



Ready for growth

Interim Report and Condensed Consolidated Financial Statements
for the six months to 31 March 2017

Ediston Property Investment Company is a UK-listed Real Estate Investment Trust (REIT) investing in commercial property throughout the UK. We aim to deliver to our shareholders an attractive level of income, coupled with the prospect of income and capital growth.

www.ediston-reit.com

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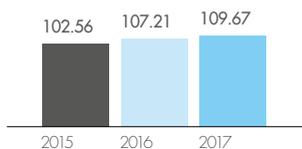
HIGHLIGHTS FOR THE SIX MONTHS TO 31 MARCH 2017

- Net asset value increased 2.43% to 109.67 pence (30 September 2016: 107.07 pence)
- Property portfolio increased in value by 1.84%
- Share price total return 7.9%
- Continued 5.5 pence dividend per share (annualised)
- Fully covered dividend



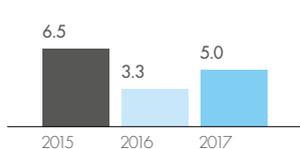
EPRA NAV per share

109.67p



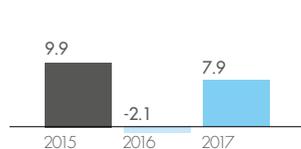
NAV total return

5.0%



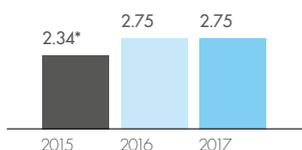
Share price total return

7.9%



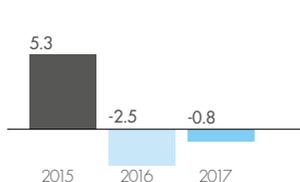
Dividend per share

2.75p



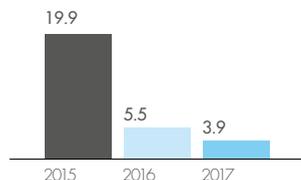
Premium/(discount) of share price to NAV

0.8% discount



EPRA Vacancy rate

3.9%



*5 months from launch.

All figures are for the six months ended, or as at, 31 March in each year.

Overview

The Company owns a portfolio of 13 assets valued at £184.7 million, located across the UK. We select assets which we can improve to institutional grade property by using our Investment Manager's intensive and entrepreneurial approach to asset management.

