

# Remuneration policy

The key objectives of the Company's Remuneration Policy are as follows:

- To ensure that Executive Directors and senior managers are rewarded in a way that attracts, retains, motivates and rewards management of the highest quality.
- To operate incentive plans designed to encourage Executive Directors and senior managers to align their long-term career aspirations with the long-term interests of the Company and shareholders' expectations.
- To promote the attainment of both individual and corporate achievements, measured against performance criteria required to deliver the long-term growth and sustainability of the business.
- To encourage sustained performance over the medium and long term without taking undue risk.

The total pay framework is based on a mixture of fixed and variable elements considered on a meritocratic basis at individual and Group level, taking into account the remuneration awarded to employees in the Group. The balance between fixed and variable pay is considered appropriate, given that the various incentive plans/schemes ensure a significant proportion of a key individual's remuneration package is performance related, thereby correlating with the strategic aims of the business and the performance of the Company.

The Policy will apply from the 2020 AGM subject to shareholder approval.

## **Policy review process and changes to the Policy**

During the year the Remuneration Committee reviewed the Policy, with a particular focus on the new provisions of the UK Corporate Governance Code. Input was received from the Chairman and the CEO, while ensuring that conflicts of interest were suitably mitigated. The Company's key shareholders were consulted, along with key proxy agencies.

The key changes between this Policy and the policy which was approved by shareholders at our 2017 AGM are as follows:

- The maximum pension contribution for the existing Executive Directors will be reduced from 17.5% of salary to 15.5% of salary.
- The maximum pension contribution for any new Executive Director will be aligned to the workforce (currently 14% of salary).
- Introduction of post-employment shareholding requirements.

Other minor changes have been made to improve the operation of the Policy.

## **Policy table for Executive Directors**

<b>Purpose of component and link to strategy</b>	<b>Operation</b>	<b>Maximum</b>	<b>Performance measures</b>
<b>Salary</b> Core element of remuneration set at a level to attract and retain individuals of the calibre required to shape and execute the Company's strategy.	Contractual fixed cash amount.  Typically, salary levels are reviewed on an annual basis. The Committee takes into account a number of factors when setting base salary, including: <ul style="list-style-type: none"> <li>- Size and scope of the role;</li> <li>- Skills and experience of the individual;</li> <li>- Performance of the Company and individual;</li> <li>- Appropriate market data; and</li> <li>- Pay and conditions elsewhere in the Company.</li> </ul>	Salary increases may be applied taking into account the factors outlined in this table.  During review, consideration will also be given to increases applied to the wider employee population. In certain circumstances, such as an increase in the size and scope of the role or increased experience where an individual has been hired on a lower salary initially, higher increases may be given.  There is no maximum salary opportunity.	None.

