

# Chair's Introduction

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



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

### The year in review

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

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

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

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

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

### Board composition and diversity

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

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

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

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

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

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

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

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

## Our stakeholders

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

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

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

Further details can be found on pages 75 to 76.

## Board Performance Review

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

Further details are provided in the Nomination Committee Report.

## Annual General Meeting

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

## UK Corporate Governance Code

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

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

# 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](http://www.frc.org.uk). Further detail on how the Code principles have been applied can be found on the pages set out here.

### Board leadership and Company purpose

- 84–85** Effective and entrepreneurial Board promoting long-term sustainable success of the Company
- 92** Alignment of our purpose, values and strategy with our culture
- 100** Governance framework and decision-making
- 96–99** Stakeholder engagement
- 77–78** Alignment of workforce policies and practices with our values

### Division of responsibilities

- 100** Leadership of an effective Board
- 101** Division of responsibilities and Directors' independence
- 93, 105** External appointments and conflicts
- 93–95** Effective and efficient functioning Board and Board resources

### Composition, succession and evaluation

- 105–106** Board appointment process and succession planning
- 87–89** Directors' skills, experience and knowledge
- 107–108** Annual Board performance review

### Audit, risk and internal control

- 111–113** External and internal audit effectiveness and integrity of financial reporting
- 111–113** Fair, balanced and understandable assessment of Company's position
- 109, 112** Effectiveness of risk management and Internal control framework

### Remuneration

- 117–123** Remuneration policies and practices aligned to purpose and values, supporting our long-term strategy
- 122–123** Remuneration Policy
- 124–128** Exercise of independent judgement in respect of 2024/25 performance outcomes

## Governance at a glance

### Board tenure

Non-Executive Director average tenure  
as at 31 March 2025

# 3.2 years

0 1 2 3 4 5 6 7 8

Francis Salway

Mark Batten

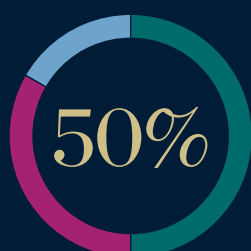
Helen Beck

Richard Jones

### Board and Committee attendance as at 31 March 2025

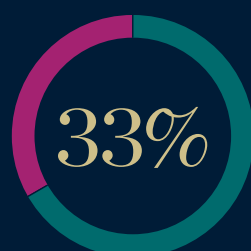
# 99%

### 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			■		■	■

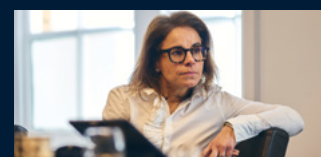
## Director changes



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

# 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.



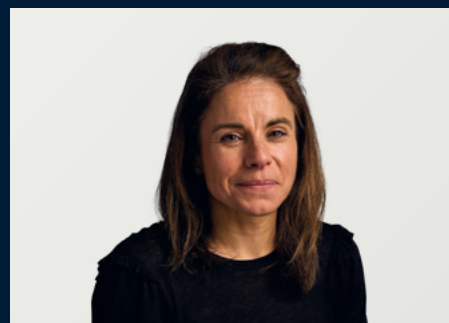
**Michael Morris**  
Chief Executive

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 <sup>1</sup>	01.02.2025	1/1	–	1/1	N/A	N/A
Mark Batten <sup>2</sup>	01.10.2017	10/10	4/4	4/5	4/4	2/2
Helen Beck <sup>3</sup>	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 <sup>4</sup>	01.01.2021	9/9	–	4/4	4/4	2/2
Maria Bentley <sup>5</sup>	01.10.2018	3/3	2/2	3/3	1/1	1/1
<b>Total number of meetings</b>		<b>10</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>2</b>

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



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

### Our stakeholders



Our shareholders



Our employees



Our suppliers



Our occupiers



Local communities and charities

## 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

<b>Repositioning of office assets for alternative use</b>	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.
<b>Investment into the portfolio</b>	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

<b>Share buyback programme</b>	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.
<b>Review of dividend</b>	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.
<b>Refinancing with NatWest</b>	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.
<b>Change in valuer</b>	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

<b>Occupier engagement</b>	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.
<b>ESG strategy</b>	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.
<b>Board succession</b>	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.

