

# Picton Property Income

## Further accretive sale completed

Picton Property Income (PCTN) has completed the £8.4m disposal of a vacant office building, which is to be redeveloped for student accommodation. The company completed three such sales in FY25, for an aggregate £51m (gross), at an average 5% premium to the March 2024 valuation. In addition to the valuation uplift, the sales significantly enhance earnings and provide opportunities for accretive capital deployment, including ongoing share repurchases.

Year end	Net rental income (£m)	EPRA earnings (£m)	EPRA EPS (p)	DPS (p)	NAV/share (p)	Yield (%)	P/NAV (x)
3/23	36.3	21.3	3.9	3.50	100.44	4.9	0.71
3/24	37.9	21.7	4.0	3.55	96.06	5.0	0.75
3/25e	37.6	22.9	4.2	3.70	96.61	5.2	0.74
3/26e	39.5	24.3	4.4	3.84	97.82	5.4	0.73

Note: EPRA earnings exclude revaluation gains/losses and other exceptional items. NAV measure is net tangible assets, currently the same as IFRS NAV.

Longcross, in Cardiff, has been sold for redevelopment as student accommodation. The sale was agreed in October 2023, subject to planning permission, with the final price to be determined by the number of beds that the redeveloped property would provide. A planning application was submitted in May 2024 and in September 2024, planning consent was granted for a 706-bed scheme, securing the maximum agreed sale value, with completion made possible by the finalisation of a section 106 agreement and expiration of the judicial review period.

The completed sale follows that of Charlotte Terrace in London W14 for £13m (completed in January 2025) and the £30m sale of Angel Gate in Islington (in April 2024). In both cases, Picton had secured planning permission for residential use. The sales are part of Picton's strategy of repositioning selected office assets for alternative use, creating additional value and reducing sector exposure (to around 24%). The proceeds have been used to repay higher-cost floating rate debt in full, undertake significant investment into the portfolio to enhance its quality and income and capital value potential, and share repurchases. Since launching its £10m repurchase programme at the end of January, the company has bought back c 11.2m shares at a cost of c £7.5m.

In our December [update](#), we explained why we believe Picton's strong long-term record of performance and unconstrained, opportunistic and primarily asset-driven approach to portfolio construction make it an attractive way for investors to access a recovery in the commercial property market. The Q325 [update](#) published by Picton in January reinforced this view, with asset management initiatives driving both income and capital gains. Q125 NAV per share increased by 2.2% and DPS was 111% covered. Taking a longer-term perspective, Picton has a strong track record of upper quartile outperformance versus the MSCI UK Quarterly Property Index since its launch in 2005. The 10-year NAV total return is 9.2% pa. Picton's portfolio is strongly weighted to the industrial warehouse and logistics sectors, which are supported by strong fundamentals, and it remains well-positioned to adapt to evolving market conditions.

FY25e DPS of 3.7p represents an attractive yield of 5.2%, with a good level of cover and earnings retention available for reinvestment into the portfolio. This enhances its quality and supports rental growth, capital values and total return.

## Property disposal

Real estate

1 April 2025

<b>Price</b>	<b>71.70p</b>
<b>Market cap</b>	<b>£385m</b>
Net debt as at 31 December 2024	£187.5m
Shares in issue	536.4m
Code	PCTN
Primary exchange	LSE
Secondary exchange	N/A

### Share price performance



### Business description

Picton Property Income is an internally managed UK REIT that invests in a diversified portfolio of commercial property across the UK. It is total return driven with an income focus and aims to generate attractive returns through proactive management of the portfolio.

### Analyst

Martyn King +44 (0)20 3077 5700

[financials@edisongroup.com](mailto:financials@edisongroup.com)

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