

Ediston Property Investment Company plc

INTERIM RESULTS

30 SEPTEMBER 2023

Ediston Property Investment Company plc (LSE: EPIC) (the 'Company') announces its interim results for the six months period ended 30 September 2023.

Key points for the six months to 30 September 2023

- On 29 September 2023, the Company sold its entire property portfolio to RI UK 1 Limited, a wholly owned subsidiary of Realty Income Corporation (the "Disposal"). As a result, at the reporting date, the Company had no property assets and therefore, no property valuation was carried out at the period end.
- Share price total return over the half year of 23.1%, including payment of dividends.
- NAV per share on 30 September 2023 of 71.37 pence (31 March 2023: 80.44 pence), a decrease of 11.3% over the period.
- NAV total return (including dividends) for six months of (8.3%).
- Dividends totalling 2.50 pence per share (5.00 pence per share annualised) paid in the half year.

The Board published a circular on 20 December 2023 setting out the recommended proposal for a members' voluntary liquidation of the Company. The circular also contains the notice of the general meeting of the Company to be held at the offices of Dickson Minto W.S., Dashwood House, 69 Old Broad Street, London EC2M 1QS at 10.00 a.m. on 11 January 2024 at which shareholders will be asked to vote upon the resolution.

Key Performance Indicators

	Six months ended 30 September 2023	Six months ended 31 March 2023	Year ended 30 September 2022 (audited)
EPRA NAV per share	71.4p	80.4p	94.9p
NAV total return	(8.3)%	(12.6)%	11.5%
Share price total return	23.1%	(5.5)%	(2.3)%
Average discount of share price to NAV	(14.72)%	(21.0)%	(17.9)%
EPRA Vacancy Rate	N/A	6.7%	6.5%

Net Asset Value

The unaudited NAV of the Company on 30 September 2023 was £150.83 million, or 71.37 pence per share (31 March 2023: £170.00 million or 80.44 pence per share).

	Pence per share	£ million
NAV at 31 March 2023	80.44	170.00
Capital expenditure	(1.74)	(3.68)
Disposal of investments	(4.67)	(9.88)
Disposal transaction costs	(1.63)	(3.44)
Income earned	3.35	7.09
Expenses & finance costs	(1.88)	(3.98)
Dividends paid	(2.50)	(5.28)
NAV at 30 September 2023	71.37	150.83

The NAV attributable to the ordinary shares has been calculated under International Financial Reporting Standards ('IFRS'); the EPRA NAV is not reported separately in this update as it is the same as the IFRS NAV.

The NAV does not include a provision for any accrued monthly dividend.

CHAIRMAN'S STATEMENT

INTRODUCTION

Since the Company's Interim Results statement for the six months to 31 March 2023, the Board has completed the strategic review announced on 16 March 2023. Alongside that work, the portfolio continued to be managed with skill by our Investment Manager, delivering a number of value accretive asset management initiatives. This is summarised in the Investment Manager's report together with some more detailed market commentary.

The Board published its conclusion from the strategic review in a Circular dated 8 September 2023. The Board believed it was in the best interests of shareholders as a whole to dispose of the Company's two subsidiaries that owned the entirety of the Company's property portfolio. Terms were negotiated with a buyer and a sale and purchase agreement was entered into with completion subject to shareholder approval. The sale proposal was put to shareholders at a General Meeting held on 26 September 2023. 92.58% of the votes cast were in favour of the Board's recommendation. Shareholders owning 57.77% of the share register voted.

On 29 September 2023, the Company sold the entirety of the property portfolio to RI UK 1 Limited, a wholly owned subsidiary of Realty Income Corporation. The total headline consideration was £200.8 million prior to agreed and customary deductions.

The Board has since investigated whether there were any corporate opportunities that had merit against the option of returning cash to shareholders via a members' voluntary liquidation. No appropriate opportunity has been identified. Accordingly, the Board has convened a general meeting, to be held on 11 January 2024, at which shareholders will be asked to approve the Company entering into a members' voluntary liquidation. A circular, containing further details of the members' voluntary liquidation and the notice of the general meeting, was published by the Company on 20 December 2023.

Given the timing of the Disposal and anticipated liquidation, the Board believed it was in the best interests of shareholders to extend the Company's reporting period to 31 March 2024 from 30 September 2023, the date at which the full year report and accounts would normally have been prepared. These financial statements have been prepared in compliance with the listing rules, which require the Board to publish an additional set of interim statements due to the extended accounting period.

BACKGROUND TO THE STRATEGIC REVIEW

The Company was launched in October 2014, and since then has been successful in its objective of providing Shareholders with an attractive level of income, paying monthly dividends to investors on an uninterrupted basis over its nine-year life.

However, the Board recognised from the outset that the Company needed to grow its equity base if it was to achieve its long-term investment goals. Its founding shareholders invested with the expectation that this would happen. As the Company emerged from the pandemic the Board was determined to look for opportunities to achieve this goal and secure the long-term viability of the Company. The Board therefore carried out an internal strategic review in the summer of 2021 and decided that the Company should be entirely focussed on retail warehousing.

Although the switch in the investment strategy was well received by shareholders and the market, with the discount narrowing, the ability to execute the growth part of the strategy continued to be frustrated by the discount to NAV at which the ordinary shares traded. With no prospect of the Company growing organically over the short to medium term, the Board was acutely aware that this was a major concern to its larger shareholders. Low levels of liquidity in the ordinary shares impact on share price; a small market capitalisation limits the ability of larger investors to achieve their desired quantum of investment commitment, creating the risk of stock overhangs; constraints on the ability to diversify across larger schemes in the retail warehouse market due to the relatively small size of the Company impact on risk and return; and cost inefficiencies from operating a subscale company detract from performance.

The Board carefully evaluated whether the benefits of the status quo as a specialist REIT with a very capable investment manager, a clear investment proposition and a share rating better than many of its peers within the REIT sector outweighed the costs of the continued operation of the Company in its current form and size. The Board concluded the weight of the Company's size related issues would have a material ongoing adverse effect on shareholder value if the Company was unable to grow. It was against this backdrop that the Board, after consultation with the Company's largest shareholder, announced the strategic review on 16 March 2023.

The Board considered merger proposals from a number of counterparties alongside other proposals such as share and cash offers for the Company and the disposal of the entirety of its property portfolio as part of the strategic review. The Board concluded that realising the Company's assets and putting the Company in a position to return cash to shareholders represented the best means of maximising shareholder value. This culminated in the sale of the Company's subsidiaries to Realty Income Corporation.

The principal benefits of a portfolio disposal and return of cash to Shareholders were assessed as:

- the implied exit value per Ordinary Share (after wind up costs) may be materially higher than the share price of a merged vehicle, and was, in any event, more readily ascertainable than the latter;
- investors that believed the UK commercial real estate sub-sector was close to the bottom had the option to reinvest their cash proceeds into other REITs of their choice at a discount greater than the exit discount from the Company;
- shareholders who were concerned about further falls in property values and the sustainability of dividends would have a full exit from the sector; and
- shareholders who wished to exit the Company because it no longer met their liquidity or investment screens could do so without destabilising the Share price.