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

# Composition, Succession and Evaluation

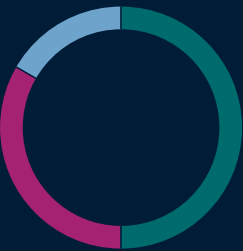
These charts set out the Board’s composition, tenure and diversity characteristics as at 31 March 2025.

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.

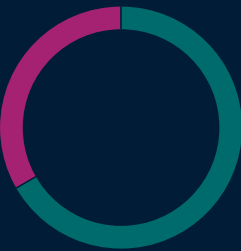
## Board composition and diversity

### Function



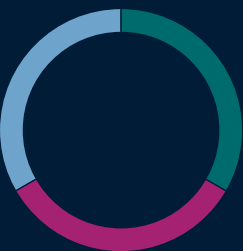
Independent 3  
Non-independent 2  
Chair 1

### Gender



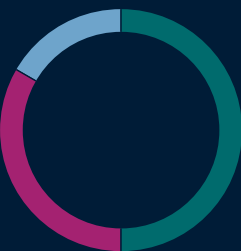
Male 4  
Female 2

### 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 years¹ 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%



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.

# 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
<b>1. Continue to consider opportunities for growth.</b>	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.
<b>2. Review and update the risk management framework.</b>	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.
<b>3. Review Board meeting schedule and allocation of topics for each meeting.</b>	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.
<b>4. To include a lessons learned Board agenda item on a regular basis to cover both strategic and operational matters.</b>	The Board has considered lessons learned as part of routine operational papers for recent property acquisitions and disposals and also from a strategic perspective.
<b>5. Increase focus of Board on what has changed since the previous Board meeting.</b>	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.
<b>6. Review how the Board considers stakeholders as part of its routine business and in the decision-making process.</b>	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.
<b>7. Ensure succession planning and diversity are regularly included for discussion at the Nomination Committee meeting.</b>	<p>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.</p> <p>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.</p>
<b>8. Review Director induction and ongoing Director training ensuring this covers key areas such as sustainability.</b>	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.
<b>9. Review current Non-Executive Director performance review process.</b>	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 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

