PICTON / Occupier focused, Opportunity led.

Focused on income and value growth

Picton Property Income Limited
Annual Report 2025

Business Overview

Strategic Report

Governance

Financial Statements

Additional Information

We own and actively manage a £723 million UK commercial property portfolio, invested across 47 assets and with around 350 occupiers.

Through our occupier focused, opportunity led approach, we aim to be the consistently best performing diversified UK REIT. We have delivered upper quartile outperformance and a consistently higher income return than the MSCI UK Quarterly Property Index since launch in 2005.

With a portfolio strategically positioned to capture income and capital growth, currently weighted towards the industrial sector, our agile business model provides flexibility to adapt to evolving market trends over the long term.

We have a responsible approach to business and are committed to being net zero carbon by 2040.

We are listed on the main market of the London Stock Exchange and a constituent of a number of EPRA indices including the FTSE EPRA NAREIT Global Index.

Scan or click here to watch our **At a Glance** video

Strategic capital allocation: creating value

We have focused on maximising shareholder value through the review of our capital priorities, ensuring proceeds raised from repositioned office disposals have been reinvested into portfolio upgrades, repaid floating rate debt and returned capital to shareholders.

Read more on pages 10 to 11

Proactive asset management: growing income and capital

Our occupier focused approach to asset management ensures we work collaboratively to help rightsize businesses for success. Engaging with our occupiers at key lease events, we have been able to grow rental income and capture reversionary potential.

Read more on pages 12 to 13

Sustainable refurbishments: investing into the portfolio

We have been upgrading the portfolio to improve environmental credentials and occupier amenities. Our priority has been focused on the office sector, which has enabled us to attract and retain occupiers, while also driving rental value growth.

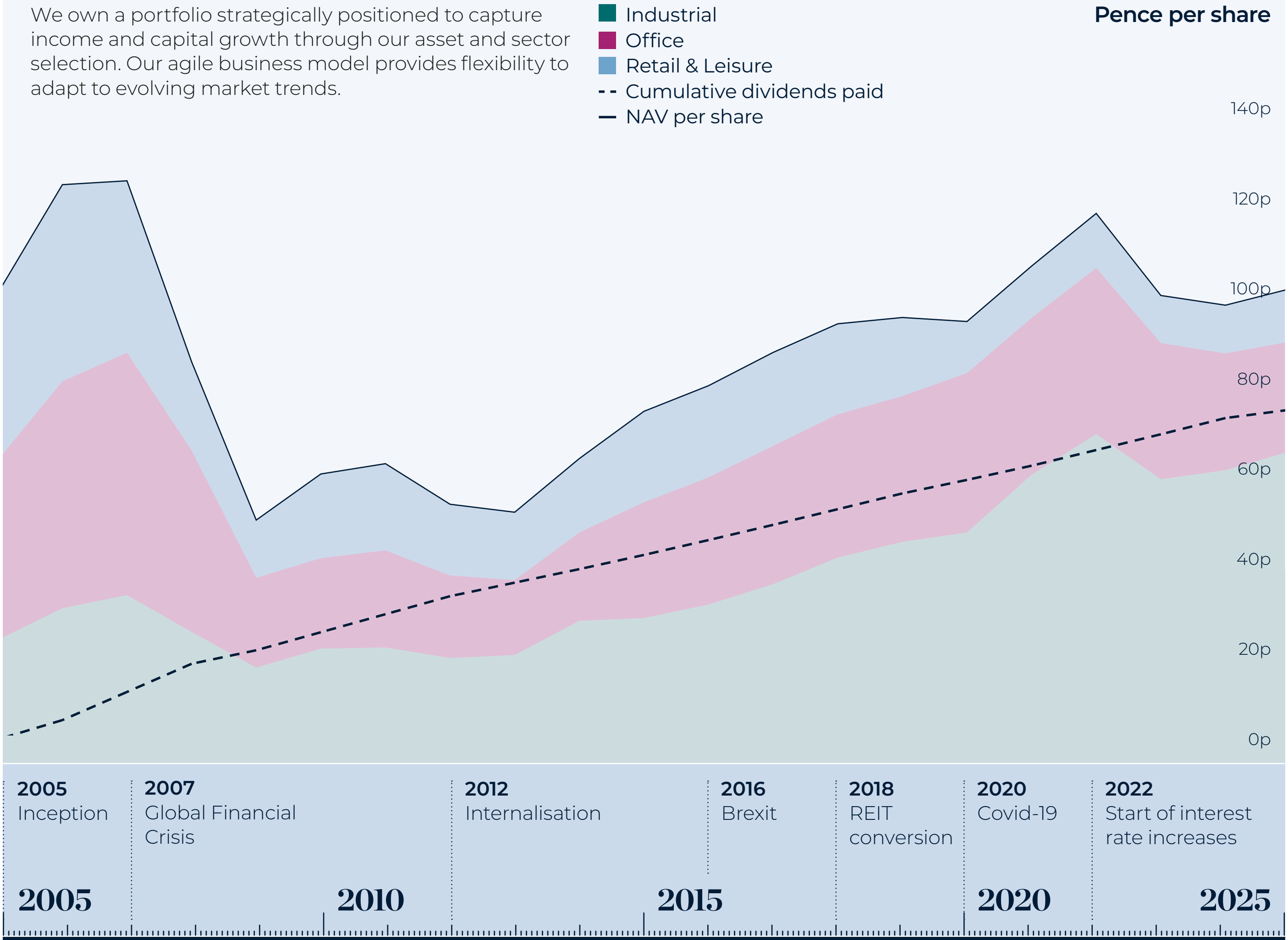
Read more on pages 14 to 15

Picton at a Glance

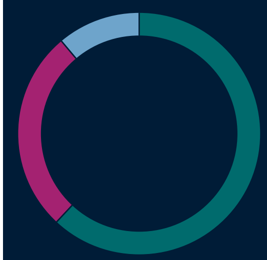
We are a diversified Real Estate Investment Trust (REIT) investing in UK commercial property. Our property portfolio consists of 47 assets invested in the industrial, office, retail and leisure sectors.

Our portfolio composition

We own a portfolio strategically positioned to capture income and capital growth through our asset and sector selection. Our agile business model provides flexibility to adapt to evolving market trends.



Our portfolio weightings



Industrial	**64%**
Office	**24%**
Retail & Leisure	**12%**

Portfolio valuation

£723m

2025	£723m
2015	£541m
2005	£491m

Loan to value

24%

2025	24%
2015	30%
2005	40%

What makes us different?

12
Consecutive years of MSCI outperformance

100%
Long-term fixed rate debt

100%
Internally managed, aligned team

For more information on our strategy and performance track record please see:

Scan or click here to watch our **Picton Promise** video

Long-term track record of outperformance through a diversified investment strategy

Our agile business model provides flexibility to adapt our portfolio to evolving market trends. Our proactive approach to asset management means we have delivered upper quartile outperformance against the MSCI UK Quarterly Property Index over three, five and ten years and since launch in 2005.

Read more on page 08

Portfolio with strong income focus and significant reversionary potential

Our diverse occupier base generates a stable income stream, underpinned by a well-positioned portfolio across sectors. We aim to capture rental growth and increase income through our active asset management.

Read more on page 28

Attractive capital structure

We have a disciplined approach to capital management, with long-term fixed rate debt. We are focused on delivering a covered and sustainable dividend through our asset and sector allocation.

Read more on page 42

Fully aligned and responsible approach to business

We are an internally managed business with a fully aligned team. Our occupier focused and hands-on approach ensures we engage with our occupiers to create spaces to help them succeed and maintain high occupancy across the portfolio. We are committed to enhancing the environmental performance of our buildings, and meeting our sustainability commitments while generating value for all our stakeholders.

Read more on page 62

Back to contents

Highlights

Our diversified approach has enabled a track record of MSCI upper quartile outperformance since launch in 2005.

Valuable long-term debt structure

Loan to value

24%

Borrowings

£210m

At fixed interest rates

Weighted average interest rate

3.7%

Debt maturity profile

6.7 years

EPRA Net Disposal Value (per share)

105p

Reflecting fair value of debt

For more information on our strategy and financial performance see:

Chief Executive's Review page 16

Key Performance Indicators page 20

Financial Review page 42

Strong financial performance delivering income and value growth

Profit after tax

£37m

2025	£37m
2024	-£5m
2023	-£90m

Earnings per share

6.9p

2025	6.9p
2024	-0.9p
2023	-16.5p

EPRA earnings

£23m

2025	£23m
2024	£22m
2023	£21m

EPRA earnings per share

4.2p

2025	4.2p
2024	4.0p
2023	3.9p

Net assets

£533m

2025	£533m
2024	£524m
2023	£548m

NAV per share

100p

2025	100p
2024	96p
2023	100p

Total return

8.1%

2025	8.1%
2024	-0.9%
2023	-13.9%

Dividend cover

113%

2025	113%
2024	114%
2023	112%

Outperforming repositioned portfolio with improved income and occupancy

Rent collection
99%

Lease transactions
78
9% ahead of ERV

Occupancy
94%

Like-for-like increase in contracted rent
3.0%

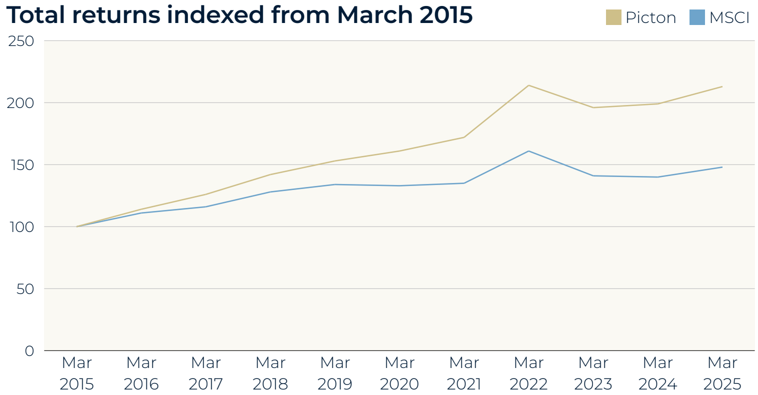
Increase in ERV
3.8%

Office disposals
£51m
5.4% above March 2024 valuation

Upgrading and investing into the portfolio
£12m

EPC ratings (A-C) Improved from 80% in 2024
83%

Total returns indexed from March 2015



Source: MSCI UK Quarterly Property Index

All figures are as at 31 March 2025 or for the year ended 31 March 2025 unless otherwise stated.

The Financial Statements are prepared under IFRS. We use a number of alternative performance measures (APMs) when reporting on the performance of the business and its financial position. In common with many other listed property companies, we report the EPRA performance measures. In the Additional Information section of this report on pages 160 to 163 we provide more detailed information and reconciliations to IFRS where appropriate.

> These are very positive results across key metrics. We have delivered a profit of £37 million, 5% growth in EPRA earnings and 4% growth in net assets.
>
> We are focused on income and value growth for the benefit of shareholders. We have outperformed the FTSE 350 REIT Index alongside our twelfth consecutive year of outperformance against the MSCI UK Quarterly Property Index. This is the fifth consecutive year of EPRA earnings growth. We have again operated with a well-covered dividend and recently announced a 2.7% dividend increase, the fifth increase since 2020.
>
> Additionally, we intend to continue our share buyback programme using disposal proceeds to enhance earnings.

Francis Salway
Chair

Back to contents

Our Purpose

To be a responsible owner of commercial real estate, helping our occupiers succeed and being valued by all our stakeholders.

Our purpose drives our decision making, ensuring we create long-term value for our shareholders, occupiers, and other stakeholders.

Our values

Our values have been co-created by the team and guide our approach to running the business.

Positive

We are collaborative, upbeat and put people at the forefront

We foster strong relationships and invest in our shared success. We demonstrate this through our culture, our occupier focused approach and engagement with all our stakeholders.

Proactive

We are forward thinking, agile and adaptive

We demonstrate this through our asset management and dynamic positioning of the portfolio.

Principled

We are professional, diligent and strategic

We demonstrate this through our integrity and work ethic, our transparent reporting and alignment with our shareholders, and our commitment to sustainability and environmental initiatives.

Our Strategy

Through our occupier focused, opportunity led approach, we aim to be the consistently best performing diversified UK REIT.

01 Portfolio Performance

Maximising portfolio value and income

Key focus areas

- Manage sector and asset allocation to grow income and capital
- Reduce exposure to lower yielding assets
- Grow occupancy and income profile
- Enhance asset quality and create space that meets evolving occupier expectations
- Outperform the MSCI UK Quarterly Property Index

Relevant KPIs

1 3 4 7 9 10

02 Operational Excellence

Driving efficiency and adaptability

Key focus areas

- Maintain disciplined approach to capital structure and use of disposal proceeds
- Run an efficient and innovative operating platform
- Adapt to market trends with an agile and flexible business model
- Deliver earnings growth
- Improve share price rating to facilitate future growth

Relevant KPIs

1 2 3 5 6 8

03 Acting Responsibly

Sustainability, engagement, and governance

Key focus areas

- Reduce our emissions to become net zero carbon by 2040
- Actively engage with our occupiers, shareholders, communities and other stakeholders
- Promote our Company values, nurture a positive working culture, and alignment of the team
- Ensure the long-term success of the business with strong governance and transparent reporting

Relevant KPIs

2 10 11 12

We are focused on delivering long-term income and value. We invest in assets with strong fundamentals where we can unlock future value, balancing income with growth opportunities.

We drive portfolio performance through our proactive asset management and ensure operational excellence with disciplined capital allocation. We are committed to acting responsibly and future-proofing our portfolio to meet our evolving occupier needs and our sustainability commitments.

Our Key Performance Indicators

1 Total return (%)
2 Total shareholder return (%)
3 Total property return (%)
4 Property income return (%)
5 Loan to value ratio (%)
6 Cost ratio (%)
7 EPRA NTA per share (pence)
8 EPRA earnings per share (pence)
9 EPRA vacancy rate (%)
10 Retention rate (%)
11 EPC rating A-C (%)
12 Employee satisfaction (%)

For more information on our strategic progress and performance across our report see:

Chief Executive's Review page 16

Key Performance Indicators page 20

Principal Risks page 49

Back to contents

Our Business Model

We create value through managing a portfolio that generates a diversified and stable income stream. We have the flexibility to adapt to changing market conditions and so deliver value to our stakeholders through the property cycle.

Underpinned by effective risk management

Our business model is underpinned by our approach to risk management. We adapt our capital structure and use debt effectively to achieve enhanced returns. We maintain a covered dividend policy to generate a surplus which we can invest back into the portfolio.

Responsible stewardship

We have a responsible and ethical approach to business and sustainability is embedded within our corporate strategy. We understand the impact of our business on the environment and are committed to acting for the benefit of all our stakeholders.

For more information see:

Principal Risks page 49

Sustainable Thinking page 62

01

Knowledge, expertise and research-led decision making

Our in-depth understanding of the UK commercial property market enables us to identify and source value across different sectors and reposition the portfolio through the property cycle.

This expertise is underpinned by our commitment to responsible investment, integrating Environmental, Social and Governance principles into our decision making to drive sustainable value and mitigate risks, for the benefit of all our stakeholders.

02

Asset selection and acquisition

We have established a diversified UK property portfolio which we adjust as market conditions dictate. We consider opportunities where we can enhance value and/or income.

We consider and mitigate climate change risks through our acquisition process and due diligence.

03

Proactive asset management

Our diverse occupier base generates a stable income stream, which we aim to grow through active management and capturing market rental uplifts. Our occupier focused, opportunity led approach ensures we create space that meets occupiers' expectations in order to maintain high levels of occupancy across the portfolio.

We are committed to mitigating climate change risks and carry out sustainability improvements across the portfolio to meet our net zero carbon commitments.

04

Capital recycling and allocation

We identify assets for disposal to maximise value creation. Proceeds are invested into new opportunities, or used elsewhere within the Group.

We ensure capital is efficiently recycled, enhancing returns and creating value for stakeholders.

Creating value for our stakeholders:

Shareholders

Delivering income and capital growth for our shareholders

Total shareholder return

16%

2025	16%
2024	-1%

Occupiers

Providing sustainable spaces to help occupiers succeed

Investment into asset upgrades

£12m

2025	£12m
2024	£4m

Employees

Fostering a strong open culture, with high employee satisfaction score

Employee satisfaction score

76%

2025	76%
2024	86%

Environment

Targeting 2040 net zero carbon commitment

Reduction in Scope 1 & 2 emissions compared to 2019 baseline

20%

2025	20%
2024	16%

Communities

Making a positive difference

Charities supported

15

2025	15
2024	15

Back to contents

STRATEGY IN ACTION

Strategic capital allocation: creating value

We remain firmly focused on shareholder value and responding to market opportunities and challenges. In recognition of the disconnect between our share price and our NAV, we have reviewed and adapted our capital priorities.

Link to strategic priorities: 1 2 3

We have sought to maximise value to shareholders through unlocking opportunities with our alternative use strategy and raised £51 million of capital through disposal proceeds during the year. These have facilitated the rebalancing of our portfolio by reducing our office exposure, repaying our entire floating rate debt, investing into upgrading the portfolio and returning capital to shareholders.

During the year, we completed the disposals of three office assets where planning permission was secured for residential and student living uses. The total gross proceeds from the three disposals was a 5.4% premium to the valuation as at 31 March 2024.

£51m
Total gross proceeds from repositioned asset disposals

24%
Office exposure, reduced from 30% in 2024

Capital priorities during the year

1. Reduce leverage

Central bank base rates remain elevated and as such debt is less accretive to returns. We therefore prioritised reducing our leverage through the repayment of our floating rate revolving credit facility. The drawn balance (£16.4 million) was repaid in full from the proceeds from the sale of Angel Gate, London which completed in April 2024.

2. Share buybacks

The share buyback programme offers an attractive risk adjusted return for shareholders, being accretive to both net assets per share and EPRA earnings per share. Our strong balance sheet and modest gearing levels also support this. This year we launched a £12.5 million share buyback programme and as at 31 March 2025, a total of 11.2 million shares at an average price of 67p have been bought back.

4. Selective tactical investment opportunities

Whilst we have seen an increase in the volume of opportunities this year, acquisitions have been deprioritised except where they are tactical to the existing portfolio. We completed on one acquisition (£0.5 million), in November 2024, which was a building adjacent to our existing industrial asset in Gloucester.

3. Reinvestment in the portfolio

Whilst we have been committed to reducing our office exposure, we have also reinvested in our remaining portfolio to unlock reversion and maximise total returns. During the year £11.8 million was invested in the portfolio, improving occupier amenities and environmental credentials.

Three repositioned office asset disposals completed during the year

Angel Gate, London

Alternative use:	Residential
Completion date:	Apr 2024
Gross proceeds:	£29.6m
Premium to March 2024:	2%
Capital priorities:	1,3,4

Charlotte Terrace, London

Alternative use:	Residential
Completion date:	Jan 2025
Gross proceeds:	£13.1m
Premium to March 2024:	4%
Capital priorities:	2,3

Longcross, Cardiff

Alternative use:	Student
Completion date:	Mar 2025
Gross proceeds:	£8.3m
Premium to March 2024:	21%
Capital priorities:	2,3

STRATEGY IN ACTION

Proactive asset management: growing income and capital

Our occupier focused approach to asset management means we have built longstanding relationships with our occupiers.

Link to strategic priorities: 1 2 3

Proactive asset management helps us to understand occupiers' needs and through ongoing communication and collaboration, help their businesses succeed.

During the course of this year, we have been working hard to capture the reversionary potential in our portfolio through lease events including rent reviews, lease renewals, regears and surrenders.

With numerous lease events on approximately a quarter of the portfolio by rental value, we have improved occupancy, increased contracted rental income by 3% and improved income longevity.

24%

Increase in contracted income at key lease events

Improving income through key lease events

Sector	Asset	Event	Contracted income: vs previous %	Contracted income: vs Mar 24 ERV %	Lease length improvement
Industrial	**Grantham**	Regear	0%	8%	13 years
Industrial	**Harlow**	Surrender/letting	53%	5%	5 years
Industrial	**Datapoint**	Letting/renewal/rent review/regear	30%	9%	7 years
Office	**Milton Keynes**	Renewal	23%	33%	4 years
Industrial	**Radlett**	Renewal/rent review	55%	1%	5 years
	Total		24%	9%	

55%

Lease event uplift in contracted income at Parkbury, Radlett

30%

Lease event uplift in contracted income at Datapoint, London

23%

Lease event uplift in contracted income at Grafton Gate, Milton Keynes

Capturing rental growth at Parkbury, Radlett

At our largest industrial asset, we have captured rental growth through proactive asset management.

We relocated an occupier to another one of our assets, more suited to their needs, and facilitated another occupier to take more space.

We retained an occupier 53% ahead of the previous rent and agreed to retain another occupier 64% ahead of the previous rent.

We have settled two further rent reviews on the estate, increasing the passing rent on those units by 53%.

Creating value and improving income position at Datapoint, London

We surrendered a lease on a unit and simultaneously re-leased it post refurbishment to an adjoining occupier. We agreed a payment from the outgoing occupier that contributed to the costs of the unit's refurbishment.

By undertaking this transaction we also increased and extended the overall income, creating rental evidence for the wider estate.

Elsewhere on the estate we settled a rent review increasing the passing rent by 33% and renewed a lease, increasing the passing rent by 47%.

Delivering rental uplift at Grafton Gate, Milton Keynes

During the year, we agreed the renewal of leases with two occupiers, both technology companies, accounting for approximately 50% of the building's floorspace.

As part of these transactions we will upgrade the air conditioning system to all electric in 2025 and this is expected to improve the EPC of the building to an A rating.

The combined rent was £0.8 million per annum, an uplift of 23% on the previous passing rent and 33% ahead of ERV.

We have two suites to lease accounting for approximately 25% of the building's floorspace, one having become available at year end, and they will be refurbished simultaneously, ahead of re-leasing.

Having worked with a number of landlords over the years, it has been refreshing working with Picton by comparison. We're able to hold sensible, logical discussions and negotiations enabling us to grow our operation. Their assets are well cared for and managed.

Netwise, Datapoint, London

STRATEGY IN ACTION

Sustainable refurbishments: investing into the portfolio

Enhancing environmental credentials, improving amenities and creating value.

We are committed to improving not only the environmental credentials of our buildings, but also ensuring they meet occupier requirements as demand for sustainable workspace and best-in-class amenities increases.

This year has been a significant year for investment in our portfolio. We have prioritised upgrading our assets, particularly in the office sector which has enabled us to attract and retain occupiers, whilst also driving rental value growth. One key example is our investment this year at Tower Wharf, Bristol, which has led to rental values increasing by 5%.

5%

Increase in rental value at Tower Wharf, Bristol

Link to strategic priorities: 1 2 3

B

EPC rating

£2.1m

Total investment

£0.2m

Circular economy savings

Tower Wharf, Bristol

Tower Wharf is a 70,000 sq ft building originally constructed to a BREEAM Excellent specification in 2006 and is located in central Bristol. Offering waterside views, roof terraces and a spacious reception area, alongside end of trip facilities, this office space already provided many sought after amenities.

With 20,600 sq ft of space becoming available from occupiers downsizing and relocating post-pandemic, we developed a scheme to refurbish the office space whilst simultaneously upgrading the air conditioning, transitioning from gas to electric, and, in line with our sustainable refurbishment guidelines, reusing, recycling and repurposing where possible.

We also worked with an existing occupier to enable them to relocate within the building and take on 150% more space, moving from part of the ground floor to the whole of the third floor that had recently been vacated.

Recognising greater occupational demand for smaller fully fitted suites, we divided the first floor into two suites of between 3–4,000 sq ft, which we also refurbished to a fully fitted standard, ready for immediate occupation and these are under offer to lease.

During 2025 we plan to replace the remaining gas fired air conditioning, to run the whole building on green electricity and provide fully decarbonised workspace. We also have further works planned to the reception area and façade, future-proofing the building to retain and attract future occupiers.

This refurbishment strategy has resulted in a 5% increase in rental value over the year. We anticipate a return on cost post letting of 21%.

We have successfully reduced our vacancy at the building with positive leasing activity, retained occupiers with the provision of higher quality sustainable workspace, and reduced our net zero carbon transition risk.

Back to contents

Chief Executive's Review

> We have improved occupancy, upgraded the quality of our portfolio and delivered earnings growth.

Michael Morris
Chief Executive

Scan or click here to watch our **Results** video

We have successfully continued our long-term track record of outperformance and grown income and value.

These are positive results, showing progress across multiple areas. We are pleased to be able to report a profit of £37 million, recognising an increase in the portfolio value over the year and EPRA earnings of £23 million. Net assets have grown to 100 pence per share.

We have improved portfolio occupancy and income, reduced financing costs and invested more than ever before into the portfolio to enhance our assets and retain and attract new occupiers. This has enabled us to grow the like-for-like rental income and reversionary upside within the portfolio, which will underpin future earnings growth.

We have paid dividends of £20 million, up 6% on the preceding year, while maintaining a well-covered dividend of 113%. In January of this year, we launched a share buyback programme utilising some of the proceeds from our asset disposals. These have been accretive and have further contributed to these positive results.

Performance

During the year we have seen growth in both our net assets and our EPRA earnings per share, up 4% and 5% respectively. This led to a total return of just over 8%. Over the same period our shareholder total return was 16%, reflecting an improved share price rating at the year end, in part recognising the impact of our share buyback programme.

Our net asset value is £533 million and although our portfolio valuation reduced, this was because we have made asset disposals. This has allowed us to repay our floating rate debt and reduce our financing costs.

We have again operated with a fully covered dividend and we announced following the year end, a near 3% increase in our dividend effective May 2025, which is the fifth successive increase since 2020.

Portfolio performance

We have continued to outperform the MSCI UK Quarterly Property Index, now for the twelfth consecutive year. Since launch in 2005 we have delivered upper quartile total return performance at a property level.

Occupancy at the year end was 94%, up from 91% a year ago and with two vacant office asset disposals in the final quarter, the full impact of lower property costs has not been fully recognised in this year's results.

There is over £7.5 million of reversion in the portfolio. Approximately £4.1 million is where contracted rent is below ERV, compared with £3.6 million last year and £3.4 million of space available to lease, compared with £5.3 million last year. This will underpin medium-term earnings growth.

Nearly two thirds of the portfolio is now invested in industrial, warehouse and logistics assets and this is where there is the biggest reversionary upside.

Our diversified approach enables us to adjust the portfolio to changing market conditions, and this year has been no exception as we have sought to reduce our office exposure, particularly where we have identified assets that can be repositioned for higher value alternative uses. The two assets identified for disposal a year ago have now been sold, in addition to a third where planning was secured during the year. Total gross proceeds of £51 million were realised, reflecting disposals at a 5% premium to their March 2024 valuation.

During the year, office exposure has reduced from 30% to 24% and we expect this to reduce further this year as we make selective disposals, particularly of lower yielding assets or, where we believe additional value can be extracted from alternative use projects.

£723m
Portfolio valuation

100p
Net asset value per share

4.2p
EPRA earnings per share

Chief Executive's Review *continued*

Operational excellence

We are in a strong operational position, having conservative but valuable financing arrangements. Overall, our loan to value ratio is a modest 24%. All our drawn debt is currently fixed at interest rates well below prevailing market levels and with the earliest maturity in 2031. Our EPRA NDV, which reflects the fair value of our debt is 105 pence per share or 5% higher than our published EPRA NTA.

Following the year end we completed the refinancing of our revolving credit facility. This is currently undrawn but provides £50 million of additional operational flexibility and opportunity for future investment.

We also have been able to grow earnings by reducing void costs through disposals and managing our administrative costs as efficiently as possible.

> We have recently completed the refinancing of our revolving credit facility, providing £50 million of additional operational flexibility and opportunity for future investment.

Michael Morris
Chief Executive

105p
EPRA NDV per share

24%
Loan to value

Acting responsibly

We have invested £12 million into upgrading assets including key decarbonisation projects in the office sector to aid future leasing prospects. We now have 83% of the portfolio with EPC ratings of A-C, up from 55% in 2020. Equally, 40% of the portfolio is rated A-B, up from 9% in 2020, reflecting our ongoing progress, particularly focused around the timing of lease events.

From a governance perspective, we welcome Francis Salway as our new Chair and Helen Beck as Chair of the Remuneration Committee, who have joined during the year. I would like to take this opportunity to thank Lena Wilson and Maria Bentley for their contributions during their tenure. I would also like to thank the team and the wider Board for all their input and support this year in helping us deliver these results.

Equity capital markets

The Board is well aware of the disconnect in the listed real estate sector between share prices and reported net asset values. This has led to considerable corporate M&A activity this year, with purchasers taking advantage of this arbitrage, as companies have been either taken over or taken private at levels more reflective of book value.

The Board is focused on improving shareholder value and remains mindful of opportunities that might exist to achieve this. It is some comfort to see the discount narrowing this year, alongside our decision to allocate capital for share buybacks.

The Board will continue to repurchase shares this coming year, utilising proceeds from future disposals to achieve this, whilst pursuing other investment opportunities that grow earnings.

> We have invested significantly into our assets, and now have 83% of the portfolio with EPC ratings A–C, up from 55% in 2020.
>
> **Michael Morris**
> Chief Executive

Read more in our **Sustainable Thinking** on pages 62 to 83

Outlook

The team is focused on delivering positive outcomes for shareholders and other stakeholders. We have a strong balance sheet and attractive financing that underpins future success.

In terms of the portfolio, we continue to improve our assets, enabling us to capture rental value growth and increase the reversionary income. We have proven this year our ability to continue unlocking value across the portfolio in terms of the reversion, which primarily is focused within the industrial assets. Whilst the office assets are more challenging, pricing has compensated for some of the additional risks and we have proven our ability to crystallise upside from disposals within this sector, which we expect to continue.

By improving occupancy further we should be able to not only improve rental income but reduce property costs associated with vacant property. Across the portfolio we have a pipeline of opportunities that should provide further potential to capture income or value growth.

Our priorities for the year ahead are:

- Portfolio rebalancing: continuing to improve the portfolio rental income profile, by reducing exposure to lower yielding assets. We will reinvest into higher yield/growth opportunities
- Portfolio investment: continuing to invest into the portfolio to upgrade assets and create value and income growth
- Leverage: maintaining prudent leverage, using our revolving credit facility tactically for accretive opportunities
- Shareholder capital: continuing to utilise our share buyback programme, to unlock value whilst the discount remains elevated, providing liquidity to shareholders

We have a long-term track record of property level MSCI outperformance, stretching back nearly 20 years. We are focused on ensuring this continues and equally, that this is reflected in share price performance this forthcoming year.

Michael Morris
Chief Executive
21 May 2025

Key Performance Indicators

We have a range of key performance indicators that we use to measure the performance and success of the business.

Financial KPIs

1/ Total return

8.1%

Link to strategic priorities:

Why we use this indicator

The total return is the key measure of the overall performance of the Group. It is the change in the Group's net asset value, calculated in accordance with IFRS, over the year, plus dividends paid.

The Group's total return is used to assess whether our aim to be the consistently best performing diversified UK REIT is being achieved, and is a measure used to determine the annual bonus.

Our performance in 2025

Our total return for the year was driven by valuation gains, most notably in the industrial and retail sectors, realised gains on repositioned office disposals and growth in EPRA earnings.

2/ Total shareholder return

16.0%

Link to strategic priorities:

Why we use this indicator

The total shareholder return measures the change in our share price over the year, plus dividends paid. We use this indicator because it is the return seen by investors on their shareholdings.

Our total shareholder return relative to a comparator group is a performance metric used in the Long-term Incentive Plan.

Our performance in 2025

An increase in the share price over the year, supported by the share buyback programme, together with increased dividends, contributed to a return of 16%.

3/ Total property return

7.3%

Link to strategic priorities:

Why we use this indicator

The total property return is the combined income and capital return from our property portfolio for the year, as calculated by MSCI. We use this indicator because it shows the success of the portfolio strategy without the impact of gearing and corporate costs.

Our total property return relative to the MSCI UK Quarterly Property Index (over one year) is a performance condition for the annual bonus and (over three years) for the Long-term Incentive Plan.

Our performance in 2025

We have outperformed the MSCI UK Quarterly Property Index for the twelfth consecutive year, delivering a return of 7.3% compared to the Index return of 6.3% for the year. We have also delivered upper quartile outperformance against MSCI over three, five and ten years, and since launch in 2005.

We consider that industry standard measures, such as those calculated by MSCI, are appropriate to use alongside certain EPRA measures and others that are relevant to us. In this regard, we consider that the EPRA net tangible asset per share (EPRA NTA), earnings per share and vacancy rate are the most appropriate measures to use in assessing our performance.

Key performance indicators are also used to determine variable remuneration rewards for the Executive Directors and the rest of the team. The indicators used are total return, total shareholder return, total property return and EPRA earnings per share. This is set out more fully in the Remuneration Report.

Our strategic priorities

- Portfolio Performance 1
- Operational Excellence 2
- Acting Responsibly 3

Remuneration link

4/ Property income return

5.2%

Link to strategic priorities: 1 2 3

Why we use this indicator

The property income return, as calculated by MSCI, is the income return of the portfolio. Income is an important component of total return and our portfolio is biased towards income generation in addition to capital growth.

Our performance in 2025

The income return for the year of 5.2% was ahead of the MSCI UK Quarterly Property Index of 4.8% and we have also outperformed over three, five and ten years, and since launch in 2005.

5/ Loan to value ratio

24%

Link to strategic priorities: 1 2 3

Why we use this indicator

The loan to value ratio is total Group borrowings, net of cash, as a percentage of the total portfolio value. This is a recognised measure of the Company's level of borrowings and is a measure of financing risk. See the Supplementary Disclosures section for further details.

Our performance in 2025

The loan to value ratio has decreased over the year with the positive valuation movements and repayment of the revolving credit facility.

6/ Cost ratio

1.3%

Link to strategic priorities: 1 2 3

Why we use this indicator

The cost ratio, recurring administration expenses as a proportion of the average net asset value, is a measure of how efficiently the business is being run, and the extent to which economies of scale are being achieved. See the Supplementary Disclosures section for further details.

Our performance in 2025

The cost ratio has increased over the year, partly due to the share buyback programme which has reduced net assets over the period, and staff costs.

Key Performance Indicators *continued*

EPRA KPIs

7/ EPRA NTA per share

100p

2025	100p
2024	96p
2023	100p

Link to strategic priorities:

1 2 3

Why we use this indicator

The EPRA net tangible assets (NTA) per share, calculated in accordance with EPRA, measures the value of shareholders' equity in the business. We use this to measure the growth of the business over time and regard this as the most relevant net asset metric for the business.

Our performance in 2025

The EPRA NTA per share has increased this year by 4% as a result of the positive valuation movements, gains on asset disposals, share buybacks, growth in EPRA earnings and operating a covered dividend.

8/ EPRA earnings per share

4.2p

2025	4.2p
2024	4.0p
2023	3.9p

Link to strategic priorities:

1 2 3

Why we use this indicator

The earnings per share, calculated in accordance with EPRA, represents the earnings from core operational activities and excludes investment property revaluations, gains/losses on asset disposals and any exceptional items. We use this because it measures the operating profit generated by the business from the core property rental business.

The growth in EPRA earnings per share is also a performance measure used for the Long-term Incentive Plan.

Our performance in 2025

We have grown EPRA earnings this year by 5% which was as a result of our office repositioning and disposal strategy allowing repayment of the floating rate debt and reducing void costs, in addition to securing reversion on the industrial portfolio.

9/ EPRA vacancy rate

6.2%

2025	6.2%
2024	9.2%
2023	9.5%

Link to strategic priorities:

1 2 3

Why we use this indicator

The vacancy rate measures the amount of vacant space in the portfolio at the end of each financial period, and over the long-term, is an indication of the success of asset management initiatives undertaken.

Our performance in 2025

The repositioning and disposal of three part-vacant office assets, together with letting activity across the portfolio, has led to a reduction in the EPRA vacancy rate.

Non-financial KPIs

10/ Retention rate

66%

Link to strategic priorities:

1 2 3

Why we use this indicator

This provides a measure of ERV at risk and the retention of that ERV during the year. This is achieved through lease extensions or removal of break options.

Our performance in 2025

Excluding properties held for sale, total ERV at risk due to lease expiries or break options totalled £6.4 million, in line with last year.

Of the ERV at risk in the year, we retained 66% through lease renewals or removal of break options. In addition, 18% of the ERV not retained, was let to a different occupier within the year, ensuring a positive outcome on 84% of the total ERV at risk. A further £5.4 million of ERV was retained through lease extensions, removal of breaks or back-to-back surrender and releasing, where lease events were dated after the year end.

11/ EPC rating A-C

83%

Link to strategic priorities:

1 2 3

Why we use this indicator

Energy Performance Certificates (EPCs) indicate how energy efficient a building could be by assigning a rating from A (very efficient) to G (very inefficient). From 1 April 2023, Minimum Energy Efficiency Standards (MEES) regulations prohibited leasing space that is F or G rated, unless an exemption certificate applies. The minimum EPC rating is likely to be raised further, with the UK Government consulting on proposals to require a minimum of C by 1 April 2028, and B by 1 April 2030.

Our performance in 2025

The proportion of EPC ratings between A–C has increased this year to 83%. Of the remainder, 15% is rated D and only 2% is rated E. We are fully compliant with MEES regulations and have no F or G ratings in the portfolio. The proportion of EPC A-B ratings has improved significantly over the last six years, from 9% in March 2020, to 40% in March 2025.

12/ Employee satisfaction

76%

Link to strategic priorities:

1 2 3

Why we use this indicator

We use this indicator to assess our performance against one of our strategic objectives, to nurture a positive culture reflecting the values and alignment of the team. The indicator is based on the employee survey carried out during the year.

Our performance in 2025

Our employee satisfaction score remains high but has decreased this year, a potential reflection of the wider economic uncertainty and increased workload across the business.

Our Marketplace

Macroeconomic conditions remain uncertain despite a backdrop of reducing interest rates.

Economic backdrop

Political decisions are influencing the economic backdrop. The US Government's tariff announcement in April caused significant disruption in financial markets and downgrades to economic growth forecasts globally. The situation remains fluid, with the 90-day implementation delay and the more recent announcement of a temporary tariff reduction between the US and China resulting in an equity market recovery.

For the UK, exports to the US account for a relatively small percentage of overall Gross Domestic Product (GDP). Certain industries are likely to face direct challenges, while indirect effects may arise from weakened global demand and heightened trade uncertainty.

Market drivers

- Geopolitical drivers
- Economic drivers
- Property drivers
- ESG drivers
- Technology drivers

Read more in **Market Drivers** on pages 26 to 27

On a relatively positive note, if the tariffs are enforced following the 90-day delay, the 10% rate on most UK goods is comparatively lower than what has been suggested for many other nations.

In 2024 UK GDP is estimated to have grown by 1.1%, placing the UK third in the ranking of G7 economies. This compares to the 0.4% recorded for 2023. With mounting concerns over US tariffs, public borrowing and fiscal rules, in the Spring both the Office for Budget Responsibility and the Bank of England halved their GDP growth forecasts for 2025.

Since August 2024, inflation has remained close to the Bank of England's 2% target, with the annual Consumer Prices Index (CPI) standing at 2.6% in March 2025. The Bank of England began its rate-cutting cycle in August, implementing four 25 basis point reductions, which have brought the base rate down to 4.25%. The five-year SONIA swap rate has decreased to 3.8%, compared to around 4% a year ago. In January, concerns over public finances and the UK's economic trajectory led to a sharp rise in the ten-year gilt yield, which surged to a post-Global Financial Crisis high of 4.9%. It has since fallen slightly, but remains above the ten-year average.

Businesses are contending with uncertainty as well as escalating costs, as the tax increases announced in the October budget took effect in April, potentially impacting expansion and hiring decisions.

Recent data from the Office for National Statistics recorded a further softening in employment; in March payrolled employees decreased by 78,000 (0.3%) on the month to 30.3 million. The number of job vacancies fell for the thirty-third consecutive quarter to 781,000. The unemployment rate is now 4.4%, in line with the ten-year average.

The consistent increases in the household savings ratio since September 2022 reflect the impact of underlying economic uncertainty felt by consumers. Recent retail sales data has been more positive than expected, although thought to be attributable to unseasonably good weather. The April GFK Consumer Confidence Barometer recorded declines across all measures compared to the previous month, indicating that this level of consumer spending growth may not last. However, in real terms, wages continue to show a steady increase; for the three months to February, regular and total pay grew by 1.9%.

Whilst the situation with US tariffs continues to evolve, the outcome could have a disinflationary effect on the UK, potentially prompting a faster reduction in the base rate than anticipated. Furthermore, unlike other recent market shocks, the tariffs are a voluntary measure and could be reversed as quickly as they were announced.

With inflation no longer a pressing concern, the Bank of England's decision to lower interest rates now depends more on economic growth forecasts and labour market data.

The UK's high level of market transparency, coupled with comparative stability, low inflation and interest rates, continues to make it an attractive market for global investors, and well placed to capitalise on any positive momentum during a recovery in commercial property pricing.

UK Property Market

For the year ending March 2025, the MSCI UK Quarterly Property Index recorded an All Property total return of 6.3%, driven by 1.5% capital growth and a 4.8% income return. This marks a notable recovery from the -1.0% total return reported for the year to March 2024.

Looking at the three main sectors, retail and industrial outperformed, achieving total returns of 9.4% and 9.3%, respectively. Meanwhile the office sector lagged, delivering a total return of 1.5%.

MSCI reported four consecutive quarters of capital growth at an All Property level to March 2025. Both the industrial and retail sectors experienced quarter-on-quarter capital growth, whilst capital values in the office sector continued to decline. As of March 2025, the MSCI All Property equivalent yield was 6.6%, in line with March 2024.

The occupier market has remained resilient, with a flight to quality driving consistent quarter-on-quarter rental growth across all three main sectors. All Property ERV growth reached 4.0% for the year to March 2025, up from 3.7% in the previous year.

In terms of investment transaction volumes, MSCI reported £49.9 billion in total purchases for the year, reflecting a 15% increase compared to the prior year, however this is still below the long-term average. Of the total capital invested, 22% was allocated to the industrial sector, 20% to offices, and 18% to retail, while the remaining 40% was directed toward alternative property sectors.

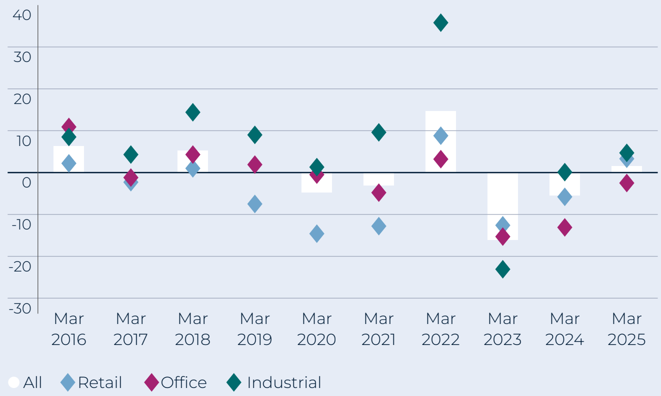
The All Property averages mask nuances at sector and sub-sector levels; further details for the three main sectors are set out in the table on the right.

1.5%
Annual capital growth

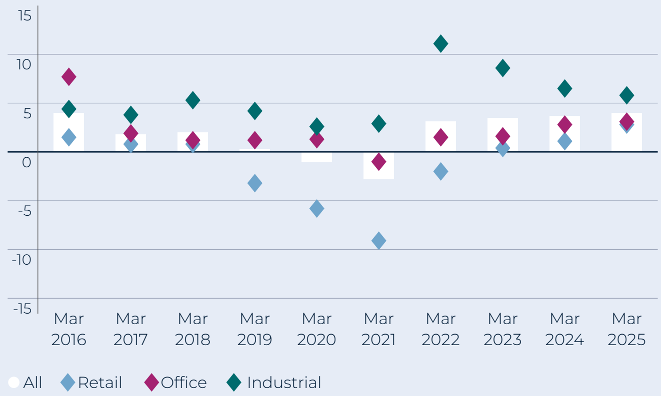
4%
ERV growth

15%
Increased investment activity

MSCI UK Quarterly Property Index Annual Capital Growth (%)



MSCI UK Quarterly Property Index Annual Estimated Rental Value Growth (%)



12 months to March 2025	All Property	Industrial	Office	Retail
Total return	6.3%	9.3%	1.5%	9.4%
Income return	4.8%	4.4%	4.1%	6.0%
Capital growth	1.5%	4.7%	-2.5%	3.3%
Number of positive segments	16	5	1	10
Number of negative segments	8	0	6	2
ERV growth	4.0%	5.8%	3.1%	2.8%
Number of positive segments	21	5	7	9
Number of negative segments	3	0	0	3

Source: MSCI UK Quarterly Property Index

Back to contents

Market Drivers

Geopolitical drivers:
- Uncertainty
- Conflict
- Tariffs
- Fiscal policy

Impact on investment markets
Geopolitical uncertainty can disrupt investment markets, but the UK remains globally appealing due to its transparency, governance and stability.

Impact on occupational markets
Geopolitical tension and an increase in trade tariffs could disrupt supply chains and raise occupiers' costs.

Fiscal policy affects business expenses and consumer spending, influencing occupier priorities like efficiency, headcount and other overheads.

Our strategic response
We have an agile and flexible business model therefore can adapt and respond to market trends.

Economic drivers:
- GDP growth
- Inflation
- Interest rates
- Business and consumer confidence

Impact on investment markets
Stable inflation and declining interest rates, which reduce the cost of debt, benefit investors. Falling Government bond yields widen the risk-free rate gap, making property investment more attractive. However, periods of lacklustre economic growth are linked to declining employment, weaker business sentiment, and reduced consumer spending.

Impact on occupational markets
Economic conditions shape occupiers' business confidence, expansion plans and space requirements. Property sectors respond differently; retailers depend more on consumer confidence, while industrial occupiers may have a stronger alignment with trade volumes.

Our strategic response
We have an appropriate capital structure for the market cycle and have maintained our defensive position, with a conservative loan to value of 24% and additional operational flexibility through our undrawn revolving credit facility.

