

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

**Trading Update and Net Asset Value as at 30 June 2023**

Picton announces its Net Asset Value for the quarter ended 30 June 2023.

**Financial Highlights**

- Net assets of £541.9 million (31 March 2023: £547.6 million).
- NAV/EPRA NTA per share decreased by -1.1% to 99.4 pence (31 March 2023: 100.4 pence).
- Total return for the quarter of -0.2% (31 March 2023: -0.9%).
- LTV of 27.1% (31 March 2023: 26.7%).

**Operational Highlights**

- Like-for-like portfolio valuation movement of -0.7% over the quarter, with modest positive valuation movements in the industrial, retail and leisure sectors.
- Renewed / regeared nine leases across the office and industrial sectors, with a combined annual rent of £0.8 million, an increase of 18% against the previous passing rent and 3% ahead of the March 2023 ERV.
- Completed three lettings in the industrial sector, securing a combined annual rent of £0.2 million, 5% ahead of the March 2023 ERV.
- Secured an increase of 24% against the previous passing rent from a 2022 rent review in the industrial sector, with an annual rent of £0.1 million, which was 5% ahead of the ERV at the time of the review.
- Occupancy at 90% (31 March 2023: 91%).

**Dividend**

- Interim dividend of 0.875 pence per share declared in respect of the period 1 April 2023 to 30 June 2023 and to be paid on 31 August 2023 (1 January 2023 to 31 March 2023: 0.875 pence per share).
- Annualised dividend equivalent to 3.5 pence per share, delivering a dividend yield of 4.8%, based on the share price at close of business on 24 July 2023.
- Dividend cover for the quarter of 96% (31 March 2023: 111%).

**Lena Wilson CBE, Chair of Picton, commented:**

“The modest reduction in NAV over the period confirms a trend observed in March that the rate of valuation decline in our portfolio has stabilised since December 2022. This is reflective of a number of factors including the macroeconomic backdrop and the current level of investment activity across the UK real estate sector.”

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

“It is encouraging to see that the portfolio valuation has stabilised relative to previous quarters, supported by positive movements in the industrial and retail sectors. In addition, the team has made progress on a number of fronts which has resulted in new lettings and extending leases with existing occupiers ahead of the independent ERVs.”

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



**For further information:**

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**Note to Editors**

Picton, established in 2005, is a UK REIT. It owns and actively manages a £761 million diversified UK commercial property portfolio, invested across 49 assets and with around 400 occupiers (as at 30 June 2023).

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 2023 was £541.9 million, or 99.4 pence per share, reflecting a -1.1% decline over the quarter or -0.2% on a total return basis.

The NAV attributable to the ordinary shares is calculated under IFRS and incorporates the independent market valuation as at 30 June 2023, including income for the quarter, but does not include a provision for the dividend this quarter, which will be paid in August 2023.

	<b>30 Jun 2023</b>	<b>31 Mar 2023</b>	<b>31 Dec 2022</b>	<b>30 Sept 2022</b>
	<b>£million</b>	<b>£million</b>	<b>£million</b>	<b>£million</b>
Investment properties*	744.1	749.6	758.6	835.4
Other assets	25.1	23.4	23.8	27.5
Cash	20.7	20.0	20.3	19.7
Other liabilities	(20.9)	(20.9)	(20.6)	(21.0)
Borrowings	(227.1)	(224.5)	(224.8)	(225.2)
<b>Net Assets</b>	<b>541.9</b>	<b>547.6</b>	<b>557.3</b>	<b>636.4</b>
<b>Net Asset Value per share</b>	<b>99.4p</b>	<b>100.4p</b>	<b>102.2p</b>	<b>116.7p</b>

\*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:

	<b>Total</b>	<b>Movement</b>	<b>Per share</b>
	<b>£million</b>	<b>%</b>	<b>Pence</b>
NAV at 31 March 2023	547.6		100.4
Movement in property values	(5.7)	(1.0)	(1.0)
Net income after tax for the period	4.6	0.8	0.8
Dividends paid	(4.8)	(0.9)	(0.8)
Other	0.2	-	-
<b>NAV at 30 June 2023</b>	<b>541.9</b>	<b>(1.1)</b>	<b>99.4</b>

## DIVIDEND DECLARATION

A separate announcement has been released today declaring a dividend of 0.875 pence per share in respect of the period 1 April 2023 to 30 June 2023 (1 January 2023 to 31 March 2023: 0.875 pence).

Dividend cover over the quarter was 96% (31 March 2023: 111%). The position relative to last quarter primarily reflects the timing of certain income and costs, alongside the current occupancy position ahead of re-leasing.

