

Continuing to deliver 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, 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.

KEY FINANCIAL FACTS AT 31 MARCH 2022

Portfolio value

£204.3m

EPRA NAV per share

80.44p

Market capitalisation

£129.8m

Share price

61.4p

EPRA vacancy rate

6.7%

Annual dividend per share

5.00p

Annualised dividend yield

8.1%

NAV total return*

-11.4%

WAULT

5.1 years

Gearing (debt to total assets)

39.1%

* 12 months to 31 March 2023

ediston-reit.com

Investment Manager: Ediston Properties Limited

Launch date: 28 October 2014

SEDOL: BNGMZB6

0131 225 5599 | info@ediston.com

Ediston, 1 St Andrew Square, Edinburgh EH2 2BD

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.

The volatility in pricing in the first quarter of the Company's new financial year dissipated in the second quarter as market values, with the exception of offices, were generally flat.

During the quarter, the Company's investment portfolio increased in value by 0.6%. The completion of asset management initiatives contributed to this positive performance. This contrasted with the significant fall in the previous quarter which gave rise to an overall fall of 11.7% over the half year period. As a reference point, the MSCI UK Monthly index recorded a market decline for All-Property of 17.6% over the same period.

After adjusting for capital expenditure and the use of capital to fund the uncovered dividend during the period, the Company's NAV decreased by 0.6% in the quarter. Over the six-month period the NAV declined by 15.3%.

ACTIVE ASSET MANAGEMENT

Four asset management deals were completed during the period, securing £895,350 of income per annum.

At Widnes Shopping Park, having signed an Agreement for Lease (AFL) last quarter, Poundland completed a five-year lease on a unit of 11,295 sq. ft. Poundland is an existing tenant that has increased its trading footprint by 126%. The new rent is 43% ahead of the rent being paid by the former tenant and 12% ahead of the valuer's estimated rental value (ERV) of the unit.

At Springkerse Retail Park, Stirling, DFS has upsized from a unit of 9,979 sq. ft. and signed a 10-year lease with a five-year break option on a unit extending to 11,916 sq. ft. The new rent is 68% higher than the rent being paid by the previous tenant who was occupying the unit following an administration process completed prior to the Company's ownership. The new rent is 13% higher than the valuer's ERV.

Superdrug signed an AFL on a 7,539 sq. ft. unit on Prestatyn Shopping Park. The new lease will commence in Q2, once vacant possession has been secured from the existing tenant. On completion, Superdrug will sign a 10-year lease with a five-year tenant break option. The new rent is 2% ahead of the valuer's ERV.

As announced on 1 March 2023, the Company has signed an AFL with Marks and Spencer (M&S) at Plas Coch Retail Park, Wrexham. On completion of landlord works in August this year, M&S will sign a 10-year lease on a newly created 21,000 sq. ft. unit and will pay a market rent which is 27% ahead of the valuer's ERV.

It is encouraging that the latest set of lettings have all been achieved at rents ahead of the independent valuer's ERVs. It is also a significant positive pointer to the strength of a park when a tenant is upsizing as is the case at Widnes and Stirling.

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

DEBT

As at 31 March 2023, the average loan-to-value across the Company's two debt facilities was 39.1%. The Company is compliant with its debt covenants and there are no imminent refinancing events, with £56.9 million maturing in May 2025 and £54.2 million in December 2027.

SUMMARY

It is encouraging to see the property valuations improving in the quarter, supported by the continued robust operational performance of the property portfolio. It is hoped that the worst of the valuation declines have been experienced and we can now build from this base.

We continue to identify and complete asset management initiatives which should improve the rental value and improve the WAULT of the portfolio. Rent collection remains strong, with 99.9% of rent expected to be collected for the period.

The retail warehouse sector is predicted to continue to perform well, with the latest IPF Consensus Forecast published on 1 March 2023 forecasting it will be a top performing sub-sector, on a total return basis, over the period 2023 to 2027.

With a focussed investment strategy and continued active asset management we are confident we can capitalise on this positivity and deliver performance on both a capital and income basis.

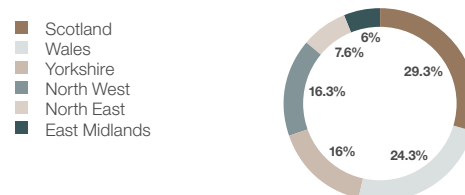
Sector exposure at 31 March 2023



Tenant exposure at 31 March 2023



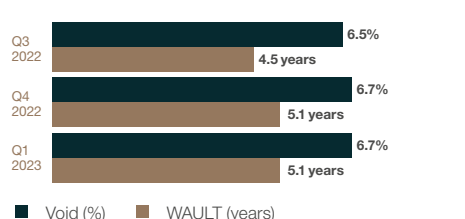
Location exposure at 31 March 2023



PROPERTY PORTFOLIO AS AT 31 MARCH 2023

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

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



Lease expiries illustrating revenue impact on portfolio at 31 March 2023