We have a diverse income base that has proven to be very resilient, operating within a wide variety of business segments. Our occupier focused, opportunity led approach enables us to create spaces to help our occupiers succeed.

Proactive asset management drives performance through enhancing asset quality, attracting and retaining occupiers, minimising the cost of vacancy and maximising efficiency.

Property drivers:
- Diversification
- Sector performance
- Asset selection
- Construction costs
- Investor and occupier demand, supply and rents

Impact on investment markets
The commercial property market is cyclical, shaped by supply-demand dynamics and economic conditions. Property sectors react differently and can be at alternative points in the cycle. Diversified investing can reduce risk for investors.

Currently, industrial property generally offers a more defensive lower yield, while offices provide higher yields but often higher capital expenditure requirements. Rising construction costs have reduced development across all sectors, driving supply constraints and underpinning rental growth.

Impact on occupational markets
Structural drivers affect property sectors differently. Online retailing has boosted industrial demand at the expense of in-store retail. Post-pandemic, the acceleration in remote working reshaped the office market, however limited development has created competition for prime, ESG-compliant spaces.

Our strategic response
Our in-depth understanding of the UK commercial property market enables us to identify and source value across different sectors and reposition the portfolio through the property cycle.

Through maintaining a diversified portfolio, we dilute cyclical risks associated with a single sector. Dynamics that cause a downturn or disproportionate shock in one sector have a reduced impact on overall performance.

4.25%
Bank of England base rate vs 5.25% March 2024

2.6%
Annual CPI inflation vs 3.2% March 2024

1.1%
Annual UK GDP growth vs 0.4% December 2023

Read more in our **Portfolio Review** on pages 28 to 41

We have retained our overweight position in the better performing industrial sector and disposed of selected buildings within our office portfolio. Our higher yielding retail portfolio provides a strong income return for investors.

We are investing in our assets in line with our strategic priorities.

ESG drivers:

- Climate change
  - Asset resilience
  - Net zero transition
  - Biodiversity
- Social impact
- Governance

Impact on investment markets

ESG plays an increasingly vital role in investment pricing and decision making.

Decarbonised, energy-efficient assets with high EPC ratings command a premium, while assets that are not net zero aligned risk becoming stranded. Property owners must balance diverse stakeholder demands, including those of local communities and natural capital.

Impact on occupational markets

Occupiers have various motives for engaging with ESG, including their own commitments and ambitions. Ultimately, being more sustainable can increase profitability. Achieving more whilst using fewer resources cuts costs, and occupying a sustainable building aligns with this goal.

From a social perspective, buildings containing health and wellness facilities, green spaces, biophilic design and other amenities can improve occupiers' employee satisfaction and retention.

Read more in **Sustainable Thinking** on pages 62 to 83

Our strategic response

We are committed to integrating sustainability within our business activities, and in a way that makes a positive contribution to society, whilst minimising any negative impact on people, local communities, and the environment.

We are focused on our net zero goal and are investing in decarbonising the portfolio in line with our sustainable refurbishment guidelines.

Technology drivers:

- Artificial Intelligence
- PropTech
- Big Data

Impact on investment markets

Technological change, including AI, Machine Learning, Big Data, and digitalisation, are reshaping capital markets. AI and Big Data provide investment advantages but pose risks such as cyber insecurity and job losses.

Assets with integrated technology and suitable infrastructure are more investable than those reliant on outdated systems.

Impact on occupational markets

Technological advances reshape employment trends and require evolving workspaces. Technology-enabled buildings with automation and grid capacity attract occupiers and command rent premiums. Sector-specific needs include supply chain optimisation, electric vehicle fleet capacity, and data centre capabilities.

Our strategic response

Our diversified approach enables us to adapt to change driven by technological drivers. Investing where there is downside protection against obsolescence forms part of our investment process.

We are committed to maintaining an efficient operating platform and continue to investigate and invest in PropTech solutions where appropriate.

Wherever possible, we use data to measure, manage and drive progress on our strategy, including our sustainability goals.

Read more in **Principal Risks** on pages 49 to 53

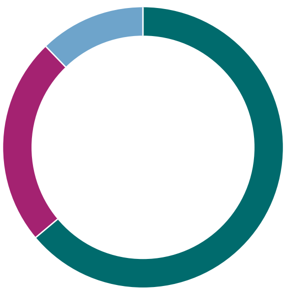
Portfolio Review

Our property portfolio consists of 47 assets. Our diverse exposure provides flexibility to adapt as market conditions dictate.

Geographical weighting

- 25–50%
- 10–25%
- 0–10%

Portfolio composition



Industrial	64%
Office	24%
Retail & Leisure	12%

Property	Sector
Properties valued between £10 million and £20 million	
The Business Centre, Wokingham	Industrial
Colchester Business Park, Colchester	Office
B&Q, Queens Road, Sheffield	Retail & Leisure
Madleaze Trading Estate, Gloucester	Industrial
180 West George Street, Glasgow	Office
Parc Tawe North Retail Park, Swansea	Retail & Leisure
Nonsuch Industrial Estate, Epsom	Industrial
Gloucester Retail Park, Gloucester	Retail & Leisure
Vigo 250, Birtley Road, Washington	Industrial
30 & 50 Pembroke Court, Chatham	Office
Mill Place Trading Estate, Gloucester	Industrial
Easter Court, Warrington	Industrial
Metro, Manchester	Office
Units 1 & 2, Kettlestring Lane, York	Industrial
Swiftbox, Haynes Way, Rugby	Industrial
Properties valued between £5 million and £10 million	
401 Grafton Gate, Milton Keynes	Office
Units 1 & 2, Downmill Road, Bracknell	Industrial
Angouleme Retail Park, Manchester	Retail & Leisure
Queen's House, Glasgow	Office
Regency Wharf, Birmingham	Retail & Leisure
Thistle Express, Luton	Retail & Leisure
109–117 High Street, Cheltenham	Office
Abbey Business Park, Belfast	Industrial
Properties valued under £5 million	
Crown & Mitre Complex, Carlisle	Retail & Leisure
Trident House, St Albans	Office
Atlas House, Marlow	Office
Sentinel House, Fleet	Office
Scots Corner, Birmingham	Retail & Leisure
Kingstreet Lane, Winnersh	Industrial
Waterside House, Leeds	Office
78–80 Briggate, Leeds	Retail & Leisure
53–57 Broadmead, Bristol	Retail & Leisure
17–19 Fishergate, Preston	Retail & Leisure
7–9 Warren Street, Stockport	Retail & Leisure
Oxford Lane, Cardiff	Industrial
6–12 Parliament Row, Hanley	Retail & Leisure
72–78 Murraygate, Dundee	Retail & Leisure

Our top ten properties valued in excess of £20 million

01. Parkbury Industrial Estate, Radlett

Approx area (sq ft) / 341,000
Capital value (£m) / >100
Occupancy rate (%) / 98
EPC rating / A–D

02. River Way Industrial Estate, Harlow

Approx area (sq ft) / 454,800
Capital value (£m) / 50–75
Occupancy rate (%) / 100
EPC rating / A–D

03. Stanford Building, London WC2

Approx area (sq ft) / 20,100
Capital value (£m) / 30–50
Occupancy rate (%) / 97
EPC rating / B

04. Datapoint, Cody Road, London E16

Approx area (sq ft) / 55,100
Capital value (£m) / 30–50
Occupancy rate (%) / 100
EPC rating / B–C

05. Lyon Business Park, Barking

Approx area (sq ft) / 99,400
Capital value (£m) / 20–30
Occupancy rate (%) / 100
EPC rating / B–D

06. Shipton Way, Rushden

Approx area (sq ft) / 312,900
Capital value (£m) / 20–30
Occupancy rate (%) / 100
EPC rating / C

07. Sundon Business Park, Luton

Approx area (sq ft) / 127,800
Capital value (£m) / 20–30
Occupancy rate (%) / 100
EPC rating / A–D

08. 50 Farringdon Road, London EC1

Approx area (sq ft) / 31,300
Capital value (£m) / 20–30
Occupancy rate (%) / 100
EPC rating / B

09. Tower Wharf, Cheese Lane, Bristol

Approx area (sq ft) / 70,200
Capital value (£m) / 20–30
Occupancy rate (%) / 88
EPC rating / B–C

10. Trent Road, Grantham

Approx area (sq ft) / 336,100
Capital value (£m) / 20–30
Occupancy rate (%) / 100
EPC rating / C

Proactive asset management

This year we have reduced office exposure, and improved portfolio occupancy, income and rental values.

Our portfolio value has increased on a like-for-like basis and we have disposed of our three largest void assets at pricing ahead of the March 2024 valuation. We have used proceeds in part to invest back into the portfolio to upgrade assets. This ongoing programme has enabled income and capital accretive lease transactions, and improved the overall quality of our portfolio.

The portfolio valuation as at 31 March 2025 was £723.1 million, a like-for-like portfolio valuation increase of 3.8% or 2.1% after capital expenditure.

At the year end, the contracted rent, which is the rent receivable after the expiry of lease incentives increased by £1.4 million or 3% on a like-for-like basis, to £48.2 million. The passing rent was £42.3 million, a decrease of £0.7 million or 1.6% on a like-for-like basis, reflecting lease incentives.

The March 2025 ERV of the portfolio was £55.6 million, a 4% like-for-like increase on the prior year. We had ERV growth of 3% in the industrial sector proven by new lettings and active management. The office sector was up 4% driven by our central London holdings and our asset upgrade programme. The retail and leisure sector increased by 5%.

Occupier activity was somewhat subdued reflecting the Budget and other political events. Despite this, we saw rental growth assisted by low levels of supply in many sub-markets. We expect these trends to continue into 2025.

Occupational demand is stable in the industrial sector, supported by a lack of supply in the multi-let market in particular.

The office sector remains in transition though the severe lack of supply of prime space has led to strong rental growth for the best buildings and locations. Poorer quality buildings continue to suffer from weak occupier demand and may lead to further supply being repositioned for alternative uses.

In the retail sector there is competition for space leading to rental growth for prime locations.

We successfully repositioned office assets at Angel Gate, London, (residential via permitted development rights), Charlotte Terrace, London, (residential) and Longcross, Cardiff (student accommodation) and have completed the disposal of all three assets during the period for a combined £51 million, 5% ahead of the 31 March 2024 valuation.

Top ten occupiers

The largest occupiers, based on a percentage of contracted rent, as at 31 March 2025, are as follows:

Occupier	Contracted rent (£m)	%
Public sector	1.8	3.8
Whistl UK Limited	1.6	3.4
The Random House Group Limited	1.6	3.4
B&Q Limited	1.2	2.6
Snorkel Europe Limited	1.2	2.4
XMA Limited	1.0	2.0
Portal Chatham LLP	0.9	1.8
Orlight Limited	0.8	1.7
DHL Supply Chain Limited	0.8	1.6
Blanco UK Limited	0.8	1.6
Total	**11.7**	**24.3**

Longevity of income

As at 31 March 2025, expressed as a percentage of contracted rent, the average length of leases to first termination was 4.9 years (2024: 4.2 years). This is summarised as follows:

	%
0 to 1 year	20.8
1 to 2 years	14.4
2 to 3 years	8.1
3 to 4 years	9.4
4 to 5 years	12.4
5 to 10 years	24.6
10 to 15 years	9.1
15 years or more	1.2
Total	**100**

Although we have increased income longevity in the year, there are a number of lease events in the short term which are a focus for the team. We will be working to ensure the void risk is mitigated and the reversion captured.

Industrial weighting

64%

South East	**45%**
Rest of UK	**19%**

Office weighting

24%

Rest of UK	**9%**
Central London	**8%**
South East	**7%**

Retail and Leisure weighting

12%

Retail Warehouse	**8%**
High Street Rest of UK	**2%**
Leisure	**2%**

Portfolio Review *continued*

Portfolio summary

	FY 2025	FY 2024	Like-for-like % change
Assets	**47**	49	
Occupancy	**94%**	91%	
Valuation	**£723.1m**	£744.6m	3.8%
Disposal proceeds	**£51.0m**		
Acquisition	**£0.5m**		
Capital expenditure	**£11.8m**	£4.5m	
Equivalent yield	**6.8%**	6.8%	
Passing rent	**£42.3m**	£44.7m	-1.6%
Contracted rent	**£48.2m**	£48.7m	3.0%
ERV	**£55.6m**	£57.6m	3.8%

Performance

For the year to March 2025, we produced a total property return of 7.3%, outperforming the MSCI UK Quarterly Property Index which recorded a total return of 6.3%. This outperformance was driven by both income return and capital growth.

Our portfolio income return was 5.2%, outperforming MSCI's income return of 4.8%. Capital growth was 2.1%, compared to MSCI at 1.5%.

We have now outperformed the benchmark for 12 consecutive years and delivered upper quartile performance since launch, ranked 8 out of 72 portfolios.

Occupancy

Occupancy has increased from 91%, rising to 94%. This compares to the MSCI UK Quarterly Property Index of 91%, as at 31 March 2025. The total void ERV is £3.4 million.

The majority of our void is in the office sector, comprising void ERV of £2.6 million, or 76% of the total void. Our offices have an occupancy rate of 86%. Our industrial and retail assets have occupancy rates of 99% and 94%, respectively.

Portfolio activity

We continue to actively manage the portfolio completing over 78 asset management transactions, increasing both contracted rent and estimated rental value (ERV).

- 25 lettings or agreements to lease, securing additional rent of £2.9 million, 7% ahead of ERV
- 36 lease renewals or regears, securing £6.6 million per annum, an uplift of £0.8 million, 10% ahead of ERV
- 13 rent reviews, securing an uplift of £0.4 million per annum, 7% ahead of ERV
- Four lease variations to remove occupier break options, securing £0.6 million per annum

Retention

Over the year to March 2025, total ERV at risk, due to lease expiries or break options, totalled £6.4 million. This excludes office buildings which were sold during the year.

We retained 66% of total ERV at risk. Of the ERV that was not retained, a further 18% or £1.1 million was re-let to new occupiers during the year, therefore a positive outcome was achieved on 84% of the ERV that was at risk.

In addition, a further £5.4 million of ERV, which expired in more than 12 months time, was retained by either removing future break options, extending leases, or agreeing back-to-back surrenders and re-letting transactions ahead of lease events.

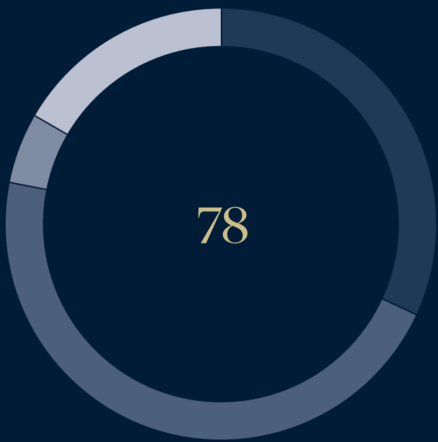
Investment activity

Investment market activity remained below the long run average over the year, with the anticipated rebound post the general election evaporating amid concerns over the economy. This limited activity to prime assets and value add opportunities.

Over the year, three assets were sold for a combined £51 million, and one tactical acquisition of a trade counter unit, adjoining an existing asset, was made for £0.5 million.

Portfolio key asset management activity

Transactions



Lettings	25
Renewals/regears	36
Break removals	4
Rent reviews	13

Lettings
(New rent vs March 2024 ERV)

7%

New rent	£2.9m
March 2024 ERV	£2.7m

Renewals/Regears
(New rent vs previous rent)

14%

New rent	£6.6m
Previous rent	£5.8m

10% ahead of March 2024 ERV

Break removals
(New rent vs previous rent)

13%

New rent	£0.6m
Previous rent	£0.5m

19% ahead of March 2024 ERV

Rent reviews
(New rent vs previous rent)

26%

New rent	£1.8m
Previous rent	£1.5m

7% ahead of March 2024 ERV

Portfolio Review *continued*

Asset upgrades

This year, we have invested significantly to upgrade the overall quality of the portfolio.

We have utilised proceeds from some of our asset disposals to invest back into the portfolio to upgrade assets to enhance rents and value, improving their appeal to occupiers, in terms of quality of accommodation, energy efficiency measures and occupier amenities.

The majority of these projects have been linked to lease events to maximise prospects for occupier retention or reletting as a result of the investment programme.

Over the year, we have invested £11.8 million into the portfolio across more than 20 projects, with the top six projects accounting for 68% of the spend.

All the works undertaken are in line with our sustainable refurbishment guidelines, which follow industry best practice. Where appropriate, we remove gas from buildings, install solar panels and upgrade insulation, in line with our net zero carbon pathway.

This has resulted in an improvement in our EPC ratings with 83% of our properties (by rental value) now rated C and above, an increase of 3% on the prior year.

1. At Grafton Gate, Milton Keynes we are replacing the original gas fired air conditioning system with a new fully electric system for the whole office. In conjunction with the solar panels previously installed the building's EPC will improve to an A rating. As a result of the works we have renewed two leases securing annual rent of £0.8 million, which represents an uplift of 23% on the previous passing rent and 33% ahead of the pre-upgraded ERV.
2. At Atlas House, Marlow we have replaced the air conditioning in the building and now have a fully electric system with additional rooftop solar panels. As part of the refurbishment we have also added an occupier business lounge and installed new LED lighting. The entire office now has an EPC A rating. As a result of the upgrade we secured a lease renewal at £0.1 million per annum, which represents an uplift of 42% on the previous passing rent but 6% below ERV, due to a lower refurbishment specification.
3. At Madleaze Trading Estate in Gloucester, we are replacing the roofs on a number of units comprising approximately 25% of the total estate. These works were part of asset management transactions agreed last year and as a result, we have regeared a lease and let an additional unit to an existing occupier at £0.5 million per annum, 22% ahead of ERV.
4. At Colchester Business Park, we have completed the first phase of the refurbishment of the largest office building on the business park and have replaced the original air conditioning system which utilises gas, with a new all-electric system. To reduce our embodied carbon emissions we have re-used equipment from our Bristol and Cardiff buildings. As part of the building upgrade we have also delivered market-leading occupier amenities by creating an occupier business lounge and end of trip facilities.
5. At 50 Pembroke Court, Chatham we have replaced the air conditioning system which utilises gas, with a new electric system and have installed rooftop solar panels. The building EPC will achieve an A rating when reassessed.
6. At Tower Wharf, Bristol we have commenced the replacement of the gas powered air conditioning with a new electric system. To reduce our embodied carbon emissions, as part of the refurbishment of the first and third floors we have reused equipment and furniture from our Cardiff building and the previous occupier of the third floor. The EPC of the refurbished floor has a B rating. On completion of the air conditioning works, the entire office will have an A rating.

£11.8m
Total invested

20+
Projects

83%
EPC ratings A-C, improved from 80% in 2024

Read more in

Strategy in Action
on pages 14 to 15

Net Zero Progress
on pages 70 to 71

Summary and outlook

Despite this challenging macro-environment, the UK commercial property market has proven to be remarkably resilient and we have seen positive valuation movement over the year as the strength in occupational markets has helped grow our income and parts of the market have seen greater pricing tension.

With the interest rate cycle having peaked, we expect market liquidity to improve and transaction activity to increase as the year progresses. There may be a short-term softening of rental growth as businesses adopt a more cautious approach, but this is set against a backdrop of tight supply generally and particularly for better quality assets.

Demand at our industrial assets has been resilient, in particular at our multi-let estates where we have continued to capture reversionary potential at lease events and have seen further rental growth over the period. Our distribution portfolio remains fully let with reversionary potential, although an element of this reversion will be captured through lease expiry and reletting, which may have a short-term income impact.

With regard to office assets, we have successfully progressed our alternative use strategy by disposing of three assets at accretive pricing over the year and continue to monitor the office portfolio for enhanced returns via change of use. We have also leveraged our portfolio investment programme to secure income-accretive new lease commitments with existing occupiers. We will continue our selective office asset disposal programme.

Occupier demand will continue to focus on well-located office buildings with good fundamentals, including strong environmental credentials and occupier amenities.

The retail portfolio has seen rental growth and capital value appreciation over the year. The occupier market for well-located high street and retail warehouse is robust, having seen many years of downwards repricing. The high take-up of stores released by insolvent operators such as Wilko and Homebase demonstrates some of the risks and opportunities in this sector.

The portfolio remains well placed and overall of a high quality, enabling us to maintain and enhance income through our occupier focused approach. As at 31 March 2025 there is £7.5 million of reversion in the portfolio. Approximately £4.1 million is where contracted rent is below ERV and £3.4 million is from letting vacant space.

We expect total returns to broadly converge across the sectors following a period of significant repricing of office assets in particular. We believe performance will be location and asset specific and the need to be able to proactively manage assets will become increasingly important to total return performance.

We remain focused on growing income and creating value. The portfolio has been upper quartile versus the MSCI UK Quarterly Property Index on a total return basis since launch and has had an income return ahead of the benchmark every year.

We still have significant reversion to capture through both leasing of void space and as rents are reset to market levels at review or lease expiry. Our proactive approach to asset management will unlock further value through asset repositioning and lease restructuring.

Jay Cable
Head of Asset Management
21 May 2025

Industrial

During the year we have continued to unlock reversionary potential, increasing the contracted rent. High occupancy and active management have supported rental growth and further valuation gains.

Industrial snapshot:

	FY 2025	FY 2024	Like-for-like % change
Assets	**19**	18	
Occupancy	**99%**	98%	
Valuation	**£463.2m**	£439.9m	5.0%
Acquisition	**£0.5m**		
Capital expenditure	**£3.0m**	£2.4m	
Equivalent yield	**5.6%**	5.7%	
Passing rent	**£22.6m**	£22.3m	0.7%
Contracted rent	**£25.7m**	£23.6m	8.1%
ERV	**£29.5m**	£28.5m	3.1%

Market backdrop

The industrial, warehouse and logistics sector has been robust throughout the year.

The investment market has seen stable yields, with some yield compression for the best multi-let locations with short-term reversionary potential.

Capital growth has been driven broadly by movements in income. Rents have continued to move upwards against a backdrop of limited supply.

In certain markets, there is a little more supply than there has been historically, but similarly speculative development is now more constrained, which is likely to reduce future pipeline.

Portfolio activity

Our industrial assets increased in value by 5% over the year, from £439.9 million to £463.2 million. The contracted rent increased by 8% from £23.6 million to £25.7 million and the ERV

grew by 3% from £28.5 million to £29.5 million. Occupancy increased from 98% to 99%.

The majority of our industrial assets are multi-let, comprising 54% of our total portfolio by value, with the majority located in the South East. At present we only have four vacant units, with one under offer and one currently undergoing refurbishment. Our UK-wide distribution warehouse assets comprise 10% of the total portfolio by value and are fully leased.

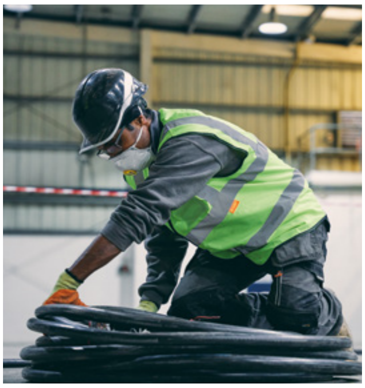
The industrial portfolio currently has £3.8 million of reversionary income potential between contracted rent and ERV, with only £0.4 million relating to the void units.

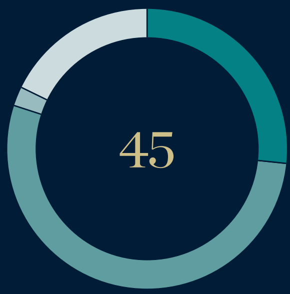
Over the year we completed £7.4 million of lease transactions at an average of 6% ahead of the March 2024 ERV. Of these £1.7 million were new lettings, 8% ahead of ERV, £4.5 million were lease renewals or regears, 7% ahead of ERV and 19% ahead of the previous rents, and £0.9 million of rent reviews securing a rental uplift of £0.3 million, 2% ahead of ERV and 38% ahead of the previous rent. In addition, we removed a break option securing £0.3 million, 18% ahead of ERV.

Key transactions in the year included:

- Grantham – lease regear securing an increased term certain of 13 years at a rent of £1.6 million per annum, 8% ahead of ERV
- London, Datapoint – lease renewal securing £0.7 million per annum, 47% ahead of the previous passing rent and 12% ahead of ERV
- Harlow – surrendered a lease and simultaneously re-let the unit for £0.6 million per annum, 53% ahead of the passing rent and 5% ahead of ERV

Additionally, we completed lettings in Bracknell, Gloucester, London, Luton and Warrington for a combined £1.2 million per annum, 10% ahead of ERV.





Transactions

Lettings	12
Renewals/regears	24
Break removals	1
Rent reviews	8

Lettings (New rent vs March 2024 ERV)

8%

New rent	£1.7m
March 2024 ERV	£1.6m

Renewals/regears (New rent vs previous rent)

19%

New rent	£4.5m
Previous rent	£3.8m

7% ahead of March 2024 ERV

Break removals (New rent vs previous rent)

28%

New rent	£0.3m
Previous rent	£0.2m

18% ahead of March 2024 ERV

Rent reviews (New rent vs previous rent)

38%

New rent	£0.9m
Previous rent	£0.7m

2% ahead of March 2024 ERV

Office

We have improved occupancy in the year, and completed accretive disposals for higher value alternative uses. We continue to invest significantly into the portfolio by upgrading assets, which has led to rental growth, leasing activity and occupier retention.

Office snapshot:

	FY 2025	FY 2024	Like-for-like % change
Assets	**14**	17	
Occupancy	**86%**	80%	
Valuation	**£175.3m**	£224.9m	-0.4%
Disposal proceeds	**£51.0m**		
Capital expenditure	**£8.1m**	£1.9m	
Equivalent yield	**8.2%**	7.8%	
Passing rent	**£14.0m**	£14.5m	10.3%
Contracted rent	**£14.9m**	£16.9m	0.6%
ERV	**£18.7m**	£22.0m	4.3%

Market backdrop

The office sector has been subdued this year with reduced investor demand and elevated vacancy rates.

Occupational demand continues to favour high quality buildings with good environmental credentials and occupier amenities. We are seeing a rental premium for this type of space but conversely occupational and investor demand outside of this is limited. This has led to a general downward repricing, particularly once costs associated with asset upgrading are factored into appraisals. Alternative use strategies are a way of finding liquidity without significant capital investment.

Asset selection is key, as each building must be viewed independently, in respect of its location and dynamics, sustainability credentials, flexibility of floorplates and occupier amenities.

Portfolio activity

During the year we completed the disposal of three office assets that we had repositioned for alternative uses, 5% ahead of the March 2024 valuation. This reduced our office exposure by 20%. The passing rent on our retained office assets increased by 10% to £14 million, the contracted rent increased by 1% to £14.9 million and the ERV grew by 4% to £18.7 million. The value of the retained office assets has decreased on a like-for-like basis by 0.4% over the year to £175.3 million, with our asset upgrades mitigating a larger impact. Occupancy has increased from 80% to 86%.

Our regional office assets comprise 16% of the portfolio by value and have a reversionary yield in excess of 10%. Our central London offices comprise 8% of the portfolio by value, are fully leased and offer alternative use opportunities.

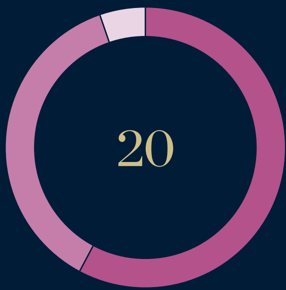
The office portfolio currently has £3.8 million of reversionary income potential between contracted rent and ERV, with a further £2.6 million relating to the void units.

Over the year we completed £1.5 million of lease transactions at an average 15% ahead of the March 2024 ERV. Of these, £0.8 million were new lettings, 10% ahead of ERV and £0.7 million were lease renewals or regears, 22% ahead of ERV and 26% ahead of the previous rent.

We have invested to improve the quality of our office portfolio to assist with future lettings and occupier retention. This has also helped to improve overall office ERVs as the space is upgraded. We have now removed gas from 43% of our office portfolio by value, with a further 26% currently planned. We have completed £1 million per annum of leasing transactions as a direct result of the upgrades, 17% ahead of March 2024 ERV.

Key transactions in the year included:

- Bristol – upsized an occupier into new space at £0.5 million per annum, 5% ahead of ERV
- Marlow – lease renewal securing £0.1 million per annum, 42% ahead of the previous passing rent and 6% below ERV
- Milton Keynes – agreed two lease renewals securing a combined £0.8 million per annum, 23% ahead of the previous passing rent and 33% ahead of ERV



Transactions

Lettings	11
Renewals/regears	7
Rent reviews	2

Lettings
(New rent vs March 2024 ERV)

10%

New rent	£0.8m
March 2024 ERV	£0.7m

Renewals/regears
(New rent vs previous rent)

26%

New rent	£0.7m
Previous rent	£0.5m

22% ahead of March 2024 ERV

Rent reviews
(New rent vs previous rent)

14%

New rent	£0.1m
Previous rent	£0.1m

2% ahead of March 2024 ERV

Retail and leisure

We have seen strong valuation gains from our retail assets, driven by asset management improving the income profile. Whilst we are starting to see rental growth, new rents are often below pre-pandemic levels.

Retail and leisure snapshot:

	FY 2025	FY 2024	Like-for-like % change
Assets	**14**	14	
Occupancy	**94%**	98%	
Valuation	**£84.6m**	£79.8m	6.0%
Capital expenditure	**£0.7m**	£0.2m	
Equivalent yield	**7.9%**	8.3%	
Passing rent	**£5.7m**	£7.9m	-27.5%
Contracted rent	**£7.6m**	£8.2m	-7.3%
ERV	**£7.4m**	£7.1m	5.4%

Market backdrop

The retail and leisure sector has been resilient, having seen considerable repricing in prior years. Values have moved upwards and the sector benefits from a relatively high income component.

With elevated interest rates, cost of living concerns and the impact of the October Budget on their cost base, there remain headwinds for operators in the sector. We are also seeing demand from leisure operators for both high street and retails warehouse units.

The significant reduction in rents in prior years provides a relatively low base and for the right quality assets we are seeing tentative signs of rental growth. In a number of instances occupier defaults have led to relatively swift re-leasing at similar rents. It is likely that rents set before 2020 are still above market levels, albeit rents agreed after this time are starting to have upside potential.

We continue to see opportunities in the sector for certain retail warehouse and prime high street locations, but asset selection is key.

Portfolio activity

Our retail assets increased in value by 6% over the year from £79.8 million to £84.6 million. The contracted rent reduced by 7.3% from £8.2 million to £7.6 million as we re-let space following the expiry of over-rented leases. The ERV grew by 5.4% from £7.1 million to £7.4 million. Occupancy decreased from 98% to 94%.

Our retail assets are predominantly retail warehouse, underpinned by value-led retailers and make up 8% of the total portfolio. They consist of 19 units across four parks with one vacant unit in Swansea. Our high yielding high street portfolio makes up 2% of the total portfolio, with only £0.2 million of vacancy.

Over the year we completed £2.9 million of lease transactions at an average 12% ahead of the March 2024 ERV. Of these £0.4 million were lettings, 3% below ERV, £1.5 million were lease renewals or regears, 15% ahead of ERV and £0.3 million of break removals, 21% ahead of ERV.

Key transactions in the year included:

- Sheffield – regeared the lease securing ten years term certain at a rent of £1.2 million per annum, 14% ahead of ERV
- Gloucester – leased a unit and regeared a lease, securing ten years term certain on both units at a combined £0.4 million per annum, 9% ahead of ERV
- Swansea – secured a 10% uplift at an indexed rent review securing £0.4 million per annum, 26% ahead of ERV

Lettings
(New rent vs March 2024 ERV)

-3%

New rent	£0.4m
March 2024 ERV	£0.4m

Renewals/regears
(New rent vs previous rent)

-3%

New rent	£1.5m
Previous rent	£1.5m

15% above March 2024 ERV

Break Removals
(New rent vs previous rent)

Unchanged

New rent	£0.3m
Previous rent	£0.3m

21% above March 2024 ERV

Rent reviews
(New rent vs previous rent)

16%

New rent	£0.9m
Previous rent	£0.8m

13% ahead of March 2024 ERV

Financial Review

We have prioritised the divestment of low income producing office assets in order to support earnings growth over the medium term.

Saira Johnston
Chief Financial Officer

Portfolio repositioning helps to deliver earnings growth and valuation gains.

This year we have delivered EPRA earnings growth and a profit of £37.3 million. This has been underpinned by positive valuation movements and by the disposals of three repositioned office assets, totalling £51 million. These proceeds have been used to fully repay the floating rate revolving credit facility, reinvest in the portfolio and return capital to shareholders through the share buyback programme.

EPRA earnings, comprising the operating profit before movement on investments, less the net interest expense, was £22.8 million, an increase of 5% during the financial year. The overall profit for the year includes gains on disposals of £1.5 million and the positive valuation movement of £12.9 million.

We have been focused on growing earnings, whilst delivering an increasing, covered and sustainable dividend, through repositioning the portfolio's sector allocation alongside continued proactive and hands-on asset management.

Looking forward, we are committed to delivering earnings growth over the medium term. We are continually evaluating lease events and the optimal approach to deliver this, accepting some short-term reduction in income to capture the reversion and create value across the portfolio.

£37m
Profit after tax
2024: £(5m)
2023: £(90m)

113%
Dividend cover
2024: 114%
2023: 112%

£23m
EPRA earnings
2024: £22m
2023: £21m

24%
Loan to value
2024: 28%
2023: 27%

4.2p
EPRA earnings per share
2024: 4.0p
2023: 3.9p

100p
NAV per share
2024: 96p
2023: 100p

3.7p
Dividends per share
2024: 3.5p
2023: 3.5p

105p
EPRA NDV per share
2024: 101p
2023: 105p

Net asset value

The Group's net asset value as at 31 March 2025 was £533.4 million, or 100 pence per share. This reflected an increase of 4% or 4 pence per share over the financial year. The analysis of the net asset value movement is set out below.

	£m
March 2024 net asset value	524.5
EPRA earnings	22.8
Gains on disposals	1.5
Valuation movement	12.9
Share-based awards	0.8
Purchase of shares held in trust	(1.5)
Share cancellation	(7.5)
Dividends paid	(20.1)
March 2025 net asset value	**533.4**

Financial Review *continued*

The following table reconciles the net asset value calculated in accordance with International Financial Reporting Standards (IFRS) with that of the European Public Real Estate Association (EPRA).

	2025 £m	2024 £m	2023 £m
Net assets – IFRS and EPRA net tangible asset value	**533.4**	524.5	547.6
Fair value of debt	**26.1**	24.7	22.8
EPRA net disposal value	**559.5**	549.2	570.4
Net asset value per share (pence)	**100**	96	100
EPRA net tangible asset value per share (pence)	**100**	96	100
EPRA net disposal value per share (pence)	**105**	101	105

£20.1m

Dividends paid

£11.8m

Invested into portfolio upgrades

Income statement

Rental income decreased by £0.4 million during the financial year to £43.5 million as a result of the three disposals. These properties contributed £1.7 million of rental income in the previous year, compared to £0.5 million in the current year.

Net rental income, excluding disposals, on a like-for-like basis, increased by £0.9 million or 2.4%, which was underpinned by the increased rents on the industrial assets. The contribution from the industrial assets was 60% for the year, an increase of 5% which is a result of the portfolio repositioning during the year. In particular we saw increases in industrial rental income in Barking, Bracknell, Harlow and Warrington where we benefitted from the full year of rents, following leasing activity in the previous financial year.

Property expenses also reduced as a result of lower void costs and general property operating costs. Property expenses on assets disposed during the year were £1 million (£1.6 million in the prior year).

Other property income decreased as a result of lease events during the year.

We have been focused on cost management recognising that an element of staff costs are performance related. Administration costs were lower than the prior year, due to the exceptional costs incurred in respect of corporate activity. We have during the year incurred some non-recurring costs due to Board transition, totalling £0.3 million.

Our EPRA cost ratio (excluding direct vacancy costs) has decreased from 23% to 22% during the financial year in part due to the non-recurring items noted above.

The Group cost ratio has increased from 1.2% to 1.3%, which is primarily due to the lower average net asset value over the period.

Net finance costs

Our financing costs decreased from £8.9 million to £7.7 million as a result of repaying the floating rate revolving credit facility in April 2024 and interest on the increased cash balances as a result of the disposals in the year.

Dividends

In April 2024, we increased our annual dividend by 6% to 3.7 pence per share, following the sale of Angel Gate, London and subsequent debt repayment.

On 6 May 2025 we announced a further increase in the dividend to 3.8 pence per share, a 2.7% increase. We have maintained dividend cover at 113% giving comfortable headroom.

Investment properties

As at 31 March 2025 the portfolio comprised 47 assets and the appraised value was £723.1 million, with revaluation gains on the portfolio of £12.9 million, net of capital expenditure and lease incentives.

During the year we disposed of three assets for total gross proceeds of £51 million, and £50 million net of disposal costs. The disposals realised a gain of £1.5 million reflecting the uplift from March 2024 values.

We have continued to invest in the property portfolio with £11.8 million in capital expenditure during the financial year to support the rental income increases and capital values over the medium to longer term. Capital expenditure has been across all sectors with a focus on the office assets, which comprised approximately 70% of the spend during the year. The key office projects included the refurbishment of Tower Wharf, Bristol, Atlas House, Marlow, Grafton Gate, Milton Keynes, Pembroke Court, Chatham and Colchester Business Park.

The value of the floor that we occupy at Stanford Building, London, has been excluded from the value of Investment Properties and included separately within Property, Plant and Equipment. Any capital movements arising from the revaluation of this element of the property are shown within the Consolidated Statement of Comprehensive Income and classified as owner-occupied property.

Borrowings

Total borrowings were £209.6 million at 31 March 2025, with the loan to value ratio at 24%. The weighted average interest rate on our borrowings was 3.7% while the average loan duration was 6.7 years.

The fair value of our drawn borrowings at 31 March 2025 was £183.5 million, lower than the book value by £26.1 million. As a result, our EPRA NDV asset value was £559.5 million at 31 March 2025, higher than the reported net assets under IFRS. Market rates continue to be higher relative to the rates set on our facilities.

At 31 March 2025, the revolving credit facility was undrawn, remaining undrawn since April 2024, when it was repaid with the proceeds from Angel Gate. The £50.0 million facility was due to mature in May 2025 and has been refinanced post year end for a further three years in order to provide operational flexibility and future investment opportunity. Under the revolving credit facility extension, the margin will increase to 165 bps for the first £25 million drawn and 170 bps thereafter. We have strong banking relationships with our lenders; the Group has remained fully compliant with its loan covenants and has made scheduled amortisation payments during the year of £1.5 million.

Cash flow and liquidity

During the year, our cash balances increased to £35.3 million, mainly due to the disposals during the year. The cash flow from operating activities this year was £24.9 million and dividends paid were £20.1 million.

Net disposal proceeds of £50 million have primarily been used to repay debt (£17.9 million), invest in the property portfolio (£11.8 million), purchase shares (£7.5 million), hedge employee share schemes (£1.5 million) and one tactical acquisition (£0.5 million). The remaining proceeds will be used to fund the amounts outstanding under the share buyback programme (approximately £5 million, as at 31 March 2025) and future capital expenditure.

Summary of borrowings

	2025	2024	2023
Fixed rate loans (£m)	**209.6**	211.1	212.6
Drawn revolving facility (£m)	**–**	16.4	11.9
Total borrowings (£m)	**209.6**	227.5	224.5
Borrowings net of cash (£m)	**174.3**	207.7	204.4
Undrawn facilities (£m)	**50.0**	33.6	38.1
Loan to value ratio (%)	**24.1**	27.9	26.7
Weighted average interest rate (%)	**3.7**	3.9	3.8
Average duration (years)	**6.7**	7.2	8.4

£51m

Disposal proceeds

£12.5m

Share buyback programme

£17.9m

Repaid debt

Share capital

No new ordinary shares were issued during the year. We announced a share buyback programme on 30 January 2025 which, on 4 April 2025, was increased to £12.5 million and extended to 21 May 2025. As at 31 March 2025, a total of 11,205,596 shares had been purchased and cancelled at a cost of £7.5 million, at an average price of 67 pence. This equates to a 33% discount to the March 2025 NAV per share and has been accretive to both earnings and NAV growth. Post year end, a further 5,360,795 shares have been purchased and cancelled as at 19 May 2025.

The Company's Employee Benefit Trust (EBT) purchased 2,100,000 shares during the year and holds 2,942,959 shares as at 31 March 2025. Shares are held by the EBT to hedge awards outstanding under employee share schemes. As the Trust is consolidated into the Group's results, these shares are effectively held in treasury and therefore have been excluded from the net asset value and earnings per share calculations, from the date of purchase.

Saira Johnston
Chief Financial Officer
21 May 2025

The EPRA key performance measures for the year are set out here, with more detail provided in the EPRA Best Practices Recommendations (BPR) and Supplementary Disclosures section which starts on page 160.

Alternative performance measures (APMs)

We use a number of alternative performance measures (APMs) when reporting on the performance of the business and its financial position. These do not always have a standard meaning and may not be comparable to those used by other entities. However, we use industry standard measures and terminology where possible.

In common with many other listed property companies, we report the EPRA performance measures. We have reported these for a number of years in order to provide a consistent comparison with similar companies. In the Additional Information section of this report, we provide more detailed information and reconciliations to IFRS where appropriate.

Our key performance indicators include three of the key EPRA measures but also total return, total property return, property income return, total shareholder return, loan to value ratio, cost ratio, occupier retention rate, employee satisfaction and EPC ratings. The definition of these measures, and the rationale for their use, is set out in the Key Performance Indicators section on pages 20 to 23.

EPRA's mission

The European Public Real Estate Association's (EPRA) mission is to promote, develop and represent the European public real estate sector. As an EPRA member, we fully support the EPRA Best Practices Recommendations which recognise the key performance indicator measures, as detailed here.

Specific EPRA metrics can also be found within the Key Performance Indicators section of this report on pages 20 to 23, with further disclosures and supporting calculations on pages 160 to 163.

EPRA NTA per share

100p

2025	100p
2024	96p
2023	100p

EPRA NDV per share

105p

2025	105p
2024	101p
2023	105p

EPRA NRV per share

109p

2025	109p
2024	105p
2023	110p

EPRA earnings

£22.8m

2025	£22.8m
2024	£21.7m
2023	£21.3m

EPRA earnings per share

4.2p

2025	4.2p
2024	4.0p
2023	3.9p

EPRA vacancy rate

6.2%

2025	6.2%
2024	9.2%
2023	9.5%

EPRA net initial yield

5.4%

2025	5.4%
2024	5.4%
2023	5.0%

EPRA 'topped-up' net initial yield

6.2%

2025	6.2%
2024	5.9%
2023	5.5%

EPRA cost ratio[1]

30.9%

2025	30.9%
2024	32.4%
2023	29.9%

EPRA cost ratio[2]

21.9%

2025	21.9%
2024	23.0%
2023	21.3%

EPRA LTV

24.5%

2025	24.5%
2024	28.2%
2023	27.0%

1 Including direct vacancy costs

2 Excluding direct vacancy costs

For more information on our strategy and performance across our report see:

Chief Executive's Review page 16

Key Performance Indicators page 20

Principal Risks page 49

Managing Risks

The Board recognises that there is inherent risk that could have a material impact on the Group's operations and is committed to effective risk management to protect stakeholder value.

Macroeconomic and geopolitical challenges have continued into 2025 which has provided some uncertainty around interest rates and inflation. Our approach to risk management remains key to managing our ongoing operations and performance, as well as positioning ourselves to take advantage of the changing landscape in the medium and long term.

Review of risk management framework

The Board has ultimate responsibility for risk management and internal controls. The Board has adopted a structured approach to considering risks and defined a framework that informs decision making so that the risks can be reported, monitored and mitigated.

During the year, the Board reviewed and updated the Risk Management Policy to strengthen the management of risks and incorporate risk and controls scoring into its framework and risk matrix. Based on this scoring, the Board has identified 11 principal risks as disclosed on pages 49 to 53.

In addition the Board reviews risk appetite to manage risks and operations, whilst acknowledging that the nature of the Company's operations involves taking risks. Whilst the risk appetite might change over time and different points in the property cycle, the overall appetite for risk remains low and aligned to our long-term strategic objectives.

Emerging risks

In addition to monitoring the principal risks, the Board considers emerging risks. Last year the Board identified six emerging risks which have been incorporated into the principal risks under economic market conditions, discount and the ability to attract capital, portfolio strategy, regulatory compliance, climate change and operational risk.

We recognise that these risks are rapidly evolving and are harder to predict in longer-term timescales. We will in particular continue to monitor the rapid changes in technology such as AI to determine how this will affect us, our occupiers and wider stakeholders.

Responsibilities

Board

The Board has ultimate responsibility for risk management and internal controls within the Company as well as determining the risk appetite. The Board reviews the Risk Management Policy at least annually and will ensure that it is aligned with the Company's strategic priorities.

Audit and Risk Committee

Responsible for overseeing the development and implementation of the Risk Management Policy, including a six-monthly or as necessary, review of the existing and emerging risks alongside mitigating controls and their effectiveness. The Audit and Risk Committee will report to the Board on such matters.

Executive Committee

The Executive Committee is responsible for detailed risk assessment including maintaining a risk matrix setting out risks, detailed controls and risk appetite as well as embedding a culture of risk awareness in relation to day-to-day operational matters.