A DIVERSIFIED PORTFOLIO

NUMBER OF PROPERTIES

at 31 March 2017

13

PORTFOLIO VALUE

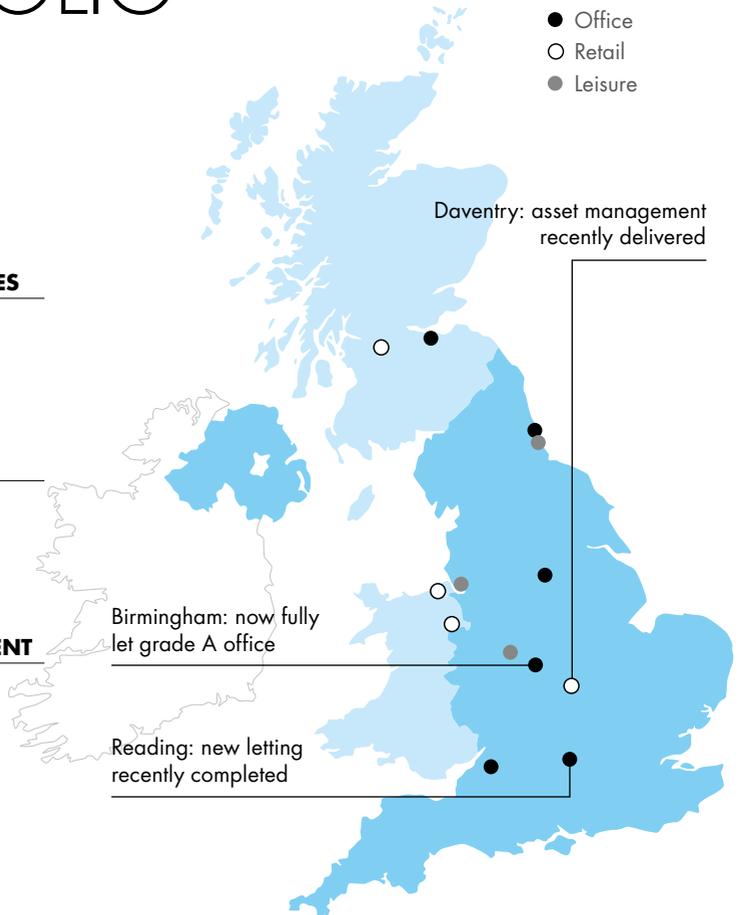
at 31 March 2017

£184.7m

TOTAL CONTRACTED RENT

at 31 March 2017

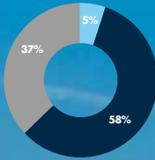
£12.4m



SECTOR EXPOSURE

at 31 March 2017

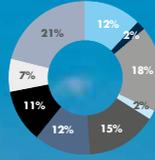
- Leisure
- Office
- Retail warehouse



REGIONAL EXPOSURE

at 31 March 2017

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



TENANT EXPOSURE

at 31 March 2017

- B&Q plc
- Capita Business Services Ltd
- Ernst & Young LLP
- AXA Insurance UK plc
- Weightmans LLP
- Tenants less than 5%



OFFICES

Good quality offices, let to strong covenants with potential for rental growth.

Number of properties

6

Value

£106.9m

Total contracted rent

£6.5m

RETAIL

A focus on well-let retail warehouse parks with solid income streams but with asset management angles.

Number of properties

4

Value

£67.6m

Total contracted rent

£5.0m

LEISURE

Three bingo halls let to a national operator. Well located with alternative use options.

Number of properties

3

Value

£10.2m

Total contracted rent

£0.9m

Chairman's Statement

"A secure platform to grow the Company with further progress in capital values and rental income."

READY FOR GROWTH



INTRODUCTION

Following the market volatility over the last six months of 2016 induced by the Brexit vote, 2017 has seen relative stability return to the UK commercial property market. Against this background the Company continues to make good progress. Management initiatives have driven improvements in asset values and the overall level of income has risen with new lettings. In addition, 500,000 new shares were issued during the period.

The Board believes that there are good investment opportunities available that suit the Company's investment style. If market conditions permit, the Board would like to expand the Company's capital base to take advantage of these opportunities.

INVESTMENT AND SHARE PRICE PERFORMANCE

The Company's portfolio was valued at £184.7 million at 31 March 2017, a rise of 1.8% on the £181.4 million reported at 30 September 2016.

Over the period, the EPRA net asset value (NAV) per share has risen from 107.07 pence to 109.67 pence, an increase of 2.4%. The share price has delivered a capital return of 5.2% as the discount to NAV per share narrowed from 3.4% at 30 September 2016 to 0.8% at 31 March 2017. Taking into account dividends paid in the period, the total return per share over the first half of the year based on NAV movement was 5.0%. The total return on a share price basis was 7.9%.

PORTFOLIO ACTIVITY

Management initiatives during the period reduced the EPRA vacancy rate from 4.7% to 3.9%. This falls to 1.5% when additional lettings complete post the half-year. Letting activity is fully described in the Investment Manager's Review. The weighted average unexpired lease term has fallen marginally over the six months, from 7.9 years to 7.4 years.

The effect of the lettings has been to improve portfolio income and dividend cover, and drive the increases in value of Birmingham and Daventry.

Further management initiatives are in progress and, if successfully executed, should help increase income and value in the second half of the year.

