



# Occupier focused, Opportunity led.

**Picton Property Income Limited**  
Shareholder Update - December 2021





The strength of NAV growth and underlying rent collection has given the Board confidence to restore the dividend to its pre-pandemic level, marking the fourth increase since it was reset at the start of the pandemic.

**Lena Wilson CBE**  
 Chair, Picton



We have seen strong valuation performance this quarter, reflecting the improving demand in the market for assets such as ours. We are encouraged by the momentum in our asset management pipeline and our focus is on growing income and value further during 2022, through leasing and acquisition activity.

**Michael Morris**  
 Chief Executive, Picton



## Quarterly highlights

### Financial

- Net assets of £615.7 million (30 September 2021: £573.6 million).
- NAV/EPRA NTA per share increased by 7.4% to 112.8 pence (30 September 2021: 105.0 pence).
- Total return for the quarter of 8.2% (30 September 2021: 6.0%).
- LTV of 20.8% (30 September 2021: 21.9%).

### Dividend increase

- Dividend increased by 2.9% and returned to pre-pandemic levels.
- Increased interim dividend of 0.875 pence per share declared and to be paid on 28 February 2022 (30 September 2021: 0.85 pence per share).
- Annualised dividend equivalent to 3.5 pence per share, delivering a dividend yield of 3.3%, based on 25 January 2022 share price.
- Dividend cover for the quarter of 115% (30 September 2021: 122%).

### Portfolio

- Like-for-like portfolio valuation uplift of 6.0% over the quarter.

	Sector weighting	Valuation movement
Industrial	58.2%	10.4%
Office	31.1%	(0.6)%
Retail and Leisure	10.7%	3.3%
<b>Total</b>	<b>100%</b>	<b>6.0%</b>

- Completed six lettings, across all sectors, with a combined annual rent of £0.2 million, 3% below the September 2021 ERV.
- Renewed/regeared seven leases, predominantly in the office sector, with a combined annual rent of £0.6 million, 1% below the September 2021 ERV.

- Secured an average increase of 22% against the previous passing rent from three rent reviews, all in the industrial sector, with a combined annual rent of £0.4 million which was in line with the September 2021 ERV.
- Occupancy of 91% (30 September 2021: 93%).

### Rent collection

- 98% of December 2021 rents have been collected or are expected to be received under monthly payment plans.
- 98% of September 2021 rents have been collected.



## Corporate summary

£616m

Net assets

£580m

Market capitalisation\*

£182m

Borrowings

3.3%

Dividend yield\*

1.0%

Cost ratio

21%

Loan to value

\*As at 25 January 2022

## Portfolio summary

46

Number of assets

£790m

Property value

4.2%

Net initial yield

5.6%

Reversionary yield

91%

Occupancy

4.4m sq ft

Area

## Portfolio update and market background



Industrial weighting

58.2%

South East	43.0%
Rest of UK	15.2%



Office weighting

31.1%

London City & West End	7.4%
Inner & Outer London	4.1%
South East	9.7%
Rest of UK	9.9%



Retail and Leisure weighting

10.7%

Retail Warehouse	6.8%
High Street - Rest of UK	2.4%
Leisure	1.5%

### Portfolio update

Like-for-like, the portfolio valuation increased over the quarter by 6.0% or £44.5 million, with £2.6 million of capital expenditure incurred across the portfolio during the period.

Continued strong investment and occupational demand in the industrial sector again led to very positive performance and a capital value uplift of 10.4% during the quarter. There remains a supply/demand imbalance, especially in the South East multi-let market where over 70% of our industrial portfolio is located, which is continuing to drive rental and capital growth.

Overall, the office valuation decreased by 0.6% over the quarter, with the decline more marked in London. Investment into the office portfolio over the past few years has ensured we have good quality buildings that meet occupiers' requirements and the majority of our vacant space is ready to be leased.

Retail Warehousing continues to drive performance in the retail and leisure sector. Our retail warehouse portfolio is fully leased, off low overall rents and increased by 5.0% over the quarter reflecting the positive underlying position. Our high street portfolio, where we secured two new occupiers over the quarter, declined marginally by 1.0%.

As at 31 December 2021, the portfolio had a net initial yield of 4.2% (allowing for void holding costs) or 4.5% (based on contracted net income) and a net reversionary yield of 5.6%. The weighted average unexpired lease term, based on headline rent, was 4.8 years.

Occupancy reduced slightly to 91%, reflecting space returned in the office and industrial sectors. This will be refurbished prior to remarketing.

### Market background

According to the MSCI Monthly UK Property Index, the All Property total return was 7.8% for the quarter to December 2021, compared to 4.6% for the previous quarter.

Capital growth was 6.6% (September 2021: 3.4%) and rental growth was 1.5% for the quarter (September 2021: 0.6%). A more detailed breakdown of the MSCI Monthly Digest is shown below:

#### MSCI capital growth

	Quarterly growth	Number of MSCI segments	
		Positive growth	Negative growth
Industrial	12.5%	7	0
Office	1.7%	7	3
Retail	4.0%	12	7
<b>All Property</b>	<b>6.6%</b>	<b>26</b>	<b>10</b>

#### MSCI rental growth

	Quarterly growth	Number of MSCI segments	
		Positive growth	Negative growth
Industrial	4.0%	7	0
Office	0.6%	9	1
Retail	-0.5%	7	12
<b>All Property</b>	<b>1.5%</b>	<b>23</b>	<b>13</b>



Full details of the Company's December NAV  
<https://www.picton.co.uk/investors/shareholder-centre/nav-statements/?year=2021>



## Key dates

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Financial year end: 31 March  
Half year: 30 September

Dividend payments:  
February/May/August/November

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## Further information

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Visit our website for details of our:



### Top ten assets

<https://www.picton.co.uk/about-us/our-top-10-properties/>



### Top ten occupiers

<https://www.picton.co.uk/about-us/our-top-10-occupiers/>



### Annual report

<https://www.picton.co.uk/investors/results-reports-and-presentations/>



### Sustainability report

<https://www.picton.co.uk/sustainability/performance-and-reporting/>



### Latest NAV

<https://www.picton.co.uk/investors/shareholder-centre/nav-statements/>

### IMPORTANT INFORMATION

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