

# Picton Property Income

Interim results

Portfolio outperformance continuing

Picton had a good half year, maintaining a high level of occupancy and income, generating year-on-year growth in EPRA earnings and dividends, and reducing gearing further. The portfolio is strongly biased towards the better-performing industrial and regional office property markets and offers significant reversionary potential. Entry to the UK REIT regime will avoid negative effects from recent UK tax law changes, while the change in its listing status to that of a commercial company, from an investment company, improves administrative flexibility.

Year end	Net rental income (£m)	EPRA EPS* (p)	DPS (p)	EPRA NAV/share (p)	P/EPRA NAV (x)	Yield (%)
03/17	42.4	3.81	3.35	82	1.02	4.0
03/18	38.4	4.19	3.45	90	0.92	4.2
03/19e	38.5	4.26	3.57	93	0.90	4.3
03/20e	37.0	4.22	3.68	95	0.87	4.4

Note: \*EPRA EPS excludes revaluation gains/losses and other exceptional items.

## H119: 3.9% total return

H119 EPRA EPS increased c 9% compared with H118, to 2.2p, and covered aggregate dividends per share of 1.75p (+3% y-o-y) by a healthy 1.25x. The portfolio performed well, outperforming the MSCI IPD Quarterly Benchmark on both an income and ungeared total return basis, which it has now done over one, three, five and 10 years. Occupancy was maintained at a good level of 94% (MSCI IPD Quarterly Digest 92%), but lower than the 96% in March, primarily due to planned asset management activity. Like-for-like valuation gains of 1.5% during the period contributed to the increase in EPRA NAV per share to 92p (March: 90p), taking NAV total return (including DPS paid) to 3.9%. The moderate gearing reduced further, to an LTV of 25.5%. Our DPS forecasts remain unchanged, but we have trimmed our near-term income expectation due to the asset management activities and the impact of retailer stress, albeit affecting a small part of Picton's portfolio.

## Reversionary potential supports growth prospects

Portfolio performance continues to benefit from an overweight in industrial and regional office property and a significant underweighting of retail and leisure (with no shopping centre exposure). The economy and property market has remained resilient despite Brexit uncertainties and there is £6.4m of reversionary potential within the existing portfolio, primarily within the industrial and office sectors that account for nearly 80% of the portfolio by value. Supply and demand imbalance, limited new development and occupational demand should continue to drive further rental growth in the industrial and office sectors.

## Income focus, with an eye to sustainable growth

Picton offers growing dividends, providing a FY19e yield of 4.3%, and trades at a 10% discount to FY19e EPRA NAV. Although it has a strong income focus its yield is lower than the peer average (c 5.5%), reflecting strong cover (1.25x) that provides scope to reinvest into the portfolio in ways designed to support occupancy and income growth, with the specific goal of enhancing long-term total return.

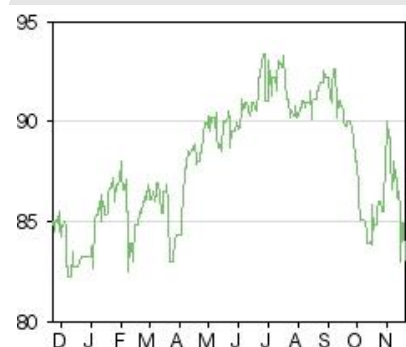
Real estate

20 November 2018

**Price** **83.10p**  
**Market cap** **£448m**

Net debt (£m) as at 30 September 2018	174.1
Net LTV as at 30 Sept. 2018	25.5%
Shares in issue	539.0m
Free float	100%
Code	PCTN
Primary exchange	LSE
Secondary exchange	N/A

### Share price performance



%	1m	3m	12m
Abs	(2.0)	(8.8)	(2.5)
Rel (local)	(1.2)	(1.2)	3.0
52-week high/low		93.4p	81.8p

### Business description

Picton Property Income is an internally managed UK REIT that invests in a diversified portfolio of commercial property across the UK. The investment objective is to provide investors with an attractive level of income and the potential for capital growth.

### Next events

December 2018 NAV	January 2019
FY19 results	May 2019

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## Investment summary

Picton had a good half year, maintaining a high level of occupancy and income, generating year-on-year growth in EPRA earnings and dividends and reducing gearing further.