FINANCIAL COMMENTARY ON THE TRANSACTION WITH REALTY

The portfolio and its valuation

The property portfolio comprised 11 well-let and operational, convenience led retail warehouse assets located across the UK and let off affordable rents. The property portfolio has been assembled by the Investment Manager since the Company's launch on 28 October 2014. The 1.18 million sq. ft. portfolio was let to a diversified base of 64 tenants occupying 108 units. The aggregate contracted market rent was approximately £16.4 million per annum.

The valuation of the property portfolio on 15 August 2023 was £207.25 million, an interim valuation struck for the 8 September 2023 Class 1 transaction circular. This was marginally down from the valuation on 30 June 2023 of £208.4 million but did include the benefit of capital expenditure during the period.

The Board evaluated the price offered by Realty, an approximate 5% discount to the 15 August 2023 valuation adjusting the total headline consideration for deductions such as unexpired rent free periods. In doing so it took independent advice from one of the leading firms active in the retail warehouse investment market. An important part of the Board's considerations was the market backdrop of falling valuations and advice that the value was likely to fall further given the level at which transactions were being agreed in the market at the time.

The Board also considered whether a gradual sale of assets in an organised wind down of activities against a disposal of the entire property portfolio would generate a better outcome. It is important to note that the independent valuation of the property portfolio is based on the aggregate of individual property valuations and is not a value for the realisation of the entire property portfolio at any moment in time. Although the valuation in respect of the parts was slightly higher than the consideration offered by the purchaser for the whole, the Board accepted the recommendation from its advisers that a gradual sale could leave shareholders facing a shrinking market capitalisation and increasingly illiquid ordinary shares. In addition, any gain from selling the parts over the whole could be eroded very quickly by the higher costs per ordinary share of continuing to run the Company for an unknown period, potentially culminating in a forced sale of the final assets.

Subsequent market data confirmed that the advice given to the Board was correct. The MSCI monthly index for September, October and November has recorded sector capital value declines of 1.6%, 0.65% and 1.93%, respectively. Since the sale with Realty was signed retail warehouse values have therefore declined by 4%, and market commentators expect further declines by the year end. If this reduction in market value was applied to the Company's 15 August 2023 valuation the value of the portfolio would now be below the total headline consideration of £200.8 million.

Debt

The subsidiaries were sold to Realty without the Company's debt facilities in place. Utilising the strong relationship the Investment Manager has with Aviva, the Board was able to novate the facilities from the subsidiaries to the Company prior to the Disposal having occurred. The debt facilities were then cash collateralised in an account controlled by Aviva. The rationale for doing this was that the Company was able to benefit from the delta of approximately 2.35% (on an annualised basis) between the interest paid to Aviva and the interest received on the cash deposit. Cumulatively, this will enable the Company to generate income, net of interest costs, of approximately £660,000 over the period from the end of September 2023 to liquidation in relation to the principal loan balance of £111.1 million (assuming the Company enters into members' voluntary liquidation on 11 January 2024 and the Company either repays or novates the debt facilities shortly prior to this).

The Company has served on Aviva notice to prepay the amounts outstanding under the Debt Facilities on 5 January 2024, four business days in advance of the proposed members' voluntary liquidation. The Company is currently in discussions with its Investment Manager and Aviva with a view to novating the debt facilities to Ediston Capital Limited, a related party of Ediston Investment Services Limited, in advance of the prepayment date. The Company will be reimbursed by the Investment Manager for any costs incurred in bringing the novation into effect and will be entitled to receive a share of the difference between the interest received and the interest paid on the amounts drawn under the debt facilities for a short period following liquidation. In any event, it is expected the debt facilities will either be prepaid or novated to Ediston Capital Limited and the Company will be released in full from all obligations in respect of the debt facilities prior to the members' voluntary liquidation becoming effective.

Dividends

The Board has paid dividends to shareholders at the monthly equivalent of 0.4167 pence per share during the accounting period and maintained that post the period end. The Board believed that this would be welcomed by shareholders as capital from the sale could not be returned immediately. It is also important to note the Company is obliged to distribute its rental income to maintain its REIT tax status. Although the Company lost its REIT status on the Disposal of its assets, the tax advice was that the accumulated undistributed property income would have to be distributed as income on liquidation if not distributed earlier. The monthly dividend announced on 14 December 2023 utilises all the undistributed property income and is now expected to be the last dividend paid by the Company (assuming the Company enters into members' voluntary liquidation on 11 January 2024).

This monthly dividend of 0.4167 pence per share equates to an annualised dividend level of 5.00 pence per share and is unchanged from the previous dividend declared on 1 November 2023.

Impact of the sale on the Company's Net Assets

The September circular reported that the Disposal would result in estimated net assets per share on completion of approximately 72 pence per share. This included the benefit of the dividend payments that were due to be made. Due to the uncertainty relating to the final costs of the Disposal and subsequent liquidation, this was expressed as an estimate. I can report as at the date of this accounting statement, the NAV per share as at liquidation is expected to be no less than 70.21 pence. When dividends paid since the Disposal are added back, shareholders are expected to receive a minimum of 71.88 pence per share, materially in line with the estimation of 72 pence per share made at the time of the Disposal. This represents a discount of 10.8% to the reported NAV on 30 June 2023.

This NAV comparison has its limitations as an assessment of the price achieved for two reasons. Firstly, the 30 June NAV is stated without an accrual for potential Disposal and liquidation costs. The 72 pence reflects actual Disposal and liquidation costs. Secondly, the market has deteriorated since June and, together with capital expenditure, the NAV at the date of Disposal would have been lower than the 30 June NAV.

The 71.88 pence per share represents a 17.5% premium to the share price of 61.2 pence as at 15 March 2023 (the closing price immediately prior to the Strategic Review Announcement). REIT share prices have rallied since the transaction date, possibly in anticipation of more corporate events in the sector as well as hope that the interest rate cycle has peaked. However, as at the end of November 2023, the average discount to published net asset values across the sector was approximately 20%. Based on the 30 June 2023 NAV, before factoring in valuation falls, a 20% discount would put the share price at around 65 pence.

LIQUIDATION

The Board published a circular on 20 December setting out the recommended proposal for a members' voluntary liquidation of the Company. The circular also contains the notice of the general meeting of the Company to be held at the offices of Dickson Minto W.S., Dashwood House, 69 Old Broad Street, London EC2M 1QS at 10.00 a.m. on 11 January 2024 at which shareholders will be asked to vote upon the resolution.

