

Chair's Introduction

Dear Shareholder – As new Chair of Picton, I am delighted to introduce our 2025 Corporate Governance Report.



The Board operates with an established and robust governance framework, which continues to promote the long-term sustainable success of the business.

The year in review

During the year, the Board has continued to focus on repositioning the portfolio to generate improved return prospects. This supported earnings growth and a 5.7% dividend increase in May 2024.

Three repositioned office assets were disposed of, which reduced our office exposure and generated £51 million of disposal proceeds.

The Board reviewed capital allocation priorities to ensure that the use of these disposal proceeds delivers Company and shareholder performance. We have reduced leverage by repaying the revolving credit facility, reinvested in the portfolio and returned capital to shareholders through our share buyback programme announced in January 2025.

In response to the continued disparity in the Company's share price compared to its net asset value, which the Board believes materially undervalues the Company, in January 2025, the Board approved a share buyback programme, under the authority granted by shareholders at last year's AGM. The proceeds from the disposals referred to above were used both to buy back shares and to invest in upgrading assets within the portfolio.

The Board was also kept updated throughout the year on management's focus on improving operational efficiencies and delivering on our sustainability priorities, which included appointing new sustainability consultants during the year.

Board composition and diversity

The Board and Nomination Committee have been focused on smooth succession during the year.

Saira Johnston succeeded Andrew Dewhirst as our Chief Financial Officer, joining the Board on 1 April 2024. Saira's finance experience has already benefitted the Company in maintaining our focus on earnings growth and a disciplined approach to capital allocation.

In July 2024, Maria Bentley stepped down from the Board after our AGM and we welcomed Helen Beck as a Non-Executive Director and Chair of the Remuneration Committee on 1 August 2024. Helen is now the Board's representative on sustainability and is the designated Director for employee engagement.

Helen's background in human resources and remuneration, together with her listed and sustainability experience, complements our current Board skills and she has already made a significant contribution to Board discussions on a wide range of matters.

Following Lena Wilson's decision in October 2024 to step down as Chair, with effect from 31 January 2025, I was delighted to accept the Board's offer of appointment to the Board as Chair.

I would like to take this opportunity to thank Lena for her significant contribution over the last four years.

Our Board skills matrix is set out on page 87 and the Nomination Committee reviews this annually as part of its discussions on longer-term succession plans and the evolution of skills as required over time.

All of our Directors are committed to having a Board which is diverse in all respects, and throughout the year, until my appointment on 1 February 2025, the Board met all three of the FCA's listing requirements on gender and diversity. The Board is mindful of the FCA's listing requirements on gender and diversity and will have the opportunity to consider this for the next appointment, which is likely to be as Mark Batten steps down at the end of his nine-year tenure. By way of background, prior to my appointment, the last three Board appointments were female.

Our stakeholders

The Board recognises that understanding the views of our stakeholders is critical to the long-term success of the business and details of how we engage are set out on pages 96 to 99.

At the start of my appointment, I was pleased to have the opportunity to meet with our largest shareholders and welcomed their feedback, which I shared with the Board and this also fed into the discussions at our Board strategy day held in mid-March. In addition, there has been a full programme of shareholder engagement led by Michael and Saira, throughout the year.

Our occupier focused approach continues to be embedded within our purpose, values and business model. In line with previous years, occupier surveys were carried out at the end of 2024, for our industrial assets and our multi-let offices. The Board has reviewed the overall results which were very pleasing and the valuable feedback received will be used to help shape our engagement strategy in 2025.

Further details can be found on pages 75 to 76.

Board Performance Review

This year, our Board performance review was carried out internally. The Board considered the review findings and recommendations for improvement, concluding that overall it was satisfied with its own performance and that the Board Committees continue to operate effectively.

Further details are provided in the Nomination Committee Report.

Annual General Meeting

Our Annual General Meeting was held in July 2024. In addition to the routine business considered each year, shareholders were asked to approve our new Directors' Remuneration Policy and new Articles of Incorporation for the Company. I am pleased to report that all resolutions were approved, with at least 97% of votes in favour, and I would like to thank our shareholders for their support. Our forthcoming AGM will be held in July 2025.

UK Corporate Governance Code

Picton was subject to the 2018 UK Corporate Governance (the 'Code') for the year ended 31 March 2025 and our Statement of Compliance with the Code is set out within the Directors' Report on page 131. I am pleased to report that we have fully complied with the Code this year and details of how the Board and the Committees have complied with the Provisions and applied the Principles of the Code are described in this and the following sections of the Corporate Governance Report.

We have also commenced our preparations for the changes introduced in the 2024 UK Corporate Governance Code.

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Reporting

I am pleased that last year's Annual Report and sustainability reporting both maintained EPRA Gold awards, reflecting our aim to report our activities and results clearly and concisely. In line with previous years, we will publish all of our sustainability data in a separate report online, which will be available shortly.

Conclusion

I would like to thank everyone at Picton for their warm welcome and support since I joined the Board at the start of the year.

I would also like to take this opportunity to recognise the team's hard work and commitment over the year and to thank them for their continued efforts to ensure the future success of the business.

Francis Salway

Chair
21 May 2025