Management committees

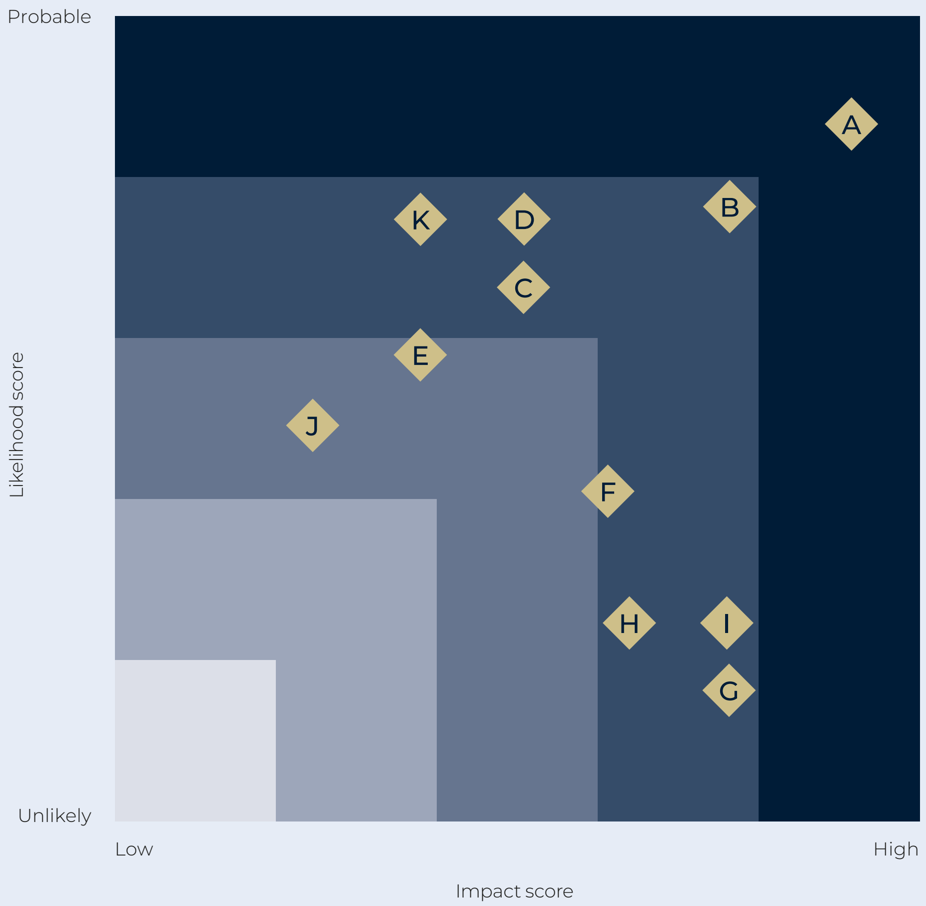
Support the Executive Committee in these matters. The Transaction and Finance Committee has oversight of all property transactions and the Responsibility Committee specifically has input on the ESG risks across all areas.

Principal Risks

The principal risks have the potential to affect the business meeting its strategic objectives materially. These are summarised in the diagram below and described in the table on the following pages, which also includes commentary on updates of any changes during the year.

Risk matrix

The principal risks remain consistent with those reported last year but we have recategorised and reframed the descriptions of some risks and added a new principal risk: discount and ability to attract capital.



Principal risks

Market
- A Economic market conditions
- B Discount and ability to attract capital

Portfolio
- C Portfolio strategy
- D Investment
- E Occupiers
- F Valuation

Finance and Tax
- G Liquidity and working capital
- H Gearing

Other
- I Regulatory compliance
- J Operational
- K Climate change

Principal Risks *continued*

Market

A Economic market conditions

The Company's performance is adversely impacted by wider economic factors such as inflation, interest rates, political changes, recession and geopolitical events.

Link to strategic priorities:

1 2 3

Impact

Investors required return increases and there is a difference between the Company's achieved returns compared to their return requirements.

Occupiers' businesses are adversely impacted by poor economic conditions.

Inflation impacts the Company's cost base.

How is the risk managed

The Board considers economic and market conditions when reviewing its strategy and making investment decisions.

Commentary

Current macroeconomic conditions and geopolitical events mean the outlook remains uncertain.

The outlook for GDP growth, inflation, the labour market and other factors will influence the central bank's decision making on interest rates.

Risk trend:

B Discount and ability to attract capital

The Company's share price discount to NAV will persist or widen and there is insufficient appetite from new or existing shareholders to support an equity raise or growth.

Link to strategic priorities:

1 2 3

Impact

A share price discount will prevent the Company raising more equity which adversely affects the Company's ability to achieve economies of scale from an internally managed model.

Shareholder dissatisfaction increases susceptibility to corporate activity/interest.

Unable to attract broader coverage from analysts/ rating agencies/investors due to scale.

How is the risk managed

The level of discount relative to the NAV is closely monitored by the Board.

The Board has prioritised the allocation of capital to repay the floating rate debt in order to support earnings growth and narrow the discount. New investment opportunities have been de-prioritised and a share buyback programme has commenced.

Proactive push to widen shareholder base with brokers, as well as increase shareholder engagement for example, hosting a capital markets day.

Commentary

The Board is working closely to address the discount at which the shares trade through capital allocation and executing the planned office repositioning strategy.

Risk trend:

Risk trend:

Increasing | No change/ stable | Decreasing

Portfolio

C Portfolio strategy

Diversification across geographies and 'traditional' sectors may lead to the Company's portfolio delivering below MSCI/peer group performance.

Link to strategic priorities:

1 2 3

Impact
Underperformance vs. peer group and insufficient clarity to investors on return profile. The Company is unable to meet investors' required returns and is perceived to hold sectors/assets which generate lower returns than either the overall benchmark or specialists.

How is the risk managed
The composition of the portfolio is reviewed regularly alongside market trends to determine whether a pivot in sector or geography weightings is appropriate.

Annual asset level business plans are completed with forecast returns.

Team remuneration is linked to MSCI and peer performance.

Commentary
The Group has continued to reduce its exposure to the office sector by pursuing alternative use strategies and executing on disposals. As a result, the portfolio is most concentrated in the industrial sector.

The portfolio has outperformed the MSCI UK Quarterly Property Index this year.

Risk trend:

D Investment

Lack of acquisitions or reinvestment opportunities that are accretive to returns. Where suitable investments can be identified, there may be pricing competition which affects the ability to transact. Issues not identified in due diligence.

Link to strategic priorities:

1 2

Impact
Underperformance in the property portfolio.

Unable to recycle capital and reprofile returns and/or yield on the portfolio.

How is the risk managed
The team is actively engaging with the market, seeking new deals and building an investment pipeline.

Acquisitions are subject to Board-level approval and post-acquisition reviews are carried out after two years.

Commentary
Notwithstanding the current prioritisation of share buybacks, we continue to monitor future opportunities and evaluate returns.

MSCI recorded a 15% increase in transaction volumes in the year to March 2025, albeit investment volumes remain below the long-term average.

Risk trend:

E Occupiers

Occupier defaults, increasing numbers of lease breaks actioned.

Poorer occupational property market.

Link to strategic priorities:

1 3

Impact
Immediate impact on earnings and dividend capacity.

Risk of bank covenant breaches.

How is the risk managed
The property portfolio is diversified across sectors, assets and occupiers.

Our occupier focused approach, underpinned by our key Picton Promise commitments, ensures strong occupier engagement, evidenced by our annual occupier survey.

Monthly meetings monitor Property Manager performance, with weekly rent collection reporting.

Commentary
The occupier market has remained resilient, with MSCI reporting four consecutive years of robust levels of rental growth to March 2025.

Our rent collection is 99%.

Risk trend:

Principal Risks *continued*

Portfolio *continued*

F Valuation

	Impact	How is the risk managed	Commentary
Property valuations are subjective and dependent on geopolitical, macroeconomic and cyclical factors, such as inflation and interest rates in addition to structural changes in certain sectors and regions. **Link to strategic priorities:** 1	Decreasing valuations reduce investor confidence and share price. Volatile or unsupportable valuations could lead to loss of investor confidence in the NAV. Breach of banking covenants.	The properties are valued quarterly by an independent valuer with oversight from the Property Valuation Committee, which facilitates an in-depth quarterly review. Mandatory valuation rotation with a maximum of five years for an individual and ten years for a firm. No development or land.	Commercial property values have stabilised during the year and headroom exists on banking covenants. Knight Frank were appointed as external valuer effective June 2025 due to mandatory valuer rotation. As at 31 March 2025 a shadow valuation was carried out alongside CBRE, and reviewed by the Property Valuation Committee. **Risk trend:**

Finance and tax

G Liquidity and working capital

	Impact	How is the risk managed	Commentary
The Company requires cash flows from rental income and contractual lease payments in order to meet its liabilities to lenders, suppliers and dividend payments to shareholders. **Link to strategic priorities:** 2	Insufficient cash to meet liabilities which may mean delayed payments to suppliers, insufficient cash for dividends payments.	The revolving credit facility (RCF) allows flexibility to draw, repay and manage working capital, capital expenditure and disposal/acquisitions. The Board reviews quarterly cash flow forecasts.	During the year the Company disposed of three assets and the disposal proceeds have been utilised during the year to repay the RCF. Post year end we refinanced the RCF with NatWest, extending the maturity for an initial term of three years with two further one year extension options. The RCF is undrawn but provides operational flexibility and opportunity for investment. **Risk trend:**

H Gearing

	Impact	How is the risk managed	Commentary
Potential to enhance returns but in falling markets there may also be an adverse impact on performance. A breach of debt covenants or failure to manage refinancing events could lead to a funding shortfall. Cost base exposed to interest rate risk. **Link to strategic priorities:** 2	Loan amounts become immediately due in the event of a breach or a refinancing which may have to be resolved by forced asset sales or penal interest rates. Increased cost base if interest rate increases.	The Board reviews quarterly cash flow forecasts and loan covenants. Interest rate hedging is in place through the fixed rate loans. We have a diverse lender base and longstanding relationships.	Disposal proceeds have been utilised during the year to repay the RCF and reduce our LTV from 28% to 24%. The RCF has been refinanced and the maturity extended for an initial term of three years with two further one year extension options. Debt maturity is 6.7 years. **Risk trend:**

Risk trend:

Increasing | No change/ stable | Decreasing

Other

I Regulatory compliance

The Company must comply with a wide range of legislation and regulation including health and safety, tax and listing rules, environmental reporting and accounting matters. New or revised legislation or regulations may have an adverse impact on operations and increase costs. **Link to strategic priorities:** 2 3	**Impact** Financial loss and reputational damage or REIT status withdrawn. Litigation, fines and reputational damage from health and safety failures. Additional costs as a result of increasing legislation and loss of shareholder confidence as a result of any breaches.	**How is the risk managed** Appointment of Deloitte as tax advisers. The Board monitors changes to legislation with its professional advisers and through industry bodies such as the Better Buildings Partnership and British Property Federation. The governance structure supports this further with the Health and Safety and Responsibility committees.	**Commentary** Planning reforms have been beneficial to our change of use strategy and securing planning permission for alternative use at four office assets. The Government is expected to continue support of the REIT regime and its focus to decarbonise and transition to net zero. **Risk trend:** No change/stable

J Operational

A small team with higher key person reliance and simple operational structure which may be impacted by a major event/business disruption. **Link to strategic priorities:** 2	**Impact** Loss of certain individuals will have a material impact on operations and shareholder engagement/market perception. An unexpected business disruption event would have an adverse financial impact and restrict the ability to operate.	**How is the risk managed** A succession plan is in place and reviewed annually. We have in place an employee incentive package to support retention. Incident Management Strategy and Business Continuity Plan is in place. We engage regularly with our employees.	**Commentary** The risk of cyber events and business disruption events remains. During the year we reviewed our Incident Management Strategy and Business Continuity Plan. Our internal audit scope included a review of IT controls, and our cyber certifications were updated. We rolled out IT Security training for all our employees. **Risk trend:** No change/stable

K Climate change

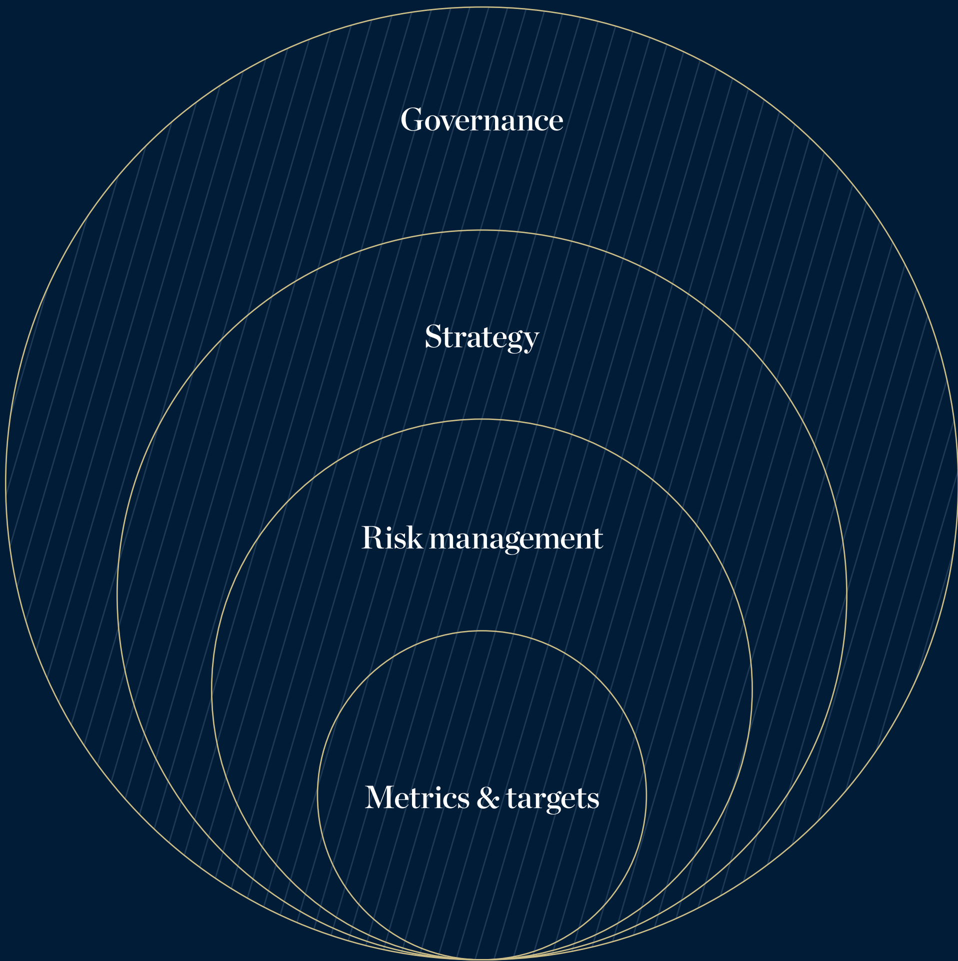
Transition risks associated with the long-term trends arising from climate change. These include increasing regulation, reporting, insurance, Government response and business models of landlords and occupiers changing. Physical risks associated with the impact of climate change on our buildings. **Link to strategic priorities:** 2 3	**Impact** Cost base increased by increased reporting requirements and regulation. Valuation adversely impacted by capital expenditure needed to transition, manage obsolescence and stranded asset risk.	**How is the risk managed** ESG governance processes are embedded into investment, asset and operational processes. Environmental consultants available on a retainer basis to advise on upcoming transition risks. The portfolio is diversified across a number of sectors, assets and geographic locations. Flood risk assessments have been carried out for all properties in respect of pluvial, fluvial and reservoir flooding. EPC ratings are closely monitored and reported.	**Commentary** We continue to improve our EPC profile and remain fully MEES compliant. Our assessments show that the flood risk in the portfolio remains de minimis. Our due diligence process alerts us to any physical or transition risk associated with property acquisitions. **Risk trend:** No change/stable

TCFD Statement

We are committed to ensuring that sustainability is embedded in everything we do as a business, and we are dedicated to proactively managing our climate-related risks and reporting climate-related financial information publicly and transparently for our stakeholders.

Here, we firstly outline our overarching risk management approach and secondly, disclose the climate-related risks and opportunities for the business, which we have identified in accordance with the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations and complying with the LSE Listing Rules published by the Financial Conduct Authority in 2022.

This is an area which is evolving and we will seek to improve our disclosure over time. Additional information is published in our Sustainability Data Performance Report.



Inside this section

Governance

Recommendation	Commentary
1.1 The Board's oversight of climate-related risks and opportunities For more information **Managing Risks** on page 48 **Board Committees** on page 100 Scan or click here to see our ESG policies	The Board has ultimate responsibility for risk management including monitoring ESG and climate-related risk as part of the Group's overall risk management framework. The Board has delegated responsibility to the Audit and Risk Committee for ensuring that climate-related risks and wider sustainability issues facing the Group are identified and monitored. The Board has also delegated responsibility for monitoring existing and emerging risks alongside the mitigating controls and their effectiveness. Climate change has been identified as a principal risk to the business and the Audit and Risk Committee is therefore responsible for updating the Board on the current and planned actions being taken to mitigate material climate-related risks to the Group. The Board receives climate-related information as part of the Executive's reporting to the Board on responsibility matters, and on climate-related risk as part of the Audit and Risk Committee's reporting to the Board following its annual review of the Risk Management Policy. The Board has adopted a new ESG Governance Policy this year as part of the work undertaken reviewing and developing our ESG Strategy.
1.2 Management's role in assessing and managing climate-related risks and opportunities For more information Scan or click here to see our ESG policies	The Executive Committee is responsible for detailed risk assessment including a risk matrix setting out risks, detailed controls and risk appetite as well as embedding a culture of risk awareness in relation to day-to-day operational matters. Climate-related risks, both transitional and physical are included in this and each stage of an asset's life cycle from acquisition. The Executive Committee has delegated day-to-day responsibility for ESG, including climate-related matters and wider sustainability issues, to the Responsibility Committee. The Responsibility Committee meets regularly to consider all aspects of sustainability and is responsible for identifying and reporting any emerging climate-related risks and opportunities. The Committee ensures compliance with all relevant ESG standards and legislation and provides regular updates to the Executive Committee. The Responsibility Committee is also responsible for overseeing our ESG strategy and has oversight of the Climate Action Working Group, which is responsible for the implementation of several climate-related policies and strategies which have been put in place to mitigate the risks of climate change.

TCFD Statement *continued*

Strategy

Recommendation	Commentary
2.1 Climate-related risks and opportunities identified over the short, medium and long term	Climate-related risks will materialise over differing time horizons and we have undertaken climate risk assessments to identify the short-term risks and consider those that might impact in the medium and long term. The climate risk assessments carried out in 2021, were across the two climate scenarios RCP 4.5 and RCP 8.5 by the Intergovernmental Panel on Climate Change (IPCC) to identify the top climate-related risks and opportunities to our business in the short term (2020–2029), medium (2030–2039) and long term (>2040) as well as assess their implications and the necessary actions to manage them. We will review the need to update this assessment after each five-year period, or sooner if more than 25% of the portfolio changes. Since 2021, there have been three asset acquisitions and disposals and we do not deem this to be a material portfolio change in this context. **Scenario analysis** The climate risk assessment process in 2021, covered all relevant climate-related risks, tailored to the assets' geography sector, across the decades 2020–2029, 2030–2039 and 2040–2049 under scenarios RCP 4.5 and RCP 8.5. From this we were able to identify the risk profiles of our assets, strengthening our ability to make sound strategic decisions on where to focus mitigation actions and harness opportunities. The asset-level assessment included modelling our assets' susceptibility to climate-related risks, including physical risks, for example flooding, heat stress and extreme weather events; and transition risks, such as market risks and technology, in quantitative terms, exposing the potential financial losses and savings associated. The business-level assessment qualitatively determined the likelihood and impact of a range of physical and transition climate-related risks on a scale of one to five, with consideration of the portfolio modelling results, by rigorously analysing the most up-to-date, peer-reviewed scientific literature. The impact assessment factored in the level of disruption, financial impact and ease/cost of mitigation of the risk, ranging from minimal or no impact (1) to catastrophic impact that threatens the business' future (5). Likelihood was based on the probability, frequency, duration of impact and speed at which the risks materialise, ranging from risks with a short duration that materialise gradually to risks that materialise rapidly and endure over a significant period. High impact opportunities were also identified in relation to our business strategy. Climate risk is considered as part of the acquisition due diligence process in accordance with BBP Acquisitions Sustainability Toolkit. We do not believe the portfolio changes since 2021 have impacted the risks and opportunities within the portfolio. We identified our top risks, which are included in the table below. **Time horizons** We have selected time horizons aligning with climate policy and available data. We have assessed our time horizons and current business strategy against climate risks over the short, medium and long term.

Short term 2020–2029	**Medium term** 2030–2039	**Long term** >2040
To mitigate the largest impacts in the current decade, plans and resilience measures must be implemented in the immediate term. Our short-term focus has been to transition from gas to electric in buildings that we manage directly. In addition, we are installing solar on-site renewables where feasible.	We aim to achieve net zero carbon by 2040, ahead of the UK Government's 2050 target. Aligning this time horizon to our decarbonisation target supports clear stakeholder communications and asset planning, as net zero carbon and climate resilience measures can be executed in parallel.	We recognise that long-term climate risks present near-term challenges, such as reputational damage or reduced asset values. Identifying these risks has guided our investment decision to embed climate resilience across our business and portfolio.

Strategy *continued*

Risk	Risk description	Risk impacts	Mitigating controls
Short term 2020–2029			
Changes in market and occupier expectations and demand	As markets shift to meet growing demand for low or zero carbon alternatives, climate resilient assets could achieve 'green premiums' by outperforming unsustainable assets. Failure to adapt could create competitive risk and occupier default risk, while demand may also shift away from certain geographies or sectors.	– Lower demand for inefficient assets, creating lower rental and asset values – Stranded asset risk in high-risk geographies – Occupier default risk for occupiers with carbon intensive operations	– Risk: management approach includes identification and tracking of climate-related risk, including both physical and transition risks – Data: we are working with our data system provider and managing agent to improve the quality of our energy consumption data, in respect of detail, accuracy and coverage, for both landlord and occupier data – Occupiers: incorporating green lease clauses to engage occupiers and improve data collection – Investment: consideration of divestment from high-risk assets if necessary. Acquisition due diligence incorporates Better Buildings Partnership acquisition guidelines – Refurbishment: investing in the current portfolio in accordance with our sustainable refurbishment guidelines at an appropriate time in the lease event cycle – Portfolio management: incorporating TCFD considerations and net zero strategy into our annual asset business plans, with actions being regularly reviewed and monitored through the ESG Governance Policy
Increased building standards requirements	Buildings to adhere to higher standards, to improve efficiencies and operational practice. Non-compliant assets could experience reputational risk and reduced occupier demand.	– Capital expenditure cost to meet new standards – Stranded asset risk and increased void period for non-compliance	
Financial market impacts	Market preferences shift towards low carbon solutions and climate resilience, or due to sustained damage from climate-related physical impacts.	– Potentially affecting our ability to secure financial capital, acquisition activities and asset values	

TCFD Statement *continued*

Strategy *continued*

<table>
<tr><th>Risk</th><th>Risk description</th><th>Risk impacts</th><th>Mitigating controls</th></tr>
<tr><td colspan="4">Medium term 2030–2039</td></tr>
<tr><td>Decarbonisation and increased energy demand/ cost</td><td>Increasing demand for renewable energy sources and low carbon solutions exceeds supply or infrastructure capabilities.</td><td>– Rise in energy prices due to support for low carbon generation
– Increased operational costs, fuelled by price increases and rising demand for cooling
– Increase in material and procurement costs due to supply chain disruptions and carbon tax on embodied carbon</td><td rowspan="4">– Risk: management approach includes identification and tracking of climate-related risk, including both physical and transition risks
– Refurbishment: continued implementation of our sustainable refurbishment guidelines across our portfolio at an appropriate time in the lease event cycle. Updating these as needed to implement our net zero strategy
– Portfolio management: continued incorporation of TCFD risk analysis and our net zero strategy into asset-level business plans
– Continued monitoring and evolution of the process, through the ESG Governance Policy
– Update climate risk assessment and prioritise assets with vulnerability to extreme weather events</td></tr>
<tr><td>Flooding</td><td>Increased duration and intensity of precipitation, snow melt and rising sea levels will exacerbate all types of flooding. In our current portfolio there is very limited exposure to coastal flooding risk. Some assets have a degree of exposure to fluvial and pluvial flooding risk.</td><td>– Repair costs and loss of access to asset
– Capital expenditure to install mitigation measures
– Reduced regional investment and footfall
– Decline in asset value or stranded asset risk</td></tr>
<tr><td>Heat stress</td><td>Rising mean temperature and extreme temperature highs puts pressure on both our assets and people. Our concentration of assets in Southern England increases our susceptibility to this risk and to associated costs.</td><td>– Degradation of plant and equipment leading to capital expenditure associated with replacement
– Increased operational costs
– Reduced occupier demand for spaces lacking sufficient cooling and/or ventilation</td></tr>
<tr><td>Extreme weather events</td><td>Extreme weather events, including storms, heavy winds, heavy precipitation, drought and snow become more frequent and severe, exacerbated by shifting sea temperatures and seasonal patterns.</td><td>– Repair costs and loss of access to asset
– Capital expenditure to install mitigation measures
– Decline in asset value or stranded asset risk</td></tr>
<tr><td colspan="4">Long term >2040</td></tr>
<tr><td>Drought and water stress</td><td>Water becomes increasingly scarce, with supply unable to meet demand. As temperatures rise, average drought lengths could increase, with implications on water costs, supply chains and public health.</td><td>– Increased operational costs
– Decline in asset value for water inefficient asset
– Capital expenditure to improve efficiency
– Increased risk of property damage due to subsidence
– Increased insurance cost
– Supply chain risk</td><td>– We will carry out a detailed water stress assessment and develop a mitigation and adaptation plan</td></tr>
</table>

Strategy *continued*

Recommendation	Commentary
2.2 Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning For more information **Sustainable Thinking: Our Approach** on pages 64 to 65 **Net Zero Progress** on pages 70 to 71	Acting responsibly is a key strategic priority and is embedded within our business model supporting what we do in all elements of investment and asset management, whilst considering the impact on all of our stakeholders. This year we reviewed our materiality assessment, ESG priorities and defined a framework of strategies and policies to support these across all areas of our business. The framework includes a Climate Change Policy, supported by a Climate Resilience and Net Zero Strategy as well as a Biodiversity Policy. Our pathway to achieve net zero carbon by 2040 aligns with the Better Buildings Partnership's (BBP) Net Zero Carbon Pathway Framework and the UK Green Building Council's (UKGBC) net zero carbon hierarchy. Managing climate risk is integrated in all stages of the asset life cycles as set out below: **1. Acquisitions** The BBP Acquisitions Sustainability Toolkit is used during the acquisition process. This includes a sustainability investment checklist to assist with due diligence and guidance for asset onboarding post-acquisition. **2. Refurbishment** We have created refurbishment guidelines supported by sector-specific net zero carbon guides. The refurbishment guidelines will evolve to include assessing transition and physical risks, and improving overall asset performance, for example: – Stranding risk assessment using CRREM, to ascertain the stranding year of each asset – Thresholds for whole life carbon emissions and embodied carbon of materials – Requirements to mandate the use of low and zero-carbon technologies, maximising renewable energy generation and procurement of renewable energy – Physical risk assessment and climate resilience including measurement and reporting of flood and overheating risks as well as incorporating adaptation measures **3. Asset management** Our asset-level business plans are reviewed annually and incorporate TCFD considerations as well as net zero strategy. The plans include data on the current position of each asset, for example energy intensity, EPC ratings, presence of fossil fuel-based systems and any on-site renewables. The business plans detail our strategy over the short, medium and long term for each asset in terms of building decarbonisation, execution of the net zero carbon guides and consideration of current and future physical and transition risks. Effective collaboration with our occupiers is essential if we are to achieve our net zero commitment.
2.3 Resilience of the organisation's strategy, taking into consideration different climate-related scenarios	Having conducted climate risk assessments across the IPCC's RCP 4.5 and RCP 8.5 scenarios, we have an understanding of our material climate-related risks and opportunities. Our chosen scenarios align with industry best practice and cover the most likely range of average global temperature rise in the coming decades. The RCP 4.5 climate scenario is characterised by significant policy action and market forces to decarbonise and meet the Paris Agreement. Our resilience to risks presented by the low-carbon transition is being secured by implementing our net zero carbon pathway and related activities described in this TCFD disclosure. The RCP 8.5 scenario is characterised by significant changes in weather patterns and severe physical hazards, accompanied by increased risks for destabilisation of financial markets affecting revenues, insurance challenges and litigation cases if risks are not managed adequately. Our resilience against risks associated with this high emissions scenario is being secured by embedding stringent mitigation measures to support climate adaptation and resilience across each stage of the property life cycle and our proactive approach to assessing and managing risks. Analysing these distinct climate scenarios has enabled us to understand the wide scope of climate-related risks and opportunities and inform actions to support our resilience.

TCFD Statement *continued*

Risk management

Recommendation	Commentary
The organisation's processes for identifying and assessing climate-related risks For more information Scan or click here to see our ESG policies	The material climate-related risks defined as a result of this assessment are incorporated in the risk management framework and matrix, which is reviewed annually. This year we have formalised an ESG Governance Policy which sets out responsibilities for all elements of ESG including climate risk. Climate change risk is considered a principal risk. In assessing this risk, we have carried out asset-level desktop assessments for our entire portfolio to understand our exposure to this climate risk at a more granular level, addressing flooding from rivers, surface water, reservoirs and sea.
The organisation's processes for managing climate-related risks For more information **Net Zero Progress** on pages 70 to 71	We are committed to future-proofing our portfolio and retaining its value and have built this into our business model as noted below. 1. Business planning The asset-level business plans contain an ESG dashboard which includes EPC ratings, flood risk and whether the asset meets the key elements of our net zero strategy, such as removing fossil fuels and installing solar panels. The business plans are reported to the Board and reviewed semi-annually. 2. Acquisitions The BBP Acquisitions Sustainability Toolkit is used during the acquisition process. This includes a sustainability investment checklist to assist with due diligence and guidance for asset onboarding post-acquisition. 3. Refurbishment We acknowledge that this investment is vital to maintain the value of our assets and to remain attractive to occupiers seeking climate change resilience. Our sustainable refurbishment guidelines include a number of detailed initiatives that support this and underpin our net zero strategy. 4. Portfolio management We will continue to inspect properties on an ongoing basis to ensure the asset-level business plans are implemented and these include actions to address for changing risks. We work with our property manager to improve the data on our buildings, helping us to understand our portfolio's baseline resilience to climate risk impacts and informing our asset resilience planning and capital expenditure requirements. We meet regularly with our insurance advisers to discuss climate-related issues as needed. This year we changed insurance broker to one more focused on climate issues. 5. Occupier engagement Our occupier engagement strategy helps facilitate discussions with occupiers on sustainability and climate-related topics. These are also included within the annual occupier survey and, in response, we are developing initiatives that will provide our occupiers with greater knowledge and expertise to optimise the sustainability performance of their buildings. When our energy data collection system is fully operational, we will be able to identify high-consumption occupiers, conduct audits, and implement an engagement programme focusing on energy efficiency and emissions reduction. 6. Data collection We have continued to improve our energy data collection process to enhance our ability to measure and manage emissions by working with our system provider, property manager and occupiers. Green lease clauses are incorporated into lease agreements.
The processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management framework	Our Risk Management Policy has enabled us to effectively integrate the climate-related risks which we have identified and assessed (see Strategy section) into our overall risk management processes, such that sustainability and climate-related issues are considered across all our activities. We are committed to conducting business responsibly and in a way that creates a positive impact on society. Therefore, we will continue to ensure climate-related risks are identified, assessed and managed appropriately to fulfil our role in tackling climate change.

Metrics and targets

Recommendation	Commentary
Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes	We report in line with EPRA Sustainability Best Practices Recommendations for sustainability reporting and publish our EPRA tables annually. We use a range of metrics to inform our stakeholders of our climate-related performance and activities, including: – Total and like-for-like Scope 1 and 2 emissions and total Scope 3 emissions; – Total and like-for-like electricity consumed in kWh, including energy intensity in kWh/m²; – Energy intensities for Scope 1 and 2 emissions using the metric tCO_2e/m^2; – Total renewable energy generated in kWh; – Total and like-for-like water consumption, including occupier water consumption in absolute terms, for each asset type; and – Total and like-for-like waste disposal in tonnes, split into recycling, composting, recovery, incineration and landfill. To supplement our quantitative measures, we also assess key qualitative measures, including EPC ratings and building certifications to build a holistic view of our portfolio's performance. Metrics included in our net zero carbon pathway which we will aim to report on in the future include: – Portfolio on-site renewable energy capacity (MW); – Renewable energy procurement (%); – High quality renewable energy procurement (%); – Major refurbishment embodied carbon intensity (tCO_2e/m^2 GIA); – Minor development and fit-out embodied carbon intensity (tCO_2e/m^2 GIA); – Total portfolio embodied carbon development (tCO_2e); – Total carbon emissions offset (tCO_2e).
Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	We disclose Scope 1, 2 and 3 greenhouse gas emissions in our Annual Report and Sustainability Data Performance Report. We provide trend analysis since 2019 to show progress and historical performance. We calculate and report our emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard.
Targets used by the organisation to manage climate-related risks and opportunities and performance against targets	In recognition of the escalating concerns around climate change and our awareness that the real estate industry is a key contributor to global GHG emissions, we have developed a 1.5°C aligned net zero carbon pathway with a target year of 2040. We are currently developing interim/short-term reduction targets for our Scope 1, Scope 2 and Scope 3 emissions, as we believe this will guide more focused actions to reduce emissions across our operations. We intend to focus on defining our Scope 1 and Scope 2 interim targets initially, followed by our Scope 3 interim targets, which we will disclose in our future reports once confirmed. We are pursuing an embodied carbon target of 300 $kgCO_2e/m^2$ by 2040 for major refurbishments, aligning with the LETI 2030 Design Target for upfront embodied carbon (A1–A5). To increase our accountability and culturally embed climate risk management throughout the organisation, we have set remuneration-linked annual objectives applicable to Executive Directors' bonus opportunities for sustainability progress.

Sustainable Thinking: Practical Solutions

While the ESG landscape is changing, we remain focused on effective and practical solutions.

Acting responsibly is one of our key strategic priorities and sustainable thinking is embedded within our business model, underpinning all elements of investment and asset management.

This year, we have been exploring various options for setting interim net zero targets to maintain steady progress toward our 2024 net zero goal, in tandem with reviewing our materiality assessment and ESG priorities. The results of that have driven our ESG strategy and the supporting policy framework.

We have recently published our new ESG Governance and Diversity and Inclusion policies. We will be finalising the remainder over the coming year.

Alongside this we have continued making good progress with initiatives to reduce our emissions across the portfolio at an opportune time, typically generated by leasing activity and collaboration with our occupiers.

Our key areas of focus to reduce operational carbon, at an asset level, have been:

- Upgrading building structures: improving the fabric of our buildings to increase thermal performance, such as roofing and insulation
- Phasing out fossil fuels across our portfolio: replacing with electric based systems and upgrading heating, cooling and ventilation systems
- Installing energy efficient lighting systems: reducing the energy utilised for our occupiers and us as a landlord
- Improving building systems and optimisation measures
- Installing solar panels and electric chargers
- Embracing circular economy principles and maximising opportunities to recycle and reuse fit-out materials across our portfolio
- Aiming to improve occupier data collection to enhance our ability to measure and manage emissions

We recognise the importance of occupier data collection in order to track our emissions and enable us to set new interim targets to progress our commitment to net zero carbon in 2040.

We continue to collaborate with our occupiers and improve the automated metering of utility suppliers across our portfolio.

We are currently evaluating the Science Based Targets initiative (SBTi) framework as a method to establish interim carbon reduction targets and accelerate progress toward our net zero goal.

We are committed to clear and transparent reporting and continue to contribute to GRESB, as well as being active members of the Better Buildings Partnership.

We remain focused on resilience and long-term value creation for stakeholders, while being a driver of positive environmental and social impact.

Michael Morris
Chief Executive

For more information:

Sustainable Thinking: Our Approach pages 64 to 65

Net Zero Progress pages 70 to 71

ESG at a glance

Focus and key priorities FY26

Environmental focus

- Implement our new environmental policies and strategies
- Continue to decarbonise assets and increase the provision of on-site renewable energy production where feasible
- Continue to improve EPC ratings, with increased focus on achieving a higher proportion of A and B ratings in the portfolio
- Evaluate methods for interim carbon reduction target setting as we progress along our net zero pathway
- Consider rebaselining our net zero carbon pathway, as energy data collection rates and methods have improved since our 2019 baseline was created

Social impact

- Implement our new social impact policies, strategies and statements
- Continue to implement our occupier, employee, community and supplier engagement programmes
- Review our charity partnerships in line with our social impact policy

Governance

- Implement our new governance policies and strategies
- Continue to improve our GRESB and EPRA scores

EPC ratings A-C

83%

2024: 80%

2025	83%
2024	80%

2024 EPRA award rating

Gold

2024 GRESB rating

3 stars

Occupiers recommend us as a landlord

88%

Scope 3 data collection

55%

2024: 62%

Investor meetings

66

Charitable donations to 15 charities

£26k

2024: £25k to 15 charities

Reduction in Scope 1 & 2 emissions compared to our 2019 baseline

20%

Solar panels installed

531

New leases contained green clauses

97%

2024: 100%

Occupier retention rate

66%

2024: 76%

Employee satisfaction

76%

2024: 86%

2025	76%
2024	86%

Electricity purchased from REGO backed renewable sources

100%

■ Environmental focus ■ Social impact ■ Governance

Sustainable Thinking: Our Approach

We are committed to integrating environmental, social and governance best practice within our core business activities and continue to evolve our approach, developing our policies and strategies to support our key priorities.

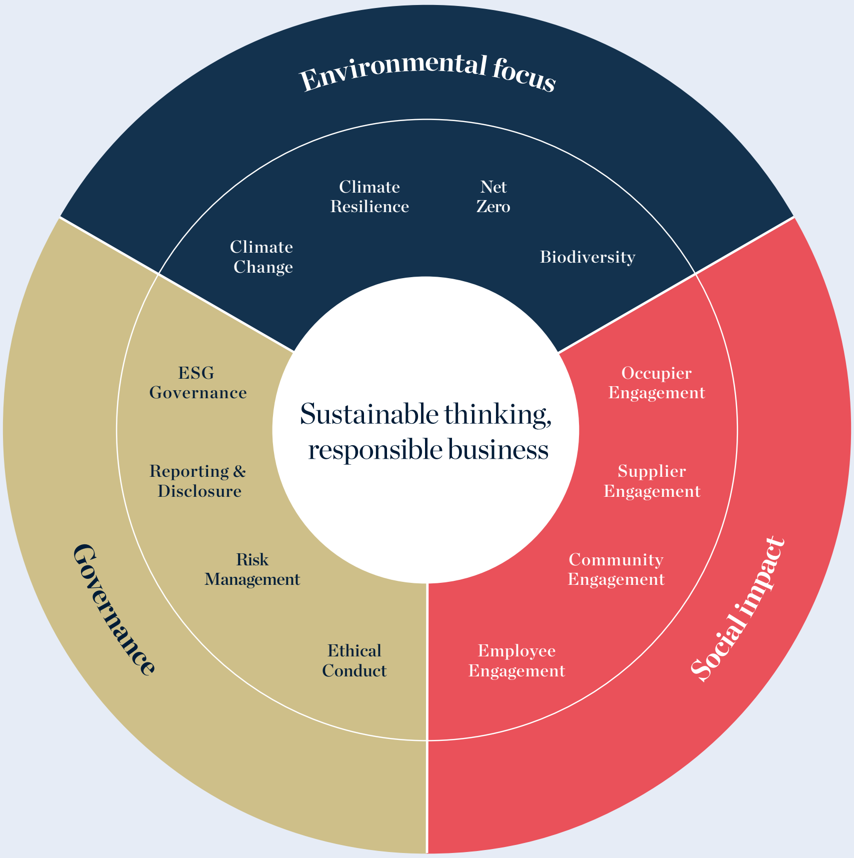
Our ESG priorities focus on creating long-term value through sustainable practices.

These priorities address environmental impacts, social value creation and strong governance frameworks.

This year we have worked with sustainability consultants to review our material issues, refine our key ESG priorities and developed a framework of policies and strategies to support these across all areas of our business.

Following this review, we also reassessed our alignment with the United Nations Sustainable Development Goals (UN SDGs) to understand which goals are particularly important to us. While elements of our business are aligned with many of these global goals, we have prioritised alignment with those where we can make the greatest contribution:

- Affordable and clean energy
- Sustainable cities and communities
- Responsible consumption and production
- Climate action
- Life below water
- Life on land



Pillars	Environmental focus	Social impact	Governance
Themes	Climate change Climate resilience Net zero Biodiversity	Occupier Engagement Community Engagement Employee Engagement Supplier Engagement	ESG Reporting and Disclosures Risk Management ESG Governance Structure
Policies	Climate Change Policy Biodiversity Policy	Social Impact Policy	ESG Governance Policy
Strategies/ Statements	Climate Resilience Strategy Net Zero Strategy Sustainable Refurbishment Guidelines Waste Statement	Diversity & Inclusion Modern Slavery Statement	Anti-Bribery
Connected UN SDGs			

Strategy and policy framework

Our strategy and policy framework drives our ESG priorities and approach and sets out some new policy areas, including ESG governance and diversity and inclusion.

We have also established new overarching policies for key areas of our business, including climate change and social impact, which were previously set out under individual policies.

Our environmental priorities remain focused on managing climate risk, owning sustainable buildings and conserving and enhancing biodiversity at our assets.

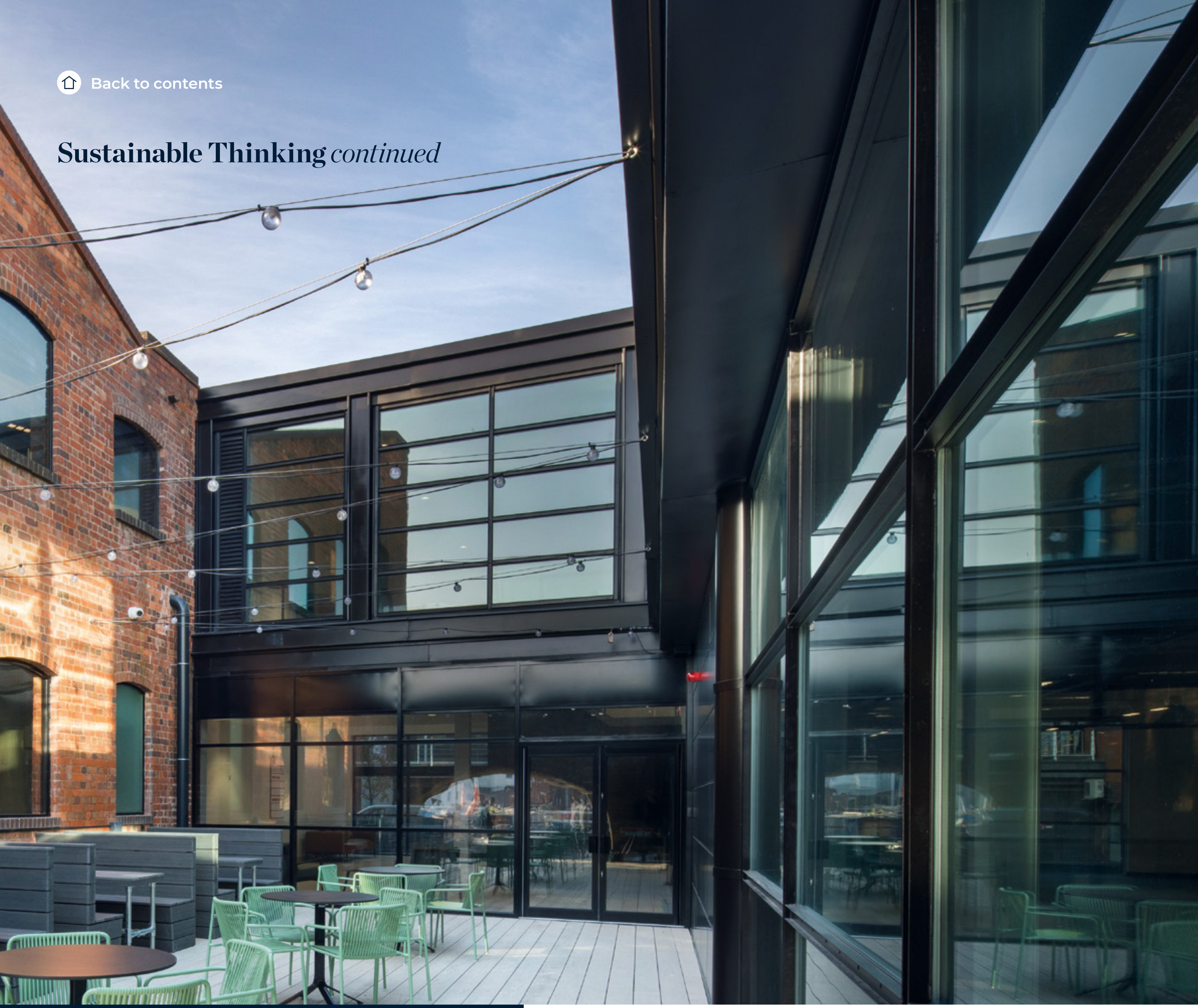
Our social value priorities are focused on stakeholder engagement with an emphasis on the wellbeing of occupiers, employees and the wider community.

We work with suppliers that are aligned with our values.

Strong governance ensures our clear and transparent reporting, ethical practices, regulatory compliance and alignment with our stakeholders expectations.

By integrating sustainable thinking into our core operations, we aim to reduce our environmental footprint, enhance occupier wellbeing and maintain strong governance practices.

Scan or click here for our full list of Policies on our website



Environmental focus

Sustainable thinking, practical solutions: reducing our emissions

Connected UN SDGs:

We have integrated an environmental focus throughout our business, from our strategic priorities down to individual asset level. Our environmental policies underpin the way we operate, providing clear guidance and setting expectations for all stakeholders, including our value chain.

We are focused on mitigating climate risks and protecting biodiversity in the areas in which we operate. Our environmental priorities are climate change, climate resilience and biodiversity, and we are aligned to the UN SDGs of climate action, sustainable cities and communities, responsible consumption and production, affordable and clean energy, life on land and life below water.

Climate change

We recognise the critical importance of addressing climate change and are committed to incorporating sustainability and resilience to our investment, operation and management strategies.