The period also saw shareholders overwhelmingly support the company in joining the UK REIT regime, effective from 1 October 2018, and change its listing status to that of a commercial company, from an investment company. The former will avoid negative effects from recent UK tax law changes, while the latter improves administrative flexibility.

### Exhibit 1: Summary of interim results

	H119	H118	H119 v H118	FY18
<b>Revenue from properties</b>	<b>24,537</b>	<b>24,323</b>	<b>0.9%</b>	<b>48,782</b>
Property expenses	(4,297)	(5,605)	-23.3%	(10,335)
<b>Net property income</b>	<b>20,240</b>	<b>18,718</b>	<b>8.1%</b>	<b>38,447</b>
Total operating expenses	(3,068)	(2,734)	12.2%	(5,566)
<b>Operating profit</b>	<b>17,172</b>	<b>15,984</b>	<b>7.4%</b>	<b>32,881</b>
Net finance expense	(4,920)	(4,894)	0.5%	(9,747)
Tax	(445)	(286)		(509)
<b>EPRA earnings</b>	<b>11,807</b>	<b>10,804</b>	<b>9.3%</b>	<b>22,625</b>
Debt prepayment fees	(3,245)	0		0
Profit on disposal of investment property	379	2,488		2,623
Investment property valuation movements	9,961	17,362		38,920
<b>IFRS net profit</b>	<b>18,902</b>	<b>30,654</b>	<b>-38.3%</b>	<b>64,168</b>
<b>EPRA EPS (p)</b>	<b>2.2</b>	<b>2.0</b>	<b>9.5%</b>	<b>4.2</b>
IFRS EPS (p)	3.5	5.7	-38.2%	11.9
<b>DPS declared (p)</b>	<b>1.75</b>	<b>1.70</b>	<b>2.9%</b>	<b>3.45</b>
Dividend cover (x)	1.25	1.18		1.22
<b>NAV per share, IFRS &amp; EPRA (p)</b>	<b>92</b>	<b>86</b>	<b>7.4%</b>	<b>90</b>
<b>NAV total return (%)</b>	<b>3.9%</b>	<b>7.0%</b>		<b>14.9%</b>
Investment properties at fair value (incl held for sale)	673,870	652,104		674,524
Net LTV (%)	25.5%	28.2%		26.7%

Source: Picton Property Income. \*

- Revenue from properties increased 0.9% compared with H118. Within this, rental income increased by c £0.5m to c £20.8m, reflecting letting activity and a full period impact from last August's Bristol office acquisition, partly offset by the impact of non-core disposals. Other income was c £0.3m lower, mainly as a result of lower dilapidation receipts in the period.
- Occupancy remains at a good level of 94% (MSCI IPD Quarterly Digest 92%), but lower than the 96% at end-FY18 mainly due to planned asset management activity.
- Property costs benefitted from the completion of some larger revenue generating projects in the prior year, such that net property income was 8.1% higher versus H118.
- The increase in reported administrative expenses is mostly accounted for by c £300k of non-recurring REIT conversion costs in H119.
- Net finance expense was at a similar level. The July early repayment of £33.7m of borrowing had only a part period impact while the increase in LIBOR had a small negative effect on the cost of the floating rate revolving facility.
- The early loan repayment will save c £1.1m in annual finance costs and amendments to the loan documentation covering the lender involved provides Picton with greater operational flexibility. Picton incurred a one-off fee of £3.245m and crystallised un-amortised loan arrangement fees of c £300k. Both are included in IFRS earnings but the early repayment fee is excluded from underlying EPRA earnings.
- LTV ended the period at 25.5%, down from 26.7% at end FY18. The debt is c 88% fixed rate and the overall average cost is 4.0%. The average maturity is over 10 years.

