board formally reviews the Company's investment objectives and strategies for achieving them on an annual basis, or more regularly if appropriate. During its strategy sessions the Board considers how the assets are positioned and might be better positioned for the longer term. There has been increased focus on sustainability during the year as evidenced by the reports on this subject and the establishment of a specific working group as part of the investment committee. Probability of occurring: **Medium**	**Increased** This increase is due to the current direct impact of the COVID-19 pandemic on UK commercial property and the accelerated impact on ongoing structural changes for particular commercial sectors.
Significant exposure to a specific property, tenant, geographic location or to lease expiries in a given year. *Heightened by recent exogenous events which have accelerated the impact on certain property sectors and how they are used.* Link to strategy: 1 2 4	Downturn in an area to which the Company has significant exposure resulting in a reduction in the capital value of investment properties. Significant tenant failure causing a material reduction in revenue profits, impacting on cash flow and dividends. Impact if occurred: **Medium**	Although the Company is not invested in accordance with any property benchmark, the investment policy and its restrictions/limits are set by the Board and reviewed quarterly. The limits are monitored at all times by the Investment Manager. The Board and Investment Manager also review at least quarterly other key metrics, such as principal property sector weightings, to ensure these remain appropriate even where there may be no formal limits on exposure. Board approval memorandums state whether there are any concentration issues, which links in with overall strategic imperatives. The Company's AIFM and Depositary monitor compliance with the investment policy and will highlight any breaches of concentration limits. Probability of occurring: **Medium**	**Increased** The Company's portfolio includes 60.6% investment in retail warehouse assets. The retail warehouse assets are in good locations, with strong covenants, at affordable rent levels, have low voids and a WAULT of 6.1 years. The Investment Manager is proactive in monitoring closely developments in the retail industry, anticipating issues, and where appropriate replacing struggling tenants with those with stronger covenants. 56% of the Company's tenants were deemed 'essential' retailers during the lockdown period. Share price performance has been impacted negatively by market sentiment affecting all retail property, but particularly high street shops and shopping centres to which the Company is not exposed.
Lack of investment opportunities reducing the ability to acquire properties at the required return. **Poor investment decisions, incomplete due diligence and mistimed investment of capital.** Link to strategy: 2 3	An inappropriate use of capital which hinders investors' long-term returns. Reduction in revenue profits, impacting on cash flow and dividends. Impact if occurred: **Medium**	Thorough due diligence and investment process. Regular review of property performance against acquisition plan. Experienced Investment Manager who sources assets which meet agreed investment criteria. Linkage with overall strategic objectives for the Company. The Investment Committee scrutinises and approves all proposed acquisitions. The Board reviews the portfolio performance at each quarterly meeting and, through the Management Engagement Committee, conducts a formal annual review of the performance of the Investment Manager. Comprehensive profit and cash flow forecasting which models the impact of property transactions at Group level. Probability of occurring: **Medium**	**No Change** All available cash resources are currently identified against asset management and development activities.

Principal and emerging risks continued

Risk	Impact	Controls and mitigation in place	Change in the year
INVESTMENT STRATEGY & PERFORMANCE CONTINUED			
Ineffective active asset management of properties.	High vacancy levels, low tenant retention, sub-optimal rental levels and break clauses exercised resulting in a deterioration of income earned and a fall in the capital value of investment properties. Reduction in revenue profits impacting on cash flow and dividends.	The Investment Manager is experienced in active asset management. Detailed asset management plans are maintained for all properties and details of asset management activities to be undertaken are presented to the Board on at least a quarterly basis. Asset management activity involving significant capital expenditure requires the approval of the Investment Committee. Proactive approach to key lease events. Third party letting and managing agents are employed. Management of unexpected events and proactive approach to maintaining and restoring income and capital values from any properties under threat of erosion of value.	▲ **Increased** The Investment Manager has undertaken various active asset management activities on the portfolio during the year and has others identified for the short and medium term. These initiatives have helped maintain the income stream of the Company against a difficult climate for tenants, particularly in parts of the retail sector.
Link to strategy: 1 2 4	Impact if occurred: **High**	Probability of occurring: **Medium**	
Poor execution of development projects.	Poor management of development could result in delays and overrun of costs. If development is speculative (which the Company is unlikely to undertake) letting the space could be difficult which could impact on cash flow. Developments produce unsatisfactory total returns from the completed development, relative to the risk and capital deployed on the projects.	The Investment Manager has an experienced development team and has appropriate PI cover. The Investment Manager also uses several consultants to help execute the project. Experienced members of staff are allocated to each development project to ensure the process is monitored closely and forecasts adhered to. The Company engages experienced contractors/consultants. All development is subject to Board review and authorisation for major capital expenditure. The investment policy has restrictions on the amount of development that can be embarked on.	▶ **New** The assessment of this risk takes into consideration that Haddington is the Group's only current development and that there are restrictions on the Group's total development exposure.
Link to strategy: 1 2 4	Impact if occurred: **Medium**	Probability of occurring: **Low**	

STRATEGIC PRIORITIES

1 Income Protection and Growth
2 NAV Management
3 Transactional Activity
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5 Regulatory and Operational
6 Market Value

Risk	Impact	Controls and mitigation in place	Change in the year
PREMIUM/DISCOUNT LEVEL			
Share price volatility.	The Company's share price could be impacted by a range of factors causing it to be higher than (at a premium) or lower than (at a discount) the underlying net asset value per share. Fluctuations in the share price can cause volatility which may not be reflective of the underlying investment portfolio and depend on supply and demand for the shares, market conditions, general investor sentiment and other factors, including political and economic uncertainties. The Company does not have a significant free float of shares and as has been apparent in the last twelve months, relatively small sales or purchases of shares can produce volatile pricing. In common with many generalist UK property vehicles, the rating of the Company's shares has been dramatically impacted since the advent of the COVID-19 crisis in the second quarter of 2020.	The Board monitors closely the market in the Company's shares, including significant purchases and sales. Through the Investment Manager and the Company's stockbroker, institutional investors are kept in regular touch directly with developments in the Company, positive and negative. The Company announces portfolio and any other significant activity between its quarterly net asset value announcements and publication of its interim and final accounts. The Company has the ability to allot shares, and has done so, where there has been demand in the secondary market and issuance has not been dilutive to existing shareholders' interests. The Company also takes the annual authority to buy back shares. However, the Company's intention is to be fully invested and geared, so the use of share buybacks would require a change in the strategic direction of the Company, not least in having liquidity in the portfolio which could only be found through realising longer-term assets. The Board reviews the strategic direction of the Company regularly to ensure that application of the investment policy, the returns generated from it and the objectives of the shareholders are being met. The Company has a Marketing Committee that focuses on trade in the Company's shares and how the corporate message is being communicated to existing and prospective new investors.	**Increased** In common with other property investment companies, market sentiment towards the UK commercial property sector has deteriorated, resulting in a marked deterioration in the share price. This deterioration in rating has been accelerated by the advent of COVID-19, Government restrictions imposed and has not been helped by general political and economic uncertainty either. The Board and Investment Manager continue to work with shareholders to reinforce the value approach taken to investing in UK commercial properties and not least the resilience of the income from the portfolio.
Link to strategy: 1 2 6	Impact if occurred: **High**	Probability of occurring: **High**	
FINANCIAL			
Gearing.	Gearing will accentuate returns if the cost of debt is less than the equity returns or the reverse effect if equity returns are less than the cost of debt.	The Board reviews the level of gearing on a regular basis. The borrowing facilities have prescribed covenants and the Board signs off quarterly returns to the debt provider on asset and income cover. The Investment Manager presents for Board review quarterly cash flow forecasts prepared from the level of detail of individual properties, tenants and future rental projections. The Company has its portfolio reviewed and reported on by an external valuer each quarter. The Board intends to maintain gearing at 30% of Company gross assets at drawdown but will not exceed 35%, at the time of drawdown. In the current circumstances, the level of gearing has exceeded 35% but the covenants, which are based on loan to value, remain well-covered.	**Increased** The Board will continue to monitor the level of gearing closely. Gearing has recently had a negative drag on performance whereas in the past it was a positive contributor to performance. The Board is closely appraised of the level of cover over debt covenants on net income and asset levels.
Link to strategy: 1 2 5	Impact if occurred: **Medium**	Probability of occurring: **Medium**	

Principal and emerging risks continued

Risk	Impact	Controls and mitigation in place	Change in the year
FINANCIAL CONTINUED			
Non-compliance with debt facilities. Link to strategy: 1 2 5	A substantial fall in the property asset values or rental income levels could lead to a breach of financial covenants within the Group's debt funding arrangements. This could lead to a cancellation of debt funding, if the Company is unable to service the debt, leaving the Company without sufficient long-term resources to meet its commitments. Impact if occurred: **High**	Covenants are reviewed on a regular basis. Compliance certificates and reports for the lender are prepared on a quarterly basis by the Investment Manager then reviewed and signed by a Director. It was stated in the Annual Report that the Board intends to maintain gearing at 30% but will not exceed 35% of Company gross assets at drawdown. In the current circumstances the level of gearing has exceeded 35% but the covenants, which are based on loan to value, remain well-covered. Probability of occurring: **Low**	**Increased** There was an increase in the Company's loan to value ratio at year end, as defined for the purpose of debt funding covenants, from 32.5% to 37.7%, compared with the covenant limit of 50%. The increase was due mainly to the fall in the valuation of the portfolio. Going forward further falls in the valuation would have a negative impact on the ratio although the headroom remains strong and the covenant is not considered to be at risk. The size and diversification of the property portfolio reduces the risk that an asset specific event would significantly impact on the Group's debt covenants.
Insufficient Working Capital. Link to strategy: 1 3 4 5	Insufficient funds to meet liabilities, operating cash requirements and dividends. Impact if occurred: **High**	The Investment Manager has a comprehensive 10-year cash flow 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. The forecast model allows the Investment Manager to monitor the cash position and plan in advance. It is reviewed by the Board quarterly. The cash flow model works to a minimum cash balance of £2 million and no lower. The Board monitors operating cash in connection with each monthly dividend announcement and quarterly when the NAV is announced. The Board monitors expense projections and with the Investment Manager, identifies areas of saving where cash can be preserved. Probability of occurring: **Medium**	**New** In common with most property investment companies the resilience of cash receipts from tenants has been tested in the last financial year and the asset cover for covenants has also reduced.
Protection of income and asset value in light of the COVID-19 crisis. Link to strategy: 1 4 5	Loss of income and/or deterioration in capital values. Impact if occurred: **Medium**	Focus on rent collection, protection of future income and reporting to the Board on a regular basis in connection with dividend payments, cash management and debt covenant review. Review on strategic allocation in the invested portfolio for development and divestment opportunities in light of significant changes to market conditions for UK commercial property. Probability of occurring: **Medium**	**Increased**

STRATEGIC PRIORITIES

1 Income Protection and Growth — 2 NAV Management — 3 Transactional Activity

4 Void Management — 5 Regulatory and Operational — 6 Market Value

Risk	Impact	Controls and mitigation in place	Change in the year
REGULATORY			
Non-compliance with laws and regulations.	The Company is required to comply with REIT rules, the Listing Rules, Disclosure Guidance and Transparency Rules, the UK Code, IFRS accounting standards and UK legislation (including the UK Bribery Act, Modern Slavery Act, The Criminal Finances Act 2017, Market Abuse Regulations and GDPR).	The Company uses an experienced tax adviser, auditor, Investment Manager, broker, property managing agent, property valuation agent, Company Secretary, Administrator and firm of solicitors to provide advice and support throughout the year. Strong compliance culture with regular risk reviews undertaken by the Audit and Risk Committee. The resilience of the all of the Company agents was reviewed and tested during the year. No failings have arisen despite the more difficult operating conditions.	**No Change** Changes in the regulatory environment over the year have not had a significant impact on the risk profile of the Company.
Link to strategy: 5	Impact if occurred: **High**	Probability of occurring: **Low**	
OPERATIONAL			
Health and Safety.	Serious incident occurring at one of the Company's properties resulting in material financial or reputational damage to the Company and/or criminal prosecution.	The Board receives and reviews a quarterly report from the managing agent detailing any relevant matters. The managing agent ensures all matters raised are dealt with promptly. Appropriate insurance cover is in place. Insurers visit each property at least every two years and undertake a risk assessment. The Company ensured its managing agent implemented suitable processes and procedures, in accordance with available guidelines for dealing with COVID-19, in all the Company's retail parks and offices, where it had responsibility for shared or public areas.	**No Change** No significant changes have occurred in relation to Health and Safety matters over the year.
Link to strategy: 1 2 3	Impact if occurred: **Medium**	Probability of occurring: **Low**	
Lack or failure of internal controls of the Investment Manager or Administrator.	Inadequate segregation of duties or other internal controls could result in a higher probability of error, or fraud not being prevented, resulting in financial loss to the Company.	Significant segregation of duties within the Investment Manager and Administrator as well as between them both, with oversight from the Depositary. Constancy of review and periodic reporting on compliance controls being met.	**No change** No significant changes have occurred in the internal control environment over the year. However, distanced working does put increased strain over internal controls which has required greater testing of resilience of reporting and controls more generally.
Link to strategy: 1 2 5	Impact if occurred: **Medium**	Probability of occurring: **Low**	

Risk	Impact	Controls and mitigation in place	Change in the year
OPERATIONAL CONTINUED			
Failure to manage ESG issues. Link to strategy: 2 5 6	ESG is becoming increasingly important for investors and featuring in their decision-making processes. If the Company has not adequately addressed ESG matters, new investors may choose to not invest and existing investors could disinvest if the Company does not meet their required ESG standards. At a property level, if ESG matters are not addressed, it could lead to properties being unlettable or unsellable, or could impact on their rental value. Failure to manage climate-related risks including both physical and transition risks, could lead to increased operational costs, business disruption, reduced occupier demand and asset value impairment. Impact if occurred: **Medium**	Sustainability Policy has been implemented along with targets and objectives following the completion of a materiality assessment which involved engagement with the Company's key stakeholders to identify issues which were important to them. A Sustainability Working Group has been formed to monitor performance against objectives and Savills has been appointed to provide guidance to the Company on Sustainability matters. At property level suitable due diligence is undertaken when assets are acquired and when refurbishment, asset management or development take place. The Company is better placed to address shifting consumer and investor preferences, which could lead to increased revenues and capital availability. The Company's Sustainability Policy and its annual ESG objectives includes implementation of energy efficiency measures, which is in turn expected to reduce the energy demand and operating costs at property level. Probability of occurring: **Low**	**New** Sustainability has always been part of the Company's operating review, however, due to the escalation of market sensitivity, it has been introduced as a principal risk this year.
Resilience of sub-agents. Link to strategy: 2 5	Failure of the sub-agents could result in financial loss, reputational damage or potentially litigation. Impact if occurred: **Medium**	The Investment Manager and Board are in regular contact with each sub-agent, with most of them reporting to the Board directly in some capacity. Performance is monitored on an ongoing basis and an annual review is completed and shared with the Board. This includes a recommendation from the Investment Manager if the sub-agent should be retained or not. This regular contact will help to identify any issues with the service being provided. The services of each sub agent are secured via an appointment document with suitable termination provisions included. Probability of occurring: **Low**	**New** Since the first quarter of 2020 and the introduction of Government restrictions on movement, the Board has worked closely with all the agents to the Company to ensure that they can function under the social distancing conditions.

STRATEGIC PRIORITIES

1 Income Protection and Growth | 2 NAV Management | 3 Transactional Activity
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Risk	Impact	Controls and mitigation in place	Change in the year
ECONOMIC, GOVERNMENTAL & EXOGENOUS			
Weak economic and/or political environment, including the potential impacts of Brexit.	Lower occupational demand impacting on income, cash flow, rental growth and capital performance.	To a large extent out of the Company's control. Brexit is nearing its conclusions which may be a disorderly exit from the EU, the impact of which is impossible to factor into the Company's direct situation. Asset management remains a high priority and cash control continues to be a strong focus. Sensitivity analysis of the portfolio is undertaken regularly via a comprehensive cash flow model which includes stress testing of cash flows and capital values against loan covenants and the operational requirements of the business, including the payment of monthly dividends.	**Increased** As last year, the economic and political environment in the UK remains uncertain. This may result in lower occupational demand and, although partially mitigated by the Company's good-quality assets, low vacancy rate, long WAULT and strong covenants, the continuing uncertainty arising from Brexit increases the risk to returns from the UK Commercial property market as a whole.
Link to strategy: 1 2 3 6	Impact if occurred: **High**	Probability of occurring: **High**	
Exogenous factors outside the Company's control, including the impact of the COVID-19 pandemic.	Reduced rent collection and impact on capital values, as well as overall economic impact. A number of the Company's retail and leisure tenants could be prohibited from operating from their premises and office occupiers encouraged to implement home working for their employees. Tenants should remain liable to pay their rent but not all will be able to and some will choose to not pay. As lockdown restrictions are eased nationally, there could be local restrictions put in place which could impact specific properties.	To a large extent this is out with the control of the Company as Government guidance on restrictions and social distancing will dictate the pace of recovery. The COVID-19 health crisis has plunged the UK into economic and social crisis which has had a dramatic impact on the use of commercial property in all sectors and the operation of all commercial concerns in the UK, with no immediate prospect of an improved situation. The Coronavirus Act 2020, also inhibits landlords from taking action to recover rent arrears. The Investment Manager has been in contact with all tenants who have not paid rent to understand why and, where practical, to agree deferments and repayment plans where it can. Proactive asset management will ensure that lease and investment transactions are undertaken when appropriate to do so. However, challenges will persist until the Government legislation on rent arrears recovery reverts to pre-pandemic methods.	**New** The impact of COVID-19 first emerged in the UK towards the end of March 2020.
Link to strategy: 1 2 3 4 5 6	Impact if occurred: **High**	Probability of occurring: **High**	

Promoting the Company and Engaging with Stakeholders: Section 172 Statement

The Directors consider that in conducting the business of the Company over the course of the year they have complied with Section 172(1) of the Companies Act 2006 (the 'Act') by fulfilling their duty to promote the success of the Company and to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, whilst also considering the broad range of stakeholders who interact with and are impacted by the Company's business, especially with regard to major decisions.

The purpose of the Company is to act as an investment vehicle to provide, over time, financial returns (both income and capital) to its shareholders. Investment vehicles, such as the Company, are long-term investment vehicles and are typically externally managed, have no employees, and are overseen by an independent non-executive board of directors.

THE ROLE OF THE BOARD

The Board, which, at the year end, comprised four independent non-executive Directors, three male and one female, with a broad range of skills and experience across all major functions that affect the Company, retains responsibility for taking all decisions relating to the Company's investment objective and policy, gearing, corporate governance and strategy, and for monitoring the performance of the Company's service providers.

The Board aims to ensure that the Company operates in a transparent culture where all parties are treated with respect and provided with the opportunity to offer practical challenge and participate in positive debate which is focused on the aim of achieving the expectations of shareholders and other stakeholders alike. The Board reviews the culture and manner in which the Investment Manager operates at its scheduled meetings and receives regular reporting and feedback from the other key service providers. The Board is very conscious of the ways it promotes the Company's culture and ensures, as part of its regular oversight that the integrity of the Company's affairs is foremost in the way that the activities are managed and promoted. The Board works very closely with the Investment Manager in reviewing how stakeholder issues are handled, ensuring good governance and responsibility in managing the Company's affairs, as well as visibility and openness in how the affairs are conducted.

As the Company is externally managed and has no employees, the Board considers the key stakeholders to be shareholders, providers of debt facilities, agents of the Company, including the Investment Manager, business partners and tenants of the portfolio. The Board is acutely aware of its responsibilities to all the stakeholders in the Company and has taken into account the following:

(a) the likely consequences of any decision in the long-term;
(b) the need to foster the Company's business relationships with suppliers, customers and others;
(c) the impact of the Company's operations on the community and the environment;
(d) the desirability of the Company maintaining a reputation for high standards of business conduct; and
(e) the need to act fairly between members of the Company.

The Company regularly interacts with a variety of stakeholders important to its success and strives to strike the right balance between communication and direct engagement.

Understanding the stakeholders' views influences the Company's investment strategy, including its focus on acquiring and managing the assets for the future which should provide net income to meet the dividend objectives set and have the possibility of capital growth. When it is in the interests of the Company to dispose of an asset, the Investment Manager will do so in order to re-deploy the cash into assets which can generate future returns, including through applying intensive asset management to those assets. The Board is also mindful of how shareholders are affected by the secondary market liquidity in the Company's shares and how the shares are rated relative to its net asset value and income stream. The Board tries to promote secondary market interest in the Company's shares as part of its ongoing commitment to existing and future shareholders.

Stakeholders

ENGAGEMENT WITH SHAREHOLDERS

As a public company listed on the London Stock Exchange, the Company is subject to the Listing Rules and the Disclosure Guidance and Transparency Rules. The Listing Rules include a listing principle that a listed company must ensure that it treats all holders of the same class of shares that are in the same position equally in respect of the rights attaching to such shares. With the assistance of regular discussions with and the formal advice of the Company's legal counsel, secretary and corporate broker, the Board abides by the Listing Rules at all times.

To continue to preserve and grow the business, the Company needs a well-informed and supportive shareholder base and engagement with prospective investors. The Investment Manager has developed relationships with key shareholders and prospective investors and meets regularly with investors and reports back to the Board. When physical meetings have not been possible during lockdown, the Investment Manager has maintained contact via video conference, telephone and e-mail. The Company is owned predominately by institutional and wealth managers but also has an increasing number of private investors.

The Company has routine engagement with shareholders and prospective investors through the publication of interim and annual accounts, the Annual General Meeting and regular news and quarterly NAV updates, all published on the Company website.

The Company has also engaged with shareholders, on specific matters set out below which influenced actions and outcomes this year:

- security of monthly dividends;
- rent collection statistics;
- income protection and review of costs;
- asset management initiatives, including a recent development project; and
- general property market updates, including on asset valuation which carried a material uncertainty provision from the valuers for a significant proportion of the year.

During discussions, shareholders often ask for additional information around certain aspects of the Company. Where it is appropriate to do so, the Investment Manager will provide this detail. For example, additional requests have been made on ESG matters, which are covered in more detail this year in the annual report, and on rental values.

Following the year end the Chairman and Investment Manager held meetings with the majority of the Company's larger shareholders via telephone call and video conference. The purpose of these meetings was to provide investors with an update on performance, portfolio and governance matters and also to allow shareholders to raise any questions or issues with the Chairman.

The Company will continue to engage with shareholders in the future to ensure that there is an understanding of stakeholders' views on investment strategy, corporate developments, governance and other issues such as ESG and more immediately the impact of COVID-19.

ENGAGEMENT WITH THE INVESTMENT MANAGER

The Investment Manager is responsible for the implementation of the investment strategy and the day to day investment decisions, including identifying assets for acquisition or disposal. The Board engages constructively with the Investment Manager to ensure the expectations of shareholders are being met and it is aware of the challenges being faced, including meeting the long-term objectives for the Company's growth. The Board and the Investment Manager maintain an ongoing open dialogue on key issues facing the Company. This open dialogue takes the form of regular board meetings and very regular but more informal contact, as appropriate, including additional ad hoc Board and Board committee meetings. This ensures that the Company and the Investment Manager have aligned interests to safeguard the Company's position and to try and ensure the future success of the Company. The Company has had an exceptional number of scheduled and unscheduled board meetings this year, with heightened activity from March, particularly to discuss the portfolio and other operating facets of the Company such as the resilience of its agents and their ability to operate in much more challenged circumstances post COVID-19.

The Board regularly reviews the Company's performance against its investment objective and undertakes an annual strategy review meeting to ensure that the Company is positioned well for the future delivery of its objective for its shareholders. The Board receives presentations from the Investment Manager at every Board meeting to help it to exercise effective oversight of the Company's strategy and the performance of the Investment Manager. The Board, through the Management Engagement Committee, reviews formally the performance of the Investment Manager, at least annually.

ENGAGEMENT WITH TENANTS

It is important for the Company to maintain good relationships with tenants by ensuring that they are satisfied with the properties which they lease and the service they receive from the managing agents. The Board has delegated responsibility for engaging with tenants to the Investment Manager. A key part of the intensive asset management approach adopted is for the Investment Manager to have and to apply a wide knowledge of both existing and potential tenants, what their perceived requirements might be, and how these can be matched by the Company's portfolio now and in the future.

The Investment Manager regularly speaks to and visits tenants. This allows the Company to complete asset management initiatives, such as refurbishment projects or leasing events with some certainty on tenant opportunities and requirements. The Investment Manager works closely with tenants to expedite matters on the asset management initiatives. Establishing good relationships with tenants helps the Investment Manager complete asset management initiatives and makes discussions around lease events easier to predict outcomes and to undertake changes as required. During the COVID-19 crisis the Investment Manager has been mindful of both protecting the Company's situation but also the circumstances of particular tenants in trying to find ways of protecting both parties in these difficult circumstances.

ENGAGEMENT WITH LENDERS

The Company has two long-term debt facilities, both with Aviva, maturing in 2025 and 2027. The facilities are subject to covenants and restrictions and lender consent is required for certain asset management transactions. A good and strong relationship is essential and not just in connection with updates on loan asset and interest cover under the covenants and reporting requirements. The Investment Manager is in regular contact with Aviva to keep it appraised of ongoing property portfolio matters and general market updates so that they have a full understanding of the Company and how it is performing. The lender has been on property site visits to understand the asset base and how the Company's business plans are being implemented.

