

Remuneration Report

Remuneration Committee

Focus areas for 2023/2024

- / New Remuneration Policy
- / Bonus and LTIP awards
- / Remuneration package for new Chief Financial Officer

The Remuneration Committee is chaired by Maria Bentley. The other members of the Committee are Mark Batten, Richard Jones and Lena Wilson.

Other attendees at Committee meetings during the year were Michael Morris and Andrew Dewhirst. Neither participated in discussions relating to their own remuneration.

Maria Bentley
Chair of the
Remuneration Committee



Our objective is to provide straightforward remuneration packages for our Executive Directors, to fairly reward delivery of strategic priorities and enhanced shareholder value.

Maria Bentley
Chair of the Remuneration Committee

Terms of reference

The principal functions of the Committee as set out in the terms of reference include the following matters:

- / Review the ongoing appropriateness and relevance of the Directors' Remuneration Policy;
- / Determine the remuneration of the Chair, Executive Directors and such members of the executive management as it is designated to consider;
- / Review the design of all share incentive plans for approval by the Board; and
- / Appoint and set the terms of reference for any remuneration consultants.

 Visit our [website picton.co.uk](https://www.picton.co.uk)

Advisers

During the year, Deloitte LLP has provided independent advice in relation to market data, share valuations, share plan administration and content of the Remuneration Report. Total fees for the year were £54,580 (calculated on a time spent basis). Deloitte LLP is a founding member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. In addition, Deloitte also provided taxation services and advice to the Company during the year. The Committee has reviewed the nature of this additional advice and is satisfied that it does not compromise the independence of the advice that it has received.

100%

Team aligned through bonus deferral and LTIP

Annual statement

Dear Shareholders

Introduction

On behalf of the Board, I am pleased to introduce the Remuneration Committee Report for the year ended 31 March 2024.

This report comprises three sections:

- / This annual statement;
- / The proposed new Directors' Remuneration Policy; and
- / The Annual Report on Remuneration for the year ended 31 March 2024.

The Committee met six times during the year and set out below is a summary of its activity.

Revised Remuneration Policy

Our objective is to provide straightforward remuneration packages for our Executive Directors, fair and reasonable for all stakeholders, which are designed so as to attract and retain the right talent and to fairly reward delivery of strategic priorities and enhanced shareholder value.

The current Directors' Remuneration Policy was set in 2021 and approved by shareholders at the Annual General Meeting that year. It is now approaching the end of its three-year life, and we are putting forward a revised Policy for approval by shareholders this year. Our existing Policy is already compliant with the Corporate Governance Code so there are only minor changes being made in the proposed new Policy. A summary of the changes is set out on page 113.

New Executive Director

During the year, the Committee considered and approved the remuneration of Saira Johnston, who joined the Board as Chief Financial Officer on 1 April 2024, replacing Andrew Dewhirst. The Committee agreed that the base salary for Saira Johnston would be £240,000. Details of her entitlement to incentives in 2024/25 are set out in the Implementation of Policy section of this statement. In addition, the Committee agreed that she would receive buy-out awards of £240,000 under the Deferred Bonus Plan in June 2024, payable in shares and vesting in two years' time, and a cash payment of £35,000, both as compensation for the forfeit of awards from her previous employment.

Group performance and alignment

We have set out on pages 20 to 23, the Key Performance Indicators (KPIs) that we currently use to monitor the success of the business. In order to appropriately align executive remuneration with business performance we incorporate KPIs within our incentive schemes. For both 2023/24 and 2024/25, the KPIs that we are using to determine variable remuneration are set out in the table above.

The remaining 40% of the annual bonus is determined by corporate objectives.

The key performance highlights noted by the Committee included:

/ The total property return was ahead of the MSCI UK Quarterly Property Index for the year, and our long-term record of outperformance has been maintained over one, three, five and ten years, and since launch in 2005;

/ EPRA earnings rose by 2.2% compared to 2022/23;

/ The portfolio ERV increased by 3% over the year;

/ Net property income rose by 4.5% compared to the previous year;

/ Further progress on the installation of on-site renewables, increasing capacity by 184%;

/ Contracts exchanged on the disposal of two part vacant office assets, facilitating loan repayment and dividend increase;

/ The proportion of the portfolio's EPC ratings (A-C) has increased to 80% from 76% last year; and

/ Scope 1 and 2 greenhouse gas emissions are 16% below the 2019 baseline.

Measure	Comparator	Annual bonus	Long-term Incentive Plan
Total return	Relative to comparator group	✓ (30% weighting)	
Total property return	Relative to MSCI UK Quarterly Property Index	✓ (30% weighting)	✓ (33% weighting)
Total shareholder return	Relative to comparator group		✓ (33% weighting)
EPRA EPS	Absolute target range		✓ (33% weighting)

Annual bonus awards for 2023/24

The Executive Directors were set a number of challenging targets for this year, comprising a combination of financial measures and corporate and personal objectives.

The two financial measures were total return and total property return. The actual outcomes are set out in the Annual Report on Remuneration, but the overall result was that the Directors earned an estimated 46% of the maximum award available under these financial measures.

The corporate objectives were set to ensure that specific key strategic targets were focused on. These included targets relating to improving income and occupancy, the disposal of assets in line with the alternative use strategy, identification and evaluation of growth opportunities and sustainability, including progress against the net zero carbon pathway. The Committee considered the extent to which the Executive Directors had met the objectives, and concluded that good progress had been made against many, but noted that occupancy had remained stable and that operating costs had increased significantly this year. Overall, the Committee considered that an outcome of 65% of the maximum award for each of the two Executive Directors were merited against the corporate objectives.

In aggregate, annual bonus awards for the two Executive Directors are 54% of the maximum award (2022/23: 77% of maximum).

The Committee considered the overall bonus awards against the reported financial results and determined that the proportion of the bonus deferred be set at a higher than standard 55% for the Executive Directors.

The Committee considered the formulaic bonus outcome in the context of the Group's overall performance for the year. The key highlights of performance for the year are set out earlier in this statement.

The Committee concluded that it was satisfied the formulaic bonus outcome was a fair reflection of overall Group performance during the past financial year.

Long-term Incentive Plan awards (performance period to 31 March 2024)

The LTIP provides the link between the long-term success of the Company and the remuneration of the whole team. The awards made under the Long-term Incentive Plan (LTIP) in June 2021 were based on three performance conditions measured over the three-year period ended on 31 March 2024. The Committee has assessed the extent to which these three performance conditions have been met.

The three equally weighted performance conditions were total shareholder return, total property return and growth in EPRA earnings per share. The actual outcomes for these conditions are set out in the Annual Report on Remuneration and give rise to an overall award of 49.2% of the maximum granted. As explained above, the Committee concluded that it was satisfied the formulaic outcome was a fair reflection of overall Group performance over the performance period.

Employee remuneration and engagement

As in prior years, the Committee received an independent benchmarking report covering each of the roles, which detailed market trends. Having considered the report, the Committee determined that, for the team as a whole (excluding the Executive Directors), there would be an overall average rise of 3.2% in base salaries with effect from 1 April 2024. The average employee bonus (excluding the Executive Directors) fell by 15.6%, reflecting our continued outperformance but also the more difficult economic and property market conditions.

I have met informally with the team on a number of occasions this year, and we have also carried out our annual employee engagement survey. This is discussed in more detail elsewhere, but the results continue to demonstrate a high level of satisfaction among the team.

