

Positive Momentum

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 MARCH 2022

Portfolio value

£238.8m

EPRA NAV per share

96.08p

Market capitalisation

£166.5m

Share price

78.8p

EPRA vacancy rate

7.3%

Annual dividend per share

5.00p

Annualised dividend yield

6.3%

NAV total return*

20.3%

WAULT

4.9 years

Gearing (debt to total assets)

35.0%

* 12 months to 31 March 2022

ediston-reit.com

Investment Manager: Ediston Properties Limited

Launch date: 28 October 2014

SEDOL: BNGMZB6

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In seeking to identify and capitalise on attractive investment themes and opportunities as they emerge in the UK commercial property sector, we have been repositioning the portfolio to focus on the retail warehouse sector. This followed a review in July 2021 which concluded that this sector had the best prospects for asset value and income growth.

During the period, we completed the first phase of this change by selling our final office asset, St Philips Point, Birmingham, for a headline price of £24.5 million.

The shift in focus coincides with a move from the office sector which has provided positive performance for the Company since its launch in 2014, with six office assets having been bought and sold during that time, delivering an IRR of 10.1%.

On 13 April the Company announced the sale of its leisure asset at The Lanyard, Hartlepool for a price of £2.6 million. The asset is let to Mecca Bingo Limited. We had completed a lease extension with the tenant in quarter four last year which extended the unexpired lease term by seven years. There is now only one leisure asset remaining in the property portfolio.

The emphasis is now on redeploying the sale proceeds into retail warehouse assets. According to the IPF Consensus Forecast, published in February 2022, retail warehousing is forecast to be the top performing sub-sector, on a total return basis, over the period 2022 to 2026.

ASSET MANAGEMENT UPDATE

During the period we completed four lease transactions, securing £377,500 of income per annum, which is marginally ahead of the ERV of the units.

- At Kingston Retail Park in Hull, Greggs completed a lease on a 2,000 sq. ft. unit. It signed a 10-year lease with a five-year tenant break option.
- At Widnes Shopping Park, Card Factory signed a five-year lease, without break, on a 1,590 sq. ft. unit.
- At Barnsley, Jysk completed a 10-year lease with a five-year break option on a 10,000 sq. ft. unit.
- At Stirling, Harry Corry signed a five-year lease extension on its 9,968 sq. ft. unit, meaning its lease will now expire in February 2027.

Post-period-end JD Sports completed a lease on a 7,623 sq. ft. unit, at Prestatyn Shopping Park, which was previously occupied by New Look. New Look was occupying the unit on a turnover rent basis, following the approval of its Company Voluntary Arrangement (CVA). Under the terms of the CVA landlords are entitled to break the leases.

We considered the terms of the CVA were below market, so took the opportunity to exercise the break clause and identified JD Sports as a more suitable tenant for the space. The rent from JD Sports is 44% higher than the turnover rent which was being paid by New Look.

The EPRA Vacancy Rate, at 31 March 2022 was 7.3%. This figure has subsequently fallen to 6.3% following the JD Sports letting mentioned above.

We are progressing other new lettings and lease restructures across the portfolio, which will further improve the Company's income stream. These will be reported on when completed.

RENT COLLECTION, CASH AND DEBT

Rent collection continues to be strong, with 99.9% of the rent due for Q1 2022 expected to be collected.

The Company has approximately £41.2 million of cash available for investment and operational purposes. The Company also has £36.3 million of cash held in its debt facility. These figures include the Hartlepool sale proceeds. The average loan-to-value across the Company's two debt facilities was 32.4%. The Company is fully compliant with all debt covenants and has significant headroom against income and asset value covenants.

SUMMARY & OUTLOOK

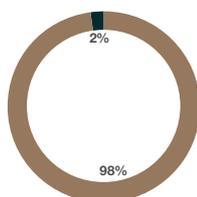
The Company has now had four consecutive quarters of NAV growth, driven by the continued valuation improvements in its retail warehouse portfolio. General market movement, and the completion of asset management initiatives have contributed to the positive direction of travel.

Good progress has also been made with the revised strategy, with all offices assets now sold. The priority is to reinvest the sales proceeds into suitable retail warehouse stock.

Looking across the portfolio, there are other reasons to be positive. Rent collection remains strong, the EPRA vacancy rate has fallen, and we continue to identify and complete asset management projects across multiple properties.

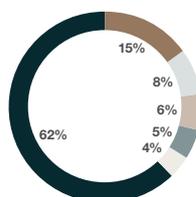
Sector exposure at 31 March 2022

- Retail warehouse
- Leisure



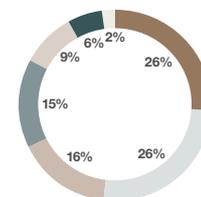
Tenant exposure at 31 March 2022

- B&Q Ltd
- B&M Retail Ltd
- Marks & Spencer plc
- Boots UK Ltd
- Pets at Home Limited
- Tenants <3.8%



Location exposure at 31 March 2022

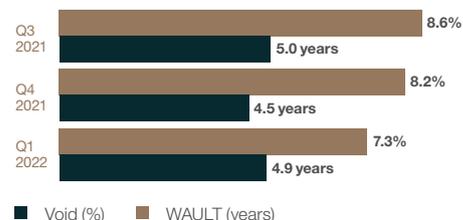
- Scotland
- Wales
- North West
- Yorkshire
- North East
- East Midlands
- West Midlands



PROPERTY PORTFOLIO AS AT 31 MARCH 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	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 March 2022

