

Strategy update

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. 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.

KEY FINANCIAL FACTS AT 30 JUNE 2021

Portfolio value

£253m

EPRA NAV per share

87.19p

Market capitalisation

£143m

Share price

67.8p

EPRA vacancy rate

7.9%

Annualised dividend per share

5.00p

Annualised dividend yield

7.4%

NAV total return*

1.4%

*12 months 30 June 2021

WAULT

5.2 years

Gearing (debt to total assets)

33.2%

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

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STRATEGY UPDATE

In conjunction with the Board, we have undertaken an internal review of the Company's investment objectives and strategy. It was concluded that the Company should maintain its scope as a generalist UK commercial property investment company with a focus on income. However, for the foreseeable future, given its attractive investment potential, the focus will be on the retail warehouse sector. This sector already accounts for 70.2% of the property portfolio.

When appropriate, in terms of value and timing, the Company intends to sell offices and recycle the investment proceeds into retail warehouse assets. As an initial step in this strategy, a portfolio of three office assets has been offered to the market for sale and a retail warehouse park has been placed under offer to purchase.

We believe that there is value and opportunity in the retail warehouse sector. It has proved to have been the most resilient retail sub-sector during the COVID-19 pandemic, with favourable rent collection figures and an active tenant market. However, following the sell down across all retail markets, the retail warehouse sub-sector now looks oversold. Yields look attractive when compared to other property sub-sectors, often with income secured on high quality companies. The anticipated recovery in consumer spending will likely favour many of the retailers that trade from retail warehouses. The format works well alongside on-line retailing, supporting retailers' omnichannel strategies. In short, retail warehousing is the segment of the retail market which appears to have been mis-priced.

We believe we can capitalise on this opportunity through our extensive knowledge and expertise as an investor, developer, and asset manager of UK retail warehouse assets, along with our access to investment opportunities.

ASSET MANAGEMENT

The development of Haddington Retail Park achieved practical completion on 24 June 2021, on time and on budget. The leases have now been completed, and the tenants are fitting out their units. The Retail Park is 97% pre-let to Aldi, Home Bargains, Food Warehouse, Costa Coffee and Euro Garages, with one unit of 1,500 sq. ft. available to let. Once fully occupied, the retail park will provide the Company with new contracted rental income of £875,000 per annum.

At Kingston Retail Park in Hull, Jack's, Tesco's value brand, has completed a 10-year lease with a five-year tenant break option. Jack's will pay an annual rent of £195,000. It opened for trade on 15 July 2021.

At Clwyd Retail Park in Rhyl, the Company has sold a 1.6 acre site to an owner occupier, having been granted planning permission for a food use. The net price of £1.2m was 140% ahead of the 31 March 2021 valuation, delivering a greater profit to the Company than would have been the case if it had completed the development of the site itself.

RENT COLLECTION AND DIVIDEND

As at 14 July 2021, 98% of the rent due for Q2 2021 has been collected. At this high level of rent collection, which is forecast to continue, and with asset management deals in the pipeline, it is projected that the Company's rent roll will improve further. Therefore, following the 25% dividend increase announced in April 2021, which is fully-covered, it is the Board's expectation that it will be able to increase the dividend further in the coming months.

PERFORMANCE

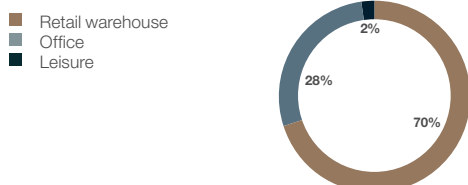
As at 30 June, the Fair Value independent valuation of the property portfolio was £253 million, a like-for-like increase of 2.66% on the 31 March 2021 valuation.

OUTLOOK

Following the easing of lockdown restrictions, confidence has started to build in the retail warehouse sector. Valuations have started to increase, which has had a positive effect on the Company's NAV, and tenant demand for space has improved. These favourable conditions look set to continue.

Against this backdrop, and given our expertise in the sector, the decision has been made to focus investment activity on retail warehousing for the foreseeable future. The immediate focus is on repositioning the property portfolio by selling office assets and investing into the retail warehouse sector, and on delivering asset management initiatives which will improve the Company's income stream.

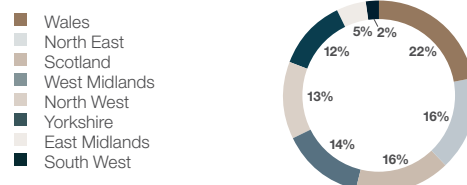
Sector exposure at 30 June 2021



Tenant exposure at 30 June 2021



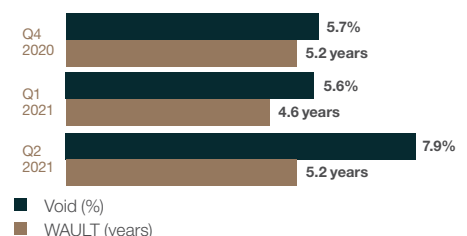
Location exposure at 30 June 2021



PROPERTY PORTFOLIO AS AT 30 JUNE 2021

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
Widnes	Widnes Shopping Park	Retail Warehouse	30-35m	Leasehold
Prestatyn	Prestatyn Shopping Park	Retail Warehouse	20-25m	Freehold
Hull	Kingston Retail Park	Retail Warehouse	20-25m	Freehold
Sunderland	Pallion Retail Park	Retail Warehouse	15-20m	Freehold
Wrexham	Plas Coch Retail Park	Retail Warehouse	15-20m	Freehold
Coatbridge	B&Q	Retail Warehouse	15-20m	Heritable
Rhyl	Clwyd Retail Park	Retail Warehouse	10-15m	Freehold
Haddington	Haddington Retail Park	Retail Warehouse	10-15m	Heritable
Daventry	Abbey Retail Park	Retail Warehouse	10-15m	Leasehold
Barnsley	Barnsley East Retail Park	Retail Warehouse	5-10m	Freehold
Telford	Mecca Bingo	Leisure	0-5m	Freehold
Hartlepool	Mecca Bingo	Leisure	0-5m	Freehold

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



Lease expiries illustrating revenue impact on portfolio at 30 June 2021

