

Picton Property Income

Another quarter of positive total return

Q126 trading update

Picton Property Income (PCTN) has published its Q326 trading update. NAV per share increased by 0.9% to 102.4p, the sixth successive quarterly increase, driven by like-for-like property valuation gains and retained earnings. Including DPS paid, the NAV total return was 1.8%, building on the 3.4% return in H126. Q1 DPS was 1.12x covered. Operationally, PCTN is focused on capturing significant rent reversion upside, with several positive developments in the quarter, and a current pipeline of £1.6m of new lettings agreed subject to contract. Alongside this, the recently announced strategic review will explore all options available to maximise value for shareholders.

Year end	Net rental income (£m)	EPRA earnings (£m)	EPRA EPS (p)	DPS (p)	NAV/share (£)	Yield (%)	P/NAV (x)
3/23	36.3	21.3	3.9	3.50	1.00	4.2	0.83
3/24	37.9	21.7	4.0	3.55	0.96	4.3	0.87
3/25	37.7	22.8	4.2	3.70	1.00	4.5	0.83

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

The estimated rental value (ERV) of PCTN's portfolio at end-H126 was £55.7m pa and had increased during H126 across all sectors, averaging 3.7%. This was £10.1m or 22% above the end-H126 contracted rent payable on the portfolio. The gap between ERV and passing rent (lower than contracted rent because of lease incentives) was even wider (£15.5m or almost 40%). The opportunity to increase portfolio rental income towards ERV breaks down into two main components: reversionary capture (increasing current rents towards market level rents through lease events), which primarily relates to the industrial assets (67% of portfolio value); and occupancy improvement, which at H126 mostly related to the office assets (21% of portfolio value) where Picton continues to invest in improving quality to meet occupier requirements and enhance potential rental values. ERV is nonetheless an estimate, made by the external valuers, and during Q326, eight lettings were completed, securing an annual rent of £1.1m, at an average 5% above the March 2025 (end-FY25) ERV. Meanwhile, six leases, with a combined annual rent of £0.5m, were renewed at an average increase of 47% on the previous passing rent. A reduction in portfolio occupancy during Q326 (to 83%) from the end-H126 level (90%) primarily reflects the previously disclosed hand-back of space at two industrial assets ('Rushden' and 'Radlett'). Although this has reduced industrial occupancy, with an ERV that is 40% higher than the previous passing rent, re-letting the assets provides a significant opportunity to increase income. During the quarter, PCTN received an aggregate c £3.6m of cash in dilapidation payments and lease break penalties in respect of these two properties and reports encouraging progress with its asset management plans for upgrading and re-letting.

The [strategic review](#) that was announced by the company on 13 January 2025 will consider a range of options to maximise value for shareholders, including corporate transactions, asset sales and return of capital over and above that already undertaken by the company. The board notes that despite upper quartile property returns since launch in 2005, a strong financial position and recent asset sales to third parties in line with book value, the share price fails to adequately reflected the intrinsic value of the company and its portfolio of assets.

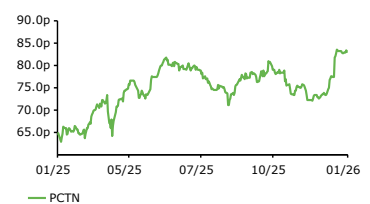
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Real estate

30 January 2026

Price	83.10p
Market cap	£427m
Net (debt) as at 31 December 2025	£(160.4)m
Shares in issue	513.8m
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.

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