EDISTON PROPERTY
INVESTMENT COMPANY PLC

Continued progress

Interim Report and Condensed Consolidated Financial Statements
for the six months to 31 March 2016

Who we are

Ediston Property Investment Company is a UK-listed Real Estate Investment Trust (REIT) investing in commercial property throughout the UK.

Investment strategy

We aim to deliver to our shareholders an attractive level of income coupled with the prospect of income and capital growth.

	31 March 2016 (6 months)	31 March 2015 (6 months)	30 September 2015 (12 months)
EPRA NAV per share	**107.21 pence**	102.56 pence	106.49 pence
EPRA NAV total return	**3.3%**	Not reported	13.7%
Dividend per share	**2.75 pence**	1.89 pence	5.09 pence
Premium/(discount) of share price to NAV	**(2.5%) discount**	5.3% premium	2.8% premium
Share price total return	**-2.1%**	9.9%	14.3%
EPRA Vacancy rate	**5.5%**	Not reported	7.4%

We support EPRA's drive to bring parity to the comparability and quality of information provided to investors and other key stakeholders of this Report. We have therefore included a number of performance measures based on EPRA methodology. It should be noted that there is no difference between the Company's IFRS and EPRA NAV in this period's accounts.

What we do

Our approach is to add value at all stages of the investment process. Key to this is the expertise and skill-set of the team at our investment manager, Ediston Real Estate, with its generous ratio of experienced property professionals to assets. It has a strong track record of, and continued focus on, improving value through intensive and entrepreneurial asset management. We invest in the main UK commercial property sectors unconstrained by a traditional property market relative-return benchmark.

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HIGHLIGHTS FOR THE SIX MONTHS TO 31 MARCH 2016

- Net asset value increased 0.68% to 107.21 pence (30 September 2015: 106.49 pence).
- Annualised dividend yield of 5.26% based on 31 March 2016 share price of 104.50 pence.
- EPRA vacancy rate reduced to 5.5% (30 September 2015: 7.4%).
- Two properties purchased for £41.4 million.
- Increase of £12.4 million to the existing credit facility with Aviva Commercial Finance Limited, at an 'all-in' fixed interest rate of 2.95%.
- EPRA earnings per share 2.60 pence (31 March 2015: 2.18 pence).
- Dividend cover has improved to 94.8% (30 September 2015: 84.7%).

ENHANCING OUR PORTFOLIO

The Company has acquired 13 assets for £161.2 million since listing in October 2014. These acquisitions, boosted by successful asset management initiatives, have resulted in the weighted average unexpired lease term (WAULT) being 8.3 years, providing income security for shareholders.

PROPERTY PORTFOLIO AS AT 31 MARCH 2016

Location	Name	Sub-sector	Market Value Range (£)
Birmingham	St Philips Point	Office – Rest of UK	25-30m
Reading	Phoenix	Office – South East	20-25m
Wrexham	Plas Coch Retail Park	Retail Warehouse	20-25m
Newcastle	Citygate	Office – Rest of UK	15-20m
Sheffield	Capita	Office – Rest of UK	15-20m
Coatbridge	B&Q	Retail Warehouse	15-20m
Rhyl	Clwyd Retail Park	Retail Warehouse	15-20m
Daventry	Abbey Retail Park	Retail Warehouse	10-15m
Edinburgh	145 Morrison Street	Office – Rest of UK	10-15m
Bath	Midland Bridge House	Office – Rest of UK	0-5m
Telford	Mecca Bingo	Leisure	0-5m
Liverpool	Mecca Bingo	Leisure	0-5m
Hartlepool	Mecca Bingo	Leisure	0-5m

Number of properties

13

Total contracted rent

£11.7m

Portfolio value

£181.1m

PORTFOLIO UPDATE

CITYGATE, NEWCASTLE
(Office, acquired in January 2016)

Purchase price

£19.0m

Net yield at purchase

6.6%

PLAS COCH RETAIL PARK, WREXHAM
(Retail warehouse, acquired in December 2015)

Purchase price

£22.4m

Net yield at purchase

6.5%

CONTINUING PROGRESS

INTRODUCTION

The first six months of the financial year have seen further progress in the Company's development. Two acquisitions were made and this completed the investment of the proceeds of the capital raised in July last year.

The portfolio now comprises 13 assets with exposure to retail warehousing, office and leisure markets secured on leases with a weighted average unexpired lease term of 8.3 years. The current rental yield including rental guarantees as a percentage of the half year property valuation is 6.71%. In addition, there are a number of interesting opportunities to add value in the short term which the investment manager is seeking to realise through its management of the assets.

INVESTMENT PERFORMANCE

The EPRA NAV per share increased from 106.49 pence to 107.21 pence over the six months period. This is a good outcome and should be considered in the context of the negative impact of 0.97 pence per share owing to transaction costs from the two acquisitions and 1.03 pence per share from the increase in Stamp Duty Land Tax in England and Wales in the March Budget.

The Company's shares have had a modest average premium to net asset value for the preceding twelve months. However, the shares have traded at a small discount since the turn of the year detracting from the share price total return performance. This is in common with most of the property investment company sector and frustrating given the negative impact on the ability of the Company to raise additional equity.

INVESTMENT PURCHASES

On 11 December 2015 the Company purchased Plas Coch Retail Park in Wrexham for £22.4 million (net of acquisition costs). The net initial yield of 6.5% rose to an attractive 7.3% in March 2016 after the expiry of a rent free period, with a weighted average unexpired lease term of more than ten years.

On 29 January 2016 the Company acquired Citygate, a modern office building in Newcastle, for £19.0 million (net of acquisition costs) at a net initial yield of 6.6%. In 2017, 89% of this income is subject to an upwards only rent review.

DEBT AND CASH

The Board believes that it remains appropriate for the Company to have a capital structure with borrowings at 30% of gross asset value. The use of debt to supplement the investment of equity in the two acquisitions was therefore approved. The Board concluded that the extension of the existing debt facility with Aviva by £12.4 million was the most attractive means of achieving this. The blended cost of the £52.4 million aggregate debt held by the Company is 3.06%, which is fixed until the loan matures in 2025.