Shortly thereafter, if the resolution is approved, shareholders should receive an initial distribution of no less than 69.0p per share, with the balance to be retained by the liquidators to meet current, future and contingent liabilities of the Company, including any outstanding costs and expenses of the liquidation itself and potential tax liabilities. Once the liquidators have satisfied all the claims of creditors of the Company and paid the costs and expenses of the liquidation and obtained tax clearance for pre- and post-liquidation periods from HMRC, it is expected the liquidators will make a final distribution to shareholders of any residual cash. The final distribution, if any, will be at a time to be determined solely by the liquidators, but would be expected in the region of six to nine months.

It was hoped that the general meeting could have occurred before the year end. However, Realty has used the entirety of the period to 7 December 2023 specified in the sale and purchase agreement to approve the completion accounts. The Board deemed it was not practical to hold a general meeting over the holiday period.

Full details on the liquidation proposal are set out in the 20 December 2023 circular and shareholders are referred to this document which sets out the actions required.

CONCLUSION

On the assumption that the recommended voluntary liquidation is approved, this will be my final statement as Company chairman.

The Board would have much preferred the Company to continue in existence and grow to a size where it could operate as a dominant player in the retail warehouse sector. However, the Board has listened to its shareholders and enacted a process which it believes has culminated in the optimum outcome for maximising shareholder value against a range of potential alternatives. For those shareholders who did wish to continue, and there was a minority that did, the status quo may not have been possible if a takeover or merger approach had been received from a third party. The Board therefore considered that shareholder interests were best protected by the Board controlling events via a strategic review. This gave it the time to explore a wide range of options.

I would like to take this opportunity of thanking our Investment Manager for bringing their considerable property expertise to the management of the Company's portfolio and affairs. Throughout the strategic review process and the sale to Realty, the Ediston team has conducted itself in a highly professional manner. I would also like to thank our other advisors for their service to the Company, a number of whom have been engaged since the flotation.

I also want to express the Board's gratitude to the support many of our shareholders, large and small, have given to the Company over the years. The feedback on those relationships has always been very good and I would single out Calum Bruce from Ediston for the way he has managed this and, in the process, made my job so much easier.

Finally, I would like to thank my fellow Board members for their hard work and commitment to the Company including those who have retired.

It has been a privilege to work with so many talented and committed people across all the facets of a real estate investment trust.

William Hill
Chairman
21 December 2023

INVESTMENT MANAGER'S REVIEW

INTRODUCTION

The reporting period was dominated by stubbornly high inflation and rising interest rates, although by the end of the period it appeared that rates had peaked, and inflation was starting to fall.

The economic events caused the property investment market to adopt a 'wait-and-see' approach, with investors looking for stability before committing to either buying or selling properties. This led to investment volumes being below long-term averages.

The impact on the property portfolio at the start of the period was for valuations to fall, leading to a NAV decline as reported as at 31 March 2023, albeit values increased as at 30 June 2023, with completed asset management initiatives contributing to the rise.

During the final quarter of the reporting period, property values started to fall, as the lack of investment activity continued to influence the market. However, during the three months to 30 September 2023, retail warehousing remained attractive for investors.

Again, completing asset management transactions helped to reduce declines in the value of the property portfolio and a pipeline of asset management deals helped improve the pricing prospects of the portfolio.

NAV COMPOSITION

Following the strategic review and the results of the general meeting of 26 September 2023, the Company completed the sale of the entirety of the property portfolio before the interim period end.

In advance of the intended voluntary liquidation of the Company, the cash proceeds from the Disposal have been added to the Company's existing cash resources. Apart from a small amount held in a current account for operating expenses, the remainder of the cash has been held in interest bearing accounts. £113 million is placed in a blocked account as security for the debt facilities that were successfully novated to the Company from the Company's subsidiaries. The blended rate on the debt is 2.91% and the interest rates obtained in the interest-bearing accounts range from 5.26% - 5.40%.

With the blocked account presented as a debtor in the Statement of Financial Position offsetting the debt, the NAV of 71.37p, following the payment of the dividend on the 29 September 2023, is largely represented by the cash held in the interest-bearing accounts.

ASSET MANAGEMENT

On 29 September 2023, the Company sold its entire property portfolio to RI UK 1 Limited, a wholly owned subsidiary of Realty Income Corporation. As a result, at the reporting date, the Company had no property assets, and therefore, no property valuation was carried out at the period end.

However, during the six month period from 1 April 2023 until the assets were sold, the Investment Manager intensively asset managed the portfolio and completed 11 asset management opportunities, across six different assets.

These deals secured £1.01 million of income per annum at an average of 10.5% ahead of the independent valuer's ERV. These deals proved the reversionary potential of the property portfolio.

SUMMARY & OUTLOOK

Against the backdrop of the strategic review, the property portfolio continued to perform well on an operational basis, with the investment manager driving forward not only asset management deals but also with the sale process to ensure that the value to shareholders was maximised.

Whilst retail warehouse values are expected to dip in the short term, the medium-to-long term outlook should be more positive. The sub-sector remains attractive to investors and the occupational market is robust, underpinned by low supply levels and tenants who want to do deals, for the right assets in the right locations.

The stabilisation of interest rates, even if they remain higher for longer, is important as it should give the investment market more confidence and result in an increase in investment volumes, and hopefully rising values.

Finally, this is likely to be Ediston's last formal communication with shareholders so I would like to take the opportunity to thank all our investors who have supported us over the years. Since we launched the Company in 2014, as well as the many positives, we have also experienced several challenges including referendums, elections, a global pandemic, and economic uncertainties.

We have always done our best to ensure that we communicated with our investors, whether the news was good or bad, as we firmly believe that is an important thing to do.

I have enjoyed our many meetings and conversations over the years, and our time managing the Company on your behalf.

Calum Bruce
Investment Manager
21 December 2023

STATEMENT OF PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES

The risks, and the way in which they are managed, are described in more detail under the heading 'Principal and emerging risks' within the Strategic Report in the Group's Annual Report and Accounts for the year ended 30 September 2022.

On 16 March 2023, the Board announced a strategic review of the options available to the Company to maximise value for shareholders. The Board appointed Investec Bank plc ('Investec') as Lead Financial Adviser and Dickson Minto as Joint Financial Adviser who assisted the Company with the Strategic Review. As a result of this, on 29 September 2023, the Company sold its entire property portfolio to RI UK 1 Limited, a wholly owned subsidiary of Realty Income Corporation. This has had some impact on the principal and emerging risks and uncertainties previously disclosed, and this is set out below.

The Board regularly reviews the principal and emerging risks and uncertainties faced by the Company together with the mitigating actions it has established to manage the risks. These are set out within the Strategic Report contained within the Annual Report for the year ended 30 September 2022 and comprise the following risk headings:

- Investment strategy and performance;
- Premium and discount level;
- Financial;
- Regulatory;
- Operational; and
- Economic, governmental and exogenous.

Those risks remained relevant throughout the reporting period although some are no longer relevant now that the Disposal has taken place.