UK Corporate Governance Code

We have considered the provisions of the Code in respect of remuneration and believe that our approach remains compliant. In particular, we operate a consistent level of pension provision across our workforce; LTIP awards are only released to Executive Directors five years after award; and malus and clawback provisions apply to all incentive awards. We have provisions in the rules of our remuneration share plans that prevent, other than in exceptional circumstances, accelerated vesting of awards when an employee leaves Picton. We also have post-employment shareholding guidelines in place.

The remuneration arrangements provide alignment with shareholders through the use of financial metrics and corporate objectives. All members of the team participate in the annual bonus and LTIP, not just the Executive Directors. The Remuneration Policy and its components are clearly set out in this report and the rules of the variable remuneration schemes are available to the whole team. We use standard performance metrics, which are also key performance indicators for the business, to determine awards. There are clear target and maximum levels for each metric.

The Committee believes that the variable remuneration schemes in place are fair and proportionate and align the remuneration of the team with the Group's performance. We are also satisfied that the remuneration structure does not encourage inappropriate risk-taking. The Committee does retain discretion over formulaic outcomes if it considers that these are not a fair reflection of the Group's performance.

Implementation of Policy

Our remuneration structure will be in accordance with the Policy for the year to 31 March 2025.

For 2024/25 the Committee agreed that there would be no increases in base salaries for the Executive Directors. The maximum annual bonus potential for 2024/25 will remain at 145% of base salary for the Executive Directors. As in previous years the annual bonus will be determined 60% by financial metrics and 40% by corporate objectives. For 2024/25 we will continue to use two financial metrics, being total return, relative to a comparator group, and total property return, relative to the MSCI UK Quarterly Property Index.

The award for the Chief Executive under the Long-term Incentive Plan has remained at last year's level to reflect the lower share price and discount to net asset value, and to avoid any windfall gains arising on vesting. This year no award has been made to the Chief Financial Officer due to the buy-out awards granted on her appointment as set out on page 110. For the awards to be made in June 2024 for the three-year period to 31 March 2027, we will retain the three performance measures used previously, being:

- / Total shareholder return, compared to a comparator group
- / Total property return, compared to the MSCI UK Quarterly Property Index
- / Growth in EPRA earnings per share

For the growth in EPRA earnings per share, we intend to use an absolute range of targets based on forecasts over the performance period.

The Committee is satisfied that the significant deferral element to the annual bonus combined with the Long-term Incentive Plan opportunity plus shareholding guidelines ensures that Executive Directors are aligned with and focused on delivering long-term growth.

The Committee agreed that fee levels for the Chair and Non-Executive Directors would be increased by an average of 2.0% from 1 April 2024, and that an additional fee of £8,000 per annum for the role of Senior Independent Director be introduced.

As a Committee, we are committed to ongoing dialogue with our shareholders and welcome any feedback regarding our remuneration practices ahead of the Annual General Meeting. We look forward to receiving your continued support at the forthcoming Annual General Meeting.

Maria Bentley

Chair of the Remuneration Committee
22 May 2024







Revised Policy Overview

The below table summarises the revised Directors' Remuneration Policy which will be put forward to shareholders at the 2024 AGM.

 The full Policy can be found on pages **116-119**

The current Directors' Remuneration Policy was approved by our shareholders at the Annual General Meeting in 2021. The Remuneration Committee has reviewed the continued appropriateness of the current Policy relative to our strategic priorities, governance requirements and evolving market practice. Input was sought from the Chief Executive and Finance Director whilst ensuring that conflicts of interest were suitably mitigated. An external perspective was provided by our independent advisers, Deloitte, and previous feedback from shareholders.

Shareholder approval will be sought at the forthcoming Annual General Meeting for the updated Policy and key changes to the Policy are summarised below with the full Policy set out on pages 116-119. Subject to shareholder approval, the updated Policy will take effect immediately after the Annual General Meeting and will apply to the 2024/25 financial year.

	Current Policy	Proposed changes and why
 Base salary	Base salaries are normally reviewed annually with changes effective on 1 April.	No changes
 Benefits	This principally comprises private medical insurance, life assurance and permanent health insurance, and other benefits may be provided as appropriate.	No changes
 Pension contributions	The Company has established defined contribution pension arrangements for all employees. A consistent rate of pension provision of 15% applies to all employees, including Executive Directors.	No changes
 Annual bonus	The annual bonus is based on a range of targets (measured over a period of up to one year) set by the Committee. The maximum bonus permitted under the Policy will be 175% of base salary. At least 50% of the annual bonus will be paid in the Company's shares and deferred for two years, although the Committee has discretion to amend the required level of deferral upwards or downwards.	No changes
 LTIP	Awards under the LTIP are granted annually usually in the form of a conditional share award and will vest after three years subject to meeting performance conditions, determined by the Committee. The maximum value of awards is 150% of base salary. A further holding period of two years after vesting is normally applied.	No changes
 Non-Executive Directors fees	Annual fee for the Chair, and annual base fees for other Non-Executive Directors. Additional fees for those Directors chairing a Board Committee.	Additional fees may also be paid for acting as Senior Independent Director or where there is a significant additional time commitment. The annual limit for Non-Executive Directors' remuneration will increase to £425,000, subject to approval by shareholders at the Annual General Meeting.
Shareholding guidelines	Executive Directors are expected to build up and maintain a minimum shareholding equivalent to 200% of base salary, and remain compliant for a period of two years post-employment.	No changes

Remuneration at a glance

The components of remuneration for 2023/24 are:

Fixed pay



Base salary



Benefits

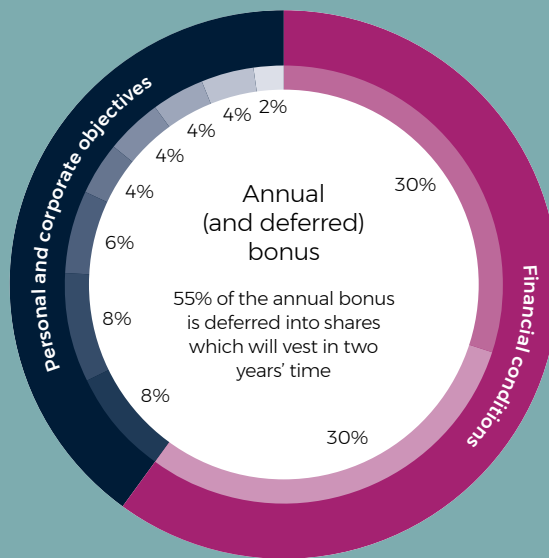


Pension contributions

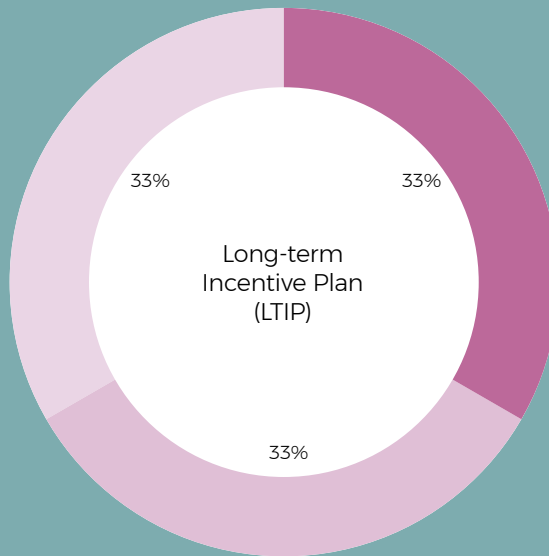
Read more on pages 120-126

Variable pay

The annual bonus for 2023/24 is determined by:



The LTIP is based on three financial metrics, each measured over three years:



Personal and corporate objectives

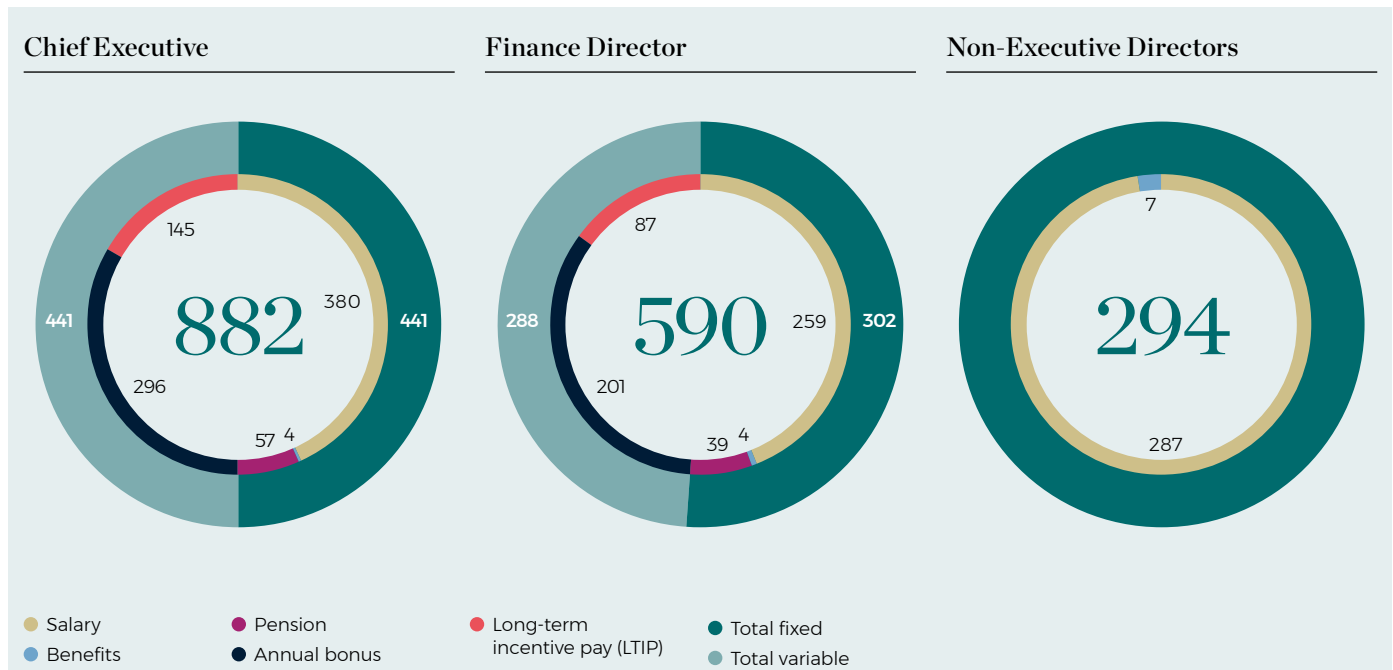
- Improve net income
- Identify and evaluate growth opportunities
- Make progress against net zero carbon pathway
- Reduce portfolio void
- Make asset disposals
- Positive stakeholder engagement
- Successful CFO succession planning and transition
- Successful internalisation of company secretarial function

Financial conditions

- Total return
- Total property return
- Growth in EPRA earnings per share
- Total shareholder return

See page 121 for Performance conditions and assessment

The single figure of remuneration for the Directors for the year 2023/24 (in £ thousands) is:



The potential remuneration of the Executive Directors, excluding buy-out awards, for the year to 31 March 2025 is:

The following charts show the composition of the Executive Directors' remuneration at three performance levels:

/ Fixed pay – base salary from 1 April 2024, benefits and pension salary supplement of 15% of base salary

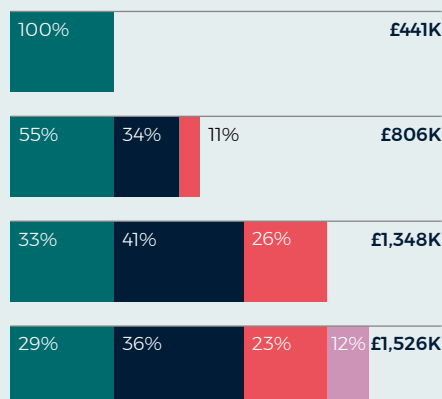
/ On target – fixed pay plus target vesting for the annual bonus (at 50% of maximum opportunity for illustrative purposes) and threshold vesting for the LTIP (at 25% of maximum award)

/ Maximum – fixed pay plus maximum vesting for both the annual bonus (145% of base salary) and the LTIP (93.75% (Chief Executive) of base salary)

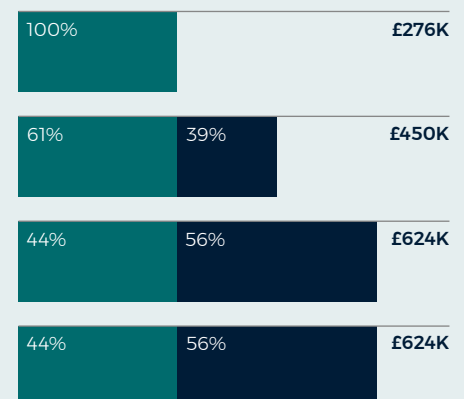
/ Maximum with share price growth – maximum scenario incorporating assumption of 50% share price growth during LTIP vesting period

Other than where stated, the charts do not incorporate share price growth or dividend equivalent awards.

Chief Executive



Chief Financial Officer



Legend: Total fixed (teal), Annual bonus (dark blue), Long-term incentive pay (LTIP) (red), Share growth (pink)

Directors’ Remuneration Policy

The current Directors’ Remuneration Policy was approved by our shareholders at the Annual General Meeting in 2021. Subject to shareholder approval, the updated Remuneration Policy will take effect immediately after the Annual General Meeting and will apply to the 2024/25 financial year.

The updated Policy is essentially consistent with the Policy approved in 2021.

The new Policy contains flexibility to pay additional fees to Non-Executive Directors for additional responsibilities such as Senior Independent Director or if their responsibilities incur significant additional time commitment. Subject to shareholder approval, the annual limit for Non-Executive Director fees will be increased for the first time since 2012 to £425,000.

Principles

The objective of the Group’s Remuneration Policy is to have a simple and transparent remuneration structure aligned with the Group’s strategy.

The Group aims to provide a remuneration package which will retain Directors who possess the skills and experience necessary to manage the Group and maximise shareholder value on a long-term basis. The Remuneration Policy aims to incentivise Directors by rewarding performance through enhanced shareholder value.