<b>Purpose of component and link to strategy</b>	<b>Operation</b>	<b>Maximum</b>	<b>Performance measures</b>
<p><b>Benefits</b> To provide Executive Directors with market competitive benefits consistent with the role.</p>	<p>Executive Directors currently receive the following benefits:</p> <ul style="list-style-type: none"> <li>- Cash in lieu of motor vehicle;</li> <li>- Private medical insurance;</li> <li>- Income protection insurance; and</li> <li>- Life assurance.</li> </ul> <p>Other benefits that are consistent with the role may be provided if the Committee considers it appropriate. Payments may be made to Executive Directors in lieu of any unutilised holiday allowance. The Committee may permit additional holiday in lieu of remuneration.</p> <p>Relocation and expatriate benefits may also be provided, if an existing or new Executive Director is required to relocate.</p> <p>The Executive Directors may participate in all employee share plans adopted by the Company on the same basis as other employees.</p>	<p>The cost of benefits may vary from year to year depending on an individual's circumstances and the varying cost of benefits premiums.</p> <p>There is no maximum benefits value.</p>	<p>None.</p>
<p><b>Annual bonus</b> Incentivises and rewards Executive Directors for the successful delivery of financial and strategic objectives on an annual basis.</p>	<p>Payments are based on performance in the relevant financial year.</p> <p>Payments up to 50% of the maximum opportunity ('Target' performance) are normally made in cash.</p> <p>Any bonus above 50% of the maximum opportunity will normally be paid in shares which the Director is expected to hold for at least two years.</p> <p>Clawback and/or malus provisions may be applied at the discretion of the Committee if an exceptional event occurs, such as a material misstatement of results, serious misconduct or an error/material misstatement resulting in overpayment.</p> <p>Malus provisions may also be applied in the event of serious reputational damage to the Company or a material failure of risk management.</p> <p>The Committee has discretion to adjust bonus outcomes if it considers them to be inconsistent with overall Company performance, taking into account any relevant factors.</p>	<p>150% of salary per annum.</p> <p>Executive Directors, excluding the Chief Executive, will have a lower maximum opportunity than the percentage stated above.</p> <p>For the financial year ending 31 March 2021, Executive Directors, including the CEO, will have a maximum of 75% of salary.</p>	<p>Measures are based on a range of financial, strategic and individual performance.</p> <p>At least 50% of the bonus will be based on financial measures.</p> <p>The Committee reviews the basis of performance measurement under the annual bonus from time to time and may review and amend the measures and weightings.</p> <p>50% of the maximum bonus opportunity will be payable for 'Target' performance.</p>

## Purpose of component and link to strategy

### Long-Term Incentive Plan (LTIP)

Incentivises and rewards Executive Directors for delivery of the Company's strategic plan of building shareholder value.

### Retirement benefits

To provide Executive Directors with retirement benefits consistent with the role.

### Shareholding guidelines

To align Executive Directors with the shareholder experience both in and post-employment.

## Operation

Awards of nil-cost options or conditional shares.

The awards vest subject to the achievement of performance targets set by the Committee. 50% of the award is based on performance measured over three years, with the remaining 50% based on performance measured over four years.

Following vesting, the awards will normally be subject to an additional holding period of up to two years such that the combined performance and holding period will not be less than five years in total. Dividend equivalents may be paid on vested awards.

Clawback and/or malus provisions may be applied at the discretion of the Committee if an exceptional event occurs, such as material misstatement of results, serious misconduct or an error/material misstatement resulting in overpayment.

Malus provisions may also be applied in the event of serious reputational damage to the Company or a material failure of risk management.

The Committee has discretion to adjust LTIP outcomes if it considers them to be inconsistent with overall Company performance, taking into account any relevant factors.

Defined contribution pension arrangements are provided.

Pension benefits are provided through a Group Personal Pension Plan, non-pensionable cash supplement or contribution to a Personal Pension arrangement.

The Company operates shareholding guidelines for Executive Directors.

They are required to build a shareholding of 50% of salary within two years of appointment and 100% of salary within four years of appointment. Thereafter, they will be required to retain 50% of net vested shares from the LTIP until they build shareholdings of 200% of salary for the CEO and 150% of salary for the Deputy CEO and CFO.

Executive Directors will normally be expected to maintain a minimum shareholding for two years following ceasing to be an Executive Director.

## Maximum

300% of salary per annum.

The maximum contribution for the current Executive Directors is 15.5% of salary per annum.

For any new Executive Director appointments, the maximum contribution will be in-line with the rate available to the majority of the workforce (currently 14% of salary).

Not applicable.

## Performance measures

The primary performance measure will be net asset value per share growth (including dividends). No less than 50% of an award will be based on this measure. The Committee retains the flexibility to introduce additional measures.

For threshold levels of performance, no more than 25% of the award vests with 100% of the award vesting for maximum performance.

None.

Not applicable.

**Notes to the Policy table  
Application of Policy**

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) that are not in line with the Policy set out above where the terms of the payment were: (i) agreed before 1 March 2015 (the date our first shareholder approved policy came into effect); (ii) before the Policy set out in this report comes into effect, provided that the terms of the payment were consistent with the shareholder approved policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration and an award of shares or cash is 'agreed' at the time the award is granted.