During the period, the Board was also focused on the strategic future of the Company and then the execution risk arising from the outcome of the strategic review, including ensuring that shareholder interests were always being considered. These risks were actively managed through much more regular Board meetings and communication with shareholders as well as the appointment of advisers for support in key areas.

Since the reporting period end, we have been very focused on managing the counterparty and interest rate risks arising from the significant cash balances we now hold post the Disposal.

DIRECTORS' RESPONSIBILITIES

Directors' Responsibility Statement

The Directors are responsible for preparing the interim Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of interim financial statements within the interim Financial Report has been prepared in accordance with IAS 34 'Interim Financial Reporting' of the UK-adopted IFRS; and
- the Interim Board Report (constituting the Chairman's statement and Investment Manager's Report) includes a fair review of the information required by rules 4.2.7R of the Disclosure Guidance and Transparency Rules (being an indication of important events that have occurred during the financial period and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining financial period until 31 March 2024) and 4.2.8R (being related party transactions that have taken place during the financial period and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could so do).

These interim financial statements are unaudited and have not been subject to review by the audit firm.

On behalf of the Board,

William Hill
Chairman
21 December 2023

Financial Statements

Condensed Consolidated Statement of Comprehensive Income For the financial period ended 30 September 2023 (unaudited)

	Notes	Six months ended 30 September 2023 (unaudited)*			Six months ended 30 September 2022 (unaudited)	Twelve months ended 30 September 2023 (unaudited)*			Year ended 30 September 2022 (audited)
		Revenue £'000	Capital £'000	Total £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Revenue									
Rental income		7,042	–	7,042	7,948	14,680	–	14,680	16,426
Other income		46	–	46	–	189	–	189	–
Total revenue		7,088	–	7,088	7,948	14,869	–	14,869	16,426
Unrealised gain on revaluation of investment properties		–	–	–	4,404	–	–	–	15,920
Loss on sale of investment properties realised	8	–	(17,387)	(17,387)	(5,957)	–	(46,126)	(46,126)	(3,014)
Total income		7,088	(17,387)	(10,299)	6,395	14,869	(46,126)	(31,257)	29,332
Expenditure									
Investment management fees	5	(792)	–	(792)	(869)	(1,501)	–	(1,501)	(1,703)
Other expenses		(1,421)	–	(1,421)	(1,366)	(2,941)	–	(2,941)	(3,212)
Total expenditure		(2,213)	–	(2,213)	(2,235)	(4,442)	–	(4,442)	(4,915)
Movement in expected credit losses		57	–	57	–	(6)	–	(6)	51
Profit/(loss) before finance costs and taxation		4,932	(17,387)	(12,455)	4,160	10,421	(46,126)	(35,705)	24,468
Net finance costs									
Interest receivable		743	–	743	20	910	–	910	22
Interest payable		(2,176)	–	(2,176)	(1,462)	(4,277)	–	(4,277)	(3,003)

Condensed Consolidated Statement of Comprehensive Income (continued)
For the financial period ended 30 September 2023 (unaudited)

	Six months ended 30 September 2023 (unaudited)*			Six months ended 30 September 2022 (unaudited)	Twelve months ended 30 September 2023 (unaudited)*			Year ended 30 September 2022 (audited)	
	Revenue £'000	Capital £'000	Total £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000	
Profit/(loss) before taxation	3,499	(17,387)	(13,888)	2,718	7,054	(46,126)	(39,072)	21,487	
Taxation	–	–	–	–	–	–	–	–	
Profit/(loss) and total comprehensive income for the period/year	3,499	(17,387)	(13,888)	2,718	7,054	(46,126)	(39,072)	21,487	
Basic and diluted earnings per share	6	1.66p	(8.23)p	(6.57)p	1.29p	3.34p	(21.83)p	(18.49)p	10.17p

* On 29 September 2023, the Group sold all its subsidiaries; therefore, the above statement consists of results of the Group up to 29 September 2023 and the results of the Company up to 30 September 2023. All revenue and capital items in the above statement are derived from discontinued operations.

The total column of this statement represents the Group's 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.

No operations were acquired in the period to 30 September 2023.

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

Condensed Consolidated Statement of Financial Position
As at 30 September 2023 (unaudited)

	Notes	As at 30 September 2023 (unaudited) £'000*	As at 31 March 2023 (unaudited) £'000	As at 30 September 2022 (audited) £'000
Non-current assets				
Investment properties	8	–	199,654	227,465
		–	199,654	227,465
Current assets				
Trade and other receivables	9	112,925	36,687	35,978
Cash and cash equivalents		150,668	47,692	50,235
		263,593	84,379	86,213
Total assets		263,593	284,033	313,678
Non-current liabilities				
Loans	10	(111,076)	(110,526)	(110,443)
		(111,076)	(110,526)	(110,443)
Current liabilities				
Trade and other payables		(1,688)	(3,506)	(2,767)
Total liabilities		(112,764)	(114,032)	(113,210)
Net assets		150,829	170,001	200,468
Equity and reserves				
Called-up equity share capital	11	2,113	2,113	2,113
Share premium		125,559	125,559	125,559
Capital reserve – investments held		–	(61,696)	(32,957)
Capital reserve – investments sold		(59,501)	6,714	6,714
Special distributable reserve		82,658	82,311	82,075
Revenue reserve		–	15,000	16,964
Equity shareholders' funds		150,829	170,001	200,468
Net asset value per Ordinary Share	12	71.37p	80.44p	94.86p

* On 29 September 2023, the Group sold all its subsidiaries; therefore, the condensed consolidated statement of financial position consists of standalone balances of the Company as at 30 September 2023.

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

Company number: 09090446

The unaudited condensed consolidated financial statements for the financial period ended 30 September 2023 on pages 9 to 21 were approved by the Board of Directors and authorised for issue on 21 December 2023 and were signed on its behalf by:

William Hill
Chairman

Condensed Consolidated Statement of Changes in Equity
For the financial period ended 30 September 2023 (unaudited)

	Share capital account £'000	Share premium £'000	Capital reserve – investments held £'000	Capital reserve – investments sold £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 31 March 2023	2,113	125,559	(61,696)	6,714	82,311	15,000	170,001
Profit/(loss) and total comprehensive income for the period	–	–	–	(17,387)	–	3,499	(13,888)
Transfer between unrealised and realised capital reserves	–	–	61,696	(61,696)	–	–	–
Transfer of revenue reserve to realised capital reserve on sale of investments	–	–	–	12,868	–	(12,868)	–
Transactions with owners recognised in equity:							
Dividends paid	–	–	–	–	–	(5,284)	(5,284)
Transfer to special reserve	–	–	–	–	347	(347)	–
As at 30 September 2023*	2,113	125,559	–	(59,501)	82,658	–	150,829

* On 29 September 2023, the Group sold all its subsidiaries; therefore, the condensed consolidated statement of changes in equity shows the transfer of revenue reserve pertaining to the subsidiaries, to realised capital reserve in accordance with IFRS 10 Consolidated Financial Statements.

