ediston
Property Investment Company PLC

Good progress with office sales

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. 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.

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

KEY FINANCIAL FACTS AT 31 DECEMBER 2021

Portfolio value	£249.9m
Annualised dividend per share	5.00p
EPRA NAV per share	90.64p
Annualised dividend yield	5.8%
Market capitalisation	£180.9m
NAV total return*	12.9%
Share price	85.6p
WAULT	4.5 years
EPRA vacancy rate	8.2%
Gearing (debt to total assets)	35.2%

*12 months to 31 December 2021

ediston-reit.com

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

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SALE OF THE OFFICE PORTFOLIO AND REINVESTMENT STRATEGY

During the period, we disposed of three of our four office assets. Midland Bridge House, Bath; 145 Morrison Street Edinburgh; and Citygate II Newcastle were all sold. The sales realised £36.4 million before costs. This was below the 30 September 2021 valuation and reflected the general weakness in office markets outside London. However, the sale price was above the book cost of £29.9 million.

We found that there was not a significant depth of investor demand for office assets. This affected the prices achieved and consequently had a negative impact on the NAV.

The office sales are an important step in pivoting towards the retail warehouse sector. Retail warehousing is a sector in which we have considerable experience as an investor, developer and asset manager. Retail warehouse assets are well suited to our intensive style of asset management. We are reviewing several opportunities in the sector into which we aim to redeploy the office sale proceeds.

ASSET MANAGEMENT UPDATE

During the period ten lease transactions were completed, which secured £1.2 million of income per annum, and contributed to the EPRA vacancy rate reducing from 8.6% to 8.2%.

Eight of the ten deals were in the retail warehouse portfolio and there was one in each of the office and leisure portfolios.

At Kingston Retail Park in Hull, the letting to The Range completed. The Range signed a 15-year lease on a 14,500 sq. ft. unit which was vacated by Outfit (Arcadia) in Q2 2021. Also at Hull, Greggs exchanged an Agreement for Lease (AFL) on a 2,000 sq. ft. unit which is leased to, but not occupied by, Carphone Warehouse. A lease surrender has been agreed with Carphone Warehouse.

At Prestatyn Shopping Park, The Tech Edge leased a vacant unit of 1,300 sq. ft. on a five-year lease. At Clwyd Retail Park, Rhyl, Now to Bed leased 8,017 sq. ft. on a three-year lease.

At Barnsley, three deals completed across 20,000 sq. ft. of space. Bensons downsized from a unit of 10,000 sq. ft. into one of 5,036 sq. ft. and signed a five-year lease. Jysk signed an AFL on the unit vacated by Bensons. On completion of some landlord works, Jysk will enter into a new ten-year lease with a five-year tenant break option. Lastly at Barnsley, One Below, who was occupying a 4,996 sq. ft. unit on a short-term lease, has committed to the park for five years.

In the office portfolio, at Citygate II in Newcastle, UNW LLP signed an extension to its leases meaning they expire in March 2032, with a tenant break option in March 2027. Subsequent to this deal completing, the asset was sold.

Finally, in the leisure portfolio, at Hartlepool, Mecca Bingo signed a 10-year reversionary lease with a seven-year tenant break option on its unit which extends to 31,284 sq. ft. The lease will expire in September 2032, with a break option in September 2029.

RENT COLLECTION, CASH AND DEBT

Rent collection for the period is expected to reach 99.9%, which is in line with the prior quarter.

As at the date of this announcement the Company had approximately £30.4 million of cash available for investment and operational purposes. The Company also has £23.25 million of cash held in its debt facility.

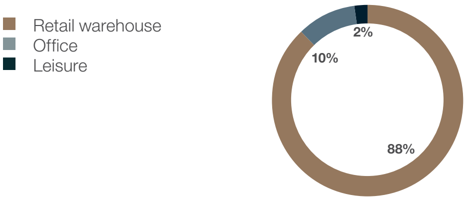
The average loan-to-value across the Company's two debt facilities was 35.2%. The Company is fully compliant with all debt covenants and has significant headroom against income and asset value covenants.

OUTLOOK

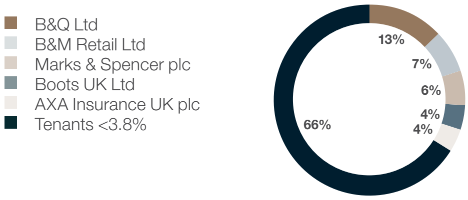
Three of the Company's office assets have now been sold, but the weakness in the office market negatively affected the sale price and consequently the NAV. However, the positive momentum in the retail warehouse sector has continued to build and looks set to improve further given increased tenant demand and attractive pricing, relative to other sectors of the market. Retail warehouse valuations increased again in the period and contributed to the third consecutive quarter of NAV growth for the Company.

The immediate focus is now on reinvesting the sales proceeds into suitable retail warehouse stock and on continuing to identify and execute asset management initiatives to improve both income and capital values across the portfolio.

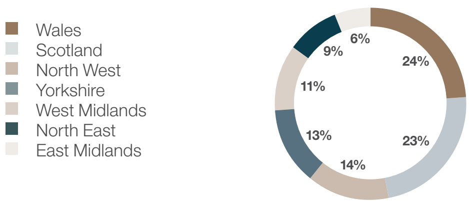
Sector exposure at 31 December 2021



Tenant exposure at 31 December 2021



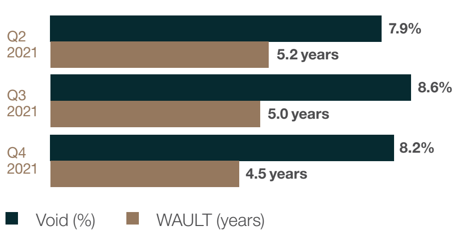
Location exposure at 31 December 2021



PROPERTY PORTFOLIO AS AT 31 DECEMBER 2021

Location	Name	Sub-sector	Market Value Range (£m)	Tenure
Birmingham	St Philips Point	Office – Rest of UK	25-30	Freehold
Widnes	Widnes Shopping Park	Retail Warehouse	35-40	Leasehold
Prestatyn	Prestatyn Shopping Park	Retail Warehouse	25-30	Freehold
Hull	Kingston Retail Park	Retail Warehouse	20-25	Freehold
Stirling	Springkerse Retail Park	Retail Warehouse	20-25	Heritable
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	10-15	Heritable
Daventry	Abbey Retail Park	Retail Warehouse	10-15	Leasehold
Barnsley	Barnsley East Retail Park	Retail Warehouse	10-15	Freehold
Telford	Mecca Bingo	Leisure	0-5	Freehold
Hartlepool	Mecca Bingo	Leisure	0-5	Freehold

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



Lease expiries illustrating revenue impact on portfolio at 31 December 2021