ENGAGEMENT WITH BUSINESS PARTNERS AND KEY SERVICE PROVIDERS

The Board seeks to maintain constructive relationships with the Company's suppliers, either directly or through the Investment Manager, with regular communications and meetings. The Management Engagement Committee conducts an annual review of the performance and terms and conditions of the Company's main service providers to ensure that they are performing their responsibilities in line with Board expectations and providing value for money. This engagement has been particularly important this year given the challenges presented by COVID-19 and the need to test the resilience of all of the Company's operations and supply. All of the Company's agents have been able to operate without interruption during the COVID-19 crisis.

During the year the Company made a change of Administrator to JTC (UK) Limited and, in the past, there have been changes to marketing service suppliers and the introduction of new agents where required for specialist services, such as on ESG matters.

Service providers are fundamental to the success of the Company in all its respects, such as business support and governance, as well as engaging with other stakeholders. The aim is to maintain long-term and high quality 'business partnerships' to align the Company with its agents and to provide continuity, whilst the Company pursues its investment strategy.

The Board has most regular contact with the two main service providers, the Investment Manager and the Administrator, through quarterly and ad hoc board meetings. The Chairman and audit chair meet these service suppliers more regularly.

ENGAGEMENT WITH LOCAL COMMUNITIES AND THE ENVIRONMENT

The Board and Investment Manager are committed to investing in a responsible manner and the Investment Manager embeds ESG considerations into its investment decision-making process and throughout the period of ownership of particular assets.

As a member of EPRA, the Company has adopted EPRA's Sustainability Best Practice Recommendations (sBPR). sBPR intends to raise the standards and consistency of sustainability reporting for listed real estate companies across Europe. Each year EPRA recognises companies which have issued the best-in-class annual sustainability performance report.

The Company has achieved the highest level Gold Award and received the 'Most Improved Award' in recognition of the efforts it has made to improve its sustainability reporting.

In its sustainability policy the Company states it will maximise its social and community contribution to the markets in which it operates. It is an objective of the Company to develop a tenant and community engagement programme to promote health and wellbeing initiatives. The Board is also committed to ensure that it operates in a responsible and sustainable manner, having regard for the Company's tenants, suppliers, local communities and the environment. In order to achieve this, the Board has adopted a Sustainability Policy which has been developed to place ESG factors at the heart of our investment objectives and to guide the way we operate. More information on this subject is provided on pages 20 to 23.

Key Board decisions and specific examples of Stakeholder considerations during the year

The Board is fully engaged in both oversight and the general strategic direction of the Company, and is closely involved too in its day to day operations. During the year, the Board's main strategic discussions focused around income preservation and management, which included regular direct and indirect communication with the Company's main shareholders and use of the Company's advisers as necessary. Time was also spent in ensuring the Board met corporate governance requirements which continue to evolve, including the introduction of the new AIC Code of Corporate Governance. The Board has continued to progress its succession plans during the year, resulting in the decision to appoint Imogen Moss as an independent non-executive Director on 1 April 2020. Further details are provided in the Chairman's Statement. Shareholders' interests are best served by ensuring a smooth and orderly succession on the Board which serves to provide continuity and maintain the Board's open and collegiate style, with all the requisite skills for a Board which requires to be closely engaged in all the affairs of the Company.

THE IMPACT OF COVID-19

The most significant issue that the Board has given full and repeated consideration to during the financial year has been the impact of COVID-19 on financial markets globally, on UK commercial property markets and on the circumstances of the Company. The Board has met very regularly from March 2020 to discuss the crisis and to implement any necessary actions to mitigate the impact of COVID-19 and to protect the business in the long-term for all of the stakeholders and to test the resilience of business operations.

REDUCTION OF DIVIDEND

The Board recognises the importance of dividends to shareholders and has, therefore, maintained monthly dividend payments throughout the COVID-19 crisis. The Board considered that it was not prudent to distribute uncollected rent, given the uncertainties, and reduced the monthly dividend rate from 5.75p annualised to 4.00p annualised in May 2020. The revised dividend level is fully covered. This achievement of full dividend cover with a modest surplus has fulfilled the Board's target of maintaining the Company's current levels of cash reserves, whilst continuing to try to pay an attractive and sustainable level of dividend to shareholders.

Paying an attractive level of dividends to shareholders remains a priority, subject to having the cash and covered rental income to do so. The REIT regulations also require the Company to distribute, subject to the detailed regulations, 90 per cent or more of net rental income by way of dividend. Therefore, both the prudential payment of dividends based on cash receipts, which are currently significantly above the dividend rate, and meeting the REIT requirements, may result in an upward recalibration of dividends, either by increasing the monthly rate or by payment of a special dividend. However, market risks on rental income are still high and the impact of COVID-19 is likely to be particularly significant on UK commercial property so prudence dictates that the Company works on the knowns in trying to provide a dividend level that is attractive and can, ideally, be sustained.

RENT CONCESSIONS

The Board recognised that some tenants would be unable to make their contracted rent payments due to COVID-19 and authorised the Investment Manager to agree repayment plans with those tenants for rent not collected, which the Investment Manager has done with positive results.

The Company collected 89.3% of rent due for the year ended 30 September 2020. The extent to which uncollected rent is a deferral or a permanent loss of revenue may continue as an uncertainty for some time and the Investment Manager continues to communicate with tenants in this regard and make provision in the accounts where the uncertainty becomes certain.

The Strategic Report on pages 01 to 39 has been approved by the Board and is signed on its behalf by:

William Hill
Chairman
15 December 2020

The Board comprises four Directors, all of whom are non-executive and independent of the Investment Manager.

The Directors are responsible for the determination of the Company's investment policy and the overall supervision of the Company. The Directors have complementary skills to bring to the Board, as well as considerable experience of property, listed markets and closed-ended funds. All of the Board members have demonstrated, and re-confirmed, that they have more than adequate time to commit to their roles. During the year changes were made to the structure of the Board's Committees to give a clearer definition to Board roles.

Imogen Moss was appointed as a director on 1 April 2020, with Robert Dick stepping down from the Board on 31 March 2020. The current 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 the Schroder Real Estate Investment Trust, a listed investment company he secured the mandate to manage in 2011. William resigned from this position in November 2013 to set up his own consultancy business.

He is a past chairman of the Association of Real Estate Funds and past master of the Worshipful Company of Chartered Surveyors. William provides particular expertise through his extensive knowledge of the UK commercial property sector and of property investment vehicles.

Current other appointments

He is a non-executive director of Mayfair Capital Investment, part of the Swiss Life Group and chairs the Investment Committee and UK Board, both of which oversee the responsible property investing policies of the group. This includes following the Church of England ethical investment policy for the charity fund and monitoring the GRESB performance of the funds under management. During the year he completed a programme of study designed by the University of Cambridge Institute for Sustainable Leadership in Sustainable Finance. He is chairman of the Chartered Surveyors Training Trust and is a member of the investment committees/ boards of Mayfair Capital, Ashby Capital, the Old Oak and Park Royal Development Corporation and The Worshipful Company of Goldsmiths. He sits on the investment committee of Guy's and St Thomas' Charity which includes in its remit an allocation to impact investing. It also has a focus on sustainability and health and wellness issues.

Robin Archibald

Senior Independent Director and Chair of the Audit and Risk Committee

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 for ten years before retiring in 2014.

He qualified as a chartered accountant with Touche Ross in 1983. Since the early nineties, Robin has concentrated on advising and managing transactions in the UK closed-ended funds sector and has gained a wide experience in fund raising, reorganisations and restructurings for all types of listed funds.

Robin provides corporate finance and broking expertise and a wide knowledge of the closed-end funds sector. Robin has been closely involved in all manner of co-ordinating and advisory activities involving the Company since its inception.

Current other appointments

He has been a non-executive director and audit chairman of Albion Technology and General VCT PLC, and one of its pre-merger predecessors, since 2010. He is also a non-executive director and audit chairman of Capital Gearing Trust PLC (May 2015) and Shires Income (May 2017) and a non-executive director of Henderson European Focus Trust plc (March 2016).

Imogen Moss

Chair of the Management Engagement Committee, appointed as a Director on 1 April 2020

Imogen Moss is a qualified solicitor and a partner at the international law firm, Allen & Overy LLP, where she was the global head of real estate for six years until May 2020. Imogen will retire as a partner of Allen & Overy LLP on 31 December 2020.

She has over 30 years' experience in the real estate sector, advising UK and international institutional investors, listed and unlisted property companies, private equity funds, sovereign wealth vehicles, public bodies and family offices on all types of complex commercial and residential real estate transactions.

From 2014 until 2018 Imogen was also on the Strategic Advisory Board of the Investment Property Forum.

Current other appointments

Imogen Moss has no other appointments.

Jamie Skinner

Chair of the Marketing, Nomination and Remuneration Committees

Jamie Skinner is a qualified accountant and a fellow of the Chartered Institute for Securities and Investment. Jamie joined Cazenove & Co in 1989 as a corporate finance executive working principally on investment companies and also other sector IPO activity, and in 1995 he was appointed Managing Director of the Johannesburg office.

In 1999 he joined Martin Currie Investment Management Limited as a director and in 2014 was appointed Head of Client Services. He served as President and CEO of The China Fund, Inc. until 2012, President and CEO of The Taiwan Fund, Inc. until 2014 and President of the Martin Currie Business Trust until 2015. He also served on the boards of Martin Currie, Inc. and the Martin Currie Japan Absolute Return Fund up to his retirement from Martin Currie on 31 July 2018.

Jamie brings both knowledge of managing closed-ended funds and corporate broking experience, including experience in the marketing of funds.

Current other appointments

He is a non-executive director of the Asian Opportunities Absolute Return Fund Limited, the Asian Equity Special Opportunities Portfolio Limited and is audit chair of both Baillie Gifford Shin Nippon plc and the Ashoka India Equity Investment Trust plc.

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; managing the risks that the Company faces; and ensuring 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 policy expected by shareholders as well as implementing the strategy established for the Company. During this challenging last year, corporate governance has remained to the fore on matters such as board succession, ESG issues and management engagements, as well as close examination of the Company and its agents' resilience against a very difficult market backdrop, with no immediate clarity on many key issues affecting the UK commercial property sector in sight. The Board will continue to put governance and communication as central to the Company's operations, as both will contribute to the Company restoring its financial position and getting back on track for the longer-term ambitions for positive total return and growth of both net asset value and share price.

The following statement reports on how the Board, supported by the Committees that it has established, has continued to achieve these aims over the course of the year. It has been guided by the best practice principles established by the Financial Reporting Council, which it has continued to adopt and, importantly for an investment company like ours, the code published by the Association of Investment Companies. The Board remains committed to maintaining a high quality corporate governance framework and has adopted the AIC Code of Corporate Governance 2019 (**AIC Code**).

William Hill
Chairman

BOARD OF DIRECTORS

Audit and Risk Committee	Investment and Property Valuation Committee	Management Engagement Committee	Marketing Committee	Nomination Committee	Remuneration Committee
Membership	**Membership**	**Membership**	**Membership**	**Membership**	**Membership**
Robin Archibald (Chair)	William Hill (Chair)	Imogen Moss (Chair)	Jamie Skinner (Chair)	Jamie Skinner (Chair)	Jamie Skinner (Chair)
William Hill	Robin Archibald	Robin Archibald	Robin Archibald	Robin Archibald	Robin Archibald
Jamie Skinner	Jamie Skinner	William Hill	William Hill	William Hill	William Hill
Imogen Moss	Imogen Moss	Jamie Skinner	Imogen Moss	Imogen Moss	Imogen Moss

The Board has established six committees to focus on specific activities of the Company, under the chairmanship of different members of the Board, and ultimately all reporting to the full Board. The activities of these committees is set out below and in the specific reports of the Audit and Risk Committee and Remuneration Committee later in the Governance Statement. A sustainability working group has also been formed comprising William Hill, Imogen Moss and the Investment Manager.

AUDIT AND RISK COMMITTEE

Robin Archibald was appointed Chair of the Company's Audit and Risk Committee on 26 February 2020, replacing Robert Dick who retired as a Director on 31 March 2020. The Committee comprises the full Board and is responsible for reviewing all financial information including the annual and half-yearly accounts, the system of internal controls, the audit plan presented by the auditor and the terms of appointment and remuneration of the auditor.

The objectivity of the auditor is reviewed by the Committee, which also reviews the terms under which the external auditor is appointed to perform non-audit services. The Committee reviews 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 Committee is the forum through which the Auditor reports to the Board.

The Committee also considers the risks faced by the Company, including strategic, financial and operational risks, and determines the principal risks faced by the Group, ensuring that appropriate mitigating controls are in place and are operating effectively. The Audit and Risk Committee meets at least three times a year and in this last year the Audit and Risk Committee Chair has had a number of additional meetings with agents on matters of resilience and reporting, as well as changes to audit and regulatory reporting requirements. The report of the Audit and Risk Committee is given on page 48.

MANAGEMENT ENGAGEMENT COMMITTEE

Imogen Moss is the Chair of the Company's Management Engagement Committee having taken over this role from William Hill on 1 April 2020, the date of her appointment to the Board.

The duty of the Management Engagement Committee is to review the terms of appointment of, and the performance by, the Investment Manager, the AIFM, the Administrator, and the other key service providers appointed by the Company and to decide whether it is in the best interests of shareholders for those appointments to continue. The auditor is not included in this review as its appointment falls under the remit of the Audit and Risk Committee.

In respect of the Investment Manager and AIFM the following are considered, inter alia, appropriate areas of focus:

- monitor and evaluate the manager's investment performance, looking at key performance metrics including the Company's NAV total return;
- consider the merit of obtaining an independent appraisal of the manager's services;
- investigate any breaches of agreed investment limits and any deviation from the agreed investment policy and strategy;
- evaluate the level and effectiveness of any marketing support provided by the manager to the Company;
- review the resources dedicated to the Company and the management of key person risk;
- assess the level of fees charged by the manager and how these fees compare with those charged to peer group companies;
- in the case of the AIFM, review the provision of the AIFM and compliance services; and
- review the manager's internal control systems, conflicts of interest and financial standing.

The Committee had one formal meeting during the year and a number of informal meetings, some of which were directly associated with the main Board meetings. The Committee reviewed the service levels and the fees for the key service providers to the Company. In the extraordinary circumstances of the year under review, the Committee also focused on the operating resilience of the key service providers. It was important to ensure that they could continue to perform their functions, under an adequate system of operating and internal controls, irrespective of government and other restrictions imposed since March 2020. The Committee was satisfied that the key service providers could operate satisfactorily and took confidence in their continued and direct involvement with the Company, including in Company business outside the normal cycle of activities.

The Committee carried out a robust assessment of the Investment Manager and AIFM during the year including evaluating their investment and operational performance and fee levels. The Committee has worked closely with the Investment Manager and AIFM on how they might best protect and serve the Company and its stakeholders in the challenging market conditions.

MANAGEMENT ENGAGEMENT COMMITTEE CONTINUED
As a result, the Investment Manager put forward four constructive proposals to demonstrate alignment with the Company's shareholders. These proposals were welcomed by the Committee and can be summarised as follows: commitment of management resource to the Company, resulting in some minor amendments to the management agreements, a commitment to invest 20% of the quarterly management fee in the Company's shares each quarter for a period of three years; a reduced management fee rate to be charged if the Company grows (0.65% of net assets for assets over £500 million); and an annual reduction of £40,000 in the management fee (which is to be used towards the overall management costs of the Company). Details of the proposals are included in the Chairman's statement.

The Committee remains firmly of the view that the Investment Manager and AIFM demonstrate the skills and commitment to perform their roles, and recommended their continued appointment to the Board.

The Committee has recommended retention of the existing service providers to the Company, having challenged fee and service levels as appropriate. This will be kept under review.

Following a review by the Management Engagement Committee in 2019, the Board decided to change Administrator and Company Secretary. As announced earlier in the year, JTC (UK) Limited was appointed on 29 January 2020 on broadly similar commercial terms to those of the previous Company Secretary and Administrator, Maitland Administration Services (Scotland) Limited.

The Chair had undertaken to review, and where necessary refresh, the Company's existing engagement letters with its key service providers to ensure that these terms remain appropriate and up to date for the services being provided. The Board continues to review performance generally throughout the year and the costs borne by the Company for all the services it receives.

COMMITTEE EVALUATION
A detailed and rigorous evaluation of the Committee was undertaken as part of the Board's annual performance evaluation. The skills and experience of the members were found to be appropriate.

INVESTMENT AND PROPERTY VALUATION COMMITTEE
The Investment and Property Valuation Committee (the Investment Committee) comprises the full Board and is chaired by William Hill. The Investment Committee is responsible for authorising all purchases and sales within the Company's portfolio. In the last year the Investment Committee has also taken responsibility for working directly on ESG issues with the Investment Manager and is pleased that good progress is being made in developing already established practices in a more codified and accountable way.

The Investment Committee is also responsible for reviewing the quarterly independent property valuation reports produced by the valuer prior to submission to the Board, and has periodic discussions with the external valuer for this purpose and presentations at each Board meeting on the subject. Meetings are convened as investment opportunities arise for acquisitions or divestments and, therefore, frequency fluctuates. The business of the Investment Committee is generally embraced within the context of wider Board discussions, using the expertise of the Chairman and the Chair of the Management Engagement Committee, both of whom have substantial experience of UK commercial property markets. Given the nature of the Investment Committee's activities; the Board is satisfied, following review, that its membership and its operation are satisfactory.

MARKETING COMMITTEE
The Marketing Committee comprises the full Board and is chaired by Jamie Skinner. The duties of the Marketing Committee are, inter alia:

- to consider the marketing strategy for the Company;
- to review the annual marketing budget;
- to review, from a marketing perspective, the design and contents of the Company's website;
- to review, from a marketing perspective, the design and contents of any other publications by the Company, such as quarterly factsheets;
- to review the Company's communications with its shareholders, investment platforms, the stockmarket and public media;
- to evaluate the level and effectiveness of any marketing support provided by the Investment Manager for the Company, whether under the terms of the Investment Management Agreement or simply as part of a non-contractual obligation or understanding;
- to compare and contrast, to the extent possible, the Company's level and relative effectiveness of marketing effort and materials with other REITs, comparable property companies and investment companies;
- to evaluate the level and effectiveness of any marketing support provided to the Company by, inter alia, the Company's brokers, marketing consultants, designers and public relations agency; and
- to consider whether any additional third parties should be engaged by the Company to further support the Company's marketing activities.

The Marketing Committee is expected to meet formally at least twice a year. The Marketing Committee met formally twice during the year to review the marketing budget and expenditure for 2019/20 and also to discuss the Company's media plan. The Marketing Committee was also engaged throughout the year in reviewing the marketing strategy in light of changing market conditions and the impact on the Company of the COVID-19 pandemic.

Kaso Legg, the Company's PR agent, was present at both meetings providing the Committee with an update regarding the Company's press and media coverage. There were also meetings with the Company's broker and regular dialogue with the Investment Manager, who has close contact with the majority of the Company's investors. The Company obtained good media coverage, under the circumstances, with media coverage being an important part of the communication strategy of reaching out to existing and prospective shareholders.

The Marketing Committee is clear in its objectives that promotion of the Company's activities needs to be worked on with consistency and effort, especially given the challenging times since the advent of COVID-19. However, the Company's marketing efforts have focused on communication with existing investors and the defensive case for investment in the Company, recognising the market uncertainties impacting on all of the UK commercial property market, rather than on growth opportunities, which are seriously inhibited in the near term. In the drive to reduce discretionary spending, the retail marketing budget has been curtailed, with promotional effort being directed at the institutional and wealth management community.

COMMITTEE EVALUATION
A detailed and rigorous evaluation of the Committee was undertaken as part of the Board's annual performance evaluation. The skills and experience of the members were found to be appropriate, as was the operation of the Committee during the year.

NOMINATION COMMITTEE

The Nomination Committee comprises the full Board and is chaired by Jamie Skinner, who took over the role of Nomination Chair from Robin Archibald during the year. The Board considers that, given its size, it would be unnecessarily burdensome to establish a 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 on Board issues, including the diversity of experience, collective competence of the Board, evaluation of its membership and planning for succession.

The role of the Nomination Committee is to ensure that there is a formal, rigorous and transparent procedure for the appointment of new directors to the Board, to lead the process for Board appointments and make recommendations to the Board. The Committee assists the Board in ensuring its composition is regularly reviewed and refreshed so that it is effective and able to operate in the best interests of shareholders.

The Committee has various functions, the most important of which are:

– annually review the structure, size and composition (including the skills, experience, independence, knowledge and diversity) of the Board and make recommendations to the Board with regard to any changes;
– give full consideration to succession planning for Directors, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
– review annually the time required from Directors, including the Chairman, Audit Chair and chairing of the various committees. Performance evaluation is used to assess whether the Directors are spending enough time to fulfil their duties;
– considering the recommendations for re-election on retirement, and also the re-appointment of any Director at the conclusion of his/her specified term of office; and
– assist the Chairman of the Board with the implementation of an annual evaluation process to assess the overall and individual performance and effectiveness of the Board and its Committees, including consideration of the balance of skills, experience, independence and knowledge of the Board, its diversity, including gender, how it works together as a unit, and other factors relevant to the Board's effectiveness.

The Nomination Committee meets formally at least once a year and also when required. There were three meetings during the year. This included a number of meetings to plan succession during the year which resulted in the appointment of Imogen Moss and appointing Robin Archibald as Audit and Risk Chair following the retirement of Robert Dick from the Board. JTC (UK) Limited attends the meetings as Secretary to the Committee. In addition, representatives of the Investment Manager are invited to attend as required. The Committee also updated the letters of appointment, including reducing notice periods and taking into account various more recent governance requirements.

RECRUITMENT OF NEW NON-EXECUTIVE DIRECTOR

Imogen Moss was appointed using the independent search consultant, Fletcher Jones. The Committee determined the skills and experience required, the most important of which were that the core skill set should be legal property experience and that the Company's approach to diversity should be borne in mind. Three candidates were interviewed by the Committee from a shortlist provided by the external consultant and Imogen Moss was appointed as a non-executive Director on 1 April 2020.

New Directors receive an induction from the Investment Manager and the Company Secretary on joining the Board, and all Directors receive other relevant training as necessary.

SUCCESSION PLANNING

The Committee considered succession planning during the year and was satisfied that there was sufficient variability in the appointment dates to the Board, to prevent the need for rotation of Board members.

DIVERSITY

The Board recognises the benefits that diversity brings. Diversity includes and makes good use of differences in knowledge and understanding of relevant diverse geographies, peoples and their backgrounds including race or ethnic origin, sexual orientation, gender, age, disability or religion. Appointments to the Board are made on merit and objective criteria, in the context of complementing and expanding the skills, knowledge and experience of the Board as a whole. The Board's approach is to appoint the best possible candidate, considered on merit and against objective criteria (and in accordance with the Equality Act 2010). At the year-end, 25% of the Board was female.

BOARD EVALUATION

A formal and rigorous board evaluation, was conducted internally this year. In the previous year an independent evaluation of the Board was carried out by an external consultant, Fletcher Jones, and reported to the Chairman of the Board. The evaluation assessed the effectiveness of the Board and its activities and was conducted under the auspices of the Committee. A number of topics were raised and discussed. There were two material areas for enhancement, relating to committee reporting and the review of directors' remuneration.

COMMITTEE EVALUATION

A detailed and rigorous evaluation of the Committee was undertaken as part of the Board's annual performance evaluation. The skills and experience of the members were found to be appropriate and diversity was improved with the appointment of Imogen Moss to the Board.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company was formally constituted by the Board on 20 July 2020 and comprises the full Board with Jamie Skinner as Chair. The Committee is responsible for determining and agreeing with the Board the framework and policy for the remuneration of the Company's Chair and non-executive Directors. The Committee's terms of reference were reviewed during the year and are available on the Company's website. The Committee meets at least once a year.

The Committee operates in such a way that individual assessment of Directors' performance and remuneration issues are considered without conflict and objective measures where the individual concerned is not involved in any determination of their evaluation, remuneration or election for re-appointment to the Board.

The duties of the Remuneration Committee are:

– determining and agreeing with the Board the framework and policy for the remuneration of the Company's Chair and non-executive Directors pursuant to the Company's articles of association;
– in determining such policy, taking into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the AIC Code of Corporate Governance and associated guidance;
– when setting the remuneration policy for Directors, reviewing and having regard to the remuneration trends across the Investment Trust sector (where relevant);
– reviewing the ongoing appropriateness and relevance of the remuneration policy;
– obtaining reliable, up to date information about external remuneration trends and market conditions, including remuneration in other relevant companies;

- setting the remuneration of non-executive Directors and ensuring that no individual Director is involved in any decisions as to their own remuneration;
- ensuring that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- agreeing the policy for authorising claims for expenses for the Directors;
- taking into account any activities outside the normal scope that are engaged in by individual Board members, requiring consideration of additional remuneration and agree the policy for authorising one-off payments deemed fair and reasonable for extra work and duties undertaken by individual members of the Board; and
- considering such other matters as are referred to the Committee by the Board in relation to remuneration and benefits.

