



Occupier focused, Opportunity led.

Picton Property Income Limited
Shareholder Update - June 2021



This is the fourth consecutive quarter that we have delivered growth in net assets. In addition, we have taken the positive step to announce today a further 6.3% dividend increase.

Lena Wilson CBE
 Chair, Picton



We have had another successful quarter and are encouraged by our pipeline of activity across all sectors. This reflects improving sentiment as lockdown restrictions ease and as market conditions normalise.

Michael Morris
 Chief Executive, Picton

Quarterly highlights

Financial

- Net assets of £545.7 million (31 March 2021: £528.2 million).
- NAV/EPRA NTA per share increased by 3.2% to 99.9 pence (31 March 2021: 96.8 pence).
- Total return for the quarter of 4.0% (31 March 2021: 2.2%).
- LTV of 20.6% (31 March 2021: 20.9%).

Dividend increase

- Dividend increased by 6.3%
- Interim dividend of 0.85 pence per share declared and to be paid on 31 August 2021 (31 March 2021: 0.8 pence per share).
- Annualised dividend equivalent to 3.4 pence per share, delivering a dividend yield of 3.8%, based on 26 July 2021 share price.
- Dividend cover for the quarter of 121% (31 March 2021: 122%).

Portfolio

- Like-for-like portfolio valuation uplift of 2.9% over the quarter as detailed below:

	Sector weighting	Valuation movement
Industrial	53.9%	4.8%
Office	35.0%	0.2%
Retail and Leisure	11.1%	2.3%
Total	100%	2.9%

- Completed seven lettings, across all sectors, 2% below the March 2021 ERV with a combined annual rent of £0.9 million.
- Secured an average increase of 21% against the previous passing rent from six rent reviews, all in the industrial sector, with a combined annual rent of £0.5 million which was 15% ahead of the March 2021 ERV.
- Stable occupancy of 91% (31 March 2021: 91%).

Rent collection

- 94% of June 2021 rents have been collected or are expected to be received under monthly payment plans. The collection rate is expected to improve further over the coming weeks.
- Rent collection rate of 95% for the March 2021 quarter.

Corporate summary

£528m

Net assets

£493m

Market capitalisation*

£166m

Borrowings

3.8%

Dividend yield*

1.1%

Cost ratio

21%

Loan to value

Portfolio summary

46

Number of assets

£702m

Property value

4.5%

Net initial yield

6.0%

Reversionary yield

91%

Occupancy

4.1m sq ft

Area

* As at 26 July 2021

Portfolio update and market background



Industrial weighting

53.9%

South East 40.6%

Rest of UK 13.3%



Office weighting

35.0%

London City & West End 8.5%

Inner & Outer London 4.7%

South East 10.7%

Rest of UK 11.1%



Retail and Leisure weighting

11.1%

Retail Warehouse 6.9%

High Street – Rest of UK 2.8%

Leisure 1.4%

Portfolio update

Like-for-like, the portfolio valuation increased over the quarter by 2.9% or £19.6 million, and £1.7 million of capital expenditure was incurred across the portfolio during the period.

Strong investment and occupational demand in the industrial sector again led to positive performance. High occupancy within the portfolio is driving rental growth, which we are capturing through lease events and active management.

We secured a further occupier for all of the remaining office space at Stanford Building in London WC2, at an average rental of £80 per sq ft, which is 3% below the March 2021 ERV, but reflects a longer term ten-year lease commitment. Despite this, office demand in central London for smaller suites remains muted. Conversely, we are seeing good demand in the regions, with space under offer at a number of buildings. Overall, the office valuation was flat over the quarter.

The positive performance in the retail and leisure sector was driven by retail warehousing which offset a small decline in the high street retail assets over the quarter. Having secured planning permission for a change of use to offices, we secured HM Government for an end of terrace unit at Parc Tawe, Swansea. The letting secures £0.1 million of income for a minimum three year term, in line with March 2021 ERV. The scheme is now fully let.

As at 30 June 2021, the portfolio had a net initial yield of 4.5% (allowing for void holding costs) or 4.9% (based on contracted net income) and a net reversionary yield of 6.0%. The weighted average unexpired lease term, based on headline rent, was 4.9 years.

Occupancy was maintained at 91%.

Market background

According to the MSCI Monthly UK Property Index, the All Property total return was 4.0% for the quarter to June 2021, compared to 2.3% for the previous quarter.

Capital growth was 2.7% (March 2021: 1.0%) and rental growth was 0.4% for the quarter (March 2021: 0.0%). 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	6.7%	7	0
Office	0.0%	4	6
Retail	0.7%	9	10
All Property	2.7%	20	16

MSCI rental growth

	Quarterly growth	Number of MSCI segments	
		Positive growth	Negative growth
Industrial	1.8%	7	0
Office	0.1%	5	5
Retail	-1.0%	0	19
All Property	0.4%	12	24



Full details of the Company's June NAV

<https://www.picton.co.uk/investors/shareholder-centre/nav-statements/?year=2021>

Key dates

Financial year end: 31 March
Half year: 30 September

Dividend payments: August/
November/February/May

Contacts

Picton Property Income Limited

Stanford Building
27A Floral Street
London
WC2E 9EZ

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

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

Brokers

JP Morgan Securities Limited
Stifel Nicolaus Europe Limited

Media

Tavistock Communications
1 Cornhill
London
EC3V 3ND

T 020 7920 3150

Further information

www.picton.co.uk

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/sustainability-report/>



Latest NAV

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

IMPORTANT INFORMATION

This newsletter is issued by Picton Property Income Limited ('Picton') and is intended for Picton shareholders and not intended for wider distribution. 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.