For the six months ended 31 March 2023 (unaudited)

	Share capital account £'000	Share premium £'000	Capital reserve – investments held £'000	Capital reserve – investments sold £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 30 September 2022	2,113	125,559	(32,957)	6,714	82,075	16,964	200,468
(Loss)/profit and total comprehensive income for the year	–	–	(28,739)	–	–	3,556	(25,183)
Transactions with owners recognised in equity:							
Dividends paid	–	–	–	–	–	(5,284)	(5,284)
Transfer from special reserve	–	–	–	–	236	(236)	–
As at 31 March 2023	2,113	125,559	(61,696)	6,714	82,311	15,000	170,001

Condensed Consolidated Statement of Changes in Equity (continued)
For the financial period ended 30 September 2023 (unaudited)

For the year ended 30 September 2022 (audited)

	Share capital account £'000	Share premium £'000	Capital reserve – investments held £'000	Capital reserve – investments sold £'000	Special distributable reserve £'000	Revenue reserve £'000	Total equity £'000
As at 30 September 2021	2,113	125,559	(42,710)	3,561	82,711	18,315	189,549
Profit and total comprehensive income for the year	–	–	15,920	(3,014)	–	8,581	21,487
Transfer between unrealised and realised reserves	–	–	(6,167)	6,167	–	–	–
Transactions with owners recognised in equity:							
Dividends paid	–	–	–	–	–	(10,568)	(10,568)
Transfer from special reserve	–	–	–	–	(636)	636	–
As at 30 September 2022	2,113	125,559	(32,957)	6,714	82,075	16,964	200,468

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

Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 September 2023 (unaudited)

	Six months ended 30 September 2023 (unaudited)*	Six months ended 31 March 2023 (unaudited)	Twelve months ended 30 September 2023 (unaudited)*	Year ended 30 September 2022 (audited)
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
(Loss)/profit before tax	(13,888)	(25,183)	(39,072)	21,487
Adjustments for:				
Interest receivable	(743)	(167)	(910)	–
Interest payable	2,176	2,101	4,277	3,003
Unrealised revaluation loss/(gain) on property portfolio	–	28,739	–	(15,920)
Loss on sale of investment property realised	17,387	–	46,126	3,014
Operating cash flows before working capital changes				
	4,933	5,490	10,421	11,584
Decrease/ (increase) in trade and other receivables	355	(667)	(311)	547
(Decrease) / increase in trade and other payables	(1,816)	739	(1,077)	(420)
Net cash inflow from operating activities	3,472	5,562	9,033	11,711
Cash flows from investing activities				
Capital expenditure	(3,712)	(928)	(4,640)	(3,207)
Deposits	(81,868)	–	(81,868)	(24,210)
Sale of investment properties after transaction costs	191,212	–	191,212	67,704
Net cash inflow/(outflow) from investing activities	105,632	(928)	104,704	40,287
Dividends paid	(5,284)	(5,284)	(10,568)	(10,568)
Interest received	741	167	908	–
Interest paid	(1,585)	(2,060)	(3,644)	(2,837)
Net cash outflow from financing activities	(6,128)	(7,177)	(13,304)	(13,405)
Net increase in cash	102,976	(2,543)	100,433	38,593
Opening cash and cash equivalents	47,692	50,235	50,235	11,642
Closing cash and cash equivalents	150,668	47,692	150,668	50,235

* The cash flows above are derived from discontinued operations as a result of disposal of the Company's property portfolio.

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

**Notes to the Interim Condensed Consolidated Financial Statements
For the financial period ended 30 September 2023 (unaudited)**

1. GENERAL INFORMATION

Ediston Property Investment Company plc (the 'Company') is a public listed company incorporated and domiciled in England and Wales. The Company's ordinary shares are listed on the Premium Segment of the Official List and traded on the London Stock Exchange's Main Market. Until 29 September 2023, the Company carried on business as a Real Estate Investment Trust ("REIT") investing in UK commercial property.

On 29 September 2023, the Company sold its entire property portfolio to RI UK 1 Limited, a wholly owned subsidiary of Realty Income Corporation. As a result, at the reporting date, the Company had no property assets and therefore, no property valuation was carried out at the period end.

As a consequence of the sale, the Company ceased to satisfy the conditions of the UK REIT regime and ceased to benefit from the tax treatment afforded by UK REIT status.

The registered address of the Company is disclosed in the Corporate Information.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE WITH IFRS

The interim condensed consolidated financial statements are for the six months financial period ended 30 September 2023 and are presented in Sterling Pounds (£), which is the functional currency of the Company.

The interim condensed consolidated financial statements have been prepared under the requirements of the Disclosure Guidance and Transparency Rules ('DTR') issued by the Financial Conduct Authority ('FCA') and in accordance with IAS 34 'Interim Financial Reporting' of the UK-adopted IFRS as issued by the International Accounting Standards Board, and the accounting policies set out in the statutory accounts of the Group for the year ended 30 September 2022.

These interim condensed consolidated financial statements do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2022, which were prepared under UK-adopted IFRS.

There are no accounting pronouncements, which have become effective from 1 October 2022 that have a significant impact on the Group's interim condensed consolidated financial statements. There have been no significant changes to management judgements and estimates since 30 September 2022.

On 29 September 2023, the Group sold all its subsidiaries, therefore all activities of the Group ceased and the Group was treated as a discontinued operation according to IFRS 5. The interim condensed consolidated statement of financial position and accompanying notes consist of standalone balances of the Company as at 30 September 2023.

These interim condensed consolidated financial statements were approved for issue by the Board on 21 December 2023.

3. GOING CONCERN

The condensed consolidated financial statements have been prepared on a 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.

The Group's assets consisted mainly of UK commercial property assets that were disposed on 29 September 2023; however, the Group has sufficient liquid assets as at the period end to continue operating for the foreseeable future. It is the intention of the Board of Directors of the Company to seek shareholder approval for the voluntary liquidation of the Company with the aim of distributing the Company's net assets (which comprise substantially of cash) to shareholders in 2024. 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 over the medium term. For these reasons, the Board continues to adopt the going concern basis in preparing these condensed consolidated financial statements.

The Board has set limits for borrowing and regularly reviews actual exposures, cash flow projections and compliance with the requirements of the debt providers, including the headroom available. The Board also reviews sensitivity analysis of the Group's operations and the ability to fulfil its operational commitments under different stress scenarios.

Having taken these factors into account, the Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future and is able to meet its financial obligations as they fall due for the period to 21 December 2024, which is at least twelve months from the date of approval of this Report, notwithstanding the intention to seek shareholder approval for the voluntary liquidation of the Company.

Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the financial period ended 30 September 2023 (unaudited)

4. SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual consolidated financial statements for the year ended 30 September 2022. The accounting policies applied in the preparation of these condensed consolidated financial statements are expected to be consistently applied in the financial statements for the period to 31 March 2024.

5. INVESTMENT MANAGEMENT FEE

	Six months period ended 30 September 2023 £'000	Six months period ended 30 September 2022 £'000	Twelve months period ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Investment management fee	792	869	1,501	1,703
Total	792	869	1,501	1,703

Ediston Investment Services Limited has been appointed as the Company's Alternative Investment Fund Manager (AIFM) and Investment Manager, with the property management services for the Group being delegated to Ediston Properties Limited. Ediston Investment Services Limited is entitled to a fee calculated as 0.95% per annum of the net assets of the Group up to £250 million, 0.75% per annum of the net assets of the Group over £250 million and up to £500 million and 0.65% per annum of the net assets of the Group over £500 million. The management fee on any cash available for investment (being all cash held by the Group except cash required for working capital and capital expenditure) is reduced to 0.475% per annum while such cash remains uninvested. The Management fee is reduced by a quarterly contribution of £10,000 (£40,000 per annum) towards the overall management costs of the Company.

Ediston Investment Services Limited has committed to investing 20.0% of the quarterly management fee in the Company's shares each quarter for a period of three years commencing 1 October 2020, albeit has been curtailed from doing so during the closed period imposed by the Strategic Review and completion of the disposal transaction. Refer to note 14 for further information.

6. EARNINGS PER SHARE

	Six months ended 30 September 2023		Six months ended 30 September 2022		Twelve months ended 30 September 2023		Year ended 30 September 2022	
Basic and diluted earnings per share*	£'000	Pence per share	£'000	Pence per share	£'000	Pence per share	£'000	Pence per share
Revenue earnings	3,499	1.66	4,271	2.02	7,054	3.34	8,581	4.06
Capital earnings	(17,387)	(8.23)	(1,553)	(0.73)	(46,126)	(21.83)	12,906	6.11
Total earnings	(13,888)	(6.57)	2,718	1.29	(39,072)	(18.49)	21,487	10.17
Average number of shares in issue	211,333,737		211,333,737		211,333,737		211,333,737	

* There is no difference between basic and diluted earnings per share (year ended 30 September 2022: no difference).

Earnings for the period to 30 September 2023 should not be taken as a guide to the results for the period to 31 March 2024.

Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the financial period ended 30 September 2023 (unaudited)

7. DIVIDENDS

Eleven monthly dividends of 0.4167 pence per share, at a cost of £9,686,904 were paid during the twelve months period to 30 September 2023. With the exception of the dividends paid for the months of May, June and July, the dividends were paid out as Property Income Distributions ('PID').

A twelfth monthly interim dividend for the twelve month period ended 30 September 2023, of 0.4167 pence per share, was paid on 31 October 2023 to shareholders on the register on 13 October 2023. A further monthly dividend for the month of October 2023, of 0.4167 pence per share, was paid on 30 November 2023 to shareholders on the register on 10 November 2023. This monthly dividend of 0.4167 pence per share equates to an annualised dividend level of 5.00 pence per share.

On disposal of the Group's property portfolio, the Company ceased to satisfy the conditions of the UK REIT regime, however, it is obligated to make property income distributions to extinguish the income collected during the property holding period.

As announced on 14 December 2023, the Directors intend to make one last PID dividend on 8 January 2024 to extinguish the remaining PID reserve.

8. INVESTMENT PROPERTIES

	As at 30 September 2023*	As at 31 March 2023	As at 30 September 2022
	£'000	£'000	£'000
Freehold and leasehold properties			
Opening book cost	260,422	260,422	320,694
Opening unrealised (depreciation)	(32,957)	(32,957)	(42,710)
Opening fair value	227,465	227,465	277,984
Movement for the period			
Sales			
- net proceeds	(195,078)	–	(67,704)
- loss on sales	(46,126)	–	(3,014)
Transfer from unrealised reserves on properties sold	(32,957)	–	6,167
Unamortised lease incentives crystallisation	4,766	–	–
Disposal transaction fees**	3,867	–	–
Capital expenditure	5,106	928	4,279
Movement in book cost	(260,422)	928	(60,272)
Unrealised gains on investment properties	–	–	29,772
Unrealised losses on investment properties	–	(28,739)	(13,852)
Unrealised movement during the period/year	–	(28,739)	15,920
Transfer between unrealised and realised reserves for properties sold	32,957	–	(6,167)
Movement in fair value	32,957	(28,739)	9,753
Closing book cost	–	261,350	260,422
Closing unrealised depreciation	–	(61,696)	(32,957)
Closing fair value	–	199,654	227,465

* The figures presented are for the 12 month period ended 30 September 2023.

**Included within Disposal transaction fees are £390,000 of costs relating to the strategic review of the company rather than specific to the disposal of the portfolio.

Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the financial period ended 30 September 2023 (unaudited)

8. INVESTMENT PROPERTIES (CONTINUED)

	Financial period ended 30 September 2023 £'000	As at 31 March 2023 £'000	Year ended 30 September 2022 £'000
Closing fair value excluding lease incentives	–	199,654	227,465
Lease incentives held as debtors	–	4,606	3,970
Appraised market value	–	204,260	231,435
Loss on sale of investment properties	(46,126)	–	(3,014)
Unrealised (loss)/gain realised during the period/year	–	–	6,167
(Loss)/gain on sale of investment properties realised	(46,126)	–	3,153
Unrealised (loss)/gain on investment properties	–	(28,739)	9,753
Total (loss)/gain on sale/revaluation of investment properties	(46,126)	(28,739)	12,906

	Financial period ended 30 September 2023 £'000
Sale of investments on 29 September 2023	
Appraised market value per Sale Agreement	200,800 [^]
Capital expenditure as part of the sale agreement	(3,546)
Provision for remaining capital expenditure	(2,176)
Net sale proceeds	195,078

At the date of disposal, the properties were valued based on the negotiated price as per the sale agreement of £200,800,000 (31 March 2023: £204,260,000 and 30 September 2022: £231,435,000 as valued by Knight Frank). The fair value at the date of sale of the investment properties is in line with that disclosed in the Sale Agreement.

[^]Market value as determined by the sale purchase agreement.

Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the financial period ended 30 September 2023 (unaudited)

9. TRADE AND OTHER RECEIVABLES

	As at 30 September 2023 £'000	As at 31 March 2023 £'000	As at 30 September 2022 £'000
Secured balance held with loan provider	112,914	31,176	31,047
Capital and rental lease incentives	–	4,606	3,970
Rent receivable (net of allowance for expected credit losses)	–	701	865
Other debtors and prepayments	2	204	96
Interest receivable	9	–	–
Total	112,925	36,687	35,978

Secured balance held with loan provider relate to short-term deposits held with banks.