Executive Directors’ Remuneration Policy Table

Base salary

Purpose	A base salary to attract and retain Executives of appropriate quality to deliver the Group’s strategy.
Operation	Base salaries are normally reviewed annually with changes effective on 1 April. When setting base salaries the Committee will consider relevant market data, as well as the scope of the role and the individual’s skills and experience.
Maximum	No absolute maximum has been set for Executive Director base salaries. Any annual increase in salaries is set at the discretion of the Remuneration Committee taking into account the factors stated in this table and the following principles: / Salaries would typically be increased at a rate no greater than the average employee salary increase / Larger increases may be considered appropriate in certain circumstances (including, but not limited to, a change in an individual’s responsibilities or in the scale of their role or in the size and complexity of the Group) / Larger increases may also be considered appropriate if a Director has been initially appointed to the Board at a lower than typical salary
Performance measures	None
Clawback	None

Pension

Purpose	Part of competitive remuneration package.
Operation	The Company has established defined contribution pension arrangements for all employees. For Executive Directors the Company currently pays a monthly salary supplement in lieu of Company pension contributions, although retains discretion to alternatively offer the defined contribution arrangements.
Maximum	A consistent rate of pension provision applies to all employees, including Executive Directors. In 2024/25, this is 15% of base salary.
Performance measures	None
Clawback	None

Benefits

Purpose	Part of a competitive remuneration package.
Operation	This principally comprises: / Private medical insurance / Life assurance / Permanent health insurance The Committee may agree to provide other benefits as it considers appropriate.
Maximum	Benefits are provided at market rates.
Performance measures	None
Clawback	None

Annual bonus

Purpose	A short-term incentive to reward Executive Directors on meeting the Company's annual financial and strategic targets and on their personal performance.
Operation	At least 50% of the annual bonus will be paid in the Company's shares and deferred for two years. The Committee has discretion to amend the required level of deferral upwards or downwards as appropriate including discretion to waive the requirement for deferral for a departing Executive Director as outlined in the loss of office section or where dealing restrictions prevent share awards being granted. Any use of this discretion would be clearly disclosed and explained in the relevant Remuneration Report. Dividend equivalents will be paid at the end of the deferral period (in the form of shares or cash).
Maximum	The maximum bonus permitted under the Policy will be 175% of base salary. The level of bonus opportunity within this maximum will be determined by the Committee each year. In 2024/25, the maximum opportunity will be limited to 145% of base salary.
Performance measures	The annual bonus is based on a range of financial, strategic, ESG, operational and individual targets (measured over a period of up to one year) set by the Committee. The weightings will also be determined annually to ensure alignment with the Company's strategic priorities, although at least 50% of the award will usually be assessed on corporate financial measures. For corporate financial measures, 50% of the maximum bonus opportunity will be payable for on-target performance and, if applicable, up to 25% for threshold performance.
Clawback	Malus and clawback provisions may be applied in the event (within two years of bonus determination/grant of the deferred bonus shares) of a material misstatement of the audited financial results, an error in assessing a performance condition applicable to the award or in the information or assumptions on which the award was granted or is released, a material failure of risk management, material misconduct on the part of the award holder or a corporate failure.

Long-term Incentive Plan

Purpose	A Long-term Incentive Plan to align Executive Directors' interests with those of shareholders and to promote the long-term success of the Company.
Operation	Awards are granted annually usually in the form of a conditional share award or nil cost option. Awards will normally vest at the end of a three-year period subject to meeting the performance conditions and continuing employment. The Remuneration Committee may award dividend equivalents (in the form of shares or cash) on awards that vest. The Committee will usually apply a holding period of a further two years to awards that vest.
Maximum	Annual awards with a maximum value of up to 150% of base salary may be made.
Performance measures	Vesting will be subject to performance conditions, aligned to the corporate strategy, as determined by the Committee on an annual basis. In 2024/25, there will be three equally weighted performance conditions, each usually measured over a three-year performance period. The Committee has the flexibility to vary the number of conditions and their weighting for each award. For threshold levels of performance up to 25% of the award vests, rising usually on a straight-line basis to 100% for maximum performance.
Clawback	Malus and clawback provisions may be applied in the event (within five years of grant) of a material misstatement of the audited financial results, an error in assessing a performance condition applicable to the award or in the information or assumptions on which the award was granted or is released, a material failure of risk management, material misconduct on the part of the award holder or a corporate failure.

Remuneration Report / Continued

Shareholding guidelines

Purpose	To align Executive Directors with the interests of shareholders.
Operation	<p>Whilst in employment, Executive Directors are expected to build up and thereafter maintain a minimum shareholding equivalent to 200% of base salary.</p> <p>The Committee will review progress towards the guideline on an annual basis and has the discretion to adjust the guideline in what it feels are appropriate circumstances.</p> <p>Executive Directors will also be expected to remain compliant with the above guideline for a period of two years post-employment. This requirement applies to shares from incentive awards released subsequent to the 2021 Annual General Meeting. The Committee retains discretion to waive this guideline if it is not considered appropriate in the specific circumstances.</p>
Maximum	Not applicable
Performance measures	Not applicable
Clawback	Not applicable

Non-Executive Directors' Policy Table

Fees

Purpose	To provide competitive Director fees.
Operation	<p>Annual fee for the Chair, and annual base fees for other Non-Executive Directors.</p> <p>Additional fees for those Directors with additional responsibilities such as chairing a Board Committee, acting as Senior Independent Director or where a Director incurs significant additional time commitment. Additional fees would also be payable in the event a Non-Executive Director temporarily took on an Executive Director role. All fees will be payable monthly in arrears in cash.</p> <p>Fees will usually be reviewed independently every three years.</p> <p>The independent Non-Executive Directors are not eligible to receive share options or other performance-related elements or receive any other benefits other than where travel to the Company's registered office is recognised as a taxable benefit in which case a Non-Executive Director may receive the grossed-up costs of travel as a benefit. Non-Executive Directors are entitled to reimbursement of reasonable expenses.</p>
Maximum	The Company's Articles set an annual limit for the total of Non-Executive Directors' remuneration of £425,000, subject to the approval of shareholders at the 2024 Annual General Meeting.
Performance measures	None
Clawback	None

Notes to table:

- The Committee may amend or substitute any performance condition(s) if one or more events occur which cause it to determine that an amended or substituted performance condition would be more appropriate, provided that any such amended or substituted performance condition would not be materially less difficult to satisfy than the original condition (in its opinion). The Committee may adjust the calculation of performance targets and vesting outcomes (for instance, for material acquisitions, disposals or investments and events not foreseen at the time the targets were set) to ensure they remain a fair reflection of performance over the relevant period. The Committee also retains discretion to make downward or upward adjustments resulting from the application of the performance measures if it considers that an adjustment is appropriate (for example, if the outcomes are not deemed by the Committee to be a fair and accurate reflection of business performance). In the event that the Committee was to make an adjustment of this sort, a full explanation would be provided in the next Remuneration Report.
- Performance measures - annual bonus. The annual bonus measures are reviewed annually and chosen to focus executive rewards on delivery of key financial targets for the forthcoming year as well as key strategic or operational goals relevant to an individual. Specific targets for bonus measures are set at the start of each year by the Remuneration Committee based on a range of relevant reference points, including for Group financial targets, and the Company's business plan and are designed to be appropriately stretching.
- The Committee may amend the terms of awards granted under the share schemes referred to above in accordance with the rules of the relevant plans. This includes the flexibility to settle equity awards in cash.
- Performance measures - LTIP. The LTIP performance measures will be chosen to provide alignment with our longer-term strategy of growing the business in a sustainable manner that will be in the best interests of shareholders and other key stakeholders in the Company. Targets are considered ahead of each grant of LTIP awards by the Remuneration Committee taking into account relevant external and internal reference points and are designed to be appropriately stretching.
- The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed (i) before the Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Remuneration Policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.
- The Committee may make minor amendments to the Remuneration Policy for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation, without obtaining shareholder approval for that amendment.
- The Non-Executive Directors' fee cap has not been adjusted since 2012.