# 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 Report

## 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.

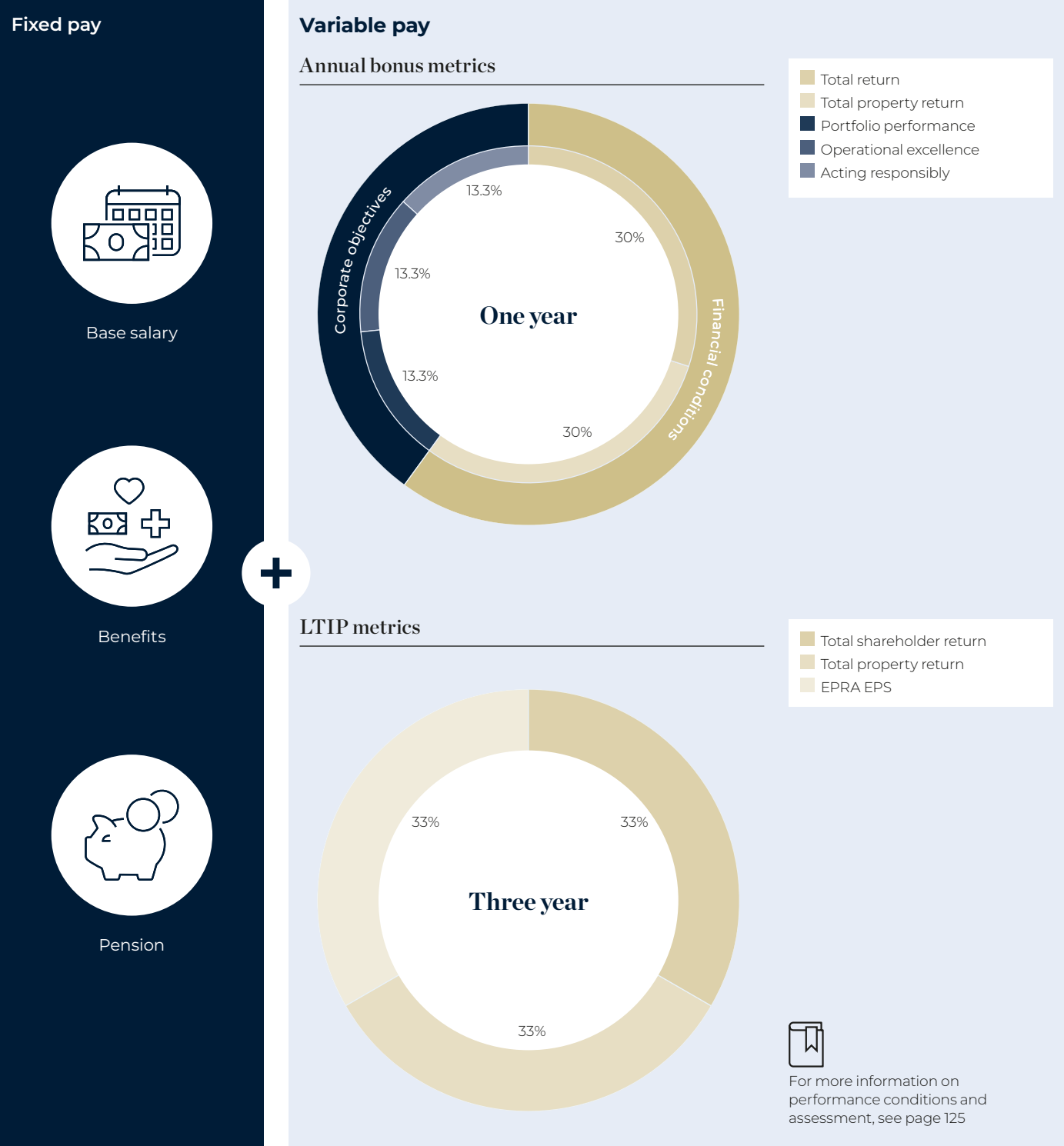
I will be attending the 2025 AGM and would be pleased to answer any questions you may have on this report.

### Helen Beck

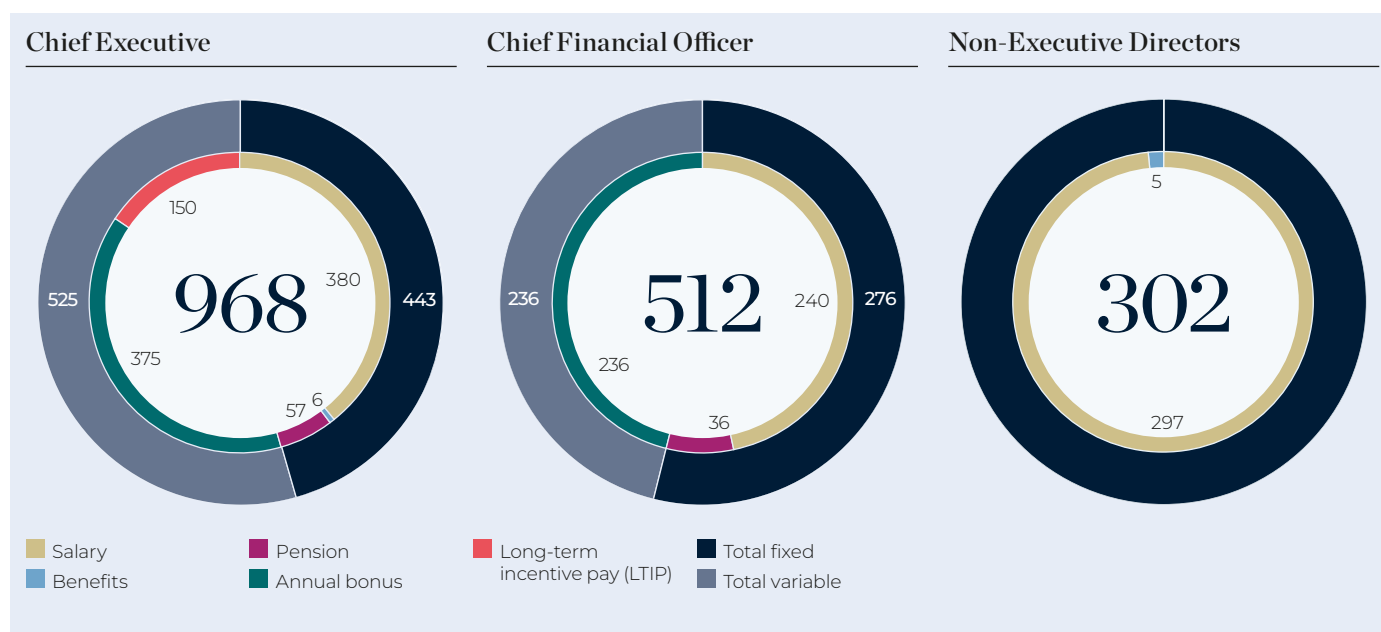
Chair of the Remuneration Committee  
21 May 2025

