



# Results analysis: Picton Property Income

**PCTN delivers capital and income growth.**

Update  
**30 June 2026**

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- **Picton Property Income (PCTN) has released its results for the year ending 31/03/2026, recording a NAV total return of 6.1% and profits of 5.0 pence per share (2025: 6.9p). PCTN's property total return was 5.9% (2025: 7.3%) for the year, compared to 5.4% (2025: 6.3%) for the MSCI UK Quarterly Property Index. This marks the 13th consecutive year PCTN has outperformed the property index. Net assets were £522m (2025: £533m) at the year end.**
- **The NAV per share increased 2% to 102p (2025: 100p) and dividends for the year totalled 3.8p (2025: 3.7p), a 2.7% increase.**
- **Rental growth across the portfolio was 5%. Dividends were covered 103% (2025: 113%). PCTN's share price total return was 12.8%, with the discount narrowing from c. 28% to 25%. The dividend yield at the current share price is 5.3%.**
- **Net disposal proceeds of £33m were used for share buybacks (£17.3m) and to invest in the property portfolio (£8.8m), with the balance available for future capital expenditure.**
- **PCTN's gearing was 24% LTV (2025: 24%). All of the £208m of debt is fixed, with a weighted average interest rate of 3.7% (2025: 3.7%), with debt maturing in 2030/2031. PCTN also has an undrawn RCF for £50m.**
- **At the beginning of 2026, PCTN's board initiated a strategic review to explore options to maximise shareholder value. On 12/05/2026, a proposed offer from LondonMetric (LMP) and Schroder Real Estate (SREI) was published. At the time of writing this remains in process but has not become a formal offer. As a result, the buyback programme has been suspended.**

## Analysts:

**Alan Ray**

[alan@keplerpartners.com](mailto:alan@keplerpartners.com)



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- **PCTN has reversionary rental potential of £13.2m, 30.6% higher than contracted rents. Of this, £4.4m is where contracted rents are below estimated rental value (ERV) and £8.8m is from space available to rent.**
- **Following disposals, which principally involved PCTN's highest value, lowest yielding office asset, exposure to offices has fallen to 21% (2025: 24%) and 67% of the portfolio is invested in industrial, warehouse and logistics assets. The balance, 12%, is in retail and leisure, with the majority of that in retail warehouses.**
- **Francis Salway, chair, said: "Despite macroeconomic conditions, occupational markets are proving more resilient, against a backdrop of limited new development. We remain well-positioned, with a high quality portfolio and a disciplined approach to capital allocation, which this year, has been focused on reducing office exposure, investing into the portfolio and share buybacks.**

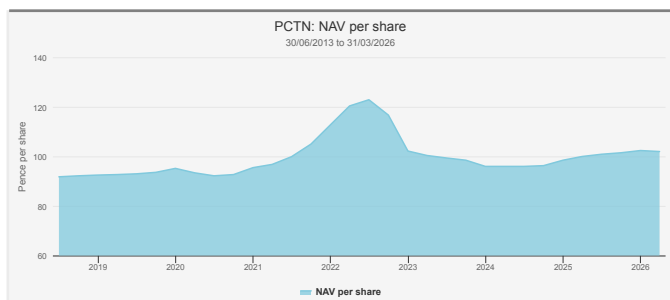


- **At the start of 2026, we initiated a Strategic Review to explore options to maximise value for shareholders which has resulted in a Proposed Offer being announced on 12 May 2026. The Board remains focused on shareholder value and is committed to engaging with stakeholders through this process.”**

## Kepler View

Although the normal focus for investors looking at performance is on total return, the chart below shows **Picton Property Income’s (PCTN) NAV per share** over the long-term without dividends reinvested. This is a reminder that whereas PCTN and others remain at significant discounts to NAV in 2026, property capital values actually troughed in 2024 and, arguably, have returned to the longer-term trend.

**Fig.1: PCTN NAV Per Share**



Source: PCTN, Kepler

**Past performance is not a reliable indicator of future results.**

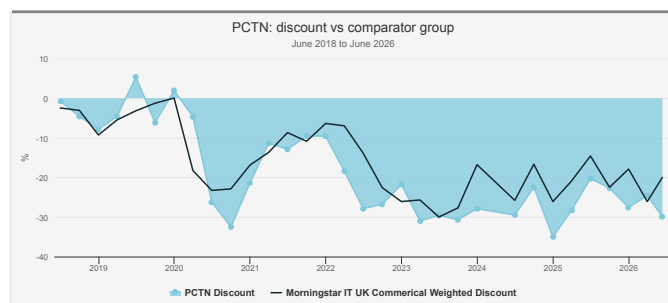
This return to trend is a reminder that one of the conundrums of the 2022-2024 downturn was that, even as capital values fell, rental growth continued in some key areas, notably in industrial and logistics but also retail warehouses, which arguably share many of the same characteristics. So, although capital values have adjusted to a higher interest rate environment, rentals have continued to tick higher. Further, it continues to have significant reversionary upside from a combination of under-renting and vacancies.

The main headwind remains the macro factor out of the control of PCTN’s management: UK gilt rates remain stubbornly high and, as recent events show, are more susceptible to market nervousness than other major economies. But PCTN’s portfolio is well positioned for one of the good news stories in the UK, which is the continued demand for those industrial, logistics and retail warehouse assets, which, combined, form about three quarters of the portfolio.

The fact that PCTN’s board is holding a strategic review, and that an initial proposal, yet to evolve into a firm offer,

has been put forward by two other REITs are both a matter of public record and while we can’t know the details, it’s reasonable to say that both are indicators that PCTN’s discount is seen as a value opportunity both by the company itself and by other specialist investors. Whatever the outcome, though, the portfolio is well-positioned for growth of income and, ultimately that’s what will drive the share price higher over the long-term.

**Fig.2: Discount**



Source: Picton, Kepler Partners, Morningstar

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