Service contracts

Executive Directors will have service contracts, comprising the remuneration elements set out within this Policy. There will be no fixed length of service but the contracts can be terminated by either party by giving the other notice in writing for a period not exceeding 12 months.

On termination the applicable payments for each element of remuneration are set out below.

The Executive Director service contracts will be available for inspection at the Company's registered office.

Letters of appointment

Each independent Non-Executive Director has a letter of appointment which sets out the terms and conditions. They have a six-month notice period and their appointment would terminate without compensation if not re-elected at the Annual General Meeting. The independent Directors have no service contracts or interests in any material contracts with the Group.

Recruitment

The remuneration package for a new Executive Director would follow, as far as practicable, the above Policy Table. Salaries would reflect the skills and experience of the individual and may be set at a level to allow progression and performance in the role. The structure of the variable remuneration elements would reflect those in the Policy Table. However, the Committee may flex the balance between annual and long-term incentives and the measures used to assess performance. If appropriate, different measures and targets may be applied to a new appointment's annual bonus and/or LTIP in their year of joining. Variable pay would be subject to the maximums set out in the Policy Table.

Where necessary the Committee may approve the payment of relocation expenses to facilitate recruitment, and flexibility is retained to pay for legal fees and other costs incurred by the individual in relation to their appointment.

Where an Executive Director is an internal promotion, the normal policy is that any legacy arrangements would be honoured in line with the original terms and conditions. Similarly, if an Executive Director is appointed following the Company's acquisition of or merger with another company, legacy terms and conditions would be honoured.

Remuneration arrangements for a new Non-Executive Director would be consistent with the above Policy. In the event that a Non-Executive Director is required to temporarily take on the role of an Executive Director, their remuneration may include any of the elements listed in the Policy Table for Executive Directors.

The Committee may agree to make compensatory payments for any remuneration arrangements subject to forfeit on leaving a previous employer. This would be considered for each specific case, taking into account any relevant factors relating to the recruitment. There is no limit on such payments, but the Committee would not intend to pay more than the commercial value forfeited. If necessary, the Committee may grant such awards under Listing Rule 9.4.2 R.

Policy for other employees

Remuneration for other employees broadly follows the same principles as for Executive Directors. A significant element of remuneration is linked to performance measures. All employees usually participate in the Long-term Incentive Plan and in the annual bonus. The weighting of individual and corporate measures is dependent on an individual's role.

The Committee does not formally consult with employees when determining Executive Director pay. However, the Committee is kept informed of general management decisions made in relation to employee pay and is conscious of the importance of ensuring that its pay decisions for Executive Directors are regarded as fair and reasonable within the business.

Policy for payment on loss of office

On cessation of employment of an Executive Director, the Committee will honour any contractual arrangements in place. The Committee may make any other payments in connection with loss of office in discharge of legal obligations or by way of a compromise or settlement of any claim arising. This may include reasonable amounts for outplacement assistance and professional or legal advice. In some cases, a departing Director may receive a modest leaving gift.

The Committee may, at its discretion, make an annual bonus payment for the year of cessation depending on the reason for leaving. The Committee will take into consideration appropriate performance measures which may include the individual's performance and contribution during the year, and the Group's financial results. The bonus would usually be time pro-rated and may be settled wholly in cash.

The treatment of outstanding deferred bonus and Long-term Incentive Plan awards will be governed by the relevant plan rules. In both cases unvested awards will normally lapse unless the participant is determined to be a good leaver. The vesting date for a good leaver's awards will normally be the original vesting date, but the Committee has the flexibility to determine that awards may vest at an earlier date. The Committee's determination of the extent to which a good leaver's LTIP awards should vest will take into account the extent to which performance conditions are met either at the date of cessation of employment or the end of the original performance period and, unless the Committee determines otherwise, will be adjusted on a time pro-rated basis. Where an individual leaves after the vesting date but before the end of any holding period, they will retain their LTIP awards unless summarily dismissed with awards being released at the normal date unless the Committee determines that they should be released at an earlier date.

Annual Report on Remuneration

The table below sets out the total remuneration receivable by each of the Directors who held office during the year to 31 March 2024, with a comparison to the previous financial year:

		Salary/fees £000	Benefits £000	Pension salary supplement £000	Total fixed £000	Annual bonus £000	Deferred bonus £000	Long-term Incentive Plan £000	Total variable £000	Total £000
Executive										
Michael Morris	2024	380	4	57	441	133	163	145	441	882
	2023	331	3	50	384	157	236	125	518	902
Andrew Dewhurst	2024	259	4	39	302	90	111	87	288	590
	2023	225	3	34	262	107	160	75	342	604
Non-Executive										
Lena Wilson	2024	122	6	-	128	-	-	-	-	128
	2023	117	5	-	122	-	-	-	-	122
Mark Batten	2024	55	-	-	55	-	-	-	-	55
	2023	53	-	-	53	-	-	-	-	53
Maria Bentley	2024	55	1	-	56	-	-	-	-	56
	2023	53	-	-	53	-	-	-	-	53
Richard Jones	2024	55	-	-	55	-	-	-	-	55
	2023	53	-	-	53	-	-	-	-	53
Total (audited)	2024	926	15	96	1,037	223	274	232	729	1,766
	2023	832	11	84	927	264	396	200	860	1,787

Benefits for the Executive Directors comprise private medical insurance and life assurance. Non-Executive Directors are reimbursed expenses incurred in connection with travel and attendance at Board meetings. These expenses are taxable where the meetings take place at the Company's main office. The Company settles the tax on behalf of the Non-Executive Directors.

Executive Directors receive a salary supplement of 15% of base salary in lieu of Company pension contributions.

The above figures for 2023 for the Executive Directors for annual bonus and LTIP awards have been re-stated. The estimated figures for annual bonus included in last year's report were £301,000 (Michael Morris) and £205,000 (Andrew Dewhurst). The estimates included an outcome of 0% for the relative total return metric. The final outcome was determined to be 60% and the awards were adjusted to £393,000 (Michael Morris) and £267,000 (Andrew Dewhurst). The Company's total return for the year of (13.9)% was above the median return of (14.2)% but below the upper quartile return of (11.6)%. The above 2023 LTIP figures for the Executive Directors have been restated to reflect the actual share price at vesting (65.5 pence) rather than the average for the quarter ended 31 March 2023 (74.41 pence). This restatement represents a decrease in the value of the 2023 LTIP awards of £12,000 for Michael Morris and of £7,000 for Andrew Dewhurst.

The value of LTIP awards for 2024 is based on the number of shares to be awarded to the Executive Directors in respect of the June 2021 LTIP awards and the average share price over the quarter ended 31 March 2024 of 62.63 pence, and the estimated value of dividend equivalents.