We have a responsibility to mitigate our carbon footprint and ensure that our portfolio is resilient to the impacts of climate change. This year we began to develop an overarching Climate Change Policy which focuses on achieving net zero emissions, enhancing climate resilience, and driving long-term value for all our stakeholders.

Key objectives in our Climate Change Policy will include:

- Annual measuring and reporting of our carbon footprint
- Setting interim targets and achieving net zero carbon by 2040
- Identifying, reporting and monitoring climate-related risk, including both physical and transition risks
- Developing and implementing a clear climate change adaptation and mitigation strategy
- Alignment with international climate agreements and frameworks, including the Paris Agreement and Task Force on Climate-related Financial Disclosures
- Regularly assessing and disclosing climate risk and opportunities in line with best practice

Our Climate Change Policy is expected to cover acquisitions, refurbishments and the operation and management of our buildings and will be underpinned by our net zero and our climate resilience strategies.

Initiative	Approach	Progress
1. Embodied carbon Minimise the embodied carbon cost of developments, major refurbishments and occupier fit-outs.	Our sustainable refurbishment guidelines set out where we consider whole life carbon assessments.	During the year two whole life carbon assessments were carried out on projects that exceeded £1.5 million.
2. Operational carbon Ensure operational carbon performance and efficiency across the portfolio is improved.	We have worked on engaging with our occupiers on automated data sharing to streamline the energy data collection process.	20% reduction in Scope 1 & 2 emissions compared to our 2019 baseline.
3. On-site generation Maximise amount of on-site renewable generation.	Installation of solar panels on our assets where feasible.	531 solar panels installed.
4. Renewables procurement Procure high quality renewable energy.	No existing energy contracts were due for renewal during the period.	100% purchased electricity is from REGO backed renewable sources.
5. Offsetting Acquire high quality offsets to neutralise residual emissions.	Once interim net zero target setting has been finalised, we will determine our carbon offsetting strategy.	N/A
6. Third party verification Maintain credibility and transparency of our emissions data.	Annual independent third-party assurance of energy data.	100% certification of energy, water, and waste data by third-party assurance.

Our 2040 net zero commitment

In 2019 we defined our portfolio's baseline for carbon emissions and mapped our pathway to net zero in alignment with the Better Buildings Partnership Net Zero Carbon Pathway Framework and The UK Green Building Council's (UKGBC) net zero carbon hierarchy, with our ambition set at becoming net zero carbon by 2040.

As our knowledge of net zero has evolved, this year we started creating a more granular net zero strategy across our portfolio.

Due to improvements in data collection and data coverage, we are considering a rebaselining of our net zero carbon pathway.

This would enable us to apply for validation of our interim targets through the SBTi framework if our evaluation shows that this method is appropriate for our business.

This year we have made good progress on reducing our absolute Scope 1 and 2 emissions compared to our 2019 baseline, and our portfolio's energy intensity has also decreased significantly on this basis.

Our Scope 3 emissions are where we have less control and influence, however we are focusing on improving our data coverage and making energy data collection more efficient, as we cannot manage what we cannot measure.

Our net zero strategy is supported by our sustainable refurbishment guidelines which sit alongside our work on building decarbonisation, through increased solar capacity, removal of fossil fuel based systems and other improvements to our buildings.

We recognise that using resources efficiently has a positive impact on the environment.

We continue to work with our supply chain and operate within our building refurbishment guidelines to ensure a carbon efficient programme of works.

We have continued to make good progress on the UKGBC principles across our portfolio as summarised above with more detail on
pages 70 to 71

Sustainable Thinking *continued*

Climate resilience

We are committed to ensuring that our portfolio is resilient to the impacts of climate change for both physical and transition risks. We incorporate sustainability and resilience into our investment, refurbishment and asset management strategies.

We report annually in line with the Task Force on Climate-related Financial Disclosures (TCFD). Our TCFD statement, which sets out our approach to identifying and managing climate-related risk, can be found on pages 54 to 61.

We are in the process of developing a Climate Resilience Strategy in alignment with the Better Buildings Partnership's (BBP) definition of climate resilience, which will incorporate the three BBP components of climate resilience – mitigation, adaptation and disclosure. We intend to produce a BBP aligned climate adaptation plan to support our climate resilience strategy and BBP commitments.

Our Climate Resilience Strategy will aim to cover the following:

- Risk assessment, including:
  - Physical risks: increased frequency of extreme weather events (e.g. floods, heatwaves, storms)
  - Transition risks: policy changes, market shifts, new regulatory requirements related to carbon reductions and our transition to net zero
- Adaptation: ensuring a robust adaptation and mitigation strategy to minimise risks from climate impacts
- Business continuity and disaster recovery planning to ensure that our assets can withstand and recover from extreme weather events
- Stakeholder engagement and disclosure, reporting in line with TCFD

Green lease clauses

Over the year we completed 61 lettings, lease renewals and regears.

Of these, 97% by rental value included our green lease clauses. Of the remainder, 1% related to car parking or open storage land, 1% to residential leases and 1% to flexible leases (where the landlord retains control).

In order to remain aligned with industry best practice, during the year we updated our standard green lease clauses, to align with the Better Buildings Partnership's newly released guidance.

32%
Annual reduction in landlord water consumption

97%
New leases contained green clauses

Water consumption

This year, we have been able to benefit from the automatic data collection readers previously installed across our multi-let portfolio.

This has led to greater accuracy in data collection, and we now collect 60% of our landlord water data from these meters.

Furthermore, where automated meter reading is not yet installed, actual reads are taken from the meters monthly.

Over the year, we have seen a reduction in landlord water consumption of 32% absolute and 33% reduction in intensity.

This reflects the continued improvement in data accuracy, implementation of water efficiency measures as well as obtaining vacant possession of certain assets prior to disposal.

Going forward, we will aim to use building refurbishments and our sustainability action plans to improve water efficiency across the portfolio.

Waste statement

We recognise the importance of sustainable waste disposal and remain committed to eliminating landfill waste disposal across the portfolio. Where possible, we are also incorporating waste management clauses into our standard lease form to encourage occupiers to avoid sending waste to landfill. In the coming year we intend to publish our Waste Statement, which will support our Climate Change Policy.

Our waste management approach covers both operational and construction waste. We are aligned to the waste hierarchy of first reducing, then reusing and recycling. We actively encourage recycling programmes and target zero waste to landfill in landlord controlled areas.

We are committed to working with our contractors, property manager, occupiers and waste suppliers to reduce, reuse and recycle.

This year, we have again successfully diverted 100% of waste from landfill across property management activities, using either recycling or heat recovery. Overall waste generation reduced by 25% over the year, which reflects improved management practices across our managed property assets. Of the waste produced 73% was recycled and 27% recovered.

We continue to engage with our waste providers and occupiers with the aim of improving the sorting and filtering of waste at our properties.

100%
Waste successfully diverted from landfill

73%
Waste recycled

Biodiversity

We recognise that we have a role to play in conserving and enhancing biodiversity. Biodiversity is critical to enhancing asset resilience, protecting ecosystems, encouraging regeneration, and contributes to the health and wellbeing of our occupiers. We work closely with our property manager to minimise any negative impacts of our buildings.

We are in the process of updating our Biodiversity Policy to set out our approach and commitment to protecting, enhancing and sustainably managing biodiversity within our portfolio, thereby contributing to the protection of ecosystems and promoting environmental stewardship.

We are committed to taking a natural capital approach, as we recognise the fundamental value of the natural environment for our business and wider society.

We do not own land or undertake new build development projects; therefore, our direct impact is currently limited to rooftops, grass verges and other outdoor spaces of a limited size. Our focus is on raising awareness about the importance of biodiversity amongst stakeholders, integrating biodiversity considerations into our strategic decision-making processes and asset-level business plans and supporting local restoration initiatives.

We have in place a partnership with Youngwilders, a community interest company who are focused on biodiversity and nature recovery-led projects. Through working with Youngwilders we are able to grow our understanding of biodiversity issues and make a positive contribution through offering financial support to rewilding projects throughout the UK.

Although we do not carry out developments, in relation to major refurbishments and external works, we follow the mitigation hierarchy as detailed below:

- Avoid: engage with contractors and relevant stakeholders to develop strategies to avoid or reduce impacts to biodiversity during refurbishments
- Minimise: engage with contractors to minimise the impacts to biodiversity where avoidance is not possible, through amendments to project designs
- Mitigate: engage with contractors with guidance from ecologists to compensate impacts to biodiversity
- Offset: ensure any residual impacts to biodiversity are compensated on or off-site

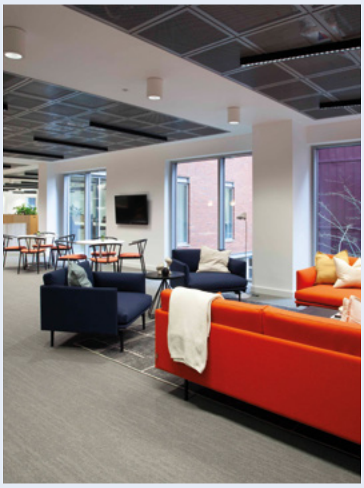
Reducing our emissions: from commitment to action

Sustainable asset management is integral to our business. As part of our annual asset business planning, we review priorities and actions in respect of energy consumption, physical risks arising from climate change, opportunities to remove fossil fuel-based systems and install on-site renewables and other initiatives to achieve progress towards net zero.

Engagement with our occupiers is key and we start collaborative discussions early to ensure alignment. These discussions can result in small interventions that make a big impact, including clever use of heating, switching systems off when not in use, better controls and using the energy hierarchy.

Our sustainable refurbishment guidelines are aligned to our climate resilience and net zero strategy.

Scan or click here to read more about our sustainable refurbishment guidelines



1. Reducing embodied carbon

Upgrade fabric and building efficiency

Upgrading the fabric and efficiency at our buildings at an appropriate time in the lease event cycle such as a regear, vacancy or new lettings.

Circular economy

Recycling and reusing furniture across our portfolio.

2. Reducing operational carbon

Remove gas and upgrade heating, cooling and ventilation systems

Phasing out gas at buildings as part of refurbishments and lease events, with 100% of landlord-procured electricity REGO backed.

Install energy efficient lighting

Using LED lighting across all of our refurbishments, ensuring this is specified upfront with our occupiers.

Improve building systems

Reviewing building management systems and their control to maximise energy efficiencies.

3. Increasing on-site generation

Solar PV installations

Installing solar panels, where feasible to provide a source of sustainable energy for a building, supporting our net zero targets as well as financial benefits.

Focusing at our industrial assets where there are larger available roof space and generation considerations.

Electric chargers

EV chargers provide both sustainable and enhanced amenities for our occupiers.

	Office				Industrial		
	Part first, and whole third floor, Tower Wharf, Bristol	**50 Pembroke Court, Chatham**	**Building 200, Colchester Business Park**	**First floor, Atlas House, Marlow**	**Unit 7V, Madleaze Industrial Estate**	**Unit 1, Sundon Business Park, Luton**	**Unit A, Riverway Industrial Estate, Harlow**
Key portfolio progress	EPC C to B	EPC C to A	EPC D to B	EPC D to A	EPC E to B	EPC C to A	EPC D to A
7 projects with insulation and fabric upgrades					✓	✓	✓
3 fit-outs include repurposed items from other buildings	✓		✓	✓			
10 properties with space subject to removal of gas systems/replacement of heating, cooling or ventilation systems	✓	✓	✓	✓	✓	✓	
156,000 sq ft LED lighting across 13 buildings	✓		✓	✓	✓	✓	
8 improvements	✓	✓	✓	✓		✓	
531 solar panels installed 266,565 kWh estimated additional annual generation		✓		✓		✓	
2 additional car charging points installed this year				✓			

Sustainable Thinking *continued*

	GHG Scope	2024 Absolute GHG emissions (tCO_2e)	2024 GHG intensity (tCO_2e/m^2)	2023 Absolute GHG emissions (tCO_2e)	2023 GHG intensity (tCO_2e/m^2)	2022 Absolute GHG emissions (tCO_2e)	2022 GHG intensity (tCO_2e/m^2)
Combustion of fuel and operation of facilities	1	**1,155**	**0.021**	1,161	0.019	1,132	0.019
Electricity, heat, steam and cooling purchased for own use	2	**1,627**	**0.019**	1,748	0.019	1,665	0.019
Head office premises	1 & 2	**7**	**0.025**	7	0.026	8	0.028
Total Scope 1 and 2		**2,789**	**0.029**	2,916	0.029	2,805	0.028
Business travel	3	**4**	**N/A**	9	N/A	3	N/A
Occupier data (electricity and fuel consumption)	3	**3,777**	**0.019**	9,309	0.032	9,664	0.033
Landlord water and treatment	3	**11**	**0.0002**	18	0.0002	21	0.0003
Landlord waste	3	**2**	**0.00004**	10	0.0002	16	0.0003
Total Scope 3		**3,795**	**0.019**	9,347	0.025	9,703	0.026
Total all Scopes		**6,584**	**0.023**	12,263	0.032	12,509	0.033

Please note some 2023 numbers are restated.

Data and certifications

In line with EPRA best practice, we report energy usage data on an absolute GHG emissions (tCO_2e) and GHG intensity (tCO_2e/m^2) basis, both absolute and like-for-like under Scopes 1, 2 and 3. Absolute data provides the entire picture without taking any changes to portfolio composition into account, whereas like-for-like data enables us to compare usage across the same properties year-on-year. Energy intensity measures normalise consumption by floor area to give a comparative measure of efficiency.

Sustainability data collection and quality continues to be challenging for the industry as a whole, and we are working to improve the accuracy, timeliness and transparency of our energy usage data. Post-data assurance and publication of our 2023 emissions data, revisions have since been made to properties where reconciliation identified meter reading errors, therefore requiring amendments to scoped emissions. Changes have been reflected in the table above.

We have defined our portfolio's baseline carbon footprint, using 2019 as the most representative year, to map the emissions reductions required to meet our 2040 target. Compared to our 2019 baseline, our total absolute Scope 1 and 2 GHG emissions decreased by 20% to 2,789 tCO_2e. This is inclusive of a reduction of 4% compared to last year's consumption and accounts for 100% data from landlord supplies.

On an intensity basis our Scope 1 & 2 emissions have reduced by 48% compared to the 2019 baseline.

We are working with our occupiers to increase Scope 3 data coverage and are still in the process of collecting data for the 2024 calendar year, therefore we expect the collection rate to increase ahead of the publication of our Sustainability Data Performance Report in June.

Across business travel, landlord water and treatment and landlord waste, we have seen a 52% decrease compared to the previous year.

Greenhouse gas emissions

Scope 1

Relative to our 2019 baseline, absolute Scope 1 emissions in 2024 were 1% lower, with Scope 1 energy intensity seeing a more substantial reduction of 11%.

Although we have made progress with removing fossil fuels from the portfolio during the year, it will take time for this to be reflected as a reduction in our Scope 1 emissions, as these figures are for January to December 2024.

For the 2024 calendar year, absolute Scope 1 emissions totalled 1,155 tCO_2e, reflecting a 1% decrease from the previous year. While this change appears small overall, notable variations occurred at the property level, where reductions in gas consumption at some of our multi-let office buildings due to increased energy efficiency or vacancy, were counterbalanced by increased usage in other offices, driven by rising occupier footfall as activity continues to rebound post-pandemic.

11%
Reduction in Scope 1 intensity compared to 2019 baseline

55%
Reduction in Scope 2 intensity compared to 2019 baseline

4%
Annual reduction in absolute Scope 1 & 2 emissions

The sale of the Angel Gate office village in London this year contributed to a reduction in absolute Scope 1 emissions. However, this shift also led to an increase in overall Scope 1 energy intensity, as the property had been a low-intensity asset.

Reflecting this, our Scope 1 energy intensity rose by 13% over the year.

Our like-for-like Scope 1 emissions for the period were 1,150 tCO_2e, which is a 4% increase on the previous year.

Scope 2

Compared to our 2019 baseline, 2024 was 29% lower in terms of absolute Scope 2 emissions and 55% lower in Scope 2 energy intensity.

For the 2024 calendar year, absolute Scope 2 emissions amounted to 1,627 tCO_2e (excluding head office), marking a 7% decline compared to the previous year. This average masks variations at asset level. Some of our multi-let offices saw an increase in usage over the year, offset by other locations where building refurbishments, energy improvement measures and increased vacancy led to reductions in Scope 2 emissions. Our Scope 2 energy intensity decreased by 5% over the year.

Our like-for-like Scope 2 emissions for the period were 1,459 tCO_2e, a decrease of 10% compared to the previous year. Key decreases in energy consumption across various sites were largely driven by the adoption of LED lighting, PIR sensors, occupancy-based adjustments, and refurbishment periods.

Scope 3

Due to the composition of our portfolio, the majority of our total GHG emissions are Scope 3 emissions from our occupiers, therefore accurately recording this data is key to our net zero carbon strategy. Our data collection strategy revolved around utilising direct meter readings as well as ongoing engagement with our occupiers. Our Scope 3 collection process is continuing, and we will provide an update within our Sustainability Data Performance Report.

To date we have collected 55% of the portfolio's Scope 3 data. For context, at the time of publishing the 2023/24 Annual Report we had collected 62% of our Scope 3 data, which increased to 78% when we published our sustainability data in June 2024.

On an absolute basis, to the end of April our Scope 3 emissions totalled 3,795 tCO_2e.

Our like-for-like Scope 3 emissions for the period of the data collected to the end of April were 3,715 tCO_2e, reflecting a 13% reduction on the prior year. These figures will be updated as further data is collected and will be re-stated using assured data in the GRESB and EPRA data tables published in June 2025.

Landlord water and treatment has seen a 39% reduction year-on-year in absolute terms, with a 79% drop compared to our 2019 baseline. Due to metering issues at Charlotte Terrace, London, we have estimated using 2023 data which accounts for 6% of total landlord water consumption.

55%

Scope 3 data collection to date

Landlord waste has seen a 77% decrease in emissions in the year, largely due to the new emission factors being published, however we have been able to reduce like-for-like waste by 19%.

Business travel is a very small percentage of our Scope 3 emissions and has seen a significant reduction of 52% for the reporting year. This is largely due to a decrease in air travel.

Methodology

We collect all our landlord-controlled energy data via automatic meter readings, achieving 100% coverage to date. The aim to is to eventually reach 100% coverage for our occupier consumption data.

All our large supplies work from automatic meter reads, with any void unit meter data being aggregated to an asset level. Landlord-controlled data is meter read, and we only partially estimated data for three sites. We are working towards rolling out automatic meter reads across the portfolio to increase coverage and reliability of our data and reporting accuracy.

We have reported on all the emission sources required under the core requirements of EPRA Best Practices Recommendations and have voluntarily disclosed business travel, occupier, and own premises consumption emissions.

An operational control approach has been adopted and all our properties are included. Figures presented are absolute for utility and waste consumption and relate only to landlord-obtained utilities and waste removal. Occupier obtained consumption is included where possible. We have calculated and reported our emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and used emission factors from UK Government's GHG Conversion Factors for Company Reporting 2024. Across all metrics aside from business travel, the emission factors for all utilities have reduced when compared to last year.

We continue to report on a calendar year basis to ensure there is sufficient time to collect occupier consumption data.

We have calculated our intensity measurements based on the area served by each meter, for example whole site, common area or a specific floor within an asset. So that an accurate comparison can be made between reporting years, this approach has been backdated to 2019 figures.

We have continued to voluntarily report on Scope 3 vehicle emissions. Vehicle emissions were calculated using our vehicle expenses reports and the vehicle emission factors from the UK Government GHG Conversion Factors for Company Reporting 2024.

Year-on-year, we will continue to update previous reported figures if applicable to remove estimates and ensure actual data is captured and reported.

We occupy a floor within one of our assets under management and as such, have apportioned out our consumption based on floor area, and this is reported as a separate line item.

Sustainable Thinking *continued*

Head office

We started collecting and reporting our head office data in 2016, and while it is only a small part of our overall footprint, we believe it is important to provide a holistic view where possible. Our office is located on a floor within Stanford Building, London, which is one of our own assets. This is a refurbished space, providing the latest technology and energy efficiency measures. This has allowed us to obtain more reliable data. In turn, we have optimised our office heating/cooling and lighting systems to minimise our emissions. Over the year our head office emissions decreased by 4% on both an absolute and intensity basis.

Building certifications

Whilst our net zero carbon pathway is focused on reducing carbon emissions, we also recognise the value of building certifications to provide third party validation.

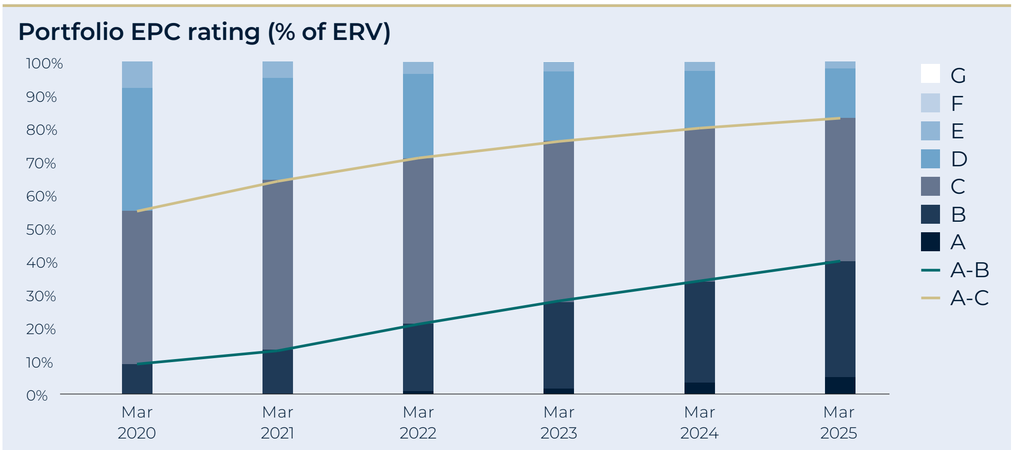
We have two certified office buildings in our portfolio, at Metro, Manchester and Tower Wharf, Bristol, which were both awarded BREEAM 'Excellent' when they were constructed.

Further to this and recognising the importance of promoting sustainable travel choices, we have undertaken Active Score and Mode Score certifications (which measure provision of Active Travel) at three office assets and three industrial assets.

Looking ahead, we will consider undertaking further BREEAM or NABERS assessments at assets where appropriate.

Asset type	Green building certification 2024[1]
Office	39%
Industrial, Business Parks	21%
Industrial, Distribution Warehouse	29%
Hotel	0%
Leisure	0%
Retail High Street	0%
Retail Warehouse	0%
% of total portfolio	**23%**

1. By floor area.



Minimum Energy Efficiency Standards (MEES)

Our portfolio is 100% compliant with the 2023 MEES of EPC E or above. In addition, 83% of our portfolio, 77% of industrials, 90% of offices and 91% of retail and leisure would already meet the April 2028 MEES compliance of EPC C or above if this were to come into effect.

As we progress our net zero strategy, we will continue to improve the EPC profile of the portfolio, using lease events, common area works and EPC renewals to implement improvement works with the overall aim of continually improving our EPC score.

Over the year, we reassessed 40 EPCs. Using the same reporting basis as above, 99% have been reassessed to an A–C rating, 1% to a D and none were rated E or below. The weighted average score of the EPCs completed in the year improved from a C to a B rating.

Social impact

This year we have developed a Social Impact Policy.

Connected UN SDGs:

Our new Social Impact Policy sets out our approach to all stakeholders. This was previously covered by individual policy documents including: Charitable Giving and Community and Social Value. We place a strong emphasis on the wellbeing of our occupiers, employees and the wider community, and work with suppliers that are aligned with our ESG priorities.

Occupier engagement

Core to our purpose is helping our occupiers' businesses succeed, from providing high quality buildings and amenities, to our responsiveness in property management/maintenance services. Understanding our occupiers' evolving requirements and working collaboratively to reduce our environmental impact and increase the attractiveness and demand for our buildings is key.

Our Picton Promise sets out our five key commitments to our occupiers: Action, Community, Technology, Support and Sustainability. These sit at the core of our engagement strategy as we look to build longstanding relationships with them.

We have continued to evolve our occupier engagement strategy this year. Our occupier app is an integral part of this and has proven to be a popular way for our office occupiers to meet, share ideas and promote their businesses within the community. In 2024 the number of our occupiers staff using the app grew to nearly 1,600 which is a 47% increase from 2023.

Sustainable Thinking *continued*

During the year we organised several popular events at our office buildings including:

- Wellness classes
- Cycling workshops
- A plastic free workshop (in conjunction with one of our occupiers, Lush)
- Summer social events
- Alzheimer's Society fund raising
- Guide dog visits
- Charity Christmas present appeal

Occupier retention

Our high retention rate reflects our proactive approach to asset management and engagement with our occupiers. During the year a total ERV of £6.4 million was at risk due to breaks or expiries in line with the previous year. Of the ERV at risk in the year, we retained 66% through lease renewals or removal of break options.

Occupier survey

In November 2024 we undertook our annual occupier survey for our multi-let office and industrial occupiers. The year-on-year increase in response levels has continued and the number of people who would recommend Picton as a landlord was 88%.

Questions were asked on the satisfaction of the location, landlord, responsiveness and service levels and there was an 80% increase in the number of people who were satisfied or extremely satisfied in these categories.

All individual comments and building specific issues raised in the survey have been promptly acted upon and followed up through direct communication with the occupiers by our managing agents and Head of Occupier Services. The valuable feedback we obtain from these annual surveys helps continue to shape our ongoing occupier engagement strategy.

I love the events. It brings us together. The offices have started interacting because of it, especially in a time when community is needed to hold us together.

Medallia
Stanford Building, London

In 2025 we plan to:

- Expand the scope of our events focusing on the topics which our occupiers say are popular such as health and wellness workshops, networking sessions, arts and crafts workshops and fundraising events
- Trial our occupier app at two of our multi-let industrial properties
- Roll out more TV screens in our office receptions to be used as a communication point with building occupiers and visitors
- Promote our sustainability objectives by sharing more information about energy consumption and ways to reduce it

Occupier health and safety

We are committed to making our buildings a healthy and safe environment for our occupiers and their visitors, our employees, contractors, and the public. We therefore ensure that they comply with the relevant health and safety legislation and guidelines.

Our Health and Safety Committee meets every other month and reviews all aspects of health and safety across our portfolio and in our own office. The Committee reports directly to the Executive Committee and health and safety is a standing item on the Board's agenda.

Our health and safety record continued to be strong during the year with no reportable accidents, near misses or other health and safety incidents. We were 99% compliant in all critical and secondary health and safety documentation.

During the year, we made the following progress in health and safety:

- Our team undertook training in asbestos management, fire safety and first aid
- We appointed new health and safety consultants to provide advice on business/ accommodation matters. This gives us access to more extensive health and safety material and support for developing Company procedures if needed
- We implemented the recommendations of the risk review issued in early 2024
- We completed a RAAC review of our portfolio which concluded that there were no properties of concern

In 2025, we plan to:

- Refresh our asbestos management training
- Increase the number of fire wardens in our team
- Review our homeworker assessments and undertake any actions required
- Carry out various health and safety related works across the portfolio including façade repairs and fire alarm replacements
- Utilise the training material our new health and safety advisers provide to expand the team's knowledge where needed

Employee engagement

We are a small team but have a strong and open Company culture with shared values co-created by our employees. We value the contributions made by the whole team and aim to nurture a positive working environment. During the year we engaged with all employees on a review of our values at our annual offsite to foster an inclusive culture and way of working.

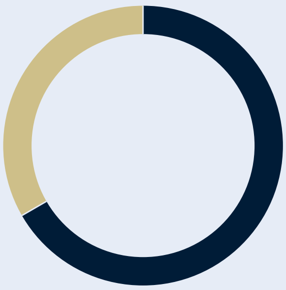
We also engage with our employees through annual surveys, appraisals, training, committee membership and regular updates on the business. In addition, Helen Beck, one of our Non-Executive Directors is our designated Director for employee engagement, having replaced Maria Bentley earlier in the year.

We conducted our annual employee survey in March 2025 using a third party to anonymously collate responses on both qualitative and quantitative areas such as personal development, training, culture and values, motivation and career progress.

The overall employee satisfaction was 76%, which although still a high score, was lower than 86% in 2024. The Board recognises this and will be working with the team to understand this further and take action to improve this.

Sustainable Thinking *continued*

Picton Board

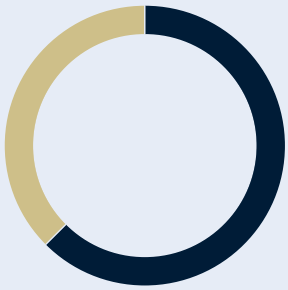


Male	4
Female	2

Rest of team

Male	6
Female	4

Total



Male	10
Female	6

Key focus areas within our employee engagement are noted below:

1. Supporting diversity, equity and inclusion

We are committed to building an inclusive workplace where everyone is treated with fairness and respect. We encourage input from all staff and collaboration.

This year we have developed our Diversity and Inclusion Policy, which outlines our dedication to promoting diversity across all levels of the business and ensures a culture of inclusion in every aspect of our operations. Our policy includes the key principles of equal opportunity employment, inclusive recruitment and hiring practices, diversity in leadership, training and education, a flexible and inclusive working environment, and zero tolerance for discrimination and harassment.

Scan or click here to see our Diversity and Inclusion Policy on our website

2. Promoting wellbeing

We want our employees to thrive at work and a happy and healthy team is important us. In particular we have:

- Flexible working arrangements and family friendly policies
- Holiday purchase and other special leave arrangements
- A high standard of health and safety including appropriate equipment and workplace assessments
- Ensuring employees can report inappropriate behaviour or concerns through the whistleblowing guidance
- Comprehensive private medical cover with health assessments

The absentee rate for the year was 1.3%. There were no fatalities or work-related injuries during the year.

3. Progression, training and development

We hold annual and mid-year reviews with all employees and encourage training and development. Training and development needs are a mix of internal and external training courses, structured 'on-the-job' experience and through interaction with professional colleagues.

This year we introduced regular internal Lunch and Learn sessions to facilitate internal knowledge sharing as well as formal online training modules on GDPR, modern slavery and cyber security.

In addition, we have a study leave allowance of a maximum of 15 days per annum, as well as supporting professional memberships to bodies such as the RICS, ICAEW and the IPF.

4. Reward and recognition

Remuneration is aligned to personal and Company performance, with all employees eligible for the Deferred Bonus Scheme and Long-term Incentive Plan. These schemes support alignment between the Company and employees, as employees are rewarded when their contribution results in a positive outcome for our stakeholders.

All employees are entitled to receive pension contributions up to 15% depending on length of service.

5. Recruitment and retention

We have a low level of turnover and a small team. The average length of service is six years and there are length of service awards every five years, granting employees an additional five days of leave after each five years of service. Employee turnover was flat compared to the last financial year with one leaver and one joiner.

83%
Of employees recommend Picton as a place to work

580
Training hours

100%
Of staff eligible for employee share scheme

6 years
Average length of service
(1 person left and 1 person joined)

33%
Of our Board are women

40%
Of our team are women

Community engagement

As a responsible owner of commercial property, we are committed to maximising the social value we deliver to our stakeholders, communities, and wider society and providing places which improve quality of life, enhance wellbeing, and generate a positive social outcome, whilst minimising any negative impacts our buildings have on society and the environment.

We encourage our employees to get involved with charitable fundraising events and we grant an additional one day of leave to participate in such events.

1. Community engagement programme

	Building coverage (assets)
Office	**100%**
Retail, High Street	**100%**
Retail, Warehouse	**100%**
Industrial, Business Parks	**100%**
Industrial, Distribution Warehouse	**100%**
Hotel	**100%**

2. Charitable giving

This year, we supported 15 charities and donated a total of £26,000. We support charities through matched giving schemes and long-standing charity partnerships.

Employee fundraising

Our employees are invited to apply for a contribution to fundraising efforts through matched giving.

This year eight members of the team walked the Chilterns Ridgeway in celebration of our former Finance Director, Andrew Dewhirst who retired during the year. A total of £6,000 was raised, with another £6,000 matched by Picton. The funds were divided amongst six charities chosen by the team, all of which work to make a difference in the lives of countless individuals: Cardiac Risk in the Young, Katherine Low Settlement, The Royal Marsden Cancer Charity, MS Society, London's Air Ambulance Charity and The Ehlers-Danlos Support UK.

Our Chief Financial Officer Saira Johnston also ran 1,200 kilometres in 2024 in aid of The Royal Marsden. Picton supported through its employee matched giving and over £2,000 was raised in total.

£6,000
Raised by the team ramble

£6,000
Matched giving by Picton

£2,000
Raised in aid of Royal Marsden

6
Supported charities through matched giving

Sustainable Thinking *continued*

Occupier matched giving

Our occupiers are invited to apply for a donation of up to £100 per year to boost their fundraising efforts for a registered UK charity. In addition, for completing our occupier survey, we donate £5 for every response. This year we donated £785 to Coram.

£785
Donated to Coram via occupier survey

Charity partnerships

We continue to support The Funding Network, Coram, The Fostering Network, Future Youth Zone and Youngwilders, through our established charity partnerships. We do this through providing regular funding, volunteers and event spaces where required. We also continue to support LandAid annually through their Christmas appeal.

15
Charities supported

Supplier engagement

We are committed to conducting our business in a fair and honest manner. We aim to ensure that our suppliers also operate in an ethical way and share our business principles in observing relevant laws and regulations.

We recognise that there are certain activities within the real estate sector that are more susceptible to modern slavery risks, including construction, cleaning and building maintenance.

We are committed to working with suppliers whose values align with ours.

Our key priorities during the year have included:

- Supplier review: we have carried out a review of our supplier base and categorised the suppliers which may be of higher risk
- Supplier Code of Conduct: for our key suppliers within our construction supply chain, we have shared our code of conduct, which sets out obligations, in respect of social, ethical and environmental compliance. It specifically includes the requirements in respect of child labour, forced labour, working hours and payments
- Property management: we continue to work closely with our property manager who is RICS accredited. They issue annual Modern Slavery and Human Trafficking statements, and require their suppliers to comply with their code of conduct
- Training: the team are required to undertake mandatory Modern Slavery training. For more information, see our Modern Slavery Statement on our website.

Governance

This year we have defined our ESG Governance Policy which sets out how ESG is integrated within our governance structure.

Connected UN SDGs:

The key components are:

1. Board responsibility

The Board has overall responsibility for ESG strategy and governance, which includes:

- Approving and overseeing the implementation of ESG policies
- Reviewing reporting to monitor compliance with ESG regulations and reporting obligations
- Reviewing ESG risks as part of the Group's overall risk management framework

Progress reports on ESG initiatives are presented at Board meetings, and in addition, one of the Non-Executive Directors, Helen Beck has oversight of sustainability matters on behalf of the Board.

Helen liaises with management at a more detailed level, attending meetings of the Responsibility Committee at least annually and when considered appropriate.

2. Responsibility Committee

Day-to-day responsibility for ESG matters has been delegated to the Executive Committee, which includes the two Executive Directors. To provide dedicated oversight on our ESG priorities, the Executive Committee has established a Responsibility Committee which is chaired by the Chief Financial Officer, with membership from across the business.

Sustainable Thinking *continued*

The Committee's responsibilities include:

- Development of ESG policies and strategies
- Monitoring progress towards ESG goals, including environmental targets, social impact, and governance improvements
- Monitoring compliance with ESG regulations and reporting obligations
- Integrating ESG principles into investment decisions and property management
- Advising the Board on emerging ESG trends and regulations, with input from third parties as relevant
- Overseeing the Company's sustainability reporting and ESG disclosure practices
- Oversight of the Climate Action Working Group

3. Climate Action Working Group

The Climate Action Working Group has been established with responsibility for the implementation of relevant ESG policies and strategies across the portfolio.

The Climate Action Working Group is also responsible for identifying risks and escalating these to the Responsibility Committee; and promoting active engagement with stakeholders, including occupiers, contractors, managing agents and local communities, as appropriate, to support the transition to a low carbon and climate-resilient real estate portfolio.

The Chief Executive chairs the Climate Action Working Group, which includes representatives from the asset management team, and provides regular updates on progress to the Responsibility Committee.

4. External advisers and stakeholders

We are committed to ensuring that our ESG practices align with industry best practice and stakeholder expectations. We therefore seek input from external ESG advisers and consultants, as appropriate, and through stakeholder engagement with our shareholders, occupiers, employees and local communities to identify and respond to ESG issues.

Reporting and disclosures

We recognise that it is important to be transparent on sustainability issues, so that our stakeholders can make informed decisions. Our ESG approach is aligned to, and we report within, the following frameworks:

1. Better Buildings Partnership

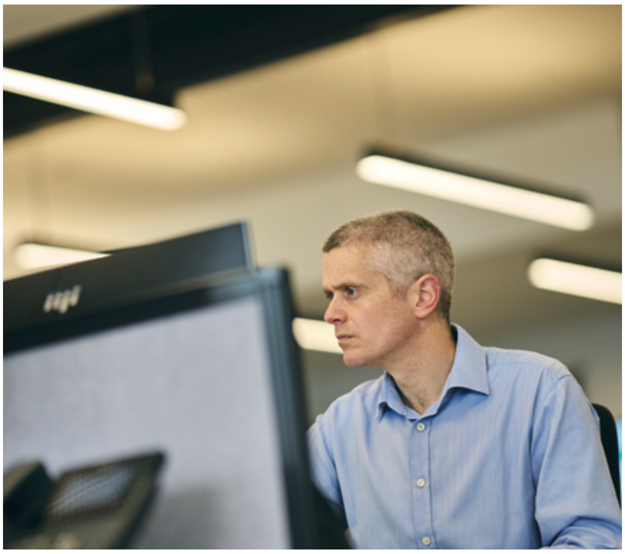
The Better Buildings Partnership (BBP) is a collaboration of the UK's leading commercial property owners.

We are a signatory to the BBP Climate Commitment and adopt the BBP's definition of climate resilience.

We have continued to report our portfolio's energy data in the BBP Real Estate Environmental Benchmark and follow their guidance on green lease clauses to align leases with the Better Buildings Partnership Green Lease Essentials. Green leasing continues to be an important tool to enable us and our occupiers to improve the performance of building and data collection.

2. EPRA

We have continued to report in line with EPRA Sustainability Best Practice Recommendations maintaining our Gold award for our 2024 reporting.



97%

New leases containing green clauses

EPRA gold

GRESB rating

Scan or click here to read more in our online Sustainability Data Performance Report

3. GRESB

We have been reporting to GRESB since 2017. Our score for 2024 improved to 81 and remained at three green stars. We scored ahead of the GRESB average in each of the Environmental, Social and Governance categories, and overall.

4. Data management

We are committed to the responsible and secure handling of data and our data management practices adhere to relevant regulatory requirements.

We continue to work with our property managers and occupiers to improve the quality of emissions data collected. In addition we have conducted a review of our purchased goods and services Scope 3 emissions in order to better understand where we need to focus in our supply chain.

We have data sharing agreements across the portfolio and receive energy data automatically. We expect the occupier collection rates to increase as we finalise the collection and assurance process.

Risk management

ESG risks are integrated into the Group's broader risk management framework. This includes identifying and mitigating risks related to climate change, regulatory changes, and corporate governance. The Responsibility Committee will review and update the ESG element of the risk register for onward reporting to the Board.

For more information please see Principal Risks on page 49

Ethical conduct

Our Anti-Bribery policy sets out our commitment to maintaining the highest standards of integrity, transparency and ethical conduct. We operate in compliance with the Bribery Act 2010, and have in place effective and adequate procedures to manage the risk of bribery, corruption, or improper payments in all our business activities. These are set out in the Employee Handbook and the full policy is available on our website.

Scan or click here to read our Anti-Bribery Policy

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-terms 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.

> Our occupier focused approach continues to be embedded within our purpose, values and business model.

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

Governance at a Glance

Focus areas for 2024/2025

/ Shareholder value

/ Asset repositioning strategy

/ Capital allocation

/ Continued earnings growth

/ Board composition and succession

Key priorities for 2025/2026

/ Shareholder value

/ Capital allocation

/ Continued earnings growth

/ Board succession

Compliance with the UK Corporate Governance Code 2018 (the Code)

The Company complied with the relevant provisions set out in the 2018 version of the Code, which applied throughout the financial year ended 31 March 2025.

The Code is available on the FRC's website: www.frc.org.uk. Further detail on how the Code principles have been applied can be found on the pages set out here.

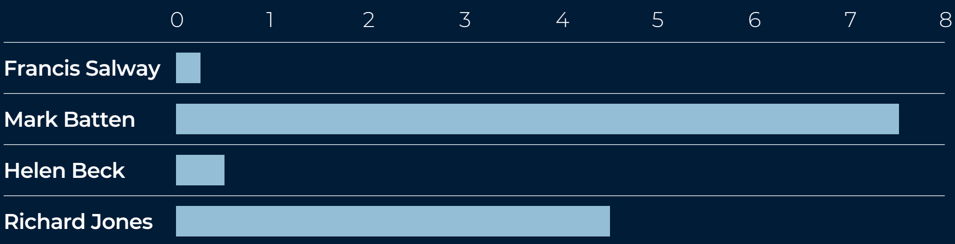
Governance at a glance

Board tenure
Non-Executive Director average tenure as at 31 March 2025

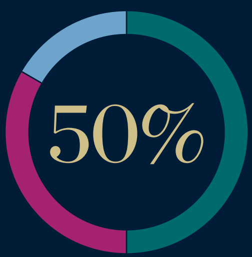
3.2 years

Board and Committee attendance as at 31 March 2025

99%

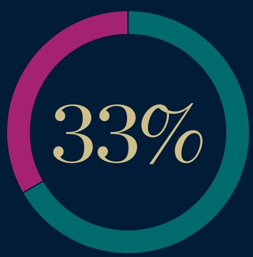


Board independence as at 31 March 2025



Independent	3
Non-independent	2
Chair	1

Board gender balance as at 31 March 2025



Male	4
Female	2

Demonstrating our skills

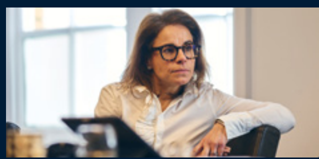
The skills matrix shows the level of expertise of our Board across a range of disciplines.

Skills	Francis Salway	Mark Batten	Helen Beck	Richard Jones	Michael Morris	Saira Johnston
Leadership and strategy	■	■	■	■	■	■
Real estate	■	■		■	■	■
Accounting/finance and risk		■				■
Remuneration	■		■		■	■
People, talent and culture	■	■	■		■	■
Other listed Board experience	■		■			
Corporate finance		■				
Governance	■	■	■	■	■	■
CEO or other operational experience	■	■	■	■	■	■
Sustainability			■		■	■

Director changes

1 February 2025 – Francis Salway appointed to the Board as Chair of Picton replacing Lena Wilson, and as Chair of the Nomination Committee.

1 August 2024 – Helen Beck appointed to the Board and as Chair of the Remuneration Committee replacing Maria Bentley.



1 April 2024 – Saira Johnston appointed as Chief Financial Officer and joins the Board as Executive Director.

For more information about the Board and its activities:

Board of Directors pages 88 to 89

Leadership and Purpose pages 92 to 99

Board of Directors

We have the relevant skills and experience for future growth.

Francis Salway
Non-Executive Chair

N P R

Appointed to the Board
February 2025

Responsible for ensuring the Board is effective in setting and implementing the Company's direction and strategy including reviewing and evaluating the performance of the Chief Executive.

Key strengths and skills
- Extensive property and investment experience through both executive and non-executive roles
- Experienced Chair, SID and CEO, having led a FTSE 100 real estate company

Previous experience and appointments
- Chief Executive of Landsec
- Non-Executive Director and Senior Independent Director of NEXT plc
- Non-Executive Director of Peabody Housing Association
- Chair of Town and Country Housing

Principal external commitments
- Non-Executive Director of Watkin Jones plc
- Non-Executive Director of Cadogan Group Limited

Mark Batten
Non-Executive Senior Independent Director

A N P R

Appointed to the Board
October 2017

Responsible for financial reporting and accounting policies, audit strategy and the evaluation of internal controls and risk management systems.

Key strengths and skills
- Chartered Accountant and restructuring specialist
- Extensive experience in banking, insurance, real estate, debt structuring and restructuring
- Broad real estate knowledge, covering most sub-sectors

Previous experience and appointments
- Partner, PricewaterhouseCoopers LLP (restructuring and corporate valuation practices)
- Non-Executive Director, L&F Indemnity
- Senior adviser, UK Government Investments
- Non-Executive Director and Chair of the Finance Committee, Royal Brompton and Harefield NHS Clinical Group

Principal external commitments
- Chair, Assured Guaranty UK Limited
- Non-Executive Director, Assured Guaranty Ltd.
- Senior Independent Director and Chair of the Audit and Risk Committee, Weatherbys Bank Limited
- Chair, Governing Body, Westminster School
- Non-Executive Director of Reliance National Insurance Company (Europe) Limited

Helen Beck
Non-Executive Director

A N P R

Appointed to the Board
August 2024

Responsible for leading on the recommendation of remuneration policies and levels, employee engagement and Board lead on sustainability.

Key strengths and skills
- Extensive expertise in human resources
- Over 25 years' experience in financial services, particularly in remuneration design and regulation

Previous experience and appointments
- Non-Executive Director of Ashmore Group plc and Chair of the Remuneration Committee
- Partner at Deloitte, Head of Financial Service Remuneration Practice
- Partner at Kepler Associates Ltd
- Global Head of Reward at Standard Bank
- Senior executive roles at McLagan Partners Inc

Principal external commitments
- Non-Executive Director and Chair of the Remuneration Committee of Funding Circle plc
- Governor of the University of Bedfordshire
- Independent member of The British Olympic Association's Remuneration Committee

The Board is responsible for the long-term success of the business, providing leadership and direction with due regard and consideration to all stakeholders in the business.

