

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

**Net Asset Value as at 30 June 2020**

Picton announces its Net Asset Value for the quarter ended 30 June 2020.

**Financial Highlights**

- Net assets of £503.2 million (31 March 2020: £509.3 million).
- NAV/EPRA NAV per share reduced by 1.3% to 92.2 pence (31 March 2020: 93.4 pence).
- Total return for the quarter of -0.6% (31 March 2020: -1.0%).
- LTV of 22.4% (31 March 2020: 21.7%).
- New £50 million revolving credit facility secured.

**Dividend declared**

- Dividend of 0.625 pence per share declared and to be paid on 28 August 2020 (31 March 2020: 0.625 pence per share).
- Annualised dividend equivalent of 2.5 pence per share, delivering a dividend yield of 3.8%, based on 22 July 2020 share price.
- Dividend cover for the quarter of 118% (31 March 2020: 90%).

**Operational Highlights**

- Positive valuation growth in industrial sector off-set by weakness in the office, retail and leisure sectors.

	<b>Sector Weighting</b>	<b>Valuation Movement</b>
<b>Industrial</b>	48.6%	0.7%
<b>Office</b>	33.6%	(1.3)%
<b>Retail and Leisure</b>	17.8%	(3.7)%
<b>Total</b>	<b>100%</b>	<b>(0.8)%</b>

- All industrial assets removed from independent valuers’ ‘material uncertainty’ clause, in line with RICS guidelines.
- Stable occupancy of 89% (31 March 2020: 89%).
- 85% of the June 2020 rents have been collected or are expected to be received under monthly payment plans prior to quarter end. This rises to 90% when including rents expected to be received under agreed, longer term payment plans.
- 86% of March 2020 quarter rents are now received, which is expected to increase to 95% on receipt of income from agreed, longer term payment plans.
- In respect of the remaining rent outstanding, ongoing discussions and active management opportunities are expected to further improve either the income or capital position. The NAV includes a provision of £1.3 million against this balance.
- All Picton managed buildings fully operational
- Work at all previously suspended refurbishment projects now restarted on site.



**Nick Thompson, Chairman of Picton, commented:**

“Whilst Picton is not immune from wider market conditions, the industrial element of the portfolio has performed well and as such we are able to report only a small decline in NAV this quarter. The rent collection level is encouraging and we expect to make further progress on this over the quarter. The higher dividend cover reflects our lower distribution policy as we manage through and assess the overall impact of Covid-19 on the portfolio; however, we intend to keep the dividend under review.”

**Michael Morris, Chief Executive of Picton, commented:**

“This has been a particularly challenging quarter, with activity impacted through Covid-19 and the corresponding lockdown. Despite this, we have pursued a number of asset management transactions that have mitigated its impact and in addition we have refinanced our revolving credit facility.”

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014

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**Note to Editors**

Picton, established in 2005, is a UK REIT. It owns and actively manages a £659 million diversified UK commercial property portfolio, invested across 47 assets and with around 350 occupiers (as at 30 June 2020). 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](http://www.picton.co.uk)

## NET ASSET VALUE

The unaudited Net Asset Value ('NAV') of Picton, as at 30 June 2020, was £503.2 million, reflecting 92.2 pence per share, a decrease of 1.3% over the quarter, or -0.6% on a total return basis.

The NAV attributable to the ordinary shares is calculated under IFRS and incorporates the independent market valuation as at 30 June 2020, including income for the quarter, but does not include a provision for the dividend this quarter, which will be paid in August 2020.

	<b>30 Jun 2020</b>	<b>31 Mar 2020</b>	<b>31 Dec 2019</b>	<b>30 Sept 2019</b>
	<b>£million</b>	<b>£million</b>	<b>£million</b>	<b>£million</b>
Investment properties*	648.9	654.5	675.3	683.2
Other assets	23.0	19.1	16.4	19.5
Cash	19.4	23.6	21.9	17.1
Other liabilities	(20.9)	(20.4)	(19.2)	(22.0)
Borrowings	(167.2)	(167.5)	(175.3)	(187.1)
<b>Net Assets</b>	<b>503.2</b>	<b>509.3</b>	<b>519.1</b>	<b>510.7</b>
<b>Net Asset Value per share</b>	<b>92.2p</b>	<b>93.4p</b>	<b>95.2p</b>	<b>93.6p</b>

\*The investment property valuation is stated net of lease incentives.

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

	<b>Total</b>	<b>Movement</b>	<b>Per share</b>
	<b>£million</b>	<b>%</b>	<b>Pence</b>
NAV at 31 March 2020	509.3		93.4
Movement in property values	(6.9)	(1.4)	(1.3)
Net income after tax for the period	4.0	0.8	0.7
Dividends paid	(3.4)	(0.7)	(0.6)
Other	0.2	-	-
<b>NAV at 30 June 2020</b>	<b>503.2</b>	<b>(1.3)</b>	<b>92.2</b>

## DIVIDEND DECLARATION

A separate announcement has been released today declaring a dividend of 0.625 pence per share in respect of the period 1 April 2020 to 30 June 2020 (1 January 2020 to 31 March 2020: 0.625 pence).

Post-tax dividend cover over the quarter was 118% (31 March 2020: 90%), reflecting the lower dividend paid in May. The dividend level will be kept under review.