Consideration is being given to the sale of some mature assets where new assets can be substituted with greater potential to add value and enhance portfolio income. A number of situations are being evaluated. The Board is mindful of the impact of sale and purchase costs on the NAV but is prepared to consider some short term dilution in the longer term interests of shareholders.

CAPITAL STRUCTURE AND POTENTIAL GROWTH

Growing the Company, on the right terms, remains a strategic objective of the Board. Scott Harris, an independent, specialist equity marketing consultancy has been appointed to work with the Company's broker, Canaccord Genuity, towards this aim.

In November 2016, demand for the shares meant that the share price was at a sufficient premium to cover the costs of issue. The Company issued 500,000 new shares at 109.0 pence each under the Company's annual tap issuance authority. Shareholder authority has been granted for the issue of up to 10% of the Company's issued capital, approximately £15 million of value.

The Company still has flexibility to issue from its existing 'tap stock authorities' and would be prepared to embark on a wider issuance programme if the demand can be found, particularly against specific acquisition opportunities for the portfolio.

The growth in value of the Company's assets has reduced the borrowings in the Company as a percentage of gross assets to 28.4% at the half year. The Board may choose to take out additional borrowings under its existing authorities if suitable opportunities arise in the portfolio where capital expenditure is required, or to balance a sale and purchase transaction. As at 31 March 2017, the Company held £11.97 million of cash on its balance sheet.

DIVIDENDS

Over the six months, total dividends of 2.75 pence per share have been paid. Using the period end share price of 108.75 pence, this represents an annualised yield of 5.1%.

The Company has maintained monthly dividend payments at an annual rate of 5.5 pence per share since launch in 2014. After the period of investment, these dividends are fully covered by net income.

The Board is aware of the attractions of a high monthly dividend and remains mindful of the objective of growing income, if appropriate to do so.

BOARD

Following a formal recruitment process, the Board is pleased to report that good progress is being made in finding a suitable addition to the Board. It expects to be able to announce an appointment in the relatively near future.

OUTLOOK

Investors remain active despite the uncertainties of the Brexit negotiations and their potential impact on the UK economy. This interest is influenced by favourable exchange rates for overseas investors, the level of available income, the attractive rates of finance and the lack of value in other asset classes.

As a consequence prices have hardened for long dated income that can be aggressively financed. Investors are more cautious where leases are shorter and where an understanding of the property fundamentals is required to assess the resilience of that income. This is creating some mispriced opportunities and is a market that suits the Company's investment style. A number of potential investments have been or are being assessed which would form the basis for the deployment of any new capital raised.

The Investment Manager remains true to its promise of driving value from the intensive management of the Company's assets. The Board believes shareholders should be very encouraged by the continued progress in the last six months with the growth in asset values and improved levels of portfolio income. The Company is in a good position to build further on this excellent record and the Board believes that continued progress can be achieved in the second half of the year, particularly if it can grow its equity base and expand the investment portfolio.

William Hill
Chairman
23 May 2017

ADDING VALUE AT EVERY STEP



DELIVERING ASSET MANAGEMENT

The ability to unlock value is key to delivering superior returns. We have a well-resourced team, which is always looking to identify value-adding opportunities for each asset.

We have a generous ratio of properties to surveyor which ensures all asset management initiatives can be identified and properly followed through to execution. Generally three to six projects are allocated to each surveyor but, given the diverse skill set of the team, it is usual to have more than one member of the team involved on a project.

This approach has secured three lettings over the period, totalling in excess of 27,000 sq. ft. In December 2016, the Company's largest property (by value), St Philips Point in Birmingham, achieved fully let status when AXA Insurance UK plc agreed to lease its fifth floor in the building at an annual rental of £129,600. AXA now occupies floors four to eight, totalling some 33,000 sq. ft. We were able to deliver this letting as we had a good understanding of our tenant's occupational needs and were able to provide them with the solutions they required.