ACTIVITIES DURING THE YEAR

REMUNERATION POLICY

Board remuneration is reviewed annually in line with the Company's remuneration policy set out on page 55. Board remuneration was last amended in 2017. The Remuneration policy was last approved by Shareholders at the 2018 AGM and will therefore be put to a vote at the AGM on 23 February 2021 as part of the regulatory three yearly approval process. The Remuneration Policy and the Directors' Report on Remuneration can be found on pages 54 to 58.

BOARD REMUNERATION

During the year the Remuneration Committee carried out a review of the non-executive Directors' fees. This review was supported by a peer fee analysis report prepared by the Company Secretary. The Remuneration Committee also considered the specific position of the Senior Independent Director, Robin Archibald, his role for the Company and how he should be remunerated, the detail of which is given in the Remuneration Report on pages 56 to 57.

No Director was involved in the setting of their individual remuneration. Further details on Directors' remuneration can be found in the Directors' Remuneration Report on pages 54 to 58.

COMMITTEE EVALUATION

Following a review of the Committee, the skills and experience of the members were found to be appropriate and it was noted that having a separate Remuneration Committee was an improvement on previous years where remuneration was considered as part of the main Board activities.

CORPORATE GOVERNANCE

The Board of Ediston Property Investment Company plc has considered the principals and provisions of the AIC Code. This Code addresses the Principals and Provisions set out in the 2018 UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principals and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders.

The Company has complied with the Principals and Provisions of the AIC Code. The AIC Code is available on the AIC website (www.theaic.co.uk/aic-code-of-corporate-governance-0). It includes an explanation of how the AIC Code adopts the Principals and Provisions set out in the UK Code to make them relevant for investment companies. The Company is a member of the Association of Investment Companies.

INDEPENDENCE

The Board consists solely of non-executive Directors, with William Hill as Chairman. All of the Directors are considered by the Board to be independent of the Investment Manager. 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. As part of its succession planning the Board continues to review the structure of the Board, the importance of continuity of experience, balanced against the tenure of existing Directors. The Board also considers the other activities of non-executive Board members to ensure that there are no conflicts of interest and that Directors are able to apply the appropriate amount of time and skill to the activities of a small and highly engaged Board and are not 'over boarded'. However, the Board recognises the benefit of having highly experienced directors who have skills and contemporary experience drawn from elsewhere and encourages this as part of its make up, so long as it does not create conflict or any constraints in being able to fulfil responsibilities to the Company.

OPERATIONAL STRUCTURE

The basis on which the Group aims to generate value over the longer term is set out in its investment objective and investment policy as contained on page 7.

A management agreement between the Company and the Investment Manager sets out the matters over which the Investment Manager 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.

The responsibilities of the Company Secretary, administrator and accountant are set out in the administration agreement, detail of which is provided on page 44. The Company otherwise draws on various advisory and service inputs, from agents such as the Company's broker and solicitors, understanding engagement terms and subject to co-ordination by the Board, the Investment Manager and the Administrator, including for periodic reporting and ad hoc activities.

The Group must also operate within any constraints placed upon it by its financing arrangements. The details of loan covenants are included in Note 13 to the Consolidated Financial Statements.

SENIOR INDEPENDENT DIRECTOR

Robin Archibald was appointed as Senior Independent Director in 2018 to help support the Chairman and the general corporate activities of the Company, including providing advisory support, but not formal advice, to the Board based on his corporate finance, accounting and broking experience in the closed-ended sector. Robin Archibald's role on the Board is discussed in more detail in the Remuneration Report.

BOARD AND DIRECTORS' PERFORMANCE APPRAISAL

During the year, the performance of the Board, Committees and individual Directors was evaluated through an assessment process led by the Chairman of the Nomination Committee. This process was conducted through questionnaires. Feedback was provided to individual Directors by the Chairman of the Board and from the Senior Independent Director on the Chairman's performance. The overall conclusions of this process were positive. The Board will continue to have annual appraisals of its performance and will use external appraisal, as it did last year, from time to time as appropriate, particularly when succession is being considered. External input is also sought on Board remuneration issues as appropriate. As part of the performance appraisal process for the last few years it was recognised that Robin Archibald performed a significant role in connection with the Company's activities that was not taken into account in his remuneration.

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

	Board	Audit and Risk Committee	Management Engagement Committee	Marketing Committee	Nomination Committee	Remuneration Committee
William Hill	5/5	3/3	2/2	2/2	3/3	1/1
Robin Archibald	5/5	3/3	2/2	2/2	3/3	1/1
Robert Dick	1/2	1/1	1/1	0/1	0/1	–
Jamie Skinner	5/5	3/3	2/2	2/2	3/3	1/1
Imogen Moss	3/3	2/2	1/1	1/1	1/1	1/1

In addition to these scheduled Board and Committee meetings, there were a further 39 Board and Committee meetings during the year to deal with the impact of the COVID-19 pandemic on the Company as well as other corporate matters. The year also involved a tendering process for a new Administrator, culminating in the appointment of JTC (UK) Limited; succession planning resulting in the appointment of Imogen Moss; new Board Committee responsibilities being established; and meeting the changing needs of governance and reporting, including increased ESG reporting. This demonstrates the working demands for a board of an alternative asset class investment company and it is likely that continued close Board engagement and attention will be required going forward.

APPOINTMENTS, DIVERSITY AND SUCCESSION PLANNING

All new appointments by the Board are subject to election by shareholders at the Annual General Meeting following their appointment. The Company's Articles of Association require all Directors to retire by rotation at least every three years. The Board has decided that, in accordance with the AIC Code, all Directors will stand for election at the Annual General Meeting each year.

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. The Company currently has four Directors, all of whom are closely engaged with the activities of the Company, particularly the Chairman and Senior Independent Director who have very regular interaction with the Investment Manager and other agents of the Company. It is fundamental to the workings of the Company that it has a highly engaged and involved non-executive Board, working closely together, with the requisite skills and experiences to be brought to bear on the activities of the Company. Diversity of Board construction is an important factor in Board succession planning as is the widening of experience. The current makeup of the Board demonstrates diversity of background, experience, skills and approach, and importantly provides individual and collective competence to the task.

GOING CONCERN

Under the AIC 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 68. The viability statement, under which the Directors assess the prospects of the Group over a longer period, is contained on page 69.

RELATIONS WITH SHAREHOLDERS

The Board welcomes the views of the Company's shareholders, both institutional and retail, and places great importance on communication with them. The Investment Manager takes a leading role in relation to the communication to shareholders and all the Board are involved in the Marketing Committee and engagement with the Company's external advisers who cover this area, such as the Company's broker and PR agents. All Board members are available to meet shareholders when required to discuss any significant issues and to address any concerns or queries that shareholders may have.

Following year end, the Chairman offered to meet virtually with many of the Company's large shareholders for an open discussion on the Company and its progress following this difficult year. These meetings were offered with the Investment Manager, who has regular dialogue with shareholders and has an intimate knowledge of portfolio issues. An opportunity was given for independent discussion with the Chairman and other members of the Board, if shareholders wanted it. Prior to publication of the Annual Report the Chairman and Manager met with over 58% of the Company's share ownership. The Investment Manager is in regular contact with shareholders throughout the year and is in close touch with shareholders on all corporate developments, including on corporate governance issues on behalf of the Board, should they arise. The Board receives quarterly reports from the Company's broker, as well as contact between scheduled board meetings where required.

The Board encourages shareholders to vote on the resolutions to be proposed at the Annual General Meeting. Those retail shareholders who hold their shares through an investment platform are reminded that, although you may not have an automatic voting right, many platforms have processes in place to allow you to cast your vote and you should contact your investment platform directly for further information. An increase in the number of investors who exercise their right to vote will help the Company to understand the views of its shareholder base. Low voting turnout runs the risk of minority views having a disproportionate impact on the ability to implement the business of the Company to be approved in General Meetings.

Due to the measures imposed by the UK Government to control the spread of COVID-19, this year's AGM will be held in a 'restricted format' on 23 February 2021. The notice convening the AGM of the Company is set out on pages 106 to 110 and further details regarding the 2021 AGM format can also be found in the Directors' Report on pages 63 to 64.

Identifying changes in the risk environment in which the Group operates continues to be of significant importance in protecting shareholders' interests.

The Audit Committee has played a significant role in the last twelve months where exogenous risks, in the shape of the COVID-19 crisis and continuing uncertainty over the impact of Brexit, have subjected the Company to heightened economic and financial risks and direct financial impact.

The Audit and Risk Committee is tasked with ensuring the financial and other reporting of the Group is accurate, complete and appropriately audited or otherwise reported thereon. The Committee consists wholly of independent non-executive Directors and operates within detailed terms of reference.

The Committee also reviews internal procedures, or reports on those of its significant advisers, to ensure that the Group's significant risks have been identified and that suitable steps have been taken to ensure that the controls in place appropriately mitigate these risks. This has also impacted on the reporting requirements in this annual report and throughout the year when the Company's financial situation has been updated.

As the new Audit and Risk Committee Chairman, I present the Report of the Audit and Risk Committee for the year ended 30 September 2020.

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. Robin Archibald has acted as Audit Chair with effect from 27 February 2020. A full review of the terms of reference is conducted annually. The terms of reference are available on the Company website.

The Board is satisfied that, in line with the recommendations of the AIC Code, at least one member of the Audit and Risk Committee has recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector in which the Company operates, bringing a broad range of skills and experience to bear. In the case of the Audit and Risk Committee there are two qualified accountants, both with relevant commercial experience in property or investment companies and the other members of the Committee are experienced corporate practitioners with knowledge of reporting and risk in the listed company environment.

RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE

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 met three times during the year to consider the Interim Report, the audit plan and the Annual Report. At these meetings the Committee also reviewed the Group's key risks. The Investment Manager and Administrator attended all meetings and the Auditor attended the meeting at which the Annual Report was discussed. The Chairman of the Committee also liaised with the Auditor during the year, to discuss the audit plan and the results of the audit of the Annual Report and reported the results of these interactions to the Committee. The significant judgements and estimates made in the Financial Statements, each of which was considered by the Committee, are detailed on page 80. Other significant matters considered by the Committee in relation to the Financial Statements during the year are detailed in the table on page 52.
Consideration of the adoption of the going concern basis.	The Committee carried out a going concern assessment during which it considered all reasonably available information about the future financial prospects of the Company, the possible outcomes of events and changes in conditions and realistic possible responses to such events and conditions. Following such assessment the Committee considered it was appropriate to adopt the going concern basis of accounting and reviewed the going concern statement to ensure any significant issues were described in a concise and understandable form.
Evaluation of the effectiveness of the risk management and internal control procedures.	The Investment Manager 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 including information technology and cyber security. These matrices also consider exogenous risk outside the control of the Company and how to mitigate, where practical the impact of these risks, should they arise (which has been the case in the year under review following the COVID-19 crisis). From a review of these matrices, periodic amendment thereto, a review of regular management information and discussion with the Investment Manager, Administrator and Company Secretary, the Committee has satisfied itself on the effectiveness of the risk and control procedures and their resilience in the current market circumstances.
Consideration of the narrative elements of the Annual Report, including whether the Annual 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 Report, including being actively involved in the drafting, and discussed how well it achieves the criteria opposite. As disclosed on page 52, 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 Chairman of the Committee, along with the Investment Manager and Administrator, engaged with the Auditor to discuss the audit planning Board report and related timetable, together with the areas of audit focus. This planning report and related timetable was then considered by the Committee in advance of the work commencing. At the conclusion of the audit the Committee discussed the audit findings report with the Auditor, Administrator and Investment Manager. The Independent Auditor's Report on pages 71 to 75 highlights their view of the areas of greatest risk of misstatement and these points were discussed with the Committee. Particular consideration was given this year to the impact of COVID-19 on the Company's financial circumstances and any uncertainties that might be introduced to the reporting and audit functions during a time of heightened financial risk.
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, Company Secretary, Administrator, Investment Manager and Auditor, that any developments impacting on its responsibilities are tabled for discussion at Committee or Board meetings. This year, this included various amendments to statutory reporting and changes to the governance oversight structure of the Company. Any new standards are highlighted 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 requirements of the AIC Code and emerging themes in relation to issues such as Sustainability and Environmental, Social and Governance ('ESG') reporting.

RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE CONTINUED

Responsibilities of the Committee	How they have been discharged
Management of the relationship with the external Auditor, including their appointment and the evaluation of the scope, effectiveness, independence and objectivity of their audit.	The Auditor attended the meeting at which the Annual Report was discussed and had contact with the Chairman of the Committee on a number of occasions throughout the year. 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, particularly against a backdrop of restricted access. The Committee has also reviewed the independence and objectivity of the Auditor and has considered the effectiveness of the audit.

ACTIVITIES DURING THE YEAR

Robert Dick, the previous committee chair, stepped down as a Director on 31 March 2020. Robin Archibald assumed Robert Dick's responsibilities from 27 February 2020, after working with Robert Dick towards that transition. Robin Archibald has been closely involved with all of the activities of the Committee since the inception of the Company and was well aware of the financial reporting and audit functions and how the Company would ensure compliance with any changes to accounting, financial reporting or governance regulations. Robin Archibald, a chartered accountant and corporate financier, acts as audit chair on a number of other investment companies and has done so for a number of years.

The Committee reviewed and updated its terms of reference during the year and made various changes to align with the latest version of the AIC Code, updates to the Ethical Standards for Auditors and current discretionary elements delegated by the Board. The revised terms of reference were submitted to the Board for approval.

From the onset of the COVID-19 pandemic in the first quarter of 2020, the Audit and Risk Committee has liaised closely with the Investment Manager and other agents to the Company to seek assurances as to the resilience of the reporting and control systems in place both for the management of the portfolio and for the Company's other operations. To date, the Company has continued to operate efficiently despite the significant challenges of many key functions not being conducted from the normal offices of the agents of the Company.

MEETINGS

The Committee met formally three times during the year and attendance is set out on page 47. The meetings were in sufficient detail and committed sufficient time to allow the Committee to consider all the matters of importance and the Committee was satisfied that it received full information in a timely manner to allow it to fulfil its obligations. Members of the Committee were also closely involved in examining the operational resilience and reporting of the Company during the course of the year, including in advance of any announcements on net asset value and on monthly dividends.

The formal Audit Committee meetings were also attended by representatives of the Investment Manager, the Company Secretary and on one occasion, the Auditor.

The Audit and Risk Committee Chair held a number of preparatory discussions with the Finance Director of the Investment Manager, the Administrator and external auditor to ensure they delivered in line with the scope of services and were well placed to hold a constructive discussion with the Audit and Risk Committee. The Committee also met with the external auditor, without other parties present, during the year and the opportunity was given for the external auditor to raise any issues of concern, direct or indirect to the audit and reporting process, and no issues of concern were raised.

RISK MANAGEMENT AND INTERNAL CONTROLS

RISKS

The Board has ultimate responsibility for effective management of risk for the Group including determining its risk appetite and identifying key strategic and emerging risks. The Audit and Risk Committee serves as a governance body to provide oversight, review and challenge of the risk management processes. The Committee has conducted a robust assessment of the principal risks faced by the Group and was satisfied on the adequacy and effectiveness of the Company's risk management systems with appropriate operational and assurance reporting from third parties. A description of these risks including those that could threaten its business model, future performance, solvency or liquidity, together with the procedures employed to manage or mitigate them, is included in the Strategic Report on pages 28 to 35. The risk report has changed this year, largely to reflect exogenous risks which have emerged and the direct impact on the Company's activities, including to net asset value, net income and share price.

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 Manager 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;
- taxation, including compliance with the requirements of the REIT regime;
- corporate events that might impact on the Company such as share issuance, buyback or corporate acquisitions;
- corporate reporting and governance requirements of the Company, including the performance and duties of the AIFM;
- 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, used as the basis for the Interim or Annual Report or for other reporting purposes.

As the Company has evolved, the Investment Manager and Administrator have developed the system of internal controls covering the processes listed above which they have subsequently presented in the form of risk matrices and which they have discussed with the Committee. The matrices are subject to regular review by the Committee and amendment as required.

The Directors receive and consider quarterly reports from the Investment Manager, 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 Manager reports in writing to the Board on operations and compliance issues prior to each meeting, and otherwise as necessary. The Investment Manager reports directly to the Audit and Risk Committee concerning the internal controls applicable to the Investment Manager's investment and general office procedures. The Audit and Risk Committee also receives a regular report from the Depositary whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. This report would detail any material irregularities the Depositary detected whilst undertaking their cash flow monitoring, ownership verification and compliance oversight services to the Group.

In addition, the Board keeps under its own direct control, through the Investment and Property Valuation Committee, all property purchases and sales and any development activities. This included consideration of sustainability issues and how these affect reporting and risk management.

The review procedures detailed above have been in operation during the year 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 Committee discussed the need for an internal audit function; the debate included input from the Investment Manager and the external auditor and the consideration of the assurance received from third parties under the risk management framework. In light of this consideration, it was decided that there was no current requirement as the Committee was satisfied that the internal controls and risk management were adequate and effective. The Investment Manager has confirmed to the Board that its own internal controls are in order and that no breaches or reportable events occurred during the year. The Investment Manager has also indicated that it intends to have an external review during the next twelve months into the AIFM function to provide further confidence in this part of the process.

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 Company 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 Manager and the Administrator. The Committee is satisfied that Grant Thornton provides an effective independent challenge in carrying out its responsibilities, including on the recognition of income and the valuation of assets, the two most important areas in the reporting process for the Company.

Grant Thornton has been the Company's auditor since the Company's launch in 2014. Following professional guidelines, that the audit principal rotates after five years, Paul Flatley the current lead audit partner is in the final year of his appointment. In accordance with current professional standards the lead audit partner will change for the year commencing 1 October 2020. On this basis and having considered the effectiveness of the audit, including reviewing the Audit Quality Inspection Report in relation to Grant Thornton UK LLP published by the Financial Reporting Council in July 2019, 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, all non-audit work to be carried out by Grant Thornton must be approved in advance by the Audit and Risk Committee and any special projects must also be approved in advance so as to avoid compromising the independence of Grant Thornton as auditor. A separate team within Grant Thornton has the responsibility for completing non-audit work. Grant Thornton does not provide any tax services to the Company.

There were no non-audit fees incurred during the year ended 30 September 2020. The increase in audit fees was discussed and challenged but it was recognised that the costs of audit services continue to increase and this financial year represented a particular challenge in light of the increased reporting requirements and the impact of COVID-19 on the Company's situation.

Service provided (excluding VAT)	**2020 fee (£'000)**	2019 fee (£'000)
Audit services		
Fees payable for the audit of the consolidation and the parent company accounts	**39**	36.0
Fees payable for the audit of subsidiaries, pursuant to legislation	**38**	34.5
	77	70.5
Non-audit services		
Reporting Accountant	**–**	–*
Total	**77**	70.5

* Non-audit services were last provided by Grant Thornton in the year ended 30 September 2018 and were in connection with acting as reporting accountant on the publication of a prospectus for the equity fund raising and acquisition of the Stadium portfolio.

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 and any significant areas of complexity, judgement and estimation that have been applied in the preparation of the financial statements. The Committee has received reports and recommendations from the Investment Manager and the Auditor setting out the significant areas. These areas of judgement and estimation were discussed with the Investment Manager during the year and with the Auditor, at the time the Audit and Risk Committee reviewed and agreed the Auditor's Group audit plan, and when the Auditor presented its findings at the conclusion of its year-end audit. The main areas where significant judgement or estimation was required included the assessment of fair values of investment properties, income recognition and calculation of the Investment Manager's fee. Account was also taken of the market uncertainties impacting on the Company since the COVID-19 pandemic first emerged, including on debt covenants and alternative performance measures on cash cover and other significant measures of Company resilience.

The significant matters 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 91% of its total assets as at 30 September 2020. 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 Manager liaises with the valuers on a regular basis to ensure they have up to date management information in order to value. The valuers also report directly to the Board at each quarterly meeting in relation to both the property market as a whole and the Company's property portfolio in particular. The Audit and Risk Committee reviewed the results of the valuation procedure throughout the year and discussed in detail the process of producing each of the quarterly valuations with the Investment Manager and valuer. Prior to the publication of the 30 September 2020 NAV, the Chairman of the Board met with the valuer to discuss the 30 September 2020 valuation without other parties in attendance. During the course of the year since March 2020, the Company has reported its unaudited quarterly net asset value with a material uncertainty provision, in common with the majority of the UK commercial property sector. This material uncertainty provision has been removed by the UK commercial property valuation community recently and there is no such provision affecting the 30 September valuation. The valuation of UK commercial property remains more volatile than it has been through uncertainty in asset values and rental income and is likely to remain so as the impact of COVID-19 and changes in work and social practice continue to take effect. The Committee discussed with the Auditor the work performed to confirm the valuation and existence of the properties in the portfolio, noting that the Auditor had increased its work on the valuation due to the uncertainties caused by the COVID-19 crisis. The Committee discussed the September valuation with Knight Frank to ensure that it understood the assumptions underlying the valuation and sensitivities inherent in the valuation and any significant area of judgement.
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 Manager's and Administrator's processes and controls around the recording of investment income. It also compared the final level of income received for the year to the budget and forecasts. The Committee and Board was closely involved with the Investment Manager throughout the last nine months testing the resilience of cash received and receivable against the Company's financial obligations and ability to meet dividend payments.
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 Manager could result in an error in the Financial Statements and an incorrect payment to the Investment Manager.	The Committee has discussed the provisions in the IMA relating to the fee and the controls over fee payments including the process for calculating any adjustment for any uninvested cash as per the amendment to the IMA in late 2017. 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 2020, 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 knowledge of the Company and its activities and a detailed process of review of the document and enquiries of the various parties involved in the preparation of the Annual Report and Financial Statements.

COMMITTEE EVALUATION

A detailed and rigorous evaluation of the Committee was undertaken as part of the Board's annual performance evaluation. The skills and experience of the members was found to be appropriate, including recent and relevant financial experience, and industry experience. The Committee was found to be functioning effectively, which was gratifying during a period of significantly heightened market risk affecting the Company.

Robin Archibald
Chairman of the Audit and Risk Committee
15 December 2020

The Board has revised its committee structure to focus the activities of a small and highly engaged Board of independent non-executive directors.

During the year both the Nomination and Remuneration Committees examined how the responsibilities of the Board could be assigned, as well as individual roles on the Board. As a result Imogen Moss was appointed as chair of the Management Engagement Committee, effective from 1 April 2020; Jamie Skinner as chair of the Nomination Committee effective from 25 February 2020 and also chair of the Remuneration Committee effective from 20 July 2020; and Robin Archibald, the existing senior independent director of the Company assuming the role of Audit and Risk Committee Chair, following Robert Dick's retirement from the Board. Robin Archibald's role on the Board was further considered, as described more fully below.

The Board comprises four independent Directors with the appropriate mix of skills and experience to meet the Company's immediate and longer-term needs. Future appointments may be made as part of further succession planning but for the moment the Board is satisfied that it has a small, focussed and highly engaged group of independent directors who are fully competent to oversee the activities of the Company. The Company has required, and is likely to continue to require, significant input from all the members of the Board due to the activities in which the Company is engaged.

The Board considers annually the level of fees paid to each Director. This review takes into account the individual responsibilities of the Board member under the Committee structure; anticipated input required to oversee the Company's activities in the future; and how board remuneration is structured for other alternative asset class boards, such as property.

Full details of the Group's policy with regards to Directors' fees and fees paid during the year ended 30 September 2020 are shown on the following pages.

It remains the view that the Company has required, and is likely to continue to require, significant input from all the members of the Board due to the activities in which the Company is likely to continue to be engaged. Following a detailed review of remuneration levels in 2017, at which point it was agreed not to amend the remuneration levels for three years thereafter, there have been no changes to remuneration levels during the three years, other than where there was a specific change in role, workload or responsibilities. This has impacted on Jamie Skinner whose remuneration was adjusted from £37,000 per annum to £38,000 per annum at the start of the financial year in recognition of his increased responsibilities under the Committee structure.

The Committee revisited the letters of appointment during the year, largely to update them for regulatory and other changes and also to remove an extended notice period that had been in the letters of appointment when the Company was first launched in 2014.

The Remuneration Committee engaged with the Company Secretary and broker to provide input on a detailed review of Board remuneration this year. As a result of this exercise and extensive deliberation in the Committee, some changes have been made to the Company's remuneration policy and to the bases of remuneration as discussed later in this report.

The Committee takes external input where required in its assessment and also takes into account the results of Directors' evaluation and Board succession issues. The full Board has final determination of the level of Directors' fees.

The remuneration policy was last approved by shareholders at the AGM held on 6 March 2018 and it is intended that the current policy will continue for the three-year period ending at the AGM in 2021, at which point it, including any amendments proposed, will be subject to renewal.

The Board, which welcomes shareholders' views on all the operations of the Company, has not received any direct views from shareholders in respect of the levels of Directors' remuneration. It is a subject that is discussed from time to time with institutional investors, including this year.

