

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

Net Asset Value as at 30 June 2021

Picton announces a 3.2% increase in Net Asset Value for the quarter ended 30 June 2021 and a further 6.3% dividend increase.

Financial Highlights

- 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%).

Operational Highlights

- Like-for-like portfolio valuation uplift of 2.9% over the quarter.
- 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.

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%).



Lena Wilson CBE, Chair of Picton, commented:

“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.”

Michael Morris, Chief Executive of Picton, commented:

“We’ve 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.”

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 £702 million diversified UK commercial property portfolio, invested across 46 assets and with around 350 occupiers (as at 30 June 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 30 June 2021, was £545.7 million, reflecting 99.9 pence per share, an increase of 3.2% over the quarter, or 4.0% 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 2021, including income for the quarter, but does not include a provision for the dividend this quarter, which will be paid in August 2021.

	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sept 2020
	£million	£million	£million	£million
Investment properties*	687.5	669.2	662.5	650.6
Other assets	23.2	21.5	23.2	22.6
Cash	21.2	23.4	22.6	18.9
Other liabilities	(20.3)	(19.7)	(20.8)	(19.4)
Borrowings	(165.9)	(166.2)	(166.5)	(166.8)
Net Assets	545.7	528.2	521.0	505.9
Net Asset Value per share	99.9p	96.8p	95.5p	92.7p

*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 31 March 2021	528.2		96.8
Movement in property values	16.5	3.1	3.0
Net income after tax for the period	5.3	0.9	0.9
Dividends paid	(4.4)	(0.8)	(0.8)
Other	0.1	-	-
NAV at 30 June 2021	545.7	3.2	99.9

DIVIDEND DECLARATION

A separate announcement has been released today declaring an increased dividend of 0.85 pence per share in respect of the period 1 April 2021 to 30 June 2021 (1 January 2021 to 31 March 2021: 0.8 pence). This reflects a 6.3% uplift on the preceding quarter.

Dividend cover over the quarter was 121% (31 March 2021: 122%).

RENT COLLECTION

The Group has received 87% of the rent for the June quarter, which increases to 94% including agreed monthly payments. These collection figures are in line with the March numbers calculated after the same number of days.

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

	Total	Industrial	Offices	Retail & Leisure
Collected	87%	89%	90%	74%
Moved to monthly	7%	8%	1%	14%
Outstanding	6%	3%	9%	12%

DEBT

Total borrowings at 30 June 2021 were £165.9 million, 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 20.6% (31 March 2021: 20.9%).

The weighted average debt maturity profile of the Group is approximately 8.7 years and the weighted average interest rate is 4.2%.

Picton has £50 million available through its undrawn revolving credit facility.

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. The valuation movements over the quarter are shown below:

Sector	Portfolio Allocation	Like-for-like Valuation Change
Industrial	53.9%	4.8%
South East	40.6%	
Rest of UK	13.3%	
Offices	35.0%	0.2%
London City and West End	8.5%	
Inner and Outer London	4.7%	
South East	10.7%	
Rest of UK	11.1%	
Retail and Leisure	11.1%	2.3%
Retail Warehouse	6.9%	
High Street – Rest of UK	2.8%	
Leisure	1.4%	
Total	100%	2.9%

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 £0.1million 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%.

The top ten assets, which represent 56% 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
Angel Gate, City Road, EC1	Office	London
Stanford Building, Long Acre, WC2	Office	London
Datapoint, Cody Road, E16	Industrial	London
Tower Wharf, Cheese Lane, Bristol	Office	South West
Shipton Way, Rushden, Northants	Industrial	East Midlands
Lyon Business Park, Barking	Industrial	Outer London
50 Farringdon Road, EC1	Office	London
Colchester Business Park, Colchester	Office	South East

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

ENDS