

Introduction to the Corporate Governance Report



Nicholas Thompson, Chairman



This has been the Company's first full year as a UK REIT.



Dear Shareholder

I am pleased to introduce our 2020 Corporate Governance Report.

Board composition

In last year's report I stated that I intended to step down as Chairman once a suitable successor had been appointed, and that the search process for that successor had begun. To that end we appointed Nick Wiles to the Board on 1 January this year, and it was my intention to retire after the publication of these annual results. Unfortunately, after only a short time on the Board, Nick has been appointed unexpectedly as the Chief Executive of another listed company and is unable to take on the Picton Chairman role as well. Hence he has resigned from the Board with effect from 20 May 2020. I would like to thank him for his contribution during his tenure on the Board and wish him well in his new role.

The Board has asked me to remain as Chairman until a new appointment has been made, and I was very pleased to accept that.

We have therefore started the search process again for a replacement, and I hope we will be making an announcement on this in due course. Maria Bentley has again agreed to become Chair of the Nomination Committee to lead the search for suitable candidates.

Succession

We have also commenced the search process for a new Director to replace Roger Lewis, who has now served on the Board for ten years, and will step down once his successor has been appointed. We expect that the new appointee will take over as Chair of the Property Valuation Committee.

The selection process for a new appointment is described in more detail in the Nomination Committee Report.

Governance

This year we are reporting against the 2018 Corporate Governance Code for the first time. The Code contains updated Principles of good corporate governance. The application of these new Principles is described within the following Corporate Governance Report, and also within the various Committee reports. We have set out how we have engaged with all of our stakeholders within the new Section 172 Statement and also within Acting Responsibly.

Our Compliance Statement is set out within the Directors' Report.

This has been the first full year as a UK REIT, with management established in the UK. We have maintained the same structure of Board and management committees, and I believe these are working well, and provide an appropriate framework for the governance and decision-making within the Company.

Our people and culture

We have further developed our programme of employee engagement this year. Previously we had appointed Maria Bentley as our Non-Executive Director with responsibility for employee engagement. This year we have carried out an employee survey, and this was followed up with a discussion forum attended by Maria and the team, but without the Executive Directors. The issues raised through the survey were covered and as a result a number of actions were agreed and implemented.

Our team is key to the success of the business and underpins our occupier focused approach. This year there have been some changes made to the team, including the appointment of a new Head of Occupier Services. This new role is focused on ensuring that our occupiers receive excellent property management, in line with our Picton Promise.

The Responsibility Committee has extended the Company's relationship with Coram, a charity helping and supporting vulnerable children and young people. Some team members have volunteered at Coram events, and we hope this will be maintained despite these current difficult circumstances. This relationship is in keeping with the Company's culture and values, where we encourage employees to take part in community and charitable activities.

The wellbeing of our team is uppermost in these extraordinary circumstances and the Board fully supports the efforts being made to maintain team activities and morale while working remotely.

Board evaluation

This year we carried out an internal evaluation of the Board, based on a detailed questionnaire prepared by the Company's Administrator. All of the Directors completed the questionnaire, and the anonymised results were then discussed by the Board at their next meeting.

As part of the evaluation this year we considered the committee structure, particularly the need for a separate Property Valuation Committee, and concluded that we would retain the existing structure.

It was concluded that the Board was working effectively, as were the Board Committees. A number of specific actions were identified, and these have been addressed.

Nicholas Thompson
Chairman

22 June 2020