Directors' remuneration is set out in this report. As outlined in the Remuneration Committee Report, the Board does not propose to increase the Directors' fees for the financial year until the economic outlook is more stable. No material changes to the remuneration policy have been made since the remuneration policy was last approved and, as far as the Board is aware, the policy did not give rise to any adverse comment.

REMUNERATION POLICY

The Group's policy is that the remuneration of the Directors should take into account the experience of the Board as a whole and the time commitment required; be fair, comparable with that of other similar companies; and be specific to the requirements of the Company. The level of remuneration should be appropriate and sufficient to attract and retain the quality, experience and competence of directors needed to oversee the Company properly and to reflect its specific circumstances at any given time, including in response to out of the ordinary events.

The fees for the Directors are determined within the limit set out in the Company's Articles of Association or as amended by ordinary resolution from time to time. The fees are fixed and are payable in cash, monthly in arrears. No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long-term incentive plans from the Company. The Company may periodically also choose to benchmark Directors' fees with an independent review, to ensure they remain fair and reasonable. In the nature of the Company, there may be circumstances where additional remuneration is paid to Directors for requirements outside the normal activities of the Board or where the scope requires specific commitment from individual Directors over and above the standard time commitment. Directors are also eligible to receive out of pocket expenses for approved expenses incurred wholly and exclusively in fulfilling Company duties.

Shareholders must vote on the remuneration policy every three years, or sooner, if the Company wants to make changes to the policy. The policy was last approved by Shareholders at the 2018 AGM and will therefore be put to a vote at the AGM on 23 February 2021.

The Directors hold their office in accordance with the Articles of Association and their appointment letters. No Director has a service contract with the Company, nor are any such contracts proposed. The Directors' appointments can be terminated in accordance with the Articles of Association and without compensation.

Under the Company's Articles of Association, all Directors are entitled to remuneration determined from time to time by the Board.

REMUNERATION POLICY CONTINUED
DIRECTORS' EMOLUMENTS FOR THE YEAR

The Directors who served during the year received the following emoluments (excluding employers' NIC) in the form of fees:

	Basic fees 2020 £'000	**Additional fees 2020 £'000**	**Total amount salary & fees 2020 £'000**	Basic fees 2019 £'000	Additional fees 2019 £'000	Total amount salary & fees 2019 £'000
William Hill (Chairman)	**52**	**–**	**52**	52	–	52
Robin Archibald	**47**	**–**	**47**	47	–	47
Robert Dick*	**20**	**–**	**20**	40	–	40
Imogen Moss**	**18**	**–**	**18**	n/a	–	n/a
Jamie Skinner	**38**	**–**	**38**	37	–	37
Total	**175**	**–**	**175**	176	–	176

Note: Members of the Board were reimbursed for travel and accommodation expenses incurred in connection with their duties for the Company, which in aggregate amounted to £1,700 (2019: £2,500). No additional fees or special remuneration was paid during the year.

* Robert Dick retired as a Director on 31 March 2020. No additional fees were paid to Robert Dick for loss of office.
** Imogen Moss was appointed to the Board on 1 April 2020 and pro rata fees are shown above.

FUTURE BOARD EMOLUMENTS

Following the recent review of Board emolument levels, it was agreed that in future the Board should adopt the following methodology to individual remuneration, as far as practical. An appropriate base remuneration level should be set for non-executive directors, recognising that the amount of involvement on this type of investment vehicle is substantially more than might be the case for a listed equity fund. Incremental fees would then be applied for additional responsibilities, such as chairing Committees and taking responsibility for the activities of those Committees. Specific fee rates should be established for the Chairman, the SID and the Audit Chair, recognising the increased oversight responsibilities that those roles entail. As discussed below, there should also be scope where the Board requires specific commitment from individual Board members, which has independent executive capacity to it. The specific circumstances of remunerating the senior independent director from commencement of the new financial year are described below.

Using external analysis from the Company Secretary, the Committee concluded that in different circumstances it would recommend to the Board revisions to the basic remuneration level, as detailed in the table below. However, these are not normal times and the Committee unanimously agreed that despite considerably raised involvement with the Company during these challenging times, Board remuneration should remain unchanged until the economic outlook is more stable.

	Proposed future fees £'000	**Unchanged 2021 fees to be paid £'000**	**% change**
William Hill (Chairman)	**56**	**52**	**7.69**
Robin Archibald	**51**	**47**	**8.51**
Imogen Moss	**38**	**35**	**8.57**
Jamie Skinner	**41**	**38**	**7.89**
Total	**186**	**172**	**8.17***

* This represents the average increase between the fees payable to the Directors for the year ended 30 September 2021 and the proposed fees.

Robin Archibald, who was already heavily involved in the audit and reporting function, waived any increase that his formal appointment as audit chair might have entailed for the 2020 and 2021 financial years but has had his remuneration subject to significant review as described below.

REMUNERATION OF THE SENIOR INDEPENDENT DIRECTOR

Since the Company was launched some six years ago, it has operated with a small and fully engaged board, working closely alongside the property manager and the other agents of the Company. From the outset, the oversight and direction on corporate matters has fallen to the senior independent director, Robin Archibald. The Board continues to rely heavily on his corporate expertise and experience in the listed company arena. The other directors believe there is now an unacceptable mismatch between his remuneration and time spent supporting Ediston and the Company's other agents and advisers on all manner of corporate matters.

The Chairs of the Remuneration Committee and Management Engagement Committee have worked closely with the Chairman to review and address Robin Archibald's role and remuneration. The review started from the basis that the Company is operating effectively. Alternative options were considered to rebalance the skill sets between the Board, Ediston and the Company's various other agents and advisers. It was concluded these would be less economic and effective for the Company going forward compared to maintaining the status quo, but with Robin Archibald being fairly remunerated for the additional support and corporate expertise he provides.

The Company has paid special remuneration to board members on two occasions in the past, the last in connection with the Stadium acquisition. As the extent of the work carried out by Robin Archibald is more ongoing than project related, the Remuneration Committee considered that using this mechanism, in his particular circumstance, was not appropriate. The Remuneration Committee considers that an increase in remuneration of £10,000 per quarter in the new financial year is, therefore, fully justified and the correct way to remunerate Robin Archibald for the extended role he is carrying out. The Remuneration Committee resolved to award this on the basis that it would be kept under review at least annually. Robin Archibald will continue to be subject to the same appointment terms as the other members of the Board.

Ediston offered to reduce the amount it receives in management fees by £40,000 per annum as part of its proposals and a contribution to the costs of management of the Company, described more fully in the Chairman's statement. This reduction recognises the added support provided by Robin Archibald and the benefit this brings to Ediston as well as to the Company. The Board was pleased to accept this offer from Ediston.

The Board has taken external legal and corporate broking advice on these arrangements. The advice received supports the Board's view that changes to Robin Archibald's remuneration do not change his independent, or non-executive, status on the Board and that he can continue to act as audit chair, senior independent director and in all the other supporting roles he plays for the Board and for the Company. During recent meetings with shareholders the proposed remuneration of the senior independent director was discussed and no objections were raised. The Board believes that the arrangement is a pragmatic one that addresses the specific needs of the Company, whilst treating Robin Archibald fairly for his contribution. Importantly, the proposals achieve the high level of continuing management support for the Company, but without any net incremental cost to shareholders. Robin Archibald has not participated in the discussions relating to his remuneration.

Based on the current levels of fees, the additional fee to Robin Archibald and the Directors appointed at the date of this report, Directors' remuneration for the year ending 30 September 2021 will be as follows:

	Basic salary & fees 2021 £'000	**Additional fees 2021 £'000**	**Total amount salary & fees 2021 £'000**	Total amount salary & fees 2020 £'000
William Hill (Chairman)	**52**	**–**	**52**	52
Robin Archibald (Senior Independent Director and Audit and Risk Committee Chairman)	**47**	**40***	**87**	47
Imogen Moss (Management Engagement Committee Chair)	**35**	**–**	**35**	18
Jamie Skinner (Marketing Committee, Remuneration Committee and Nomination Committee Chairman)	**38**	**–**	**38**	38
Total	**172**	**40**	**212**	155

* As explained above, Robin Archibald will be paid an additional fee of £40k.

Commencing from 1 October 2020, and first payable in January 2021, Robin Archibald will receive £10,000 per quarter additional remuneration for his services to the Company. Ediston will contribute to the management costs of the Company through a reduction of £40,000 to its annual management fees, meaning that there will be no incremental cost to the Company for Mr Archibald's additional fees. Mr Archibald will continue to act as Senior Independent Director and Audit Chair of the Company. The additional remuneration will be reviewed at least annually.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows the actual expenditure during the year in relation to Directors' remuneration and shareholder distributions:

	2020 £'000	2019 £'000	% change
Aggregate Directors' remuneration	**175**	176	0.0
Aggregate dividends paid to shareholders	**10,611**	12,153	-12.7

Board remuneration was last changed in 2017 and the Board continues to operate with a small number of board members.

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 15 December 2020, 30 September 2020 and 30 September 2019 were as follows:

	Ordinary Shares 15 December 2020	**Ordinary Shares 30 September 2020**	Ordinary Shares 30 September 2019
William Hill	**130,286**	**130,286**	130,286
Robin Archibald	**67,602**	**67,602**	67,602
Imogen Moss	**46,632**	**46,632**	n/a
Jamie Skinner	**100,000**	**100,000**	70,000
Total	**344,520**	**344,520**	267,888

Since 1 October 2019 to the date of this report, the Directors and their connected persons have acquired 76,632 Ordinary Shares of the Company.

MANAGEMENT SHAREHOLDINGS

Although not forming part of this report, it is also noted that the senior personnel of the Investment Manager held in aggregate 1,532,593 Ordinary Shares of the Company as at 30 September 2020 (2019: 567,948 Ordinary Shares). As at 15 December 2020, these aggregate holdings were 1,579,669 Ordinary Shares.

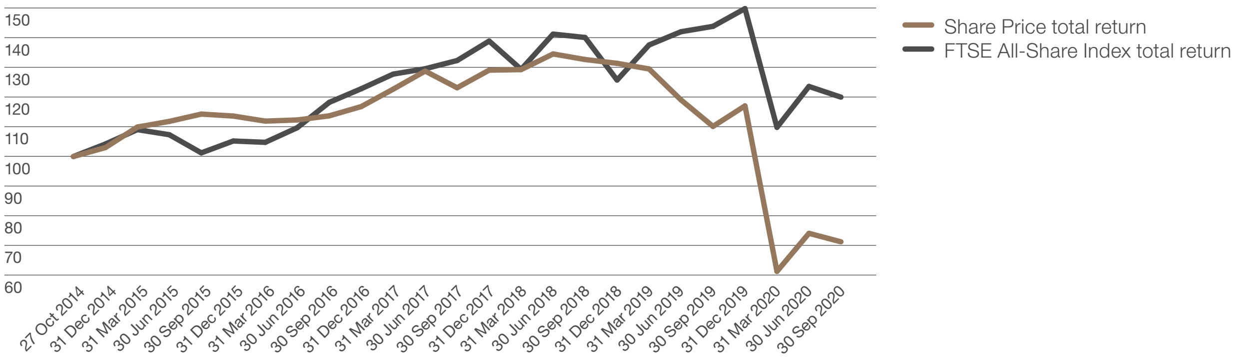
DIRECTORS' SHAREHOLDINGS CONTINUED

MANAGEMENT SHAREHOLDINGS CONTINUED

As part of the Ediston proposals described in the Chairman's statement, the AIFM has committed to purchase shares in the Company each quarter following publication of the net asset value and following receipt of its management fee. The commitment is to apply 20% of the management fee to acquire shares in the Company.

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 Investment Manager. The graph below compares, for the period from launch to 30 September 2020, 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. A more detailed explanation of the performance of the Company for the year ended 30 September 2020 is given in the Strategic Report.



Figures are rebased to 100.

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. The Company does not have a benchmark index.

Since its launch in October 2014, the gross assets of the Company have grown from initial assets of £95.0 million to total assets of £294.7 million as at 30 September 2020.

VOTING AT ANNUAL GENERAL MEETING

At the Company's AGM, held on 6 March 2018, shareholders approved the Directors' Remuneration Policy with 99.9% of the votes cast in favour of the resolution. An ordinary resolution for the approval of the Directors' Remuneration Policy is proposed every three years and will therefore be put to shareholders at the next AGM to be held on 23 February 2021.

At the Company's previous AGM, held on 26 February 2020, shareholders approved the Annual Report on Directors' Remuneration for the year ended 30 September 2019 with 100% of the votes cast 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 AGM.

On behalf of the Board.

Jamie Skinner
Remuneration Committee Chair
15 December 2020

Directors' report

The Directors present their report and Financial Statements of the Group for the year to 30 September 2020. The Corporate Governance Statement on pages 42 to 47 forms part of their report.

INFORMATION CONTAINED ELSEWHERE IN THE ANNUAL REPORT

Information required to be part of this Directors' Report can be found elsewhere in the Annual Report as indicated in the table below and is incorporated into this report by reference:

Key Performance Indicators	Page 11	Report of the Audit and Risk Committee	Pages 48 to 53
Principal risks and risk management	Pages 28 to 35	Remuneration report	Pages 54 to 58
Board of Directors	Pages 40 to 41		

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 subsidiaries, EPIC (No.1) Limited and EPIC (No.2) 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. The Ordinary Shares are listed on the premium segment of the Official List and traded on the London Stock Exchange's Main Market. The Group follows 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).

RESULTS AND DIVIDENDS

The results for the year are set out in the financial statements on pages 76 to 93.

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. Shareholder approval of the Company's dividend policy is sought at each AGM.

The interim dividends paid during the year were as follows, with the annualised dividend rate for the year to 30 September 2020 of 4.88 pence per share:

	Payment date	Rate per share
Twelfth interim dividend for the prior year	31 October 2019	0.4792p
First interim dividend	29 November 2019	0.4792p
Second interim dividend	31 December 2019	0.4792p
Third interim dividend	31 January 2020	0.4792p
Fourth interim dividend	28 February 2020	0.4792p
Fifth interim dividend	29 March 2020	0.4792p
Sixth interim dividend	30 April 2020	0.4792p
Seventh interim dividend	29 May 2020	0.3333p
Eighth interim dividend	30 June 2020	0.3333p
Ninth interim dividend	31 July 2020	0.3333p
Tenth interim dividend	28 August 2020	0.3333p
Eleventh interim dividend	30 September 2020	0.3333p

The interim dividends paid/announced subsequent to the year end were as follows:

	Payment date	Rate per share
Twelfth interim dividend	30 October 2020	0.3333p
First interim dividend for the year ending 30 September 2021	30 November 2020	0.3333p
Second interim dividend	31 December 2020	0.3333p

A breakdown of the distributions paid analysed between Property Income Distributions (PIDs) and Non-PIDs (see glossary and definitions) is provided on page 104.

DIVIDEND POLICY

Subject to market conditions and the Group's performance, financial position and financial outlook, it is the Directors' intention to continue to pay a sustainable and fully covered dividend income to shareholders on a monthly basis. The monthly dividend was maintained at the annualised rate of 5.75 pence for the period from 1 October to 31 March 2020. However, following the impact COVID-19, the dividend for the period from 1 April 2020 to 30 September 2020 was reduced to 4.0p annualised. As a result, for the year ended 30 September 2020, the annualised dividend was 4.88 pence per share.

In determining the level of future dividends, the Board will seek to ensure that any dividend is sustainable over the medium term taking into account any expected increase in dividend cover and the projected income performance of the Group. The Board also has to take account of the distributions required in order for the Company to qualify as a REIT.

It is the Board's intention that shareholders will continue to be given the opportunity to vote on this policy annually at the AGM.

SUBSIDIARY COMPANIES
The Company has a 100% interest in EPIC (No.1) Limited (company number: 09106328) and EPIC (No.2) Limited (company number: 10978359), both property investment companies, details of which are set out in Note 10 to the Consolidated Financial Statements. These companies hold the Group's property investments and have the loan facilities in place at 30 September 2020.

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 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. Pre-let 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 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.

FINANCIAL RISK MANAGEMENT
Details of the financial risk management objectives and policies followed by the Directors can be found on pages 31 to 32.

FUTURE DEVELOPMENTS
The likely future developments of the Company are contained in the Strategic Report on pages 10 and 11.

DIRECTORS
Biographical details of the Directors, all of whom are non-executive, can be found on pages 40 and 41.

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, which were refreshed during the year, are available on request at the Company's registered office during business hours. The terms of Directors' appointments provide that Directors should retire and be subject to election at the first AGM after their appointment and, in accordance with the recommendations of the AIC Code, the Board has agreed that all Directors will seek re-election every year.

As stated in the Corporate Governance Statement on page 47, the Articles of Association require that each Director retires by rotation and be re-elected at least every three years. The Board has agreed that in accordance with governance best practice and the provisions of the AIC Code that Directors will all stand for election annually at each AGM. Accordingly, all Directors will retire at the AGM and, being eligible, offer themselves for re-election. The Directors' appointment dates and the date of their last election are shown opposite:

Director	Date of original appointment	Most recent date of re-election
William Hill	17/06/2014	26/02/2020
Robin Archibald	17/06/2014	26/02/2020
Robert Dick*	17/06/2014	26/02/2020
Jamie Skinner	01/07/2017	26/02/2020
Imogen Moss**	01/04/2020	

* Mr Dick retired from the Board on 31 March 2020.

** Ms Moss will offer herself for election as a director at the 2021 AGM.

The Directors believe that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company and the sector in which it operates 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 45, the performance of each of the Directors is, and continues to be, effective and demonstrates commitment to the role. The Board believes, therefore, that it is in the interests of shareholders that Imogen Moss be elected and William Hill, Robin Archibald and Jamie Skinner be 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.

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.

INVESTMENT MANAGER AND AIFM

Ediston Investment Services Limited has been appointed as the Company's alternative investment fund manager (AIFM) and investment manager and therefore provides portfolio and risk management services, including ensuring compliance with the Group's investment policy and the requirements of the AIFMD, through the Management Agreement. Management services, including advising on the acquisition, development, leasing, management and sale of the Group's properties, are delegated to Ediston Properties Limited under the Investment Manager's Delegation Agreement. Both agreements are subject to 12 months' notice, other than in a breach scenario.

The Manager is entitled to an annual fee of 0.95% of the Group's Net Asset Value up to £250 million, and 0.75% of the Net Asset Value over £250 million, payable quarterly. As part of the recent proposals from the Manager, an additional fee tier of 0.65% has been introduced for assets over £500 million. There will also be a reduction of £40,000 in the annual management fee, which will be used towards the overall management costs of the Company, and a commitment from the Manager to apply each quarter 20 per cent of the quarterly management fee to buying shares in the Company. In documenting these proposals, a review of the Management Agreement was carried out and some amendments were made, principally relating to the management resource to be applied and what should happen if a satisfactory replacement was not found for Danny O' Neill.

The last contractual amendments took place in 2018, when a side letter to the Management Agreement provided that the management fee payable on any cash awaiting investment (excluding cash required for working capital and capital expenditure) was reduced to 0.475% per annum whilst such cash remains uninvested.

Under the requirements of the AIFMD, the Company has appointed a Depositary with oversight duties including share issues, buy backs, dividend payments and adherence to investment limits. The Company's Depositary is IQ EQ Depositary Company (UK) Limited.

SHARE CAPITAL

Information on the Company's Share Capital as at 30 September 2020 can be found in Note 16 to the Consolidated Financial Statements.

SUBSTANTIAL INTERESTS IN SHARE CAPITAL

As at 30 September 2020, the Company had received notification of the following holdings of voting rights (under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules):

	30 September 2020	
Investor	Number of Ordinary Shares held	Percentage held*
Quilter Investors	27,892,347	13.20
Stadium Group	22,212,192	10.51
Architas Multi Manager	20,076,914	9.50
Seneca Investment Managers	18,254,654	8.64
Investec Wealth & Investment	15,606,380	7.38
AXA Framlington Investment Managers	12,450,000	5.89
Baillie Gifford	11,817,925	5.59
Momentum Global Investment Management	10,064,885	4.76
Mattioli Woods	8,609,232	4.07
Capital International, stockbrokers	7,561,402	3.58
Close Brothers Asset Management	6,714,810	3.18

* Based on 211,333,737 Ordinary Shares in issue as at 30 September 2020. Source RDI 30 September 2020 report and DTR5 Disclosure notices. No individual underlying shareholder or fund owns more than 10%. The Company has only one class of share.

Since the year end, the Company has been notified that the holding of voting rights of Momentum Global Investment Management has changed to 28,617,872 Ordinary Shares (13.54%).

There have been no other changes notified to the Company in respect of the above holdings, and no other new holdings notified, since the year end.

Since the issue of the shares to Stadium Group in relation to the portfolio acquisition in December 2017, an orderly conduct agreement has been in place over the holdings of Stadium entities detailed above. Although the agreement that the vendor would not dispose of these shares expired on 8 December 2018, Stadium Group is still bound by an agreement to only dispose of their shares in an orderly and considered manner and after providing three business days' notice to the Company. It is on this basis that Stadium has operated.

RELATED PARTY TRANSACTIONS

Related party transactions during the period to 30 September 2020 can be found in Note 17 to the Consolidated Financial Statements.

DIRECTORS' SHAREHOLDINGS

Information on the Directors' shareholdings as at 30 September 2020 can be found in the Remuneration Committee's Report on pages 54 to 58.

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 Consolidated Financial Statements. Details of voting rights are also set out in the Notes to the Notice of AGM.
- Details of the substantial shareholders in the Company are listed above.
- The rules for the appointment and replacement of Directors are contained in the Articles of Association of the Company. In respect of retirement by rotation, the Board has decided that each Director who wishes to be re-appointed and has been nominated as such by the Board will be put forward for re-election annually in accordance with corporate governance best practice.
- 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 or other corporate events.

ARTICLES OF ASSOCIATION

These are available on our website at http://www.epic-reit.com/investor-information/ or by application to the Company Secretary. Any amendment to the Company's articles of association may only be made by passing special resolution of the shareholders of the Company.

BRANCHES OUTSIDE THE UK

The Company does not have any branches outside the UK.

POLITICAL DONATIONS

No political donations were made during the year.

EMPLOYEES

The Group has no employees and therefore no employee share scheme or policies for the employment of disabled persons or employee engagement.

ADDITIONAL INFORMATION

There are no disclosures required in accordance with LR9.8.4.R.

SHARE ISSUANCE AUTHORITY

TAP ISSUANCE

At the AGM held on 26 February 2020, shareholders granted authority for the Company to issue up to 21,133,374 Ordinary Shares under its tap issuance authority, without first offering them to existing shareholders in proportion to their existing holdings. Since that date, the Company has not issued Ordinary Shares under this authority. The Company has in place approval from the FCA for a block listing, under which currently 9,369,393 shares can be issued, allowing the issuance of shares under the tap issuance authority to be made on a timely and cost-efficient basis.

This shareholder authority will expire on 25 May 2021 or at the 2021 AGM, whichever is the earlier and, recognising the advantages to existing shareholders from the Company being able to issue shares under such tap issuance in order to satisfy ongoing market demand, the Company will be proposing resolutions at the AGM to renew this authority. The Company will only issue shares under the tap issuance authority at a premium to the prevailing net asset value at the time of issue to avoid dilution to existing shareholders' interests. Any authority granted by the passing of these resolutions would continue until the AGM expected to be held in early 2022.

2021 AGM

The Board has considered all options for the upcoming AGM in 2021 and in particular how best to manage the potential impact of the COVID-19 pandemic and minimise disruption in convening the AGM. The Board has taken into account Government guidance, including evolving rules on staying at home, social distancing and avoiding public gatherings ('COVID-19 Measures'). Given the possibility that some level of restriction on public gatherings and maintaining social distancing will remain in place in February 2021, the Board has resolved to amend the format of the AGM for this year. Therefore, whilst the formal business of the AGM (as set out in the Notice of AGM on pages 106 to 107 of this document) will be considered, the meeting will be functional only, and will follow the minimum legal requirements for an AGM. The results of the meeting will be announced, in the normal way, as soon as practicable after the conclusion of the Annual General Meeting. The notice convening the 2021 AGM of the Company is set out on pages 106 to 110.

Shareholders are encouraged to raise any questions in advance of the AGM with the Company Secretary at epic.reit@jtcgroup.com (please include 'EPIC AGM' in the subject heading). Questions must be received by 5.00 p.m. on 12 February 2020. Any questions received will be replied to by either the Investment Manager or Board via the Company Secretary before the AGM. A shareholder presentation will be made available on the Company website updating shareholders on the activities of the year.

Shareholders are strongly discouraged from attending the meeting and indeed, pursuant to the Corporate Insolvency and Governance Act 2020, entry may be refused if the law and/or Government guidance so requires. Arrangements will be made by the Company to ensure that the minimum number of shareholders required to form a quorum will attend the meeting in order that the meeting may proceed and the business concluded. The Board considers these revised arrangements to be in the best interests of shareholders in the current circumstances.

The Board acknowledges that this is an unprecedented approach for the Company and hopes that shareholders will appreciate that these are unique circumstances. The Board will continue to monitor Government guidance and will update shareholders on any changes to the above measures through the Company's website (https://www.epic-reit.com/) and by announcement through a regulatory information service.