Annual bonus for 2023/24

The annual bonus for the year ended 31 March 2024 for the Executive Directors was based on a combination of financial metrics (60%) and corporate objectives (40%).

The targets set for the year ended 31 March 2024 and the assessment of actual performance achieved are set out in the table below.

The financial metrics comprised two equally weighted components: total return relative to a comparator group of similar companies, set out later in this report; and total property return compared to the MSCI UK Quarterly Property Index.

At the date of this report, not all of the companies in the total return comparator group had announced their results to 31 March 2024 and the Committee has estimated, based on the results to date, that this condition will not be met, resulting in an award of 0%. The Committee will determine the actual outcome of this condition once all companies have reported, and any adjustment required between the estimate and actual will be made in next year's Remuneration Report. There will be no payout of the bonus until a finalised result can be confirmed.

Performance condition	Basis of calculation	Range	Actual	Awarded (% of maximum)	Awarded (% of salary)
Total return versus comparator group Bonus weighting: 30%	Less than median - 0% Equal to median - 50% Equal to upper quartile - 100%	Not yet available	(0.1)%	0% (estimate)	0% (estimate)
Total property return versus MSCI Index Bonus weighting: 30%	Less than median - 0% Equal to median - 50% Equal to upper quartile - 100%	Median 0.1% Upper quartile 1.9%	1.6%	92.1%	40.1%

The corporate objectives for the Executive Directors for the year to 31 March 2024 were determined by the Remuneration Committee and accounted for 40% of the maximum award.

The corporate objectives applying to both Executives, and the assessment of performance against these, are as follows:

Performance condition	Assessment	Awarded (% of maximum)	Awarded (% of salary)
Improve net income Bonus weighting: 8%	A number of key income metrics moved positively over the year. There were 3% increases in both passing and contracted rent, and ERV growth. Net property income grew by 4.5% compared to the previous year. However operating costs rose by 21%, albeit including many one-off items. EPRA earnings increased by 2%.	60%	7.0%
Identify and evaluate growth opportunities Bonus weighting: 8%	A number of opportunities were considered during the year and extensive due diligence performed. The proposed merger with another UK REIT progressed significantly to a point where both Boards were in a position to recommend it to shareholders. However, as announced on 21 November 2023, the largest shareholder of the counterparty did not support the transaction.	50%	5.8%
Make progress against net zero carbon pathway Bonus weighting: 6%	Significant progress was made in respect of the roll-out of solar installations with an increase in capacity of 184%, with new installations at five properties. Data collection is continuing but has not reached last year's level. Like-for-like Scope 1 emissions have reduced compared to the previous year, although absolute Scope 1 emissions have risen due to the impact of one asset acquired during 2022.	60%	5.2%
Reduce portfolio void Bonus weighting: 4%	The overall void rate at 31 March 2024 has remained at 91%. This has reduced subsequent to the year-end following the sale of Angel Gate Office Village, and will reduce further when the agreed sale of Longcross, Cardiff completes. Excluding these two properties the void rate would be 93%.	25%	1.5%
Make asset disposals Bonus weighting: 4%	The key disposals identified were those of Angel Gate Office Village and Longcross, Cardiff, in order to progress the alternative use strategy. Both sales exchanged contracts prior to the year-end, with Angel Gate completing shortly afterwards and Longcross due to complete later in 2024, subject to planning consent.	95%	5.5%
Positive stakeholder engagement Bonus weighting: 4%	All resolutions at the 2023 Annual General Meeting were passed with a minimum of 94% in favour. The employee satisfaction score has increased from 82% to 86%. Staff turnover was very low for the year. However the share price discount to net assets has widened over the year. Feedback from the occupier surveys was positive, and satisfaction higher than the previous year.	70%	4.1%
Successful CFO succession planning and transition Bonus weighting: 4%	A new Chief Financial Officer was identified following a suitable recruitment process. A successful and orderly transition has taken place in respect of this key position.	100%	5.8%
Successful internalisation of company secretarial function Bonus weighting: 2%	The transfer of this function took place on 1 October. As well as identification and appointment of new Guernsey based providers, the transition was also dependent on obtaining lender consent across three facilities for the change of Trustee.	100%	2.9%

Remuneration Report / Continued

As discussed in the Committee Chair's statement on pages 109 to 112, the Committee considered the formulaic bonus outcome in the context of the Group's overall performance for the year and concluded that it was satisfied that the formulaic bonus outcome was a fair reflection of overall Group performance during the year. The Committee was also satisfied that the above performance was achieved within an acceptable risk profile, as confirmed by the Audit and Risk Committee.

Subject to the estimated total return component noted above, the overall annual bonus outcome for the Executive Directors is, therefore, as follows:

	Financial metrics (out of maximum 60%)	Corporate objectives (out of maximum 40%)	Overall bonus % of maximum	Bonus % of salary	Total bonus £
Michael Morris	27.6	26.0	53.6	77.8	295,700
Andrew Dewhurst	27.6	26.0	53.6	77.8	201,100

This year, the Committee has determined that the proportion of the bonus deferred be set at 55% of the annual bonuses awarded to the Executive Directors and payable in shares in two years' time. Dividend equivalents will accrue on the shares and these will be paid in cash when the awards vest.

Long-term Incentive Plan

The LTIP awards granted on 22 June 2021 were subject to performance conditions for the three years ended 31 March 2024. The performance conditions and the actual performance for these were as follows:

Performance condition	Basis of calculation	Range	Actual	Weighting (% of award)	Awarded (% of maximum)
Total shareholder return versus comparator group	Less than median - 0% Equal to median - 25% Equal to upper quartile - 100%	Median - (2.1)% Upper quartile - 17.8%	(15.7)%	33.3%	0%
Total property return versus MSCI Index	Less than median - 0% Equal to median - 25% Equal to upper quartile - 100%	Median - 1.8% Upper quartile - 3.5%	4.9% (above upper quartile)	33.3%	100%
Growth in EPRA EPS	Less than 3.85 pence per share for the year ended 31 March 2024 - 0% Equal to 3.85 pence per share for the year ended 31 March 2024 - 25% Equal or greater than 4.25 pence per share for the year ended 31 March 2024 - 100%		3.97p	33.3%	47.5%

The Committee was satisfied that the above performance was achieved within an acceptable risk profile. As discussed in the Committee Chair's statement on pages 109 to 112, the Committee considered the formulaic LTIP outcome in the context of the Group's overall performance over the performance period and concluded that it was satisfied the formulaic outcome was a fair reflection of overall Group performance during the period. Based on the vesting percentage above, the shares awarded and their estimated values, using an average share price of 62.63 pence for the quarter ended 31 March 2024, are:

Director	Maximum number of shares at grant	Number of shares vesting	Number of lapsed shares	Estimated value ^{1,2} £
Michael Morris	403,339	198,321	205,018	145,000
Andrew Dewhurst	241,358	118,675	122,683	86,800

1. The estimated value includes dividend equivalent awards which will be made in relation to vested LTIP awards at the point of vesting. The value of the dividend equivalent awards is £20,820 (Michael Morris) and £12,500 (Andrew Dewhurst).

2. The average share price for the quarter ended 31 March 2024 is lower than the share price at grant so there has been no share price growth in the estimated value of the awards.