**Discretion**

The Committee will operate the LTIP in accordance with the relevant plan rules. In particular, the Committee retains discretion on the operation and administration of these plans as follows:

- Dividend equivalents may be paid on awards including on a reinvested basis.
- While LTIP awards will normally be delivered in shares, the Committee may settle an award in cash, but would only do so in exceptional circumstances.
- In the event of a variation of the Company's share capital, a demerger, special dividend or distribution or any other corporate event which, in the Committee's opinion, might affect the current or future value of awards, the Committee may adjust the number of shares, the exercise price and the performance condition.

- The Committee may adjust the performance condition in accordance with the plan rules.

Awards may be amended in accordance with the rules approved by shareholders.

In the event of a temporary base salary reduction, the Committee retains the discretion to apply the limits in the policy table relating to pension, annual bonus and LTIP to the salary prior to any such reduction.

**Takeover or other corporate event**

For outstanding LTIP awards, on a takeover or other corporate event, generally the performance period will end on the date of the event. The Committee will determine vesting having regard to the extent to which performance conditions have been achieved at this point taking into account any other factors they consider relevant. Awards will generally vest on a time pro-rata basis taking into account the shortened performance period, unless the Committee determines otherwise. Awards subject to a holding period will be released as part of the transaction.

Alternatively, outstanding LTIP awards may be subject to rollover, with the agreement of the acquiring company.

Other corporate events may include, but are not limited to, a demerger, delisting, distribution (other than an Ordinary dividend), reverse takeover and merger by way of dual listing.

**Minor changes**

The Committee may make minor amendments to the Policy (for example for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for the amendment.

**Performance measures and target setting**

Annual bonuses are determined based on performance against a range of financial, strategic and individual performance conditions. For the financial year ending 31 March 2021 these measures are development and trading gains, NAV growth and non-financial strategic and personal objectives.

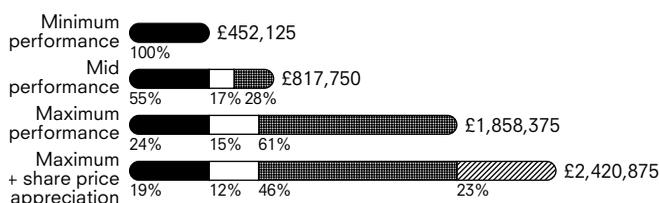
The LTIP measures the Company's NAV growth over three and four years. The Company's overarching objective is to build shareholder value over the long term and the use of NAV as a performance measure aligns Directors with the shareholder experience. Targets are positioned at a level which the Committee considers to be stretching but which do not incentivise a change in our risk approach.

The Committee may adjust both the performance measures and weightings, subject to the framework in the policy table. The Committee retains discretion to adjust annual bonus or LTIP outcomes if it considers them to be inconsistent with overall Company performance, taking into account any relevant factors. While the Committee anticipates that any such discretion would normally result in a reduction to outcomes, the Committee retains the right to make an upwards adjustment if considered appropriate.

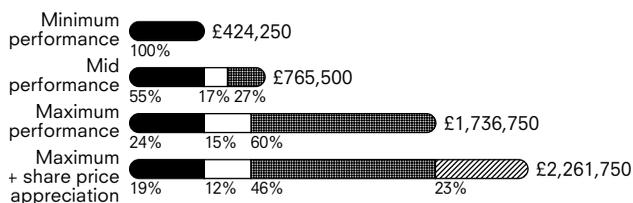
**Illustrations of Policy**

Illustrations of the Policy applying from 10 September 2020 are provided below. These reflect the intended operation of the renewed policy for the 2020/21 financial year.

