

# Navigating a changing market

## WHO WE ARE

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

We can invest in all the principal commercial property sectors, but without regard to a traditional property market relative return benchmark. However, we do not diversify for diversification's sake. There is no constraint in the prospectus limiting the maximum weighting in any of the principal property sectors. Instead, we always focus on asset performance.

## 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. For the foreseeable future, the investment focus is on the retail warehouse sector, a sector in which our Investment Manager has experience as a developer, investor and asset manager.

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 portfolio of quality assets which offer a robust income stream, but with opportunities to enhance and improve it.

[ediston-reit.com](http://ediston-reit.com)

**Investment Manager: Ediston Properties Limited**  
**Launch date: 28 October 2014**  
**SEDOL: BNGMZB6**

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## KEY FINANCIAL FACTS AT 30 SEPTEMBER 2022

### Portfolio value

**£231.4m**

### EPRA NAV per share

**94.86p**

### Market capitalisation

**£142.9m**

### Share price

**67.6p**

### EPRA vacancy rate

**6.5%**

### Annual dividend per share

**5.00p**

### Annualised dividend yield

**7.4%**

### NAV total return\*

**11.5%**

### WAULT

**4.5 years**

### Gearing (debt to total assets)

**35.4%**

\* 12 months to 30 September 2022

## DISCLAIMER

This document is not intended as an offer or solicitation for the purchase of shares in the Company and should not be relied on by any person for the purpose of accounting, legal or tax advice or for making an investment decision. This document is intended solely for the information of the person to whom it is provided by the Company or the Fund Manager. The payment of dividends and the repayment of capital are not guaranteed by the Company. Any forecast, projection or target is indicative only and not guaranteed in any way, and any opinions expressed in this document are not statements of fact and are subject to change, and neither the Company nor the Fund Manager is under any obligation to update such opinions. Past performance is not a reliable indicator of future performance, and investors may not get back the original amount invested. Unless otherwise stated the source of all the information contained in this document is the Fund Manager. Information contained in this document is believed to be accurate at the date of publication, but neither the Company nor the Fund Manager gives any representation or warranty as to the accuracy or completeness of the information contained in this document. This document does not contain and is not to be taken as containing any financial product advice or financial product recommendation. Neither the Company nor the Fund Manager accepts any liability whatsoever for any loss (whether direct or indirect) arising from the use of this document or its contents.

We sold the leisure unit at Southwater Square, Telford, our final non-retail warehouse property, for £5.0 million. We are now only invested in retail warehouse assets, in line with the revised strategy.

In the quarter, we completed two asset management deals securing £1.25 million of rental income per annum.

At Coatbridge, Glasgow, an Agreement for Lease (AFL) was completed with the existing tenant, B&Q, keeping it on the park for a further 10 years. B&Q had a lease expiry in December this year. As part of the transaction, B&Q will downsize from 102,000 sq. ft. to 79,960 sq. ft. Aldi, has signed an AFL for a 20,000 sq. ft. unit which will be created in the space vacated by B&Q. Planning permission has been obtained for the change to food use. On completion of the landlord works, Aldi will enter into a 20-year lease without break, subject to five-yearly rent reviews linked to RPI. This transaction will be reflected in the NAV when the condition relating to the landlord works has been discharged and the leases have completed.

At Springkerse Retail Park, Stirling, Pets at Home agreed to the removal of its lease break option, which was due in June 2024. The lease will now expire in June 2029. The passing rent is unchanged but will benefit from an upwards only rent review in June 2024.

We continue to progress lettings and lease restructures across the portfolio, with the aim of further improving the Company's income stream.

We are also reviewing potential new assets for acquisition. However, this is in the context of ensuring that terms reflect market conditions, and that the financial resilience of the Company is secure.

**CASH AND DEBT**

The Company has approximately £51.2 million of cash available for investment and operational purposes. The Company also has £31.2 million of cash held in its debt facility, which is subject to the lender's LTV requirements being met for it to be released for investment purposes.

At the date of the September valuation, the average loan-to-value across the Company's two debt facilities was 34.7%. The Company is fully compliant with all debt covenants.

**SUMMARY & OUTLOOK**

The NAV decreased by 3.5%, following five consecutive quarters of NAV growth. Values reduced across the UK commercial property market, with some sub-sectors more affected than others.

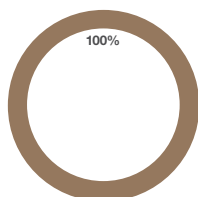
The cost-of-living crisis, rising energy costs, high inflation, rising interest rates, political instability and wider geo-political events eroded the confidence of consumers and investors alike and have created headwinds, not just for property, but also for the wider economy. However, it was the material increase in gilt yields which caused the biggest recent shift in property values, particularly for the lower yielding sub-sectors such as industrial and logistics.

However, the fundamentals of retail warehousing remain attractive, and it is likely to continue to be the most resilient and flexible of the retail sub-sectors, able to adapt to the changing needs of consumers and tenants as well as accommodating many convenience-led retailers.

There will be challenges to contend with, but with a reshaped portfolio (with no office or leisure exposure), a good tenant line up, a low vacancy rate (6.5%) an attractive WAULT (4.5 years) and ongoing asset management opportunities, the Company has a robust platform on which to build. Further, we have cash available for investment into a re-priced market, at the appropriate time.

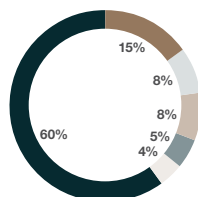
**Sector exposure at 30 September 2022**

■ Retail warehouse



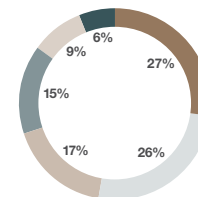
**Tenant exposure at 30 September 2022**

■ B&Q Ltd  
 ■ B&M Retail Ltd  
 ■ Marks & Spencer plc  
 ■ Boots UK Ltd  
 ■ Pets at Home Limited  
 ■ Tenants <3.9%



**Location exposure at 30 September 2022**

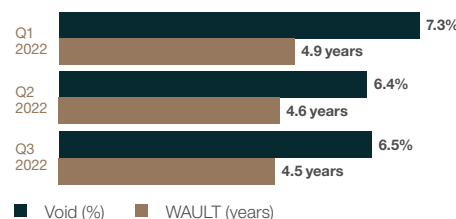
■ Scotland  
 ■ Wales  
 ■ North West  
 ■ Yorkshire  
 ■ North East  
 ■ East Midlands



**PROPERTY PORTFOLIO AS AT 30 SEPTEMBER 2022**

Location	Name	Sub-sector	Market Value Range (£m)	Tenure
Widnes	Widnes Shopping Park	Retail Warehouse	35-40	Leasehold
Prestatyn	Prestatyn Shopping Park	Retail Warehouse	25-30	Freehold
Stirling	Springkerse Retail Park	Retail Warehouse	25-30	Heritable
Hull	Kingston Retail Park	Retail Warehouse	20-25	Freehold
Rhyl	Clwyd Retail Park	Retail Warehouse	15-20	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
Haddington	Haddington Retail Park	Retail Warehouse	15-20	Heritable
Daventry	Abbey Retail Park	Retail Warehouse	10-15	Leasehold
Barnsley	Wombwell Lane	Retail Warehouse	10-15	Freehold

**EPRA Vacancy rate and weighted average unexpired lease term (WAULT)**



**Lease expiries illustrating revenue impact on portfolio at 30 September 2022**