Committee key

- A Audit and Risk Committee
- N Nomination Committee
- P Property Valuation Committee
- R Remuneration Committee
- Committee Chair

For more information about the Board and its activities:

Leadership and Purpose page 92

Richard Jones
Non-Executive Director

A N P R

Appointed to the Board

September 2020

Responsible for overseeing the review of the quarterly valuation process and making recommendations to the Board as appropriate.

Key strengths and skills

- Significant real estate investment experience
- Broad experience of property asset management
- Extensive experience of property valuation

Previous experience and appointments

- UK Managing Director on Aviva Investors' Global Real Estate Board
- Special Director, Ribston UK Industrial Property Unit Trust
- Non-Executive Director, Royal Brompton and Harefield Hospital NHS Foundation Trust
- Transport for London's Commercial Property Advisory Group

Principal external commitments

- Investment Committee, Henley Secure Income Property Unit Trust
- Investment Committee, Henley Secure Income Property Unit Trust II
- Special Advisor, Clearbell UK Strategic Trust

Michael Morris
Chief Executive

Appointed to the Board

October 2015

Responsible for overall strategic direction and execution of the Group's business model.

Key strengths and skills

- Successful track record of driving investment strategy and delivering results for shareholders
- Proven leadership skills
- In-depth understanding of real estate equity capital markets

Previous experience and appointments

- Over 30 years' wide-ranging commercial real estate market experience
- Senior Director and Fund Manager, ING Real Estate Investment Management

Principal external commitments

- None

Saira Johnston
Chief Financial Officer

Appointed to the Board

April 2024

Responsible for strategic financial planning and reporting for the Group and all operational matters.

Key strengths and skills

- Chartered accountant with over 20 years' experience in finance and management roles
- In-depth knowledge of financial services, capital markets and real estate funds
- Expertise in debt and equity financing

Previous experience and appointments

- Chief Financial Officer, Gravis Capital Management Limited
- Group Financial Controller, Moorfield Group
- Director of Finance, CBRE Global Investors/ING Real Estate
- Investment Controller, Morgan Stanley Real Estate Fund

Principal external commitments

- None

Back to contents

Our Team

With extensive experience across real estate management and financial services, our team have an in-depth knowledge and understanding of the UK commercial property market.

Michael Morris
Chief Executive

Michael has over 30 years of experience within the UK commercial property sector and is responsible for the strategic direction and effective execution of the Group's business model. Michael is Chair of the Executive Committee and of the Transaction and Finance Committee and leads the Climate Action Working Group.

James Forman
Director of Accounting

James is a Certified Accountant, working with the Group since its launch in 2005, and has over 20 years of experience in the real estate sector. He is responsible for all accounting and financial reporting for the Group and is a member of the Transaction and Finance Committee.

Saira Johnston
Chief Financial Officer

Saira is a Chartered Accountant with over 20 years of experience working in the real estate sector in a range of financial and operational related roles. From 1 April 2024, Saira assumed responsibility for the financial strategy and reporting for the Group. Saira is also Chair of the Responsibility Committee and a member of the Transaction and Finance Committee.

Tom Harrison
Asset Manager

Tom is a Chartered Surveyor with over five years of post-qualification experience, who joined the team in January 2025. Tom is responsible for the comprehensive asset management of our portfolio, including lease transactions and overseeing capital expenditure projects.

Mark Alder
Head of Occupier Services

Mark joined in 2020 and is a Chartered Surveyor with over 30 years of property management experience. He is responsible for delivering effective property management and strengthening our relationship with our occupiers. Mark is a member of the Responsibility Committee and the Health and Safety Committee.

Lucinda Christopherson
Executive Assistant to Chief Executive and Office Manager

Lucinda joined in December 2023 as Executive Assistant to the Chief Executive, Michael Morris, and is responsible for the day-to-day management of the office and for overseeing the administrative aspects of the Company. She is a member of the Health and Safety Committee.

Tim Hamlin
Director of Asset Management

Tim is a Chartered Surveyor with over 15 years of real estate experience and is responsible for creating and implementing asset-level business plans in line with the portfolio's strategic direction and is a member of the Responsibility Committee.

Kathy Thompson
Company Secretary

Kathy joined in May 2023 and was appointed Company Secretary to the Group on 1 October 2023. Kathy is a Chartered Secretary with over 15 years of experience within the financial services and property sectors, having previously qualified as a Chartered Accountant with PwC.

Jay Cable
Senior Director and Head of Asset Management

A Chartered Surveyor with over 20 years of real estate experience, Jay has worked with the Group since its launch in 2005. He is responsible for the proactive asset management of the portfolio and overseeing its strategic direction and is a member of the Executive Committee, the Transaction and Finance Committee and is Chair of the Health and Safety Committee.

Lucy Stearman
Assistant Accountant

Lucy has over ten years of experience within financial services and joined the Group in April 2019 to assist with the accounting and financial reporting.

Andy Lynch
Head of Building Surveying

Andy is a Chartered Surveyor with over 15 years of experience within the commercial real estate sector. Andy joined the Group in November 2022 and oversees refurbishment projects and other building matters across the portfolio, with a particular focus on environmental improvements. He is a member of the Climate Action Working Group.

Louisa McAleenan
Senior Analyst – Research, Strategy and Sustainability

Louisa has over 15 years of experience in real estate research and is responsible for all aspects of research and analysis, contributing to the direction of the Group's investment strategy. She is a member of the Responsibility Committee and the Climate Action Working Group.

Leadership and Purpose

Our purpose is to be a responsible owner of commercial real estate, helping our occupiers succeed and being valued by all our stakeholders.

Our people and culture

The Board considered its role in shaping the Company's culture and leading by example as part of its annual performance review.

The Board recognises the importance of its people and welcomes the opportunities during the year when the Directors are able to meet in person with the team as part of the quarterly Board meeting programme. This regular contact supports the strong and open culture and shared values across the Company.

Our values

This year, we reviewed our values at our team offsite in September 2024 as part of a workshop facilitated by an external consultant. As a result, our values were updated (see below) and following discussion were subsequently approved by the Board in November 2024.

Positive

We are collaborative, upbeat and put people at the forefront. We foster strong relationships and invest in our shared success. We demonstrate this through our culture, our occupier focused approach and engagement with all our stakeholders.

Proactive

We are forward thinking, agile and adaptive. We demonstrate this through our asset management and dynamic positioning of the portfolio.

Principled

We are professional, diligent and strategic. We demonstrate this through our integrity and work ethic, our transparent reporting and alignment with our shareholders, and our commitment to sustainability and environmental initiatives.

Annual employee engagement survey

The results of this year's employee engagement survey were considered by the Board. Helen Beck, our Director for employee engagement, fed back the results to the team, on behalf of the Board.

The survey results showed that team sentiment remains very positive and although the overall satisfaction score has fallen since last year, it still remains at a high level.

More detail is provided in the Sustainable Thinking section on page 77.

For more information about the Board and its activities:

Board of Directors
pages 88 to 89

Division of Responsibilities
page 100

The role of the Board

Our Board is responsible for the long-term success of the business. It provides leadership and direction, with due regard to the views of all stakeholders in the business. The Board operates in an open and transparent way, and seeks to engage with its shareholders, occupiers, employees and the local communities where its property assets are situated.

The Board has full responsibility for the direction and control of the business and sets and implements strategy, within a framework of strong internal controls and risk management. It establishes the culture and values of the Company and ensures these are aligned with its strategy.

The Board has a schedule of matters reserved for its attention. This includes all significant acquisitions, disposals and leasing transactions, capital expenditure projects, new lending arrangements, capital allocation and dividend policy.

The Board has collectively a range of skills and experience that are complementary and relevant to the business.

These are set out in the biographies of the individual Directors on pages 88 and 89 and illustrated in the skills matrix on page 87.

Board meetings

There were ten scheduled meetings during the year, which were attended by all Board members. This comprised four shorter quarterly meetings held virtually to deal with the approval of the dividend and to review key portfolio activity; and four longer quarterly meetings held in person for strategic and operational matters. There were also two meetings held to approve the annual and the half-year results and accounts.

Both our former and current Chair held meetings with the Non-Executive Directors without the Executive Directors present.

Board education sessions were also included in the annual meeting schedule, and external advisers including our brokers, were invited to attend Board meetings during the year. In addition, the Board received a refresher on UK MAR and on Guernsey Company law from our UK and Guernsey legal advisers, respectively. There was also a presentation from our sustainability consultants at our Board strategy day.

Strategy day

This year's strategy day started with the Board visiting one of our London office assets, Farringdon Road, which was particularly informative for our new Directors. The agenda for the day provided an opportunity to reflect on the previous year's activities and achievements and to plan for the upcoming year. In addition, a number of key matters were considered including property portfolio strategy and composition, equity capital markets, stakeholder engagement and sustainability.

Board Committees

The Board has established four Committees:

Audit and Risk, Remuneration, Nomination and Property Valuation. These are comprised entirely of Non-Executive Directors and operate within defined terms of reference, which are regularly reviewed and are available on the Company's website.

Conflicts of interest

Directors are required to notify the Company of any potential conflicts of interest that they may have. Any conflicts are recorded and reviewed by the Board at each meeting. No conflicts have been recorded during the year.

The process for obtaining Board approval for external appointments is included in the Nomination Committee Report.

Attendance at Board and Committee meetings

The below meetings were the scheduled Board and Committee meetings. Additional meetings were held to deal with other matters as required and are not included. The papers are circulated on a timely basis to ensure that the Directors have sufficient time to consider the matters which are proposed for discussion.

Board members	Date appointed	Board	Audit and Risk	Remuneration	Property Valuation	Nomination
Francis Salway[1]	01.02.2025	1/1	–	1/1	N/A	N/A
Mark Batten[2]	01.10.2017	10/10	4/4	4/5	4/4	2/2
Helen Beck[3]	01.08.2024	6/6	2/2	2/2	2/2	1/1
Richard Jones	01.09.2020	10/10	4/4	5/5	4/4	2/2
Michael Morris	01.10.2015	10/10	–	–	–	–
Saira Johnston	01.04.2024	10/10	–	–	–	–
Lena Wilson[4]	01.01.2021	9/9	–	4/4	4/4	2/2
Maria Bentley[5]	01.10.2018	3/3	2/2	3/3	1/1	1/1
Total number of meetings		**10**	**4**	**5**	**4**	**2**

1. Francis Salway was appointed on 1 February 2025, succeeding Lena Wilson as Chair and Chair of the Nomination Committee.
2. Mark Batten was unable to attend the Remuneration Committee meeting on 18 March 2025 due to ill-health.
3. Helen Beck was appointed on 1 August 2024, replacing Maria Bentley as Chair of the Remuneration Committee. Helen attended the Board and Property Valuation Committee meetings on 30 July 2024 in an observer capacity.
4. Lena Wilson stepped down from the Board as Chair and Chair of the Nomination Committee on 31 January 2025.
5. Maria Bentley stepped down from the Board and as Chair of the Remuneration Committee at the end of the Annual General Meeting on 30 July 2024.

Board activities

A wide range of matters were considered by the Board and key Board activities and approvals over the year are set out here.

Strategic

Impacted stakeholders

Activity

- Strategic initiatives including opportunities for scale
- Portfolio strategy and activity including acquisitions and disposals
- Capital recycling and capital allocation
- Equity capital markets' landscape

Outcomes

- Annual and mid-year strategy review
- Approved acquisitions and disposals
- Approved share buyback programme

Financial reporting and performance

Impacted stakeholders

Activity

- Portfolio and financial forecasts
- Macroeconomic updates from external advisers
- Quarterly management accounts
- Operating budget for financial year
- Dividend recommendations
- Annual and Interim financial accounts
- Going Concern and Viability Statement
- Lending and refinancing arrangements

Outcomes

- Approved operating budget for the financial year
- Approved quarterly dividends and related Stock Exchange announcements
- Approved the Annual Report and Interim Results and related Stock Exchange announcements
- Approved refinancing of revolving credit facility with NatWest

Operational

Impacted stakeholders

Activity

- Property valuations and reports from external valuer
- Operational performance
- Operational matters including upgrade of new accounting system
- Health and safety matters including RAAC, fire safety and physical security

Outcomes

- Acceptance of quarterly independent valuations
- Approved new accounting system
- Approved annual Health and Safety Policy statement

Risk management and internal controls

Impacted stakeholders

Activity

- Risk Management Policy and risk appetite statements
- Risk matrix, principal and emerging risks
- Internal audit plan and internal review reports
- Review of Property Manager's internal controls reports
- Evaluation of external auditor

Outcomes

- Approved updated Risk Management Policy and risk appetite statements
- Approved updated risk matrix, and principal and emerging risks
- Agreed internal audit plan
- Recommended to shareholders the re-appointment of the external auditor

Our stakeholders

- Our shareholders
- Our employees
- Our suppliers
- Our occupiers
- Local communities and charities

Consideration of Section 172 matters is described on pages 96 to 97**, and how the Board has engaged with all its stakeholders is set out on** pages 98 to 99

Stakeholder engagement

Impacted stakeholders

Activity

- Shareholder register analysis
- Shareholder feedback following annual and interim results
- Market update from Company's brokers
- AGM planning
- Occupier engagement survey – outcomes and actions

Outcomes

- Approved AGM Notice

Governance

Impacted stakeholders

Activity

- Board Committee Chair Reports to the Board
- Company Secretary Report and governance updates
- Internal Board and Committee performance recommendations
- New Articles of Incorporation
- Board Committee Terms of Reference
- Modern Slavery Statement

Outcomes

- Approved Board Committees' Terms of Reference
- Approved Modern Slavery Statement
- Recommended to shareholders the new Articles of Incorporation

Employees, culture and values

Impacted stakeholders

Activity

- Directors' Remuneration Report and 2024 Directors' Remuneration Policy
- Independent benchmarking report on market remuneration levels for Directors and employees
- Executive Directors' fixed and variable remuneration
- Employees' fixed and variable remuneration
- Employee engagement survey – outcomes and actions
- Board and senior management succession planning
- Diversity and inclusion

Outcomes

- Recommended to shareholders the Directors' Remuneration Report
- Recommended to shareholders the 2024 Directors' Remuneration Policy
- Approved fixed and variable remuneration for Executive Directors and team

Sustainability

Impacted stakeholders

Activity

- ESG Strategy and Policies
- Sustainability priorities

Outcomes

- Appointed new sustainability consultants and approved updated ESG Strategy
- Approved ESG Governance Policy and related ESG Policies for Anti-Bribery and Diversity and Inclusion

Section 172 Statement

As the Company is registered in Guernsey, the UK Companies Act 2006 does not apply. However, in accordance with the UK Corporate Governance Code 2018 and as a matter of good governance, the Directors, individually and collectively as the Board, act as they consider most likely to promote the success of the Company for the benefit of stakeholders as a whole.

Consideration of these factors and other relevant matters is embedded into all Board decision making, strategy development and risk assessment throughout the year. We consider our key stakeholders to be our shareholders, our occupiers, our employees, our communities, and our suppliers. Working closely with our stakeholders is a key strategic priority. The primary ways in which the Board engages directly or delegates responsibility for engagement to management are set out below.

Board engagement with stakeholders

Our shareholders

We rely on the support of our shareholders and their views are important to us. The long-term success of the business will deliver value for shareholders. The Chair, Chief Executive and Chief Financial Officer hold regular meetings with shareholders and feedback from these meetings is reported back to the Board. This feedback may be on macro trends, share price performance, our growth strategy, operational matters, financing strategy or dividend policy, as examples. There are also investor presentations arranged following our Annual General Meeting and after release of our interim results, which provide an opportunity for investors to raise questions.

88%
Of occupiers would recommend us as a landlord

76%
Employee satisfaction

Other Non-Executive Directors will engage with shareholders on specific matters as appropriate and all of the Directors attend the Annual General Meeting to meet with shareholders and to answer any questions they may have.

In addition, Francis Salway took the opportunity to meet with our major shareholders during February, on joining the Board, with the feedback informing the discussion at the Board strategy day.

Our occupiers

One of our key priorities is to work with our occupiers, so that we can understand their needs and aim to meet their current and future requirements. The Board has delegated responsibility for engaging with occupiers to the asset management team, who have ongoing communication with occupiers, and use this information when making proposals to the Board on investment transactions, such as refurbishment projects or leasing events.

Our employees

One of our Non-Executive Directors, Helen Beck has responsibility for employee engagement, with Maria Bentley holding this role until her departure in July 2024. Our annual employee survey this year was conducted for a second time by an independent third-party consultant, providing a more insightful view of the feedback given which was then discussed by the Board. The Board has also been able to meet with the whole team informally when the quarterly in-person Board meetings have been held at Stanford Building and both our new Chair and new Remuneration Committee Chair were able to introduce themselves to the team.

Local communities and environment

We are committed to improving the impact of our buildings on local communities, whether providing space to local businesses, improving local areas or minimising the environmental impact of buildings themselves. The Board has established a Responsibility Committee, which is chaired by the Chief Financial Officer, to oversee sustainability initiatives on its behalf.

The Board reviews progress on our key sustainability priorities and net zero carbon pathway commitment, and at this year's Board strategy day received a presentation from our new sustainability consultants. The Board was updated on industry trends on ESG, on their review of our materiality assessment, and their work to support the development of our updated ESG strategy and policies aligned to the UN's Sustainable Development Goals.

Suppliers

We have in place a Supplier Code of Conduct, which provides a framework for conducting business across the Group in a way that makes a positive contribution to society, while minimising any negative impact on people and the environment. The Board has agreed the overall business framework and delegated its implementation to the management team.

Considering stakeholders in key Board decision making

The table here sets out several examples of important decisions taken by the Board during the year. These decisions are not only material to the Group but are also significant to any of our key stakeholders. As part of the decision-making process, the Board considers the feedback from stakeholder engagement as well as the need to act fairly between all shareholders and to maintain high standards of business conduct.

Strategic focus areas	Actions
Portfolio Performance	
Repositioning of office assets for alternative use	The Board continued to consider opportunities to reposition office assets after successfully securing planning permission for alternative use for two of its London assets, Angel Gate and Charlotte Terrace and Longcross in Cardiff. The Board also approved the submission of a planning application for 50 Farringdon Road as the Board continues seeking to maximise value for shareholders by unlocking value through this strategy.
Investment into the portfolio	The Board is responsible for approving capital expenditure above £0.75 million. During the year there has been significant investment into the portfolio across more than 20 projects. This investment has been aimed at enhancing space to retain and attract occupiers, improve sustainability credentials and to grow income for existing shareholders.
Operational Excellence	
Share buyback programme	The Board considered a return of capital for shareholders in response to shareholder feedback and approved a share buyback programme in January 2025, with a further extension of the programme in April 2025, on the basis that this offers an attractive risk adjusted return for shareholders.
Review of dividend	The Board is aware of the value of regular dividend payments to shareholders and reviews the level of dividend each quarter. In April 2024 the Board approved an increase in the dividend to 0.925p, which has been maintained throughout the year.
Refinancing with NatWest	The Company's £50 million revolving credit facility with NatWest was due to mature on 26 May 2025. Following discussions with NatWest and alternative lenders, the Board approved the refinancing with NatWest on favourable terms, with cost savings achieved by renewing with the existing lender, which is beneficial from a financial perspective for all our shareholders.
Change in valuer	The Board approved the recommendation to appoint Knight Frank as the new external valuer in place of CBRE, in compliance with the new RICS mandatory rotation requirements. Our shareholders in particular benefit from there being continued robustness of the quarterly valuation process, which the transition and smooth handover between CBRE and Knight Frank will ensure, as well as remaining compliant with new rules and regulations.
Acting Responsibly	
Occupier engagement	The Board reviewed the results of the occupier survey carried out this year and heard from management on how the feedback had been considered and addressed by our property manager, CBRE, to ensure satisfaction levels continue to be met or exceeded.
ESG strategy	The Board received a presentation from our new sustainability consultants on their work to support the review and further development of our ESG strategy, which was approved in March 2025, and is a key component of our acting responsibly strategic priority.
Board succession	The Board's focus on succession and overseeing the recruitment and appointment of two new Directors, Francis Salway and Helen Beck, has been a key activity during the year. The Board in reviewing these appointments has considered the skills, experience and knowledge required to enable the Board as a whole to operate effectively and to be able to oversee the delivery of strategy.

Leadership and Purpose *continued*

Engagement with stakeholders

We believe that taking into account the views of our key stakeholders is critical to the long-term success of the business. We engage with all of our stakeholders to understand what is important to them. The following table sets out our key stakeholders and why and how we effectively engage with them.

Our Section 172 Statement for the year ended 31 March 2025 is available on the previous pages and sets out how some of the key decisions made by the Board during the year were guided by stakeholder engagement.

Our shareholders

What is important to the stakeholder

- Clear strategy
- Regular dividends
- Financial performance
- Clear and transparent reporting

Why we engage

Engaging with our shareholders helps to inform our strategic decision making, communicate clearly and report on both our financial and sustainability performance.

How we engage

We value the views of all our shareholders and senior management hold regular meetings to update shareholders on progress and activity. We issue regular investor updates with key financial highlights and updates on the portfolio. Our website provides shareholders with up-to-date information about the Group.

What we have done this year

- The Chair held meetings with major shareholders in February, following his appointment, receiving feedback on issues important to the strategic direction and growth of the business
- The Chief Executive and Chief Financial Officer held regular meetings with shareholders during the year
- Analyst briefings and investor presentations were held after the Interim and Annual Results were announced
- Our AGM was held in person at Stanford Building in July 2024 and a webinar was held following the meeting for those unable to attend
- A mini-capital markets day was held in person at our Stanford Building in September 2024
- Several investor roadshows were also held during the year, enabling in person shareholder meetings

Our occupiers

What is important to the stakeholder

- Cost-effective space suited to their needs
- Fair lease terms
- Well-managed, efficiently run and sustainable buildings
- Good relationships

Why we engage

We are occupier focused in our approach and aim to understand our occupiers' evolving requirements to continually improve their occupier experience and create spaces in which they will succeed.

How we engage

One of our key priorities is to work with our occupiers, so that we can understand their needs and aim to meet their current and future requirements. Our asset managers, guided by our Picton Promise, our five key commitments to our occupiers, maintain regular contact with occupiers, discussing any issues regarding the buildings and any future plans we have. Our Head of Occupier Services has developed an occupier engagement programme and attends occupier meetings and other events. Our occupier app and newsletter also provides relevant and helpful information across our key multi-let offices and industrial buildings.

What we have done this year

- An occupier survey was undertaken at our industrial assets and also at our multi-let offices through our occupier app, for a third year, with an increased response rate and the results continuing to be positive. All issues raised have been addressed either by our property managers or our Head of Occupier Services
- The roll-out of our occupier app has continued to prove successful, with nearly 1,600 regular users across all our locations, an increase of 47% since 2023. We will continue this roll-out programme over the course of the year ahead

Our employees

What is important to the stakeholder

- Fair and equal treatment
- Career development
- Fair pay and conditions
- Good work/life balance
- Positive work culture and values

Why we engage

We seek our employees' views on our purpose, values and activities, which all support our continued strong and open culture; and on our working arrangements and practices.

How we engage

We have a small team and engage regularly with them. We have an appraisal process where each member of the team will discuss their performance and objectives with their line manager twice a year. We carry out an annual employee survey, and the results of this are discussed by the Board. The Board also meets with the whole team informally when in-person Board meetings are held at Stanford Building.

What we have done this year

- The results of this year's employee engagement survey were discussed at the Board strategy day. There was positive sentiment particularly around clear expectations at work, with appropriate guidance and resources being provided to succeed, with employees motivated to deliver quality work and a re-affirmation of Picton as a recommended place to work
- The Board's designated Director, Helen Beck fed back the overall results to the team

Local communities and charities

What is important to the stakeholder

- Local employment opportunities
- Positive contribution to local economy
- Safe and clean environment

Why we engage

We are committed to maximising the social value we deliver to the local communities where we own buildings, where this is practicable, whether providing space to local businesses, improving local areas or minimising the environmental impact of buildings themselves.

How we engage

We engage through our charity and community initiatives and through our occupier engagement programme.

We have a number of key charity partners which we support and activities are arranged with the team where appropriate.

We have a matched giving policy through which our occupiers and employees are invited to apply for a donation to boost their fundraising efforts.

What we have done this year

- One of our key charity partners, Future Youth Zone, gave an informative presentation to the team, on their work to support young people
- Our Chief Executive has provided advice to two of our charity partners on a pro-bono basis
- The majority of the team participated in the 'Retirement Ramble' for our former Finance Director
- Our charitable donations for the year were £26,000
- We supported 15 different charities

Our suppliers

What is important to the stakeholder

- Prompt payment
- Fair terms of business
- Long-term relationships

Why we engage

Engaging with our suppliers ensures we are operating in an ethical way in accordance with relevant laws and regulations and in line with our own business principles.

How we engage

We seek to maintain productive and long-term relationships with our business partners. We have in place a Supplier Code of Conduct, which provides a framework for conducting business across the Group in a way that makes a positive contribution to society, while minimising any negative impact on people and the environment.

What we have done this year

- Our finance team continues to ensure that our suppliers are paid promptly within payment terms
- We continue to ensure that new suppliers comply with our supplier code of conduct and our modern slavery terms

Division of Responsibilities

The Board

Chair:
Francis Salway

Comprises:
4 Non-Executive Directors and 2 Executive Directors

Responsibilities:
- The overall long-term success of the Group and creating value for shareholders
- Providing leadership and direction for the business
- Setting and overseeing the implementation of strategy
- Establishing the culture and values of the business
- Agreeing Risk Management Policy and risk appetite
- The overall financial performance of the Group
- Appointing the Executive Directors
- Approving property and investment decisions and other commitments above £750,000
- Promoting wider stakeholder relationships
- Ensuring high standards of corporate governance across the Group

Board Committees

Audit and Risk:
Chair: Mark Batten

Comprises:
3 Non-Executive Directors

Responsibilities:
- Overseeing the Group's financial and non-financial reporting
- Ensuring the integrity of the Group's financial statements
- Overseeing the risk management framework and internal controls
- Agreeing internal audit plan and reviewing internal audit reports
- Reviewing the relationship with the external auditor and evaluating their performance

Remuneration:
Chair: Helen Beck

Comprises:
4 Non-Executive Directors

Responsibilities:
- Determining remuneration policy and making recommendations to the Board
- Setting the remuneration packages of Executive Directors ensuring alignment of interests with shareholders and employees
- Reviewing remuneration and remuneration practices for the team
- Approving bonus and LTIP awards

Property Valuation:
Chair: Richard Jones

Comprises:
4 Non-Executive Directors

Responsibilities:
- Overseeing the independent valuation process
- Recommending the quarterly valuations to the Board
- Appointing the valuer and approving their remuneration
- Ensuring compliance with applicable standards

Nomination:
Chair: Francis Salway

Comprises:
4 Non-Executive Directors

Responsibilities:
- Reviewing the structure, size and composition, including diversity, of the Board and its Committees
- Ensuring the Board and its Committees have the appropriate skills, knowledge and experience
- Overseeing succession planning
- Leading the Board appointment process and recommending Board appointments

Management Committees

Executive Committee:
Chair: Michael Morris

Comprises:
2 Executive Directors and 1 senior executive

Responsibilities:
- Overseeing the development and delivery of strategy
- Monitoring financial and non-financial performance
- Managing the business day-to-day
- Assessing and monitoring risk management and systems of internal control
- Determining employee remuneration and overseeing career development
- Overseeing the work of the Health and Safety Committee

Transaction and Finance Committee:
Chair: Michael Morris

Comprises:
2 Executive Directors and senior management

Responsibilities:
- Reviewing and recommending portfolio transactions to the Board
- Approving property investment decisions
- Monitoring portfolio costs
- Reviewing asset-level business plans
- Reviewing compliance with lending covenants

Responsibility Committee:
Chair: Saira Johnston

Comprises:
1 Executive Director, senior management and employees

Responsibilities:
- Overseeing the overall ESG Strategy for the Group
- Overseeing the work of our sustainability advisors
- Overseeing the Climate Action Working Group and receiving updates on environmental matters
- Monitoring stakeholder engagement, including occupiers, employees, communities and suppliers
- Approving our sustainability reporting
- Reviewing our ESG policies and recommending these to the Executive or Board for approval
- Monitoring compliance with relevant standards and legislation

Responsibilities of the Directors

The roles and principal responsibilities of each of the Directors are described below: The Directors are supported by the Company Secretary who is responsible for ensuring compliance with Board procedures and the effective flow of information between the Board and its Committees and between senior management and the Non-Executive Directors.

Chair

Francis Salway

- Leads the Board and is responsible for the overall effectiveness of the Board
- Promotes Company culture and values
- Sets the agenda and tone of Board discussions and promotes open debate at meetings
- Ensures that all Directors receive full and timely information to enable effective decision making
- Ensures that the Board determines the nature, and extent, of the significant risks the Company is willing to embrace in the implementation of its strategy
- Leads the Board's annual performance review and ensures that all Directors receive appropriate induction and training
- Responsible for major shareholder and other stakeholder engagement and ensures Board is informed of their views
- Fosters productive relationships between the Non-Executive and the Executive Directors
- Responsible for governance

Chief Executive

Michael Morris

- Leads the Group and articulates its vision, values and purpose
- Supports the Chair in promoting our culture, values and high standards of governance and behaviours throughout the Group
- Develops, recommends and executes strategy for the Group
- Responsible for the overall performance and a day-to-day management of the business
- Ensures the Board receives comprehensive, accurate and high-quality information in a timely manner
- Manages communication with shareholders and ensures that their views are represented to the Board

Senior Independent Director

Mark Batten

- Provides a sounding board for the Chair and a trusted intermediary for the other Directors where necessary
- Leads the annual evaluation of the Chair
- Leads the succession process for the appointment of the Chair, working with the Nomination Committee
- Communicates with shareholders when other channels are not available or appropriate
- Acts as alternate to the Chair when not able to act due to conflict of interests

Non-Executive Directors

Mark Batten
Helen Beck
Richard Jones

- Bring independent sound judgement, objectivity, scrutiny and an external perspective to the decisions of the Board
- Bring a range of skills, experience and diversity of thought to the deliberations of the Board and constructively challenge management
- Monitor business progress against agreed strategy
- Review the internal control and risk management framework and the integrity of financial information
- Determine the Remuneration Policy for the Group and approves performance targets in line with strategy

Executive Director

Saira Johnston

- Supports the Chief Executive in the formulation and execution of strategy
- Manages the financial operations of the Group
- Develops and maintains the system of financial controls within the Group
- Recommends the internal control and risk management framework to the Audit and Risk Committee and the Board

Back to contents

Composition, Succession and Evaluation

These charts set out the Board's composition, tenure and diversity characteristics as at 31 March 2025.

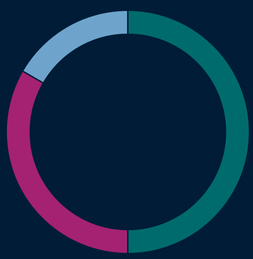
The Board currently comprises the Chair, two Executive Directors and three independent Non-Executive Directors. The Non-Executive Directors bring a variety of skills and business experience to the Board. Their role is to bring independent judgement and scrutiny to the recommendations of the Executive Directors. Each of the Non-Executive Directors is considered to be independent in character and judgement.

As at 31 March 2025 the Board comprised 50% independent Non-Executive Directors, excluding the Chair.

The **biographies of the Directors** can be found on pages 88 to 89, which set out their skills and experience, and their membership of each of the Committees.

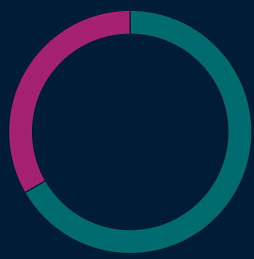
Board composition and diversity

Function



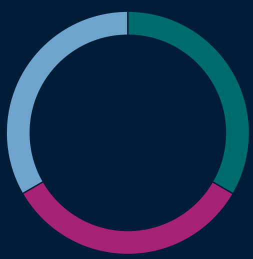
Independent	3
Non-independent	2
Chair	1

Gender



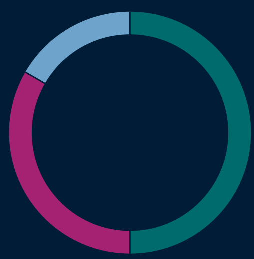
Male	4
Female	2

Age



45 to 55 years	2
55 to 65 years	2
65 to 70 years	2

Tenure



0 to 3 years	3
3 to 9 years	2
9 to 12 years[1]	1

1. Michael Morris, Chief Executive.

Ethnic representation

	Number of Board members	Percentage of the Board	Number of senior Board positions	Number in executive management	Percentage of executive management
White British	5	83%	3	2	67%
Mixed British Asian	1	17%	1	1	33%

Sex/gender representation

	Number of Board members	Percentage of the Board	Number of senior Board positions	Number in executive management	Percentage of executive management
Men	4	67%	3	2	67%
Women	2	33%	1	1	33%

Q&A with Francis Salway

Francis Salway was appointed to the Board as Chair on 1 February 2025, as successor to Lena Wilson, who stepped down from the Board on 31 January 2025.

What attracted you to Picton?

For a number of years I have admired Picton for their long-term track record of consistent outperformance relative to UK commercial property returns. So I was very excited when I was approached for this role.

What are your first impressions of the Company and the team?

They seem to be a very cohesive team – and a very lean and efficient team with a staff of only 12, a number so low that I initially queried it!

What do you think are Picton's core strengths?

I have been enormously impressed by Picton's asset management skills, delivering enhanced returns with low levels of risk.

What do you see as the biggest opportunities or challenges ahead for the REIT sector?

REITs can offer shareholders very attractive dividend yields together with the prospect of growth in earnings and dividend. The current discounts that persist in the sector are both opportunities and challenges.

What are the key priorities for the business next year?

We intend to continue divesting of lower yielding assets.

We remain focused on continuing our track record of outperformance of property returns and also upgrading the environmental performance of our portfolio.

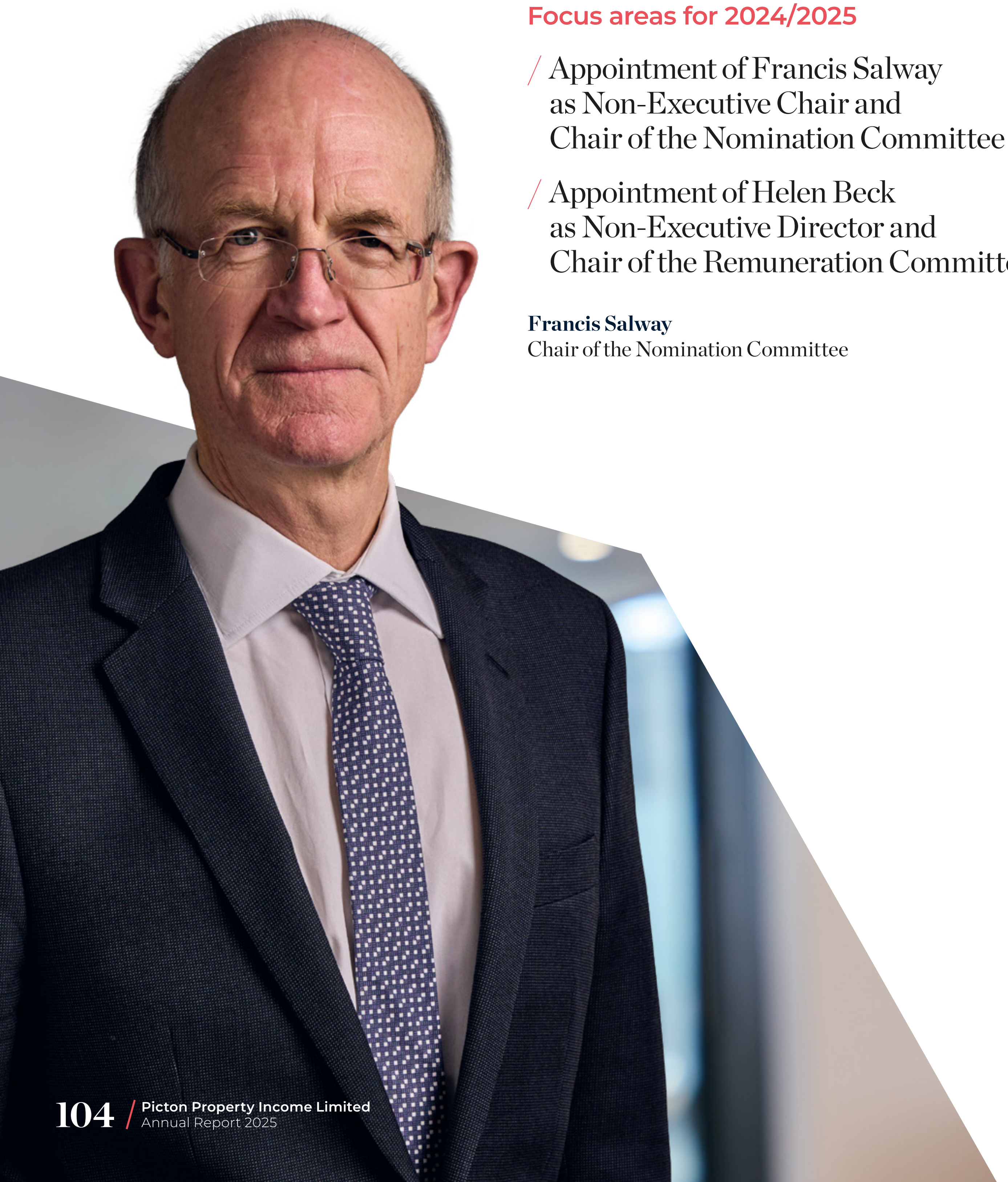
We will consider actions to address the discount in our share price, noting that one step already taken has been to commence a share buyback programme in the early part of this year.

Outside of work, what are your passions or key interests?

I walk, I go to an indoor climbing wall to try to keep fit and, despite the allure of taller mountains abroad, I am always drawn back to the beauty of the countryside in the UK. Both the rural environment and the built environment in the UK are very special.

> I have always admired Picton's long-term track record of outperformance.

Nomination Committee



Focus areas for 2024/2025

- Appointment of Francis Salway as Non-Executive Chair and Chair of the Nomination Committee
- Appointment of Helen Beck as Non-Executive Director and Chair of the Remuneration Committee

Francis Salway
Chair of the Nomination Committee

The Committee oversaw two Board appointments this year.

The Committee's main responsibilities include reviewing the composition of the Board to ensure it has the right balance of skills, knowledge, experience and diversity to carry out its duties and provide effective leadership. The Committee also leads the selection process and the nomination of candidates for appointment to the Board, ensuring the process is formal, rigorous and transparent and there are appropriate succession plans in place for both the Board and senior management. It is also the Committee's role to review the results of the annual Board performance review taking particular regard to feedback relating to composition and succession.

The Committee also makes recommendations to the Board regarding the composition of the Audit and Risk, Nomination, Property Valuation and Remuneration Committees, taking into account individuals' time commitments and experience.

Terms of reference

The Committee's responsibilities are set out in its terms of reference. These include consideration of the following:

- Reviewing and making recommendations regarding the size and composition of the Board;
- Considering and making recommendations regarding succession planning for the Board and senior management;
- Identifying and nominating candidates to fill Board vacancies as they arise;
- Reviewing the results of the Board performance review relating to composition and succession;
- Reviewing the time and independence requirements for Directors; and
- Recommending the membership of Board Committees.

Activity

The Committee met six times during the year ended 31 March 2025, which included the two scheduled meetings and four ad hoc meetings.

A key focus of activity for the Committee has been on succession. This included commencing and completing the search for a new Chair to succeed Lena Wilson with effect from 31 January 2025, following her decision to step down from the Board, which was announced on 4 October 2025.

After a thorough and robust search process, Francis Salway's appointment as Chair of the Board and the Nomination Committee with effect from 1 February 2025, was confirmed on 27 January 2025.

The Committee also spent time in the first half of the financial year completing the search for a new Non-Executive Director and Remuneration Committee Chair to succeed Maria Bentley. On 23 July 2024, the Board was pleased to announce Helen Beck's appointment with effect from 1 August 2024.

The selection process for each Board role fully takes into consideration the FCA Listing Rules on diversity targets.

The Committee has also kept under review both existing and new external appointments of the current Directors to ensure that the time commitments arising from these external roles would not affect their continued ability to discharge their duties effectively; and to ensure Directors are not over-boarded and continue to meet the required standards concerning independence. As part of this review, consideration was also given to any charitable or other not-for-profit positions held by the Non-Executive Directors, given that this could also impact their time availability.

The Committee considered a number of routine matters. This included reviewing the performance and constitution of the Committee and its terms of reference. The Committee also oversaw the actions taken in response to the recommendations from the internal Board performance reviews carried out at the beginning of 2024 and at the end of 2024, and agreed the actions to be taken in response. See pages 107 to 108 for further detail.

Francis Salway has chaired the Nomination Committee since 1 February 2025, succeeding Lena Wilson who stepped down from the Board on 31 January 2025. The other members of the Committee are Mark Batten, Helen Beck and Richard Jones. Maria Bentley stepped down from the Committee during the year.

> The internal review concluded that the Board, its Committees and the individual Directors continue to operate very effectively.

Recruitment and succession planning

The Committee's main activity during the year has been on the search for successors to Maria Bentley and Lena Wilson.

In the early part of the financial year, a tender process to select a suitable search agency was led by Lena Wilson, the previous Chair, supported by the Chief Executive and Company Secretary. The tender process resulted in the appointment of the independent executive search consultants, Teneo People Advisory, to undertake the search for a new Non-Executive Director.

Teneo has no other connection to Picton, although Teneo previously advised on the recruitment of Saira Johnston, the Company's CFO.

The recruitment process for Maria's replacement was also led by Lena Wilson, and supported by the Company Secretary, with regular updates provided to the Committee. Shortlisted candidates recommended by Teneo were interviewed by Lena Wilson and all of the Non-Executive Directors, following which a recommendation to appoint Helen Beck was approved by the Board in July 2024.

On the Nomination Committee's recommendation, the Board also engaged Teneo to support the search for a new Chair, with this process being led by Mark Batten, our Senior Independent Director, with support from our Chief Executive and Company Secretary, with all Directors interviewing each of the shortlisted candidates.

In addition to the recruitment activities described above, the Committee also considered the Board and senior management succession planning arrangements as part of its remit for overseeing the development of a diverse pipeline for succession, taking into account the skills and expertise needed for the Board in the future.

Induction

There is a detailed induction programme in place for all new Directors, which is tailored to the individual experience and requirements of the Director concerned. The programme is overseen by the Chair and managed by the Company Secretary and runs throughout the first year of the Director's appointment, with regular check-ins to confirm progress against the programme. Individual programmes were developed for all three of our new Directors who joined the Board during the financial year, Saira Johnston, Helen Beck and Francis Salway.

Diversity and inclusion

The Company believes that diversity amongst our employees is essential for our sustained business success. We value the contributions made by all of our team and are committed to treating all employees equally.

Despite being a small team, we ensure that equity, diversity and inclusion are key considerations for our recruitment partners as part of their candidate recommendations. All candidates are then considered on merit but having regard to the right blend of skills, experience and knowledge.

Board performance review

In accordance with the requirements of the Code, the Board undertakes a review of the effectiveness of its performance and that of its Committees every year. An external review is usually carried out every three years, with internal reviews in the intervening years.

In early 2024, an internal review of the Board's effectiveness was carried out, with this process being led by Lena Wilson and supported by the Company Secretary. The following table sets out key actions that were identified following the review together with the progress made since the review.

Action	Progress
1. Continue to consider opportunities for growth.	Growth strategy updates have been included as part of the Chief Executive's Board report and our brokers have also presented on strategic matters during the year. A share buyback programme was approved by the Board in January 2025 and discussion on growth strategy was included on the agenda at the Board's strategy day.
2. Review and update the risk management framework.	The Risk Management Policy and risk management framework have been reviewed and updated following discussion at the Audit and Risk Committee and Board in March 2025.
3. Review Board meeting schedule and allocation of topics for each meeting.	The Board meeting schedule has been reviewed following Francis' appointment, and the Board has approved a revised schedule of meetings, which will combine strategic and operational matters and also allow time for deep dive thematic discussions during the year.
4. To include a lessons learned Board agenda item on a regular basis to cover both strategic and operational matters.	The Board has considered lessons learned as part of routine operational papers for recent property acquisitions and disposals and also from a strategic perspective.
5. Increase focus of Board on what has changed since the previous Board meeting.	A review of Board papers has been undertaken and a revised reporting approach has been developed which will be rolled out for 2025/26. This will ensure there is an appropriate balance between both historical and forward-looking information.
6. Review how the Board considers stakeholders as part of its routine business and in the decision-making process.	The Board decision papers have been updated to include a stakeholder impact statement. The feedback from the Board as part of the annual performance review noted that stakeholder engagement was a strength of the Company.
7. Ensure succession planning and diversity are regularly included for discussion at the Nomination Committee meeting.	A detailed succession plan covering the Board and senior management team was discussed at the November 2024 Nomination Committee meeting and this will be reviewed annually going forward. A new Diversity and Inclusion Policy was developed during the year in conjunction with our sustainability consultants, which was approved by the Board, after the year end.
8. Review Director induction and ongoing Director training ensuring this covers key areas such as sustainability.	A comprehensive induction programme was developed and followed for all three of our new Board members. The Directors also provided feedback on Director training and during the year there have been refresher sessions on UK MAR, Listing Rules changes and Directors' Duties under Guernsey law.
9. Review current Non-Executive Director performance review process.	The process was reviewed by the previous Chair in conjunction with the Company Secretary and formalised as a result.

Composition, Succession and Evaluation *continued*

This year, our Board performance review was carried out internally, in line with the three-year review cycle. This consisted of a questionnaire prepared by the Company Secretary following discussion with the Chair. The questionnaire covered the following areas:

- Board leadership, culture and Company purpose
- Skills, knowledge and diversity
- Stakeholders
- Division of responsibilities
- Composition, succession and development
- Board meetings, conduct and operations
- Board dynamics
- Overall reflections

The questionnaire was completed by the each of the Directors and the overall conclusions were that the Board and the Committees continue to operate very effectively.