Contracts were exchanged to let an office suite at Phoenix, Reading to Handd Business Solutions Limited. Handd has agreed to lease 4,333 sq. ft. for ten years with a five-year option to break. The rent is £30.50 per sq. ft. per annum which enhances the rental tone of the building.

Finally, the Company announced that it had exchanged contracts to let 17,610 sq. ft. at Abbey Retail Park, Daventry, to B&M Retail Limited (B&M). The lease is for ten years, on full repairing and insuring terms, at a rent of £14 per sq. ft. per annum. The retail park element of this property is now fully let, with just one 550 sq. ft. kiosk unit remaining vacant, for which there is good tenant interest.

The letting secures another high profile tenant for the Company and will improve footfall for the retail park. This was a particularly complex transaction to execute requiring the negotiation of two lease surrenders, a relocation of one tenant via a new letting and a reconfiguration of space to give the contiguous units required by B&M.

We are always looking for ways to add value and are currently working on a number of asset management initiatives which we believe will further improve the portfolio's income stream and capital value.

INVESTMENT MARKET

Pricing remained resilient over the period, supported by continued strong demand from overseas investors. It is unlikely that this demand is going to reduce as the year progresses as sterling looks set to remain weak. As a result, average yields remained relatively unchanged, although the gap between prime and secondary yields widened, particularly in the retail sector.

2017 started slowly in terms of investment volumes with little activity in January but there was an improvement as the quarter progressed and initial estimates suggest that volumes will be up by approximately one-third on the same period last year. However, this number is skewed by the sale of larger 'trophy' assets, such as the 'Cheesegrater' in London, which was sold for £1.15 billion to a Hong Kong investor.

An interesting development in the investment market is the increased activity by local authorities. It has been suggested that they accounted for £1 billion of acquisitions in 2016, which is more than the previous three years combined. This activity has been driven by their requirement for income as they need to find additional cash flow to backfill budget holes created by central government funding cuts.

PROPERTY MARKET OUTLOOK

The property market is in an interesting phase of the cycle, with overseas investors the most active buyers. The flight to quality remains, with properties let to good covenants, on long leases with index-linked rent reviews, achieving prices higher than pre-referendum. There is also a weight of money from private equity looking for opportunities with high post-leverage returns.

The UK institutions are not especially active but relatively low levels of property on the market are ensuring prices are holding up reasonably well.

Income supplemented by value gains from management initiatives will be the key driver of total returns this year. Therefore, identifying and executing asset management initiatives to increase capital value and enhance income will be more important than ever. Consideration will also be given to selling lower yielding or more mature assets and recycling the capital into properties with value-add opportunities to exploit.

As demonstrated over recent quarters, we have the skill set, plus the time, resource and expertise to do this and continue to build on the attractive income received by the Company.

PORTFOLIO VALUATION

The Company's property portfolio is valued by Knight Frank on a quarterly basis throughout the year. As at 31 March 2017 it was valued at £184.7 million, compared to £181.4 million at 30 September 2016.

SUMMARY

- Stable pricing in the investment market.
- Good demand for commercial property.
- Buying opportunities for value-add assets.
- Strength of Investment Manager will continue to drive performance.

We are increasingly seeing more opportunities where assets with value-add initiatives can be acquired at attractive yields in line with our strategy, and our active investment style. We are confident that if the Company's ambitions for growth are achieved, we would be able to quickly deploy the proceeds of an issue in assets which would be positively accretive to the long-term performance of the Company.