## RENT COLLECTION

The Group has received 72% of the rent for the June quarter, which increases to 85% including agreed monthly payments. The collection rate for March was 71% after the same number of days.

The table below sets out the rent collection statistics for the June quarter, analysed by sector.

	<b>Total</b>	<b>Industrial</b>	<b>Offices</b>	<b>Retail &amp; Leisure</b>
Collected	<b>72%</b>	70%	85%	50%
Moved to monthly	<b>13%</b>	16%	4%	26%
Deferred	<b>5%</b>	5%	2%	11%
Active Management	<b>3%</b>	1%	3%	8%
Outstanding	<b>7%</b>	8%	6%	5%

Rent collection for the March quarter currently stands at 86%. Of the balance outstanding we have agreed to defer payment for 9%, 2% forms part of active management transactions and the remaining 3% is due, but unpaid at this time.

A provision of £1.3m has been made in relation to the March and June quarters rent, (equivalent to 30% of the rent currently unpaid), this has reduced the NAV per share by 0.2p.

## DEBT

Total borrowings at 30 June 2020 were £167.2 million which is fixed under long-term facilities. The net gearing ratio, calculated as total debt less cash, as a proportion of gross property value, is 22.4% (31 March 2020: 21.7%).

The weighted average debt maturity profile of the Group is approximately 9.7 years and the weighted average interest rate is 4.2%.

During the quarter Picton entered into a new £50 million revolving credit facility (RCF) to replace two existing facilities that were due to expire in June 2021. The new facility is for an initial term of three years with the option of two, one-year extensions. Currently undrawn, the RCF will incur interest at 150 basis points over LIBOR on drawn balances and an undrawn commitment fee of 60 basis points, which is a lower cost than the facilities it replaces.

## PORTFOLIO UPDATE

As at the 30 June 2020 valuation date, the material valuation uncertainty clause introduced in March 2020 has been removed for the industrial and logistics assets (49% of portfolio), however; this clause still applies to the balance of the portfolio. The valuation movements over the quarter are shown below:

Sector	Portfolio Allocation	Like-for-like Valuation change
<b>Industrial</b>	<b>48.6%</b>	<b>0.7%</b>
South East	36.2%	
Rest of UK	12.4%	
<b>Offices</b>	<b>33.6%</b>	<b>(1.3)%</b>
London City and West End	4.3%	
Inner and Outer London	5.7%	
South East	11.4%	
Rest of UK	12.2%	
<b>Retail and Leisure</b>	<b>17.8%</b>	<b>(3.7)%</b>
Retail Warehouse	7.1%	
High Street – Rest of UK	3.8%	
High Street – South East	5.2%	
Leisure	1.7%	
<b>Total</b>	<b>100%</b>	<b>(0.8)%</b>

Like-for-like, the portfolio valuation decreased by 0.8% or £5.3 million, and £1.3 million of capital expenditure was incurred across the portfolio during the period, primarily relating to the ongoing refurbishment of Stanford Building.

Positive performance in the industrial sector on the back of active management and proven rental growth of 1% was offset by a slight decrease in the office sector, with ERVs stable in the regions and reducing by 1% in London. There was a more marked decline in the retail and leisure sector, which has been significantly impacted by the Covid-19 lockdown, with ERVs declining by 3%. More broadly, the valuation also reflected where rents remain unpaid.

As at 30 June 2020, the portfolio had a net initial yield of 4.9% (allowing for void holding costs) or 5.1% (based on contracted net income) and a net reversionary yield of 6.4%. The weighted average unexpired lease term, based on headline rent, was 5.4 years.

Occupancy was maintained at 89%.

Transactional activity was unsurprisingly more muted, but the key highlights were:

- Secured an average increase of 17% against the March ERV from six lease events (renewals, regears and two rent reviews), with a combined annual rent of £1.3 million.
- Completed two lettings in-line with the March ERV, with a combined annual rent of £0.2 million.
- Removed or varied two break options, extending annual income of £0.3 million.

The top ten assets, which represent 54% of the portfolio by capital value, are detailed below.

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

## **MARKET BACKGROUND**

According to the MSCI Monthly Index, the All Property total return was -2.2% for the quarter to June 2020, compared to -1.3% for the previous quarter.

Capital growth was -3.5% (March 2020: -2.6%) and rental growth was -1.0% for the quarter (March 2020: -0.3%). A more detailed breakdown of the MSCI Monthly Digest is shown below:

### **MSCI capital growth**

	<b>Quarterly growth</b>	<b>Number of MSCI segments</b>	
		<b>Positive growth</b>	<b>Negative growth</b>
Industrial	-1.7%	0	7
Office	-2.5%	0	10
Retail	-6.6%	0	20
<b>All Property</b>	<b>-3.5%</b>	<b>0</b>	<b>37</b>

### **MSCI rental growth**

	<b>Quarterly growth</b>	<b>Number of MSCI segments</b>	
		<b>Positive growth</b>	<b>Negative growth</b>
Industrial	0.2%	5	2
Office	-0.3%	2	8
Retail	-3.0%	0	20
<b>All Property</b>	<b>-1.0%</b>	<b>7</b>	<b>30</b>

**ENDS**