The Company is now fully invested. A proportion of the £10.7 million cash shown on the balance sheet at 31 March 2016 is expected to be used for capital expenditure over the next few months, arising from asset management opportunities in the existing portfolio. The balance is required for working capital.

DIVIDENDS

The Company continued with the payment of monthly dividends, equivalent to 5.5 pence per share per annum, in line with its commitment in the flotation prospectus of October 2014. The monthly rate of dividend paid is 0.4583 pence per share.

The net revenue of the Company following the recent acquisitions is modestly exceeding the current dividend, providing a forward-looking fully covered dividend assuming no new equity is raised and income is maintained.

GOVERNANCE

When the Company was floated R&H Fund Services (Jersey) Limited was the Company's Alternative Investment Fund Manager (AIFM) and Investment Manager, with Ediston Properties Limited acting as the property advisor and property manager. In the October 2014 prospectus it was stated that the Board intended to appoint Ediston as the AIFM once Ediston had achieved the necessary regulatory approval. This has now been achieved and on 24 February 2016 the Company appointed Ediston Investment Services Limited as its Alternative Investment Fund Manager (AIFM) and Investment Manager. R&H Fund Services (Jersey) Limited remains as the company secretary and administrator.

EQUITY BASE

The Board remains committed to increasing the size of the Company providing that such growth is in the long term interest of shareholders. However, market conditions to raise capital are challenging. The view of the Board and the investment manager is that the long-term market fundamentals remain attractive for the strategy employed by the Company and that the current market uncertainties are likely to give rise to some interesting buying opportunities.

The Board will, therefore, continue to actively explore opportunities to expand the Company's equity base in consultation with its advisers and existing and potential shareholders. It was for this reason last year that the Company published a prospectus giving the capacity for an annual placing programme, under which £35.92 million of gross proceeds was raised last year, and more recently took non pre-emptive issuance powers for a further 40 million shares.

The placing programme under the current prospectus is due to expire on 22 June 2016. It is the Board's intention to issue a new prospectus to provide the flexibility to continue with the placing programme when suitable opportunities arise.

OUTLOOK

There is little doubt that the downward movement of yields has ended for the moment and property investors have become nervous about risks such as Brexit and weakness in the economy. Much of this concern is centred on the London office market where the Company is not invested, and has no current plans to invest.

The deterioration in market sentiment is having a negative effect on transactional volumes and liquidity. It would not be a surprise if market yields for some assets were to rise, especially where a vendor is under pressure to sell. Nevertheless, occupational markets favour the landlord with new supply outside London generally muted and unlikely to change the market balance in the short to medium term. If anything, the tipping towards 'risk-off from risk-on' is only going to help keep new supply in check.

A market with capital hiccups but good fundamentals is an attractive one to exploit. The Company has an investment manager well equipped to take full advantage.

William Hill
Chairman
24 May 2016

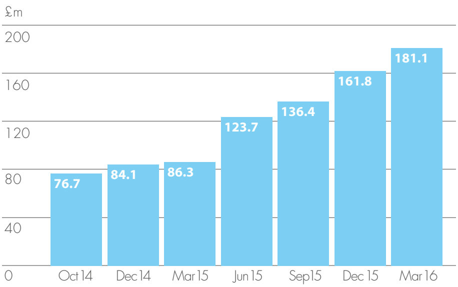
INCREASED PROPERTY PORTFOLIO

PROPERTY MARKET

The property market is in an interesting place. As it enters a new part of the cycle in which market yield improvement is at an end, income return and income growth will deliver the major component of total returns.

After a record year in 2015, total investment volumes for all property in the UK fell in the first quarter of 2016, a 27% year-on-year decline. This is not surprising, since after such a strong 2015 it was likely that volumes would fall. It is not all doom and gloom, while volumes are down, they remain 7% higher than the long-term average, with good demand in the regional markets as investors move away from Central London.

Property assets under management at 31 March 2016



There is still an appetite to invest in the UK property market, with demand from global investors. However, the reduction in activity reflects some general caution in the market as a result of issues such as Brexit, the increase in Stamp Duty Land Tax and a possible overshoot in London residential and commercial values. This reduced activity may well cause some real estate prices to fall, but this is unlikely to be a long term re-rating of the market to a lower level. As such there could be really interesting buying opportunities for the Company as investors adopt different positions on key issues.

The country's economic fundamentals remain relatively positive, with GDP growth of 0.4% for the first quarter of 2016, and forecasts of 2.0% for 2016, which is around trend levels, albeit this has been revised marginally downwards. The low interest rate environment looks set to continue. Less than a year ago, it was widely expected that interest rates would rise at the start of 2016. Seven years on from the last increase in rates, forecasts indicate that it is unlikely there will be a rise any time soon. Further, the yield gap between all-property yields and ten year gilts remains attractive, which will provide an adequate buffer to cope with some upward movement in interest rates, whenever that may occur. However, inflation continues to run at near-zero levels, which is helping to keep interest rates supressed. That said, sterling has weakened in the run-up to the EU referendum, which could drive inflation.

The occupational market is performing well, with strong take up and real rental growth a prospect in many locations. The good news story of the last two years, the UK regional office market, continues with Glasgow, Edinburgh, Birmingham and Bristol each having significant letting deals (over 50,000 sq. ft.) transacted during the period at increases in net effective rental levels. Little speculative development, low vacancy rates and reasonable occupier demand indicates further rental growth is expected.

PURCHASE ACTIVITY

The property portfolio increased during the period with the acquisition of two assets for a total of £41.4 million.

In December 2015, Plas Coch Retail Park in Wrexham was bought for £22.4 million, reflecting a 6.5% net initial yield, which rose to 7.3% in March when a rent-free period expired. The well-located shopping park extends to 94,000 sq. ft. and is adjacent to Sainsbury's and Aldi. It is let to seven national tenants and at acquisition had a WAULT in excess of ten years. The tenant line-up was enhanced shortly after purchase with TK Maxx relocating from Wrexham town centre to Plas Coch, reinforcing the attraction of the park to national brands.

