



Occupier Focused Opportunity Led

QUARTERLY SHAREHOLDER UPDATE

SEPTEMBER 2017

WHO WE ARE

Picton Property Income Limited is an award winning property investment company which invests in commercial property throughout the United Kingdom. We own and actively manage a property portfolio of 52 assets across the industrial, office, retail and leisure sectors. Established in 2005, Picton has a premium listing on the London Stock Exchange.

INVESTMENT OBJECTIVE

Our aim is to provide shareholders with an attractive level of income together with the potential for capital growth.


VIEW FROM THE CHAIRMAN

“This is another positive quarter with continued NAV growth and further improvement in our dividend cover. We acquired, off market, a grade A regional office asset which provides further scope to enhance our earnings.”

Nicholas Thompson, **Chairman, Picton Property Income Limited**


VIEW FROM OUR CEO

“We have improved occupancy, achieved further lettings success and continued to invest back into the portfolio to enhance longer term returns. Our industrial and office assets have performed particularly well, benefiting from good occupational demand and in turn rental growth.”

Michael Morris, **Chief Executive, Picton Capital Limited**

PORTFOLIO UPDATE AND MARKET BACKGROUND
Portfolio Update

The portfolio valuation increased by 1.9% or £11.7 million, with the industrial sector delivering the strongest growth followed by the office sector, and by regional assets in particular.

The portfolio consists of 52 assets with an average lot size of £12.7 million and the valuation movements over the quarter are shown below:














Sector	Like for like valuation change
Industrial	3.9%
Offices	1.1%
Retail and Leisure	-0.2%
Total	1.9%

Occupancy increased to 95%, primarily due to a further letting at our Farringdon building in EC1 and the disposal of two non income producing assets. The acquisition of Tower Wharf, Bristol, which is 64% occupied, will have a short-term adverse affect on occupancy until it is let.

Market Background

According to the MSCI IPD monthly index, the All Property total return was 2.7% in the quarter to September 2017, compared to 2.5% in the previous quarter. Capital growth was 1.3% (June 2017: 1.1%) and rental growth was 0.6% (June 2017: 0.4%).

PORTFOLIO COMPOSITION

Industrial	40.1%		Offices	35.7%		Retail and Leisure	24.2%	
South East	27.5%		London City and West End	4.2%		Retail Warehouse	9.8%	
Rest of UK	12.6%		Inner and Outer London	8.8%		High Street – Rest of UK	6.8%	
			South East	10.6%		High Street – South East	5.5%	
			Rest of UK	12.1%		Leisure	2.1%	

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HIGHLIGHTS DURING THE QUARTER INCLUDED:

Financial

- Increase in Net Assets to £463.8 million (30 June 2017: £452.5 million).
- NAV/EPRA NAV per share rose 2.5% to 85.9 pence (30 June 2017: 83.8 pence).
- Total return for the quarter of 3.5% (30 June 2017: 3.4%).
- Net gearing of 28.2% (30 June 2017: 27.0%).

Portfolio

- Like-for-like increase in property portfolio valuation for the quarter of 1.9% (30 June 2017: 1.8%).
- Completed the purchase of a grade A office in Bristol for £23.15 million.
- Completed the disposal of two non-core assets for £9.86 million, 5.9% ahead of the June valuation.
- Completed seven lettings, six rent reviews and two lease renewals, on average 3.3% ahead of the June ERV, with a combined annual rent of £1.8 million.
- Occupancy increased to 95% (30 June 2017: 94%).

Dividend

- Dividend of 0.85 pence per share declared and to be paid on 30 November 2017 (30 June 2017: 0.85 pence per share).
- Annual Dividend equivalent to 3.4 pence per share, delivering a dividend yield, based on 19 October 2017 share price, of 4.2%.
- Dividend cover for the quarter of 119% (30 June 2017: 116%).

OUR KEY NUMBERS

Property Value¹ £652.1 million	Number of Properties 52	Average Lot Size £12.7 million	Average Lease Length 5.3 years
Market Capitalisation £460.4 million	Share Price 85.25 pence	Shares in Issue 540.1 million	Ongoing Charges³ 1.1 per cent
Net Assets £463.8 million	Net Asset Value per share 85.9 pence	Quarterly Dividend 0.85 pence	
Current Debt £216.6 million	Net Gearing² 28.2 per cent	Weighted Average Interest Rate 4.1 per cent	(at 30 September 2017)

¹ Adjusted for lease incentives and finance leases.

² Net gearing is calculated as total debt less cash deposits as a proportion of gross property asset value.

³ Calculated as annualised recurring management and corporate expenses as a proportion of the average net asset value in the preceding 12 months.

TOP TEN ASSETS

The top ten assets, which represent 48% of the portfolio by capital value, are detailed below.

1 Parkbury Industrial Estate, Radlett, Hertfordshire

Sector: Industrial
Location: South East

2 River Way Industrial Estate, Harlow, Essex

Sector: Industrial
Location: South East

3 Angel Gate Office Village, City Road, EC1

Sector: Office
Location: London

4 Stanford House, Long Acre, WC2

Sector: Retail
Location: London

5 50 Farringdon Road, London, EC1

Sector: Office
Location: London

6 Tower Wharf, Bristol

Sector: Office
Location: South West

7 Shipton Way, Rushden, Northants

Sector: Industrial
Location: East Midlands

8 Pembroke Court, Chatham, Kent

Sector: Office
Location: South East

9 Colchester Business Park, Colchester

Sector: Office
Location: South East

10 Queens Road, Sheffield

Sector: Retail Warehouse
Location: Yorkshire & Humberside



CONTACT INFORMATION

Company Secretary

Northern Trust International Fund
Administration Services (Guernsey) Limited
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 3QL

T: 01481 745001
E: team_picton@ntrs.com

Investment Manager

Picton Capital Limited
28 Austin Friars
London
EC2N 2QQ

T: 020 7628 4800
E: enquiries@picton.co.uk

Brokers

JP Morgan Securities Limited
Stifel Nicolaus Europe Limited

Media

Tavistock Communications
1 Cornhill
London
EC3V 3ND

T: 020 7920 3150

KEY DATES

Launch date

25 October 2005

Financial Year End

31 March

Half Year

30 September

Dividend Payments

August/November/February/May

Stock Code: PCTN

www.picton.co.uk

IMPORTANT INFORMATION

This newsletter is issued by Picton Property Income Limited ("Picton"). It is based on information supplied by the Investment Manager, Picton Capital Limited. In reliance on Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, this newsletter is intended for shareholders of Picton only and should not be passed to any person other than an existing shareholder of Picton. It is not a recommendation to deal or refrain from dealing in the shares of Picton. Any shareholder who requires advice on their investment in Picton should contact their stockbroker, bank or independent financial adviser.



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