



# Occupier focused Opportunity led

**Picton Property Income Limited**  
Shareholder Update – June 2024



For the second consecutive quarter we have seen a stabilisation in our net asset value. With a fully covered dividend, increased by nearly 6% in May, and with 100% long-term fixed financing, we are in a strong position to capitalise on improving market conditions.

**Lena Wilson CBE**  
Chair



It is encouraging, that at a portfolio level, we have delivered a positive valuation movement for the quarter, the first since June 2022. We have also been able to improve occupancy, with our industrial, warehouse and logistics assets continuing to support income growth.

**Michael Morris**  
Chief Executive



## Quarterly highlights

### Financial

- / Net assets of £524.1 million (31 March 2024: £524.5 million)
- / NAV/EPRA net tangible assets per share decreased by -0.1% to 96.0 pence (31 March 2024: 96.1 pence)
- / Total return for the quarter of 0.9% (31 March 2024: 0.9%)
- / Reduced total outstanding debt from £227.5 million to £210.8 million
- / Reduced the weighted average interest rate on our debt to 3.7%
- / Reduced loan-to-value ratio (LTV) to 24.9% (31 March 2024: 27.9%)

### Dividend

- / Interim dividend of 0.925 pence per share declared for the period 1 April 2024 to 30 June 2024 and to be paid on 30 August 2024 (1 January 2024 to 31 March 2024: 0.925 pence per share)
- / Annualised dividend equivalent to 3.7 pence per share, delivering a dividend yield of 5.5%, based on the share price at close of business on 30 June 2024
- / Dividend cover for the quarter of 102%, reflecting the dividend increase effective May 2024

### Portfolio

- / Like-for-like portfolio valuation increase of 0.4% over the quarter, with the industrial, warehouse and logistics assets continuing to show the most resilience
- / Reduction of office exposure through completion of part-vacant asset disposal, 2% ahead of March 2024 valuation
- / Completed four active management transactions 7% ahead of the March 2024 estimated rental value (ERV) – three enabling existing occupiers to expand, securing an additional annual rent of £0.4 million, and one early lease regear, securing annual rent of £1.6 million until 2039
- / Completed three new lettings in the industrial and office sectors with a combined annual rent of £0.5 million, 7% ahead of the March 2024 ERV
- / Renewed five leases in the industrial, office and retail sectors, with a combined annual rent of £1.0 million, an increase of 45% on the previous passing rent and 1% below the March 2024 ERV
- / Settled three rent reviews in the industrial sector with a combined annual rent of £0.6 million, 45% ahead of the previous passing rent and 1% ahead of the ERV at the review date
- / Invested £1.9 million into upgrading projects across the portfolio to enhance asset quality and improve environmental credentials, facilitating occupier retention and new lettings
- / Improved occupancy to 93% (31 March 2024: 91%) or 95% excluding two assets where an alternative use is being progressed

## Corporate summary

£524m

Net assets

£370m

Market capitalisation\*

£211m

Borrowings

5.5%

Dividend yield\*

25%

Loan to value

## Portfolio summary

48

Number of assets

£718m

Property value

5.2%

Net initial yield

6.9%

Reversionary yield

93%

Occupancy

4.7m sq ft

Area



South East	44%
Rest of UK	18%



Rest of UK	9%
South East	8%
Central London	7%
Alternative use	3%



Retail Warehouse	7%
High Street Rest of UK	2%
Leisure	2%

### Portfolio update

On a like-for-like basis, the overall portfolio valuation movement was up 0.4%, the first positive quarterly movement since June 2022.

### Industrial – improving and extending income and capturing reversion

In Grantham, having settled the rent review, we have now restructured the lease with our third largest occupier, securing an additional 13-year term at a passing rent of £1.6 million. As part of the transaction we will contribute towards upgrading the asset, including energy efficiency improvements.

At Parkbury, Radlett we renewed the lease of our second largest occupier on the estate, securing £0.8 million per annum, an increase of 56% on the previous passing rent and 1% ahead of the March 2024 ERV. We also settled two rent reviews securing a combined £0.4 million per annum, 53% ahead of the previous passing rent and 1% ahead of ERV at the time of the reviews.

In Bracknell we completed the letting of the vacant unit for £0.3 million on a 15-year lease, 8% ahead of ERV and in Warrington we let a unit for £0.1 million, 3% ahead of ERV.

At Datapoint, London E16, we surrendered a lease and simultaneously re-leased the unit to the adjacent occupier who also extended their existing lease securing a minimum of ten-years term certain on both units. The combined rent, which included the settlement of a forthcoming rent review, is £0.5 million per annum, 5% ahead of ERV and 27% ahead of the previous passing rent.

### Offices – capturing ERV growth and upgrading the portfolio

At Tower Wharf, Bristol we have upsized an occupier into recently vacated space on a ten-year lease at £0.5 million, 5% ahead of ERV. The occupier has increased their space in the building by 143% and their rent will increase by £0.3 million per annum, on completion of refurbishment works.

At Atlas House, Marlow we have renewed a lease for £0.1 million, in line with ERV and 42% ahead of the previous passing rent. At Stanford Building, London WC2 we have leased a residential unit for £0.1 million per annum, 9% ahead of ERV.

Our office portfolio decarbonisation programme is progressing and at five assets we are upgrading mechanical and electrical infrastructure to meet occupier requirements, improve income and meet our net zero commitments.

### Offices – delivering our alternative use strategy

As previously announced, the sale of Angel Gate, London EC1 was completed for £29.6 million, 2% ahead of the March 2024 valuation.

In Cardiff, in accordance with the sale contract, the purchaser has submitted a planning application to convert the substantially void office building into student accommodation. Completion will occur following receipt of satisfactory planning permission and it is expected that an additional overage payment will be made to the Company.

At Charlotte Terrace, London W14, we have secured planning consent for six residential units on space that is currently vacant.

### Retail – high occupancy

In Swansea we settled an indexed rent review at £0.4 million, an increase of 10% ahead of the previous passing rent. Our retail portfolio is currently 98% occupied and we are in negotiations with a number of occupiers to extend leases.

### Market background

The MSCI UK Monthly Property Index showed a positive total return for All Property for the three months to June 2024 of 1.7%, with an income return of 1.4% and capital growth of 0.3%. (March 2024: -0.9%). This is the first consecutive three months of positive capital growth since June 2022.

All Property rental growth was 0.8% for the three months to June 2024. (March 2024: 0.8%). On a rolling three-month basis, rental growth has remained positive since February 2021.

Capital growth was positive for all industrial sub-sectors, negative for all office sub-sectors, and positive for over half of all retail sub-sectors, principally retail warehousing. Rental growth was positive for all industrial and office sub-sectors and more than half of the retail sub-sectors.



## Key dates

Financial year end: 31 March  
Half year: 30 September

Dividend payments:  
February/May/August/November

## Contacts

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## Further information

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