In January 2016, a prime office building in Newcastle was acquired for £19.0 million, reflecting a net initial yield of 6.6%. The building provides 63,500 sq. ft. of modern office accommodation with 70 car parking spaces. It is let to three tenants, EY, UNW and N+D (London) Limited, guaranteed by Grainger plc, and has a WAULT in excess of six years. The investment benefits from upward-only rent reviews in 2017 and is well placed to benefit from the rental growth forecast to materialise in the city owing to the favourable supply-demand imbalance.

PORTFOLIO VALUATION

The Company's property portfolio is valued by Knight Frank on a quarterly basis throughout the year. As at 31 March 2016 it was valued at £181.1 million, compared to £136.4 million at the year end in September 2015.

The half-year end valuation was affected by the changes in the Stamp Duty Land Tax (SDLT) regime, announced by the Chancellor of the Exchequer in his Budget statement on 16 March 2016. The unexpected increase in SDLT affects all properties in England, Wales and Northern Ireland and raises the top rate of tax from 4% to 5%. Property valuations have therefore been adjusted downwards to reflect the higher acquisition costs to the buyer. Scottish assets were not affected by the change.

The knock-on effect of the SDLT change on the Company's independent valuation was to reduce the uplift in valuation from 0.8% to 0.1%, ignoring the new assets acquired during the period.

PERFORMANCE

Over the half-year to 31 March 2016, the Company's EPRA NAV total return was 3.3% and its share price total return was -2.1%.

The Company achieved a profit after tax of £4.5 million. Revenue profit was £3.3 million, resulting in EPRA earnings per share for the period of 2.6 pence.

Returns have been affected by the transactions costs of acquiring Wrexham and Newcastle as well as the rise in SDLT in March 2016.

ASSET MANAGEMENT

Following the period end, contracts have been exchanged to let the entire lower ground floor accommodation at St Philips Point, Birmingham, to the US retailer David's Bridal. The destination retailer will open a flagship store of 15,000 sq. ft., which will transform the shopping mall, which was predominantly vacant when the asset was acquired. David's Bridal is taking a 10-year lease at a rent of £225,000 per annum. The lease will be on full repairing and insuring (FRI) terms and will benefit from upwards-only rent reviews, based on annual RPI compounded and applied in year five, with an annual collar and cap of 1% and 3% respectively.

A number of other asset management initiatives are being worked on across the portfolio.

PROPERTY INVESTMENT STRATEGY

The Company's strategy remains to build a good-quality diversified portfolio of properties in order to provide shareholders with an attractive level of income, with the prospect of both income and capital growth.

LEASE PROFILE AND VOIDS

The Company has a robust income profile with 22.5% of the income secured on leases in excess of ten years. With income becoming the key component of total return as the market enters a new phase of the cycle, this is an important attribute underpinning the income stream. 82.1% of the income is secured against tenants with a Dun and Bradstreet rating of 4A1 or better and the WAULT of the Company to earliest termination is 8.3 years. At the period end, the EPRA vacancy rate was 5.5%, which falls to 1.5%, if the vacant space covered by guarantees is excluded.

DEBT FINANCING

The Company's subsidiary, EPIC (No.1) Limited, increased its existing debt facility with Aviva Commercial Finance Limited by £12.4 million at an all-in rate of 2.95% until expiry in May 2025.

The Company now has total debt outstanding of £52.4 million at a weighted average cost of borrowings of 3.06%. The Company's loan-to-value ratio at 31 March 2016 was 29.0%.

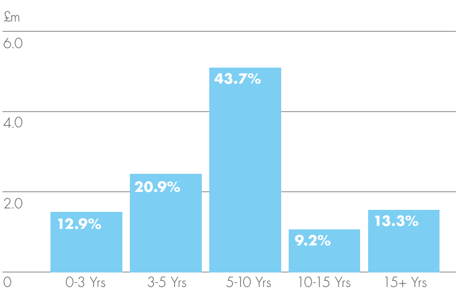
TENANT EXPOSURE

The acquisitions in Wrexham and Newcastle further diversified the tenant base of the Company and helped reduce the exposure to key tenants. The exposure to B&Q and Capita has been reduced to 15.8% and 14.8% respectively, comfortably within the restrictions detailed in the Company prospectus. EY, a tenant in Newcastle, becomes the third-largest tenant, making up 7% of the Company's income. 57% of the Company's income is from tenants whose individual rents are less than 5% of the total income.

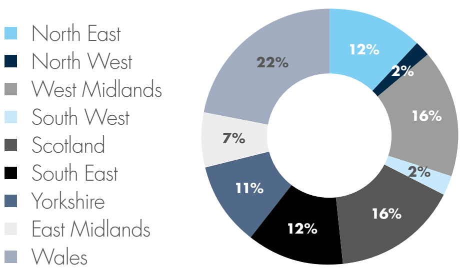
SECTOR AND REGIONAL WEIGHTINGS

The charts illustrate the regional focus of the portfolio and the weighting to offices, both areas of the market where rental growth is forecast.

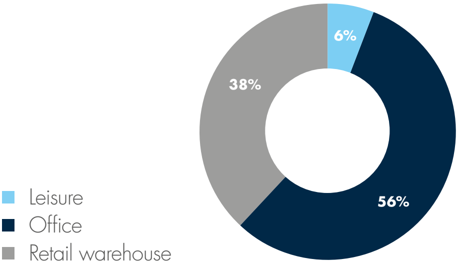
Lease expiries/revenue impact at 31 March 2016



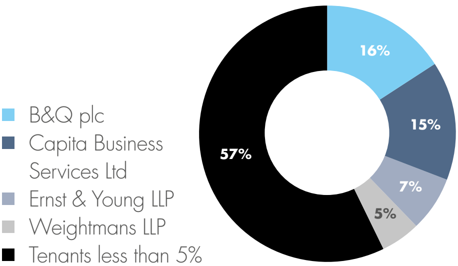
Regional exposure at 31 March 2016



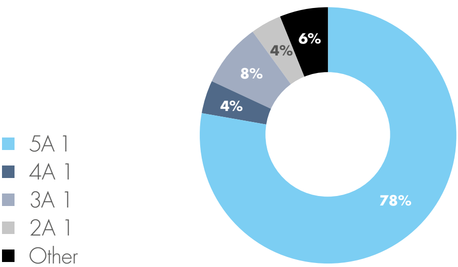
Sector exposure at 31 March 2016



Tenant exposure/concentration at 31 March 2016



D&B risk ratings of tenant income as a percentage of the portfolio income at 31 March 2016



OUTLOOK

The immediate outlook is steady but a number of risks remain which could affect confidence. Concerns over a Chinese 'hard landing' have subsided for now and further promises of central bank stimulus have helped shore up sentiment. There are other risks to be aware of, such as a weaker UK economy, Brexit, financial crisis and political issues, but these are not exclusive to property and will affect all markets.