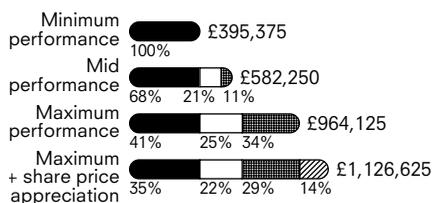
**MS Weiner**



**R Upton**



**M O Shepherd**



● Total fixed pay ○ Annual bonus ● LTIP ◌ Share price

The assumptions used for these charts are as follows:

	<b>Levels of performance</b>	<b>Assumptions</b>
<b>Fixed pay</b>	All scenarios	Total fixed pay comprises base salary, benefits and pension.  Base salary – for the 2020/21 financial year (excluding any salary reduction for the purpose of policy illustration).  Benefits – amount received by each Executive Director for the financial year ended 31 March 2020 as per single figure table.  Pension – 15.5% base salary pension contributions.
<b>Variable pay</b>	Minimum performance	No payout under the annual bonus.  No vesting under the LTIP.
	Mid performance	50% of the maximum payout under the annual bonus.  20% vesting under the LTIP.
	Maximum performance	100% of the maximum payout under the annual bonus.  100% vesting under the LTIP.
	Maximum performance plus 50% share price growth	100% of the maximum payout under the annual bonus.  100% vesting under the LTIP and 50% share price growth.

LTIP awards have been shown at face value with no dividend, share price growth or discount rate assumptions with the exception of the final scenario which assumes share price growth of 50%.

Award levels reflect a 300% of salary award for M S Weiner and R Upton, and a 100% of salary award for M O Shepherd and therefore exclude, for the purpose of policy illustration, the reduced award levels for 2020/21.

#### **Differences in Remuneration Policy for Executive Directors compared with other employees**

As for our Executive Directors, a sizeable proportion of employee pay is dependent on Company, team and individual performance. All employees participate in the annual bonus, with the weighting of individual and corporate measures dependent on an individual's role and their ability to directly influence the Company's results.

Individuals below the Board who are involved in the organisation and management of our development and trading projects may have incentives which take into account the performance of their projects. All employees participate in the LTIP.

#### **Policy table for Non-executive Directors**

<b>COMPONENT</b>	<b>THE COMPANY'S APPROACH</b>
<b>Chairman fees</b>	Comprises an all-inclusive fee for all Board and Committee responsibilities.  Determined by the Remuneration Committee and approved by the Board.
<b>Non-executive Director fees</b>	Comprises a basic fee in respect of their Board duties.  Further fees may be paid in respect of additional Board or Committee duties.  Recommended by the Chairman and Chief Executive and approved by the Board.

Expenses incurred in the performance of Non-executive Directors' duties may be reimbursed or paid for directly by the Company, including any tax due on those expenses.

No Director plays a role in determining their own remuneration. Fees for all Non-executive Directors are set at a level sufficient to attract and retain individuals with the required skills, experience and knowledge to allow the Board to carry out its duties. The fees set out above are the sole element of Non-executive Director remuneration. They are not eligible for participation in the Company's incentive or pension plans.

The fees are set within the aggregate limits set out in the Company's Articles of Association and approved by shareholders.

#### Approach to remuneration on recruitment

The Committee will apply the following principles on the recruitment of a new Executive Director:

- Although the Company operates in a highly competitive market for talent, the Committee is mindful of the need to avoid paying more than is necessary on recruitment.
- The package of a new Executive Director would, so far as practical, be aligned with the Policy table.
- Salaries would reflect the skills and experience of the individual, and may be set at a level to allow future salary progression to reflect performance in the role. For interim positions a cash supplement may be paid rather than salary (for example a Non-executive Director taking on an executive function on a short-term basis).

- It would be expected that the structure and quantum of the variable pay elements would reflect those set out in the Policy table. However, at recruitment, the Committee may flex the balance between annual and long-term incentives and the measures used to assess performance.
- Variable pay on recruitment (excluding buy-outs) would be subject to the maximums in line with the ongoing incentive policy maximums set out in the Policy table; being 150% of salary for annual bonus and 300% of salary for the LTIP.

In the event that an individual is internally promoted to the Board (including if an Executive Director is appointed following an acquisition or merger), the Company would normally honour all legacy arrangements in line with their original terms.