10. LOANS

	As at 30 September 2023 £'000	As at 31 March 2023 £'000	As at 30 September 2022 £'000
Principal amount outstanding	111,076	111,076	111,076
Set-up costs	(1,612)	(1,612)	(1,612)
Amortisation of loan set-up costs	1,612	1,062	979
Total	111,076	110,526	110,443

The Company's loan arrangements are with Aviva Commercial Finance Limited.

The loans were held by EPIC 1, totalling £56.92 million and EPIC 2 totalling £54.15 million, but were novated to the PLC at the time of the Disposal. A Deed of Novation was entered into by EPIC 1 and EPIC 2 with the PLC and Aviva Commercial Finance Limited pursuant to the obligations under EPIC 1 and EPIC 2 existing Facilities agreement.

EPIC 1 and EPIC 2 paid an amount equal to their Existing Facilities Redemption amount provided that both entities' cash balances were first applied against such amount in full and final satisfaction and discharge of the amounts owed by EPIC 1 and EPIC 2 to the PLC pursuant to the relevant deed of Novation.

This Aviva Loan in the PLC's rate is fixed at a weighted interest rate per annum of 2.91%.

The fair value of the loans based on a marked-to-market basis, being the yield on the relevant Treasury plus the appropriate margin, was £110,638,000 at 30 September 2023 (31 March 2023: £104,163,000 and 30 September 2022: £98,682,000) this includes the principal borrowed. It is expected the debt facilities will either be repaid or novated to Ediston Capital Limited and the Company will be released from all obligations in respect of the debt facilities prior to the members' voluntary liquidation becoming effective.

11. CALLED-UP EQUITY SHARE CAPITAL

The Company had 211,333,737 Ordinary Shares of 1 pence par value in issue at 30 September 2023 (31 March 2023: 211,333,737 and 30 September 2022: 211,333,737).

During the period to 30 September 2023, the Company did not issue any Ordinary Shares (year ended 30 September 2022: issued none). The Company did not buy back or resell from treasury any Ordinary Shares during the period or the comparative period.

The Company did not hold any shares in treasury at 30 September 2023 (31 March 2023: £nil and 30 September 2022: £nil).

Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the financial period ended 30 September 2023 (unaudited)

12. NET ASSET VALUE

The Group's net asset value per Ordinary Share of 71.37 pence (31 March 2023: 80.44 pence and 30 September 2022: 94.86 pence) is based on equity shareholders' funds of £150,829,000 (31 March 2023: £170,001,000 and 30 September 2022: £200,468,000) and on 211,333,737 (31 March 2023: 211,333,737 and 30 September 2022: 211,333,737) Ordinary Shares, being the number of shares in issue at the period end.

13. SUBSIDIARIES

Until 29 September 2023, the Group's results consolidated those of EPIC (No.1) Limited, a wholly owned subsidiary of Ediston Property Investment Company plc, incorporated in England & Wales on 27 June 2014 (Company Number: 09106328) and EPIC (No.2) Limited, a wholly owned subsidiary of Ediston Property Investment Company plc, incorporated in England & Wales on 23 September 2017 (Company Number: 10978359). The subsidiaries held all the investment properties owned by the Group and were also the parties, which held the Group's borrowings (see Note 10).

On 29 September 2023, the Group sold its entire property portfolio to RI UK 1 Limited, a wholly owned subsidiary of Realty Income Corporation. As a result, at the reporting date, the Company had no subsidiaries or property assets; therefore, no property valuation was carried out at the period end. Since all operations of the Group comprised of the property portfolio, following disposal, these are classified accordingly as discontinued operations in these interim condensed consolidated financial statements.

14. RELATED PARTIES

The Remuneration Committee meeting held on 24 August 2023, approved the Directors additional fee ("Special Payment"), on the completion of the Project Diamond transaction, at a total amount of £50,000 included in the Portfolio sale cost. The amount was paid to the Directors at the end of October 2023. The Directors remuneration reduced to half level following the Disposal of the property portfolio.

There have been no other material transactions, between the Company and its Directors during the period other than amounts paid to them in respect of expenses and remuneration.

Ediston Investment Services Limited has received investment management fees of £792,000 in relation to the six months ended 30 September 2023 (twelve months ended 30 September 2023: £1,501,000 and year ended 30 September 2022: £1,703,000) of which £384,721 (31 March 2023: £361,368 and 30 September 2022: £438,000) remained payable at the period end.

Ediston Investment Services Limited received £143,000 in relation to the development of the Wrexham, Coatbridge, and Springkerse sites in the six months ended 30 September 2023 (twelve months ended 30 September 2023: £143,000 and year ended 30 September 2022: £1,703,000), this amount was paid in full (31 March 2023: £nil and 30 September 2022: £nil). All these sites formed part of the Company's investment property portfolio, which has now been sold.

The aggregate shareholding of the manager and its senior personnel as at 30 September 2023 is 2,914,764 shares (31 March 2023: 2,914,764 shares and 30 September 2022: 2,618,148 shares), 1.38% (31 March 2023 1.38% and 30 September 2022: 1.24%) of the issued share capital as at that date.

15. COMMITMENTS

As at 30 September 2023, the Company had contractual commitments totalling £133,000 (31 March 2023: £4,905,000 and 30 September 2022: £62,100). This is in relation to the amount owed to the buyer RI UK 1 Limited as part of disposal of the Company's property portfolio and has been recognised as a creditor within these financial statements. The commitments disclosed as at 31 March 2023 and 30 September 2022 pertained to contractual obligations for capital works on the portfolio on those particular dates.

Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the financial period ended 30 September 2023 (unaudited)

16. 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 were included in Level 3 before and at the date of disposal. The Group does not hold any investment properties as at the reporting date.

There were no transfers between levels of the fair value hierarchy during the six months ended 30 September 2023 (twelve months ended 30 September 2023: none and year ended 30 September 2022: none).

17. EVENTS AFTER THE REPORTING DATE

On 14 December 2023, the Company made an announcement to its shareholders providing an update on the future of the Company. Subsequently, the Company published a circular on 20 December 2023, setting out the recommended proposal for a member's voluntary liquidation of the Company. A general meeting of the Company will be held on 11 January 2024 at which shareholders will be asked to vote upon the proposed resolution.

The Statement of Financial Position discloses the Loans as a non-current liability, however, the Company served the one month's notice requirement to prepay the debt on 5 December 2023. As disclosed in note 10, the Board are considering the novation of the debt to a third party in advance of the repayment date.

There have been no other significant events after the reporting period that require adjustment to or disclosure in these interim condensed consolidated financial statements.