Calum Bruce
Investment Manager
23 May 2017

Directors' Responsibilities

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 2016. 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 Review (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 above is a fair review of the information required by DTR 4.2.7R; and
- the Chairman's Statement and Investment Manager's Review 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
23 May 2017

Financial Statements

Condensed Consolidated Statement of Comprehensive Income For the six months ended 31 March 2017

	Notes	Six months ended 31 March 2017 (unaudited)			Six months ended 31 March 2016 (unaudited) Total £'000	Year ended 30 September 2016 (audited) Total £'000
		Revenue £'000	Capital £'000	Total £'000		
Revenue						
Rental income		6,022	–	6,022	5,225	11,323
Total revenue		6,022	–	6,022	5,225	11,323
Unrealised gain on revaluation of investment properties	5	–	2,821	2,821	1,113	231
Total income		6,022	2,821	8,843	6,338	11,554
Expenditure						
Investment management fee	2	(662)	–	(662)	(656)	(1,309)
Other expenses		(465)	–	(465)	(559)	(958)
Total expenditure		(1,127)	–	(1,127)	(1,215)	(2,267)
Profit before finance costs and taxation		4,895	2,821	7,716	5,123	9,287
Net finance costs						
Interest receivable		8	–	8	46	65
Interest payable		(836)	–	(836)	(714)	(1,553)
Profit before taxation		4,067	2,821	6,888	4,455	7,799
Taxation		–	–	–	–	–
Profit and total comprehensive income for the period		4,067	2,821	6,888	4,455	7,799
Basic earnings per share	3	3.16p	2.20p	5.36p	3.47p	6.08p

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.

Financial Statements

Condensed Consolidated Statement of Financial Position As at 31 March 2017

	Notes	As at 31 March 2017 (unaudited) £'000	As at 31 March 2016 (unaudited) £'000	As at 30 September 2016 (audited) £'000
Non-current assets				
Investment properties	5	180,239	177,718	177,534
		180,239	177,718	177,534
Current assets				
Lease incentives	5	4,501	3,350	3,876
Trade and other receivables		49	275	64
Cash and cash equivalents		11,967	10,705	9,967
		16,517	14,330	13,907
Total assets		196,756	192,048	191,441
Non-current liabilities				
Loan	6	(51,820)	(51,747)	(51,783)
		(51,820)	(51,747)	(51,783)
Current liabilities				
Trade and other payables		(3,718)	(2,788)	(2,327)
Total liabilities		(55,538)	(54,535)	(54,110)
Net assets		141,218	137,513	137,331
Equity and reserves				
Called up equity share capital	7	1,288	1,283	1,283
Share premium		35,429	34,898	34,898
Capital reserve – investments held		11,959	10,020	9,138
Capital reserve – investments sold		–	–	–
Special distributable reserve		84,914	84,578	85,115
Revenue reserve		7,628	6,734	6,897
Equity shareholders' funds		141,218	137,513	137,331
Net asset value per Ordinary Share	8	109.67p	107.21p	107.07p

The condensed financial statements on pages 9 to 19 were approved by the Board of Directors and authorised for issue on 23 May 2017 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 2017 (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 2016	1,283	34,898	9,138	85,115	6,897	137,331
Profit and total comprehensive income for the period:	–	–	2,821	–	4,067	6,888
Transactions with owners recognised in equity:						
Issue of Ordinary Share capital	5	531	–	–	–	536
Dividends paid	–	–	–	–	(3,537)	(3,537)
Transfer from special reserve	–	–	–	(201)	201	–
As at 31 March 2017	1,288	35,429	11,959	84,914	7,628	141,218

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 income 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

Financial Statements

Condensed Consolidated Statement of Changes in Equity (continued) For the year ended 30 September 2016 (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 2015	1,283	34,898	8,907	89,035	2,463	136,586
Profit and total comprehensive income for the year:	–	–	231	–	7,568	7,799
Transactions with owners recognised in equity:						
Dividends paid	–	–	–	(755)	(6,299)	(7,054)
Transfer from special reserve	–	–	–	(3,165)	3,165	–
As at 30 September 2016	1,283	34,898	9,138	85,115	6,897	137,331