RESOLUTIONS TO BE PROPOSED AT THE AGM

There are fourteen resolutions being proposed at the forthcoming AGM, eleven as ordinary resolutions, including approval of the annual accounts (resolution 1), and three as special resolutions, requiring the majority of the votes cast and 75 per cent of the votes cast to be in favour of the resolutions, respectively, in order for the resolutions to carry. Further information on these resolutions is given below.

DIRECTORS' REMUNERATION REPORT AND REMUNERATION POLICY

The Directors' Remuneration Policy and Annual Report on Directors' Remuneration, which can be found on pages 54 to 58, provide detailed information on the remuneration arrangements for Directors of the Company. Shareholders will be asked to approve the Annual Report on Directors' Remuneration (resolution 2). The Directors' Remuneration Policy is being put to shareholders at the 2021 AGM and will be proposed as an ordinary resolution (resolution 3).

AUDITOR

The Independent Auditor's Report can be found on pages 71 to 75. Grant Thornton UK LLP has indicated its willingness to continue in office with the Company and separate resolutions will be proposed at the AGM to re-appoint it (resolution 4) and to authorise the Directors to determine their remuneration (resolution 5).

RESOLUTIONS TO RE-ELECT DIRECTORS

The assessment of the Directors performance and the recommendation to elect Imogen Moss and re-elect the other Directors can be found on pages 46 and 47. Resolutions 6 to 9 propose the re-appointment of each of the Company's Directors.

RESOLUTIONS TO BE PROPOSED AT THE AGM CONTINUED

RESOLUTION TO APPROVE DIVIDEND POLICY

Subject to market conditions and the Company's performance, financial position and financial outlook, it is the Directors' intention to pay an attractive level of dividend income to shareholders on a monthly basis. In order to be able to continue paying a consistent dividend on a regular basis, and to ensure that sufficient distributions are made to meet the Company's REIT status, the Company intends to continue to pay all dividends as interim dividends. Recognising that this means that shareholders will not have the opportunity to vote on a final dividend, the Company will instead propose a non-binding resolution to approve the Company's dividend policy at the AGM (resolution 10). The Directors expect that such non-binding resolution to approve the Company's dividend policy will be proposed annually.

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

The Directors are seeking authority to allot new shares. Resolution 11 will, if passed, authorise the Directors to allot new shares up to an aggregate nominal amount of £211,334 or, if less, the aggregate nominal amount representing 10% of the issued shares at the date of the passing of resolution 11. This resolution would therefore authorise the Directors to allot up to 21,133,373 Ordinary 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 12, 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 £211,334 or, if less, the aggregate nominal amount representing 10% of the issued Ordinary Share capital of the Company at the date of the passing of resolution 12.

The authorities granted under resolutions 11 and 12 will expire at the conclusion of the next AGM 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 11 and 12 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

In common with most other investment companies, the Company takes annual buy back authority as part of the strategy to potentially enhance liquidity in the shares. However, given that the Company is fully invested in relatively illiquid assets and has structural gearing in place, the exercise of significant buyback is not as available to the Company as for those investment companies with relatively liquid portfolios and no structural gearing. The Company is engaged in a growth strategy, subject to market conditions, and for these reasons it is unlikely that the Company will buy back Ordinary Shares in the near term. 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 13 will be proposed as a special resolution and seeks to provide the Directors with the authority to purchase up to 31,678,927 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 13. Any shares purchased by the Company may be cancelled or held in treasury. The Company does not currently hold any shares in treasury.

For each Ordinary Share, the minimum price (excluding expenses) that may be paid on the exercise of this authority will not be less than £0.01. Under the Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of: (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares over the five business days immediately preceding the date of purchase; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out.

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

NOTICE PERIOD FOR GENERAL MEETINGS

Resolution 14 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 to 14 clear days (other than for AGMs), 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 AGMs) from 21 clear days to 14 clear days. The Board is therefore proposing resolution 14 as a special resolution to ensure that the minimum required period for notice of General Meetings of the Company (other than for AGMs) 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 AGM 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.

RECOMMENDATION ON RESOLUTIONS TO BE PROPOSED AT THE AGM

The Directors consider the passing of the resolutions to be proposed at the AGM to be in the best interests of the Company and its shareholders 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 344,520 Ordinary Shares.

SUSTAINABILITY PERFORMANCE

The Company recognises that its activities have both direct and indirect environmental and social impacts, and it is committed to operating in a responsible and sustainable manner. The Investment Manager acquires and manages properties on behalf of the Company and has responsibility for the day-to-day management and implementation of the Company's Sustainability Policy. Progress on implementing the Sustainability Policy is disclosed within the Sustainability report (pages 20 to 23).

The Company aligns its disclosure of sustainability performance with the majority of the EPRA Sustainability Best Practice Recommendations (sBPR). The Company continues to report the greenhouse gas emissions (GHG) in line with the GHG Protocol Corporate Accounting and Reporting Standard.

REPORTING METHODOLOGY

The Company's reporting boundary is based on the principle of operational control, meaning that emission activities are accounted for where the Company has the authority, via its managing agents, to introduce and implement its operating policies and procedures. Using this principle, emission activities within assets held by the Company are excluded where there is limited or no operational control. Examples of this includes instances where tenants are responsible for their own supply of utilities, heating and waste disposal. The Company is externally managed and does not occupy any offices for its business activities, nor does it own or lease any vehicles.

The Company aims to report as complete and accurate data as feasible and practicable. Where data was found to be partially incomplete for a specific period, and actual consumption was available for the other periods to predict the missing usage with reasonable confidence, estimates were used to fill-in the data gaps. Where this is not possible, the assets with incomplete data sets were excluded from the report unless noted otherwise. Please see 'Disclosure coverage – number of properties' on page 66 for information of the environmental data coverage.

The 2019 datasets were restated where more accurate data was acquired from suppliers for the utilities and waste management services. This resulted in a 2% adjustment to both the total energy use and GHG emissions reported last year. The waste disclosure was restated to include an additional nine tonnes of waste which was not previously accounted for. In addition, more details were received on the waste disposal routes, including for the historic data, which has been updated accordingly. The Company will continue to work with suppliers on improving the accuracy and consistency of the data reported.

Scope 1 and Scope 2 location-based GHG emissions were calculated using the UK Government GHG Conversion Factors for Company Reporting for the respective reporting periods. Scope 2 market-based GHG emissions were calculated using the European Residual Mixes factors (version 2018) and the zero emissions factor for the Renewable Energy Guarantees of Origin (REGO) backed electricity supplies. The proportion from renewable sources is based on renewable energy purchases. There was no on-site renewable energy generation to account for in 2019 and 2020.

The intensity ratios for energy and water are expressed as landlord procured utility per net lettable floor area. Net rental income was selected as a basis for Direct and Indirect (Scopes 1 and 2) GHG emissions intensity. Only assets which were owned and managed during the full reporting year (12 months), with sufficient data availability, were included in the calculation of emission intensity.

Energy Performance Certification (EPCs) includes a number of certificates which expired in 2020 and are under review.

The environmental performance data was reviewed and checked by Savills, acting as the Company's sustainability consultants.

ENVIRONMENTAL PERFORMANCE MEASURES

In 2020, the Company procured 2,923 MWh of energy for use across the managed offices and retail properties, which is 12% less energy use than in 2019. The reduction is largely linked to the decrease in the energy demand in the second half of the reporting year, which reflects the impacts of COVID-19 and reduced operational activity during this period. The increase in the absolute energy use within the retail portfolio predominately relates to the repairs of external lighting and inclusion of a partial tenant usage at one of the retail parks, which was procured by the landlord in 2020. The total water consumption reduced by 21% to 9,645 cubic meters.

The Scopes 1 and 2 GHG emissions for the year to 30 September 2020 totalled 607 tonnes CO_2e (2019: 729 tonnes CO_2e). The absolute Scopes 1 and 2 and the two year like-for-like emissions decreased by 17% and 28% respectively. These changes in the emissions footprint are strongly linked to the operational restrictions due to COVID-19, as well as the UK grid decarbonisation and the associated decrease in the electricity emission factors. The even larger decrease in the Scope 2-market based emissions reflects the continued effort to transition to REGO backed electricity contracts. The renewable electricity purchases increased by 25% and now accounts for 66% of the total electricity purchased (2019: 53%).

During the year sustainability audits were undertaken at the two assets which account for over 70% of the total landlord energy use. The detailed feasibility assessments and implementation of the measures identified have been delayed due to COVID-19 and will be reassessed in 2021.

The reporting scope for waste covers six out of 10 assets. Due to the changes in the landlord waste management responsibility, only two of these properties fall under the two year like-for-like reporting scope. In 2020, the total managed and reported waste amounted to 143 tonnes, of which 27% was re-used or recycled and none sent directly to landfill.

GREENHOUSE GAS EMISSIONS

tCO_2e

		Managed portfolio								Like-for-like		
		2019			2020							
	EPRA indicator	Offices	Retail	TOTAL	Offices	Retail	TOTAL	% change	2019	2020	% change
Direct emissions GHG-Dir-Abs, GHG-Dir-LfL	Scope 1*	310	–	**310**	278	0.1	**278**	**-10%**	310	**278**	**-10%**
Indirect emissions GHG-Indir-Abs, GHG-Indir-LfL	Scope 2 – location based**	260	159	**419**	150	179	**329**	**-21%**	412	**308**	**-25%**
	Scope 2 – market based**	163	132	**296**	115	69	**184**	**-38%**	291	**158**	**-46%**
Total Direct and Indirect	**Scopes 1 and 2*** **	**570**	**159**	**729**	**428**	**179**	**607**	**-17%**	**602**	**436**	**-28%**
	Disclosure coverage – number of properties	2 of 2	7 of 7	**9 of 9**	2 of 2	7 of 7	**9 of 9**	**–**	9 of 9	**9 of 9**	**–**
GHG emissions intensity GHG-Int	Scopes 1 and 2, tonnes CO_2e/£million net rental income	26.7	7.4	**34.1**	21.2	8.9	**30.0**	**-12%**			

* Scope 1: Direct GHG emissions from controlled operations such as combustion in owned boilers.
** Scope 2: Indirect GHG emissions from the use of purchased electricity, heat or steam.
*** Scope 2 location-based emissions are used for reporting total emissions and GHG emissions intensity.

ENERGY CONSUMPTION

MWh

		Managed portfolio							Like-for-like		
		2019			2020						
	EPRA indicator	Offices	Retail	TOTAL	Offices	Retail	TOTAL	% change	2019	2020	% change
Electricity Elec-Abs, Elec-LfL	Landlord controlled areas	1,017	620	**1,638**	644	767	**1,410**	**-14%**	1,611	**1,321**	**-18%**
	Proportion from renewable sources	58%	44%	**53%**	53%	76%	**66%**	**13%**	52%	**69%**	**16%**
Fuels Fuels-Abs, Fuels-LfL	Landlord controlled areas	1,688	–	**1,688**	1,512	1	**1,513**	**-10%**	1,688	**1,512**	**-10%**
	Proportion from renewable sources	–	–	**–**	–	–	**–**	**–**	–	**–**	**–**
Total energy*	**Total landlord procured**	**2,705**	**620**	**3,255**	**2,156**	**767**	**2,923**	**-12%**	**3,299**	**2,833**	**-14%**
	Proportion estimated	0.00%	0.04%	**0.01%**	2.00%	1.00%	**2.00%**	**2.00%**			
	Disclosure coverage – number of properties	2 of 2	7 of 7	**9 of 9**	2 of 2	7 of 7	**9 of 9**	**–**	9 of 9	**9 of 9**	**–**
Energy intensity Energy-Int	Landlord procured, kWh/m^2	175.6	7.9	**–**	139.9	9.8	**–**	**–**			

* There are no district heating and cooling systems in place (DH&C-Abs, DH&C-LfL).

WATER CONSUMPTION

m^3

		Managed portfolio							Like-for-like		
		2019			2020						
	EPRA indicator	Offices	Retail	TOTAL	Offices	Retail	TOTAL	% change	2019	2020	% change
Water Water-Abs, Water-LfL	**Landlord procured**	**12,155**	**–**	**12,155**	**9,326**	**319**	**9,645**	**-21%**	**12,891**	**9,550**	**-26%**
	Proportion estimated	6.0%	0.0%	**6.0%**	27.0%	12.0%	**26.0%**	**19.9%**			
	Disclosure coverage – number of properties	2 of 2	0 of 1	**2 of 3**	2 of 2	4 of 4	**6 of 6**	**–**	4 of 4	**4 of 4**	**–**
Water intensity Water-Int	Landlord procured, m^3/m^2	0.79	–	**–**	0.61	0.02	**0.63**				

WASTE MANAGEMENT

Tonnes

		Managed portfolio							Like-for-like		
		2019			**2020**				2019	**2020**	
	EPRA indicator	Offices	Retail	**TOTAL**	Offices	Retail	**TOTAL**	**% change**			**% change**
Total weight of waste by disposal route Waste-Abs, Waste-LfL	Recycled or Re-used	55.5	8.4	**63.9**	20.4	18.7	**39.0**	**-39%**	8.8	**6.8**	**-23%**
	Incineration with energy recovery	96.9	8.6	**105.4**	84.0	19.6	**103.6**	**-2%**	65.0	**42.1**	**-35%**
	Sent to landfill	–	–	**–**	–	–	**–**	**–**	–	**–**	**–**
	TOTAL	**152.4**	**17.0**	**169.3**	**104.3**	**38.3**	**142.6**	**-16%**	**73.9**	**48.9**	**-34%**
	Proportion estimated	–	–	**–**	–	–	**–**				
	Disclosure coverage – number of properties	2 of 2	4 of 8	**6 of 10**	2 of 2	4 of 8	**6 of 10**	**–**	2 of 2	**2 of 2**	**–**
Proportion of waste by disposal route Waste-Abs, Waste-LfL	Recycled or Re-used	36%	50%	**38%**	20%	49%	**27%**	**-10%**	12%	**14%**	**2%**
	Incineration with energy recovery	64%	50%	**62%**	80%	51%	**73%**	**10%**	88%	**86%**	**-2%**
	Sent to landfill	0%	0%	**0%**	0%	0%	**0%**	**0%**	0%	**0%**	**0%**

BUILDING CERTIFICATION

		2019		**2020**	
	EPRA indicator	Number of units	% floor area	**Number of units**	**% floor area**
Energy Performance Certification (EPC's) Cert-Tot	A-B rated	53	45%	**60**	**48%**
	C-E rated	61	55%	**59**	**52%**
	F-G rated	0	0%	**0**	**0%**
	Disclosure coverage – % of NLA		100%		**87%**

SOCIAL PERFORMANCE MEASURES

The Company reported on all applicable EPRA sBPR social performance metrics. For an externally managed company with no employees, this is limited to the Board of Directors' gender diversity, asset health and safety, and community engagement measures. No community engagement activities took place at our managed assets this year due to the COVID-19 restrictions.

EPRA indicator			2019	**2020**
Gender diversity* Diversity-Emp	Board of Directors	Female	0%	**25%**
		Male	100%	**75%**
Employee metrics: Gender diversity (Diversity-Emp), Gender pay ratio (Diversity-Pay), Employee training and development (Emp-Training), Employee performance appraisals (Emp-Dev), New hires and turnover (Emp-Turnover), Employee health and safety H&S-Emp	Ediston Property Investment Company plc is an externally managed investment company. All of the Company's day-to-day management and administrative functions are outsourced to third parties. The Company has no employees.			
Asset health and safety assessments H&S-Asset	Proportion of assets		100%	**100%**
Asset health and safety compliance H&S-Comp	Number of incidents; unresolved within the required timeframe		0	**0**
Community engagement, impact assessments and development programmes Comty-Eng	Proportion of assets		20%	**0%**

* Gender diversity ratio as at 30 September 2020.

GOVERNANCE PERFORMANCE MEASURES

		2019	**2020**
Composition of the highest governance body Gov-Board	Number of executive Board members	0	**0**
	Number of independent/non-executive Board members	4	**4**
	Average tenure on the governance body	4.75	**4.4**
	Number of independent/non-executive Board members with competencies relating to environmental and social topics	2	**2** Please refer to page 40 for details
Process for nominating and selecting the highest governance body Gov-Selec			Please refer to page 44, Nomination Committee
Process for managing conflicts of interest Gov-CoI			Please refer to page 61, Conflicts of Interest

BUSINESS ETHICS

As an investment vehicle the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the Directors consider that the Company does not fall within the scope of the Modern Slavery Act 2015 and is not, therefore, obliged to make a slavery and human trafficking statement. In any event, the Company considers its supply chains to be of low risk as its suppliers are typically professional advisers.

In line with the requirements of The Criminal Finances Act 2017, the Directors confirm that the Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

In order to ensure compliance with the UK Bribery Act 2010, the Directors confirm that the Company has zero tolerance towards bribery and a commitment to carry out business openly, honestly and fairly. In considering the appointment of Directors, the Company will continue to show no bias for age, gender, race, sexual orientation, marital status, religion, nationality, ethnic or national origins, or disability.

GOING CONCERN

The Board regularly monitors the Company's ability to continue as a going concern. The Strategic Report describes in detail the financial position, rental income and debt facilities as at 30 September 2020. As a result of the COVID-19 pandemic and the impact it is having on the operations of the Company, the assessment of the Company's ability to continue as a going concern is subject to more uncertainty. The Board believes that the Company remains well placed to navigate effectively through a prolonged period of uncertainty and to mitigate the risks presented by it. We draw comfort from the Company's robust balance sheet and high-quality portfolio of commercial property assets let to a wide range of strong tenant covenants highly diversified by tenant and location. 89.3% of rent billed in the year has been collected allowing the Company to continue paying its dividends, meet its costs and remain compliant with the debt covenants.

The Directors have taken into consideration the current economic downturn, triggered by the impact of COVID-19, the principal risks facing the Company, its loan covenants and liquidity position. The Directors have also considered scenario analysis on the impact of different levels of rent collection across the portfolio and, over varying timescales, on the Company's financial position and the Company's ability to reduce outflows such as dividends, in extremis, were liquid resources to be required. The Company and the Investment Manager have so far been able to ensure the operational and trading integrity of the Company, and under all of these scenarios the Group, has sufficient cash resources to continue its operations, and remains compliant with its loan covenants, for a period of at least 12 months from the date of approval of the accounts. Sensitivity analysis and modelling has been undertaken to support this.

With this information and bearing in mind the nature of the Group's business and assets, the Directors consider that the Group has adequate resources to continue in operational existence over the medium term and believe that the Company has the ability to meet its financial commitments for a period of at least three years from the date of approval of the accounts. For these reasons, the Directors continue to adopt the going concern basis in preparing the accounts.

POST BALANCE SHEET EVENTS

There were no significant events after the reporting date which requires disclosure.

VIABILITY STATEMENT
In accordance with the AIC Code and FRC Guidance on Risk Management, Internal Controls and Related Financial and Business Reporting, the Directors have assessed the prospects of the Company and its subsidiaries (the Group) over a period longer than the 12 months required by the 'Going Concern' provision noted above.

The Board considers the Company, with no fixed life, to be a long-term investment vehicle with a longer-term strategic objective and business model. For purposes of the viability statement, the Board has decided that three years is an appropriate period over which to report, irrespective of the exogenous risks the Company is facing. The Board considers that this period reflects a balance between a longer-term investment horizon and the inherent uncertainties in markets, exacerbated by current market circumstances which are impacted by the COVID-19 pandemic.

In assessing the viability of the Group over the review period, the Directors have focused on the following factors:
- **Cash flow:** The Group was established over six years ago and the aim is for it to continue to grow in size in the medium to longer term. The Board regularly considers the current cash flow model and a detailed cash flow model covering a longer time period than three years, which does not indicate any matters that would give concern over the Group's longer-term viability. The property portfolio held by the Group is not expected to remain unchanged over the longer term and the growth strategy will be influenced by market conditions outside the Company's control. The Investment Manager is expected to undertake property acquisitions and sales in line with the Company's investment objective and policy and, therefore, the longer the time horizon considered, the higher the degree of uncertainty over the exact constituents of the Group's investment property portfolio or the Company's market rating.
- **Sensitivity analysis:** On balance, the Board considers that a period of three years is an appropriate length of time over which a detailed sensitivity analysis can be conducted for a closed-ended fund, investing in an illiquid asset class, whilst retaining a reasonable level of accuracy regarding forecast rental income, costs and valuation movements in the portfolio.
- **Risk factors:** The Company is subject to both endogenous and exogenous risk factors, the latter being difficult if not impossible to predict and has been radically impacted by the recent COVID-19 health crisis and its effects on all developed economies, including on UK commercial property. The time horizon of three years takes account of the principal risks and uncertainties as shown on pages 28 to 35 of this annual report.

Although a three-year period is considered a satisfactory period to use in consideration of the Company's viability, the inherent expectation is that the Company, with no continuation or other dated events, will be able to continue beyond that period.

The three-year viability assessment considered the Group's cash flows, dividend cover, REIT compliance provisions, debt covenants 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, including stress in the property market resulting in a decrease in the capital values of the property portfolio, or a decline in the occupational market, which could result in defaults by existing tenants or delays in letting vacant space in the portfolio. Due to the current COVID-19 pandemic, the Company's financial model was also stress tested under various scenarios experienced during lockdown, such as low rent collection rates, extended void periods and the loan-to-value 'LTV' covenants.

The potential impact of the principal risks was also considered. Exogenous risks such as COVID-19 and the Brexit transition, in particular, have direct impact on the UK economy and UK commercial property market. The Directors also recognised that these risks could have an impact on longer term emerging risks such as behavioural changes, political or regulatory changes, advances in technology, environmental factors and economic conditions or demographic changes. The Company's operational risks and resilience of portfolio and provision of services have also been taken into account.

The three-year review considers whether re-gearing might be required and forecasts compliance with the covenants of the Company's current debt facilities and any revised debt arrangements. Current debt facilities have maturity dates of May 2025 and December 2027. Unless the loan covenants are breached, these loans will not fall due for re-finance within the three-year time horizon considered. Interest rates have been fixed for the duration of each loan, at an overall weighted average of 2.86%. At the time of approval of this report, the Group held sufficient cash balances to finance currently identified capital expenditure within the Group's existing property portfolio and to meet the operational cash requirements of the Company.

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

REQUIREMENTS OF THE LISTING RULES
Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the annual report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures required in relation to Listing Rule 9.8.4.

By order of the Board

JTC (UK) Limited
Secretary
15 December 2020

Directors' Responsibilities Statement

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 Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework' (UK Accounting Standards and applicable law). 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 IFRSs 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 Directors' 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, provide the information necessary to assess the Company's performance, business model and strategy and are fair, balanced and understandable.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER THE DISCLOSURE GUIDANCE AND TRANSPARENCY RULES

To the best of our knowledge:

– the Group Financial Statements, prepared in accordance with IFRSs 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 and the Directors' 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
15 December 2020

Independent auditor's report to the members of Ediston Property Investment Company plc

OPINION

OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of Ediston Property Investment Company plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2020 which 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 Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

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 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

THE IMPACT OF MACRO-ECONOMIC UNCERTAINTIES ON OUR AUDIT

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as COVID-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's and the parent company's future prospects and performance.

COVID-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's and the parent company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group and parent company associated with these particular events.

CONCLUSIONS RELATING TO PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 28 that describe the principal risks, procedures to identify emerging risks and an explanation of how they are being managed or mitigated (including the impact of COVID-19 and Brexit);
- the directors' confirmation, set out on page 28 of the annual report that they have completed a robust assessment of the principal and emerging risks facing the group (including the impact of Brexit), including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement, set out on page 68 of the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group and the parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statements relating to going concern and the prospects of the group required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) are materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation, set out on page 69 of 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.