The following awards in the Long-term Incentive Plan were granted to the Executive Directors on 14 June 2023:

	Number of shares	Basis (% of salary)	Face value per share (£)	Award face value (£)	Performance period	Threshold vesting
Michael Morris	456,408	93.75%	0.7810	356,450	1 April 2023 to 31 March 2026	25%
Andrew Dewhurst	273,114	82.5%	0.7810	213,300	1 April 2023 to 31 March 2026	25%

The face value is based on a weighted average price per share, being the average of the closing share prices over the three business days immediately preceding the award date. Awards will vest after three years subject to continued service and the achievement of three equally weighted performance conditions (relative total shareholder return, relative total property return and EPRA EPS). The vesting schedule for the relative measures will be as applied to the June 2021 LTIP set out above. The EPS element will vest at 25% for achievement of EPRA EPS of 4.20 pence in the year ended 31 March 2026 increasing on a straight-line basis to 100% vesting for EPRA EPS of 4.55 pence.

Any LTIP vesting will also be subject to the Remuneration Committee confirming that, in its assessment, the vesting outcome was achieved within an acceptable risk profile.

The Executive Directors have the following outstanding share awards under the Long-term Incentive Plan and Deferred Bonus Plan:

	Date of grant	Performance period	Market value on date of grant	At 1 April 2023	Granted in year	Exercised in year	Lapsed in year	As at 31 March 2024
Michael Morris								
2020 LTIP	29 June 2020	1 April 2020 to 31 March 2023	70.73p	309,275	-	(162,524)	(146,751)	-
2021 LTIP	22 June 2021	1 April 2021 to 31 March 2024	89.10p	403,339	-	-	-	403,339
2022 LTIP	17 June 2022	1 April 2022 to 31 March 2025	94.47p	437,473	-	-	-	437,473
2023 LTIP	14 June 2023	1 April 2023 to 31 March 2026	78.10p	-	456,408	-	-	456,408
2021 DBP	22 June 2021	1 April 2020 to 31 March 2021	89.10p	186,666	-	(186,666)	-	-
2022 DBP	17 June 2022	1 April 2021 to 31 March 2022	94.47p	159,555	-	-	-	159,555
2023 DBP	14 June 2023	1 April 2022 to 31 March 2023	78.10p	-	301,997	-	-	301,997
				1,496,308	758,405	(349,190)	(146,751)	1,758,772
Andrew Dewhurst								
2020 LTIP	29 June 2020	1 April 2020 to 31 March 2023	70.73p	185,070	-	(97,254)	(87,816)	-
2021 LTIP	22 June 2021	1 April 2021 to 31 March 2024	89.10p	241,358	-	-	-	241,358
2022 LTIP	17 June 2022	1 April 2022 to 31 March 2025	94.47p	261,784	-	-	-	261,784
2023 LTIP	14 June 2023	1 April 2023 to 31 March 2026	78.10p	-	273,114	-	-	273,114
2021 DBP	22 June 2021	1 April 2020 to 31 March 2021	89.10p	126,933	-	(126,933)	-	-
2022 DBP	17 June 2022	1 April 2021 to 31 March 2022	94.47p	108,498	-	-	-	108,498
2023 DBP	14 June 2023	1 April 2022 to 31 March 2023	78.10p	-	205,359	-	-	205,359
				923,643	478,473	(224,187)	(87,816)	1,090,113

Awards under the Long-term Incentive Plan normally vest three years after the grant date and are subject to a further two-year holding period. Awards under the Deferred Bonus Plan normally vest two years after the grant date.

Remuneration Report / Continued

Comparator group

The Committee has agreed that the following companies will be used as a comparator group for the total shareholder return and total return metrics in determining variable remuneration for 2024/25 awards. A smaller group is used for the total return metric due to the different reporting periods of some companies.

Company	Total shareholder return	Total return
abrDN Property Income Trust Limited	✓	✓
AEW UK REIT plc	✓	✓
Balanced Commercial Property Trust Limited	✓	✓
Custodian REIT plc	✓	✓
NewRiver REIT PLC	✓	✓
Regional REIT Limited	✓	
Schroder Real Estate Investment Trust Limited	✓	✓
Supermarket Income REIT PLC	✓	
Urban Logistics REIT plc	✓	✓
Warehouse REIT plc	✓	✓
Workspace Group PLC	✓	✓

The above group was also used for previous awards with the following amendments:

- / Supermarket Income REIT and Warehouse REIT were added to the group for awards made from 2019 onwards;
- / McKay Securities PLC was included in the group for awards made up to and including 2021;
- / CT Property Trust Limited, Ediston Property Investment Company PLC and UK Commercial Property REIT Limited were additionally included in the group for awards made up to and including 2023; and
- / LondonMetric Property PLC and RDI REIT plc were additionally included in the group for awards made up to and including 2020.

Statement of Directors' shareholdings

Directors and employees are encouraged to maintain a shareholding in the Company's shares to provide alignment with investors.

The numbers of shares beneficially held by each Director (including connected persons) as at 31 March 2024 were as follows:

	Beneficial holding 2024	Beneficial holding 2023	Holding as a % of salary	Outstanding LTIP awards	Outstanding DBP awards
Michael Morris	925,454	740,717	159	1,297,220	461,552
Andrew Dewhirst	590,364	471,758	149	776,256	313,857
Lena Wilson	30,000	30,000			
Mark Batten	38,000	-			
Maria Bentley	74,436	74,436			
Richard Jones	53,845	53,845			

The percentage holding for the Executive Directors is based on base salaries as at 31 March 2024 and a share price of £0.652. The beneficial holdings of shares include any held by connected persons.

Executive Directors are required to maintain a shareholding of 200% of base salary and both Directors are currently in the process of building up to that level. The Executive Directors intend to retain at least 50% of any share awards (post-tax) until the guidelines are met.

There have been no changes in these shareholdings between the year-end and the date of this report.

Payments to past Directors or payments for loss of office

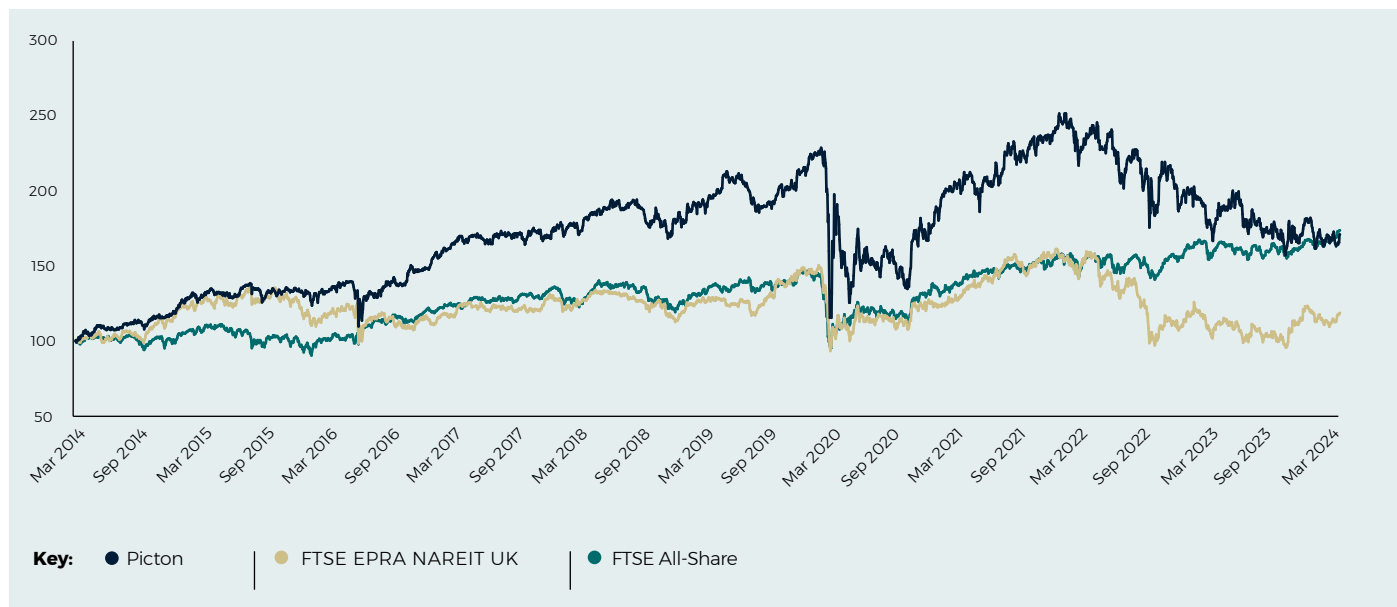
There were no payments to past Directors or payments for loss of office to Directors during the year ended 31 March 2024.