The UK economic fundamentals are sound, investor demand remains solid and the occupational market, especially in the regions, is buoyant, aided by a limited development pipeline and the potential for rental growth. Disruption in the capital markets remains a possibility and may affect the values of some real estate assets over the course of the year, but this could present some attractive buying opportunities for the Company.

As widespread yield compression comes to an end, income returns will be the largest component of total returns. Rental growth will help drive returns, but it will be our strength as the manager and our ability to work the portfolio which will deliver the edge investors seek.

SUMMARY

- Investment volumes have fallen but remain above the long-term average, indicating an end to widespread market yield improvement.
- Interesting investment opportunities available.
- Total returns driven by income and income growth.
- Rental growth anticipated in the regional office markets owing to the favourable supply-demand imbalance.
- Skill set of the investment manager will be key in working the portfolio and delivering performance.

The market has entered a new phase of the cycle, but we are optimistic about its prospects and are confident we can deliver good performance for our shareholders.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The risks, and the way in which they are managed, are described in more detail under the heading 'Principal Risks' within the Strategic Report in the Group's Annual Report and Accounts for the year ended 30 September 2015. The Group's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remainder of the Group's financial year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE INTERIM REPORT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Chairman's Statement and Investment Manager's Report (together constituting the Interim Management Report) include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements;
- the Statement of Principal Risks and Uncertainties opposite is a fair review of the information required by DTR 4.2.7R; and
- the Chairman's Statement and Investment Manager's Report together with the condensed set of consolidated financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during the period, and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

William Hill
Chairman
24 May 2016

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 March 2016

	Notes	Six months ended 31 March 2016 (unaudited) Revenue £'000	Six months ended 31 March 2016 (unaudited) Capital £'000	Six months ended 31 March 2016 (unaudited) Total £'000	Six months ended 31 March 2015 (unaudited) Total £'000	Year ended 30 September 2015 (audited) Total £'000
Revenue						
Rental income		**5,225**	**–**	**5,225**	2,331	5,901
Total revenue		**5,225**	**–**	**5,225**	2,331	5,901
Unrealised gain on revaluation of investment properties	5	**–**	**1,113**	**1,113**	4,291	8,907
Total income		**5,225**	**1,113**	**6,338**	6,622	14,808
Expenditure						
Investment management fee	2	**(656)**	**–**	**(656)**	(393)	(942)
Other expenses		**(559)**	**–**	**(559)**	(180)	(520)
Total expenditure		**(1,215)**	**–**	**(1,215)**	(573)	(1,462)
Profit before finance costs and taxation		**4,010**	**1,113**	**5,123**	6,049	13,346
Net finance costs						
Interest receivable		**46**	**–**	**46**	15	64
Interest payable		**(714)**	**–**	**(714)**	–	(517)
Profit before taxation		**3,342**	**1,113**	**4,455**	6,064	12,893
Taxation		**–**	**–**	**–**	–	–
Profit for the period		**3,342**	**1,113**	**4,455**	6,064	12,893
Total comprehensive profit for the period		**3,342**	**1,113**	**4,455**	6,064	12,893
Basic earnings per share	3	**2.60p**	**0.87p**	**3.47p**	7.45p	13.43p

The total column of this statement represents the Condensed Consolidated Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement are derived from continuing operations.

No operations were acquired or discontinued in the period.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position
As at 31 March 2016

	Notes	As at 31 March 2016 (unaudited) £'000	As at 31 March 2015 (unaudited) £'000	As at 30 September 2015 (audited) £'000
Non-current assets				
Investment properties	5	**177,718**	82,916	133,033
		177,718	82,916	133,033
Current assets				
Trade and other receivables		**3,625**	3,597	3,584
Cash and cash equivalents		**10,705**	13,237	40,985
		14,330	16,834	44,569
Total assets		**192,048**	99,750	177,602
Non-current liabilities				
Loan	6	**(51,747)**	–	(39,458)
		(51,747)	–	(39,458)
Current liabilities				
Trade and other payables		**(2,788)**	(2,320)	(1,558)
Total liabilities		**(54,535)**	(2,320)	(41,016)
Net assets		**137,513**	97,430	136,586
Equity and reserves				
Called up equity share capital	7	**1,283**	950	1,283
Share premium		**34,898**	–	34,898
Capital reserve – investments held		**10,020**	4,291	8,907
Capital reserve – investments sold		**–**	–	–
Special distributable reserve		**84,578**	91,966	89,035
Revenue reserve		**6,734**	223	2,463
Equity shareholders' funds		**137,513**	97,430	136,586
Net asset value per ordinary share	8	**107.21p**	102.56p	106.49p

The condensed financial statements on pages 11 to 22 were approved by the Board of Directors and authorised for issue on 24 May 2016 and were signed on its behalf by:

William Hill
Chairman

Registered number: 09090446.
The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 March 2016 (unaudited)

	Share capital account £'000	Share premium £'000	Capital reserve – investments held £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 30 September 2015	1,283	34,898	8,907	89,035	2,463	136,586
Profit and total comprehensive profit for the period:	–	–	1,113	–	3,342	4,455
Transactions with owners recognised in equity:						
Dividends paid	–	–	–	(756)	(2,772)	(3,528)
Transfer from special reserve	–	–	–	(3,701)	3,701	–
As at 31 March 2016	**1,283**	**34,898**	**10,020**	**84,578**	**6,734**	**137,513**

For the six months ended 31 March 2015 (unaudited)

