

DIRECTORS' REMUNERATION POLICY

The objective of the group's remuneration policy is to embed a clear, transparent remuneration structure, which helps drive the group's strategy by properly rewarding performance.

The group's remuneration policy is to be proposed to shareholders at the 2023 AGM. The board's policy is that the remuneration of all directors should reflect their 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. The packages should continue to be aligned with our remuneration philosophy with at least one element of performance-related pay for each executive director.

The remuneration packages of all directors are reviewed annually and are listed in the table below, together with an explanation of who they apply to, their purpose, their link to our strategy, the mechanics of the operation of the element and any maximum amounts or performance criteria that apply. The chief executive's remuneration for 2023 is not directly comparable with the prior year, or that of the finance director, as some of the activities performed by the previous chief executive have been outsourced to Cube Asset Management Limited, including routine tenant and asset activities and the sourcing of potential new properties.

Element	Purpose	Link to strategy	Maximum	Operation	Performance target
Executive directors					
Fixed					
Base salary	Competitive remuneration base, benchmarked to the market reflecting role, responsibilities, skills and experience.	To assist with recruitment and retention.	Not set.	Reviewed at least annually. Paid monthly via payroll.	N/A
Pension	To provide the legal minimum post-retirement benefits.	To assist with recruitment and retention.	Not set.	There is an auto-enrolment compliance scheme in place. The group will pay either to this, or another personal pension scheme nominated by the director, at least the minimum legal level of company auto enrolment contribution. The group may pay a non-pensionable cash sum in lieu of pension contributions.	N/A
Benefits	Provide a competitive level of benefits.	To assist with recruitment and retention.	The maximum will be set at the cost of providing the benefits described.	There is no intention to introduce direct benefit provision for the executive directors at this time. However, the remuneration committee recognises the need to maintain suitable flexibility to ensure it is able to attract and retain directors. Accordingly, the remuneration committee expects to be able to pay a cash allowance in lieu of benefits such as private medical insurance and death in service life assurance as appropriate.	N/A

Variable – new policy with effect from 1 January 2023					
The Highcroft Bonus Plan	To incentivise the executive directors to deliver both strong in-year financial and non-financial performance and sustained longer-term returns to shareholders.	To assist with recruitment and retention.	Annual cash awards capped at 10% of distributions to shareholders. Up to 40% of base salary for the chief executive and 100% of base salary for the finance director.	Annual awards paid in cash.	<p>Performance is measured over the financial year.</p> <p>75% of the award is payable on the achievement of financial targets, with the balance being payable on the achievement of strategic targets.</p> <p>The remuneration committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets, disclosing precise targets in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any payouts.</p> <p>The remuneration committee retains discretion in exceptional circumstances to change performance metrics and targets and the weightings attached to metrics part way through a performance year if there is a significant and material event that causes the remuneration committee to believe the original metrics, weightings and targets are no longer appropriate. Discretion may also be exercised in cases where the remuneration committee believe that the formulaic outcome is not a fair and accurate reflection of business performance.</p>

Chairman and non-executive directors

Fees	Competitive remuneration benchmarked to the market, reflecting role, responsibilities, skills and experience.	To assist with recruitment and retention.	Not set.	Fees are reviewed annually taking into account, responsibilities, time commitment and benchmark data for organisations of a similar size and complexity. Fees are paid monthly via the payroll and relevant expenses incurred are reimbursed.	N/A
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