Condensed Consolidated Cash Flow Statement

For the six months ended 31 March 2017

Notes	Six months ended 31 March 2017 (unaudited) £'000	Six months ended 31 March 2016 (unaudited) £'000	Year ended 30 September 2016 (audited) £'000
Cash flows from operating activities			
	6,888	4,455	7,799
Profit before tax			
Adjustments for:			
Interest receivable	(8)	(46)	(65)
Interest payable	836	714	1,553
Unrealised revaluation gains on property portfolio	(2,821)	(1,113)	(231)
Operating cash flows before working capital changes			
	4,895	4,010	9,056
Increase in trade and other receivables	(420)	(41)	(356)
Increase in trade and other payables	1,487	886	539
Net cash inflow from operating activities			
	5,962	4,855	9,239
Cash flows from investing activities			
Purchase of investment properties	-	(41,353)	(41,353)
Capital expenditure	(154)	(1,935)	(2,781)
Net cash outflow from investing activities			
	(154)	(43,288)	(44,134)
Cash flows from financing activities			
Loan drawn down, net of costs	-	12,258	12,257
Dividends paid	(3,544)	(3,528)	(7,011)
Interest received	8	46	65
Interest paid	(808)	(623)	(1,434)
Issue of Ordinary Share capital, net of costs	7 536	-	-
Net cash (outflow)/inflow from financing activities			
	(3,808)	8,153	3,877
Net increase/(decrease) in cash			
	2,000	(30,280)	(31,018)
Opening cash and cash equivalents	9,967	40,985	40,985
Closing cash and cash equivalents			
	11,967	10,705	9,967

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 2016. 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 2016, 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 these financial statements.

2. INVESTMENT MANAGEMENT FEE

	Six months ended 31 March 2017 £'000	Six months ended 31 March 2016 £'000	Year ended 30 September 2016 £'000
Investment management fee	662	656	1,309
Total	662	656	1,309

Ediston Investment Services Limited has been appointed as the Company's Alternative Investment Manager (AIFM) and Investment Manager, with the property management arrangements of the Group being delegated to Ediston Properties Limited. The Investment Manager is entitled to a fee 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. 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. The Investment Management Agreement may be terminated immediately without compensation if the Investment Manager: is in material breach of the agreement; is guilty of negligence, wilful default or fraud; is the subject of insolvency proceedings; or there occurs a change of key managers to which the Board has not given its prior consent.

3. EARNINGS PER SHARE

	Six months ended 31 March 2017		Six months ended 31 March 2016		Year ended 30 September 2016	
	£'000	Pence per share	£'000	Pence per share	£'000	Pence per share
Revenue earnings	4,067	3.16	3,342	2.60	7,568	5.90
Capital earnings	2,821	2.20	1,113	0.87	231	0.18
Total earnings	6,888	5.36	4,455	3.47	7,799	6.08
Average number of shares in issue	128,612,832		128,263,931		128,263,931	

Earnings for the period to 31 March 2017 should not be taken as a guide to the results for the year to 30 September 2017.

4. DIVIDENDS

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

	Six months ended 31 March 2017 £'000	Six months ended 31 March 2016 £'000	Year ended 30 September 2016 £'000
In respect of the prior year:			
Tenth interim dividend	–	588	588
Twelfth interim dividend	589	–	–
In respect of the current year:			
First interim dividend	588	588	588
Second interim dividend	590	588	588
Third interim dividend	590	588	588
Fourth interim dividend	590	588	588
Fifth interim dividend	590	588	588
Sixth interim dividend	–	–	588
Seventh interim dividend	–	–	588
Eighth interim dividend	–	–	588
Ninth interim dividend	–	–	588
Tenth interim dividend	–	–	587
Eleventh interim dividend	–	–	587
Total	3,537	3,528	7,054

A sixth interim dividend for the year ending 30 September 2017, of 0.4583 pence per share, was paid on 28 April 2017 to shareholders on the register on 21 April 2017. A seventh interim dividend for the year ending 30 September 2017, of 0.4583 pence per share, will be paid on 31 May 2017 to shareholders on the register on 12 May 2017. Further details on dividends paid, including a split between Property Income Distributions (PID) and Non-PIDs, is contained on page 22.