Andrew Dewhirst retired from the Board on 31 March 2024. He has been retained by the Company on a short-term employment contract until 30 June 2024, to ensure an orderly transition with Saira Johnston. At the end of this contract, assuming all conditions are satisfied, he will receive a final payment of £30,000 as compensation for termination of his employment and no other payments in relation to his outstanding notice period. The Remuneration Committee has determined that his outstanding share awards, as set out in the above table, will vest in accordance with the good leaver provisions in the relevant Plan rules. He will also receive costs relating to legal expenses of up to £750 (plus VAT).

Historical total shareholder return performance

The graph below shows the Company's total shareholder return (TSR) since 31 March 2014 as represented by share price growth with dividends reinvested, against the FTSE All-Share Index and the FTSE EPRA NAREIT UK Index. These indices have been chosen as they provide comparison against relevant sectoral and pan-sectoral benchmarks.

TSR chart



The table below shows the remuneration of the Chief Executive for the past six years, together with the annual bonus percentage and LTIP vesting level. The Company has only had a Chief Executive since 1 October 2018 and therefore the table below shows his remuneration for the past six years.

	Total remuneration (£000)	Annual bonus (% of maximum)	LTIP vesting (% of maximum award)
2024	882	54%	49%
2023	902	77%	52%
2022	816	64%	54%
2021	836	76%	67%
2020	769	70%	67%
2019	920	79%	83%

Relative importance of spend on pay

The table below shows the expenditure and percentage change in staff costs compared to other key financial indicators.

	31 March 2024 £000	31 March 2023 £000	% change
Employee costs	4,191	3,487	20.2%
Dividends	19,089	19,091	0%
EPRA earnings	21,745	21,285	2.2%

Implementation of Remuneration Policy in 2024/25

Change from prior year

Executive Directors		
Base salaries	Michael Morris (Chief Executive) – £380,219 Saira Johnston (Chief Financial Officer) – £240,000	There is no change in the Executive Director base salaries for 2024/25. The average increase for the rest of the workforce is 3.2%.
Pension and benefits	15% salary supplement in lieu of pension plus standard other benefits.	No change. All employees receive Company pension contributions at the rate of 15% of base salary or 15% salary supplement in lieu of Company contributions.
Annual bonus*	Maximum bonus of 145% of salary with at least 50% of any bonus deferred in shares for two years. 60% of bonus to be determined by corporate financial metrics of relative total return and relative total property return (using the same performance target ranges as in 2023/24) with the remaining 40% determined by corporate and personal measures.	No change. The maximum bonus potential for the Executive Directors will remain at 145%.
LTIP*	Award of shares worth: / Michael Morris (Chief Executive) 93.75% of salary / Saira Johnston (Chief Financial Officer) 0% of salary Shares released after three-year performance and two-year holding period. Vesting of shares based equally on relative total shareholder return, relative total property return and growth in EPRA earnings per share measures. Target ranges for the relative measures are as set out on page 122. Targets for the EPS measure for the year ended 31 March 2027 are: Less than 4.20 pence per share – 0% Equal to 4.20 pence per share – 25% Greater than 4.60 pence per share – 100% A result between 4.20 pence and 4.60 pence will be calculated on a straight-line basis between 25% and 100%.	There is no change in the award to Michael Morris. Saira Johnston, who became a Director on 1 April 2024, does not receive an LTIP award this year as explained in the annual statement.
Non-Executive Directors		
Fees	Chair – £124,500 Director – £48,000 Supplementary fee for Committee Chairs and for the Senior Independent Director – £8,000	The fees payable from 1 April 2024 have increased by an average of 2.0%.

*The Remuneration Committee has discretion to override the formulaic outcomes in both the annual bonus and LTIP.

The Committee also confirms that performance has been achieved within an acceptable risk profile before payouts are made. Incentive payouts are subject to malus and clawback provisions.

Percentage change in remuneration

The table below shows the percentage change in total remuneration for each of the Directors compared to the average remuneration of the employees of the Group.

	Change from 31/3/23 to 31/3/24			Change from 31/3/22 to 31/3/23		
	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus
Michael Morris	15.0%	15.0%	(24.8)%	15.0%	16.0%	30.4%
Andrew Dewhirst	15.0%	15.0%	(24.8)%	15.0%	16.4%	30.4%
Lena Wilson	4.5%	-	-	0.0%	-	-
Mark Batten	4.8%	-	-	0.0%	-	-
Maria Bentley	4.8%	-	-	0.0%	-	-
Richard Jones	4.8%	-	-	0.0%	-	-
Average of all other employees	10.1%	12.5%	(15.6)%	8.8%	21.1%	(5.9)%

	Change from 31/3/21 to 31/3/22			Change from 31/3/20 to 31/3/21		
	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus
Michael Morris	15.0%	15.8%	(9.4)%	0.0%	0.6%	9.2%
Andrew Dewhirst	15.0%	16.1%	(9.4)%	0.0%	0.8%	3.6%
Lena Wilson	11.2%	-	-	N/A	N/A	N/A
Mark Batten	10.5%	-	-	0.0%	-	-
Maria Bentley	16.7%	-	-	0.0%	-	-
Richard Jones	16.7%	-	-	N/A	N/A	N/A
Average of all other employees	6.4%	15.0%	13.2%	4.6%	8.1%	20.7%

Statement of voting at the last Annual General Meeting

The following table sets out the voting for the Remuneration Report, which was approved by shareholders at the Annual General Meeting held on 7 September 2023, representing 58% of the issued share capital of the Company, and also for the Remuneration Policy, which was approved by shareholders at the Annual General Meeting held on 17 November 2021, representing 63% of the issued share capital of the Company.

	Remuneration Report		Remuneration Policy	
	Votes cast	%	Votes cast	%
For	306,662,660	97.0	333,280,593	96.5
Against	9,455,133	3.0	12,044,009	3.5
Votes cast	316,117,793	100.0	345,324,602	100.0
Withheld	2,151,871		304,835	

Maria Bentley

Chair of the Remuneration Committee

22 May 2024