

**Statement of Compliance with the QCA Corporate Governance Code****Chairman's Introduction**

Corporate governance is essential to ensuring our business is run in the right way for the benefit of all of our stakeholders.

Our governance framework was established to provide clear lines of accountability and responsibility. It also assists with the sharing of information and facilitates fast decision making and effective oversight. Our governance arrangements continue to support the development and delivery of strategy by ensuring accountability and responsibility, facilitating the sharing of information to inform decisions, enabling engagement with key stakeholders, maintaining a sound system of risk oversight, management and internal controls, providing independent insight and knowledge from the independent non-executive directors and facilitating the development and monitoring of key performance indicators.

Following the listing on TISE on 19 February 2024 and the delisting from the LSE on 20 February 2024, the company has maintained its existing governance framework. The TISE Listing Rules requires issuers to adhere to certain principles, including being responsible for following any applicable recognised code of corporate governance. Following TISE Admission, the company intends to comply, insofar as possible, for a company of its size and nature, with the provisions of the QCA Corporate Governance Code. The board believes the QCA Code offers a flexible, yet rigorous approach to support the company as the business evolves.

Set out below is a summary, in broad terms, which demonstrates how the Company is addressing the key governance principles defined in the QCA Code.

Charles Butler

Non-executive Chair

May 2024

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I N V E S T M E N T S P L C

Governance Principle		Explanation	Further reading
1.	Establish a purpose, strategy and business model which promote long-term value for shareholders.	<p>Highcroft's purpose is to provide our tenants with quality properties, in good locations, enabling them to succeed, and our stakeholders to benefit on a long-term sustainable basis.</p> <p>Highcroft aims to deliver sustainable long-term income and capital growth for its shareholders through accretive asset management initiatives and recycling of capital in its regionally based property portfolio.</p>	See pages 01 to 05 2023 Annual Report
2.	Promote a corporate culture that is based on ethical values and behaviours.	Our culture is open and supportive. Integrity is a value that defines our culture and underpins the way that we do business.	See pages 12 to 22 2023 Annual Report
3.	Seek to understand and meet shareholder needs and expectations.	<p>We engage indirectly via the annual report and website and directly with our two main shareholder groups and all shareholders at general meetings.</p> <p>Our chief executive, chair and finance director held various meetings with the two main shareholder groups during 2023 to consult with them and to hear their views directly.</p> <p>Shareholders can contact the company at: <a href="mailto:ir@highcroftplc.com">ir@highcroftplc.com</a> which is monitored by the company secretary.</p>	See page 21 and 38 2023 Annual Report
4.	Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success	<p>The board has identified its key stakeholder groups which it engages with on a regular basis, including shareholders, tenants, employees, advisory teams and suppliers and local communities.</p> <p>Sustainability is considered as part of our risk discussions at all board meetings and in all our investment processes.</p>	See pages 18 to 22. 2023 Annual Report

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## I N V E S T M E N T S P L C

5.	Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation.	<p>The company has a well-established risk management and internal control framework. The board has overall responsibility for risk management with a focus on determining the nature and extent of exposure to principal risks the group is willing to take in achieving its strategic objectives. The amount of risk is assessed in the context of the core strengths of our business and the external environment in which we operate.</p> <p>The board believes that effective risk management is integral to our strategy of delivering long-term sustainable income and capital growth.</p>	See pages 17 to 22 and 25 to 26. 2023 Annual Report
6.	Establish and maintain the board as a well-functioning balanced team led by the chair	The board recognises the importance of segregation of roles and division on responsibilities between the chairman and chief executive, and between the leadership of the board and the executive leadership of the business.	See pages 23 to 40. Annual Report <a href="http://www.highcroftplc.com/investors">www.highcroftplc.com/investors</a>

7.	<p>Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities.</p>	<p>The governance arrangements for the company are set out in the annual report and website.</p> <p><b>Chair</b></p> <ul style="list-style-type: none"> <li>• Leads the board ensuring it operates effectively and in accordance with good governance.</li> <li>• Sets board agenda for meetings and ensures that adequate, accurate and clear board information is circulated in a timely manner; that all matters are discussed properly; and promotes a culture that encourages constructive open debate on all key issues.</li> <li>• Maintains a dialogue with shareholders.</li> </ul> <p><b>Chief executive</b></p> <ul style="list-style-type: none"> <li>• Oversees the day to day running of the group’s business including the development and implementation of the board’s agreed strategy.</li> <li>• Leads the executive team.</li> </ul> <p><b>Senior independent director</b></p> <ul style="list-style-type: none"> <li>• Provides a sounding board for the chairman and serves as an intermediary for other directors when necessary.</li> <li>• Available to discuss concerns with shareholders that cannot be resolved by the normal channels of communication with the chairman or chief executive.</li> </ul> <p>The terms of reference for each of the board committees and matters reserved for the board are available at: <a href="https://www.highcroftplc.com">Highcroft Investments - About (highcroftplc.com)</a></p>	<p>See pages 23 to 40. 2023 Annual Report</p> <p><a href="https://www.highcroftplc.com">Highcroft Investments - About (highcroftplc.com)</a></p>
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## I N V E S T M E N T S P L C

8.	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	<p>During 2023 the board conducted a self-performance evaluation by way of questionnaire which was facilitated by the company secretary. Actions identified from the review were considered by the board and it was agreed that progress on these continue to be monitored over the year.</p> <p>The nomination committee is responsible for reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the board and making recommendations to the board. The nominations committee also gives full consideration to succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the group and the skills and expertise needed on the board in the future.</p>	See page 27. 2023 Annual Report
9.	Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture.	<p>The objective of the group's remuneration policy is to embed a clear, transparent remuneration structure, which helps drive the group's strategy by rewarding performance.</p> <p>The board's policy is that the remuneration of all directors should reflect their experience and expertise, and the particular value that they add to the group. In addition, the packages should be sufficient to attract and retain individuals of an appropriate calibre and capability and should reflect the duties and responsibilities of the directors and the value and amount of time committed to the group's affairs.</p>	See pages 28 to 36. 2023 Annual Report  A copy of the 2023 remuneration policy can be found at <a href="http://www.highcroftplc.com">www.highcroftplc.com</a>
10.	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders.	<p>Our key stakeholders are our shareholders, tenants, employees, advisory team and other suppliers, our local communities and the environment.</p> <p>The 'investor-centre' section of the website contains copies of historical annual reports and stock exchange announcements</p>	See pages 21 to 40. 2023 Annual Report