

Introduction to the Corporate Governance Report

On behalf of the Board, I am pleased to introduce our 2023 Corporate Governance Report.

Dear Shareholder

This year we have returned to more familiar working arrangements. We have maintained our schedule of Board and Committee meetings throughout the year with our main meetings held in person. As a result we have also been able to interact more regularly with the whole Picton team, which we have all valued.

The external Board evaluation was conducted this year and brought interesting perspectives to how we operate. More detail is set out in the Nomination Report.





The return to in-person meetings has helped to build a stronger working relationship across the whole Picton team.

Lena Wilson CBE
Chair

Board activities

Under the Leadership and Purpose section of this report we have set out the activities of the Board and its Committees during the year. It has been another busy year. Following feedback from our investors, we have looked at opportunities to increase the scale of the business and which would also provide benefit to shareholders. We have progressed our sustainability agenda and have actioned many of the recommendations arising from the Board evaluation.

Board composition and diversity

There have been no changes in the composition of the Board this year.

The Board is aware of the recent changes to the Listing Rules around diversity and inclusion. As set out on page 96 we currently meet one of the three new requirements for diversity on listed company boards. We recognise the need for diversity and support the move for greater gender and ethnicity representation on Boards. From an all-male Board in 2018 we have moved to 33% female representation, in line with the Alexander-Hampton Review target, but slightly short of the new Listing Rules. As a small Board we do not have frequent turnover and opportunities to increase diversity are limited; however, we fully intend to comply with the new Listing Rules as future appointments are made.

UK Corporate Governance Code

Our Statement of Compliance with the Corporate Governance Code is set out within the Directors' Report. I am

pleased to report that we have fully complied with the Code this year.

The following sections describe the workings of the Board and the Committees and how these interact with the provisions of the Corporate Governance Code.

Board evaluation

Last year we carried out a Board evaluation internally, which gave rise to a number of actions and recommendations. Good progress has been made against these actions and this is set out in more detail in the Nomination Committee report.

This year an external review has been conducted by Boardroom Review Limited. The conclusion of the review was that the Board and its Committees were continuing to operate very effectively. The review provided helpful improvements to operating practices and we will address these over the course of this year.

One key action was to review our company secretarial and governance arrangements. We have considered this and decided that the company secretarial function would be more effective if brought in-house. As a result, I am pleased to note that Kathy Thompson has recently joined the Picton team and she will shortly become our Company Secretary following an orderly transition from Northern Trust in Guernsey. I would very much like to express my thanks to the team at Northern Trust for their hard work and support over many years.

Annual General Meeting

This year we held our Annual General Meeting in September, earlier than in previous years and closer to the announcement of our annual results. I am pleased that the meeting was held in-person for the first time since the Covid-19 pandemic, and I would like to thank shareholders for their support. All of the resolutions were approved by shareholders, with at least 97% of votes in favour.

Our people and culture

We have returned to a regular pattern of in-person Board meetings this year in the office, giving us the opportunity to meet with the whole team on many occasions. This has certainly helped to build a stronger

working relationship across the whole Picton team. We have maintained our flexible working arrangements for the team, working in the office three days each week, and at home on the other two days. Feedback from the team confirms that they continue to value this flexibility.

In November our new Head of Building Surveying, Andy Lynch, joined the team. Andy will be overseeing capital projects across the portfolio and will be key in helping us with our net zero carbon pathway. On behalf of the whole Board, I would like to welcome both Andy and Kathy to the team.

The results of this year's employee engagement survey were discussed at our Board meeting in March. The feedback from the survey is that the team is content and functioning well. More detail is provided in the Being Responsible section on page 73, as well as the actions arising from the survey.

Our stakeholders

Our occupier focused approach is key to our portfolio strategy. We have carried out two occupier surveys this year, one at our office assets, and another at the industrial assets. Overall the results showed that there was a high level of satisfaction among our occupiers. The surveys covered sustainability topics, and there was good interest from occupiers in making environmental improvements at their properties. This is very encouraging from a net zero carbon perspective.

Reporting

I am pleased to report that last year's Annual Report and Sustainability Report both received an EPRA Gold award, reflecting our aim to report our activities and results clearly and concisely. This year we are fully incorporating our sustainability activities within this report, which is more consistent with our integrated approach to sustainability. The progress that we have made against our net zero carbon pathway is set out in the Being Responsible section on pages 62 to 65. We will, however, publish all of our sustainability data in a separate report online, which will be available shortly.

Lena Wilson CBE
Chair
24 May 2023