OVERVIEW OF OUR AUDIT APPROACH

- Overall materiality: £2,727,000, which represents approximately 1.5% of the group's net assets.
- Key audit matters were identified as:
  - Valuation of investment properties
  - Occurrence of revenue
  - Going concern
- We performed full scope audit procedures on the financial statements of the parent Company and on the financial information of the two subsidiaries, EPIC (No.1) Limited and EPIC (No.2) Limited.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
VALUATION OF INVESTMENT PROPERTIES The group's investment property portfolio totals £268 million (2019: £315 million) and is 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 and Knight Frank LLP has been appointed by management 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, together with the material value of the properties, gives rise to this being an area of special audit consideration. We therefore identified valuation of investment properties as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: – Obtaining the year end valuations of each property directly from the valuer. We assessed the qualifications, expertise and objectivity of the valuer through independent research and understanding the terms of their agreement with the Group; – Using the experience and expertise of our internal property valuation specialists, we challenged the key assumptions and inputs used in the valuations; – Undertaking meetings with the valuer to understand the micro and macro economic conditions impacting each site and challenging specific inputs used in valuations, especially those which were considered as potential outliers; – Carrying out industry research in order to assess the appropriateness of these key assumptions including estimated rental value, comparable yields and void periods; – Testing rental and capital lease incentives that affect valuations by agreeing these to underlying lease agreements. The group's accounting policy on investment properties is shown in Note 1 (Section F) to the 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 52, where the Audit and Risk Committee also described the action that it has taken to address this issue. **KEY OBSERVATIONS** From the audit work performed, we found that the valuation methodologies and the inherent assumptions made to develop them to be supportable in light of available and comparable market evidence. We have not identified any material misstatements in the valuations.
OCCURRENCE OF REVENUE Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to improper recognition of revenue. Revenue for the group consists of rental income from investment properties. This income is based on tenancy agreements as well as rental guarantee clauses contained in certain sale and purchase agreements. Included within these agreements are certain terms, which increase the risk of error or fraud, including lease incentives. Additionally, due to the uncertainty caused by the COVID-19 pandemic, modifications to agreements have been incorporated in the current year. Inaccurate revenue recognition arising as a result of these modifications could have an adverse impact on the group's net asset value, earnings per share, its level of dividend cover and compliance with the Real Estate Investment Trust (REIT) regulations. We therefore identified recognition of revenue as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: – Agreeing rental income to supporting evidence including signed lease agreements and tenancy schedules; – Creating and comparing our expectation of rental and accrued income (taking into account lease incentives and rental guarantees) to the financial statements and seeking corroborative evidence of any differences greater than our acceptance range; – Agreeing modified leases to signed amended agreements and recalculating their impact on rental income recognised; – Considering the group's revenue recognition policy in the context of our substantive testing, to assess whether the policy has been correctly applied and is in accordance with IFRS 16 – Leases – applied for the first time. The accounting policy on revenue recognition is shown in Note 1 (B). The Audit and Risk committee identified revenue recognition as a significant issue in its report on page 52, where the Audit and Risk Committee also described the action it has taken to address this issue. **KEY OBSERVATIONS** From the audit work performed, our assessment is that revenue is recognised in the financial statements in a manner that is consistent with the accounting policies, lease contracts, guarantees and lease incentives. We did not note any material misstatements in relation to revenue recognition or in our assessment of the accounting policy in line with IFRS 16.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
GOING CONCERN ASSUMPTION The directors are required to determine the appropriateness of preparing the financial statements on a going concern basis. In doing this assessment, they are required to consider the ability of the Group and parent company to meet its financial obligations as they fall due, for a period of at least 12 months from the date of approval of the financial statements. They are also required to consider the adequacy of relevant disclosures in the financial statements. The Group has external debt of £111 million through its subsidiaries. The loan facilities have financial covenants associated with net asset values and interest cover. In addition, COVID-19 is amongst the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty. This event could adversely impact the future trading performance of the group and the parent company and as such increases the risk of improper application of the directors' going concern assumption. We therefore identified going concern as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: – Assessing the reasonableness of the going concern period and that it covered a period of at least 12 months from the date of approval of the financial statements; – Discussions with the Audit and Risk Committee and the investment manager on whether in their opinion there is any material uncertainty regarding the Group's ability to pay liabilities as they fall due; – Understanding management's process of compiling cash flow forecasts and challenging the assumptions and sensitivities including management's assessment of forecast compliance with covenants; – Evaluating management's stress and worst case scenarios including the continued impact of COVID-19 on rental income and property valuations on the Group's financial position and performance and whether these events and conditions individually or collectively may cast significant doubt on the Group's ability to continue as a going concern; – Challenging management's forecast by performing our own sensitivity analysis on expected cash flows and forecast compliance with loan covenants; – Assessing the accuracy of management's past forecasting by comparing management's forecasts for previous years to the actual results and considering any variances for indicators of possible management bias; – Assessing the impact of the mitigating factors available to management in respect of the ability to restrict cash impact, including the level of available facilities; and – Assessing the adequacy of related disclosures within the annual report. The group's accounting policy on going concern is shown in Note 1 to the financial statements. **KEY OBSERVATIONS** We have nothing to report in addition to that stated in the 'Conclusions relating to principal risks, going concern and viability statement' section of our report.

OUR APPLICATION OF MATERIALITY

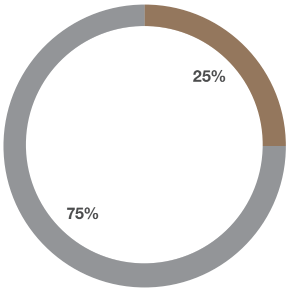
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating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

Materiality was determined as follows:

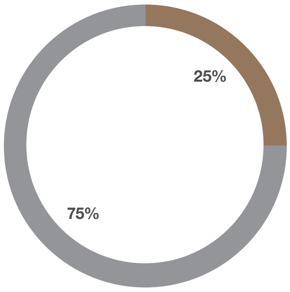
Materiality measure	Group	Parent company
Financial statements as a whole	£2,727,000 which is approximately 1.5% of Net Assets. This benchmark is considered the most appropriate because of the nature of the Group's activities as a Real Estate Investment Trust where Net Asset Value (NAV) is a key performance metric as opposed to its profitability. The materiality benchmark and approach is the same for the current year as for the year ended 30 September 19, however the figure is lower due to a fall in the group's net assets.	£2,591,000,000 which is approximately 1.5% of net assets and restricted to 95% of Group materiality. This benchmark is considered the most appropriate because of its activity as a holding company where the focus of the users is on its investments. The materiality benchmark and approach is the same for the current year as for the year ended 30 September 19, however the figure is lower due to a reduction in the company's net assets.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	We determined a lower level of specific materiality for certain items in the revenue column of the Consolidated Statement of Comprehensive income and Directors' remuneration.	We determined a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.
Communication of misstatements to the Audit and Risk Committee	£136,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£130,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

OUR APPLICATION OF MATERIALITY CONTINUED
The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



Overall materiality – Parent company



■ Tolerance for potential uncorrected mis-statements
■ Performance materiality

AN OVERVIEW OF THE SCOPE OF OUR AUDIT
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 both the group and company components to assess the significance of that component and to determine the planned audit response based on the relevant materiality thresholds. We assessed that the two subsidiaries, EPIC (No.1) Limited and EPIC (No.2) Limited were significant components.
- A detailed assessment of the processes and controls in place at the parent company including its IT systems and controls. This was extended to the key service organisations and the investment manager and walkthroughs to test the design effectiveness of controls relating to significant risk areas.
- A substantive approach using professional judgement to determine the extent of testing required over each balance in the financial statements.
- There were no significant change to the scope of the audit from prior year. However, due to the current economic uncertainty caused by the COVID-19 pandemic and its impact on the Group, going concern was scoped in as a significant risk area and included a key audit matter.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD
The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and industry in which they operate. We determined that the following laws and regulations were most significant: IFRS, Companies Act 2006, UK Corporate governance code and UK REIT regime;
- We understood how the group is complying with those legal and regulatory frameworks by, making inquiries to the management and the Audit and Risk Committee. We corroborated our inquiries through our review of board minutes and papers provided to the Audit Committee;
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the group engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - challenging assumptions and judgments made by management in its significant accounting estimates;
  - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

OTHER INFORMATION
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 70 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting set out on page 49 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on page 46 – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

OUR OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 ARE 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.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS
As explained more fully in the directors' responsibilities statement set out on page 70, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS
Following the recommendation of the audit committee, we were appointed by Ediston Property Investment Company plc on 8 January 2015 to audit the financial statements for the year ended 30 September 2014 and subsequent financial periods.

The period of total uninterrupted engagement is 6 years, covering the years ending 30 September 2014 to 30 September 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

USE OF OUR REPORT
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.

Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
15 December 2020

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2020

	Notes	Year ended 30 September 2020 Revenue £'000	Year ended 30 September 2020 Capital £'000	Year ended 30 September 2020 Total £'000	Year ended 30 September 2019 Revenue £'000	Year ended 30 September 2019 Capital £'000	Year ended 30 September 2019 Total £'000
Revenue							
Rental income		**19,857**	**–**	**19,857**	20,847	–	20,847
Total revenue		**19,857**	**–**	**19,857**	20,847	–	20,847
Unrealised loss on revaluation of investment properties	9	**–**	**(49,991)**	**(49,991)**	–	(15,732)	(15,732)
Loss on sale of investment properties realised	9	**–**	**–**	**–**	–	(94)	(94)
Total income		**19,857**	**(49,991)**	**(30,134)**	20,847	(15,826)	5,021
Expenditure							
Investment management fee	2	**(1,882)**	**–**	**(1,882)**	(2,239)	–	(2,239)
Other expenses	3	**(2,160)**	**–**	**(2,160)**	(1,377)	–	(1,377)
Total expenditure		**(4,042)**	**–**	**(4,042)**	(3,616)	–	(3,616)
Profit/(loss) before finance costs and taxation		**15,815**	**(49,991)**	**(34,176)**	17,231	(15,826)	1,405
Net finance costs							
Interest receivable	4	**58**	**–**	**58**	101	–	101
Interest payable	5	**(3,258)**	**–**	**(3,258)**	(3,263)	–	(3,263)
Profit/(loss) before taxation		**12,615**	**(49,991)**	**(37,376)**	14,069	(15,826)	(1,757)
Taxation	6	**–**	**–**	**–**	–	–	–
Profit/(loss) and total comprehensive income for the year		**12,615**	**(49,991)**	**(37,376)**	14,069	(15,826)	(1,757)
Basic and diluted earnings per share	8	**5.97p**	**(23.66)p**	**(17.69)p**	6.66p	(7.49)p	(0.83)p

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 year.

The accompanying notes are an integral part of these Financial Statements.

Consolidated Statement of Financial Position
As at 30 September 2020

	Notes	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Non-current assets			
Investment properties	9	**268,246**	315,143
		268,246	315,143
Current assets			
Trade and other receivables	11	**14,164**	15,091
Cash and cash equivalents	12	**12,308**	11,976
		26,472	27,067
Total assets		**294,718**	342,210
Non-current liabilities			
Loans	13	**(110,112)**	(109,946)
		(110,112)	(109,946)
Current liabilities			
Trade and other payables	14	**(2,833)**	(2,504)
Total liabilities		**(112,945)**	(112,450)
Net assets		**181,773**	229,760
Equity and reserves			
Called-up equity share capital	16	**2,113**	2,113
Share premium		**125,559**	125,559
Capital reserve – investments held		**(47,365)**	2,626
Capital reserve – investments sold		**2,382**	2,382
Special distributable reserve		**83,162**	83,639
Revenue reserve		**15,922**	13,441
Equity shareholders' funds		**181,773**	229,760
Net asset value per Ordinary Share	15	**86.01p**	108.72p

The accompanying notes are an integral part of these Financial Statements.

Company number: 09090446.

The Financial Statements on pages 76 to 93 were approved by the Board of Directors on 15 December 2020 and signed on its behalf by:

William Hill
Chairman

Consolidated Statement of Changes in Equity

For the year ended 30 September 2020

	Notes	Share capital account £'000	Share premium £'000	Capital reserve – investments held £'000	Capital reserve – investments sold £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 30 September 2019		2,113	125,559	2,626	2,382	83,639	13,441	229,760
Loss and total comprehensive income for the year		–	–	(49,991)	–	–	12,615	(37,376)
Transactions with owners recognised in equity:								
Dividends paid	7	–	–	–	–	–	(10,611)	(10,611)
Transfer from special reserve		–	–	–	–	(477)	477	–
As at 30 September 2020		**2,113**	**125,559**	**(47,365)**	**2,382**	**83,162**	**15,922**	**181,773**

For the year ended 30 September 2019

	Notes	Share capital account £'000	Share premium £'000	Capital reserve – investments held £'000	Capital reserve – investments sold £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 30 September 2018		2,113	125,559	18,149	2,685	84,158	11,006	243,670
Loss and total comprehensive income for the year		–	–	(15,732)	(94)	–	14,069	(1,757)
Transfer of prior year's revaluations to realised reserve		–	–	209	(209)	–	–	–
Transactions with owners recognised in equity:								
Dividends paid	7	–	–	–	–	–	(12,153)	(12,153)
Transfer from special reserve		–	–	–	–	(519)	519	–
As at 30 September 2019		2,113	125,559	2,626	2,382	83,639	13,441	229,760

The accompanying notes are an integral part of these Financial Statements.

Consolidated Statement of Cash Flow
For the year ended 30 September 2020

	Notes	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Cash flows from operating activities			
Loss before tax		**(37,376)**	(1,757)
Adjustments for:			
Interest receivable		**(58)**	(101)
Interest payable		**3,258**	3,263
Unrealised revaluation loss on property portfolio		**49,991**	15,732
Loss on sale of investment property realised		**–**	94
Operating cash flows before working capital changes		**15,815**	17,231
Decrease/(increase) in trade and other receivables		**620**	(731)
Increase/(decrease) in trade and other payables		**1,169**	(592)
Net cash inflow from operating activities		**17,604**	15,908
Cash flows from investing activities			
Capital expenditure		**(3,355)**	(3,413)
Sale of investment properties		**–**	2,906
Net cash outflow from investing activities		**(3,355)**	(507)
Cash flows from financing activities			
Dividends paid		**(10,803)**	(12,147)
Interest received		**58**	101
Interest paid		**(3,172)**	(3,114)
Net cash outflow from financing activities		**(13,917)**	(15,160)
Net increase in cash and cash equivalents		**332**	241
Opening cash and cash equivalents		**11,976**	11,735
Closing cash and cash equivalents	12	**12,308**	11,976

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 (IFRSs) as adopted by the European Union, applicable legal and regulatory requirements of the Companies Act 2006 and the Disclosure Guidance 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 the AIC 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 projections for the next three years, in particular the cash flows, borrowings and occupancy rate;
- the ongoing ability to comply comfortably with the Group's financial covenants (details of the loan covenants are included 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 28 to 35); and
- the risks on the Group's risk register that could be a potential threat to the Group's business model (details of risks are included in the Strategic Report on pages 28 to 35).

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.

The Directors made an assessment of Going Concern, under the guidelines of the AIC. Details of this assessment is included in the Directors' Report on page 68.

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' in accordance with the current editions of RICS Valuation – Global Standards, which incorporate the International Valuation Standards, and the RICS UK National Supplement. Investment property under construction is subject to a higher estimation uncertainty than that of investment property due to the estimation required for future expenditure, which is factored into the valuation models for these properties. 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 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. During the period, the external valuers reported on the March and June portfolio values with a material uncertainty provision, in common with most of the UK commercial property sector. This reporting provision was removed for the 30 September valuations.

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 a 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 property acquisitions where different accounting policies could be applied and operating lease contracts. These are described in more detail below, or in the relevant notes to the financial statements.

PROPERTY ACQUISITIONS AND BUSINESS COMBINATIONS

The Group acquires real estate either as individual properties or as the acquisition of a portfolio of properties either directly or through the acquisition of a corporate entity. At the time of acquisition, judgement is applied in determining whether the acquisition represents the acquisition of a business or a property. Where an integrated set of activities, capable of being independently conducted and managed for the purpose of generating a return, is acquired in addition to the property, the Group accounts for the acquisition as a business combination.

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.

OPERATING LEASE CONTRACTS – THE GROUP AS LESSOR

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases. Management has applied judgement in determining that the terms and conditions of the arrangements do not result in a transfer of significant risks and rewards of ownership of these properties and that these should therefore be accounted for as operating leases.

The leases when signed, are for between 5 and 15 years. At the inception of the lease, management do not consider any extension of the leases to be reasonably certain and, as such do not factor any lease extensions into their considerations of lease incentives and the treatment of rental income.

BASIS OF CONSOLIDATION

The Consolidated Financial Statements comprise the financial statements of the Company and its two subsidiaries drawn up to 30 September 2020. 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 through the capital column of the Statement of Comprehensive Income 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. All of the dividends are paid as interim dividends and the dividend policy is put to shareholders for approval.

1. ACCOUNTING POLICIES CONTINUED

(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;
- at least 90% of the tax-exempt rental business profits must be distributed in the form of a Property Income Distribution; 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 REIT for the foreseeable future, with the result that deferred tax is not recognised on temporary differences relating to the property rental business which is within the REIT structure.

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 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 reporting date.

In terms of IAS 40, investments property under construction is 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. The determination of the fair value of investment property under construction 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 reporting 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 expected credit loss methodology is applied to applicable trade and other receivables. Expected credit losses are recognised in the Statement of Comprehensive Income as part of the ongoing assessment. Any incurred losses are written off when identified.

The Group applies the IFRS 9 simplified approach to measuring the expected credit losses ('ECLs') for trade receivables whereby the allowance or provision for all trade receivables are based on the lifetime ECLs. The key estimation techniques including key inputs and assumptions regarding the Group's ECL provision for trade and other receivables are included as part of the Group's assessment of credit risk as set out in Note 19.

(I) INTEREST-BEARING LOANS AND BORROWINGS
All loans and borrowings are initially recognised at the 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.

The Company discloses the bases and impact of early repayment of debt and also the fair value of the loans but includes the creditor amounts on the accounting policy above.

(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.

(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. The initial share premium account, on the launch of the Company in 2014, was transferred to the special distributable reserve, following shareholder approval and successful application to court.

CAPITAL RESERVES
The following are accounted for in the capital reserve – investments sold:
- realised gains and losses arising 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 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 can be made to this reserve from the special distributable reserve.

SPECIAL DISTRIBUTABLE RESERVE
Shortly after the launch of the Company, 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. 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.

(L) CHANGES IN ACCOUNTING POLICIES
The accounting policies adopted are consistent with those of the previous financial year, except that the following new standards have become effective in the current year:

- **IFRS 16 'Leases'**

In January 2016, the IASB published the final version of IFRS 16 'Leases' and it was endorsed by the EU on 31 October 2017. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leasing arrangements. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

This standard has not had any impact on the Group's Financial Statements as presented for the current year as there has been no change in the accounting principles applicable to the lessor.

1. ACCOUNTING POLICIES CONTINUED
(L) CHANGES IN ACCOUNTING POLICIES CONTINUED
STANDARDS ISSUED BUT NOT YET EFFECTIVE
The following standard has been issued but is not effective for this accounting period and has not been adopted early:

– **IFRS 16 'Leases'**
  IFRS 16 'Leases' – COVID-19 related rent concessions.

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

The standard is not expected to have a material impact on the financial statements or performance of the Group as it is applicable to lessees. The effective date is for annual periods beginning on or after June 2020.

The standard is not expected to have a material impact on the financial statements or performance of the Group and was endorsed by the EU in October 2020.

The Group does not consider the adoption of any new standards or amendments, other than those noted above to be applicable to the Group.

2. INVESTMENT MANAGEMENT FEE

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Investment management fee	**1,882**	2,239
Total	**1,882**	2,239

Ediston Investment Services Limited has been appointed as the Company's alternative investment fund manager (AIFM) and investment manager, with the property management arrangements of the Group being delegated to Ediston Properties Limited. Ediston Investment Services Limited is entitled to a fee 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 management fee on any cash available for investment (being all cash held by the Group except cash required for working capital and capital expenditure) is reduced to 0.475% per annum while such cash remains uninvested.

The Management Agreement may be terminated by either party by giving not less than 12 months' notice. The agreement may be terminated earlier by the Group provided that a payment in lieu of notice, equivalent to the amount the Manager would otherwise have received during the notice period, is made. The Management Agreement may be terminated immediately without compensation if the Manager: is in material breach of the agreement; is guilty of negligence, wilful default or fraud; is the subject of insolvency proceedings; or with a restricted notice period if there occurs a change of the key manager contact to which the Board has not given its prior consent.

3. OTHER EXPENSES

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Direct operating expenses for investment properties:		
– from which income is received	**512**	356
– from which income is not received	**–**	–
Administration fee	**231**	193
Valuation and other professional fees	**235**	220
Directors' fees	**175**	176
Public relations and marketing	**111**	199
Auditor's remuneration for:		
Audit services:		
– fees payable for the audit of the consolidation and the parent company accounts	**39**	36
– fees payable for the audit of subsidiaries, pursuant to legislation	**38**	35
Listing and registrar fees	**47**	46
Other	**72**	116
	1,460	1,377
Allowance for expected credit losses	**700**	–
Total	**2,160**	1,377

4. INTEREST RECEIVABLE

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Deposit interest	**58**	101
Total	**58**	101

5. INTEREST PAYABLE

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Loan interest	**3,092**	3,097
Amortisation of loan set-up costs	**166**	166
Total	**3,258**	3,263

6. TAXATION

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'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 year is as follows:

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Loss before taxation	**(37,376)**	(1,757)
UK tax at a rate of 19.0% (2019: 19.0%)	**(7,101)**	(334)
Effects of:		
REIT exempt profits	**(2,488)**	(2,771)
REIT exempt losses	**9,498**	3,007
Excess management expenses of residual business	**91**	98
Total tax charge	**–**	–

The Company served notice to HM Revenue & Customs that the Company, and its subsidiaries, qualified as a Real Estate Investment Trust with effect from 31 October 2014. 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.

The Group has unutilised tax losses carried forward in its residual business of £2,044,000 at 30 September 2020 (2019: £1,693,000). No deferred tax asset has been recognised on this amount as the Group cannot be certain that there will be taxable revenue profits arising within its residual business from which the future reversal of the deferred tax asset could be deducted. Although the Group anticipates sufficient capital profits, these cannot be offset against losses which are revenue in nature.

7. DIVIDENDS

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

	Year ended 30 September 2020		Year ended 30 September 2019	
	Pence per share	£'000	Pence per share	£'000
In respect of the prior year:				
Twelfth interim dividend	**0.4792**	**1,013**	0.4792	1,012
In respect of the current year:				
First interim dividend	**0.4792**	**1,013**	0.4792	1,012
Second interim dividend	**0.4792**	**1,013**	0.4792	1,013
Third interim dividend	**0.4792**	**1,013**	0.4792	1,013
Fourth interim dividend	**0.4792**	**1,013**	0.4792	1,013
Fifth interim dividend	**0.4792**	**1,013**	0.4792	1,013
Sixth interim dividend	**0.4792**	**1,013**	0.4792	1,012
Seventh interim dividend	**0.3333**	**704**	0.4792	1,013
Eighth interim dividend	**0.3333**	**704**	0.4792	1,013
Ninth interim dividend	**0.3333**	**704**	0.4792	1,013
Tenth interim dividend	**0.3333**	**704**	0.4792	1,013
Eleventh interim dividend	**0.3333**	**704**	0.4792	1,013
Total	**5.0209**	**10,611**	5.7504	12,153

Notes to the Consolidated Financial Statements continued

7. DIVIDENDS CONTINUED

Since the year end, interim dividends, each of 0.3333 pence per share, have been paid on 30 October 2020 and 27 November 2020. A further interim dividend, of 0.3333 pence per share, will be paid on 31 December 2020.

It is the policy of the Directors to declare and pay dividends as interim dividends. A non-binding resolution to approve the Company's dividend policy will be proposed at the Annual General Meeting (see resolution 9).

In light of the exceptional circumstances affecting global economies and markets, the Board will continue to monitor the Company's cash receipts and net income each month, as well as its ongoing expenses and cash commitments and consider the future payment of monthly dividends accordingly.

8. EARNINGS PER SHARE

Basic and diluted earnings per share.

	Year ended 30 September 2020		Year ended 30 September 2019	
	£'000	**Pence per share**	£'000	Pence per share
Revenue earnings	**12,615**	**5.97**	14,069	6.66
Capital earnings	**(49,991)**	**(23.66)**	(15,826)	(7.49)
Total earnings	**(37,376)**	**(17.69)**	(1,757)	(0.83)
Average number of shares in issue		**211,333,737**		211,333,737

9. INVESTMENT PROPERTIES

Freehold and leasehold properties	**As at 30 September 2020 £'000**	As at 30 September 2019 £'000
Opening book cost	**312,517**	312,676
Opening unrealised appreciation	**2,626**	18,149
Opening fair value	**315,143**	330,825
Movements for the period		
Purchases	**–**	–
Sales – proceeds	**–**	(2,906)
– loss on sales	**–**	(303)
Capital expenditure	**3,094**	3,050
Movement in book cost	**3,094**	(159)
Unrealised loss realised during the year	**–**	209
Unrealised gains on investment properties	**–**	1,400
Unrealised losses on investment properties	**(49,991)**	(17,132)
Movement in fair value	**(49,991)**	(15,682)
Closing book cost	**315,611**	312,517
Closing unrealised (depreciation)/appreciation	**(47,365)**	2,626
Closing fair value	**268,246**	315,143

No investments were sold during the year under review.

The Group received £2,906,000 from investments sold in the prior year, the book cost of this investment was £3,080,200 at date of purchase. This investment has been revalued over time and until it was sold any unrealised gains/losses were included in the fair value of the investments.

During the period, expenditure totalling £3,094,000 (2019: £3,050,000), incurred in improving investment properties, has been capitalised to the book cost of the property.

The fair value of the investment properties reconciled to the appraised value as follows:

	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Closing fair value	**268,246**	315,143
Lease incentives held as debtors (Note 11)	**4,729**	4,032
Appraised market value per Knight Frank	**272,975**	319,175

Changes in the valuation of investment properties:

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Loss on sale of investment properties	–	(303)
Unrealised profit realised during the year	–	209
Loss on sale of investment properties realised*	–	(94)
Unrealised gains on investment properties	–	1,400
Unrealised losses on investment properties	**(49,991)**	(17,132)
Total loss on revaluation of investment properties	**(49,991)**	(15,826)

* Represents the difference between the sales proceeds, net of costs, and the property valuation at the end of the prior year.