- EPRA earnings and EPRA EPS both increased by just over 9% y-o-y.
- Aggregate quarterly DPS increased 3.0% to 1.75p and dividend cover increased to 1.25x.
- The portfolio valuation increased by 1.5% on a like-for-like basis with gains on the (overweight) industrial portfolio more than offsetting the decline in (underweight) retail assets. Two assets were sold for £11.8m, 8.4% ahead of the March 2018 valuation.
- Portfolio gains contributed to the increase in NAV (EPRA and IFRS) to 92p from 90p at end-FY18. Including dividends paid, the NAV total return in the period was 3.9%. The early loan repayment had a negative impact on NAV of c 0.7p per share as previously flagged, reducing NAV total return in the period, but increasing future returns by lowering recurring interest costs.

The outlook statement is cautiously optimistic, with management noting that the economy and property markets have remained resilient despite Brexit uncertainties. There is £6.4m of reversionary potential within the existing portfolio, primarily within the industrial and office sectors that account for nearly 80% of the portfolio by value. Management expects the supply and demand imbalance, combined with a lack of development, to drive further rental growth in the industrial sector and it sees continuing strong demand in the regional office sector.

## Portfolio update and performance

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The external appraisal value of the portfolio at 30 September was c £683m, little changed from the 31 March 2018 valuation, with net valuation gains and disposals (at book value) broadly offsetting each other. With an annualised contracted rental income of £40.3m the valuation reflects a net initial yield of 5.4%. The weighted average unexpired lease term (WAULT) was 5.2 years (5.0 years to first break), slightly reduced from March 2018 but by less than the time elapsed. Occupancy remained at a good level of 94%, which compares with 92% in the MSCI IPD Quarterly Digest. The reduction from 96% at 31 March substantially reflecting planned asset management actions at Stanford House in London WC2, discussed below.

Although Picton owns a diversified portfolio, the portfolio is currently deliberately focused on the better-performing industrial and office sectors, with a clear underweighting in retail and leisure. The rental stream is earned from a broad range of c 350 occupiers, with the largest representing c 4% and the ten largest c 27%. The top 10 assets represent c 50% of the portfolio by value and during H119 the average lot size increased further to £13.9m. For acquisitions, management targets a lot size of £10-30m, believing this provides a good balance between the efficiency/lower management complexity that larger assets bring and the added competition amongst potential buyers that they typically attract.

The income opportunity in the existing portfolio is reflected in the higher annualised reversionary income (estimated rental value or ERV) of £46.7m, reflected in a net reversionary yield of 6.4%. Of the £6.4m reversionary potential in the portfolio, £2.9m is from the opportunity to let additional space, with the remainder from lease renewals, rent reviews and contracted uplifts.

**Exhibit 2: Portfolio summary**

	Sep-18	Mar-18
Portfolio appraisal valuation*	£683m	£684m
Number of properties	49	51
Average lot size	£13.9m	£13.4m
Net initial yield	5.4%	5.5%
Net reversionary yield	6.4%	6.6%
Annualised rental income	£40.3m	£41.4m
Annualised reversionary income	£46.7m	£47.9m
Occupancy as % of ERV	94%	96%
Weighted average lease length	5.0 years	5.2 years

Source: Picton Property Income. Note: \*Portfolio appraisal value differs from balance sheet fair value shown in Exhibit 1, which is stated after lease incentive and finance lease adjustments.

## Diversified portfolio with focus on industrials and offices

The industrial weighting of 43.7% at end-H119 compares with 24% for the MSCI IPD Quarterly Benchmark with a particular overweighting in the South-east where rental growth and capital values were noticeably strong in H119. The 34.5% weighting in office properties is also ahead of the Benchmark weight of 27%, while the 21.8% exposure to retail/leisure assets is nearly half the index level of 47%, with no exposure to shopping centres.

Exhibit 3 shows the portfolio positioning as at 30 September 2018, as well as the like-for-like change in valuations during the six months. The portfolio industrial valuations grew strongly, office valuations increased and retail and leisure valuations declined. Overall, the portfolio saw 1.5% capital growth, with the positive effects of asset allocation and asset management offsetting the negatives. For the six-month period, on an ungeared basis and including income, the portfolio returned 4.4%, outperforming the MSCI IPD Quarterly Benchmark return of 3.2%. The income return of 2.9% was 0.4% ahead of the benchmark income return. Picton has now outperformed the benchmark on both a total return and income return basis over one, three, five and 10 years, consistent with its aim of being one of the consistently best-performing, diversified, UK-focused property companies listed on the Main Market of the London Stock Exchange.