#### Buy-outs

To facilitate recruitment, the Committee may make compensatory payments and/or awards for any remuneration arrangements subject to forfeit on leaving a previous employer. Any buy-out would take into consideration the terms of the arrangement being forfeited and would take into account all relevant factors such as the form, expected value, performance conditions, anticipated vesting and timing of the forfeited remuneration. There is no limit on the value of such awards, but the Committee's intention is that the value awarded would be no more than the commercial value forfeited.

#### Recruitment of Non-executive Directors

On the appointment of a new Chairman or Non-executive Director, remuneration arrangements will be consistent with the Policy set out in this report.

#### Service contracts – Executive Directors

The Executive Directors' service contracts do not specify an expiry date and may be terminated upon twelve months' notice by either the Director or the Company.

In the event of early termination, a payment in lieu of notice may be made which may include salary, pension and benefits.

The Company's policy on termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual provisions, the circumstances of termination and any applicable duty to mitigate.

An Executive Director may be hired on a contract that has a longer notice period (up to 18 months) during an initial pre-determined period.

The Non-executive Directors' appointments are terminable at the will of the parties but are envisaged to establish an initial term of three years, after which they will be reviewed annually.

The notice periods are currently twelve months in the case of the Chairman and six months for other Non-executive Directors.

#### Policy on payment for loss of office

Where an Executive Director leaves employment, the Committee's approach to determining any payment for loss of office will normally be based on the following principles:

- The Committee's objective is to find an outcome which is in the best interests of both the Company and its shareholders while taking into account the specific circumstances of cessation of employment.
- The Committee reserves the right to make any other payments in connection

with an Executive Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a compromise or settlement of any claim arising in connection with the cessation of an Executive Director's office or employment. Any such payments may include, but are not limited to, paying any reasonable level of fees for outplacement assistance and/or the Executive Director's legal or professional advice fees in connection with his cessation of office or employment.

- The Committee may make an annual bonus payment for the year of cessation depending on the reason for leaving. Typically, the Committee will take into consideration the period served during the year and the individual and the Company's performance up to cessation. Any such payment is at the discretion of the Committee.
- The treatment of outstanding share awards will be governed by the relevant plan rules as set out in the table below. For the purposes of this table, good leaver reasons include, but are not limited to, cessation due to ill-health, redundancy, retirement, death and any other reason at the discretion of the Committee.
- If awards are made on recruitment (such as buy-outs) the treatment on leaving would be determined at that time.

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**Plan**

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**Long-Term Incentive Plan**

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**Treatment on cessation of employment**

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Unvested awards will normally lapse in full unless a participant is a good leaver.

If the Committee determines that a participant is a good leaver, it will determine the proportion of the award that vests to the extent that any performance condition is satisfied on the vesting date and it will take into account the time elapsed between the start of the performance period and cessation of employment unless it determines otherwise.

The vesting date for such awards will normally be the original vesting date, although the Committee has the flexibility to determine that awards can vest early upon cessation of employment or at a later date. In the event of death, awards vest on cessation.

Where options are granted, vested options will typically remain exercisable for twelve months from the date of vesting. In the event of death, awards remain exercisable for 24 months. Where an individual leaves during the holding period of an award, the award will usually be released at the normal time, except in the case of death or if the Committee disapplies the holding period. In the event of an individual's dismissal for misconduct during the holding period, all awards will lapse.

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**HMRC approved all employee share plans**

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In line with the HMRC approved plan rules.

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**Consideration of pay and employment conditions elsewhere in the Company**

The Committee considers pay and employment conditions elsewhere in the Company when developing policies for Executive Directors. The Committee does not view formal comparison metrics when considering policy. However, the Committee is kept updated and has input into the remuneration decisions for the wider employee population. For example, the Committee will typically review the annual bonuses for all employees.

**Consideration of shareholder views**

The Committee receives regular updates on evolving investor views throughout the year. In developing this Policy we undertook a detailed consultation with our major shareholders and the proxy voting agencies. The Committee took into account their feedback when developing the Policy.