	Share capital account £'000	Share premium £'000	Capital reserve – investments held £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 30 September 2014	1	49	–	–	–	50
Profit and total comprehensive profit for the period:	–	–	4,291	–	1,773	6,064
Transactions with owners recognised in equity:						
Issue of ordinary share capital	949	94,001	–	–	–	94,950
Issue costs	–	(1,843)	–	–	–	(1,843)
Cancellation of share premium	–	(92,207)	–	92,207	–	–
Dividends paid	–	–	–	(241)	(1,550)	(1,791)
As at 31 March 2015	**950**	**–**	**4,291**	**91,966**	**223**	**97,430**

Condensed Consolidated Statement of Changes in Equity
For the year ended 30 September 2015 (audited)

	Share capital account £'000	Share premium £'000	Capital reserve – investments held £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 30 September 2014	1	49	–	–	–	50
Profit and total comprehensive profit for the period:	–	–	8,907	–	3,986	12,893
Transactions with owners recognised in equity:						
Issue of ordinary share capital	1,282	129,593	–	–	–	130,875
Issue costs	–	(2,523)	–	–	–	(2,523)
Cancellation of share premium	–	(92,221)	–	92,221	–	–
Dividends paid	–	–	–	(838)	(3,871)	(4,709)
Transfer from special reserve	–	–	–	(2,348)	2,348	–
As at 30 September 2015	**1,283**	**34,898**	**8,907**	**89,035**	**2,463**	**136,586**

Condensed Consolidated Cash Flow Statement

For the six months ended 31 March 2016

	Notes	**Six months ended 31 March 2016 (unaudited) £'000**	Six months ended 31 March 2015 (unaudited) £'000	Year ended 30 September 2015 (audited) £'000
Cash flows from operating activities				
Profit before tax		**4,455**	6,064	12,893
Adjustments for:				
Interest receivable		**(46)**	(15)	(64)
Interest paid		**714**	–	517
Unrealised revaluation gains on property portfolio		**(1,113)**	(4,291)	(8,907)
		4,010	1,758	4,439
Operating cash flows before working capital changes				
Increase in trade and other receivables		**(41)**	(3,547)	(3,584)
Increase in trade and other payables		**886**	2,320	1,558
Net cash inflow from operating activities		**4,855**	531	2,413
Cash flows from investing activities				
Purchase of investment properties		**(43,288)**	(78,625)	(124,126)
Net cash outflow from investing activities		**(43,288)**	(78,625)	(124,126)
Cash flows from financing activities				
Loan drawn down, net of costs	6	**12,258**	–	39,439
Dividends paid	4	**(3,528)**	(1,791)	(4,709)
Interest received		**46**	15	64
Interest paid		**(623)**	–	(498)
Issue of ordinary share capital		**–**	94,950	130,925
Issue costs of ordinary share capital		**–**	(1,843)	(2,523)
Net cash inflow from financing activities		**8,153**	91,331	162,698
Net (decrease)/increase in cash		**(30,280)**	13,237	40,985
Opening cash and cash equivalents		**40,985**	–	–
Closing cash and cash equivalents		**10,705**	13,237	40,985

The accompanying notes are an integral part of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

1. INTERIM RESULTS

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IAS 34 'Interim Financial Reporting' as adopted by the European Union and the accounting policies set out in the statutory accounts of the Group for the year ended 30 September 2015. The condensed consolidated financial statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the financial statements of the Group for the year ended 30 September 2015, which were prepared under IFRS as adopted by the European Union. There have been no significant changes to management judgements and estimates.

The condensed consolidated financial statements have been prepared on the going concern basis. In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries, and bearing in mind the nature of the Group's business and assets, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2. INVESTMENT MANAGEMENT FEE

	Six months ended 31 March 2016 £'000	Six months ended 31 March 2015 £'000	Year ended 30 September 2015 £'000
Investment management fee	**656**	393	942
Total	**656**	393	942

The Investment Management fee is calculated as 0.95% per annum of the net assets of the Group up to £250 million and 0.75% per annum of the net assets of the Group over £250 million. The Investment Management Agreement may be terminated by either party by giving not less than 12 months' notice which can be served at any time following the second anniversary of admission. The Company's shares were admitted to trading in October 2014. The agreement may be terminated earlier by the Group provided that a payment in lieu of notice, equivalent to the amount the Investment Manager would otherwise have received during the notice period, is made.

With effect from 24 February 2016, and as envisaged at the time of the launch of the Group, Ediston Investment Services Limited was appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Investment Manager, with the property management arrangements of the Company continuing to be delegated to Ediston Properties Limited. Prior to that date, R&H Fund Services (Jersey) Limited was the Company's AIFM and Investment Manager, with the property management arrangements of the Company having been delegated to Ediston Properties Limited. The commercial terms of the Investment Management Agreement, as set out above, remained unchanged.

3. EARNINGS PER SHARE

	Six months ended 31 March 2016		Six months ended 31 March 2015		Year ended 30 September 2015	
	£'000	**Pence per share**	£'000	Pence per share	£'000	Pence per share
Revenue earnings	**3,342**	**2.60**	1,773	2.18	3,986	4.15
Capital earnings	**1,113**	**0.87**	4,291	5.27	8,907	9.28
Total earnings	**4,455**	**3.47**	6,064	7.45	12,893	13.43
Average number of shares in issue		128,263,931		81,360,773		95,982,833

Earnings for the period ended 31 March 2016 should not be taken as a guide to the results for the year to 30 September 2016.

4. DIVIDENDS

Dividends paid as distributions to equity shareholders during the period were:

	Payment Date	**Six months ended 31 March 2016 £'000**	Six months ended 31 March 2015 £'000	Year ended 30 September 2015 £'000
In respect of the year ended 30 September 2015				
First interim dividend: 0.9685 pence	06/02/15	**–**	923	923
Monthly interim dividends: 0.4583 pence	various	**588**	868	3,786
In respect of the year ending 30 September 2016				
First interim dividend: 0.4583 pence	30/11/15	**588**	–	–
Second interim dividend: 0.4583 pence	31/12/15	**588**	–	–
Third interim dividend: 0.4583 pence	29/01/16	**588**	–	–
Fourth interim dividend: 0.4583 pence	29/02/16	**588**	–	–
Fifth interim dividend: 0.4583 pence	31/03/16	**588**	–	–
Total		**3,528**	1,791	4,709

A sixth interim dividend for the year ending 30 September 2016, of 0.4583 pence per share, was paid on 29 April 2016 to shareholders on the register on 22 April 2016. A seventh interim dividend for the year ending 30 September 2016, of 0.4583 pence per share, will be paid on 31 May 2016 to shareholders on the register on 13 May 2016.

