

PICTON PROPERTY INCOME LIMITED

TERMS OF REFERENCE - REMUNERATION COMMITTEE

21 December 2009 (revised 29 November 2011, 17 May 2012, 1 January 2013, 1 October 2015, 12 May 2016 & 9 November 2016)

1. Constitution

- 1.1 The Remuneration Committee, (the “Committee”), is constituted as a Committee of the Board of Directors of Picton Property Income Limited, (the “Company”), to assist the Board of the Company in its oversight responsibilities.
- 1.2 The Committee may amend the terms of reference at any time with the agreement of the Board and shall review the said terms annually.
- 1.3 The Committee may from time to time investigate, discuss or review matters outside its terms of reference if required to do so by the Board.

2. Membership

- 2.1 The Committee shall comprise a minimum of three members, being independent non-executive directors. The Chairman of the Board may also serve on the Committee as an additional member, but not chair, if he was considered independent on appointment as Chairman.
- 2.2 The Chairman of the Committee shall be appointed by the Board. In the absence of the Chairman of the Committee (and/or an appointed alternate member), the members present at any meeting of the Committee shall elect one of their number to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.
- 2.3 If any member of the Committee is unable to act for any reason, the Chairman of the Committee may appoint an additional independent non-executive director, of the Company, agreed by the members of the Committee to act as that member’s alternate.
- 2.4 The Company secretary or their nominee shall be the secretary of the Committee.
- 2.5 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director/s still meets the criteria for membership of the Committee.
- 2.6 Each member of the Committee shall disclose to the Committee
 - (a) any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; or
 - (b) any potential conflict of interest arising from a cross-directorship

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interests exists and from participating in the discussion concerning such resolutions and (if so request by the Board) shall resign from the Committee.

3. Attendance at Meetings

- 3.1 The quorum for meeting of the Committee shall be two members present throughout the meeting in person or via telephone. A duly convened meeting of the remuneration committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 3.2 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members.
- 3.3 The Committee shall meet at least twice a year (to be decided by the Board) and otherwise as the Chairman of the Committee shall require.
- 3.4 Unless otherwise agreed, notice of each meeting of the Committee confirming the venue, date and time together with an agenda of items to be discussed and supporting papers where appropriate shall normally be forwarded to each member of the Committee and to each other person invited to attend, in advance of the date of the meeting. All reasonable efforts shall be made to give notice of meetings of the Committee to all members of it and to arrange such meeting so that members are able to attend them.
- 3.5 The secretary of the Committee shall prepare minutes of any meeting of the Committee, which shall include the names of those present and in attendance and, after approval and signature by the Chairman of the Committee, shall circulate the minutes to all members of the Committee and to the Chairman of the Board. Once approved, minutes should be circulated to all other members of the Board, unless it would be inappropriate to do so.

4. Duties

The principal functions of the Committee are described below.

The Committee shall in respect of the Company:

- 4.1 Recommend to the Board the levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for non-executive directors should not include share options or other performance related elements. If, exceptionally, options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held at least one year after the non-executive director leaves the Board. Holding of share options could be relevant to the determination of a non-executive director's independence. (FRC – The UK Corporate Governance Code provision B.1.1)
- 4.2 Review and note annually the remuneration trends across the Company.
- 4.3 Be exclusively responsible for establishing the selection criteria, selecting appointing, and setting the terms of reference for any remuneration consultants (who may be required) who advise the Committee.
- 4.4 The Board itself, or where required by the Articles of Association, the Shareholders should determine the remuneration of the non-executive directors within the limits set in the Articles of Association. Where permitted by the Articles, the Board may however delegate this responsibility to a committee which may include the Chairman of the Board.

- 4.5 Shareholders should be invited specially to approve all new long-term incentive scheme (as defined in the UKLA Listing Rules) and significant changes to existing schemes, save in the circumstance permitted by the UKLA Listing Rules.
- 4.6 In determining remuneration policy, the Committee shall have regard to the Combined Code on Corporate Governance, the UKLA Listing Rules and all other relevant codes, laws and regulations.
- 4.7 Consider any other matters as referred to the Committee by the Board.
- 4.8 Review the ongoing appropriateness and relevance of the remuneration policy.
- 4.9 Agree the policy for authorising claims for expenses from the directors.

The Committee shall in respect of Picton Capital Limited “PCL”):

- recommend to the Board the framework or broad policy for the remuneration of the chief executive, executive Directors and such other officers of PCL and/or members of the executive management as it is designated to consider. No Director or manager shall be involved in any decisions as to their own remuneration;
- in recommending such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of PCL are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- have oversight of the remuneration policy and remuneration packages in respect of employees of PCL;
- recommend to the Board the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes, seeking advice from external advisors as appropriate;
- review the design of all share incentive plans for approval by the Board. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the amounts of individual awards to executive Directors and other senior executives of PCL and the performance targets to be used;
- recommend to the Board, the policy for, and scope of, pension arrangements for each executive Director and other senior executives;
- recommend to the Board, that the contractual terms on termination, and any payments made, are fair to the individual, and PCL as appropriate, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- within the terms of the agreed policy determine the total individual remuneration package of chief executives including base salary, bonus, incentive payments, share options or other share awards, compensation in the event of early termination (if applicable) and pensions;
- taking appropriate advice, review annually the remuneration trends across the industry; and
- oversee any major changes in employee benefits structures within PCL.

The Committee shall in respect of both the Company and PCL:

- review the ongoing appropriateness and relevance of the remuneration policy;
- agree the policy for authorising claims for expenses from the chief executive, executive Directors and any other such officers of PCL's executive management.

5. Reporting Procedures

- 5.1 The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 5.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is required.
- 5.3 The Committee shall produce an annual report of the Company's remuneration policy, reporting in the annual report frequency of, and attendance by members at, Committee meetings and ensure that it is put to shareholder for approval at the Annual General Meeting.

6. Other

- 6.1 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating a maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

7. Authority

- 7.1 The Committee is authorised by the Board to seek information it requires from any member of the Company in order to perform its duties.
- 7.2 The Committee is authorised by the Board to investigate any activity within the scope of its duties.
- 7.3 The Committee is authorised by the Board to obtain inside and outside legal or other professional advice including the advice of independent remuneration consultants, as well as information about remuneration practices elsewhere, at the Company's expense.

PICTON PROPERTY INCOME LIMITED

ADDENDUM TO TERMS OF REFERENCE

REMUNERATION COMMITTEE

Members of Committee & Appointment Schedule

Members	Appointment Date	Appointment Renewed	Next Appointment Renewal
Vic Holmes (Chairman)	1 January 2013	25 February 2016	25 February 2019
Nicholas Thompson	21 Dec 2009	4 Nov 2014	4 Nov 2017
Robert Sinclair	21 Dec 2009	4 Nov 2014	4 Nov 2017
Roger Lewis	31 March 2010	4 Nov 2014	4 Nov 2017