The key themes and actions arising from the review were:

- To revert to a quarterly reporting cycle to streamline processes and facilitate debate and decision making
- To refine our Board reporting templates
- To introduce a thematic deep dive session at the Board meetings
- To include discussion of investor feedback and reflect on share price discount at Board strategy meeting

Tenure and re-election

The tenure of Non-Executive Directors, including the Chair, is limited to nine years in accordance with the UK Corporate Governance Code. The Chief Executive has held a position on the Board as Executive Director for just over nine years.

The provisions of the Corporate Governance Code recommend that all Directors be subject to annual re-election at the Annual General Meeting. The Board will follow this recommendation and all Directors will be proposed for re-election, or election in the case of Francis Salway and Helen Beck, at the Annual General Meeting in July 2025.

Francis Salway
Chair of the Nomination Committee
21 May 2025

Audit, Risk and Internal Control

The Board has established procedures to manage risk, oversee the framework of internal controls and determine its risk appetite to achieve its long-term strategic objectives.

The Board and the Audit and Risk Committee are responsible for ensuring that the Group has an effective internal control and risk management system and that the Annual Report provides a fair reflection of the Group's activities during the year.

The Property Valuation Committee has oversight of the independent valuer and the valuation process. It recommends the adoption of the quarterly valuations by the Board, following its review of the methodology and assumptions used by CBRE Limited, the Group's external valuer.

Internal controls and risk management

The Board is responsible for establishing and maintaining the Group's system of internal controls and reviewing its effectiveness. The system is designed to ensure effective and efficient operations, internal controls and compliance with laws and regulations. In establishing the system of internal controls, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control. It follows, therefore, that the system of internal controls can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Board has therefore established an ongoing process designed to meet the particular needs of the Group in managing the risks to which it is exposed, consistent with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Such review procedures have been in place throughout the full financial year, and up to the date of the approval of the financial statements, and the Board is satisfied with their effectiveness.

This process includes a review by the Board of the control environment within the Group's key service providers to ensure that the Group's requirements are met.

The Board continues to use BDO LLP (BDO) to provide internal audit and assurance services to the Group. The Board considers that this provides it with assurance that the Group's internal controls are robust and are operating effectively. The annual programme of testing carried out by BDO is agreed in advance by the Audit and Risk Committee. Details of the reviews carried out by BDO are set out in the Audit and Risk Committee Report.

The effectiveness of the internal controls system is reviewed annually by the Audit and Risk Committee and the Board. The Audit and Risk Committee has a discussion annually with the external auditor to ensure that there are no issues of concern in relation to the audit of the financial statements and representatives of senior management are excluded from that discussion.

Audit and Risk Committee

Focus areas for 2024/2025

/ Annual and Interim Reports

/ Risk Management Policy review

/ Risk management appetite, principal and emerging risks review

/ Internal audit reviews

Mark Batten
Chair of the Audit and Risk Committee

The Committee is satisfied that the 2025 Annual Report is fair, balanced and understandable.

Meetings of the Audit and Risk Committee are attended by the Chair, the Chief Executive and Chief Financial Officer, the internal auditor and the external auditor. The external auditor is given the opportunity to discuss matters without management present.

Terms of reference

The Committee's terms of reference include consideration of the following issues:

- Financial reporting, including significant accounting judgements and accounting policies;
- Development of a comprehensive Risk Management Policy for adoption by the Group;
- Evaluation of the Group's risk profile and risk appetite, and whether these are aligned with its investment objectives;
- Ensuring that key risks, including climate-related risks, are being effectively identified, measured, managed, mitigated and reported;
- Internal controls, controls testing and risk management systems;
- The Group's relationship with the external auditor, including effectiveness and independence;
- Internal audit and assurance services, including review of any report and assessment of control weaknesses; and
- Reporting responsibilities.

Activity

The Audit and Risk Committee met four times during the year ended 31 March 2025 and considered the following matters:

- Draft Annual and Interim Reports of the Group including the fair, balanced and understandable assessment;
- Audit and accounting key judgements and issues of significance;
- Going concern and viability assessments;
- Valuation process and valuer effectiveness;
- Risk Management Policy and appetite;
- Risk matrix, principal and emerging risks and mitigating controls;
- External Audit reports to the Committee including audit plan and fees;
- The effectiveness of the audit process and the independence of KPMG Channel Islands Limited;
- Annual internal audit plan and fees;
- Internal audit reports, findings and recommendations;
- The effectiveness of internal controls and risk management
- Stock Exchange announcements for the annual and interim results and quarterly dividends;
- Corporate Governance Code compliance;
- 2024 UK Corporate Governance Code and principal changes; and
- Committee effectiveness.

There were no specific areas outside of those identified within KPMG's audit plan which the Committee asked the external auditor to review.

Financial reporting and significant reporting matters

The Committee considers all financial information published in the annual and half-year financial statements and considers accounting policies adopted by the Group, presentation and disclosure of the financial information and the key judgements made by management in preparing the financial statements.

The Directors are responsible for preparing the Annual Report. At the request of the Board, the Committee considered whether the 2025 Annual Report was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Group's strategy, business model and performance.

Key areas of judgement

Valuation of investment properties

The key area of judgement that the Committee considered in reviewing the financial statements was the valuation of the Group's investment properties.

The valuation is conducted on a quarterly basis by the external valuer and is subject to oversight by the Property Valuation Committee. It is a key component of the annual and half-year financial statements and is inherently subjective, requiring significant judgement. Members of the Property Valuation Committee, together with members of the Picton team, meet with the external valuer on a quarterly basis to review the valuation and underlying assumptions, including the year-end valuation process.

The Audit and Risk Committee is chaired by Mark Batten. The other members of the Committee are Helen Beck and Richard Jones. Maria Bentley stepped down from the Committee during the year.

Mark Batten has recent relevant financial expertise for the purposes of satisfying the Code and collectively the Committee members have a broad range of financial, commercial and property expertise, sufficient to fulfil their responsibilities in relation to both financial and risk matters and to be able to advise the Board on these.

Audit, Risk and Internal Control *continued*

The Chair of the Property Valuation Committee reported to the Audit and Risk Committee at its meeting on 29 April 2025 and confirmed that the following matters had been considered in discussions with the external valuers:

- Property market conditions;
- Yields on properties within the portfolio;
- Letting activity and vacant properties;
- Covenant strength and lease lengths;
- Estimated rental values; and
- Comparable market evidence.

The Audit and Risk Committee reviewed the report from the Chair of the Property Valuation Committee, including the assumptions applied to the valuation and considered their appropriateness, as well as considering current market trends and conditions, and valuation movements compared to previous quarters. The Committee considered the valuation and agreed that this was appropriate for the financial statements.

The external auditor has presented their findings to the Committee; no areas of concern or difficulties in performing their audit procedures were raised in respect of management assumptions or judgements exercised in the preparation of the financial statements or matters that needed additional work. Aside from the key area of judgement, valuation of investment properties (referred to above), there were no other specific areas which the Audit and Risk Committee has identified in conjunction with the external auditor.

Other key areas of judgement

Climate change is not considered a key audit matter by our external auditor, however, please refer to our climate related disclosures on pages 54 to 61 for further information on climate change.

Fair balanced and understandable

The Committee was satisfied that the 2025 Annual Report is fair, balanced and understandable and included the necessary information as set out here, and it has confirmed this to the Board.

Risk management and internal controls

The Board has ultimate responsibility for risk management within the Group. The Board has adopted a structured approach to considering risks and defining a framework that informs decision making so that the risks can be reported, monitored and mitigated.

The Committee is responsible for overseeing the development and implementation of the Group's Risk Management Policy including a six-monthly, or as needed, review of the existing principal and emerging risks alongside mitigating controls and their effectiveness, reporting to the Board on these matters. The Board reviews risk appetite as part of its annual risk review. The risk appetite is defined as tolerances and targets for key metrics and is set out in the risk matrix.

During the year, the Committee reviewed and updated its Risk Management Policy to strengthen the management of risks by incorporating risk and controls scoring into its framework and risk matrix. The purpose of the Risk Management Policy is to strengthen the proper management of risks through proactive risk identification, measurement, management, mitigation and reporting in respect of all activities undertaken by the Group.

> **During the year, the Committee reviewed the Risk Management Policy**

The Risk Management Policy is intended to:

- Ensure that principal and emerging risks are reported to the Board for review;
- Ensure that climate-related risks and wider sustainability issues facing the Group are identified and monitored;
- Result in the management of those risks that may significantly affect the pursuit of the stated strategic goals and objectives;
- Embed a culture of risk awareness and evaluation and identify risks at multiple levels within the Group; and
- Meet legal and regulatory requirements.

The Board is also responsible for internal controls and for reviewing their effectiveness. It has therefore established a process designed to meet the particular needs of the Company in managing the risks to which it is exposed.

As part of this process, the risk matrix which identifies the Company's key functions and related activities, and the principal risks and related controls to manage those risks, is reviewed by the Committee on a six-monthly basis.

The Committee has received and reviewed a copy of CBRE Limited's Real Estate Accounting Services – Service Organisation Control Report as at 31 December 2024, prepared in accordance with International Standard on Assurance Engagements 3402, in respect of the suitability of the design and operating effectiveness of controls of the property management accounting services provided to Picton Property Income Limited. There were no issues or areas of concerns raised in the Control Report and a bridging letter has been provided to give comfort on controls in place for the period from 1 January to 31 March 2025.

UK Corporate Governance Code changes

The Committee continued to monitor the status of the Corporate Governance reforms throughout the year including the finalised amended Corporate Governance Code and related guidance issued in January 2024.

The Committee received reports from BDO and KPMG on the changes during the year, noting that the most material changes to the Code relate to internal controls.

Internal audit

BDO provides internal audit and assurance services to the Group. The Committee agreed a programme of reviews for 2024/25, which covered capital expenditure, IT controls and a follow up on previous recommendations. The Committee has considered the review reports and the recommendations arising, which had been discussed with management. The Committee has discussed with BDO the timing for the next programme of reviews for 2025/26 taking into account a number of new systems which have been introduced into the business in the early part of 2025. As a result, it was agreed that the Committee would consider BDO's review plan for the year at its October 2025 meeting.

External auditor independence

The Group operates a policy that non-audit work will not be awarded to the external auditor if there is a risk their independence may be compromised. The Committee monitors the level of fees incurred for non-audit services to ensure that this is not material, and obtains confirmation, where appropriate, that separate personnel are involved in any non-audit services provided to the Group.

The Committee must approve in advance all non-audit assignments to be carried out by the external auditor.

The fees payable to the Group's auditor and its member firms are as follows:

	2025 £000	2024 £000
Audit fees	**218**	223
Interim review fees	**38**	25
Non-audit fees	**–**	–
	256	248

The external auditor has not been engaged to perform non-audit work during the financial year ending 31 March 2025 (2024: £nil).

External auditor annual assessment

The Committee is responsible for assessing the effectiveness and quality of the external auditor and the external audit process every year, taking into consideration relevant UK professional and regulatory requirements; reviewing and monitoring the external auditor's independence and objectivity; and for assessing annually the external auditor's qualifications, expertise and resources. The Committee considered the extent to which the auditor demonstrated professional scepticism and challenged management's assumptions during the course of the audit, and confirmed there were no areas for concern.

In 2024, the assessment was carried out by way of a questionnaire for the financial period under review, which was prepared by the Company Secretary, in conjunction with the Committee Chair. This was completed by Committee members and other key stakeholders.

As part of the review of auditor independence and effectiveness, KPMG Channel Islands Limited have confirmed that:

- They have internal procedures in place to identify any aspects of non-audit work which could compromise their role as auditor and to ensure the objectivity of their work and audit report;
- The total fees paid by the Group during the year do not represent a material part of their total fee income; and
- They consider that they have maintained their independence throughout the year.

KPMG Channel Islands Limited have been external auditor to the Group since the year ended 31 December 2009. They were reappointed as the Group's external auditor following a tender process in February 2020. The current audit engagement partner, Steve Stormonth, has completed three years as audit partner.

The Committee concluded from the results of the assessment that it was satisfied as to the qualifications and expertise of the KPMG audit partner and team and that they remained confident that their objectivity and independence was not in any way impaired by reason of any non-audit services which they provided to the Group.

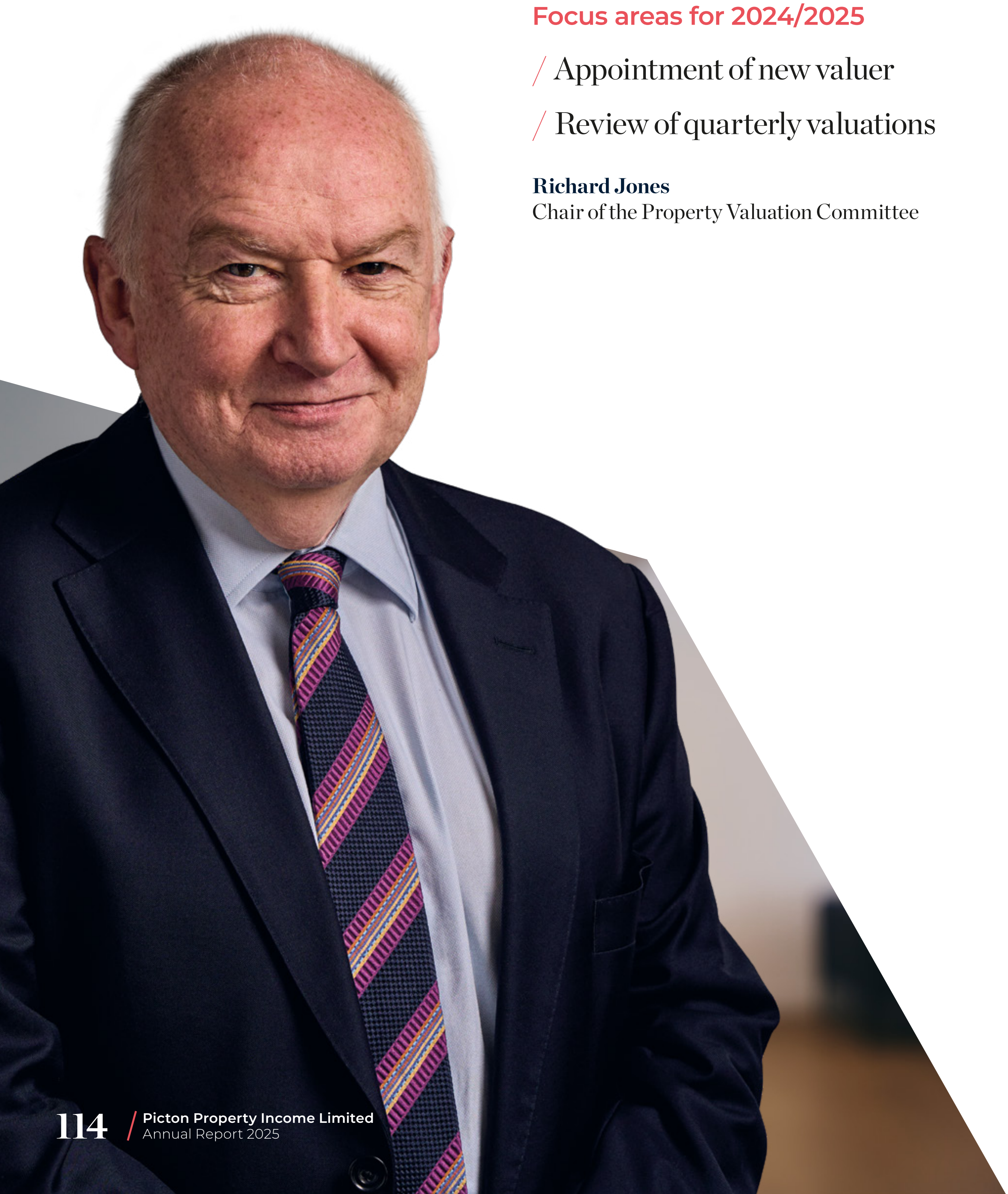
The Committee recommends that KPMG Channel Islands Limited are recommended for reappointment at the next Annual General Meeting.

The Committee also considers the external audit plan, setting out the auditor's assessment of the key audit risk areas and reporting received from the external auditor in respect of both the half-year and year-end reports and accounts.

Mark Batten
Chair of the Audit and Risk Committee
21 May 2025

Back to contents

Property Valuation Committee



Focus areas for 2024/2025

- Appointment of new valuer
- Review of quarterly valuations

Richard Jones
Chair of the Property Valuation Committee

> We have appointed a new external valuer, effective June 2025.

Terms of reference

The Committee's responsibilities are set out in its terms of reference, which are reviewed annually. These include reviewing the quarterly valuation reports produced by the external valuer before their submission to the Board, looking in particular at:

- Significant adjustments from previous quarters;
- Individual property valuations;
- Commentary from management;
- Significant asset specific issues that should be raised with management;
- Material and unexplained movements in the Company's net asset value;
- Compliance with applicable standards and guidelines;
- Reviewing findings or recommendations of the valuer; and
- The appointment, remuneration and removal of the Company's valuer, making such recommendations to the Board as appropriate.

Activity

The Committee met four times during the year ended 31 March 2025. In addition, members of the Property Valuation Committee, together with management, met with the external valuer, CBRE, each quarter to review the valuations and underlying assumptions, included in the year-end valuation process.

These valuations are undertaken in accordance with the Royal Institution of Chartered Surveyors Red Book valuation standards. The matters which were considered included:

- Property market conditions and trends;
- Movements compared to previous quarters;
- Yields on properties within the portfolio;
- Letting activity and vacant properties;
- Covenant strength and lease lengths;
- Estimated rental values; and
- Comparable market evidence.

At the April 2024 meeting, the Committee considered the market trends that were evident over the course of the year and concluded these had been fully reflected by the external valuer in the quarterly valuation reports. The Committee was also satisfied with the valuation process throughout the year.

At the July 2024 meeting, the Committee considered and agreed the proposed approach and timeline for the tender process for the selection and appointment of a new valuer.

At the October 2024 meeting, a member of the CBRE team presented to the Committee on the current real estate market and future outlook and emerging trends. In addition, the Committee received an update on the timetable to appoint a new valuer.

At the January 2025 meeting, the Committee considered the recommendation to appoint Knight Frank as the new valuer in place of CBRE. The Committee also reviewed its performance and effectiveness as part of the wider internal Board and Committee evaluation process with the conclusion drawn that the Committee continued to operate effectively.

External valuer and appointment of new valuer

CBRE Limited has been the Group's external valuer since 2013, responsible for carrying out a valuation of the Group's property assets each quarter, the results of which are incorporated into the Group's half-year and annual financial statements, and the quarterly net asset statements.

In last year's Annual Report, the Committee highlighted the new RICS' rules on mandatory rotation of UK valuers, with the new requirements to change the valuation firm valuing the same assets every ten years, with the valuer within the valuation firm to be changed every five years.

The Committee delegated to the Chair and management to lead on the selection process for a new valuer with a view to making an appointment in good time to allow for a period of overlap and a smooth handover. Following a robust selection process, Knight Frank were appointed by the Board, to take effect for the June 2025 quarter end valuation.

Knight Frank's selection was based on a number of factors including their processes, knowledge and expertise in the asset classes we invest in. As part of the transition, Knight Frank agreed to produce a shadow valuation for the March 2025 quarter end, which was reviewed by the Committee and management.

On behalf of the Committee and management, I would like to express my thanks to CBRE for their excellent service over the previous 13 years, in their work as external valuer to the Company.

Richard Jones
Chair of the Property Valuation Committee
21 May 2025

The Property Valuation Committee is chaired by Richard Jones. The other members of the Committee are Mark Batten, Helen Beck and Francis Salway. Maria Bentley and Lena Wilson stepped down as members of the Committee during the year.

Remuneration Committee

Focus areas for 2024/2025

- Executive Director Remuneration
- Employee Remuneration
- LTIP vesting and awards
- Non-Executive Director and Chair fees

Helen Beck
Chair of the Remuneration Committee

> Our remuneration approach supports strong alignment between Company performance and the team.

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.

Advisers

During the year, Deloitte LLP has provided independent advice in relation to market data, share valuations, share plans administration and content of the Remuneration Report. Total fees for the year were £24,450 (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.

Annual statement

Dear Shareholders

Introduction

I am delighted to have joined the Board, and be appointed as Chair of the Remuneration Committee with effect from 1 August 2024. I would like to thank Maria Bentley, my predecessor, for her contribution during her tenure.

On behalf of the Board, I am pleased to introduce the Remuneration Committee Report for the year ended 31 March 2025.

This report comprises three sections:

- This annual statement;
- Summary of Remuneration Policy; and
- The Annual Report on Remuneration for the year ended 31 March 2025.

The Committee had five scheduled meetings during the year and attendance can be found on page 93.

I would like to thank shareholders for their support at the 2024 AGM and approval of Remuneration Report and revised Remuneration Policy (the 'Policy'), which received 99% of the votes in favour.

The key areas of focus during the year were approval of Executive Director's variable remuneration and annual salary increases, and the assessment the variable targets as part of the 2022 LTIP vesting.

The Committee also approved the grant of awards under the Company's share schemes and reviewed the employees' remuneration to ensure this remained aligned with the Executive Directors.

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.

All employees, including Executive Directors, are part of the LTIP share plans which ensures alignment across the whole business and vest over three years.

In addition, all employees are subject to bonus deferrals which are linked to the Company's share price and deferred over two years.

In order to appropriately align remuneration with business performance we incorporate KPI metrics within our incentive schemes so they determine an element of variable remuneration. These are set out in the table overleaf.

In assessing Company performance, the Committee has considered the three strategic pillars and notes the following highlights:

Portfolio Performance

- Total Property Return: 7.3% ahead of MSCI Index of 6.3%
- Property Income Return: 5.2% ahead of MSCI Index 4.8%
- Reduction in vacancy rate from 9.2% to 6.2%

Operational Excellence

- EPRA EPS 4.2 pence an increase of 5%
- Total Return: 8.1%
- EPRA NTA increase of 4% to 100 pence per share

Acting Responsibly

- Total Shareholder return 16.0%
- EPC ratings (A-C) increased from 80% to 83%

Remuneration for the year ending 31 March 2025

Directors' remuneration will be paid in line with the Policy, which was approved by the shareholders at the 2024 AGM.

Annual bonus

The Executive Directors' annual bonus is based on both financial and corporate metrics. The financial metrics comprise 60% and are based equally on Total Property Return (TPR) relative to MSCI and Total Return (TR) relative to a peer group.

The Remuneration Committee is chaired by Helen Beck who joined on 1 August 2024 when Maria Bentley stood down.

The other members of the Committee are Mark Batten, Richard Jones and Francis Salway. Francis joined on 1 February 2025 when Lena Wilson stood down.

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

Remuneration Report *continued*

Variable remuneration metrics for year ending 31 March 2025

Measure	Comparator	Annual bonus 1 year	LTIP 3 year
Corporate objectives		✓ 40%	
Financial metrics			
Total return (TR)	Relative to peer group	✓ 30%	
Total property return (TPR)	MSCI UK Quarterly Property index	✓ 30%	✓ 33%
Total shareholder return (TSR)	Relative to peer group		✓ 33%
EPRA EPS	Absolute target range		✓ 33%

The corporate metrics comprise 40% and are based on a number of objectives across the Company's three strategic priorities for the year ending 31 March 2025.

At the date of this report, not all companies in the peer group have announced their results to 31 March 2025 and the TR outcome is therefore an estimate of the expected result.

Based on the performance during the year and this estimate, the annual bonus payment is 68% of the maximum. Further details on the outcomes can be found on page 125, and further details on the Company's KPI performance can be found on pages 20 to 23. An amount equal to 55% of the annual bonus will be deferred for two years in shares.

When the final outcomes are known, the Remuneration Committee will determine whether it is satisfied that the actual outcome is a fair reflection of overall Group performance during the past year.

When considering the annual bonus metrics, the Committee noted the following in relation to the TR metric and comparator group:

- Size: this has reduced significantly due to corporate activity in the listed real estate market. As at 31 March 2025 the peer group consisted of seven companies (2024: nine, 2023: 11)
- Estimates: at the date of this report, only two of the companies in the group had announced their results to 31 March 2025. The Committee has therefore estimated that this metric will be partially met but this needs to be finalised once all remaining peer results are published. Any adjustment will be included in next year's Remuneration Report

Long-term Incentive Plan awards (performance period to 31 March 2025)

The LTIP is designed to ensure alignment between employees and the long-term success of the Company. For awards made under the LTIP in June 2022, vesting is calculated based on three equally weighted performance conditions, measured over a three year period to 31 March 2025.

Based on the Total Shareholder Return (TSR), TPR and EPS metrics, the 2022 LTIP will vest at 45% of the awards granted. Further details on the Chief Executive awards can be found on page 126.

When approving, the Committee considered whether the formulaic outcomes of the LTIP represented a fair reflection of the underlying performance in the period, and concluded no adjustment was appropriate.

Remuneration for the year ending 31 March 2026

The Committee has reviewed the Executive Directors' variable remuneration and annual salary increases, to determine the appropriate basis for the year ending 31 March 2026, in line with the Policy.

100%

of employees participate in employee share schemes

100%

of employees subject to bonus deferrals linked to share price

Salary reviews

The Committee reviewed the salary increases of the Executive Directors and considered the increases for other employees as part of the process. Reflecting the individual and business performance, we have approved increases of 2.5% for the Executive Directors to take effect from 1 April 2025. This compares to an increase of 3% across all employees.

Annual bonus measures

The Executive Directors will have an unchanged maximum annual bonus opportunity of 145% of salary. The bonus will be determined 40% by corporate objectives, set by the Committee at the beginning of the year, and 60% by financial metrics. The financial metrics will be consistent with previous years, and equally weighted, however, due to the reduced peer group, the TR metric will be an absolute metric, with appropriate Remuneration Committee discretion. This is to address the decreasing size and nature of the comparator group and allow calculation of the metric at the reporting date.

2025 LTIP awards

The Chief Executive will be awarded shares worth 125% of salary which is consistent with the application of our policy since the Company converted to a REIT in 2018. Metrics are expected to be the same as the June 2024 award with the exception of a change to the EPRA NAREIT UK Index, as the TSR comparator group, due to a peer group which is diminishing in size as discussed above.

Our internal policy is that new employees are not typically entitled to be granted an LTIP award during their first year of employment. However, the first LTIP award granted following this period may, subject to performance, be larger than standard (albeit capped at the policy limit of 150% of salary), to ensure the individual is fairly rewarded for their period of employment.

All employees participate in our employee share award scheme and bonus deferrals.

In line with this policy, the CFO was not granted an LTIP award in June 2024. The CFO has performed strongly since her appointment and the Committee has therefore determined that she should be granted a larger than standard award of shares worth 150% of salary in June 2025.

Shares worth 40% of salary will be subject to the three-year performance conditions that applied to all other employees' June 2024 LTIP grant and the remainder of the award (shares worth 110% of salary) will be subject to the same three-year performance conditions as apply to all other LTIP awards granted in June 2025. The Committee agreed this performance structure to ensure that the CFO is appropriately incentivised relative to her period of employment (i.e. from April 2024) and also to provide alignment with the performance conditions for awards granted to the Chief Executive and other employees since her appointment.

Employee remuneration and engagement

The Committee has reviewed employee remuneration and sought feedback from salary surveys and recruitment agencies. The Committee determined that there would be an overall average rise of 3% in base salaries with effect from 1 April 2025.

In addition the total annual employee bonus, excluding Executive Directors, is expected to be circa 50% of salaries reflecting the continued outperformance but also the market conditions.

During the year, and as part of my onboarding I have met the team and also discussed the results of the annual employee engagement survey. The results continue to demonstrate a high level of satisfaction among the team although I am mindful of the reduction during the year and will be working with the team to address this.

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 after the three-year vesting period and the two-year hold period; 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 Policy and its components are clearly set out in this report and the rules of the variable remuneration schemes are available to all employees.

Scan or click here to see our Remuneration Policy on our website

We use standard performance metrics, which are also key performance indicators for the business, to create alignment and 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.

Chair and Non-Executive Director fees

The Committee has reviewed the fees and approved an increase of 2.5% in line with the Executive Directors. The Committee notes that the incoming Chair and Non-Executive Director during the year remained on the same fee basis as their predecessors.

Conclusion

The Committee continues to be satisfied that the remuneration structure continues to support the medium to long term value to shareholders.

I would like to thank shareholders for their support. I am committed to maintaining an ongoing dialogue with shareholders and welcome any questions ahead of the AGM.

I will be attending the 2025 AGM and would be pleased to answer any questions you may have on this report.

Helen Beck
Chair of the Remuneration Committee
21 May 2025

Back to contents

Remuneration at a glance

The components of remuneration for the year ending 31 March 2025

Fixed pay

Base salary

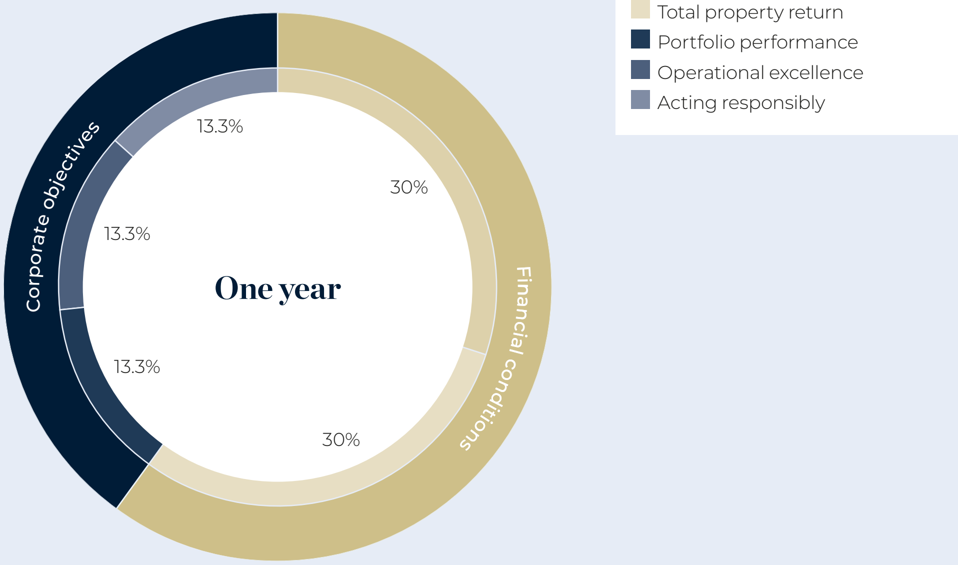
Benefits

Pension

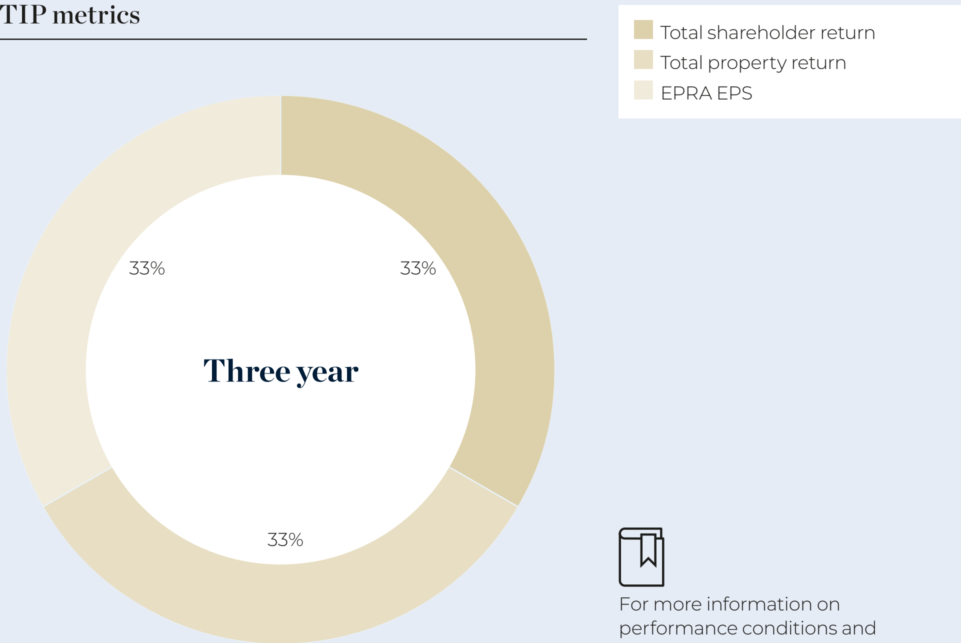
+

Variable pay

Annual bonus metrics



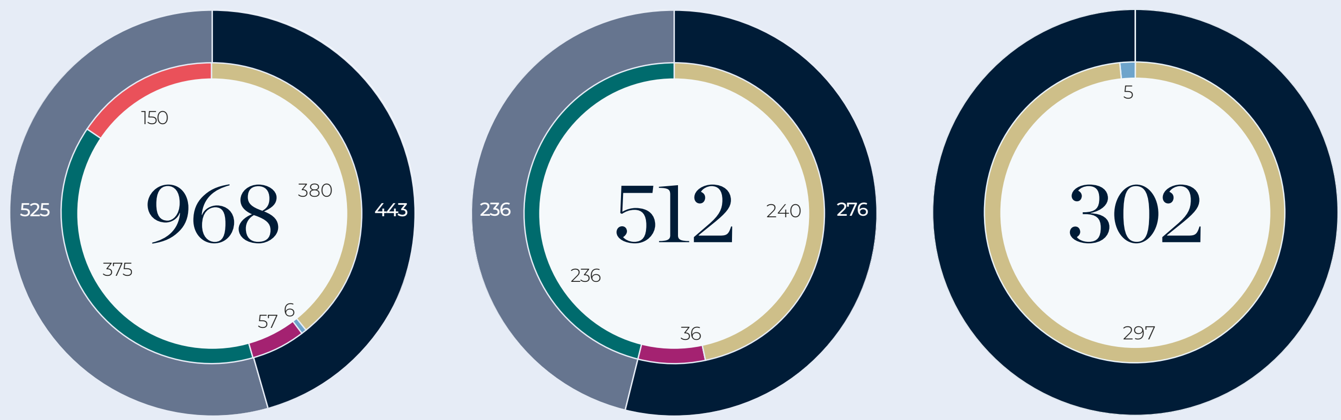
LTIP metrics



For more information on performance conditions and assessment, see page 125

The single figure of remuneration for the Directors for the year ending 31 March 2025 (in £000s)

Chief Executive | Chief Financial Officer | Non-Executive Directors



Salary
Benefits
Pension
Annual bonus
Long-term incentive pay (LTIP)
Total fixed
Total variable

The potential remuneration of the Executive Directors for the year ending 31 March 2026

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

Fixed pay – base salary from 1 April 2025, benefits and pension salary supplement of 15% of base salary

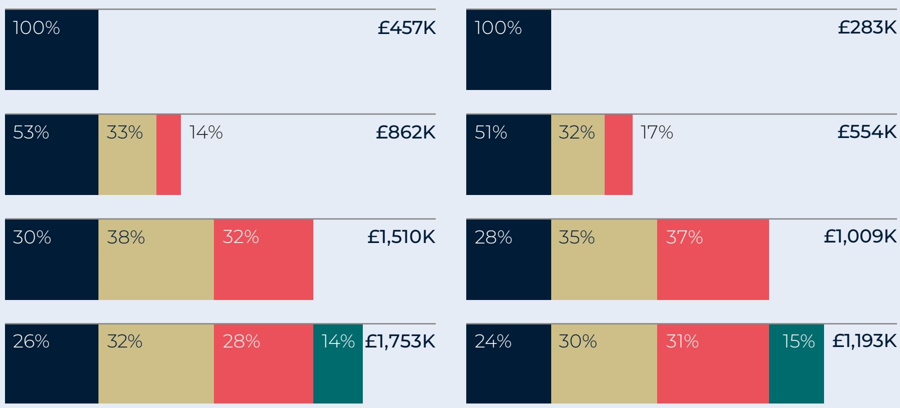
On target – fixed pay plus target vesting for the annual bonus (at 50% of maximum opportunity for illustrative purposes) and threshold vesting for the LTIP (at 25% of maximum award)

Maximum – fixed pay plus maximum vesting for both the annual bonus (145% of base salary) and the LTIP 125% of base salary (Chief Executive) and 150% (CFO)

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



Total fixed
Annual bonus
Long-term incentive pay (LTIP)
Share growth

Back to contents

Directors' Remuneration Policy

Scan or click here to see our Remuneration Policy on our website

A summary of the Remuneration Policy approved at the 2024 AGM is shown below and on the page overleaf.

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

Benefits

Purpose	Part of 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.

Pension

Purpose	Part of a 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.

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 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.

Annual bonus *continued*

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	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. 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.

Shareholding guidelines

Purpose	To align Executive Directors with the interests of shareholders.
Operation	Whilst in employment, Executive Directors are expected to build up and thereafter maintain a minimum shareholding equivalent to 200% of base salary. 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. Executive Directors will also be expected to remain compliant with the above guideline for a period of two years post-employment. The Committee retains discretion to waive this guideline if it is not considered appropriate in the specific circumstances.
Maximum	Not applicable

Fees

Purpose	To provide competitive Director fees.
Operation	Annual fee for the Chair, and annual base fees for other Non-Executive Directors. 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. Fees will usually be reviewed independently every three years. 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.
Maximum	The Company's Articles set an annual limit for the total of Non-Executive Directors' remuneration of £425,000.
Other	No performance measures or clawback.

Annual Report on Remuneration

Breakdown of Directors' total remuneration in the year ending 31 March 2025

		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	2025	380	6	57	**443**	169	206	150	**525**	**968**
	2024	380	4	57	**441**	133	163	154	**450**	**891**
Saira Johnston	2025	240	–	36	**276**	106	130	–	**236**	**512**
	2024	–	–	–	**–**	–	–	–	**–**	**–**
Andrew Dewhirst	2024	259	4	39	**302**	90	111	92	**293**	**595**
Non-Executive										
Lena Wilson	2025	93	5	–	**98**	–	–	–	**–**	**98**
	2024	122	6	–	**128**	–	–	–	**–**	**128**
Mark Batten	2025	61	–	–	**61**	–	–	–	**–**	**61**
	2024	55	–	–	**55**	–	–	–	**–**	**55**
Maria Bentley	2025	19	–	–	**19**	–	–	–	**–**	**19**
	2024	55	–	–	**56**	–	–	–	**–**	**56**
Richard Jones	2025	56	–	–	**56**	–	–	–	**–**	**56**
	2024	55	–	–	**55**	–	–	–	**–**	**55**
Helen Beck	2025	37	–	–	**37**	–	–	–	**–**	**37**
	2024	–	–	–	**–**	–	–	–	**–**	**–**
Francis Salway	2025	31	–	–	**31**	–	–	–	**–**	**31**
	2024	–	–	–	**–**	–	–	–	**–**	**–**
Total (audited)	2025	917	11	93	**1,021**	275	336	150	**761**	**1,782**
	2024	926	15	96	**1,037**	223	274	246	**743**	**1,780**

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 2024 Executive Directors' LTIP have been restated to reflect the actual share price at vesting (67.03 pence) rather than the average for the quarter ended 31 March 2024 (62.63 pence). The restatement represents an increase in the value of the 2024 LTIP awards of £9,000 for Michael Morris and £5,000 for Andrew Dewhirst.

The value of LTIP awards for 2025 is based on the number of shares to be awarded to the Executive Directors in respect of the June 2022 LTIP awards and the average share price over the quarter ended 31 March 2025 of 65.26 pence, and the estimated value of dividend equivalents.

Payments to past Directors or payments for loss of office

Andrew Dewhirst retired on 31 March 2024. Andrew Dewhirst was 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, he received a final payment of £30,000 as compensation for termination of his employment and no other payments in relation to his outstanding notice period.

Full details of his arrangement are disclosed in the 2024 Remuneration Report. Andrew's 2021 LTIP arrangement vested in June 2024, and in line with previously disclosed arrangements he is treated as a good leaver under the provisions in the relevant Plan rules. His 2022 and 2023 LTIP awards are time pro-rated and subject to performance conditions.

Executive Directors remuneration for the year end 31 March 2025

Annual bonus

The annual bonus for the year ended 31 March 2025 for the Executive Directors was based on two financial metrics weighted equally (60%) and corporate objectives (40%).

In respect of one financial metric, relating to total return, at the date of this report not all of the companies in the total return comparator group had announced their results to 31 March 2025. The Committee has estimated, based on the results to date, that this condition will be met, resulting in an outcome of 51% against this metric. 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.

Annual bonus – financial metric outcomes

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	8.1%	15% (estimate)	22% (estimate)
Total property return versus MSCI Index **Bonus weighting: 30%**	Less than median – 0% Equal to median – 50% Equal to upper quartile – 100%	Median 6.3% Upper quartile 8.6%	7.3%	22%	32%

Annual bonus – corporate objective outcomes

Performance condition	Assessment	Awarded (% of maximum)	Awarded (% of salary)
Portfolio performance **Bonus weighting: 13.3%**	– Completed three disposals (£51 million) of repositioned office assets and reduced offices exposure from 30% to 24% – Reduced void costs and underlying net rental income growth of 2.4% – Outperformed the MSCI benchmark on an income and total return basis (100bps of outperformance) – Reduced vacancy from 9.2% to 6.2%	11%	16%
Operational excellence **Bonus weighting: 13.3%**	– NAV growth of 4% to 100pps – EPRA earnings growth of 5% to 4.2pps – Reduced gearing to 24% – Upgrades to systems and processes to improve efficiency	9%	13%
Acting responsibly **Bonus weighting: 13.3%**	– Significant improvements in decarbonisation and improvement in EPC ratings from 80% to 83% – Improved scores on occupier engagement – High employee retention and engagement – Total shareholder return of 16% and broadened the shareholder register – Updated ESG strategy, priorities and progressed pathway to net zero	11%	16%

As discussed in the Committee Chair's statement on pages 116 to 119, the Committee will consider the formulaic bonus outcome in the context of the Group's overall performance for the year when the final comparator group results are available.

Subject to the estimated total return component noted above, the overall annual bonus outcome for the Executive Directors is set out in the table below:

	Max bonus opportunity[1]	Financial metrics (out of maximum 60%)	Corporate objectives (out of maximum 40%)	Overall bonus % of maximum	Bonus % of salary	Total bonus £000
Michael Morris	145%	37%	31%	68%	99%	375
Saira Johnston	145%	37%	31%	68%	99%	236

In line with the Policy, the Committee has determined that 55% of this year's bonus award will be deferred. This element is paid in shares in two years' time with a cash amount equivalent to the dividends accrued since the award date.

Remuneration Report *continued*

Long-term Incentive Plan

The LTIP awards granted on 22 June 2022 were subject to performance conditions for the three years ended 31 March 2025. Based on the performance over the period, it is anticipated that the LTIP will vest at 45% of the awards granted.

2022 LTIP award performance conditions

Performance condition	Basis of calculation	Range	Actual	Weighting (% of award)	Awarded (% of maximum)
Total shareholder return versus comparator group (and absolute TSR underpin)	Less than median – 0% Equal to median – 25% Equal to upper quartile – 100%	N/A	Negative TSR so underpin failed	33.3%	0%
Total property return versus MSCI Index	Less than median – 0% Equal to median – 25% Equal to upper quartile – 100%	Median – (2.51%) Upper quartile – (0.47%)	(0.15%) (above upper quartile)	33.3%	100%
Growth in EPRA EPS	For the year ended 31 March 2025 Less than 4.15 pps: 0% Equal to 4.15 pps: 25% Between 4.15 pps and 4.50 pps: straight line basis between 25% and 100%	N/A	4.20p	33.3%	35%

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 116 to 119, 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 65.26 pence for the quarter ended 31 March 2025 are shown below. The share awarded are subject to a further two year post performance holding period.

2022 LTIP awards to Executive Directors

Director	Maximum number of shares at grant	Number of shares vesting	Number of lapsed shares	Estimated value[1,2] £
Michael Morris	437,473	197,279	240,194	149,952

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 £21,207 (Michael Morris).
2. The average share price for the quarter ended 31 March 2025 is lower than the share price at grant so there has been no share price growth in the estimated value of the awards.

2024 LTIP awards to Executive Directors

The following awards in the Long-term Incentive Plan were granted to the Executive Directors on 6 June 2024:

	Number of shares	Basis (% of salary)	Face value per share (£)	Award face value (£)	Performance period	Threshold vesting
Michael Morris	528,316	93.75%	0.6747	356,455	1 April 2024 to 31 March 2027	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 and absolute TSR underpin, relative total property return and EPRA EPS).

At grant the companies in the TSR comparator group consisted of: abrdn Property Income Trust Limited, AEW REIT plc, Balanced Commercial Property Trust Limited, Custodian REIT plc, New River 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 vesting schedule for the relative measures will be as applied to the June 2022 LTIP set out above. The EPS element will vest at 25% for achievement of EPRA EPS of 4.2 pence in the year ended 31 March 2027 increasing on a straight-line basis to 100% vesting for EPRA EPS of 4.6 pence.

Summary of Executive Directors share awards

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.

Outstanding number of awards under LTIP and Deferred Bonus Plan

	Date of grant	Performance period	Market value on date of grant	At 1 April 2024	Granted in year	Exercised in year	Lapsed in year	As at 31 March 2025
Michael Morris								
2021 LTIP	22 June 2021	1 April 2021 to 31 March 2024	89.10p	403,339	–	(198,321)	(205,018)	**–**
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**
2024 LTIP	6 June 2024	1 April 2024 to 31 March 2027	67.47p	–	528,316	–	–	**528,316**
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**
2024 DBP	6 June 2024	1 April 2024 to 31 March 2026	67.47p	–	241,129	–	–	**241,149**
				1,758,772	**769,445**	**(357,876)**	**(205,018)**	**1,965,323**
Saira Johnston								
2024 DBP	6 June 2024	1 April 2024 to 31 March 2026	67.47p	–	355,713	–	–	**355,713**
				–	**355,713**	–	–	**355,713**

Statement of Directors' shareholdings

Directors and employees are encouraged to maintain a shareholding in the Company's shares to provide alignment with investors. Executive Directors are required to maintain a shareholding of 200% of base salary and the CFO is currently in the process of building up to the required shareholding. The Executive Directors intend to retain at least 50% of any share awards (post-tax) until the guidelines are met.