**Exhibit 3: Portfolio positioning**

Sector	Portfolio weighting (%)	September 2018 valuation (£m)	Like-for-like change in H119
<b>Industrial</b>	<b>43.7%</b>	<b>298.8</b>	<b>6.0%</b>
South East	30.6%		6.9%
Rest of UK	13.1%		4.0%
<b>Offices</b>	<b>34.5%</b>	<b>235.4</b>	<b>0.3%</b>
London City & West End	4.1%		1.2%
Inner and Outer London	8.3%		-2.5%
South East	11.0%		0.2%
Rest of UK	11.1%		2.4%
<b>Retail &amp; Leisure</b>	<b>21.8%</b>	<b>148.8</b>	<b>-4.9%</b>
Retail warehouse	8.6%		-9.2%
High Street - rest of UK	5.6%		-9.2%
High Street - South East	5.7%		6.3%
Leisure	1.9%		-1.6%
<b>Total portfolio</b>	<b>100.0%</b>	<b>683.0</b>	<b>1.5%</b>

Source: Picton Property Income

## Selective disposals

Management remains alert for new investment opportunities but no acquisitions were made during H119, which in part reflects the seasonal summer slowdown in market activity but also the failure of those assets reviewed to meet the company's acquisition criteria. Two non-core assets were sold,

both office properties – Ricoh House in Northampton and Merchants House in Chester – and both sold to local authority investors. Ricoh House was sold for £8.0m, a 13% premium to the March valuation, but a more significant 54% uplift on the June 2017 valuation. Similarly, the £3.9m (plus £150k top-up) disposal of Merchants House was modestly ahead of the £3.9m March valuation, but 35% up on the June 2017 valuation.

## **Stanford House repositioning**

Stanford House is Picton's flagship store in Covent Garden, taking its name from the Stanfords map and travel shop that currently occupies three floors, with three office and one residential floor above. Picton is in the process of securing vacant possession, which it expects to achieve by early next year. This will be the first time in over 100 years that the building as a whole has been available to lease, and early discussions are underway with interested parties. We estimate that vacation of office space had a c £500k impact on contracted rent roll in H119, although £170k was received by the occupiers to secure an early exit, and we would expect an additional c £1.0m impact on annualised rent roll between now and early 2019 when full vacant possession is expected.

## **Industrial and office rent roll ahead but retail and leisure lower**

The H119 like-for-like increases in annualised contracted rent roll show a similar pattern to the valuation data above. Like-for-like growth for the industrial portfolio was 3.8% and for the office portfolio it was 1.9%, with both sectors continuing to benefit from occupier demand and tight supply in many areas. Occupancy of the industrial portfolio is a high 99% and the focus remains on capturing the c £2.2m of reversionary potential through lease events. In the office sector, the regional assets are performing well due to the continued demand for space and the potential for rents to increase from relatively low levels. Within the City of London, 50 Farringdon Road benefitted from the letting of the final suite, to an existing occupier, at 5% ahead of ERV, and is now fully let. Overall occupancy in the office portfolio is 91% providing further letting opportunities to capture more of the £3.7m reversionary potential.

As has been widely reported, the situation in the retail and leisure sector is rather different, with retailers facing a continuing trend shift towards online, increased labour costs and business rates. Struggling operators are showing a greater propensity to aggressively use Company Voluntary Arrangements (or CVAs). Although significantly underweight in retail and leisure, Picton saw a 9.5% reduction in H119 contracted rental income from the sector. Around half of this (47%) was deliberate, reflecting the planned asset management activity at Stanford House where the company is in the process of securing vacant possession. Retail failures accounted for 37% of the reduction, and the remainder reflects lease events. The softness in market rents can be seen in the retail and leisure estimated rental value (ERV), now £10.2m, which is slightly lower than contracted rent would be on a full occupancy basis (£10.2m/89% or £10.9m). As a result of the New Look CVA, Picton will take back its retail unit in Peterborough, which is already under offer from a replacement tenant. The Homebase CVA and Poundworld administration will see Picton taking back two units on the same retail park in Swansea. Picton reports good early interest in the Homebase unit.

