

PICTON PROPERTY INCOME LIMITED
(“Picton”, the “Company” or the “Group”)
LEI: 213800RYE59K9CKR4497

Net Asset Value as at 31 December 2021

Picton announces a 7.4% increase in Net Asset Value for the quarter ended 31 December 2021 and a further 2.9% dividend increase, restoring the dividend to its pre-pandemic level.

Financial Highlights

- 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%).

Operational Highlights

- Like-for-like portfolio valuation uplift of 6.0% over the quarter.
- Completed six lettings, across all sectors, with a combined annual rent of £0.2 million, 3% below the September 2021 ERV.
- Renewed / regearied 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.

Dividend increased by 2.9%, and returned to its pre-pandemic level

- 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%).



Lena Wilson CBE, Chair of Picton, commented:

“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.”

Michael Morris, Chief Executive of Picton, commented:

“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.”

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE UK MARKET ABUSE REGULATION

For further information:

Tavistock

Jeremy Carey/James Verstringhe, 020 7920 3150, james.verstringhe@tavistock.co.uk

Picton

Michael Morris, 020 7011 9980, michael.morris@picton.co.uk

Note to Editors

Picton, established in 2005, is a UK REIT. It owns and actively manages a £790 million diversified UK commercial property portfolio, invested across 46 assets and with around 350 occupiers (as at 31 December 2021).

Through an occupier focused, opportunity led approach to asset management, Picton aims to be one of the consistently best performing diversified UK focused property companies listed on the main market of the London Stock Exchange.

For more information please visit: www.picton.co.uk

NET ASSET VALUE

The unaudited Net Asset Value ('NAV') of Picton as at 31 December 2021 was £615.7 million, reflecting 112.8 pence per share, an increase of 7.4% over the quarter or 8.2% on a total return basis.

The NAV attributable to the ordinary shares is calculated under IFRS and incorporates the independent market valuation as at 31 December 2021, including income for the quarter, but does not include a provision for the dividend this quarter, which will be paid in February 2022.

	31 Dec 2021	30 Sept 2021	30 Jun 2021	31 Mar 2021
	£million	£million	£million	£million
Investment properties*	774.2	730.2	687.5	669.2
Other assets	25.3	26.2	23.2	21.5
Cash	17.7	16.7	21.2	23.4
Other liabilities	(19.3)	(20.0)	(20.3)	(19.7)
Borrowings	(182.2)	(179.5)	(165.9)	(166.2)
Net Assets	615.7	573.6	545.7	528.2
Net Asset Value per share	112.8p	105.0p	99.9p	96.8p

*The investment property valuation is stated net of lease incentives and includes the value of owner-occupied property.

The movement in Net Asset Value can be summarised as follows:

	Total	Movement	Per share
	£million	%	Pence
NAV at 30 September 2021	573.6		105.0
Movement in property values	41.5	7.2	7.6
Net income after tax for the period	5.4	1.0	1.0
Dividends paid	(4.6)	(0.8)	(0.8)
Other	(0.2)	-	-
NAV at 31 December 2021	615.7	7.4	112.8

DIVIDEND DECLARATION

A separate announcement has been released today declaring an increased dividend of 0.875 pence per share in respect of the period 1 October 2021 to 31 December 2021 (1 July 2021 to 30 September 2021: 0.85 pence).

This increase reinstates the dividend back to its pre-pandemic level and reflects a 2.9% uplift on the preceding quarter.

Dividend cover over the quarter was 115% (30 September 2021: 122%).

RENT COLLECTION

The Group has received 92% of the rent for the December quarter, which increases to 98% including agreed monthly payments, and this is expected to improve further.

The rent received for the September quarter currently stands at 98%.

DEBT

Total borrowings at 31 December 2021 were £182.2 million, with £17.0 million drawn under the revolving credit facility and the balance drawn under long-term fixed rate facilities. The net loan to value ratio, calculated as total debt less cash, as a proportion of gross property value, is 20.8% (30 September 2021: 21.9%).

The weighted average debt maturity profile of the Group is approximately 7.7 years and the weighted average interest rate is 4.0%.

Picton has £33 million available through its undrawn revolving credit facility.

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. The valuation movements over the quarter are shown below:

Sector	Portfolio Allocation	Like-for-like Valuation Change
Industrial	58.2%	10.4%
South East	43.0%	
Rest of UK	15.2%	
Offices	31.1%	(0.6)%
London City and West End	7.4%	
Inner and Outer London	4.1%	
South East	9.7%	
Rest of UK	9.9%	
Retail and Leisure	10.7%	3.3%
Retail Warehouse	6.8%	
High Street – Rest of UK	2.4%	
Leisure	1.5%	
Total	100%	6.0%

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.

The top ten assets, which represent 55% of the portfolio by capital value, are detailed below.

Asset	Sector	Location
Parkbury Industrial Estate, Radlett	Industrial	South East
River Way Industrial Estate, Harlow	Industrial	South East
Datapoint, Cody Road, E16	Industrial	London
Lyon Business Park, Barking	Industrial	Outer London
Stanford Building, Long Acre, WC2	Office	London
Shipton Way, Rushden, Northants	Industrial	East Midlands
Angel Gate, City Road, EC1	Office	London
Tower Wharf, Cheese Lane, Bristol	Office	South West
50 Farringdon Road, EC1	Office	London
Sundon Business Park, Luton	Industrial	South East

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
All Property	6.6%	26	10

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
All Property	1.5%	23	13

ENDS