Financial Statements

Notes to the Condensed Consolidated Financial Statements continued

5. INVESTMENT PROPERTIES

	As at 31 March 2017 £'000	As at 31 March 2016 £'000	As at 30 September 2016 £'000
Freehold and leasehold properties			
Opening book cost	168,396	124,126	124,126
Opening unrealised appreciation	9,138	8,907	8,907
Opening fair value	177,534	133,033	133,033
Purchases	–	41,353	41,353
Capitalised costs	(116)	2,219	2,917
Revaluation movement	2,821	1,113	231
Closing book cost	168,280	167,698	168,396
Closing unrealised appreciation	11,959	10,020	9,138
Closing fair value	180,239	177,718	177,534

CHANGES IN THE VALUATION OF INVESTMENT PROPERTIES

	Six months ended 31 March 2017 £'000	Six months ended 31 March 2016 £'000	Year ended 30 September 2016 £'000
Unrealised gain on revaluation of investment properties	2,821	1,113	231

At 31 March 2017, the properties were valued at £184,740,000 (31 March 2016: £181,068,000, 30 September 2016: £181,410,000) by Knight Frank LLP (Knight Frank), in their capacity as external valuers. The valuation report was undertaken 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 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 2016. There were no significant changes to the valuation process, assumptions or techniques used during the period.

The difference between the Knight Frank valuation of £184,740,000 and the closing fair value of investment properties disclosed above of £180,239,000 consists of lease incentives granted to tenants totalling £4,501,000, which are separately recorded in the accounts within current assets.

6. LOAN

	As at 31 March 2017 £'000	As at 31 March 2016 £'000	As at 30 September 2016 £'000
Principal amount outstanding	52,420	52,420	52,420
Set-up costs	(723)	(723)	(723)
Amortisation of loan set-up costs	123	50	86
Total	51,820	51,747	51,783

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 borrowed an additional £12.42 million, also from Aviva Commercial Finance Limited. The final maturity of both loans is 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 is therefore 3.06%. The loans are secured over EPIC (No.1) Limited's current property portfolio.

The fair value of the loans based on a marked-to-market basis, being the yield on the Treasury 5% 2025 plus the appropriate margin, was £56,255,000 at 31 March 2017 (31 March 2016: £54,622,000, 30 September 2016: £57,500,000).

Under the terms of early repayment relating to the loan, the costs of repaying the loan at 31 March 2017 would have been approximately £59,327,000, including repayment of the principal (31 March 2016: £57,987,000, 30 September 2016: £60,839,000).

7. CALLED-UP EQUITY SHARE CAPITAL

The Company had 128,763,931 Ordinary Shares of 1 pence par value in issue at 31 March 2017 (31 March 2016: 128,263,931, 30 September 2016: 128,263,931).

During the period to 31 March 2017, the Company issued 500,000 Ordinary Shares, raising net proceeds of £536,000 (six months ended 31 March 2016: nil, year ended 30 September 2016: nil). The Company did not buyback or resell from treasury any Ordinary Shares during the period or during either comparative period.

The Company did not hold any shares in treasury at 31 March 2017 (31 March 2016: nil, 30 September 2016: nil).

Financial Statements

Notes to the Condensed Consolidated Financial Statements continued

8. NET ASSET VALUE

The Group's net asset value per Ordinary Share of 109.67 pence (31 March 2016: 107.21 pence, 30 September 2016: 107.07 pence) is based on equity shareholders' funds of £141,218,000 (31 March 2016: £137,513,000, 30 September 2016: £137,331,000) and on 128,763,931 (31 March 2016: 128,263,931, 30 September 2016: 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 2017 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) Limited 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

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 2017 were £55,000 (six months ended 31 March 2016: £53,000, year ended 30 September 2016: £108,000) of which £nil (31 March 2016: nil, 30 September 2016: nil) remained payable at the period end.