**Exhibit 4: Annualised contracted rent roll by segment**

	March 2018	September 2018
Industrial	15.6	16.2
Like for like change		3.8%
Office*	15.0	14.4
Like for like change*		1.9%
Retail & leisure	10.7	9.7
Like for like change		-9.5%
<b>Total portfolio</b>	<b>41.3</b>	<b>40.3</b>
<b>Like for like change</b>		<b>-0.4%</b>

Source: Picton Property Income. Note: Overall reduction in office rent roll reflects property disposals.

We expect Picton to broadly maintain its current portfolio balance for the time being. The prospects for industrial assets and regional offices are good and although retail assets may suffer further, capital values have been weak for some time and yields are at a premium.

## Financials

Although we do not publish half-yearly financial estimates, the H119 EPRA earnings and NAV were both a little ahead of the levels reflected in our forecasts. However, the group annualised contracted rent roll of £40.3m at 30 September, and carried forward into H219, is a little lower than we had expected (£40.7m), due entirely to the retail and leisure segment of the portfolio. This, and a small increase in forecast management expenses, has a small negative impact on our forecasts, most notably in FY20. Despite this, we make no change to our forecast DPS growth and expect FY20 DPS cover to remain a healthy 1.15x. It is also worth noting that our forecasts assume an unchanged portfolio, although management remains alert for new investment opportunities and has the financial resources to pursue these, with c £26m available from the revolving credit facilities.

**Exhibit 5: Forecast revisions**

	Net rental income (£m)			EPRA EPS (p)			EPRA NAV/share (p)			DPS (p)		
	Old	New	% change	Old	New	% change	Old	New	% change	Old	New	% change
FY19e	37.8	38.5	1.8	4.27	4.26	(0.1)	93.5	92.6	(0.9)	3.57	3.57	0.0
FY20e	38.1	37.0	(3.1)	4.43	4.22	(4.8)	96.1	95.1	(1.0)	3.68	3.68	0.0

Source: Edison Investment Research

Taking our forecasts for changes in EPRA NAV and DPS together, the implied EPRA NAV total return is 6.4% in FY19 (after the refinancing impact) and 6.7% in FY20.

The like-for-like increases in annualised contracted rent roll in the industrial and office portfolios were both stronger than we had anticipated, but the reduction in retail and leisure more than offset this. As noted above, around half of the reduction in retail and leisure rent roll was due to planned asset management activity, and we have adjusted our forecasts to include this, although the benefits are likely to fall outside of the forecast period. Most of the balance of the retail and leisure rent roll reduction resulted from retailer failure that we had not anticipated. Taking all of these factors together, rent roll was slightly (c £0.4m) lower than we had expected at 30 September.

Our forecasts continue to reflect growth in like-for-like occupancy in the industrial portfolio, and to a lesser extent within the office portfolio, although for both we prudently assume a slowdown, as previously. For industrial, we assume 2% growth in H219 and a further 2% for FY20 as a whole. For office, we assume 1% growth in H219 and 1% growth for FY20 as a whole. In retail and leisure, we have allowed for some (c £300k) of the recent income loss relating to retail failures to be recovered but this is more than offset in the near term by the asset management at Stanford House, where we have allowed for full vacant possession to temporarily reduce contracted rents by an additional c £1m. We have prudently assumed that only around £1m of the c £1.5m contracted income forgone (including the H119 impact) is recovered by end FY20, with no material impact on revenue in the



period. For the group as a whole, our forecasts reflect an end FY19 contracted rent roll of £39.8m, with £41.5m at end FY20.

Our forecasts include modest revaluation gains driven by expected rental growth. We assume no change in market yields, either up or down, but estimate that a 0.25% increase in market yields would reduce FY20 NAV per share by c 5p per share, while a 0.25% reduction would increase it by c 7p per share.

Finance costs are based on the current 4.0% average cost of debt (95% fixed) and no change in drawn debt (£194.2m at 30 September). Given the forecast modest growth in portfolio value and positive net cash flow, we expect net LTV to drift lower, below 25% by end FY20.

