

Delivering asset management

WHO WE ARE

Ediston Property Investment Company is a UK-listed Real Estate Investment Trust (REIT) investing in commercial property throughout the UK. It has a strong track record of, and continued focus on, improving value through intensive and entrepreneurial asset management.

Our approach is to add value at all stages of the investment process through the expertise and skill-set of the team at our investment manager, Ediston Real Estate. We invest in the main UK commercial property sectors but without regard to a traditional property market relative-return benchmark.

WHAT WE DO

Our investment objective is to provide shareholders with an attractive level of income together with the prospect of income and capital growth.

FOCUSSED REGIONAL APPROACH

The portfolio contains properties located throughout the regions of the UK. While the Company's investment policy does not preclude investment in London, the current low yields on offer do not sit well with our focus on income.

In constructing the portfolio we have avoided the herd mentality of many investors and selected assets we believe are right for our strategy, without being forced into stiff pricing competition. The outcome is a well located, diversified portfolio of quality assets which offer a robust income stream but with opportunities to enhance and improve it.

Fund Manager:
Ediston Investment Services Limited
Launch date: 28 October 2014
SEDOL: BNGMZB6

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KEY FINANCIAL FACTS AT 30 JUNE 2018

Portfolio Value

£331.3m

EPRA NAV per share

114.19p

Market capitalisation

£236.7m

Share Price

112.0p

EPRA Vacancy Rate

3.4%



Our intensive approach to asset management continues to bring success to the Company, as we have secured in excess of £1.0m of annual rent this quarter, which has improved both the income profile and capital value of the Company's property portfolio."

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

Annualised dividend per share

5.75p

Annualised dividend yield

5.1%

NAV total return*

8.9%

* 12 months to 30 June 2018

WAULT

6.6 years

Gearing (debt to total assets)

31.4%



PORTFOLIO

Delivering asset management

This quarter we continued to deliver asset management, completing four significant initiatives which have secured in excess of £1.0m of income per annum for the Company. The three lettings and one lease restructure, across both retail warehouse and office assets, have positively impacted on the income profile and capital values of the property portfolio.

At St Philips Point, our multi-let office in Birmingham, we have restructured the lease terms with law firm, Weightmans, who occupy 37,395 sq. ft. across three floors, on three leases, which expire in July 2019. The tenant will take a new ten year lease with a five year break option, on each of the upper ground and third floors, which extend to a total of 23,187 sq. ft. They will pay a rent of £507,430 per annum, a 45.7% increase on the rent currently being paid on these floors. As part of the deal Weightmans will surrender the lease on the first floor, which extends to 14,208 sq. ft. and the Company will refurbish and market this floor to let. It is anticipated that this floor will achieve a rental level in excess of the current passing rent, which could result in an overall increase in net income from

the property of c. £220,000 per annum. This deal is effective from 1 August 2018.

The three lettings have been in the retail warehouse portfolio and continue our success in this sector. The lettings at Kingston Retail Park in Hull and Pallion Retail Park in Sunderland secure in excess of £600,000 of income per annum from three well known tenants, with good covenants.

At Hull we have let the former Toys R Us unit to B&M on a 10 year lease. Toys R Us entered administration earlier this year so it is pleasing to have re-let the unit so quickly. B&M is upsizing from a unit of 10,271 sq. ft. This is an opportunity for further asset management on the park.

In Sunderland we have let 4,100 sq. ft. to Cancer Research UK for £82,000 per annum and have signed an agreement for lease with GO Outdoors on 12,000 sq. ft. at an annual rent of £198,000. This agreement will commence when the current tenant vacates the unit later this year. Both tenants have signed a 10 year lease with a five year tenant break option.

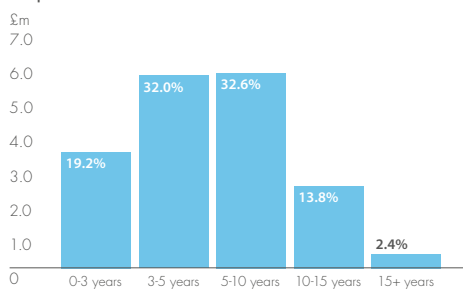
Performance

As at the 30 June 2018, the Fair Value independent valuation of the property portfolio was £331.3 million, an increase of 1.81% on the 31 March 2018 valuation. In the same period, the NAV per share increased by 1.52% to 114.19 pence.