## DEBT

Total borrowings at 30 June 2023 were £227.1 million. The majority is drawn under long-term fixed rate facilities with only £14.9 million drawn under the revolving credit facility.

The net loan-to-value ratio, calculated as total debt less cash, as a proportion of gross property value, is 27.1% (31 March 2023: 26.7%). The weighted average debt maturity profile of the Group is approximately 8.0 years and the weighted average interest rate is 3.9%.

Picton has £35.1 million available through its undrawn revolving credit facility (31 March 2023: £38.1 million).

## MARKET BACKGROUND

According to the MSCI Monthly UK Property Index, the All Property total return was 0.9% for the quarter to June 2023, compared to 0.2% for the previous quarter. MSCI capital growth over the three months to June 2023 was -0.4% (March 2023: -1.2%). This decline was driven by -4.0% in the office sector, offset by growth in the industrial and retail sectors of 1.2% and 0.1% respectively.

Rents at an All Property level grew 1.0% in the quarter according to MSCI (March 2023: 0.8%). ERV growth was driven by the industrial sector at 1.8%, with offices at 1.0% and 0.0% in the retail sector.

Occupancy was 89.6% (March 2023: 89.7%).

A more detailed breakdown of the MSCI Monthly Index for the quarter to June 2023 is shown below:

### MSCI Capital Growth

	Quarterly movement	Number of MSCI segments	
		Positive growth	Negative growth
Industrial	1.2%	7	0
Office	-4.0%	0	10
Retail	0.1%	8	11
<b>All Property</b>	<b>-0.4%</b>	<b>15</b>	<b>21</b>

### MSCI Estimated Rental Value (ERV) Growth

	Quarterly movement	Number of MSCI segments	
		Positive growth	Negative growth
Industrial	1.8%	7	0
Office	1.0%	9	1
Retail	0.0%	7	12
<b>All Property</b>	<b>1.0%</b>	<b>23</b>	<b>13</b>

## PORTFOLIO UPDATE

On a like-for-like basis, the portfolio valuation movement was -0.7%, principally reflecting upward yield movement in the office sector whilst stabilising in the industrial, retail and leisure sectors.

The breakdown of valuation movements over the quarter are shown below:

Sector	Portfolio allocation	Like-for-like valuation change	Average equivalent yield movement
<b>Industrial</b>	<b>58.0%</b>	<b>0.5%</b>	<b>+2 bps</b>
South East	41.6%		
Rest of UK	16.4%		
<b>Office</b>	<b>31.2%</b>	<b>-3.2%</b>	<b>+26 bps</b>
London City and West End	7.0%		
Inner and Outer London	5.7%		
South East	8.5%		
Rest of UK	10.0%		
<b>Retail and Leisure</b>	<b>10.8%</b>	<b>0.5%</b>	<b>0 bps</b>
Retail Warehouse	6.9%		
High Street – Rest of UK	2.3%		
Leisure	1.6%		
<b>Total</b>	<b>100%</b>	<b>-0.7%</b>	

Whilst we saw modest valuation increases in the industrial and retail and leisure assets, office assets and particularly those in London were subject to further decline, reflecting the more limited investor demand in that sector currently.

We continue to see rising rental values and have captured further ERV growth from the portfolio. This includes the letting of a unit at our largest industrial estate in Radlett where the passing rent is £0.2 million per annum, in-line with the March 2023 ERV and 11% ahead of the ERV when the letting was agreed. The letting followed a comprehensive refurbishment, which included the provision of solar roof panels, for which there will be an additional revenue stream linked to the renewable electricity generated and used.

In the office sector we renewed the leases on a single leased building in Colchester, two small suites in Glasgow and an ancillary residential unit in Covent Garden, securing a combined £0.5 million per annum, which is 6% ahead of the March 2023 ERV. Using permitted development rights, we have secured further changes of use from office to residential on vacant office space at our scheme in Islington. In total permission has now been secured for 28 units (45 bedrooms) and have applications pending on a further 7 units (21 bedrooms). We are also progressing further repositioning initiatives in Cardiff and Hammersmith and updates will be provided as appropriate.

In the retail and leisure sector, we completed an Agreement for Lease at a unit in Carlisle where a national restaurant chain will take a new 15-year lease at £0.1 million, in line with March 2023 ERV, once planning consent is obtained and landlord's works complete later this year.

As at 30 June 2023, the portfolio had a net initial yield of 5.0% (allowing for void holding costs) or 5.3% (based on contracted net income), an equivalent yield of 6.6% and a net reversionary yield of 6.8%. The weighted average unexpired lease term, based on headline rent, was 4.5 years.

Occupancy was 90%, reflecting slightly lower leasing activity over the quarter, combined with a specific asset management led surrender.

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

**ENDS**