# Remuneration at a glance

The components of remuneration for the year ending 31 March 2025



## The single figure of remuneration for the Directors for the year ending 31 March 2025 (in £000s)



## 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

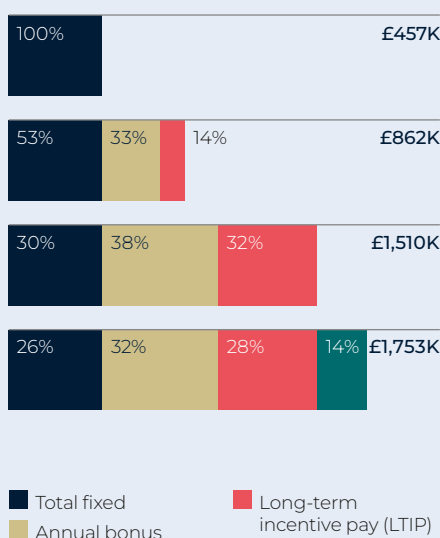
On target – fixed pay plus target vesting for the annual bonus (at 50% of maximum opportunity for illustrative purposes) and threshold vesting for the LTIP (at 25% of maximum award)

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)

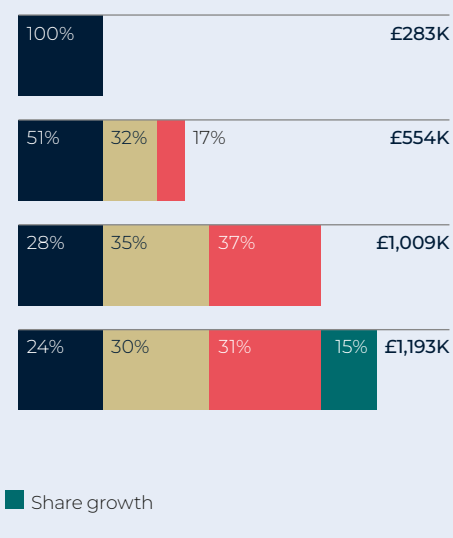
Maximum with share price growth – maximum scenario incorporating assumption of 50% share price growth during LTIP vesting period

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

### Chief Executive



### Chief Financial Officer



# 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



<b>Purpose</b>	A base salary to attract and retain Executives of appropriate quality to deliver the Group's strategy.
<b>Operation</b>	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.
<b>Maximum</b>	<p>No absolute maximum has been set for Executive Director base salaries.</p> <p>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:</p> <ul style="list-style-type: none"> <li>– Salaries would typically be increased at a rate no greater than the average employee salary increase</li> <li>– 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)</li> <li>– Larger increases may also be considered appropriate if a Director has been initially appointed to the Board at a lower than typical salary</li> </ul>

### Benefits



<b>Purpose</b>	Part of competitive remuneration package.
<b>Operation</b>	<p>This principally comprises:</p> <ul style="list-style-type: none"> <li>– Private medical insurance</li> <li>– Life assurance</li> <li>– Permanent health insurance</li> </ul> <p>The Committee may agree to provide other benefits as it considers appropriate.</p>
<b>Maximum</b>	Benefits are provided at market rates.