Further details on dividends paid, including a split between Property Income Distributions ('PID') and Non-PIDs, is contained on page 25.

Notes to the Condensed Consolidated Financial Statements
continued

5. INVESTMENT PROPERTIES

Freehold and leasehold properties	**As at 31 March 2016 £'000**	As at 31 March 2015 £'000	As at 30 September 2015 £'000
Opening fair value	**133,033**	–	–
Purchases	**41,353**	76,511	119,658
Capitalised costs	**2,219**	2,114	4,468
Revaluation movement	**1,113**	4,291	8,907
Closing fair value	**177,718**	82,916	133,033

CHANGES IN THE VALUATION OF INVESTMENT PROPERTIES

	Six months ended 31 March 2016 £'000	Six months ended 31 March 2015 £'000	Year ended 30 September 2015 £'000
Unrealised gain on revaluation of investment properties	**1,113**	4,291	8,907

The properties were valued at £181,068,000 as at 31 March 2016 (31 March 2015: £86,300,000, 30 September 2015: £136,400,000) by Knight Frank LLP ('Knight Frank'), in their capacity as external valuers. Of the £181,068,000 Knight Frank valuation, £177,718,000 is reflected in the market value of freehold and leasehold properties and £3,350,000 is recorded as unamortised lease incentives in trade and other receivables.

The valuation report was prepared in accordance with RICS Valuation – Professional Standards Global January 2014, including the International Valuations Standards, and RICS Professional Standards UK January 2014 (revised April 2015). The properties were valued on the basis of 'Fair Value' in accordance with the RICS Valuation – Professional Standards, VPS4 (1.5) Fair Value and VPGA1 Valuations for Inclusion in Financial Statements, which adopt the definition of Fair Value adopted by the International Accounting Standards Board.

Fair value is based on an open market valuation ('the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date'), provided by Knight Frank LLP on a quarterly basis, using recognised valuation techniques as set out in the accounting policies and note 9 of the consolidated financial statements of the Group for the year ended 30 September 2015. There were no significant changes to the valuation process, assumptions or techniques used during the period.

6. LOAN

	As at 31 March 2016 £'000	As at 31 March 2015 £'000	As at 30 September 2015 £'000
Principal amount outstanding	**52,420**	–	40,000
Set-up costs	**(723)**	–	(561)
Amortisation of loan set-up costs	**50**	–	19
Total	**51,747**	–	39,458

In May 2015, the Group entered into a £40 million secured 10-year term loan arrangement with Aviva Commercial Finance Limited. In February 2016, the Group increased this loan facility to £52.42 million. The facility has a final maturity date of May 2025.

The interest rate on the original £40 million loan is fixed at 3.09% for the period of the loan as long as the loan-to-value ratio is maintained below 40%, increasing to 3.19% if the loan-to-value ratio is 40% or higher. The interest rate on the second tranche of borrowings of £12.42 million is fixed at 2.95%, increasing to 3.05% if the loan-to-value is 40% or higher. The Company's weighted average cost of borrowings was therefore 3.06% at 31 March 2016 (31 March 2015: nil, 30 September 2015: 3.09%). The loan is secured over EPIC (No.1) Limited's current property portfolio.

The fair value of the loan based on a marked to market basis, being the yield on the Treasury 5% 2025 plus the appropriate margin, was £54,622,000 at 31 March 2016 (31 March 2015: nil, 30 September 2015: £40,817,000).

Under the terms of early repayment relating to the loan, the costs of repaying the loan at 31 March 2016 would have been approximately £57,987,000, including repayment of the principal (31 March 2015: nil, 30 September 2015: £42,561,000).

7. CALLED-UP EQUITY SHARE CAPITAL

The Company had 128,263,931 ordinary shares of 1 pence par value in issue at 31 March 2016 (31 March 2015: 95,000,000, 30 September 2015: 128,263,931).

The Company did not issue, buyback or resell any shares during the six months ended 31 March 2016 (six months to 31 March 2015: issued 94,950,000 ordinary shares raising net proceeds of £93,121,000, year ended 30 September 2015: issued 128,213,931 ordinary shares raising net proceeds of £128,352,000).

The Company did not hold any shares in treasury at 31 March 2016 (31 March 2015: nil, 30 September 2015: nil).

Notes to the Condensed Consolidated Financial Statements
continued

8. NET ASSET VALUE

The Company's net asset value per ordinary share of 107.21 pence (31 March 2015: 102.56 pence, 30 September 2015: 106.49 pence) is based on equity shareholders' funds of £137,513,000 (31 March 2015: £97,430,000, 30 September 2015: £136,586,000) and on 128,263,931 (31 March 2015: 95,000,000, 30 September 2015: 128,263,931) ordinary shares, being the number of shares in issue at the period end.

The net asset value calculated under IFRS is the same as the EPRA net asset value as at 31 March 2016 and both comparative periods.

9. INVESTMENT IN SUBSIDIARY

The Group's results consolidate those of EPIC (No.1) Limited, a wholly owned subsidiary of Ediston Property Investment Company plc, incorporated in England & Wales (Company Number: 09106328). EPIC (No.1) Limited was incorporated on 27 June 2014 and began trading on 5 May 2015, when it was transferred the ownership of the entirety of the Group's property portfolio. EPIC (No.1) continues to hold all the investment properties owned by the Group and is also the party which holds the Group's borrowings (see note 6).

10. RELATED PARTY TRANSACTIONS AND FEES PAID TO EDISTON REAL ESTATE

The Directors are considered to be related parties. No Director has an interest in any transactions which are, or were, unusual in their nature or significant to the nature of the Group. There are no other key management personnel, as the Group has no employees except for the Directors.