18. CHANGE OF ACCOUNTING REFERENCE DATE

The accounting reference date of the Company was changed from 30 September to 31 March, as the Board believe it was in the best interest of shareholders to extend the Company's reporting period to 31 March 2024 from 30 September 2023, the date at which the full year report and accounts would normally have been prepared. As a consequence of the extended accounting period, we are required to publish an additional set of interim financial statements. Accordingly, these interim condensed consolidated financial statements are prepared for six months from 1 April 2023 to 30 September 2023; the last interim consolidated financial statements were prepared for the six months from 1 October 2022 to 31 March 2023.

19. INTERIM REPORT STATEMENT

The Company's auditor, Grant Thornton UK LLP, has not audited or reviewed the Interim Report to 30 September 2023 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 2022, 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 2022 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 had two wholly owned subsidiary undertakings, EPIC (No.1) Limited and EPIC (No.2) Limited (the Subsidiaries) that were sold during the period. The Company and the Subsidiaries are referred to collectively throughout this document as 'the Group', although references to the Company may also encompass matters relevant to the Subsidiaries.

The Group 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 2022. As a consequence of the sale, the Company ceased to be part of the REIT regime as of 29 September 2023.

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 2022.

INVESTMENT MANAGER AND AIFM

Ediston Investment Services Limited has been appointed as the Company's Alternative Investment Fund Manager (AIFM) and Investment Manager and therefore provides portfolio and risk management services, including ensuring compliance with the Group's investment policy and the requirements of the AIFMD, through the Management Agreement. Management services, including advising on the acquisition, development, leasing, management and sale of the Group's properties, are delegated to Ediston Properties Limited under the Investment Manager's Delegation Agreement. Both agreements are subject to 12 months' notice, other than in a breach scenario.

Ediston Investment Services Limited were served notice on 8 September 2023 and termination shall take effect from a date to be separately determined by the Board but being no later than 12 months from the date the notice was served.

INVESTOR RELATIONS

Information on Ediston Property Investment Company plc, including the latest share price can be found on the Company's website at 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.

Glossary of terms, definitions and alternative performance measures

The Company uses Alternative Performance Measures (APMs). APMs do not have a standard meaning prescribed by accounting standards and therefore may not be comparable to similar measures presented by other entities. The APMs used by the Company are included below. A full glossary was included in the Annual Report 2022 to assist investors in their understanding of the other technical terms that the Company may use in reporting its results.

Contracted Rent	The annualised rent adjusting for the inclusion of rent subject to rent-free periods and rental guarantees.
Discount (or Premium) of Share Price to Net Asset Value	If the share price is less than the Net Asset Value per share, the shares are trading at a discount. If the share price is greater than the Net Asset Value per share, the shares are trading at a premium. The discount (or premium) is calculated by reporting the difference between the Net Asset Value per share and the Share Price as a percentage of the Net Asset Value per share.
Dividend Cover	Revenue profit for the period, excluding exceptional items, divided by dividends paid during the period.
Dividend Yield	Calculated using the annual dividend as a percentage of the share price at the period end.
Earnings per share (EPS)	Profit for the period attributable to ordinary equity holders of the Company divided by the time weighted average number of ordinary shares outstanding during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.
EPRA NAV	NAV adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model. Makes adjustments to the IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy. At 30 September 2023, 31 March 2023 and 30 September 2022, the EPRA NAV was the same as the IFRS NAV.
EPRA Net Asset Value (NAV) per Share	EPRA NAV at the period end divided by the number of Ordinary Shares in issue at that date.
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space expressed as a percentage of the ERV of the whole portfolio. The vacancy rate excludes those properties which are under development or major refurbishment.
Gearing	Unlike open-ended investment companies, closed-ended investment companies have the ability to borrow to invest. This term is used to describe the level of borrowings that an Investment Company has undertaken. The higher the level of borrowings, the higher the gearing ratio. This is expressed as a percentage of the principal value of borrowings against total assets.
Like-for-like Movement	The like-for-like increase (or decrease) in the property portfolio is calculated as the movement in the fair value of the property portfolio excluding any properties bought or sold in the period.
Loan-to-Value (LTV)	Debt outstanding and drawn at the period end, net of any cash held in the Lender deposit account, expressed as a percentage of the market value of all property assets.
NAV per Ordinary Share (or IFRS NAV)	This is calculated as the net assets of the Group calculated under its accounting policies (as set out on pages 79 to 82 of the Annual Report 2022) divided by the number of shares in issue, excluding those shares held in treasury. This is the number disclosed at the foot of the Consolidated Statement of Financial Position on page 76. At 30 September 2023, 31 March 2023 and 30 September 2022, the IFRS NAV was the same as the EPRA NAV.
NAV Total Return	The growth in NAV plus dividends reinvested, and this can be expressed as a percentage of NAV per share at the start of the period.
Share Price Total Return	The percentage change in the Share Price assuming dividends are reinvested to purchase additional Ordinary Shares at the prevailing share price.
WAULT (Weighted Average Unexpired Lease Term)	The average lease term remaining to the earlier of break or expiry, across the portfolio weighted by contracted rental income (including rent-frees). The calculation excludes properties allocated as developments.

Capitalised terms above are as defined in the glossary included in the Annual Report 2022.

HOW TO INVEST

Shares in Ediston Property Investment Company plc are listed on the main market of the London Stock Exchange (LSE: EPIC).

As with any publicly quoted company, the Company's shares can be bought and sold on the stock market. This can be done directly through a wealth manager, financial adviser or stockbroker.

Another option is to use one of the platform providers who offer an 'execution only' service. Links to such providers are available on the Company's website at www.ediston-reit.com. Potential investors should note that by clicking on any of the links contained thereon, you will leave the Company's website and go to an external website. The Company is not responsible for the content or accuracy of these external websites.

KEY INFORMATION DOCUMENT

Investors should be aware that the Packaged Retail and Insurance-based Investment Products Regulation (PRIIPs) Regulation requires the AIFM, as the PRIIP manufacturer, to prepare a key information document (KID) in respect of the Company. This KID must be made available by the Investment Manager to retail investors prior to them making any investment decision and is available on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

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. NAV 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.

WARNING TO SHAREHOLDERS – BEWARE OF SHARE FRAUD

There has been an increase in the number of increasingly sophisticated but fraudulent financial scams. This is often by a 'phone call or email which can originate from outside the UK. Shareholders may receive unsolicited phone calls or correspondence concerning investment matters that imply a connection to the Company. These are typically from overseas 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares.

Shareholders may also be advised that there is 'an imminent offer for the Company', and the caller may offer to buy shares at significantly above the market price if an administration fee is paid. This is known as 'boiler room fraud'.

If you are contacted, we recommend that you do not respond with any personal information, including access to financial information or bank accounts. If you are in any doubt you should seek financial advice before taking any action.

You can find more information about investment scams at the Financial Conduct Authority (FCA) website: www.fca.org.uk/consumer/protect-yourself-scams. You can also call the FCA Consumer Helpline on 0800 111 6768.

CORPORATE INFORMATION

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Ms Karyn Lamont
Mr Jamie Skinner
Ms Imogen Moss

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