Ediston Investment Services Limited has received £662,000 in relation to the six months ended 31 March 2017 (six months ended 31 March 2016: £656,000, year ended 30 September 2016: £1,309,000) of which £335,000 (31 March 2016: £326,000, 30 September 2016: £327,000) 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 2017 (31 March 2016: nil, 30 September 2016: nil).

12. CONTINGENT ASSETS AND LIABILITIES

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 Stamp Duty Land Tax (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.

13. 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 Condensed 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.

14. 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 2017.

15. INTERIM REPORT STATEMENT

The Company's auditor, Grant Thornton UK LLP, has not audited or reviewed the Interim Report to 31 March 2017 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 2016, 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 2016 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

Shareholder Information

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 2016.

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 2016.

ALTERNATIVE INVESTMENT FUND MANAGER (AIFM)

Ediston Investment Services Limited has been appointed by the Company to be its AIFM under which it is responsible for overall portfolio management and compliance with the Company's investment policy, ensuring compliance with the requirements of the Alternative Investment Fund Manager Directive that apply to the Company, and undertaking all risk management. Ediston Investment Services Limited has delegated the day-to-day management of the Company to Ediston Properties Limited. Ediston Properties Limited advises the Company on the acquisition of its investment portfolio and on the development, management and disposal of UK commercial assets in its portfolio.

INVESTOR RELATIONS

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

The Company's Corporate Broker is Canaccord Genuity Limited. During the period the Company has appointed Scott Harris UK Limited, as Equity Marketing Consultant, and Lansons, as Public Relations Consultant. Contact details for each of these parties are provided on page 24.

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 and/or 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 2017/18

May 2017

July 2017

October 2017

December 2017

December 2017

January 2018

March 2018

Publication of Half Yearly Report for the six months to 31 March 2017

Announcement of Net Asset Value as at 30 June 2017

Announcement of Net Asset Value as at 30 September 2017

Announcement of Annual Results for the year to 30 September 2017

Publication of Annual Report for the year to 30 September 2017

Announcement of Net Asset Value as at 31 December 2017

Annual General Meeting

Shareholder Information

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 2016 and year ending 30 September 2017 is set out below:

Distribution	Ex-dividend Date	Payment Date	PID (per share)	Non-PID (per share)	Total
In relation to the year ended 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
Eighth interim dividend	09/06/16	30/06/16	0.4583p	–	0.4583p
Ninth interim dividend	21/07/16	29/07/16	0.4583p	–	0.4583p
Tenth interim dividend	11/08/16	31/08/16	0.4583p	–	0.4583p
Eleventh interim dividend	08/09/16	30/09/16	0.4583p	–	0.4583p
Twelfth interim dividend	20/10/16	31/10/16	0.4587p	–	0.4587p
Total			5.2185p	0.2815p	5.5000p

In relation to the year ending 30 September 2017

First interim dividend	10/11/16	30/11/16	0.4583p	–	0.4583p
Second interim dividend	08/12/16	30/12/16	0.4583p	–	0.4583p
Third interim dividend	19/01/17	31/01/17	0.4583p	–	0.4583p
Fourth interim dividend	09/02/17	28/02/17	0.4583p	–	0.4583p
Fifth interim dividend	09/03/17	31/03/17	0.4583p	–	0.4583p
Sixth interim dividend	20/04/17	28/04/17	0.4583p	–	0.4583p
Seventh interim dividend	11/05/17	31/05/17	0.4583p	–	0.4583p

Further information on the tax treatment of PIDs and Non-PID Dividends is provided in the Group's Annual Report and Shareholders unsure of the tax treatment should consult their own professional advisers.

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/consumers 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.

Shareholder Information

Corporate Information

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

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REGISTERED NUMBER

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Registered in England and Wales

AIFM

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INVESTMENT MANAGER

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London EC4R 2RA

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* Chairman of the Audit and Risk Committee.



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