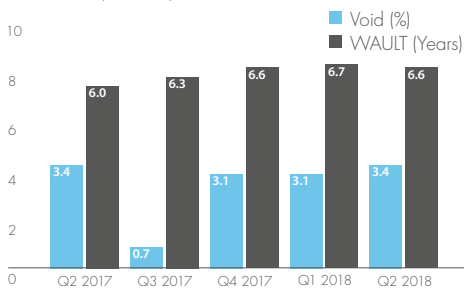
Retail market commentary

On the face of it, the retail market is facing a number of challenges, but it is important to distinguish between High Street, shopping centres and retail warehouses. The first two sub-sectors will be hardest hit and the current high vacancy rate will trend even higher. The Company has no exposure to these two sub-sectors. However, the retail warehouse vacancy rate is at its lowest level ever at c. 4.5%. Some of this vacancy is structural and is not lettable space. The out of town market is also well-placed to adapt to the changing needs of tenants. It offers a flexible sales platform which can assist with the retailers' online sales strategies, such as click and collect and last mile delivery. In the first six months of 2018 we have seen good tenant demand for our retail parks which are well-located, have the right planning consents and are let off sensible rental levels.

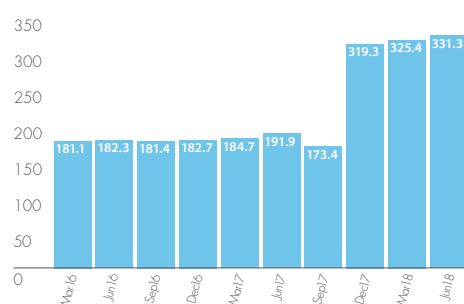
Lease expiries illustrating revenue impact on portfolio at 30 June 2018



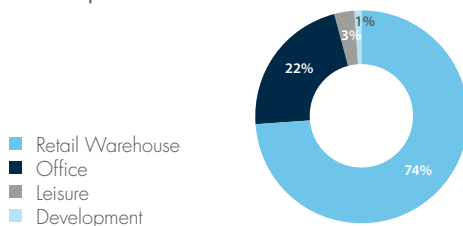
Void rate and weighted average unexpired lease term (WAULT)



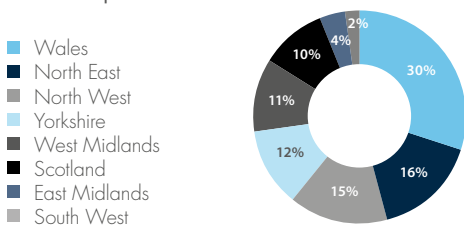
Portfolio quarterly capital value



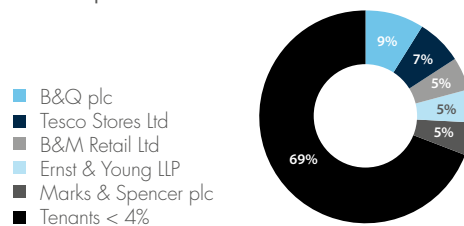
Sector exposure at 30 June 2018



Location exposure at 30 June 2018



Tenant exposure at 30 June 2018



Property portfolio as at 30 June 2018

Location	Name	Sub-sector	Market Value Range (£)	Tenure
Birmingham	St Philips Point	Office – Rest of UK	30-35m	Freehold
Newcastle	Citygate II	Office – Rest of UK	20-25m	Leasehold
Edinburgh	145 Morrison Street	Office – Rest of UK	10-15m	Heritable
Bath	Midland Bridge House	Office – Rest of UK	5-10m	Freehold
Prestatyn	Prestatyn Shopping Park	Retail Warehouse	50m+	Freehold
Widnes	Widnes Shopping Park	Retail Warehouse	45-50m	Leasehold
Hull	Kingston Retail Park	Retail Warehouse	25-30m	Freehold
Sunderland	Pallion Retail Park	Retail Warehouse	25-30m	Freehold
Wrexham	Plas Coch Retail Park	Retail Warehouse	20-25m	Freehold
Coatbridge	B&Q	Retail Warehouse	15-20m	Heritable
Rhyl	Clwyd Retail Park	Retail Warehouse	15-20m	Freehold
Barnsley	Wombwell Lane Retail Park	Retail Warehouse	10-15m	Freehold
Daventry	Abbey Retail Park	Retail Warehouse	10-15m	Leasehold
Telford	Mecca Bingo	Leisure	0-5m	Freehold
Liverpool	Mecca Bingo	Leisure	0-5m	Freehold
Hartlepool	Mecca Bingo	Leisure	0-5m	Freehold
Haddington	Site	Development	0-5m	Heritable

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