## Valuation

With its strong income focus, Picton pays quarterly dividends that currently annualise at 3.5p per share, a prospective yield of 4.3% at the current share price. The dividend is well covered by EPRA earnings, providing management with the flexibility to reinvest into the portfolio in ways designed to support occupancy and income growth, with the specific goal of enhancing total return over the long run. As a REIT (from 1 October 2018) Picton will continue to pay dividends quarterly, primarily in the form of Property Income Distributions (PIDs). The quarterly dividend that is expected to be paid in February 2019 (in respect of the three months ending December 2018) will be the first payment under the REIT regime. Before then, the board will review the company's dividend in the light of REIT distribution requirements (a minimum of 90% of the income profits from property rental business, which differs slightly from reported income earnings) and market conditions, although we do not expect significant changes to distribution policy and have not changed our DPS forecasts.

In Exhibit 6 we show a summary performance and valuation comparison of Picton and what we consider to be its closest income-oriented peers. The valuation comparison is based on last reported EPRA NAV per share and trailing 12 month DPS declared. Over the past year Picton shares have performed slightly better than the peer group average and the FTSE All-Share Index. As a result of its strong dividend cover, the Picton yield is below the average for the group while its P/NAV per share is slightly below the average.

**Exhibit 6: Peer comparison (historical data\*)**

	Price (p)	Market cap. (£m)	P/NAV (x)	Yield (%)	Share price performance			
					1 month	3 months	12 months	From 12M high
Ediston Property	105	221	0.91	5.5	-3%	-5%	-6%	-10%
F&C UK Real Est Inv	88	213	0.82	5.7	-8%	-9%	-16%	-19%
F&C Com Prop	135	1082	0.95	4.4	-2%	-8%	-6%	-13%
Custodian REIT	115	454	1.06	5.6	-3%	-4%	0%	-6%
Regional REIT	99	370	0.87	8.0	-2%	5%	-4%	-6%
Schroder REIT	57	295	0.82	4.4	-6%	-11%	-6%	-15%
Standard Life Inv Prop	89	360	0.97	5.4	-1%	-7%	-1%	-8%
<b>Average</b>			<b>0.92</b>	<b>5.6</b>	<b>-4%</b>	<b>-5%</b>	<b>-6%</b>	<b>-11%</b>
<b>Median</b>			<b>0.91</b>	<b>5.5</b>	<b>-3%</b>	<b>-7%</b>	<b>-6%</b>	<b>-10%</b>
<b>Picton</b>	<b>83</b>	<b>448</b>	<b>0.90</b>	<b>4.2</b>	<b>-2%</b>	<b>-9%</b>	<b>-2%</b>	<b>-11%</b>
UK property index	1,687			3.0	-2%	-6%	-3%	-11%
FTSE All-Share Index	3,835			1.8	-1%	-9%	-6%	-12%

Source: Company data, Edison Investment Research. Prices as at 20 November 2018. Note: \*Last reported EPRA NAV per share and trailing 12-month DPS declared.

Bringing together dividend distributions and the impact of reinvesting for growth, in Exhibit 7 we show the trend in EPRA NAV per share in the five years ended FY18 ie total return of 117% over the period or a compound annual return of 16.8% pa. As noted above, NAV total return for the first six months of FY19 was 3.9% including the impact of the refinancing; we estimate c 4.6% excluding it.

**Exhibit 7: EPRA NAV total return**

	2014	2015	2016	2017	2018	2014-18
Opening EPRA NAV per share (p)	49	56	69	77	82	49
Closing EPRA NAV per share (p)	56	69	77	82	90	90
DPS paid (p)	3.00	3.00	3.30	3.33	3.43	16
<b>EPRA NAV total return</b>	<b>21.0%</b>	<b>26.9%</b>	<b>17.6%</b>	<b>10.2%</b>	<b>14.7%</b>	<b>117.0%</b>
<b>Compound annual total return</b>						<b>16.8%</b>

Source: Company data, Edison Investment Research. Note: Annual data differs slightly from Picton published data which assumes dividend reinvestment during the year.