Director shareholdings including connected persons

	Beneficial holding 2025	Beneficial holding 2024	Holding as a % of salary[1]	Outstanding LTIP awards	Outstanding DBP awards
Michael Morris	1,114,789	925,454	210%	1,422,197	543,126
Saira Johnston	35,434	–	11%	–	355,713
Francis Salway	–	–	–	–	–
Mark Batten	38,000	38,000	–	–	–
Helen Beck	–	–	–	–	–
Richard Jones	53,845	53,845	–	–	–

1. The holding as a percentage of salary does not include the DBP awards

The percentage holding for the Executive Directors is based on base salaries as at 31 March 2025 and a share price of £0.717.

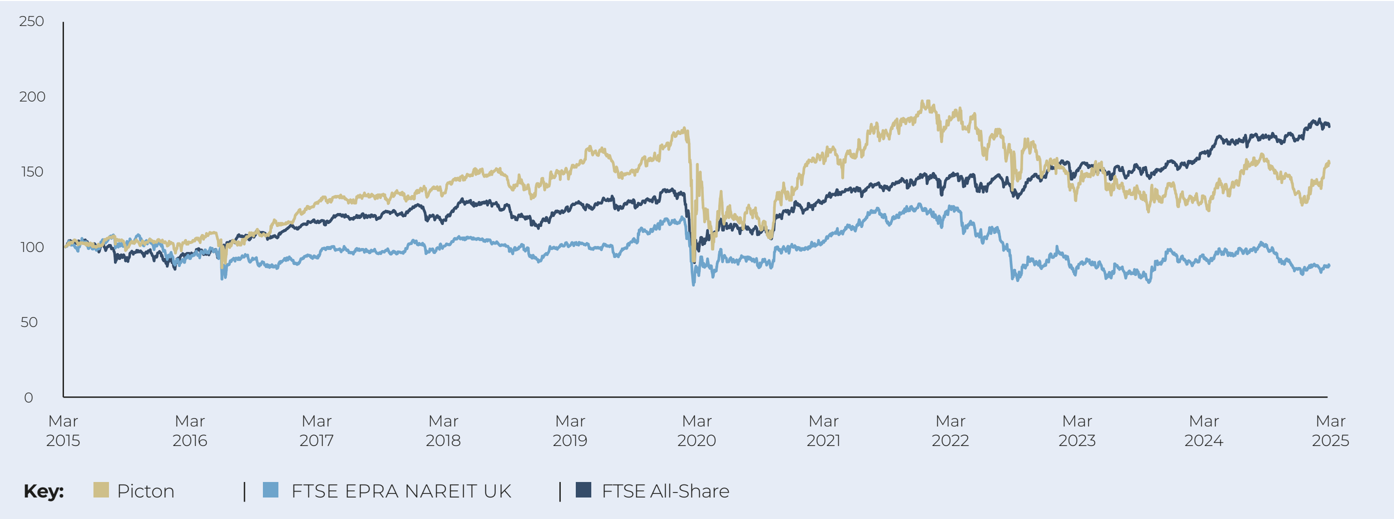
Andrew Dewhirst is required under the Executive Director shareholding guidelines post office to retain his shareholding. Awards outstanding comprise of 369,291 of DBP awards and 310,145 of LTIP awards.

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

Historical total shareholder return performance

The graph below shows the Company's total shareholder return (TSR) since 31 March 2015 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: Picton versus EPRA NAREIT and FTSE All-share



Chief Executive Pay

The table below shows the remuneration of the Chief Executive for the past seven 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 seven years.

	Total remuneration (£000)	Annual bonus (% of maximum)	LTIP vesting (% of maximum award)
2025	968	68%	45%
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 2025 £000	31 March 2024 £000	% change
Employee costs	**4,444**	4,191	6.0%
Dividends	**20,159**	19,089	5.6%
EPRA earnings	**22,840**	21,745	5.0%

Implementation of Remuneration Policy for the year ending 31 March 2026

		Change from prior year
Executive Directors		
Base salaries	Michael Morris (Chief Executive) – £389,750 Saira Johnston (Chief Financial Officer) – £246,000	2.5% increase in the Executive Director base salaries. The average increase for the rest of the workforce is 3%.
Pension and benefits	15% salary supplement in lieu of pension plus standard other benefits.	No change.
Annual bonus[1]	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 absolute total return and relative total property return with the remaining 40% determined by corporate and personal measures.	No change. The maximum bonus potential for the Executive Directors will remain at 145%, with a policy upper limit of 175%. Comparator group for TR amended to an absolute metric due to the shrinking peer group and to align the timing of calculation with the reporting date.
LTIP[1]	Award of shares worth: – Michael Morris (Chief Executive) 125% of salary – Saira Johnston (Chief Financial Officer) 150% of salary Vesting of shares based equally on relative TSR compared to the EPRA NAREIT UK Index, relative TPR compared to the MSCI Index and growth in EPRA earnings per share. The vesting schedule for the relative TSR measure is to be determined and approved by the Committee. The final vesting schedule will be disclosed in the RNS relating to the LTIP award grant. The vesting schedule for the TPR measure will be as applied to the June 2022 LTIP award as set out in page 126. Targets for the EPS measure for the year ended 31 March 2028 are: Less than 4.46 pence per share – 0% Equal to 4.46 pence per share – 25% Greater than 4.84 pence per share – 100% A result between 4.46 pence and 4.84 pence will be calculated on a straight-line basis between 25% and 100%. For the CFO's award, shares worth 40% of salary will be subject to the performance conditions that applied to the June 2024 LTIP award, and shares worth 110% of salary, will be subject to the performance conditions that apply to all other June 2025 LTIP awards.	The rationale for award sizes are explained in the Committee Chair's statement. Comparator group for the TSR metric to be amended to EPRA NAREIT UK Index due to the shrinking peer group size.
Non-Executive Directors		
Fees	Chair – £127,700 Director – £49,200 Supplementary fee for Committee Chairs and for the Senior Independent Director – £8,200	The fees payable from 1 April 2025 have increased by an average of 2.5%.

1. 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.

Remuneration Report *continued*

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 31/3/24 to 31/3/25			Change from 31/3/23 to 31/3/24		
	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus
Michael Morris	–	3.4%	26.6%	15.0%	15.0%	(24.8)%
Saira Johnston	–	–	–	–	–	–
Andrew Dewhirst	(100)%	(100)%	(100)%	15.0%	15.0%	(24.8)%
Lena Wilson	(23.5)%	–	–	4.5%	–	–
Francis Salway	–	–	–	–	–	–
Mark Batten	11.5%	–	–	4.8%	–	–
Maria Bentley	(66.1)%	–	–	4.8%	–	–
Helen Beck	–	–	–	–	–	–
Richard Jones	1.8%	–	–	4.8%	–	–
Average of all other employees	6.6%	22.6%	8.6%	10.1%	12.5%	(15.6)%

	Change from 31/3/22 to 31/3/23			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	Salary/fees	Benefits	Bonus
Michael Morris	15.0%	16.0%	30.4%	15.0%	15.8%	9.4%	0.0%	0.6%	9.2%
Andrew Dewhirst	15.0%	16.4%	30.4%	15.0%	16.1%	9.4%	0.0%	0.8%	3.6%
Lena Wilson	0.0%	–	–	11.2%	–	–	N/A	N/A	N/A
Mark Batten	0.0%	–	–	10.5%	–	–	0.0%	–	–
Maria Bentley	0.0%	–	–	16.7%	–	–	0.0%	–	–
Richard Jones	0.0%	–	–	16.7%	–	–	N/A	N/A	N/A
Average of all other employees	8.8%	21.2%	(5.9)%	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 and the Remuneration Policy, which were approved by shareholders at the Annual General Meeting held on 30 July 2024. The votes cast in favour of the Remuneration Report represented 59.56% of the issued share capital of the Company and the votes cast for the Remuneration Policy represented 59.47% of the issued share capital of the Company.

	Remuneration Report		Remuneration Policy	
	Votes cast	%	Votes cast	%
For	326,147,412	99.29	325,633,104	98.61
Against	2,319,107	0.71	4,591,492	1.39
Votes cast	**328,466,519**	**100.0**	**330,224,596**	**100.0**
Withheld	1,773,745		15,668	

Helen Beck
Chair of the Remuneration Committee
21 May 2025

Directors' Report

The Directors of Picton Property Income Limited present the Annual Report and audited financial statements for the year ended 31 March 2025.

The Company is registered under the provisions of the Companies (Guernsey) Law, 2008.

Principal activity

The principal activity of the Group is commercial property investment in the United Kingdom.

Results and dividends

The results for the year are set out in the Consolidated Statement of Comprehensive Income.

The Company is a UK Real Estate Investment Trust (REIT) and must distribute to its shareholders at least 90% of the profits on its property rental business for each accounting period as a Property Income Distribution (PID).

As set out in Note 10 to the consolidated financial statements, the Company has paid four interim dividends in the year at 0.925 pence per share, making a total dividend for the year ended 31 March 2025 of 3.7 pence per share (2024: 3.5 pence). All four interim dividends were paid as PIDs.

Directors

The Directors of the Company who served throughout the year are:

- Mark Batten
- Saira Johnston
- Richard Jones
- Michael Morris

Maria Bentley stepped down from the Board at the end of the Annual General Meeting in 2024 on 30 July 2024 and her successor, Helen Beck, was appointed to the Board on 1 August 2024. Lena Wilson stepped down as a Director on 31 January 2025 and her successor, Francis Salway, was appointed to the Board on 1 February 2025. Resolutions proposing Francis' and Helen's election to the Board will be put forward at the forthcoming Annual General Meeting on 30 July 2025.

Mark Batten, Saira Johnston, Richard Jones and Michael Morris will offer themselves for re-election at the Annual General Meeting.

The Directors' interests in the shares of the Company as at 31 March 2025 are set out in the Remuneration Report.

2018 UK Corporate Governance Code Compliance Statement

The Board confirms that for the year ended 31 March 2025 the principles of good corporate governance contained in the 2018 UK Corporate Governance Code have been consistently applied.

The Company is fully compliant with the Code.

Listing

The Company is listed on the main market of the London Stock Exchange.

Share capital

The issued share capital of the Company as at 31 March 2025 was 536,400,000 (2024: 547,605,596) ordinary shares of no par value, including 2,942,959 ordinary shares which are held by the Trustee of the Company's Employee Benefit Trust (2024: 1,642,440 ordinary shares).

The Directors have authority to buy back up to 14.99% of the Company's ordinary shares in issue, subject to the renewal of this authority from shareholders at each Annual General Meeting. Any buyback of ordinary shares is, and will be, made subject to Guernsey law, and the making and timing of any buybacks are at the absolute discretion of the Board. A share buyback programme was announced on 30 January 2025, following which 11,205,596 ordinary shares have been purchased under this shareholder authority during the year. This represents 2.05% of the share capital issued as at the 31 March 2024.

At the 2024 Annual General Meeting, shareholders gave the Directors authority to issue up to 54,760,558 shares (being 10% of the Company's issued share capital as at 1 August 2023) without having to first offer those shares to existing shareholders. No ordinary shares have been issued under this authority, which expires at this year's Annual General Meeting. At the forthcoming Annual General Meeting in July, resolutions will be presented to increase this authority in line with the 2022 Pre-Emption Group's Statement of Principles.

Shares held in the Employee Benefit Trust

The Trustee of the Picton Property Income Limited Long-term Incentive Plan holds 2,942,959 ordinary shares in the Company in a trust to satisfy awards made under the Long-term Incentive Plan and the Deferred Bonus Plan. The Trustee has waived its right to receive dividends on the shares it holds.

Statement of going concern

The Directors have focused on assessing whether the going concern basis remains appropriate for the preparation of the financial statements for the year ended 31 March 2025. In making their assessment the Directors have considered the principal and emerging risks relating to the Group. They have also considered a number of scenarios, varying lease assumption and costs, over varying timescales, to determine the impact on financial performance, asset values, capital expenditure and loan covenants. Future lease events over the assessment period have been considered on a case-by-case basis to determine the range of most likely outcomes. More details regarding the Group's business activities, together with the factors affecting performance, investment activities and future development, are set out in the Strategic Report.

Further information on the financial position of the Group, including its liquidity position, borrowing facilities and debt maturity profile, is set out in the Financial Review and in the consolidated financial statements.

Under all of these scenarios the Group has sufficient cash resources to continue its operations, and remain within its loan covenants, for a period of at least 12 months from the date of these financial statements.

Based on their assessment and knowledge of the portfolio and market, the Directors have therefore continued to adopt the going concern basis in preparing the financial statements.

Directors' Report *continued*

Viability assessment and statement

The UK Corporate Governance Code requires the Board to make a 'viability statement' which considers the Company's assessment of the future prospects for the Company, in order that the Board can state that the Company will be able to continue its operations over the period of their assessment.

The Board conducted this review over a five-year timescale, considered to be the most appropriate for long-term investment in commercial property. The assessment has been undertaken taking into account the principal and emerging risks and uncertainties faced by the Group which could impact its investment strategy, future performance, financing and liquidity.

The major risks identified were those relating to a persistently higher bond yield environment and geopolitical uncertainty as well as the inability to raise capital, portfolio and investment risks.

In the ordinary course of business, the Board reviews quarterly forecasts, including forecast market returns. The forecasts include assumptions on lease events and expenditure. For the purposes of the viability assessment of the Group, the model covers a five-year period and is stress tested under various scenarios.

The Board considered a number of scenarios and their impact on the Group's property portfolio and financial position. These scenarios included different levels of rent collection, occupier defaults, void periods and incentives within the portfolio, and the consequential impact on property costs and loan covenants. Forecast movements in capital values were based on input from external economic consultants. The Group's long-term loan facilities mature after the assessment period, and the Board has assumed that the Group will continue to have access to, but is not reliant on, its revolving credit facility. The Board considered the impact of these scenarios on its ability to continue to pay dividends at different rates over the assessment period.

These matters were assessed over the period to 31 March 2030 and will continue to be assessed over rolling five-year periods.

The Directors consider that the scenario testing performed was sufficiently robust and that even under stressed conditions the Company remains viable.

Based on their assessment, and in the context of the Group's business model and strategy, the Directors expect that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period to 31 March 2030.

Substantial shareholdings

Based on notifications received and on information provided by the Company's brokers, the Company understands the following shareholders held a beneficial interest of 3% or more of the Company's issued share capital as at 6 May 2025.

	% of issued share capital
Columbia Threadneedle Investments	18.2
Rathbones Group plc	12.9
BlackRock Inc.	5.4
The Vanguard Group Inc.	4.8
Premier Miton Investors (UK)	4.2

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that he or she ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

KPMG Channel Islands Limited (the 'Auditor') has expressed its willingness to continue in office as the Company's auditor and a resolution proposing its reappointment will be submitted at the Annual General Meeting.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with International Financial Reporting Standards, as issued by the IASB, and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal controls as they determine are necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement in respect of the Annual Report and financial statements

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Issuer, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

By Order of the Board

Saira Johnston
21 May 2025

Independent Auditor's Report to the Members of Picton Property Income Limited

Our opinion is unmodified

We have audited the consolidated financial statements of Picton Property Income Limited (the 'Company') and its subsidiaries (together, the 'Group'), which comprise the consolidated balance sheet as at 31 March 2025, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the financial position of the Group as at 31 March 2025, and of the Group's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company and Group in accordance with, UK ethical requirements including the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2024):

Valuation of Investment Properties within non-current assets	The risk	Our response
£701 million (2024: £688 million) Refer to page 111 of the Audit and Risk Committee Report, Note 2 material accounting policies and Note 13 investment properties disclosures.	**Basis:** The Group's investment properties accounted for 92% (2024: 89%) of the Group's total assets as at 31 March 2025. The fair value of investment properties at 31 March 2025 was assessed by the Board of Directors based on independent valuations prepared by the Group's third-party independent valuer (the 'Valuer'). The Valuer performed the valuations based on the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards and the requirements of IFRS. In determining the valuation of a property, the Valuer takes into account property specific information such as the current tenancy agreements and rental income and apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. **Risk:** The valuation of the Group's investment properties is considered a significant area of our audit in view of the significance of the estimates and judgements that may be involved in the determination of their fair value and given that it represents the majority of the total assets of the Group. The valuation is inherently subjective due to property specific factors which include, but are not limited to, the individual nature of the property, the location and condition of the property and the expected future rental streams for that particular property.	**Our audit procedures included:** *Control Evaluation:* We assessed the design, implementation and operating effectiveness of controls over the valuation of investment properties including the capture and recording of information contained in the lease database for investment properties. **Evaluating experts engaged by management:** We assessed the competence, capabilities and objectivity of the Valuer. We also assessed the independence of the Valuer by considering the scope of their work and the terms of their engagement. **Evaluating assumptions and inputs used in the valuation:** With the assistance of our own Real Estate valuation specialist we challenged the valuations prepared by the Valuer by: – Critically evaluating the appropriateness of the valuation methodologies and assumptions used; and – Critically evaluating key subjective valuation inputs and assumptions, on a judgemental sample of properties, against market information such as industry benchmarks and our own knowledge and understanding of the property market. We also compared a sample of the key inputs used to calculate the valuations such as annual rent and tenancy contracts for consistency with other audit findings. We verified that the fair values as derived by the Valuer for the entire property portfolio were correctly included in the financial statements. **Assessing disclosures:** We also challenged the Group's investment property valuation policies and their application as described in the notes to the consolidated financial statements for compliance with IFRS in addition to the adequacy of disclosures in Note 13 in relation to fair value of the investment properties.

Our application of materiality and an overview of the scope of our audit

Materiality for the consolidated financial statements as a whole was set at £7.56 million, determined with reference to a benchmark of group total assets of £764.6 million, of which it represents approximately 1.0% (2024: 1.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the consolidated financial statements as a whole. Performance materiality for the Group was set at 75% (2024: 75%) of materiality for the consolidated financial statements as a whole, which equates to £5.7 million. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £378,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Group was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

The group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality level set out above and covered 100% of total group revenue, total group profit before tax, and total group assets and liabilities.

Going concern

The Directors have prepared the consolidated financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the consolidated financial statements (the 'going concern period').

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group and the Company's business model and analysed how those risks might affect the Group and the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Group and the Company's financial resources or ability to continue operations over this period were:

- Availability of capital to meet operating costs and other financial commitments;
- The ability to successfully refinance or repay debt; and
- The ability of the Company to comply with debt covenants;

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in Note 2 to the financial statements gives a full and accurate description of the Directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the Directors' statement in the notes to the consolidated financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and the Company's use of that basis for the going concern period, and that statement is materially consistent with the consolidated financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (fraud risks) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Group's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

Independent Auditor's Report to the Members of Picton Property Income Limited *continued*

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the consolidated financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Group is subject to laws and regulations that directly affect the consolidated financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the consolidated financial statements, for instance through the imposition of fines or litigation or impacts on the Group and the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the consolidated financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the consolidated financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the consolidated financial statements and our audit knowledge we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability assessment and statement (page 132) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;

- the Directors' explanation in the Viability assessment and statement (page 132) as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability assessment and statement, set out on page 132 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the consolidated financial statements and our audit knowledge.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the consolidated financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the consolidated financial statements and our audit knowledge:

- the Directors' statement that they consider that the annual report and consolidated financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the consolidated financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 133, the Directors are responsible for: the preparation of the consolidated financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Steven Stormonth
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Guernsey
21 May 2025

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2025

	Notes	2025 £000	2024 £000
Income			
Revenue from properties	3	**54,019**	54,690
Property expenses	4	**(16,343)**	(16,799)
Net property income		**37,676**	37,891
Expenses			
Administrative expenses	6	**(7,100)**	(7,219)
Total operating expenses		**(7,100)**	(7,219)
Operating profit before movement on investments		**30,576**	30,672
Investments			
Revaluation of owner-occupied property	14	**128**	223
Investment property valuation movements	13	**12,859**	(26,757)
Profit on disposal of investment property	13	**1,496**	–
Total profit/(loss) on investments		**14,483**	(26,534)
Operating profit		**45,059**	4,138
Financing			
Interest income	8	**813**	604
Interest expense	8	**(8,549)**	(9,531)
Total finance costs		**(7,736)**	(8,927)
Profit/(loss) before tax		**37,323**	(4,789)
Tax	9	**–**	–
Profit/(loss) after tax		**37,323**	(4,789)
Total comprehensive income/(loss) for the year		**37,323**	(4,789)
Earnings per share			
Basic	11	**6.9p**	(0.9)p
Diluted	11	**6.8p**	(0.9)p

All items in the above statement derive from continuing operations.

All of the profit and total comprehensive income for the year is attributable to the equity holders of the Company.

Notes 1 to 27 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2025

	Notes	Share capital £000	Retained earnings £000	Other reserves £000	Total £000
Balance as at 31 March 2023		**164,400**	**384,406**	**(1,182)**	**547,624**
Loss for the year		–	(4,789)	–	(4,789)
Dividends paid	10	–	(19,089)	–	(19,089)
Share-based awards		–	–	729	729
Balance as at 31 March 2024		**164,400**	**360,528**	**(453)**	**524,475**
Profit for the year		–	37,323	–	37,323
Dividends paid	10	–	(20,159)	–	(20,159)
Share-based awards		–	–	751	751
Purchase of shares held in trust	7	–	–	(1,519)	(1,519)
Purchase and cancellation of own shares	20	–	(7,493)	–	(7,493)
Balance as at 31 March 2025		**164,400**	**370,199**	**(1,221)**	**533,378**

Notes 1 to 27 form part of these consolidated financial statements.

Back to contents

Consolidated Balance Sheet

as at 31 March 2025

	Notes	2025 £000	2024 £000
Non-current assets			
Investment properties	13	**700,694**	688,310
Property, plant and equipment	14	**3,504**	3,499
Total non-current assets		**704,198**	691,809
Current assets			
Investment properties held for sale	13	**–**	35,733
Accounts receivable	15	**25,122**	26,601
Cash and cash equivalents	16	**35,320**	19,773
Total current assets		**60,442**	82,107
Total assets		**764,640**	773,916
Current liabilities			
Accounts payable and accruals	17	**(20,048)**	(20,622)
Loans and borrowings	18	**(1,388)**	(1,194)
Obligations under leases	22	**(115)**	(114)
Total current liabilities		**(21,551)**	(21,930)
Non-current liabilities			
Loans and borrowings	18	**(207,153)**	(224,940)
Obligations under leases	22	**(2,558)**	(2,571)
Total non-current liabilities		**(209,711)**	(227,511)
Total liabilities		**(231,262)**	(249,441)
Net assets		**533,378**	524,475
Equity			
Share capital	20	**164,400**	164,400
Retained earnings		**370,199**	360,528
Other reserves		**(1,221)**	(453)
Total equity		**533,378**	524,475
Net asset value per share	23	**100p**	96p

These consolidated financial statements were approved by the Board of Directors on 21 May 2025 and signed on its behalf by:

Saira Johnston
Chief Financial Officer
21 May 2025

Notes 1 to 27 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 March 2025

	Notes	2025 £000	2024 £000
Operating activities			
Operating profit		**45,059**	4,138
Adjustments for non-cash items	21	**(13,597)**	27,406
Interest received		**1,248**	102
Interest paid		**(8,540)**	(9,085)
Decrease/(increase) in accounts receivable		**1,044**	(3,350)
(Decrease)/increase in accounts payable and accruals		**(291)**	996
Cash inflows from operating activities		**24,923**	20,207
Investing activities			
Purchase of investment properties	13	**(533)**	–
Disposal of investment properties	13	**50,031**	–
Capital expenditure on investment properties	13	**(11,794)**	(4,458)
Purchase of property, plant and equipment	14	**(12)**	(4)
Cash inflows/(outflows) from investing activities		**37,692**	(4,462)
Financing activities			
Borrowings repaid	18	**(17,897)**	(1,433)
Borrowings drawn	18	**–**	4,500
Purchase of shares held in trust	7	**(1,519)**	–
Purchase and cancellation of own shares	20	**(7,493)**	–
Dividends paid	10	**(20,159)**	(19,089)
Cash outflows from financing activities		**(47,068)**	(16,022)
Net increase/(decrease) in cash and cash equivalents		**15,547**	(277)
Cash and cash equivalents at beginning of year		**19,773**	20,050
Cash and cash equivalents at end of year	16	**35,320**	19,773

Notes 1 to 27 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2025

1. General information

Picton Property Income Limited (the 'Company' and together with its subsidiaries the 'Group') was established in Guernsey on 15 September 2005. It has a listing on the main market of the London Stock Exchange as a commercial company and entered the UK REIT regime on 1 October 2018. The consolidated financial statements are prepared for the year ended 31 March 2025 with comparatives for the year ended 31 March 2024.

2. Material accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis and adopt the historical cost basis, except for the revaluation of investment properties, share-based awards and property, plant and equipment. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The financial statements, which give a true and fair view, are prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the IASB and the Companies (Guernsey) Law, 2008.

The Directors have assessed whether the going concern basis remains appropriate for the preparation of the financial statements. They have reviewed the Group's principal and emerging risks, existing loan facilities, access to funding and liquidity position and then considered different adverse scenarios impacting the portfolio and the potential consequences on financial performance, asset values, dividend policy, capital projects and loan covenants. Under all these scenarios the Group has sufficient resources to continue its operations, and remain within its loan covenants, for the foreseeable future and in any case for a period of at least 12 months from the date of these financial statements.

Based on their assessment and knowledge of the portfolio and market, the Directors have therefore continued to adopt the going concern basis in preparing the financial statements.

The financial statements are presented in pounds sterling, which is the Company's functional currency. All financial information presented in pounds sterling has been rounded to the nearest thousand, except when otherwise indicated.

New or amended standards issued

The accounting policies adopted are consistent with those of the previous financial period, as amended to reflect the adoption of new standards, amendments and interpretations which became effective in the year as shown below.

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- Amendments to IAS 21 – Lack of Exchangeability

The adoption of these standards has had no material effect on the consolidated financial statements of the Group. At the date of approval of these financial statements, there are a number of new and amended standards in issue but not yet effective for the financial year ended 31 March 2025 and thus have not been applied by the Group.

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability
- Sale or Contributions of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Amendments to IFRS 9 and IFRS 7 – Contracts referencing Nature-dependent Electricity
- Annual Improvements to IFRS Accounting Standards

The adoption of these new and amended standards, together with any other IFRSs or IFRIC interpretations that are not yet effective, are not expected to have a material impact on the financial statements of the Group other than IFRS 18 (Presentation and Disclosure in Financial Statements).

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's consolidated statement of comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

2. Material accounting policies *continued*

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of estimates about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Significant judgements and estimates

Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are disclosed in Note 13.

The critical estimates and assumptions relate to the investment property and owner-occupied property valuations applied by the Group's independent valuer. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company at the reporting date. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. These financial statements include the results of the subsidiaries disclosed in Note 12. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Fair value hierarchy

The fair value measurement for the Group's assets and liabilities is categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred.

Investment properties

Freehold property held by the Group to earn income or for capital appreciation, or both, is classified as investment property in accordance with IAS 40 'Investment Property'. Property held under head leases for similar purposes is also classified as investment property. Investment property is initially recognised at purchase cost plus directly attributable acquisition expenses and subsequently measured at fair value. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and who has recent experience in the location and category of the investment property being valued.

The fair value of investment properties is measured based on each property's highest and best use from a market participant's perspective and considers the potential uses of the property that are physically possible, legally permissible and financially feasible.

The fair value of investment property generally involves consideration of:

- Market evidence on comparable transactions for similar properties;
- The actual current market for that type of property in that type of location at the reporting date and current market expectations;
- Rental income from leases and market expectations regarding possible future lease terms;
- Hypothetical sellers and buyers, who are reasonably informed about the current market and who are motivated, but not compelled, to transact in that market on an arm's length basis; and
- Investor expectations on matters such as future enhancement of rental income or market conditions.

Gains and losses arising from changes in fair value are included in the Consolidated Statement of Comprehensive Income in the year in which they arise. Purchases and sales of investment property are recognised when contracts have been unconditionally exchanged and the significant risks and rewards of ownership have been transferred.

An investment property is derecognised for accounting purposes upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Consolidated Statement of Comprehensive Income in the year the asset is derecognised. Investment properties are not depreciated.

The majority of the investment properties are charged by way of a first ranking mortgage as security for the loans made to the Group; see Note 18.

2. Material accounting policies *continued*

Property, plant and equipment

Owner-occupied property

Owner-occupied property is stated at its revalued amount, which is determined in the same manner as investment property. It is depreciated over its remaining useful life (in this case 40 years) with the depreciation included in administrative expenses. On revaluation, any accumulated depreciation is eliminated against the gross carrying amount of the property concerned, and the net amount restated to the revalued amount. Subsequent depreciation charges are adjusted based on the revalued amount. Any difference between the depreciation charge on the revalued amount and that which would have been charged under historic cost is transferred between the revaluation reserve and retained earnings as the property is used. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

Plant and equipment

Plant and equipment is depreciated on a straight-line basis over the estimated useful lives of each item of plant and equipment. The estimated useful lives are between three and five years.

Leases

Where the Group holds interests in investment properties other than as freehold interests (e.g. as a head lease), these are accounted for as right of use assets, which is recognised at its fair value on the Balance Sheet, within the investment property carrying value. Upon initial recognition, a corresponding liability is included as a lease liability. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining lease liability. Contingent rent payable, being the difference between the rent currently payable and the minimum lease payments when the lease liability was originally calculated, are charged as expenses within property expenditure in the years in which they are payable.

The Group leases its investment properties under commercial property leases which are held as operating leases. An operating lease is a lease other than a finance lease. A finance lease is one where substantially all the risks and rewards of ownership are passed to the lessee. Lease income is recognised as income on a straight-line basis over the lease term. Direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Upon receipt of a surrender premium for the early termination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately reflected in revenue from properties if there are no relevant conditions attached to the surrender.

Cash and cash equivalents

Cash includes cash in hand and cash with banks. Cash equivalents are short-term and are held for short-term commitments, highly liquid investments that are readily convertible to known amounts of cash with original maturities in three months or less and that are subject to an insignificant risk of change in value.

Income and expenses

Income and expenses are included in the Consolidated Statement of Comprehensive Income on an accruals basis. All of the Group's income and expenses are derived from continuing operations.

Lease incentive payments are amortised on a straight-line basis over the period from the date of lease inception to the end of the lease term and presented within accounts receivable. Lease incentives granted are recognised as a reduction of the total rental income, over the term of the lease.

Property operating costs include the costs of professional fees on letting and other non-recoverable costs.

The income charged to occupiers for property service charges and the costs associated with such service charges are shown separately in Notes 3 and 4 to reflect that, notwithstanding this money is held on behalf of occupiers, the ultimate risk for paying and recovering these costs rests with the property owner.

Employee benefits

Defined contribution plans

A defined contribution plan is a retirement benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Comprehensive Income in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Material accounting policies *continued*

Share-based payments

The fair value of the amounts payable to employees in respect of the Deferred Bonus Plan, when these are to be settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. Where the awards are equity settled, the fair value is recognised as an expense, with a corresponding increase in equity. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised under the category staff costs in the Consolidated Statement of Comprehensive Income.

The grant date fair value of awards to employees made under the Long-term Incentive Plan is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related non-market performance conditions at the vesting date. For share-based payment awards subject to market conditions, the grant date fair value of the share-based awards is measured to reflect such conditions and there is no adjustment between expected and actual outcomes.

The cost of the Company's shares held by the Employee Benefit Trust is deducted from equity in the Consolidated Balance Sheet. Any shares held by the Trust are not included in the calculation of earnings or net assets per share.

Dividends

Dividends are recognised in the period in which they are declared.

Share buybacks

When shares are redeemed or purchased wholly out of profits available for distribution, a sum equal to the total amount paid by the Company is deducted from the Company's retained earnings.

Accounts receivable

Accounts receivable are stated at their nominal amount as reduced by appropriate allowances for estimated irrecoverable amounts. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected impairment provision for all applicable accounts receivable. Bad debts are written off when identified.

Loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in profit or loss in the Consolidated Statement of Comprehensive Income when the liabilities are derecognised for accounting purposes, as well as through the amortisation process.

Assets classified as held for sale

Any investment properties on which contracts for sale have been exchanged but which had not completed at the period end are disclosed as properties held for sale as control over the properties is still retained over the period end. Investment properties included in the held for sale category continue to be measured in accordance with the accounting policy for investment properties.

Other assets and liabilities

Other assets and liabilities, including trade creditors, accruals, other creditors, and deferred rental income, which are not interest bearing are stated at their nominal value.

Share capital

Ordinary shares are classified as equity.

Revaluation reserve

Any surplus or deficit arising from the revaluation of owner-occupied property is taken to the revaluation reserve. A revaluation deficit is only taken to retained earnings when there is no previous revaluation surplus to reverse.

Taxation

The Group elected to be treated as a UK REIT with effect from 1 October 2018. The UK REIT rules exempt the profits of the Group's UK property rental business from UK corporation and income tax. Gains on UK properties are also exempt from tax, provided they are not held for trading. The Group is otherwise subject to UK corporation tax.

Principles for the Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows has been drawn up according to the indirect method, separating the cash flows from operating activities, investing activities and financing activities. The net result has been adjusted for amounts in the Consolidated Statement of Comprehensive Income and movements in the Consolidated Balance Sheet which have not resulted in cash income or expenditure in the related period.

The cash amounts in the Consolidated Statement of Cash Flows include those assets that can be converted into cash without any restrictions and without any material risk of decreases in value as a result of the transaction.

Notes to the Consolidated Financial Statements *continued*

3. Revenue from properties

	2025 £000	2024 £000
Rents receivable (adjusted for lease incentives)	**43,531**	43,910
Surrender premiums	**7**	102
Dilapidation receipts	**368**	952
Other income	**286**	124
	44,192	45,088
Service charge income	**9,827**	9,602
	54,019	54,690

Rents receivable have been adjusted for lease incentives recognised of £0.6 million (2024: £nil).

4. Property expenses

	2025 £000	2024 £000
Property operating costs	**2,629**	3,075
Property void costs	**3,887**	4,122
	6,516	7,197
Recoverable service charge costs	**9,827**	9,602
	16,343	16,799

5. Operating segments

The Board is responsible for setting the Group's strategy and business model. The key measure of performance used by the Board to assess the Group's performance is the total return on the Group's net asset value. As the total return on the Group's net asset value is calculated based on the net asset value per share calculated under IFRS as shown at the foot of the Consolidated Balance Sheet, assuming dividends are reinvested, the key performance measure is that prepared under IFRS. Therefore, no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the opinion that the Group, through its subsidiary undertakings, operates in one reportable industry segment, namely real estate investment, and across one primary geographical area, namely the United Kingdom, and therefore no segmental reporting is required. The portfolio consists of 47 commercial properties, which are in the industrial, office, retail and leisure sectors.

6. Administrative expenses

	2025 £000	2024 £000
Director and staff costs	**4,444**	4,191
Auditor's remuneration	**256**	248
Other administrative expenses	**2,400**	2,780
	7,100	7,219

Auditor's remuneration comprises:	2025 £000	2024 £000
Audit fees:		
Audit of Group financial statements	**138**	120
Audit of subsidiaries' financial statements	**80**	103
Audit-related fees:		
Review of interim financial statements	**38**	25
	256	248

7. Director and staff costs

	2025 £000	2024 £000
Wages and salaries	**2,436**	2,422
Non-Executive Directors' fees	**298**	287
Social security costs	**526**	435
Other pension costs	**51**	47
Share-based payments – cash settled	**311**	189
Share-based payments – equity settled	**822**	811
	4,444	4,191

Employees participate in two share-based remuneration arrangements: the Deferred Bonus Plan and the Long-term Incentive Plan (the 'LTIP').

For all employees, a proportion of any discretionary annual bonus will be an award under the Deferred Bonus Plan. With the exception of Executive Directors, awards are cash settled and vest after two years. The final value of awards is determined by the movement in the Company's share price and dividends paid over the vesting period. For Executive Directors, awards are equity settled and also vest after two years. On 6 June 2024, awards of 1,063,607 notional shares were made which vest in June 2026 (2024: 834,885 notional shares). The next awards are due to be made in June 2025 for vesting in June 2027.

The table below summarises the awards made under the Deferred Bonus Plan. Employees have the option to defer the vesting date of their awards for a maximum of seven years.

Vesting date	Units at 31 March 2023	Units granted in the year	Units cancelled in the year	Units redeemed in the year	Units at 31 March 2024	**Units granted in the year**	**Units cancelled in the year**	**Units redeemed in the year**	**Units at 31 March 2025**
29 June 2022	9,755	–	–	(9,755)	–	**–**	**–**	**–**	**–**
22 June 2023	531,108	–	–	(391,152)	139,956	**–**	**–**	**(139,956)**	**–**
17 June 2024	500,905	–	(2,117)	–	498,788	**–**	**–**	**(498,788)**	**–**
14 June 2025	–	834,885	(2,305)	–	832,580	**–**	**–**	**–**	**832,580**
6 June 2026	–	–	–	–	–	**1,063,607**	**–**	**–**	**1,063,607**
	1,041,768	834,885	(4,422)	(400,907)	1,471,324	**1,063,607**	**–**	**(638,744)**	**1,896,187**

The Group also has a Long-term Incentive Plan for all employees which is equity settled. Awards are made annually and vest three years from the grant date. Vesting is conditional on three performance metrics measured over each three-year period. Awards to Executive Directors are also subject to a further two-year holding period. On 4 June 2024, awards for a maximum of 1,190,840 shares were granted to employees in respect of the three-year period ending on 31 March 2027. In the previous year, awards of 1,219,010 shares were made on 14 June 2023 for the three-year period ending on 31 March 2026.

The metrics are:

- Total shareholder return (TSR) of Picton Property Income Limited, compared to a comparator group of similar listed companies;
- Total property return (TPR) of the property assets held within the Group, compared to the MSCI UK Quarterly Property Index; and
- Growth in EPRA earnings per share (EPS) of the Group.

The fair value of share grants is measured using the Monte Carlo model for the TSR metric and a Black-Scholes model for the TPR and EPS metrics. The fair value is recognised over the expected vesting period. For the awards made during this year and the previous year the main inputs and assumptions of the models, and the resulting fair values, are:

Assumptions		
Grant date	**6 June 2024**	14 June 2023
Share price at date of grant	**67.4p**	76.2p
Exercise price	**Nil**	Nil
Expected term	**3 years**	3 years
Risk-free rate – TSR condition	**4.3%**	4.8%
Share price volatility – TSR condition	**26.7%**	27.4%
Median volatility of comparator group – TSR condition	**29.2%**	27.2%
Correlation – TSR condition	**50.2%**	38.6%
TSR performance at grant date – TSR condition	**7.0%**	7.0%
Median TSR performance of comparator group at grant date – TSR condition	**4.4%**	2.3%
Fair value – TSR condition (Monte Carlo method)	**29.0p**	35.0p
Fair value – TPR condition (Black-Scholes model)	**67.4p**	76.2p
Fair value – EPS condition (Black-Scholes model)	**67.4p**	76.2p

Notes to the Consolidated Financial Statements *continued*

7. Director and staff costs *continued*

The Trustee of the Company's Employee Benefit Trust acquired 2,100,000 ordinary shares during the year for £1,519,000 (2024: nil) and sold or transferred 799,481 shares for awards that were redeemed in the year (2024: 746,254 shares).

The Group employed 12 members of staff at 31 March 2025 (2024: 12). The average number of people employed by the Group for the year ended 31 March 2025 was 12 (2024: 11).

8. Interest expense and interest income

Interest paid	**2025 £000**	2024 £000
Interest payable on loans	**8,081**	9,146
Interest on obligations under finance leases	**173**	174
Non-utilisation fees	**295**	211
	8,549	9,531

The loan arrangement costs incurred to 31 March 2025 are £3,328,000 (2024: £3,328,000). These are amortised over the duration of the loans with £304,000 amortised in the year ended 31 March 2025 and included in interest payable on loans (2024: £303,000).

Interest income of £813,000 (2024: £604,000) was generated on cash balances which earn interest at floating rates based on daily deposit rates.

9. Tax

The charge for the year is:

	2025 £000	2024 £000
Tax expense in year	**–**	–
Total tax charge	**–**	–

A reconciliation of the tax charge applicable to the results at the statutory tax rate to the charge for the year is as follows:

	2025 £000	2024 £000
Profit/(loss) before taxation	**37,323**	(4,789)
Expected tax charge/(credit) on ordinary activities at the standard rate of taxation of 25% (2024: 25%)	**9,331**	(1,197)
Less:		
UK REIT exemption on net income	**(5,710)**	(5,437)
Revaluation movement not taxable	**(3,621)**	6,634
Total tax charge	**–**	–

As a UK REIT, the income profits of the Group's UK property rental business are exempt from corporation tax, as are any gains it makes from the disposal of its properties, provided they are not held for trading. The Group is otherwise subject to UK corporation tax at the prevailing rate.

As the principal company of the REIT, the Company is required to distribute at least 90% of the income profits of the Group's UK property rental business. There are a number of other conditions that are also required to be met by the Company and the Group to maintain REIT tax status. These conditions were met in the year and the Board intends to conduct the Group's affairs such that these conditions continue to be met for the foreseeable future. Accordingly, deferred tax is no longer recognised on temporary differences relating to the property rental business.

10. Dividends

	2025 £000	2024 £000
Declared and paid:		
Interim dividend for the period ended 31 March 2023: 0.875 pence	–	4,771
Interim dividend for the period ended 30 June 2023: 0.875 pence	–	4,770
Interim dividend for the period ended 30 September 2023: 0.875 pence	–	4,771
Interim dividend for the period ended 31 December 2023: 0.875 pence	–	4,777
Interim dividend for the period ended 31 March 2024: 0.925 pence	**5,050**	–
Interim dividend for the period ended 30 June 2024: 0.925 pence	**5,039**	–
Interim dividend for the period ended 30 September 2024: 0.925 pence	**5,038**	–
Interim dividend for the period ended 31 December 2024: 0.925 pence	**5,032**	–
	20,159	19,089

The interim dividend of 0.95 pence per ordinary share in respect of the period ended 31 March 2025 has not been recognised as a liability as it was declared after the year end. This dividend of £5,019,000 will be paid on 30 May 2025.

11. Earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding the average number of shares held by the Employee Benefit Trust for the year. The diluted number of shares also reflects the contingent shares to be issued under the Long-term Incentive Plan.

The following reflects the profit and share data used in the basic and diluted profit per share calculation:

	2025	2024
Net profit/(loss) attributable to ordinary shareholders of the Company from continuing operations (£000)	**37,323**	(4,789)
Weighted average number of ordinary shares for basic earnings per share	**544,037,179**	545,437,264
Weighted average number of ordinary shares for diluted earnings per share	**545,502,180**	547,092,154

12. Investments in subsidiaries

The Company had the following principal subsidiaries as at 31 March 2025 and 31 March 2024:

Name	Place of incorporation	Ownership proportion
Picton UK Real Estate Trust (Property) Limited	Guernsey	100%
Picton (UK) REIT (SPV) Limited	Guernsey	100%
Picton (UK) Listed Real Estate	Guernsey	100%
Picton UK Real Estate (Property) No 2 Limited	Guernsey	100%
Picton (UK) REIT (SPV No 2) Limited	Guernsey	100%
Picton Capital Limited	England & Wales	100%
Picton (General Partner) No 2 Limited	Guernsey	100%
Picton (General Partner) No 3 Limited	Guernsey	100%
Picton No 2 Limited Partnership	England & Wales	100%
Picton No 3 Limited Partnership	England & Wales	100%
Picton Financing UK Limited	England & Wales	100%
Picton Financing UK (No 2) Limited	England & Wales	100%
Picton Property No 3 Limited	Guernsey	100%

The results of the above entities are consolidated within the Group financial statements.

Picton UK Real Estate Trust (Property) Limited and Picton (UK) REIT (SPV) Limited own 100% of the units in Picton (UK) Listed Real Estate, a Guernsey Unit Trust (the 'GPUT'). The GPUT holds a 99.9% interest in both Picton No 2 Limited Partnership and Picton No 3 Limited Partnership and the remaining balances are held by Picton (General Partner) No 2 Limited and Picton (General Partner) No 3 Limited, respectively.

Notes to the Consolidated Financial Statements *continued*

13. Investment properties

The following table provides a reconciliation of the opening and closing amounts of investment properties classified as Level 3 recorded at fair value.

	2025 £000	2024 £000
Fair value at start of year	**724,043**	746,342
Capital expenditure on investment properties	**11,794**	4,458
Acquisitions	**533**	–
Disposals	**(50,031)**	–
Profit on disposal of investment properties	**1,496**	–
Unrealised movement on investment properties	**12,859**	(26,757)
Fair value at the end of the year	**700,694**	724,043
Historic cost at the end of the year	**647,863**	685,576

The fair value of investment properties reconciles to the appraised value as follows:

	2025 £000	2024 £000
Current		
Appraised value of properties held for sale	**–**	35,900
Lease incentives held as debtors of properties held for sale	**–**	(167)
	–	35,733
Non-current		
Appraised value	**723,145**	708,740
Valuation of assets held under head leases	**2,074**	2,046
Owner-occupied property	**(3,438)**	(3,391)
Lease incentives held as debtors	**(21,087)**	(19,085)
	700,694	688,310
Fair value at the end of the year	**700,694**	724,043

As at 31 March 2024, contracts had been exchanged to sell Angel Gate, London EC1 and Longcross, Cardiff so these assets were classified as assets held for sale, net of lease incentives. The sale of Angel Gate completed in April 2024 and the sale of Longcross completed in March 2025. As at 31 March 2025, there were no assets classified as held for sale.

The investment properties were valued by independent valuers, CBRE Limited, Chartered Surveyors, as at 31 March 2025 and 31 March 2024 on the basis of fair value in accordance with the version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the Red Book) current as at the valuation date. The total fees earned by CBRE Limited from the Group are less than 5% of their total UK revenue.

