

Picton Property Income

Crystallising value and enhancing returns

Asset disposal

Real estate

25 September 2025

Picton Property Income (PCTN) has completed the £34.5m sale of its largest office asset by value, crystallising the value in what is a high-quality but low-yielding property and further reducing exposure to the office sector. The proceeds will be deployed into the share buyback programme and accretive investment opportunities.

Year end	Net rental income (£m)	EPRA earnings (£m)	EPRA EPS (p)	DPS (p)	NAV/share (£)	Yield (%)	P/NAV (x)
3/24	37.9	21.7	4.0	3.55	0.96	4.5	0.81
3/25	37.7	22.8	4.2	3.70	1.00	4.7	0.78
3/26e	38.7	23.2	4.4	3.80	1.03	4.9	0.76
3/27e	39.6	23.6	4.5	3.90	1.05	5.0	0.74

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 Stanford Building is a high-quality Grade II-listed property in the West End of London, comprehensively refurbished in 2020. Along with four floors of office space, there is a residential unit on the fifth floor and a retail store on the ground and lower floors. The building is fully let and Picton will continue to occupy one floor for its head office. The disposal price represents a net initial yield of 4.6% and 1% premium to the March 2025 external valuation and a 1% discount to that in June 2025.

Since the start of FY24, Picton has sold four office assets for an aggregate c £85m, reducing the portfolio office weighting from 30% to 20%. The sales were at a blended c 5% premium to the prevailing book value at a time when the MSCI office sector index declined by c 5%. Not only is this a significant achievement, but it underlines the robustness of portfolio valuations. On a pro-forma basis, industrial, warehouse and logistics assets now represent 68% of the portfolio and retail and leisure assets 12%.

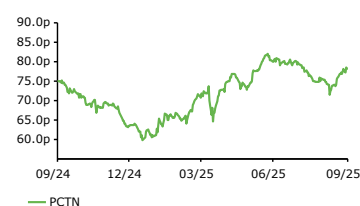
Redeployment of the sales proceeds has been accretive to both total NAV/ accounting return and has also benefited the share price and shareholder total return. Early on, Picton repaid in full its relatively more expensive floating rate debt, it has continued to undertake value-enhancing investment in its portfolio and in January 2025 commenced a share buyback programme. The initial repurchase programme was for up to £10m but was increased in stages to £17.5m. It ran until the AGM in July, during which time, shares to a value of £17.3m were repurchased, representing 4.4% of the share capital. At the AGM, shareholders renewed the company's authority to repurchase up to a further 15% of the outstanding shares. Earlier in September the board announced that up to £12.5m of the Stanford Building sale proceeds would be deployed for this purpose and to date c 600k shares have been purchased with a value of £0.5m. Despite broader sector concerns about increased gilt yields and the upcoming UK budget, Picton shares have increased c 22% ytd, well ahead of the broadly flat performance of the broad sector and close peers. Picton's total shareholder return ytd is c 27%.

The balance of the sale proceeds is available to support future investment opportunities, both within the portfolio and alongside higher-yielding/growth opportunities. In either case, we expect both the yield and total return on investment to significantly exceed the disposal yield on the Stanford Building.

Interim results to September are expected to be published on 12 November.

Price	78.10p
Market cap	£409m
Net cash/(debt) as at 30 June 2025	£(182.2)m
Shares in issue	523.2m
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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