The Directors of the Group receive fees for their services. Total fees for the six months ended 31 March 2016, including Employers' National Insurance Contributions, were £59,000 (six months ended 31 March 2015: £64,000, year ended 30 September 2015: £146,000) of which £nil (31 March 2015: £nil, 30 September 2015, £23,000) remained payable at the period end.

Ediston Properties Limited and Ediston Investment Services Limited, respectively being the Investment Adviser and, with effect from 24 February 2016, the Investment Manager and AIFM, have together received £656,000 relating to the six months ended 31 March 2016 (six months ended 31 March 2015: £393,000, year ended 30 September 2015: £942,000) of which £326,000 (31 March 2015: £230,000, 30 September 2015: £314,000) remained payable at the period end.

R&H Fund Services (Jersey) Limited, being until 24 February 2016 the AIFM and Investment Manager, received £5,000 relating to the six months ended 31 March 2016 (six months ended 31 March 2015: £6,000, year ended 30 September 2015: £15,000) of which £nil (31 March 2015: £6,000, 30 September 2015: £15,000) remained payable at the period end.

11. COMMITMENTS

The Group did not have any contractual commitments to refurbish, construct or develop any investment property, or for repair, maintenance or enhancements as at 31 March 2016 (31 March 2015: nil, 30 September 2015: nil).

12. CONTINGENT ASSETS AND LIABILITIES

i. The Group acquired the units in a Jersey Property Unit Trust on 7 November 2014. Prior to the sale of the units to the Group, the seller transferred a property to another group entity by way of a distribution in specie for nil consideration. The Group has indemnified the seller should any SDLT arise as a result of that property transfer. Both the Seller's and the Group's tax advice is that there is a low probability of an SDLT liability on the transaction.

ii. If the Group disposes of the property at Sheffield before 22 June 2016, an overage payment will be due to Capita Business Services Limited, the tenant of that property. The amount due would be 50% of the sale price of the property over £18,512,000. The valuation of the property at 31 March 2016 was £19,190,000.

13. POST BALANCE SHEET EVENTS

On 24 May 2016, the Company announced that it had exchanged contracts to let the entire lower ground floor accommodation at St Philips Point, Birmingham, to the US retailer David's Bridal. The destination retailer will open a flagship store of 15,000 sq. ft., which will transform the shopping mall, which was predominantly vacant when the asset was acquired.

The lease with David's Bridal will be for 10 years at a rent of £225,000 per annum. It will be on full repairing and insuring (FRI) terms and will benefit from upwards-only rent reviews, based on annual RPI compounded and applied in year five, with an annual collar and cap of 1% and 3% respectively.

14. OPERATING SEGMENTS

The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Group is engaged in a single unified business, being property investment, and in one geographical area, the United Kingdom, and that therefore the Group has no segments. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance is the total return on the Group's net asset value. As the total return on the Group's net asset value is calculated based on the IFRS net asset value per share as shown at the foot of the Consolidated Statement of Financial Position, the key performance measure is that prepared under IFRS. Therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

Notes to the Condensed Consolidated Financial Statements
continued

15. FAIR VALUE MEASUREMENTS

The fair value measurements for assets and liabilities are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. These different levels have been defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 – inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument. All investment properties are included in Level 3.

There were no transfers between levels of the fair value hierarchy during the six months ended 31 March 2016.

16. INTERIM REPORT STATEMENT

The Company's auditor, Grant Thornton UK LLP, has not audited or reviewed the Interim Report to 31 March 2016 pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information'. These are not full statutory accounts in terms of Section 434 of the Companies Act 2006 and are unaudited. Statutory accounts for the year ended 30 September 2015, which received an unqualified audit report and which did not contain a statement under Section 498 of the Companies Act 2006, have been lodged with the Registrar of Companies. No full statutory accounts in respect of any period after 30 September 2015 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

Corporate Summary

Ediston Property Investment Company plc ('the Company') is a closed-ended property investment company which began trading in October 2014. The Company has a single class of ordinary shares in issue, which are listed on the premium segment of the Official List and traded on the London Stock Exchange's Main Market. The Company has a single, wholly owned subsidiary undertaking, EPIC (No.1) Limited ('the Subsidiary'). The Company and the Subsidiary are referred to collectively throughout this document as 'the Group', although references to the Company may also encompass matters relevant to the Subsidiary.

The Group has entered the Real Estate Investment Trust ('REIT') regime for the purposes of UK taxation. Further information for shareholders on the tax structure and UK taxation of the Group's distributions is provided in the Annual Report for the year ended 30 September 2015.

INVESTMENT OBJECTIVE

The Company's investment objective is to provide shareholders with an attractive level of income together with the prospect of income and capital growth.

INVESTMENT POLICY

The Company's full investment policy is contained in the Directors' Report in the Annual Report and Accounts for the year ended 30 September 2015.

INVESTMENT MANAGER/INVESTMENT ADVISER

On the incorporation of the Company, R&H Fund Services (Jersey) Limited was appointed by the Company, pursuant to the Investment Management Agreement, to be the Company's Alternative Investment Fund Manager ('AIFM') under which it was responsible for overall portfolio management and compliance with the Company's investment policy, ensuring compliance with the requirements of the AIFMD that apply to the Company, and undertaking all risk management. R&H Fund Services (Jersey) Limited delegated the day to day management of the Company, pursuant to the Investment Managers' Delegation Agreement, to Ediston Properties Limited ('the Investment Adviser'). The Investment Adviser advised the Company on the acquisition of its investment portfolio and on the development, management and disposal of UK commercial assets in its portfolio.

With effect from 24 February 2016, and as envisaged at the time of the launch of the Company, Ediston Investment Services Limited was appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Investment Manager. The Company's existing investment management agreement with R&H was terminated and the Company entered into a new management agreement with Ediston Investment Services Limited on the same commercial terms as the existing agreement. The day-to-day management of the portfolio continues to be delegated to Ediston Properties Limited. R&H continue to provide company secretarial and administration services to the Company.