**Exhibit 8: Financial summary**

Year end 31 March	£'000s	2016	2017	2018	2019e	2020e
		IFRS	IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>						
Revenue		40,770	47,911	42,855	41,893	41,280
Service charge income		5,153	6,487	5,927	6,061	6,000
Total revenue		45,923	54,398	48,782	47,954	47,280
Gross property expenses		(10,001)	(12,011)	(10,335)	(9,447)	(10,300)
Net rental income		35,922	42,387	38,447	38,507	36,980
Administrative expenses		(1,510)	(1,613)	(1,914)	(1,812)	(1,500)
Operating Profit before revaluations		34,412	40,774	36,533	36,695	35,480
Revaluation of investment properties		44,171	15,087	38,920	12,461	10,000
Profit on disposals		799	1,847	2,623	379	0
Management expenses		(2,901)	(3,636)	(3,652)	(4,006)	(4,000)
Operating Profit		76,481	54,072	74,424	45,529	41,480
Net finance expense		(11,417)	(10,823)	(9,747)	(9,283)	(8,726)
Profit Before Tax		65,064	43,249	64,677	36,246	32,755
Taxation		(216)	(499)	(509)	(445)	0
Profit After Tax		64,848	42,750	64,168	35,801	32,755
Profit After Tax (EPRA)		19,878	20,566	22,625	22,961	22,755
Average Number of Shares Outstanding (m)		540.1	540.1	539.7	539.0	539.0
EPS (p)		12.01	7.92	11.89	6.04	6.08
EPRA EPS (p)		3.68	3.81	4.19	4.26	4.22
Dividends declared per share (p)		3.300	3.350	3.450	3.570	3.680
Dividend cover (x)		1.12	1.14	1.22	1.19	1.15
Ongoing charges ratio (excluding property expenses)		1.1%	1.2%	1.1%	1.0%	1.0%
<b>BALANCE SHEET</b>						
Fixed Assets		649,406	615,187	670,679	678,145	691,645
Investment properties		646,018	615,170	670,674	678,120	691,620
Other non-current assets		3,388	17	5	25	25
Current Assets		37,408	49,424	50,633	35,499	36,051
Debtors		14,649	15,541	19,123	14,614	14,970
Cash		22,759	33,883	31,510	20,885	21,081
Current Liabilities		(47,521)	(20,635)	(22,292)	(19,915)	(20,378)
Creditors/Deferred income		(18,430)	(20,067)	(21,580)	(19,107)	(19,570)
Short term borrowings		(29,091)	(568)	(712)	(808)	(808)
Long Term Liabilities		(222,161)	(202,051)	(211,665)	(192,274)	(192,274)
Long term borrowings		(220,444)	(200,336)	(209,952)	(190,559)	(190,559)
Other long term liabilities		(1,717)	(1,715)	(1,713)	(1,715)	(1,715)
Net Assets		417,132	441,925	487,355	501,455	515,044
Net Assets excluding goodwill and deferred tax		417,132	441,925	487,355	501,455	515,044
NAV/share (p)		77	82	90	93	96
EPRA NAV/share (p)		77	82	90	93	95
<b>CASH FLOW</b>						
Operating Cash Flow		33,283	36,283	35,088	30,733	32,211
Net Interest		(8,836)	(9,211)	(9,125)	(8,950)	(8,726)
Tax		(426)	(232)	(328)	(80)	0
Net cash from investing activities		(68,123)	48,691	(17,811)	9,777	(3,524)
Ordinary dividends paid		(17,822)	(17,957)	(18,487)	(19,072)	(19,766)
Debt drawn/(repaid)		14,591	(46,450)	9,183	(23,033)	0
Net proceeds from shares issued/repurchased		0	0	(893)	0	0
Other cash flow from financing activities						
Net Cash Flow		(47,333)	11,124	(2,373)	(10,625)	196
Opening cash		70,092	22,759	33,883	31,510	20,885
Closing cash		22,759	33,883	31,510	20,885	21,081
Debt as per balance sheet		(249,535)	(200,904)	(210,664)	(191,367)	(191,367)
Un-amortised loan arrangement fees		0	(3,740)	(3,376)	(2,885)	(2,885)
Closing net (debt)/cash		(226,776)	(170,761)	(182,530)	(173,367)	(173,171)
Net LTV		34.6%	27.3%	26.7%	25.2%	24.7%

Source: Company accounts, Edison Investment Research



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