### Pension



<b>Purpose</b>	Part of a competitive remuneration package.
<b>Operation</b>	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.
<b>Maximum</b>	A consistent rate of pension provision applies to all employees, including Executive Directors.

### Annual bonus

<b>Purpose</b>	A short-term incentive to reward Executive Directors on meeting the Company's annual financial and strategic targets and on their personal performance.
<b>Operation</b>	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).
<b>Maximum</b>	The maximum bonus permitted under the Policy will be 175% of base salary.

## Annual bonus *continued*

<b>Performance measures</b>	<p>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.</p> <p>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.</p>
<b>Clawback</b>	<p>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.</p>

## Long-term Incentive Plan

<b>Purpose</b>	Align Executive Directors' interests with those of shareholders and to promote the long-term success of the Company.
<b>Operation</b>	<p>Awards are granted annually usually in the form of a conditional share award or nil cost option.</p> <p>Awards will normally vest at the end of a three-year period subject to meeting the performance conditions and continuing employment.</p> <p>The Remuneration Committee may award dividend equivalents (in the form of shares or cash) on awards that vest.</p> <p>The Committee will usually apply a holding period of a further two years to awards that vest.</p>
<b>Maximum</b>	Annual awards with a maximum value of up to 150% of base salary may be made.
<b>Performance measures</b>	<p>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.</p> <p>For threshold levels of performance up to 25% of the award vests, rising usually on a straight-line basis to 100% for maximum performance.</p>
<b>Clawback</b>	<p>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.</p>

## Shareholding guidelines

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

## Fees

<b>Purpose</b>	To provide competitive Director fees.
<b>Operation</b>	<p>Annual fee for the Chair, and annual base fees for other Non-Executive Directors.</p> <p>Additional fees for those Directors with additional responsibilities such as chairing a Board Committee, acting as Senior Independent Director or where a Director incurs significant additional time commitment. Additional fees would also be payable in the event a Non-Executive Director temporarily took on an Executive Director role. All fees will be payable monthly in arrears in cash.</p> <p>Fees will usually be reviewed independently every three years.</p> <p>The independent Non-Executive Directors are not eligible to receive share options or other performance-related elements or receive any other benefits other than where travel to the Company's registered office is recognised as a taxable benefit in which case a Non-Executive Director may receive the grossed-up costs of travel as a benefit.</p> <p>Non-Executive Directors are entitled to reimbursement of reasonable expenses.</p>
<b>Maximum</b>	The Company's Articles set an annual limit for the total of Non-Executive Directors' remuneration of £425,000.
<b>Other</b>	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
<b>Executive</b>										
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
<b>Non-Executive</b>										
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	–	–	–	–	–	–	–	–	–
<b>Total (audited)</b>		2025	917	11	93	1,021	275	336	150	761
		2024	926	15	96	1,037	223	274	246	743
										1,782
										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 <b>Bonus weighting: 30%</b>	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 <b>Bonus weighting: 30%</b>	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 <b>Bonus weighting: 13.3%</b>	<ul style="list-style-type: none"> <li>Completed three disposals (£51 million) of repositioned office assets and reduced offices exposure from 30% to 24%</li> <li>Reduced void costs and underlying net rental income growth of 2.4%</li> <li>Outperformed the MSCI benchmark on an income and total return basis (100bps of outperformance)</li> <li>Reduced vacancy from 9.2% to 6.2%</li> </ul>	11%	16%
Operational excellence <b>Bonus weighting: 13.3%</b>	<ul style="list-style-type: none"> <li>NAV growth of 4% to 100pps</li> <li>EPRA earnings growth of 5% to 4.2pps</li> <li>Reduced gearing to 24%</li> <li>Upgrades to systems and processes to improve efficiency</li> </ul>	9%	13%
Acting responsibly <b>Bonus weighting: 13.3%</b>	<ul style="list-style-type: none"> <li>Significant improvements in decarbonisation and improvement in EPC ratings from 80% to 83%</li> <li>Improved scores on occupier engagement</li> <li>High employee retention and engagement</li> <li>Total shareholder return of 16% and broadened the shareholder register</li> <li>Updated ESG strategy, priorities and progressed pathway to net zero</li> </ul>	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 <sup>1</sup>	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 <sup>1,2</sup> £
Michael Morris	437,473	197,279	240,194	149,952