The fair value of the Group's investment properties has been determined using an income capitalisation technique, whereby contracted and market rental values are capitalised with a market capitalisation rate. The resulting valuations are cross-checked against the equivalent yields and the fair market values per square foot derived from comparable market transactions on an arm's length basis.

In addition, the Group's investment properties are valued quarterly by CBRE Limited. The valuations are based on:

- Information provided by the Group, including rents, lease terms, revenue and capital expenditure. Such information is derived from the Group's financial and property systems and is subject to the Group's overall control environment
- Valuation models used by the valuers, including market-related assumptions based on their professional judgement and market observation

The assumptions and valuation models used by the valuers, and supporting information, are reviewed by senior management and the Board through the Property Valuation Committee. Members of the Property Valuation Committee, together with senior management, meet with the independent valuer on a quarterly basis to review the valuations and underlying assumptions, including considering current market trends and conditions, and changes from previous quarters. The Board will also consider whether circumstances at specific investment properties, such as alternative uses and issues with occupational tenants, are appropriately reflected in the valuations. The fair value of investment properties is measured based on each property's highest and best use from a market participant's perspective and considers the potential uses of the property that are physically possible, legally permissible and financially feasible.

13. Investment properties *continued*

As at 31 March 2025 and 31 March 2024, all of the Group's properties, including owner-occupied property, are Level 3 in the fair value hierarchy as it involves use of significant judgement. There were no transfers between levels during the year and the prior year. Level 3 inputs used in valuing the properties are those which are unobservable, as opposed to Level 1 (inputs from quoted prices) and Level 2 (observable inputs either directly, i.e. as prices, or indirectly, as derived from prices).

Information on these significant unobservable inputs per sector of investment properties is disclosed as follows:

	2025			2024		
	Office	**Industrial**	**Retail and Leisure**	Office	Industrial	Retail and Leisure
Appraised value (£000)	**175,305**	**463,220**	**84,620**	224,885	439,945	79,810
Area (sq ft, 000's)	**706**	**3,227**	**692**	874	3,240	692
Range of unobservable inputs:						
Gross ERV (sq ft per annum)						
– range	**£12.45 to £93.46**	**£3.92 to £29.96**	**£3.35 to £28.12**	£6.00 to £87.81	£3.79 to £27.95	£3.35 to £21.53
– weighted average	**£43.74**	**£13.69**	**£12.42**	£38.26	£13.37	£11.63
Net initial yield						
– range	**3.51% to 12.10%**	**2.89% to 8.21%**	**0.00% to 24.58%**	-4.85% to 10.73%	2.30% to 7.75%	6.80% to 42.40%
– weighted average	**6.96%**	**4.53%**	**6.15%**	5.22%	4.63%	9.17%
Reversionary yield						
– range	**5.12% to 15.39%**	**4.76% to 9.17%**	**6.97% to 17.13%**	5.09% to 15.01%	4.82% to 8.05%	7.00% to 12.72%
– weighted average	**9.37%**	**5.83%**	**8.16%**	8.81%	5.86%	8.20%
True equivalent yield						
– range	**5.14% to 11.30%**	**4.78% to 8.39%**	**6.50% to 12.75%**	4.85% to 10.83%	4.75% to 8.00%	7.25% to 12.25%
– weighted average	**8.20%**	**5.63%**	**7.91%**	7.75%	5.66%	8.29%

An increase/decrease in ERV will increase/decrease valuations, while an increase/decrease to yield decreases/increases valuations. We have reviewed the ranges used in assessing the impact of changes in unobservable inputs on the fair value of the Group's property portfolio and concluded these were still reasonable. The table below sets out the sensitivity of the valuation to changes of 50 basis points in yield.

Sector	Movement	**2025 Impact on valuation**	2024 Impact on valuation
Industrial	Increase of 50 basis points	**Decrease of £39.3m**	Decrease of £35.7m
	Decrease of 50 basis points	**Increase of £47.3m**	Increase of £43.1m
Office	Increase of 50 basis points	**Decrease of £11.8m**	Decrease of £14.6m
	Decrease of 50 basis points	**Increase of £13.5m**	Increase of £16.5m
Retail and Leisure	Increase of 50 basis points	**Decrease of £5.0m**	Decrease of £4.3m
	Decrease of 50 basis points	**Increase of £5.7m**	Increase of £4.9m

14. Property, plant and equipment

Property, plant and equipment principally comprises the fair value of owner-occupied property. The fair value of these premises is based on the appraised value at 31 March 2025.

	Owner Occupied Property £000	Plant and equipment £000	Total £000
At 1 April 2023	3,248	167	3,415
Additions	–	4	4
Depreciation	(80)	(63)	(143)
Revaluation	223	–	223
At 31 March 2024	**3,391**	**108**	**3,499**
Additions	**–**	**12**	**12**
Depreciation	**(81)**	**(54)**	**(135)**
Revaluation	**128**	**–**	**128**
At 31 March 2025	**3,438**	**66**	**3,504**

Notes to the Consolidated Financial Statements *continued*

15. Accounts receivable

	2025 £000	2024 £000
Tenant debtors (net of provisions for bad debts)	**3,034**	5,279
Lease incentives	**21,087**	19,252
Other debtors	**1,001**	2,070
	25,122	26,601

The estimated fair values of receivables are the discounted amount of the estimated future cash flows expected to be received and the approximate value of their carrying amounts.

Amounts are considered impaired using the lifetime expected credit loss method. Movement in the balance considered to be impaired has been included in the Consolidated Statement of Comprehensive Income. As at 31 March 2025, tenant debtors of £105,000 (2024: £193,000) were considered impaired and provided for.

16. Cash and cash equivalents

	2025 £000	2024 £000
Cash at bank and in hand	**20,771**	19,747
Short-term deposits	**14,549**	26
	35,320	19,773

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. The carrying amounts of these assets approximate to their fair value.

17. Accounts payable and accruals

	2025 £000	2024 £000
Accruals	**5,622**	4,839
Deferred rental income	**5,822**	7,963
VAT liability	**2,715**	1,899
Trade creditors	**658**	631
Other creditors	**5,231**	5,290
	20,048	20,622

18. Loans and borrowings

	Maturity	2025 £000	2024 £000
Current			
Aviva facility	–	**1,564**	1,497
Capitalised finance costs	–	**(176)**	(303)
		1,388	1,194
Non-current			
Canada Life facility	24 July 2031	**129,045**	129,045
Aviva facility	24 July 2032	**79,027**	80,591
NatWest revolving credit facility	26 May 2025	**–**	16,400
Capitalised finance costs	–	**(919)**	(1,096)
		207,153	224,940
		208,541	226,134

18. Loans and borrowings *continued*

The following table provides a reconciliation of the movement in loans and borrowings to cash flows arising from financing activities.

	2025 £000	2024 £000
Balance at start of year	**226,134**	222,764
Changes from financing cash flows		
Proceeds from loans and borrowings	**–**	4,500
Repayment of loans and borrowings	**(17,897)**	(1,433)
	(17,897)	3,067
Other changes		
Amortisation of financing costs	**304**	303
	304	303
Balance as at 31 March	**208,541**	226,134

The Group has a £129.0 million loan facility with Canada Life which matures in July 2031. Interest is fixed at 3.25% per annum over the remaining life of the loan. The loan agreement has a loan to value covenant of 65% and an interest cover test of 1.75. The loan is secured over the Group's properties held by Picton No 2 Limited Partnership and Picton UK Real Estate Trust (Property) No 2 Limited, valued at £350.9 million (2024: £348.1 million).

Additionally, the Group has a £95.3 million term loan facility with Aviva Commercial Finance Limited which matures in July 2032. The loan is for a term of 20 years and was fully drawn on 24 July 2012 with approximately one-third repayable over the life of the loan in accordance with a scheduled amortisation profile. The Group has repaid £1.5 million in the year (2024: £1.4 million). Interest on the loan is fixed at 4.38% per annum over the life of the loan. The facility has a loan to value covenant of 65% and a debt service cover ratio of 1.4. The facility is secured over the Group's properties held by Picton No 3 Limited Partnership and Picton Property No 3 Limited, valued at £168.3 million (2024: £184.3 million).

The Group also has a £50.0 million revolving credit facility (RCF) with National Westminster Bank Plc which matures in May 2025. As at 31 March the facility was undrawn (2024: £16.4 million), interest is charged at 150 basis points over SONIA on drawn balances and there is an undrawn commitment fee of 60 basis points. The facility is secured on properties held by Picton UK Real Estate Trust (Property) Limited, valued at £141.3 million (2024: £138.7 million).

The fair value of the drawn loan facilities at 31 March 2025, estimated as the present value of future cash flows discounted at the market rate of interest at that date, was £183.5 million (2024: £202.8 million). The fair value of the drawn loan facilities is classified as Level 2 under the hierarchy of fair value measurements.

There were no transfers between levels of the fair value hierarchy during the current or prior years.

The weighted average interest rate on the Group's borrowings as at 31 March 2025 was 3.7% (2024: 3.9%).

19. Contingencies and capital commitments

The Group has entered into contracts for the refurbishment of 11 properties (2024: eight properties) with commitments outstanding at 31 March 2025 of approximately £5.3 million (2024: £4.2 million). No further obligations to construct or develop investment property or for repairs, maintenance or enhancements were in place as at 31 March 2025 (2024: £nil).

Notes to the Consolidated Financial Statements *continued*

20. Share capital and other reserves

	2025 £000	2024 £000
Authorised:		
Unlimited number of ordinary shares of no par value	**–**	–
Issued and fully paid:		
536,400,000 ordinary shares of no par value (31 March 2024: 547,605,596)	**–**	–
Share premium	**164,400**	164,400

The Company has 536,400,000 ordinary shares in issue of no par value (2024: 547,605,596).

No new ordinary shares were issued during the year ended 31 March 2025.

	2025 Number of shares	2024 Number of shares
Ordinary share capital	**547,605,596**	547,605,596
Shares cancelled in the year	**(11,205,596)**	–
Number of shares held in Employee Benefit Trust	**(2,942,959)**	(1,642,440)
Number of ordinary shares	**533,457,041**	545,963,156

The fair value of awards made under the Long-term Incentive Plan is recognised in other reserves.

Subject to the solvency test contained in the Companies (Guernsey) Law, 2008 being satisfied, ordinary shareholders are entitled to all dividends declared by the Company and to all of the Company's assets after repayment of its borrowings and ordinary creditors. The Trustee of the Company's Employee Benefit Trust has waived its right to receive dividends on the 2,942,959 shares it holds but continues to hold the right to vote. Ordinary shareholders have the right to vote at meetings of the Company. All ordinary shares carry equal voting rights.

The Directors have authority to buy back up to 14.99% of the Company's ordinary shares in issue, being 82,086,078 shares, subject to the annual renewal of the authority from shareholders. Any buyback of ordinary shares will be made subject to Guernsey law, and the making and timing of any buybacks will be at the absolute discretion of the Board. Between 30 January 2025 and 31 March 2025 the Company bought back and cancelled 11,205,596 ordinary shares at a cost of £7.5 million (2024: £nil). The value of the shares cancelled of £7.5 million is deducted from Retained Earnings. The remaining authority following this repurchase has now reduced to 70,880,482 ordinary shares.

21. Adjustment for non-cash movements in the cash flow statement

	2025 £000	2024 £000
Movement in investment property valuation	**(12,859)**	26,757
Profit on disposal of investment property	**(1,496)**	–
Revaluation of owner-occupied property	**(128)**	(223)
Share-based provisions	**751**	729
Depreciation of tangible assets	**135**	143
	(13,597)	27,406

22. Obligations under leases

The Group has entered into a number of head leases in relation to its investment properties. These leases are for fixed terms and subject to regular rent reviews. They contain no material provisions for contingent rents, renewal or purchase options nor any restrictions outside of the normal lease terms.

Lease liabilities in respect of rents on leasehold properties were payable as follows:

	2025 £000	2024 £000
Future minimum payments due:		
Within one year	**185**	185
In the second to fifth years inclusive	**740**	740
After five years	**8,527**	8,712
	9,452	9,637
Less: finance charges allocated to future periods	**(6,779)**	(6,952)
Present value of minimum lease payments	**2,673**	2,685

The present value of minimum lease payments is analysed as follows:

	2025 £000	2024 £000
Current		
Within one year	**115**	114
	115	114
Non-current		
In the second to fifth years inclusive	**413**	409
After five years	**2,145**	2,162
	2,558	2,571
	2,673	2,685

Operating leases where the Group is lessor

The Group leases its investment properties under commercial property leases which are held as operating leases.

At the reporting date, the Group's future income based on the unexpired lease length was as follows (based on annual rentals):

	2025 £000	2024 £000
Within one year	**44,938**	43,818
One to two years	**38,906**	38,530
Two to three years	**35,263**	33,085
Three to four years	**31,903**	28,687
Four to five years	**28,594**	24,411
After five years	**135,958**	98,539
	315,562	267,070

These properties are measured under the fair value model as the properties are held to earn rentals. Commercial property leases typically have lease terms between five and ten years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

23. Net asset value

The net asset value per share calculation uses the number of shares in issue at the year end and excludes the actual number of shares held by the Employee Benefit Trust at the year end; see Note 20.

Notes to the Consolidated Financial Statements *continued*

24. Financial instruments

The Group's financial instruments comprise cash and cash equivalents, accounts receivable, secured loans, obligations under head leases and accounts payable that arise from its operations. The Group does not have exposure to any derivative financial instruments. Apart from the secured loans, as disclosed in Note 18, the fair value of the financial assets and liabilities is not materially different from their carrying value in the financial statements.

Categories of financial instruments

31 March 2025	Notes	Held at fair value through profit or loss £000	Amortised cost £000	Total £000
Financial assets				
Debtors	15	–	4,035	4,035
Cash and cash equivalents	16	–	35,320	35,320
		–	39,355	39,355
Financial liabilities				
Loans and borrowings	18	–	208,541	208,541
Obligations under head leases	22	–	2,673	2,673
Creditors and accruals	17	–	11,511	11,511
		–	222,725	222,725

31 March 2024	Notes	Held at fair value through profit or loss £000	Amortised cost £000	Total £000
Financial assets				
Debtors	15	–	7,349	7,349
Cash and cash equivalents	16	–	19,773	19,773
		–	27,122	27,122
Financial liabilities				
Loans and borrowings	18	–	226,134	226,134
Obligations under head leases	22	–	2,685	2,685
Creditors and accruals	17	–	10,760	10,760
		–	239,579	239,579

25. Risk management

The Group invests in commercial properties in the United Kingdom. The following describes the risks involved and the risk management framework applied by the Group. Senior management reports regularly both verbally and formally to the Board, and its relevant Committees, to allow them to monitor and review all the risks noted below.

Capital risk management

The Group aims to manage its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimising its capital structure. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

The capital structure of the Group consists of debt, as disclosed in Note 18, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, retained earnings and other reserves. The Group is not subject to any external capital requirements.

The Group monitors capital primarily on the basis of its gearing ratio. This ratio is calculated as the principal borrowings outstanding, as detailed under Note 18, divided by the gross assets. There is a limit of 65% as set out in the Articles of Association of the Company. Gross assets are calculated as non-current and current assets, as shown in the Consolidated Balance Sheet.

25. Risk management *continued*

At the reporting date the gearing ratios were as follows:

	2025 £000	2024 £000
Total borrowings	**209,636**	227,533
Gross assets	**764,640**	773,916
Gearing ratio (must not exceed 65%)	**27.4%**	29.4%

The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Group has managed its financing risk by entering into long-term loan arrangements with different maturities, which will enable the Group to manage its borrowings in an orderly manner over the long term. The Group also has a revolving credit facility which provides greater flexibility in managing the level of borrowings.

The Group's net debt to equity ratio at the reporting date was as follows:

	2025 £000	2024 £000
Total liabilities	**231,262**	249,441
Less: cash and cash equivalents	**(35,320)**	(19,773)
Net debt	**195,942**	229,668
Total equity	**533,378**	524,475
Net debt to equity ratio at end of year	**0.37**	0.44

Credit risk

The following tables detail the balances held at the reporting date that may be affected by credit risk:

31 March 2025	Notes	**Held at fair value through profit or loss £000**	**Financial assets and liabilities at amortised cost £000**	**Total £000**
Financial assets				
Tenant debtors	15	**–**	**3,034**	**3,034**
Cash and cash equivalents	16	**–**	**35,320**	**35,320**
		–	**38,354**	**38,354**

31 March 2024	Notes	Held at fair value through profit or loss £000	Financial assets and liabilities at amortised cost £000	Total £000
Financial assets				
Tenant debtors	15	–	5,279	5,279
Cash and cash equivalents	16	–	19,773	19,773
		–	25,052	25,052

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Tenant debtors consist of a large number of occupiers, spread across diverse industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of tenant debtors and, where appropriate, credit guarantees or rent deposits are acquired. As at 31 March 2025, tenant rent deposits held by the Group's managing agents in segregated bank accounts totalled £2.5 million (2024: £2.5 million). The Group does not have access to these rent deposits unless the occupier defaults under its lease obligations. Rent collection is outsourced to managing agents who report regularly on payment performance and provide the Group with intelligence on the continuing financial viability of occupiers. The Group does not have any significant concentration risk whether in terms of credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with strong credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk. The Board continues to monitor the Group's overall exposure to credit risk.

25. Risk management *continued*

The Group has a panel of banks with which it makes deposits, based on credit ratings assigned by international credit rating agencies and with set counterparty limits that are reviewed regularly. The Group's main cash balances are held with National Westminster Bank Plc (NatWest), Nationwide International Limited (Nationwide), Santander plc (Santander) and Lloyds Bank Plc (Lloyds). Insolvency or resolution of the bank holding cash balances may cause the Group's recovery of cash held by them to be delayed or limited. The Group manages its risk by monitoring the credit quality of its bankers on an ongoing basis. NatWest, Nationwide, Santander and Lloyds are rated by all the major rating agencies. If the credit quality of any of these banks were to deteriorate, the Group would look to move the relevant short-term deposits or cash to another bank. Procedures exist to ensure that cash balances are split between banks to reduce overall exposure to credit risk. At 31 March 2025 and at 31 March 2024, Standard & Poor's short-term credit rating for each of the Group's bankers was A-1.

There has been no change in the fair values of cash or receivables as a result of changes in credit risk in the current or prior periods, due to the actions taken to mitigate this risk, as stated above.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, which has put in place an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group's liquidity risk is managed on an ongoing basis by senior management and monitored on a quarterly basis by the Board by maintaining adequate reserves and loan facilities, continuously monitoring forecasts, loan maturity profiles and actual cash flows and matching the maturity profiles of financial assets and liabilities for a period of at least 12 months.

The table below has been drawn up based on the undiscounted contractual maturities of the financial assets/(liabilities), including interest that will accrue to maturity.

31 March 2025	**Less than 1 year £000**	**1 to 5 years £000**	**More than 5 years £000**	**Total £000**
Cash and cash equivalents	**35,800**	**–**	**–**	**35,800**
Debtors	**4,035**	**–**	**–**	**4,035**
Obligations under head leases	**(185)**	**(740)**	**(8,527)**	**(9,452)**
Fixed interest rate loans	**(9,262)**	**(37,049)**	**(215,104)**	**(261,415)**
Creditors and accruals	**(11,511)**	**–**	**–**	**(11,511)**
	18,877	**(37,789)**	**(223,631)**	**(242,543)**

31 March 2024	Less than 1 year £000	1 to 5 years £000	More than 5 years £000	Total £000
Cash and cash equivalents	20,366	–	–	20,366
Debtors	7,349	–	–	7,349
Obligations under head leases	(185)	(740)	(8,712)	(9,637)
Fixed interest rate loans	(9,262)	(37,049)	(224,367)	(270,678)
Floating interest rate loans	(1,117)	(16,571)	–	(17,688)
Creditors and accruals	(10,760)	–	–	(10,760)
	6,391	(54,360)	(233,079)	(281,048)

The Group expects to meet its financial liabilities through the various available liquidity sources, including a secure rental income profile, asset sales, undrawn committed borrowing facilities and, in the longer term, debt refinancing.

Market risk

The Group's activities are primarily within the real estate market, exposing it to very specific industry risks.

The yields available from investments in real estate depend primarily on the amount of revenue earned and capital appreciation generated by the relevant properties, as well as expenses incurred. If properties do not generate sufficient revenues to meet operating expenses, including debt service costs and capital expenditure, the Group's operating performance will be adversely affected.

Revenue from properties may be adversely affected by the general economic climate, local conditions such as oversupply of properties or a reduction in demand for properties in the market in which the Group operates, the attractiveness of the properties to occupiers, the quality of the management, competition from other available properties and increased operating costs.

In addition, the Group's revenue would be adversely affected if a significant number of occupiers were unable to pay rent or its properties could not be rented on market terms. Certain significant expenditure associated with investment in real estate (such as external financing costs and maintenance costs) is generally not reduced when circumstances cause a reduction in revenue from properties. By diversifying in regions, sectors, risk categories and occupiers, management expects to mitigate the risk profile of the portfolio effectively. The Board continues to oversee the profile of the portfolio to ensure these risks are managed.

25. Risk management *continued*

The valuation of the Group's property assets is subject to changes in market conditions. Such changes are taken to the Consolidated Statement of Comprehensive Income and thus impact on the Group's net result. A 5% increase or decrease in property values would increase or decrease the Group's net result by £36.2 million (2024: £37.2 million).

Interest rate risk management

Interest rate risk arises on interest payable on the revolving credit facility only. The Group's senior debt facilities have fixed interest rates over the terms of the loans. The revolving credit facility remains undrawn, therefore the Group has limited exposure to interest rate risk on its borrowings and no sensitivity is presented. The Group manages its interest rate risk by entering into long-term fixed rate debt facilities.

Interest rate risk

The following table sets out the carrying amount, by maturity, of the Group's financial assets/(liabilities).

31 March 2025	**Less than 1 year £000**	**1 to 5 years £000**	**More than 5 years £000**	**Total £000**
Floating				
Cash and cash equivalents	**35,320**	**–**	**–**	**35,320**
Fixed				
Secured loan facilities	**(1,564)**	**(6,983)**	**(201,089)**	**(209,636)**
Obligations under leases	**(115)**	**(413)**	**(2,145)**	**(2,673)**
	33,641	**(7,396)**	**(203,234)**	**(176,989)**

31 March 2024	Less than 1 year £000	1 to 5 years £000	More than 5 years £000	Total £000
Floating				
Cash and cash equivalents	19,773	–	–	19,773
Secured loan facilities	–	(16,400)	–	(16,400)
Fixed				
Secured loan facilities	(1,497)	(6,686)	(202,950)	(211,133)
Obligations under leases	(114)	(409)	(2,162)	(2,685)
	18,162	(23,495)	(205,112)	(210,445)

Concentration risk

As discussed above, all of the Group's investments are in the UK and therefore the Group is exposed to macroeconomic changes in the UK economy. Furthermore, the Group derives its rental income from around 350 occupiers, although the largest occupier accounts for only 3.8% of the Group's annual contracted rental income.

Currency risk

The Group has no exposure to foreign currency risk.

26. Related party transactions

The total fees earned during the year by the Non-Executive Directors of the Company amounted to £298,000 (2024: £287,000). As at 31 March 2025, the Group owed £nil to the Non-Executive Directors (2024: £nil).

The remuneration of the Executive Directors is set out in Note 7 and in the Annual Remuneration Report. Picton Property Income Limited has no controlling parties.

27. Events after the Balance Sheet date

A dividend of £5,019,000 (0.95 pence per share) was approved by the Board on 2 May 2025 and will be paid on 30 May 2025.

The Company purchased and cancelled 5,360,795 ordinary shares between 1 April 2025 and 19 May 2025 at a cost of £3,960,000.

The £50 million revolving credit facility, which was due to expire on 26 May 2025, has been refinanced with National Westminster Bank Plc with an initial term of three years and the option of two one-year extensions.

Knight Frank were appointed as independent external valuer effective June 2025, replacing CBRE Limited.

EPRA BPR and Supplementary Disclosures (unaudited)

for the year ended 31 March 2025

The European Public Real Estate Association (EPRA) is the industry body representing listed companies in the real estate sector. EPRA publishes Best Practices Recommendations (BPR) to establish consistent reporting by European property companies. Further information on the EPRA BPR can be found at www.epra.com.

EPRA performance measures

Measure	Definition for EPRA measure	2025	2024
EPRA earnings	Earnings from core operational activities.	**£22.8m**	£21.7m
EPRA earnings per share	EPRA earnings per weighted number of ordinary shares.	**4.2p**	4.0p
EPRA net reinstatement value (NRV)	Assumes assets are never sold and aims to represent the value required to rebuild the entity.	**109p**	105p
EPRA net tangible assets (NTA)	Assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.	**100p**	96p
EPRA net disposal value (NDV)	Represents the shareholders' value under a disposal scenario.	**105p**	101p
EPRA net initial yield	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property.	**5.4%**	5.4%
EPRA 'topped-up' net initial yield	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives).	**6.2%**	5.9%
EPRA vacancy rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	**6.2%**	9.2%
EPRA cost ratio	Administrative & operating costs (including costs of direct vacancy) divided by gross rental income.	**30.9%**	32.4%
	Administrative & operating costs (excluding costs of direct vacancy) divided by gross rental income.	**21.9%**	23.0%
EPRA LTV	Debt divided by market value of the property.	**24.5%**	28.2%

EPRA earnings per share

EPRA earnings represents the earnings from core operational activities, excluding investment property revaluations and gains/losses on asset disposals. It demonstrates the extent to which dividend payments are underpinned by operational activities.

	2025 £000	2024 £000	2023 £000
Profit/(loss) for the year after taxation	**37,323**	(4,789)	(89,530)
Exclude:			
Investment property valuation movement	**(12,859)**	26,757	110,433
Gains on disposal of investment properties	**(1,496)**	–	–
Revaluation of owner-occupied property	**(128)**	(223)	382
EPRA earnings	**22,840**	21,745	21,285
Weighted average number of shares in issue (000s)	**544,037**	545,437	545,378
EPRA earnings per share	**4.2p**	4.0p	3.9p

EPRA NRV per share

The EPRA net reinstatement value measure highlights the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value of financial derivatives and deferred taxes on property valuation surpluses, are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the Company through the investment market based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

	2025 £000	2024 £000	2023 £000
Balance Sheet net assets	**533,378**	524,475	547,624
Purchasers' costs	**48,840**	50,287	52,759
Fair value of debt	**–**	–	–
Deferred tax	**–**	–	–
EPRA NRV	**582,218**	574,762	600,383
Shares in issue (000s)	**533,457**	545,963	545,217
EPRA NRV per share	**109p**	105p	110p

EPRA NTA per share

The EPRA net tangible assets calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. EPRA NTA is regarded as the most relevant metric for the business as this focuses on reflecting a company's tangible assets.

	2025 £000	2024 £000	2023 £000
Balance Sheet net assets	**533,378**	524,475	547,624
Fair value of financial instruments	**–**	–	–
Deferred tax	**–**	–	–
EPRA NTA	**533,378**	524,475	547,624
Shares in issue (000s)	**533,457**	545,963	545,217
EPRA NTA per share	**100p**	96p	100p

EPRA NDV per share

The EPRA net disposal value shows the impact to shareholder value if Company assets are sold and/or liabilities are not held until maturity.

	2025 £000	2024 £000	2023 £000
Balance Sheet net assets	**533,378**	524,475	547,624
Fair value of debt	**26,113**	24,714	22,793
EPRA NDV	**559,491**	549,189	570,417
Shares in issue (000s)	**533,457**	545,963	545,217
EPRA NDV per share	**105p**	101p	105p

EPRA net initial yield (NIY)

EPRA NIY is calculated as the annualised rental income based on the cash rents passing at the Balance Sheet date, less non-recoverable property operating expenses, divided by the gross market valuation of the properties.

	2025 £000	2024 £000	2023 £000
Investment property valuation	**723,145**	744,640	766,235
Allowance for estimated purchasers' costs	**48,840**	50,284	52,759
Gross up property portfolio valuation	**771,985**	794,924	818,994
Annualised cash passing rental income	**42,339**	44,745	43,336
Property outgoings	**(443)**	(1,669)	(2,125)
Annualised net rents	**41,896**	43,076	41,211
EPRA net initial yield	**5.4%**	5.4%	5.0%

EPRA 'topped-up' net initial yield

The EPRA 'topped-up' NIY is calculated by making an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

	2025 £000	2024 £000	2023 £000
EPRA NIY annualised net rents	**41,896**	43,076	41,211
Annualised cash rent that will apply at expiry of lease incentives	**5,857**	3,947	4,057
Topped-up annualised net rents	**47,753**	47,023	45,268
EPRA 'topped-up' NIY	**6.2%**	5.9%	5.5%

EPRA BPR and Supplementary Disclosures (unaudited) *continued*

EPRA vacancy rate

The EPRA vacancy rate is the estimated rental value (ERV) of vacant space divided by the ERV of the whole property portfolio, expressed as a percentage. There are no significant distorting factors influencing the EPRA vacancy rate.

	2025 £000	2024 £000	2023 £000
Annualised potential rental value of vacant premises	**3,426**	5,276	5,311
Annualised potential rental value for the complete property portfolio	**55,650**	57,578	55,774
EPRA vacancy rate	**6.2%**	9.2%	9.5%

EPRA cost ratio

The EPRA cost ratio reflects the overheads and operating costs as a percentage of the gross rental income.

	2025 £000	2024 £000	2023 £000
Property operating costs	**2,629**	3,075	3,491
Property void costs	**3,887**	4,122	3,647
Administrative expenses	**7,100**	7,219	5,955
Less:			
Ground rent costs	**(230)**	(257)	(376)
EPRA costs (including direct vacancy costs)	**13,386**	14,159	12,717
Property void costs	**(3,887)**	(4,122)	(3,647)
EPRA costs (excluding direct vacancy costs)	**9,499**	10,037	9,070
Gross rental income	**43,531**	43,910	42,964
Less ground rent costs	**(230)**	(257)	(376)
Gross rental income	**43,301**	43,653	42,588
EPRA cost ratio (including direct vacancy costs)	**30.9%**	32.4%	29.9%
EPRA cost ratio (excluding direct vacancy costs)	**21.9%**	23.0%	21.3%

The Company has not capitalised any overhead or operating expenses in the accounting years disclosed above.

Only costs directly associated with the purchase or construction of properties as well as subsequent value-enhancing capital expenditure are capitalised.

Capital expenditure

The table below sets out the capital expenditure incurred over the financial year, in accordance with EPRA Best Practices Recommendations.

	2025			2024		
	Group £000	**Joint ventures £000**	**Total Group £000**	Group £000	Joint ventures £000	Total Group £000
Acquisitions	**533**	**–**	**533**	–	–	–
Development	**–**	**–**	**–**	–	–	–
Investment properties						
Incremental lettable space	**–**	**–**	**–**	–	–	–
No incremental lettable space	**11,794**	**–**	**11,794**	4,458	–	4,458
Tenant incentives	**1,595**	**–**	**1,595**	–	–	–
Other material non-allocated types of expenditure	**–**	**–**	**–**	–	–	–
Total capital expenditure	**13,922**	**–**	**13,922**	4,458	–	4,458
Conversion from accrual to cash basis	**(1,266)**	**–**	**(1,266)**	–	–	–
Total capital expenditure on cash basis	**12,656**	**–**	**12,656**	4,458	–	4,458

EPRA like-for-like rental growth

The table below sets out the like-for-like rental growth of the portfolio, by sector, in accordance with EPRA Best Practices Recommendations.

	Rental income from like-for-like portfolio 2025 £000	Rental income from like-for-like portfolio 2024 £000	**Like-for-like rental growth £000**	**Like-for-like rental growth %**
Industrial	23,790	22,428	**1,362**	**6.1**
Office	13,020	13,565	**(545)**	**(4.0)**
Retail and Leisure	6,214	6,177	**37**	**0.6**
Total	43,024	42,170	**854**	**2.0**

The like-for-like rental growth is based on changes in rental income for those properties which have been held for the duration of both the current and prior reporting years. This represents a portfolio valuation, as assessed by the valuer, of £722.6 million (2024: £696.2 million).

EPRA LTV

EPRA loan to value's aim is to assess the gearing of the shareholder equity within a real estate company.

	2025 £000	2024 £000	2023 £000
Loans and borrowings	**208,541**	226,134	222,764
Less:			
Cash and cash equivalents	**(35,320)**	(19,773)	(20,050)
Net debt	**173,221**	206,361	202,714
Investment properties (excluding head lease right of use asset)	**698,620**	721,997	744,261
Property, plant and equipment	**3,504**	3,499	3,415
Net receivable[1]	**5,074**	5,979	3,278
Total property value	**707,198**	731,475	750,954
EPRA LTV	**24.5%**	28.2%	27.0%

1 Net receivable is calculated as the net position of the following line items shown on the Balance Sheet: accounts receivable and accounts payable and accruals.

Loan to value

The loan to value ratio (LTV) is calculated by taking the Group's total borrowings, net of cash, as a percentage of the total portfolio value.

	2025 £000	2024 £000	2023 £000
Total borrowings	**209,636**	227,533	224,467
Less:			
Cash and cash equivalents	**(35,320)**	(19,773)	(20,050)
Total net borrowings	**174,316**	207,760	204,417
Investment property valuation	**723,145**	744,640	766,235
Loan to value	**24.1%**	27.9%	26.7%

Cost ratio

The cost ratio provides shareholders with an indication of the likely level of cost of managing the Group. The cost ratio uses the annual recurring administrative expenses as a percentage of the average net asset value over the period.

	2025 £000	2024 £000	2023 £000
Administrative expenses	**7,100**	7,219	5,955
Less:			
Internalisation of company secretarial function	**–**	(296)	–
Abortive corporate activity	**–**	(194)	–
CFO transition costs	**(234)**	(89)	–
Chair change	**(87)**	–	–
Total	**6,779**	6,640	5,955
Average net asset value over the year	**529,744**	531,921	602,822
Cost ratio	**1.3%**	1.2%	1.0%

Property Portfolio

Properties valued in excess of £100 million

- Parkbury Industrial Estate, Radlett, Herts.

Properties valued between £50 million and £75 million

- River Way Industrial Estate, River Way, Harlow, Essex

Properties valued between £30 million and £50 million

- Stanford Building, Long Acre, London WC2
- Datapoint, Cody Road, London E16

Properties valued between £20 million and £30 million

- Lyon Business Park, Barking, Essex
- Express Business Park, Shipton Way, Rushden, Northants.
- Sundon Business Park, Dencora Way, Luton, Beds.
- 50 Farringdon Road, London EC1
- Tower Wharf, Cheese Lane, Bristol
- Grantham Book Services, Trent Road, Grantham, Lincs.

Properties valued between £10 million and £20 million

- The Business Centre, Molly Millars Lane, Wokingham, Berks.
- Colchester Business Park, The Crescent, Colchester, Essex
- B&Q, Queens Road, Sheffield
- Madleaze Trading Estate, Bristol Road, Gloucester
- 180 West George Street, Glasgow
- Parc Tawe North Retail Park, Link Road, Swansea
- Nonsuch Industrial Estate, Kiln Lane, Epsom, Surrey
- Gloucester Retail Park, Eastern Avenue, Gloucester
- Vigo 250, Birtley Road, Washington, Tyne and Wear
- 30 & 50 Pembroke Court, Chatham, Kent
- Mill Place Trading Estate, Bristol Road, Gloucester
- Easter Court, Europa Boulevard, Warrington
- Metro, Salford Quays, Manchester
- Units 1 & 2, Kettlestring Lane, York
- Swiftbox, Haynes Way, Rugby, Warwickshire

Properties valued between £5 million and £10 million

- 401 Grafton Gate, Milton Keynes, Bucks.
- Units 1 & 2, Western Industrial Estate, Downmill Road, Bracknell, Berks.
- Angouleme Retail Park, George Street, Bury, Greater Manchester
- Queen's House, St Vincent Place, Glasgow
- Regency Wharf, Broad Street, Birmingham
- Thistle Express, The Mall, Luton, Beds.
- 109–117 High Street, Cheltenham
- Abbey Business Park, Mill Road, Newtownabbey, Belfast

Properties valued under £5 million

- Crown & Mitre Complex, English Street, Carlisle, Cumbria
- Trident House, Victoria Street, St Albans, Herts.
- Atlas House, Third Avenue, Marlow, Bucks.
- Sentinel House, Harvest Crescent, Fleet, Hants.
- Scots Corner, High Street, Kings Heath, Birmingham
- 6 Kingstreet Lane, Reading
- Waterside House, Kirkstall Road, Leeds
- 78–80 Briggate, Leeds
- 53–57 Broadmead, Bristol
- 17–19 Fishergate, Preston, Lancs.
- 7–9 Warren Street, Stockport
- Oxford Lane, Cardiff
- 6–12 Parliament Row, Hanley, Staffs.
- 72–78 Murraygate, Dundee

Five-Year Financial Summary

	2025	2024	2023	2022	2021
Income statements					
Net property income	**37.7**	37.9	36.3	35.4	33.5
Administrative expenses	**(7.1)**	(7.2)	(6.0)	(5.7)	(5.4)
	30.6	30.7	30.3	29.7	28.1
Net finance costs	**(7.7)**	(8.9)	(9.0)	(8.5)	(8.0)
Income profit before tax	**22.9**	21.8	21.3	21.2	20.1
Tax	**–**	–	–	–	–
Income profit	**22.9**	21.8	21.3	21.2	20.1
Property gains and losses	**14.3**	(26.8)	(110.4)	129.8	13.7
Revaluation of owner-occupied property	**0.1**	0.2	(0.8)	0.4	–
Debt prepayment fee	**–**	–	–	(4.0)	–
Profit/(loss) after tax	**37.3**	(4.8)	(89.9)	147.4	33.8
Dividends paid	**20.2**	19.1	19.1	18.4	15.0

	2025	2024	2023	2022	2021
Balance Sheets					
Investment properties	**700.7**	724.0	746.3	830.0	665.4
Borrowings	**(208.5)**	(226.1)	(222.8)	(216.8)	(166.2)
Other assets and liabilities	**41.2**	26.6	24.1	43.9	29.0
Net assets	**533.4**	524.5	547.6	657.1	528.2
Net asset value per share (pence)	**100**	96	100	120	97
EPRA net tangible asset per share (pence)	**100**	96	100	120	97
Earnings per share (pence)	**6.9**	(0.9)	(16.5)	27.0	6.2
EPRA earnings per share (pence)	**4.2**	4.0	3.9	3.9	3.7
Dividends per share (pence)	**3.7**	3.5	3.5	3.4	2.8
Dividend cover (%)	**113**	114	112	115	134
Share price (pence)	**71.7**	65.2	69.3	98.3	85.8

All figures are in £ million unless otherwise stated.

Glossary

Better Buildings Partnership (BBP)
A collaboration of UK commercial property owners working to improve sustainability of building stock.

BMS (Building Management System)
A computer-based control system installed in buildings that control and monitor the building's mechanical and electrical equipment such as ventilation, lighting, power systems, fire systems and security systems.

BREEAM (Building Research Establishment Environmental Assessment Method)
An established sustainability rating assessment for projects, infrastructure and buildings. It assesses assets across their life cycle, from new construction to in-use and refurbishment. www.breeam.com

CO_2 (carbon dioxide)
The most abundant greenhouse gas in our planet's atmosphere. It is often the benchmark gas measured for defining a company's emissions.

Contracted rent
The contracted gross rent receivable which becomes payable after all the occupier incentives in the letting have expired.

Cost ratio
Total operating expenses, excluding one-off costs, as a percentage of the average net asset value over the period.

CRREM (Carbon Risk Real Estate Monitor)
Provides the real estate industry with transparent, science-based decarbonisation pathways aligned with the Paris Climate Goals of limiting global temperature rise to 2°C, with ambition towards 1.5°C.

Dividend cover
EPRA earnings divided by dividends paid.

DTR
Disclosure Guidance and Transparency Rules, issued by the United Kingdom Listing Authority.

Earnings per share (EPS)
Profit for the period attributable to equity shareholders divided by the average number of shares in issue during the period.

EPC (Energy Performance Certificate)
A certificate which provides a rating based on set criteria to measure the energy efficiency of a lettable unit. The scale ranges from A–G.

EPRA
European Public Real Estate Association, the industry body representing listed companies in the real estate sector.

ESG (Environmental, Social, Governance)
A framework that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

Estimated rental value (ERV)
The external valuers' opinion as to the open market rent which, on the date of the valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

EUI (Energy Use Intensity)
Amount of energy used per square foot annually.

EV (electric vehicle)
A vehicle powered using a battery, solar panels, fuel cells or electric generator.

Fair value
The estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after the proper marketing and where parties had each acted knowledgeably, prudently and without compulsion.

Fair value movement
An accounting adjustment to change the book value of an asset or liability to its fair value.

FRI lease
A lease which imposes full repairing and insuring obligations on the tenant, relieving the landlord from all liability for the cost of insurance and repairs.

GHG
Greenhouse gas.

GHG absolute
Total GHG emissions.

GHG intensity
A normalised metric set against an economic output such as number of employees, revenue or area. Allows for an emission reduction target to be set which accounts for economic growth.

GRESB (Global Real Estate Sustainability Benchmarking)
An investor-driven organisation assessing the sustainability performance of the real estate sector, through detailed analysis of ESG metrics from the corporate to the individual asset level. www.gresb.com

Grid decarbonisation
Refers to the changing methods of grid power generation which rely less on fossil fuels and more on renewable/sustainable energy sources resulting in fewer emissions per unit of electricity generated.

Group
Picton Property Income Limited and its subsidiaries.

IASB
International Accounting Standards Board.

IFRS
International Financial Reporting Standards.

Initial yield
Annual cash rents receivable (net of head rents and the cost of vacancy), as a percentage of gross property value, as provided by the Group's external valuers. Rents receivable following the expiry of rent-free periods are not included.

ISO (International Organization for Standardization)
An independent, non-governmental international organisation with a membership of 164 national standards bodies, that develops voluntary, consensus-based, market relevant international standards that support innovation and provide solutions to global challenges.

$kg/CO_2/m^2$
A measure of emissions intensity.

kWh (kilowatt hour)
A standard unit for measuring electricity consumption.

$kWh/m_2/year$
A unit of measure of a property based on the annual electricity consumption by a single square metre. The aggregation of energy in this way allows for a direct comparison between properties.

Lease incentives
Incentives offered to occupiers to enter into a lease. Typically this will be an initial rent-free period, or a cash contribution to fit-out. Under accounting rules the value of the lease incentives is amortised through the Income Statement on a straight-line basis until the lease expiry.

LED (light-emitting diode)
An energy efficient type of light bulb.

MEES (Minimum Energy Efficiency Standards)
A piece of legislation set by the UK Government. From April 2018 a landlord is unable to renew or grant a new tenancy (over six months) if the property has an Energy Performance Certificate (EPC) rating of F or G.

MSCI
An organisation supplying independent market indices and portfolio benchmarks to the property industry.

MWp (megawatt peak)
A unit of measurement for the output of power from a source such as solar or wind where the output may vary.

NABERS
A commercial energy rating system that measures and assesses the performance of a building.

NAV
Net asset value is the equity attributable to shareholders calculated under IFRS.

Net zero carbon
The point at which the amount of carbon being released into the atmosphere is equal to the amount removed from the atmosphere.

Offsetting
The process of removing carbon from the atmosphere to balance emissions into the atmosphere.

Over-rented
Space where the passing rent is above the ERV.

Passing rent
The annual rental income currently receivable as at the Balance Sheet date. Excludes rental income where a rent-free period is in operation.

PIR (passive infrared sensor)
A device used to allow automatic lighting control.

PRI (Principles for Responsible Investment)
A global proponent of responsible investment that supports an international network of investors to incorporate ESG factors into their investment and ownership decisions.

Property income return
The ungeared income return of the portfolio as calculated by MSCI.

PV (photovoltaic)
Photovoltaic (PV) materials and devices that convert sunlight into electrical energy.

RAAC
Reinforced Autoclaved Aerated Concrete (RAAC) is a form of lightweight concrete used in construction in many buildings between the 1950s and 1990s.

RCP (Representative Concentration Pathway)
Four pathways developed for the climate modelling community to assess a number of different climate scenarios.

REGO (Renewable Energy Guarantees of Origin)
A scheme which demonstrates that electricity has been generated from renewable sources.

Reversionary yield
The estimated rental value as a percentage of the gross property value.

Scope 1 emissions
Direct emissions from owned or controlled sources, for example from gas and oil.

Scope 2 emissions
Scope 2 emissions are indirect emissions from the generation of purchased energy, for example from electricity.

Scope 3 emissions
All indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions (e.g. occupier emissions).

TCFD (Task Force on Climate-related Financial Disclosures)
A framework to help public companies disclose climate-related risks.

tCO_2e
Tonnes of carbon dioxide equivalent, which is a measure that allows you to compare the emissions of other greenhouse gases relative to one unit of CO_2. It is calculated by multiplying the greenhouse gas's emissions by its 100-year global warming potential.

Total property return
Combined income and capital return from the property portfolio.

Total return
The change in the Group's net asset value, in accordance with IFRS, plus dividends paid.

Total shareholder return
Measures the change in share price over the year plus dividends paid.

UKGBC (UK Green Building Council)
A charity launched by the construction industry to promote sustainability across the built environment value chain.

Weighted average debt maturity
Each tranche of Group debt is multiplied by the remaining period to its maturity and the result is divided by total Group debt in issue at the period end.

Weighted average interest rate
The Group loan interest rate per annum at the period end, divided by total Group debt in issue at the period end.

Weighted average lease term
The average lease term remaining to first break, or expiry, across the portfolio weighted by contracted rental income.

Financial Calendar and Shareholder Information

Annual results announced	22 May 2025
Annual results posted to shareholders	June 2025
June 2025 NAV announcement	July 2025
Annual General Meeting	30 July 2025
2025 half-year results to be announced	November 2025
December 2025 NAV announcement	January 2026
Dividend payment dates	August/November/February/May

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Website
The Company has a corporate website which contains more detailed information about the Group.
www.picton.co.uk

Designed and produced by emperor
Visit us at emperor.works

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