Contacts

INVESTOR RELATIONS

Information on Ediston Property Investment Company plc, including the latest share price: www.ediston-reit.com

REGISTRAR:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
T: 0370 707 1079
E: www.investorcentre.co.uk/contactus

Enquiries about the following administrative matters should be addressed to the Company's registrar:

- Change of address notification.
- Lost share certificates.
- Dividend payment enquiries.
- Dividend mandate instructions. Shareholders may have their dividends paid directly into their bank or building society accounts by completing a dividend mandate form. Tax vouchers, where applicable, are sent directly to shareholders' registered addresses.
- Amalgamation of shareholdings. Shareholders who receive more than one copy of the Annual/Interim Report are invited to amalgamate their accounts on the share register.

Shareholders can view and manage their shareholdings online at www.investorcentre.co.uk, including updating address records, making dividend payment enquiries, updating dividend mandates and viewing the latest share price. Shareholders will need their Shareholder Reference Number (SRN), which can be found on their share certificate or a recent dividend tax voucher, to access this site. Once signed up to Investor Centre, an activation code will be sent to the shareholder's registered address to enable the shareholder to manage their holding.

FINANCIAL CALENDAR 2016/17

May 2016	Publication of Interim Report for the six months to 31 March 2016
July 2016	Announcement of Net Asset Value as at 30 June 2016
October 2016	Announcement of Net Asset Value as at 30 September 2016
January 2017	Publication of Annual Report for the year to 30 September 2016
January 2017	Announcement of Net Asset Value as at 31 December 2016

Distributions

Distributions to shareholders are likely to consist of a mixture of Property Income Distributions ('PID') and Non-PID Dividends as calculated in accordance with specific attribution rules. The Company provides shareholders with a certificate setting out how much, if any, of their dividends is a PID and how much is a Non-PID dividend. A breakdown of the dividends paid to date in relation to the year ended 30 September 2015 and year ending 30 September 2016 is set out below:

Distribution	Ex-dividend Date	Payment Date	PID (per share)	Non-PID (per share)	Total
In respect of the year ended 30 September 2015					
First interim dividend	29/01/15	06/02/15	0.7144p	0.2541p	0.9685p
Second interim dividend	19/02/15	27/02/15	0.4583p	–	0.4583p
Third interim dividend	19/03/15	31/03/15	0.4583p	–	0.4583p
Fourth interim dividend	16/04/15	30/04/15	0.2406p	0.2177p	0.4583p
Fifth interim dividend	14/05/15	29/05/15	0.4583p	–	0.4583p
Sixth interim dividend	11/06/15	30/06/15	0.4583p	–	0.4583p
Seventh interim dividend	09/07/15	31/07/15	0.0485p	0.4098p	0.4583p
Eighth interim dividend	13/08/15	28/08/15	0.4583p	–	0.4583p
Ninth interim dividend	10/09/15	30/09/15	0.4583p	–	0.4583p
Tenth interim dividend	22/10/15	30/10/15	0.1509p	0.3074p	0.4583p
In respect of the year ending 30 September 2016					
First interim dividend	12/11/15	30/11/15	0.4583p	–	0.4583p
Second interim dividend	10/12/15	31/12/15	0.4583p	–	0.4583p
Third interim dividend	21/01/16	29/01/16	0.1768p	0.2815p	0.4583p
Fourth interim dividend	11/02/16	29/02/16	0.4583p	–	0.4583p
Fifth interim dividend	10/03/16	31/03/16	0.4583p	–	0.4583p
Sixth interim dividend	21/04/16	29/04/16	0.4583p	–	0.4583p
Seventh interim dividend	12/05/16	31/05/16	0.4583p	–	0.4583p

Important Information

WARNING TO SHAREHOLDERS – BEWARE OF SHARE FRAUD

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you are approached by fraudsters please tell the Financial Conduct Authority (FCA) by using the share fraud reporting form at www.fca.org.uk/scams where you can find out more about investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768. If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040.

IMPORTANT INFORMATION

Past performance is not necessarily a guide to future performance. The value of investments and income from them may go down as well as up and are not guaranteed. Net asset value performance is not linked to share price performance and shareholders may realise returns that are lower or higher in performance.

Certain statements in this report are forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Accordingly, undue reliance should not be placed on forward looking statements.

If you have sold or otherwise transferred all of your ordinary shares in Ediston Property Investment Company plc please forward this document as soon as possible to the purchaser or transferee, or to the stockholder, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee.

Corporate Information

DIRECTORS
Mr William Hill (Chairman)
Mr Robin Archibald
Mr Robert Dick*

REGISTERED OFFICE
Broadgate Tower
20 Primrose Street
London EC2A 2EW

REGISTERED NUMBER
09090446
Registered in England and Wales

AIFM
Ediston Investment Services Limited
Broadgate Tower
20 Primrose Street
London EC2A 2EW

INVESTMENT MANAGER
Ediston Properties Limited
Broadgate Tower
20 Primrose Street
London EC2A 2EW

ADMINISTRATOR AND COMPANY SECRETARY
R&H Fund Services Limited
20 Forth Street
Edinburgh EH1 3LH

LEGAL ADVISER
Dickson Minto W.S.
Broadgate Tower
20 Primrose Street
London EC2A 2EW

PROPERTY VALUERS
Knight Frank LLP
55 Baker Street
London W1U 8AN

INDEPENDENT AUDITORS
Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

TAX ADVISER
Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

REGISTRARS
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE

CORPORATE BROKER
Canaccord Genuity Limited
88 Wood Street
London EC2V 7QR

DEPOSITARY
Augentius Depositary Limited
Two London Bridge
London SE1 9RA

PUBLIC RELATIONS
Tavistock Communications
131 Finsbury Pavement
London EC2A 1NT

WEBSITE
www.ediston-reit.com

*Chairman of the Audit and Risk Committee.

Notes

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www.emperordesign.co.uk +44 (0)131 220 7990

EDISTON PROPERTY
INVESTMENT COMPANY PLC

**EDISTON PROPERTY
INVESTMENT COMPANY PLC**
LEVEL 13 BROADGATE TOWER
20 PRIMROSE STREET
LONDON
EC2A 2EW

T: 0131 225 5599

www.ediston-reit.com