

CHAIRMAN'S INTRODUCTION

NICHOLAS THOMPSON

The Board is committed to maintaining a high standard of corporate governance and transparency throughout the business.

 Read more about our Audit and Risk Committee on pages 59 to 61

 Read more in our Remuneration Report on pages 64 to 66



As a member of the Association of Investment Companies, we comply with the AIC Code, which ensures the Group meets its obligations under the UK Corporate Governance Code.

I stated at the time of our half year results that we would start to consider recruiting an additional member to the Picton Board. This process has commenced, and I hope that we will have a new Board member in place later this year. It is our intention, once the new Director is in place, to appoint a new chairman of the Audit and Risk Committee in due course, as Robert Sinclair has indicated that he wishes to retire from the Board in 2018 once any potential transition to UK REIT status is complete.

This year we have implemented a new long-term incentive plan for the management team. We believe that this new arrangement provides greater alignment with the Company's shareholders. The initial awards under this plan were made at the start of 2017, and further details on this are provided in the following Remuneration Report.

As a Board we recognise the importance of good corporate governance and aim to be open and transparent in our dealings with shareholders. We encourage involvement with industry bodies, and a number of the Directors actively participate with the AIC in both Guernsey and the UK.

I would like to thank shareholders for their support in passing all of the resolutions presented at last year's Annual General Meeting.

Nicholas Thompson

Chairman

6 June 2017