- 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).
- 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
<b>Michael Morris</b>								
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	–	–	–	<b>437,473</b>
2023 LTIP	14 June 2023	1 April 2023 to 31 March 2026	78.10p	456,408	–	–	–	<b>456,408</b>
2024 LTIP	6 June 2024	1 April 2024 to 31 March 2027	67.47p	–	528,316	–	–	<b>528,316</b>
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	–	–	–	<b>301,997</b>
2024 DBP	6 June 2024	1 April 2024 to 31 March 2026	67.47p	–	241,129	–	–	<b>241,149</b>
				<b>1,758,772</b>	<b>769,445</b>	<b>(357,876)</b>	<b>(205,018)</b>	<b>1,965,323</b>
<b>Saira Johnston</b>								
2024 DBP	6 June 2024	1 April 2024 to 31 March 2026	67.47p	–	355,713	–	–	<b>355,713</b>
				–	<b>355,713</b>	–	–	<b>355,713</b>

## 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 <sup>1</sup>	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.

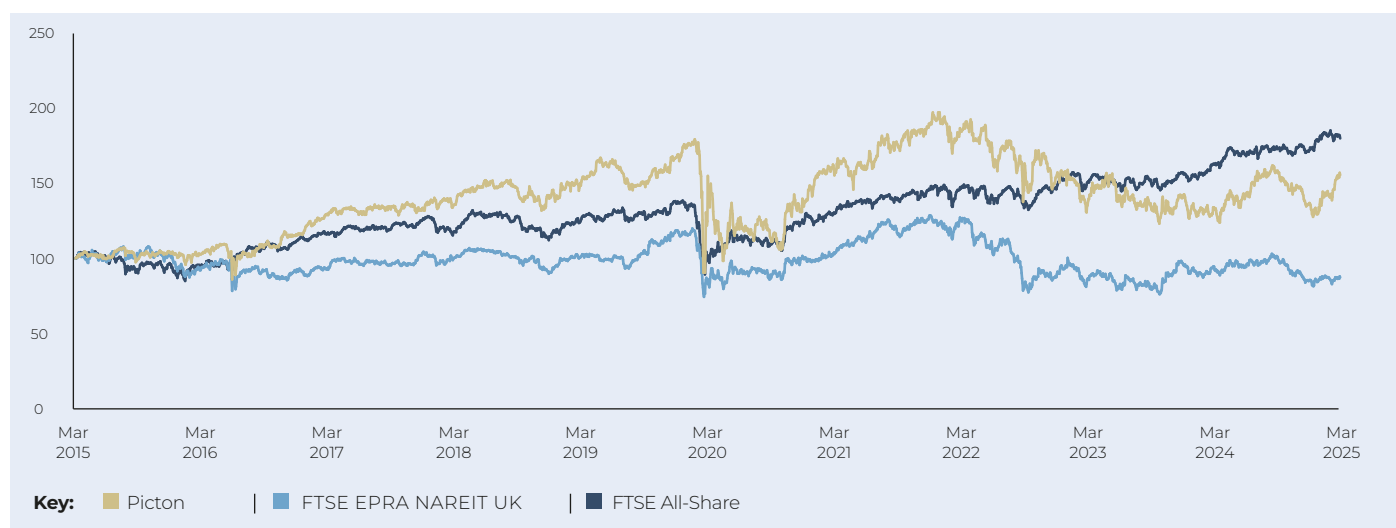
There have been no changes in these shareholdings between the year end and the date of this report.

## Remuneration Report *continued*

### 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
<b>Executive Directors</b>		
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 <sup>1</sup>	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 <sup>1</sup>	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.
<b>Non-Executive Directors</b>		
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
<b>Votes cast</b>	<b>328,466,519</b>	<b>100.0</b>	<b>330,224,596</b>	<b>100.0</b>
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.

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