The loss on revaluation of investment properties reconciles to the movement in appraised market value as follows:

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Total loss on revaluation of investment properties	**(49,991)**	(15,826)
Purchases	–	–
Capital expenditure	**3,094**	3,050
Sales – proceeds	–	(2,906)
Movement in fair value	**(46,897)**	(15,682)
Movement in lease incentives held as debtors	**697**	1,007
Movement in appraised market value	**(46,200)**	(14,675)

At 30 September 2020, the investment properties were valued at £272,975,000 (2019: £319,175,000, 2018: £333,850,000) by Knight Frank LLP (Knight Frank), in their capacity as external valuers. This includes investment property under construction valued at £3,150,000 (2019: £2,750,000). The valuation was undertaken in accordance with the current editions of RICS Valuation – Global Standards, which incorporate the International Valuation Standards, and the RICS UK National Supplement. 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.

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.

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. The Group is not currently a lessee of any of its properties.

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
- net equivalent 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:

	30 September 2020		30 September 2019	
Significant unobservable input	**Range**	**Weighted average**	Range	Weighted average
Estimated rental value per sq. ft. per annum	**£5 – £43**	**£13**	£5 – £38	£16
Net equivalent yield	**5.1% – 9.5%**	**6.8%**	5.0% – 9.0%	6.3%

The Estimated Rental Value (ERV) for the total portfolio is not materially different from the contracted rent which is disclosed on page 02.

9. INVESTMENT PROPERTIES CONTINUED
A decrease in the net equivalent yield applied to the portfolio by 0.25% will increase the fair value of the portfolio by £10,400,000 (2019: £13,100,000), 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 £9,700,000 (2019: £12,100,000) 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 2020 was £103,379,000 (2019: £127,100,000). The loss of EPIC (No.1) Limited for the year to 30 September 2020 was £17,852,000 (2019: profit of £3,400,000).

EPIC (No.2) Limited is a wholly-owned subsidiary of Ediston Property Investment Company plc and is incorporated in England and Wales (Company number: 10978359). EPIC (No.2) Limited was incorporated on 23 September 2017, having been established to hold the five properties acquired by the Group during the prior year and to enter into the Group's additional loan facility. The net asset value of EPIC (No.2) Limited as at 30 September 2020 was £72,576,000 (2019: £96,400,000). The loss of EPIC (No.2) Limited for the period to 30 September 2020 was £19,046,000 (2019: £4,600,000).

11. TRADE AND OTHER RECEIVABLES

	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Secured balance held with loan provider	**8,297**	10,767
Capital and rental lease incentives	**4,729**	4,032
Rent receivable (net of allowance for expected credit losses)	**1,121**	281
Other debtors and prepayments	**17**	11
Total	**14,164**	15,091

The secured balance held with the loan provider represents monies that have been drawn under the Group's loan facilities, which are not currently invested in properties and which have been placed in a secured account with Aviva until required. These monies are available for reinvestment in the Group's investment property portfolio or, if necessary, could be used to partially repay the Group's borrowings. In August 2020, the Company utilised £2,500,000 from the secured account.

Capital and rental lease incentives consist of £3,434,000 (2019: £3,132,000) being the prepayments for rent-free periods recognised over the life of the lease and £1,295,000 (2019: £900,000) relating to capital incentives paid to tenants. As set out in the accounting policy for rental income, an adjustment is made for these amounts to the fair value of the investment properties (see Note 9) to prevent double counting.

Rent receivable is shown net of an allowance for expected credit losses of £700,000 (2019: £nil). Refer to Note 19 for further detail.

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 2020 £'000	As at 30 September 2019 £'000
Cash and cash equivalents	**12,308**	11,976
Total	**12,308**	11,976

13. LOANS

	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Principal amount outstanding	**111,076**	111,076
Set-up costs	**(1,612)**	(1,612)
Amortisation of loan set-up costs	**648**	482
Total	**110,112**	109,946

The Group's loan arrangements are with Aviva Commercial Finance Limited.

The Group has loans totalling £56,920,000 which carry a blended fixed interest rate of 2.99% and mature in May 2025. This rate is fixed for the period of the loan as long as the loan-to-value is maintained below 40%, increasing by ten basis points if the loan-to-value is 40% or higher. These loans are secured over EPIC (No.1) Limited's property portfolio.

The Group also has a loan totalling £54,156,000 which carries a fixed interest rate of 2.73% and matures in December 2027. This rate is fixed for the period of the loan as long as the loan-to-value is maintained below 40%, increasing by ten basis points if the loan-to-value is 40% or higher. This loan is secured over EPIC (No.2) Limited's property portfolio. At year end the covenants were both below 40 per cent LTV.

The Group's weighted average cost of borrowings was 2.86% at 30 September 2020 (2019: 2.86%).

Under the financial covenants relating to the loans the Group has to ensure that for each of EPIC (No.1) Limited and EPIC (No.2) 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%; and
- 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 loans falling due for repayment earlier than the final maturity dates stated above. The Group has complied with all the loan covenants during the year. Under the terms of early repayment relating to the loans, the cost of repaying the loans on 30 September 2020, based on the yield on the Treasury 5% 2025 and Treasury 4.25% 2027 plus a margin of 0.5%, would have been approximately £126,362,000 (2019: £122,890,000), including repayment of the principal of £111,076,000 (2019: £111,076,000).

The fair value of the loans based on a marked-to-market basis, being the yield on the relevant Treasury plus the appropriate margin, was £119,668,000 as at 30 September 2020 (2019: £115,445,000). This includes the principal amount borrowed. Analysis of net debt:

	Cash and cash equivalents 2020 £'000	**Borrowing 2020 £'000**	**Net debt 2020 £'000**	Cash and cash equivalents 2019 £'000	Borrowing 2019 £'000	Net debt 2019 £'000
Opening balance	**11,976**	**(109,946)**	**(97,970)**	11,735	(109,780)	(98,045)
Cash flows	**332**	**–**	**332**	241	–	241
Non-cash flows	**–**	**(166)**	**(166)**	–	(166)	(166)
Closing balance	**12,308**	**(110,112)**	**(97,804)**	11,976	(109,946)	(97,970)

14. TRADE AND OTHER PAYABLES

	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Rental income received in advance	**1,441**	944
VAT payable to HMRC	**224**	37
Investment management fee payable	**430**	547
Loan interest payable	**444**	427
Capital expenditure payable	**59**	88
Other payables	**235**	461
Total	**2,833**	2,504

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 86.01 pence (2019: 108.72 pence) is based on equity shareholders' funds of £181,773,000 (2019: £229,770,000) and on 211,333,737 (2019: 211,333,737) 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 2020 and 30 September 2019.

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 2019	211,333,737	2,113
Issue of Ordinary Shares	–	–
Closing balance as at 30 September 2020	**211,333,737**	**2,113**

The Company did not issue any Ordinary Shares in the last two financial years. The Company did not hold any shares in treasury during the previous two years. Under the Company's Articles of Association, the Company may issue an unlimited number of Ordinary Shares but issuance is subject to shareholder approval.

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. RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH THE INVESTMENT MANAGER AND AIFM

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 year were £175,000 (2019: £176,000) of which £nil (2019: £nil) remained payable at the year end.

Ediston Investment Services Limited, being the AIFM, received investment management fees of £1,882,000 in relation to the year (2019: £2,239,000) of which £430,000 (2019: £547,000) remained payable at the year end. Ediston Properties Limited, being Investment Manager received development management fees of £44,000 in relation to the year (2019: £92,000) of which £nil (2019: £nil) remained payable at the year end.

18. 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 IFRSs as shown at the foot of the Consolidated Statement of Financial Position, the key performance measure is that prepared under IFRSs. 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.

19. 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 IFRSs, are considered by the Board to be integral to the Group's overall risk exposure.

SECURITIES FINANCING TRANSACTIONS (SFT)

The Company has not, during the year to 30 September 2020 (2019: same), participated in any: repurchase transactions; securities lending or borrowing; buy-sell back transactions; margin lending transactions; or total return swap transactions (collectively called SFT). As such, it has no disclosure to make in satisfaction of the EU regulations on transparency of SFT.

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 2020		As at 30 September 2019	
	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	**–**	**9,418**	–	11,048
Cash and cash equivalents	**–**	**12,308**	–	11,976
	–	**21,726**	–	23,024
Financial liabilities				
Loan	**–**	**(110,112)**	–	(109,946)
Trade and other payables	**–**	**(1,168)**	–	(1,523)
	–	**(111,280)**	–	(111,469)

Apart from the Aviva loans, 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.

CREDIT RISK

Credit risk is the risk that a 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 £21,726,000 (2019: £23,024,000), consisting of cash of £12,308,000 (2019: £11,976,000), the secured balance held with the loan provider of £8,297,000 (2019: £10,767,000) and rent receivable of £1,121,000 (2019: £281,000).

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 re-letting, maintenance costs, insurances, rates and marketing costs and may have an adverse impact on the financial condition and performance of the Group. The Board receives regular reports on concentrations of risk and any tenants in arrears. The Investment Manager monitors such reports in order to anticipate, and minimise the impact of, defaults by occupational tenants. In assessing the probability of default of the individual debtor. The directors have considered a number of factors including history of default, past experience, future expectations as well as the support the debtor receives from its parent company and the ability to settle the amount receivable when due.

Where there are concerns over the recoverability of rental income, the Group monitors creditworthiness of the tenants and makes provision for potential bad debts based on the ECL model. As at 30 September 2020, collection plans are in place to recover any outstanding amounts. A provision of £700,000 (2019: £nil) was made in respect of doubtful debts. There were no other financial assets which were either past due or considered impaired at 30 September 2020 or at 30 September 2019.

At 30 September 2020, the Group held £8,239,000 (2019: £6,400,000) with RBS and £4,069,000 (2019: £5,500,000) with Bank of Scotland plc. 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. Both RBS and Bank of Scotland plc are 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 2020, Standard & Poor's credit rating for RBS was A-1 and Moody's was P-1. The equivalent credit ratings for Bank of Scotland plc were A-1 and P-1, respectively. 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 are relatively illiquid assets, requiring individual attention to sell in an orderly way. 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 Manager and monitored on a quarterly basis by the Board. In order to mitigate liquidity risk the Group has a comprehensive ten-year cash flow 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 2020

	Three months or less £'000	**More than three months but less than one year £'000**	**More than one year but less than three years £'000**	**More than three years £'000**	**Total £'000**
Cash and cash equivalents	**12,308**	**–**	**–**	**–**	**12,308**
Secured balance held with loan provider	**8,297**	**–**	**–**	**–**	**8,297**
Rent receivable	**1,121**	**–**	**–**	**–**	**1,121**
Total	**21,726**	**–**	**–**	**–**	**21,726**

FINANCIAL ASSETS AS AT 30 SEPTEMBER 2019

	Three months or less £'000	More than three months but less than one year £'000	More than one year but less than three years £'000	More than three years £'000	Total £'000
Cash and cash equivalents	11,976	–	–	–	11,976
Secured balance held with loan provider	10,767	–	–	–	10,767
Rent receivable	281	–	–	–	281
Total	23,024	–	–	–	23,024

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

FINANCIAL LIABILITIES AS AT 30 SEPTEMBER 2020

	Three months or less £'000	**More than three months but less than one year £'000**	**More than one year but less than three years £'000**	**More than three years £'000**	**Total £'000**
Loan	**–**	**–**	**–**	**111,076**	**111,076**
Interest payable on loan	**802**	**2,379**	**6,361**	**9,367**	**18,909**
Other payables	**724**	**–**	**–**	**–**	**724**
Total	**1,526**	**2,379**	**6,361**	**120,443**	**130,709**

FINANCIAL LIABILITIES AS AT 30 SEPTEMBER 2019

	Three months or less £'000	More than three months but less than one year £'000	More than one year but less than three years £'000	More than three years £'000	Total £'000
Loan	–	–	–	111,076	111,076
Interest payable on loan	793	2,379	6,361	12,548	22,081
Other payables	1,096	–	–	–	1,096
Total	1,889	2,379	6,361	123,624	134,253

Included in the tables above are payments due to Aviva, including interest payable, in connection with the loans as detailed in Note 13.

19. FINANCIAL INSTRUMENTS CONTINUED

INTEREST RATE RISK

Some of the Group's financial instruments will be interest-bearing. They are a mix of both fixed and variable rate instruments with differing maturities. As a consequence, the Group is exposed to interest rate risk due to fluctuations in the prevailing market rate. The Group's exposure to floating interest rates gives cash flow interest rate risk and its exposure to fixed interest rates gives fair value interest rate risk.

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 2020		As at 30 September 2019	
	Fixed rate £'000	**Variable rate £'000**	Fixed rate £'000	Variable rate £'000
Cash and cash equivalents	**–**	**12,038**	–	11,976
Secured balance held with loan provider	**–**	**8,297**	–	10,767
Loan	**(110,112)**	**–**	(109,946)	–

VARIABLE RATE

An increase of 0.50% in interest rates would have decreased the reported loss for the year and decreased the net assets at 30 September 2020 by £102,000 (2019: £114,000), a decrease of 0.50% in interest rates would have had an equal and opposite effect. These calculations are based on the variable rate balances at the respective balance sheet date and are not representative of the year as a whole, nor reflective of actual future conditions.

FIXED RATE

Considering the effect on the loan balance, it is estimated that an increase of 0.50% in interest rates as at the balance sheet date would have decreased its fair value by approximately £3,200,000 (2019: £3,500,000) and a decrease of 0.50% would have increased its fair value by approximately £3,300,000 (2019: £3,600,000). As the loan balance is recognised in the Consolidated Financial Statements at amortised cost, this change in fair value would not have resulted in a change in the reported loss for the year, nor the net assets of the Group at the year end.

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 2020 would have increased net assets available to shareholders and increased the net income for the year by £27,000,000 (2019: £31,500,000); 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 year as a whole, nor reflective of future market conditions.

20. CAPITAL COMMITMENTS

The Group had contractual commitments totalling £4,666,000 in relation to capital works at Coatbridge Pods, Barnsley and Haddington, as at 30 September 2020 (30 September 2019: £nil). The Group did not have any material contractual commitments to refurbish, construct or develop any investment property, or for repair, maintenance or enhancements as at 30 September 2020 (2019: nil).

21. OPERATING LEASES

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 5.7 years (2019: 6.1 years).

The Group's investment properties are leased to tenants under the terms of property leases that include rent reviews as determined at the inception of the lease. These reviews can be linked to RPI, fixed rate or stepped rent increases

The following table sets out the maturity analysis of leases receivables, showing the undiscounted lease payments under non-cancellable operating leases receivable by the Group:

	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Year 1	**18,646**	20,146
Year 2	**17,210**	19,294
Year 3	**13,727**	17,605
Year 4	**12,111**	13,910
Year 5	**11,033**	11,908
Year 6 and onwards	**39,881**	48,835
Total	**112,608**	131,698

The largest single tenant at the year end accounted for 6.59% (2019: 8.6%) of the contracted rent.

22. ALTERNATIVE INVESTMENT FUND MANAGERS (AIFM) DIRECTIVE

Ediston Investment Services Limited (EISL) has been authorised as an AIFM by the FCA under the AIFMD regulations and became the Group's AIFM with effect from 24 February 2016. In accordance with the AIFM Directive, information in relation to the Group's leverage and the remuneration of the Company's AIFM is required to be made available to investors. EISL has provided disclosures on its website, https://www.ediston.com/about-us-ediston-investment-services-limited/ incorporating the requirements of the AIFMD regulations regarding remuneration.

The Group's maximum and actual leverage levels at 30 September 2020 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	3.00	3.00
Actual	1.58	1.60

For the purposes of the AIFM Directive, leverage is any method which increases the Group's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of the Group's exposure to its net asset value and is calculated on both a gross and commitment method.

Under the gross method, exposure represents the sum of the Group's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

The leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's Articles of Association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

Detailed regulatory disclosures to investors in accordance with the AIFM Directive are contained on the Company's website.

23. SUBSEQUENT EVENTS

No significant events have occurred between the statement of financial position date and the date when the financial statements have been approved, which would require adjustments to, or disclosure in the financial statements.

Company Statement of Financial Position

As at 30 September 2020

	Notes	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Non-current assets			
Investment in subsidiary undertakings	3	**177,376**	200,557
		177,376	200,557
Current assets			
Trade and other receivables	4	**1,498**	1,046
Cash and cash equivalents	5	**5,132**	6,226
		6,630	7,272
Total assets		**184,006**	207,829
Current liabilities			
Trade and other payables	6	**(812)**	(977)
Total liabilities		**(812)**	(977)
Net assets		**183,194**	206,852
Equity and reserves			
Called-up equity share capital	7	**2,113**	2,113
Share premium		**125,559**	125,559
Capital reserve – investments sold		**4,649**	4,649
Capital reserve – investments held		**(32,289)**	(9,108)
Special distributable reserve		**83,162**	83,639
Revenue reserve		**–**	–
Equity shareholders' funds		**183,194**	206,852
Net asset value per Ordinary Share	10	**86.69p**	97.9p

The accompanying notes are an integral part of these Financial Statements.

Company number: 09090446.

The Company made a loss for the year ended 30 September 2020 of £13,047,000 (2019: profit of £2,526,000).

The Company Financial Statements on pages 94 to 98 were approved by the Board of Directors on 15 December 2020 and signed on its behalf by:

William Hill
Chairman

Company Statement of Changes in Equity

For the year ended 30 September 2020

	Notes	Share capital account £'000	Share premium £'000	Capital reserve – investments held £'000	Capital reserve – investments sold £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 30 September 2019		2,113	125,559	(9,108)	4,649	83,639	–	206,852
Profit and total comprehensive income for the year		–	–	(23,181)	–	–	10,134	(13,047)
Transactions with owners recognised in equity:								
Issue of Ordinary Shares	7	–	–	–	–	–	–	–
Dividends paid	2	–	–	–	–	–	(10,611)	(10,611)
Transfer from special reserve		–	–	–	–	(477)	477	–
As at 30 September 2020		**2,113**	**125,559**	**(32,289)**	**4,649**	**83,162**	**–**	**183,194**

For the year ended 30 September 2019

	Notes	Share capital account £'000	Share premium £'000	Capital reserve – investments held £'000	Capital reserve – investments sold £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 30 September 2018		2,113	125,559	–	4,649	84,158	–	216,479
Profit and total comprehensive income for the year		–	–	(9,108)	–	–	11,634	2,526
Transactions with owners recognised in equity:								
Issue of Ordinary Shares	7	–	–	–	–	–	–	–
Dividends paid	2	–	–	–	–	–	(12,153)	(12,153)
Transfer from special reserve		–	–	–	–	(519)	519	–
As at 30 September 2019		2,113	125,559	(9,108)	4,649	83,639	–	206,852

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 FRS 101: Reduced Disclosure Framework 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 and prior year.

The results of the Company have been included in the Group's Consolidated Financial Statements as presented on pages 76 to 93. The accounting policies adopted are consistent with those adopted by the Group as stated in Note 1 to the Consolidated Financial Statements. The only additional policy applied is in relation to investments in subsidiary undertakings and this is set out below.

The Company has taken advantage of the following exemptions permitted under FRS 101:
– an exemption from preparing the Company cash flow 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 subsidiaries.

Shareholders were informed about the Company's intention to use the above disclosure exemptions in the Annual Report and Accounts 2017 and no objections have since been received. A shareholder holding, or shareholders holding in aggregate, 5% or more of the total allotted shares in Ediston Property Investment Company plc may serve objections to the future use of the disclosure exemptions on Ediston Property Investment Company plc, in writing, to its registered office (The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF) to be received not later than 90 days prior to the end of Company's relevant reporting period.

GOING CONCERN

The Financial Statements are prepared on the going concern basis as explained for the Consolidated Financial Statements on page 80.

INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Investments in subsidiary undertakings are stated at cost less, where applicable, any provision for impairment under the provisions of IAS 36. A provision for impairment is recognised to reflect the recoverable amount (Note 3) of the subsidiaries. In accordance with IAS 36, provisions for impairment will be reduced or increased dependent on the assessment of the recoverable amount of the subsidiary in future. The value of investments can never exceed costs.

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 83.

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 loss after tax for the year was £13,047,000 (2019: profit of £2,526,000).

The Company does not have any employees (2019: 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, although £157,000 (2019: £158,000) was subsequently reallocated to the subsidiaries to reflect the work completed by the Directors in relation to the property assets held by those companies.

Audit fees in relation to the parent company only were £39,000 (2019: £36,000), excluding VAT. There were no non-audit fees paid to Grant Thornton UK LLP by the Company during the year (2019: nil).

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 2020 £'000	As at 30 September 2019 £'000
Opening balance – Investment in EPIC (No.1) Limited	**104,160**	104,160
Opening balance – Investment in EPIC (No.2) Limited	**96,397**	105,505
Opening balance – Investments in subsidiaries	**200,557**	209,665
Impairment loss – EPIC (No.1) Limited	**–**	–
Impairment loss – EPIC (No.2) Limited	**(23,181)**	(9,108)
Closing balance – Investment in EPIC (No.1) Limited	**104,160**	104,160
Closing balance – Investment in EPIC (No.2) Limited	**73,216**	96,397
Closing balance – Investments in subsidiaries	**177,376**	200,557

At 1 October 2017, the Company had a single equity investment in a wholly-owned subsidiary, EPIC (No.1) Limited. During the year ended 30 September 2018, EPIC (No.1) Limited repurchased £19,520,000 of the equity previously issued to the Company.

During the year ended 30 September 2018, the Company subscribed for shares in a newly-incorporated subsidiary, EPIC (No.2) Limited.

The Company's two property owning subsidiaries above have been impacted by the decrease in investment property values over the course of the year to 30 September 2020. Details of the movement in the fair value of the investment properties of the Group are set out in Note 9 to the Consolidated Financial Statements. At 30 September 2020, an assessment of potential impairment of the equity investment in EPIC (No.1) Limited and EPIC (No.2) Limited was conducted, pursuant to the principles of IAS 36: Impairment of Assets. Following the principles of IAS 36, an impairment of £23,181,000 was determined in EPIC (No.2) Limited and has been taken into account in the carrying value of the subsidiary and through profit and loss, as reflected in the capital reserve.

In terms of IAS 36, an asset should be carried at no more than their recoverable amount. The recoverable amount is determined as the higher of an asset's fair value less costs of disposal (FVLCOD) and its value in use. The value in use of an asset is the present value of the future cash flows expected to be derived from the asset.

In the assessment of this impairment, consideration was given to the nature of the assets and liabilities of the subsidiaries and a suitable determination of the recoverable amount of the investment in the subsidiaries. In line with the requirements of IAS 36, the value in use of each subsidiary was determined using projected cash flows over a five year period using a discount rate of 7% (2019: 6.25%) and an expected growth rate of 2% for periods beyond the projected period of five years. The inputs into the value in use calculation is subject to a high degree of estimation uncertainty.

EPIC (No.1) Limited has a FVLCOD of £97,418,000 and a value in use, calculated based on approach mentioned above, of £110,058,000, which is considered an appropriate recoverable amount. No impairment has therefore been raised, as the recoverable amount of the investment in EPIC (No.1) Limited exceeds its carrying amount of £104,160,000. To demonstrate sensitivity, using a higher discount rate of 7.25% and growth rate of 2% would have resulted in the recoverable amount being lower, and thus the carrying amount would exceed the recoverable amount, resulting in an impairment of £2,197,000.

EPIC (No.2) Limited has a FVLCOD of £66,486,000 and a value in use, calculated based on approach mentioned above, of £73,216,000,which is considered an appropriate recoverable amount. The impairment thus reflects the amount by which the carrying amount of the investment in EPIC (No.2) Limited of £96,397,000 exceeds its recoverable amount. To demonstrate sensitivity, using a higher discount rate of 7.25% and growth rate of 2% would have resulted in the recoverable amount being lower, resulting in an impairment of £6,113,000 higher than what has currently been provided for.

See Note 10 to the Consolidated Financial Statements on page 88 for further details on the Group structure.

4. TRADE AND OTHER RECEIVABLES

	As at 30 September 2020 £'000	As at 30 September 2019 £'000
Amount due from subsidiary undertakings	**1,481**	1,036
Other receivables and prepayments	**17**	10
Total	**1,498**	1,046

The amount due from subsidiary undertakings is a short-term balance which arises from the reallocation of the Group VAT payment and certain expenses between members of the Group on a quarterly basis and is settled in cash shortly after each quarter end.

Based on the assessment of impairment of the subsidiaries, there are no expected credit losses related to the amounts due from subsidiary undertakings.

5. CASH AND CASH EQUIVALENTS

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

6. TRADE AND OTHER PAYABLES

	As at 30 September 2020 £'000	As at 30 September 2019 £'000
VAT payable to HMRC	**224**	37
Investment management fee payable	**430**	547
Tax withheld on dividends paid	**–**	193
Other payables	**158**	200
Total	**812**	977

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

7. 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 2019	**211,333,737**	2,113
Issue of Ordinary Shares	**–**	–
Closing balance as at 30 September 2020	**211,333,737**	2,113

During the year to 30 September 2020, the Company did not issue any Ordinary Shares (year ended 30 September 2019: did not issue any Ordinary Shares). The Company did not buyback or resell from treasury any Ordinary Shares during the year (2019: nil). The Company did not hold any shares in treasury. Under the Company's Articles of Association, the Company may issue an unlimited number of Ordinary Shares.

