

Picton Property Income

Strategy drives income and value growth

FY25 results

Picton announced FY25 results, reporting post-tax profits of £37.3m, a TAR of 8.1% and a 2.7% dividend increase to 3.8p per share, representing the fifth consecutive annual increase since 2020. The dividend uplift is underpinned by 5% growth in EPRA earnings to £22.8m (4.2p per share), maintaining robust dividend cover of 113%. This demonstrates management's ability to deliver earnings growth despite challenging market conditions, with improved occupancy to 94% and successful rental negotiations achieving 7–10% uplifts on lettings and renewals. Earnings quality is enhanced by the focus on industrial assets, which now comprise 64% of the portfolio and delivered 8.1% contracted rent growth, positioning Picton to benefit from the resilient logistics sector.

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	4.8	0.72
3/24	37.9	21.7	4.0	3.55	96.06	4.9	0.76
3/25	37.7	22.8	4.2	3.70	99.99	5.1	0.73
3/26e	39.9	24.3	4.4	3.84	106.13	5.3	0.69

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

Management's repositioning strategy continues to drive outperformance, with the disposal of three mainly void office assets for £51m at a 5% premium to March 2024, the uplift demonstrating clear value creation capabilities through change of use strategies. Office exposure was reduced from 30% to 24%, while £11.8m was invested across 20+ asset enhancement projects, improving energy performance certificate ratings to 83% A–C rated properties. This active approach supported Picton achieving its 12th consecutive year outperforming the MSCI UK Property Index, with total returns of 8.1%.

The portfolio retains £7.5m of reversionary potential, representing 16% above current contracted rent and providing significant earnings growth visibility that supports our positive outlook. This comprises £4.1m where market rents exceed contracted levels and £3.4m from letting vacant space, with the majority concentrated in the industrial portfolio where occupier demand remains robust at 99% occupancy. Combined with the strengthened balance sheet following the loan-to-value reduction to 24% and 100% fixed-rate debt with 2031/32 maturities, Picton is well positioned to capitalise on the improving macroeconomic backdrop. Trading at 100p NAV with a 5.3% prospective dividend yield, Picton offers compelling value, with the current share price discount providing potential upside as market conditions improve. It increased the share buyback programme from £12.5m to £17.5m, with £11.7m completed (c.£7.5m at a 33% discount to NAV during the year, c.£4m at a 25% discount post year-end), demonstrating management's confidence in intrinsic value while providing additional returns to shareholders.

Real estate

23 May 2025

Price 72.70p
Market cap £386m

Net cash/(debt) as at 31 March 2025 £(195.9)m

Shares in issue 530.5m

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.

Analysts

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