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.

8. 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 19 to the Consolidated Financial Statements on pages 90 to 92.

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 £6,613,000 (2019: £7,262,000), consisting of the Company's cash balance of £5,132,000 (2019: £6,226,000) and current account balances due from its wholly-owned subsidiaries of £1,481,000 (2019: £1,036,000).

The maturity of the Company's financial liabilities (on a contractual maturity basis) at 30 September 2020 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	**588**	**–**	**–**	**588**

The maturity of the Company's financial liabilities (on a contractual maturity basis) at 30 September 2019 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	940	–	–	940

The Company's only financial instrument exposed to interest rate risk at 30 September 2020 was its cash balance of £5,132,000 (2019: £6,226,000) which received a 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 £26,000 (2019: £31,000). A decrease of 0.50% in interest rates would have had an equal and opposite effect. These calculations are based on the variable rate balances at the respective balance sheet date and are not representative of the year as a whole, nor reflective of actual future conditions.

9. RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH THE INVESTMENT MANAGER

Other than transactions between the Company and its wholly-owned Subsidiaries, in relation to which the Company has adopted the permitted exemption allowed by FRS 101, related party transactions are the same for the Company as for the Group. For details refer to Note 17 to the Consolidated Financial Statements on page 89. The fees payable to the Directors and the Investment Manager are initially paid by the Company, but may be re-allocated, in whole or in part, to the Subsidiaries.

10. NET ASSET VALUE

The Company's net asset value per Ordinary Share of 86.69 pence (2019: 97.9 pence) is based on equity shareholders' funds of £183,194,000 (2019: £206,852,000) and on 211,333,737 (2019: 211,333,737) Ordinary Shares, being the number of shares in issue at the year end.

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 'Taxation' on page 82.

A REIT does not pay 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 may potentially include both 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 years ended 30 September 2019 and 30 September 2020 is set out below. Details of all the dividends paid since the Company's launch are available at www.ediston-reit.co.uk

Distribution	Ex-dividend date	Payment date	PID (per share)	Non-PID (per share)	Total (per share)
In relation to the year ended 30 September 2019:					
First interim	08/11/18	30/11/18	0.4792p	–	0.4792p
Second interim	13/12/18	31/12/18	0.4792p	–	0.4792p
Third interim	17/01/19	31/01/19	0.4792p	–	0.4792p
Fourth interim	07/02/19	28/02/19	0.4792p	–	0.4792p
Fifth interim	07/03/19	29/03/19	0.4792p	–	0.4792p
Sixth interim	11/04/19	30/04/19	0.4792p	–	0.4792p
Seventh interim	09/05/19	31/05/19	0.4792p	–	0.4792p
Eighth interim	13/06/19	28/06/19	0.4792p	–	0.4792p
Ninth interim	18/07/19	31/07/19	0.4792p	–	0.4792p
Tenth interim	08/08/19	30/08/19	0.4792p	–	0.4792p
Eleventh interim	12/09/19	30/09/19	0.4792p	–	0.4792p
Twelfth interim	17/10/19	31/10/19	0.4792p	–	0.4792p
Total in relation to the year ended 30 September 2019			**5.7504p**	**–**	**5.7504p**
In relation to the year ended 30 September 2020:					
First interim	07/11/19	29/11/19	0.4792p	–	0.4792p
Second interim	12/12/19	31/12/19	0.4792p	–	0.4792p
Third interim	16/01/20	31/01/20	0.4792p	–	0.4792p
Fourth interim	13/02/20	28/02/20	0.4792p	–	0.4792p
Fifth interim	12/03/20	31/03/20	0.4792p	–	0.4792p
Sixth interim	16/04/20	30/04/20	0.4792p	–	0.4792p
Seventh interim	14/05/20	29/05/20	0.3333p	–	0.3333p
Eighth interim	11/06/20	30/06/20	0.3333p	–	0.3333p
Ninth interim	16/07/20	31/07/20	0.3333p	–	0.3333p
Tenth interim	13/08/20	31/08/20	0.3333p	–	0.3333p
Eleventh interim	10/09/20	30/09/20	0.3333p	–	0.3333p
Twelfth interim	15/10/20	30/10/20	0.3333p	–	0.3333p
Total in relation to the year ended 30 September 2020			**4.8750p**	**–**	**4.8750p**

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. The basic rate of income tax (currently 20%) will be withheld by the Company (where required) on the PID unless the shareholder is entitled to receive PIDs without income tax being deducted at source and they have notified the Registrar of this entitlement sufficiently in advance of a PID being paid.

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.

TAX STRUCTURE CONTINUED

UK TAXATION OF NON-PID DIVIDENDS

Under current UK legislation, most individual shareholders who are resident in the UK for taxation purposes receive a tax-free dividend allowance of £2,000 per annum (with effect from April 2018, previously £5,000) and any dividend income (including Non-PID Dividends) in excess of this allowance is subject to income 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 significant numbers of shares since launch:

Date of issuance	Share price (per share)
27 October 2014	100.00p
8 July 2015	108.00p
8 December 2017	111.75p

No shares were issued during the year.

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.

ANTICIPATED FINANCIAL CALENDAR 2021

January 2021	Announcement of Net Asset Value as at 31 December 2020
February 2021	Annual General Meeting
April 2021	Announcement of Net Asset Value as at 31 March 2021
May 2021	Publication of Half Yearly Report for the six months to 31 March 2021
July 2021	Announcement of Net Asset Value as at 30 June 2021
October 2021	Announcement of Net Asset Value as at 30 September 2021
December 2021	Publication of Annual Report for the year to 30 September 2021

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

HISTORIC RECORD

	Total assets less current liabilities £'000	Shareholders' funds £'000	Property portfolio £'000	EPRA net asset value per share p	Share price p	Premium/ (discount) %	EPRA earnings per share p	Dividends per share p	Ongoing charges* %
27 October 2014 (launch)	93,171	93,171	76,700	98.07	100.0	1.9	–	–	–
30 September 2015	176,044	136,586	136,400	106.49	109.5	2.8	4.15	5.09	1.4
30 September 2016	189,114	137,331	181,410	107.07	103.4	(3.4)	5.90	5.50	1.5
30 September 2017	202,062	145,816	173,410	111.32	106.5	(4.3)	6.34	5.50	1.5
30 September 2018	353,450	243,670	333,850	115.30	109.0	(5.5)	6.60	5.69	1.3
30 September 2019	339,706	229,760	319,175	108.72	85.4	(21.5)	6.66	5.75	1.4
30 September 2020	**291,885**	**181,773**	**272,975**	**86.01**	**50.9**	**(40.82)**	**5.9**	**4.88**	**2.2**

* Excludes direct operating expenses for investment properties as these are variable in nature and tend to be specific to lease events occurring during the period.

KEY INFORMATION DOCUMENT

Investors should be aware that the Packaged Retail and Insurance-based Investment Products Regulation (PRIIPs) Regulation requires the AIFM, as the PRIIP manufacturer, to prepare a key information document in respect of the Company. This KID must be made available to retail investors prior to them making any investment decision and is available on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

INVESTMENT PLATFORMS

The Board encourages shareholders to vote on the resolutions to be proposed at the AGM. Those retail shareholders who hold their shares through an investment platform are reminded that, although you may not have an automatic voting right, many platforms have processes in place to allow you to cast your vote and you should contact your investment platform directly for further information.

HOW TO INVEST

Shares in Ediston Property Investment Company plc are listed on the main market of the London Stock Exchange (LSE: EPIC).

As with any publicly quoted company, the shares can be bought and sold on the stock market. This can be done directly through a platform provider or through a wealth manager, financial adviser or stockbroker.

Another option is to use one of the platform providers who offer an 'execution only' service. Links to such providers are available on the Company's website at www.ediston-reit.com. Potential investors should note that by clicking on any of the links contained thereon, you will leave the Company's website and go to an external website. The Company is not responsible for the content or accuracy of these external websites.

Please remember that the value of investments and the income from them is not guaranteed and can go down as well as up. Also, past performance is not a reliable indicator of future performance and investors might not get back the original amount invested.

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 up-front 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/consumers 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, definitions and alternative performance measures

The Company uses a number of technical terms in reporting its results and this glossary is to assist investors in their understanding of these terms. The Company uses alternative performance measures (APMs). APMs do not have a standard meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities. The APMs used by the Company are highlighted in the glossary below.

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 Ediston Investment Services Limited.

Basic Total Earnings per Share – Total profit/(loss) after taxation divided by the weighted average number of Ordinary Shares in issue during the period.

Break Clause/Option – 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 undertakings, 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 undertakings.

Contracted Rent* – The annualised rent adjusting for the inclusion of rent subject to rent-free periods and rental guarantees.

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

COVID-19 Crisis – The health and attendant economic, financial and social crises that emerged earlier in 2020 and are subject to uncertain outcomes but are having significant adverse impacts on financial markets globally, including on commercial property markets.

Debt Utilised – The debt facilities with Aviva £111,076,000, less the secured balance held in a blocked account £10,767,000 which is available for future acquisitions and capital expenditure.

Depositary – Under AIFMD rules, the Company must appoint a Depositary, whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. The Depositary's oversight duties include, but are not limited to, oversight of share buy backs, dividend payments and adherence to investment limits. The Company's Depositary is IQ EG Depositary Company (UK) Limited.

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 Net Asset Value per share, the shares are trading at a premium. The discount (or premium) is calculated by reporting the difference between the Net Asset Value per share and the Share Price as a percentage of the Net Asset Value per share.

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

Dividend Cover* – Revenue profit for the period, excluding exceptional items, divided by dividends paid during the period.

Dividend Yield* – Calculated using the annual dividend as a percentage of the share price at the year end.

Dividends per Share – Dividends declared for the year.

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 2020 and 30 September 2019, the EPRA NAV was the same as the IFRS NAV.

* Alternative Performance Measure.

EPRA Net Asset Value (NAV) per Share*	EPRA NAV at the year end divided by the number of Ordinary Shares in issue at that date.
EPRA Net Asset Value (NAV) per Share increase*	EPRA NAV at 30 September 2020 minus the NAV at 30 September 2019. This is then divided by the opening EPRA NAV to compute the percentage increase in the period.
EPRA Net Initial Yield*	The annualised rental income based on cash rents passing at the year end less non-recoverable property expenditure expressed as a percentage of the gross market value of the property portfolio.
EPRA Topped Up Net Initial Yield*	Calculated by adjusting the EPRA Net Initial Yield in respect of the expiration of rent-free periods or other unexpired lease incentives such as discounted or step rents.
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.
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 policies 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. This is expressed as a percentage of the principal value of borrowings against total assets.
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's Delegation Agreement	The investment management agreement under which certain management services are delegated to Ediston Properties Limited.
Investment Manager	The Company's Investment Manager, pursuant to the Investment Managers' Delegation Agreement, is Ediston Properties Limited. The Investment Manager is responsible for 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.
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 Clause/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 Clause/Option. This will frequently involve the negotiation of a surrender premium by one party to the other.
Like-for-like Movement*	The like-for-like increase (or decrease) in the property portfolio is calculated as the movement in the fair value of the property portfolio excluding any properties bought or sold in the period.
Loan to Value*	Debt outstanding and drawn at the period end, net of any cash held in the Lender deposit account, expressed as a percentage of the market value of all property assets.
Manager	Used from time-to-time to refer to Ediston Properties Limited and Ediston Investment Services Limited providing the investment management and AIFM services as applicable.
Management Agreement	The management agreement between the Company and Ediston Investment Services Limited under which Ediston Investment Services Limited is appointed to provide portfolio and risk management services.
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 Group calculated under its accounting policies as set out on pages 80 to 84 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 77. At 30 September 2020 and 30 September 2019, the IFRS NAV was the same as the EPRA NAV.
NAV Total Return*	The growth in NAV plus dividends reinvested, and this can be expressed as a percentage of NAV per share at the start of the year.
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 REIT Group. This is similar to a dividend paid by any other company resident in the UK. From 6 April 2018, individual shareholders who are resident in the UK for taxation purposes are entitled to a tax-free dividend allowance of £2,000 per annum. Any dividend income (including Non-PID Dividends but excluding PIDs) in excess of this allowance is subject to income 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.
Ongoing Charges*	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. The Company also excludes direct operating expenses for investment properties and the allowance for expected credit losses, as these are variable in nature and tend to be specific to lease events occurring during the period. Please refer to page 105 for calculation.
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. Ordinary Shares carry voting rights at General Meetings of the Company.
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. The premium (or discount) is calculated by reporting the difference between the Net Asset Value per share and the Share Price as a percentage of the Net Asset Value per share.
Property Total Return*	The valuation movement plus net income (after deducting interest payable) expressed as a percentage of the opening book value together with the time weighted value for capital expenditure incurred during the year, all of which is net of Debt Utilised.
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.
SAV IQ	Sustainability data reporting platform.
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 at the prevailing share price.
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, excluding any cost of reinvestment.
UK Corporate Governance Code or UK 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 UK 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.

* Alternative Performance Measure.

Unaudited Supplementary Information – Ongoing Charges

	September 2020 £'000	September 2019 £'000	September 2018 £'000
Investment management fee (Note 2)	**1,882**	2,239	2,112
Other expenses (Note 3)	**2,160**	1,377	1,390
Less: direct property costs (Note 3)	**(512)**	(356)	(423)
Less: Allowance for expected credit losses (Note 3)	**(700)**	–	–
Operating costs (A)	2,580	3,260	3,079
Average net assets for the 12 months ended September (B)	198,743	235,839	238,187
Ongoing charges (A/B)	1.42%	1.38%	1.29%

In accordance with AIC guidance, the Company calculates the Ongoing Charges (the recurring operating and investment management costs, as a percentage of average net assets) for the annual report on a consistent basis with those published in previous years, to facilitate comparison. The Ongoing Charges definition is contained on page 104.

The Key Information Document (KID), contains a measure of costs (Reduction in Yield – 'RIY') calculated in accordance with EU PRIIPS regulations. The KID (dated 20 July 2020), on the Company's website, is published by the Company's AIFM under rules prescribed by the FCA and indicates an RIY of 3.4%. The differences between the RIY and the Ongoing Charges consist primarily of the costs of gearing (1.52%), direct property costs (0.19%) and transaction costs relating to making purchases for the portfolio (which includes stamp duty revenue tax) (0.42%). Per EU PRIIPS regulations, the period over which figures are averaged in the KID can be longer than the 12 months applicable to the Ongoing Charges, which uses annual audited figures for the year, thus further contributing to the difference between these two cost measures.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the seventh Annual General Meeting of Ediston Property Investment Company plc will be held at the offices of Ediston Investment Services Limited at 1 St Andrew Square, Edinburgh, EH2 2BD on 23 February 2021 at 2.00 p.m. for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 11 inclusive will be proposed as ordinary resolutions and resolutions 12 to 14 inclusive will be proposed as special resolutions:

ORDINARY RESOLUTIONS

1. THAT the Annual Report and Accounts for the year ended 30 September 2020 be received.

2. THAT the Directors' Remuneration Report for the year ended 30 September 2020 be approved.

3. THAT the Directors' Remuneration Policy as set out on page 55 of the Annual Report and Accounts be approved.

4. THAT Grant Thornton UK LLP be re-appointed as the Company's Auditor until the conclusion of the next Annual General Meeting.

5. THAT the Directors be authorised to determine the Auditor's remuneration.

6. THAT Robin Archibald be re-elected as a Director of the Company.

7. THAT William Hill be re-elected as a Director of the Company.

8. THAT Imogen Moss be elected as a Director of the Company.

9. THAT Jamie Skinner be re-elected as a Director of the Company.

10. THAT the Company's dividend policy to pay 12 interim dividends per financial year be approved.

11. THAT, in addition to any existing authority, 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 £211,334 or, if less, the aggregate nominal amount equal to 10% of the Company's issued share capital immediately prior to the passing of this resolution, 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

12. THAT, subject to the passing of resolution 11, 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 10 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 £211,334 or, if less, the aggregate nominal amount equal to 10% of the nominal value of the issued share capital of the Company immediately prior to the passing of this resolution.

13. 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 31,678,927 Ordinary Shares or, if less, 14.99% of the issued Ordinary Share capital of the Company immediately prior to the 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.

14. 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.

JTC (UK) Limited
Company Secretary

Registered office: The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF
15 December 2020

Please note that as a result of the COVID-19 pandemic and the imposition of measures by the UK Government to control the spread of the virus, attendance at the Annual General Meeting is unlikely to be possible. In line with the measures, shareholders are strongly discouraged from attending the meeting. In accordance with the Company's Articles of Association and Government Guidance, the Company may impose entry restrictions on attendance. Shareholders are strongly encouraged to vote in favour of the resolutions to be proposed at the Annual General Meeting. In the light of COVID-19 and restrictions on attendance at the Annual General Meeting, shareholders are strongly advised to vote by form of proxy. If shares are not held directly shareholders are encouraged to arrange for their nominee to vote on their behalf.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

ENTITLEMENT TO ATTEND AND VOTE

Only those Shareholders registered in the Company's register of members at:
- close of business on 19 February 2021; or,
- if this meeting is adjourned, the time which is 48 hours before the time fixed for the adjourned meeting,

shall be entitled to 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 vote at the meeting, subject to the below restrictions on attendance at the AGM, speak and vote at the meeting.

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days before the day of the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

WEBSITE GIVING INFORMATION REGARDING THE MEETING

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

ATTENDING IN PERSON

As explained in the Directors' Report, due to Government restriction related to COVID-19, this year's AGM will be held in accordance with the provisions of the Articles of Association and Government guidance, in a 'restricted format' on 23 February 2021. Shareholders should therefore submit their votes by proxy by close of business on 2.00 p.m. on, Friday, 19 February 2021. **In light of the social distancing measures imposed by the UK Government as a result of the current COVID-19 pandemic, any proxy you appoint other than the Chairman will be refused entry to the meeting.**

The Company is monitoring the situation closely and will provide updates to its Shareholders should this position and Government advice change. The Company will notify Shareholders of any changes to these arrangements prior to the AGM via an RNS announcement and on its website www.epic-reit.com

APPOINTMENT OF PROXIES

A member entitled to attend and vote at the meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his/her place, subject to the above restrictions on attendance at the AGM (in particular that, in light of the social distancing measures imposed by the UK Government as a result of the current COVID-19 pandemic, any proxy you appoint other than the Chairman may be refused entry to the meeting). If a Shareholder wishes to appoint more than one proxy and so requires additional proxy forms, the Shareholder should contact the Company's Registrar Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY (Telephone; +44 (0)370 707 1079). A proxy need not be a member of the Company.

To be valid any proxy form must be received by post or (during normal business hours only) by hand at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, no later than 48 hours before the time appointed for holding the meeting or any adjourned meeting.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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 or instruction 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 specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). 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 the issuer's agent (ID 3RA50) by the latest time(s) for the receipt of proxy appointments specified in Note 2. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application 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 Euroclear UK & Ireland Limited 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, to procure that his 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 system 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.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

CHANGING OR REVOKING PROXY INSTRUCTIONS
To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Any amended proxy appointment must be received no later than 2.00 p.m., on Friday, 19 February 2020 and any amended proxy appointment received after the relevant cut-off time will be disregarded.

If you have appointed a proxy and would like to change the instructions using another proxy form, please contact Computershare on +44 (0)370 707 1079 and ask for another proxy form.

If you submit more than one valid proxy appointment in respect of the same share for the purposes of the same meeting, the appointment last delivered or received shall prevail in conferring authority on the person named in it to attend the meeting and speak and vote. If the Company is unable to determine which appointment was last validly received, none of them shall be treated as valid in respect of the relevant share(s).

In order to revoke a proxy instruction you will need to inform the Company by sending notice in writing clearly stating your intention to revoke your proxy appointment to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY accompanied by the power of attorney or other authority (if any) under which the revocation notice is signed or a notarially certified copy of such power or authority). The revocation notice must be received no later than 2.00 p.m., on Friday, 19 February 2020.

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

If you attempt to revoke your proxy appointment but the revocation is received after the time specified above then your proxy appointment will remain valid (unless you attend the meeting and vote in person).

NOMINATED PERSONS
Any person to whom this notice is sent who is a person nominated under s.146 Companies Act 2006 to enjoy information rights (a '**Nominated Person**') may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the annual general meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

The statement of the rights of members in relation to the appointment of proxies does not apply to Nominated Persons. The rights described in those notes can only be exercised by members of the Company.

The main point of contact for a Nominated Person in terms of their investment in the Company remains the member by whom he or she was nominated (or perhaps a custodian or broker who administers the investment) and a Nominated Person should continue to contact them (and not the Company) regarding changes or queries relating to their personal details and their interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from a Nominated Person.

APPOINTMENT OF PROXY BY JOINT MEMBERS
In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

CORPORATE REPRESENTATIVES
A corporation which is a Shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a Shareholder provided that no more than one corporate representative exercises powers over the same share. **However, you are reminded that in light of social distancing measures imposed by the UK Government as a result of the current COVID-19 pandemic, any such corporate representative may be refused entry to the meeting.**

WITHHELD VOTES
A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the 'Discretionary' option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

ISSUED SHARES AND TOTAL VOTING RIGHTS
As at 9.00 a.m. on 15 December 2020, which is the latest practicable date before publication of this notice, the Company's issued share capital comprised 211,333,737 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 on that date is 211,333,737. No shares are held in treasury.

The Company's website will include information on the number of shares and voting rights.

QUESTIONS BEFORE THE MEETING
In light of the developing situation and the revised format of the 2021 AGM, shareholders are encouraged to raise any questions in advance of the AGM with the Company Secretary at epic.reit@jtcgroup.com (please include 'EPIC AGM' in the subject heading). Questions must be received by 5.00 p.m. on 12 February 2020. Any questions received will be replied to by either the Investment Manager or Board via the Company Secretary before the AGM.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING CONTINUED

STATEMENTS PURSUANT TO SECTION 527 OF THE COMPANIES ACT

Under section 527 of the Companies Act, Shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) 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 AGM; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act. Where the Company is required to place a statement on a website under section 527 of the Companies Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act to publish on a website.

The request:
– may be in hard copy form or in electronic form (see below);
– either set out the statement in full or, if supporting a statement sent by another Shareholder, clearly identify the statement which is being supported;
– must be authenticated by the person or persons making it (see below); and
– be received by the Company by close of business on 15 February 2021, which is at least one week before the meeting.

SUBMISSION OF HARD COPY AND ELECTRONIC REQUESTS AND AUTHENTICATION REQUIREMENTS

Where a Shareholder (or Shareholders) wishes to request the Company publish audit concerns, the request must be made by either sending:
– A hard copy request signed by the Shareholder, stating the full name, address and shareholder reference number to: Company Secretary Ediston Property Investment Company plc c/o JTC (UK) Limited, The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF; or
– A request which stating the full name and address and shareholder reference number to Epic.reit@jtcgroup.com. Please state 'AGM' in the subject line of the email.

SHAREHOLDERS' POWER TO REQUIRE CIRCULATION OF RESOLUTIONS FOR AGMS

Members representing 5 per cent. or more of the total voting rights of all the members or at least 100 persons (being either members who have a right to vote at the AGM and hold shares on which there has been paid up an average sum, per member, of £100, or persons satisfying the requirements set out in s.153(2) of the Companies Act) may:

a. require the Company, under s.338 of the Companies Act, to give notice of a resolution which may properly be moved at the AGM. Any such request, which must comply with s.338(4) of the Companies Act, must be received by the Company no later than 6 weeks before the date fixed for the AGM; and
b. require the Company, under s.338A of the Companies Act to include a matter (other than a proposed resolution) in the business to be dealt with at the AGM. Any such request, which must comply with s.338A(3) of the Companies Act, must be received by the Company no later than 6 weeks before the date fixed for the AGM.

DOCUMENTS ON DISPLAY

Copies of the letters of appointment of the non-executive Directors' and the Company's articles of association are available for inspection at the Company's registered office during normal business hours. Inspection of these documents may only take place in accordance with measures imposed by the UK Government in connection with the COVID-19 pandemic. The Company has its own procedures in place to comply with those measures. Accordingly, if you wish to inspect any of these documents, you should e-mail Epic.reit@jtcgroup.com to arrange an appointment. You are reminded that anyone seeking to attend the AGM in person (other than those forming the quorum) will be refused entry.

VOTING

Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as member votes are to be counted according to the number of shares held. As soon as practicable following the meeting, the results of the voting and the number of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a regulatory information service and also placed on the Company's website.

COMMUNICATION

Except as provided above, Shareholders who have general queries about the meeting should telephone Computershare's helpline on +44 (0)370 707 1079. Calls cost 5.1p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. No other methods of communication will be accepted.

You may not use any electronic address provided in this notice of Annual General Meeting, or in any related documents for communicating with the Company for the purposes other than those expressly stated.

Notes

Corporate information

DIRECTORS
William Hill
Robin Archibald
Jamie Skinner
Imogen Moss – Appointed 01 April 2020
Robert Dick – Retired 31 March 2020

REGISTERED OFFICE
The Scalpel
18th Floor
52 Lime Street
London EC3M 7AF

REGISTERED NUMBER
09090446
Registered in England and Wales

AIFM
Ediston Investment Services Limited
Level 13, Broadgate Tower
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