

Remuneration policy

INTRODUCTION

Set out below is the LAP Group policy on directors' remuneration (excluding Bisichi). This will be proposed for a binding vote at the 2020 AGM. If approved the policy will take effect from 30 July 2020.

In setting the policy, the Remuneration Committee has taken the following into account:

- The need to attract, retain and motivate individuals of a calibre who will ensure successful leadership and management of the company
- The LAP Group's general aim of seeking to reward all employees fairly according to the nature of their role and their performance

FUTURE POLICY TABLE

ELEMENT	PURPOSE	POLICY
EXECUTIVE DIRECTORS		
Base salary	To recognise: Skills Responsibility Accountability Experience Value	Considered by remuneration committee on appointment Set at a level considered appropriate to attract, retain, motivate and reward the right individuals
Pension	To provide competitive retirement benefits	Company contribution offered at up to 10% of base salary as part of overall remuneration package
Benefits	To provide a competitive benefits package	Contractual benefits include: Car or car allowance Group health cover Death in service cover Permanent health insurance
Annual bonus	To reward and incentivise	In assessing the performance of the executive team, and in particular to determine whether bonuses are merited the remuneration committee takes into account the overall performance of the business, as well as individual contribution to the business in the period
Share options	To provide executive directors with a long-term interest in the company	Share options may be granted under existing schemes (see page 23) Where it is necessary to attract, retain, motivate and reward the right individuals, the directors may establish new schemes to replace any expired schemes
Share incentive plan (SIP)	To offer a shorter term incentive in the company and to give directors a stake in the group	Offered to executive directors and head office staff
NON-EXECUTIVE DIRECTORS		
Base salary	To recognise: Skills Responsibility Experience Risk Value	Considered by the board on appointment Set at a level considered appropriate to attract, retain and motivate the individual Experience and time required for the role are considered on appointment
Pension		No pension offered
Benefits		No benefits offered except in exchange for sacrificing fees.
Share options		Non-executive directors do not participate in the share option schemes

Notes to the Remuneration Policy

The changes made to the remuneration policy impose greater limitation on maximum bonuses payable to executive directors and add greater clarity to the arrangements for share options. There have been no other significant changes made to the proposed future remuneration policy from its predecessor.

GOVERNANCE Remuneration policy

- Remuneration packages offered to similar companies within the same sector
- The need to align the interests of shareholders as a whole with the long-term growth of the Group; and
- The need to be flexible and adjust with operational changes throughout the term of this policy

The remuneration of non-executive directors is determined by the board, and takes into account additional remuneration for services outside the scope of the ordinary duties of non-executive directors.

OPERATION	OPPORTUNITY AND PERFORMANCE CONDITIONS
<p>Reviewed annually whenever there is a change of role or operational responsibility</p> <p>Paid monthly in cash</p>	<p>There is no prescribed maximum salary or maximum rate of increase, although any increase in excess of inflation is unlikely, unless there are changes in responsibility.</p> <p>No individual director will be awarded a base salary in excess of £575,000 a year</p> <p>No specific performance conditions are attached to base salaries</p>
<p>The contribution payable by the Company is included in the director's contract of employment</p> <p>Paid into money purchase schemes</p>	<p>Company contribution offered at up to 10% of base salary as part of overall remuneration package</p> <p>No specific performance conditions are attached to pension contributions</p>
<p>The committee retains the discretion to approve changes in contractual benefits in exceptional circumstances or where factors outside the control of the Group lead to increased costs (e.g. medical inflation)</p>	<p>The costs associated with benefits offered are closely controlled and reviewed on an annual basis</p> <p>No director will receive benefits of a value in excess of 30% of their base salary</p> <p>No specific performance conditions are attached to contractual benefits</p>
<p>The remuneration committee is using its discretion to determine the level of bonus on an annual basis</p> <p>In assessing performance consideration is given to the level of net rental income, cash flow, voids, realised development gains and income from managing joint ventures, as well as NAV changes. Achieved results are then compared with expectation taking account of market conditions</p> <p>Bonuses are generally offered in cash or shares</p>	<p>The current maximum bonus will not exceed 80% of base salary in any one year but the remuneration committee reserves the power to award up to 150% in an exceptional year</p> <p>Performance conditions will be assessed on an annual basis</p> <p>The performance measures applied may be financial, non-financial, corporate, divisional or individual and in such proportion as the remuneration committee considers appropriate</p>
<p>Offered at appropriate times by the remuneration committee</p>	<p>The aggregate number of shares over which options may be granted under all of the company's option schemes (including any options and awards granted under the company's employee share plans) in any period of ten years, will not exceed, at the time of grant, 10% of the ordinary share capital of the company from time to time</p> <p>Share options will be offered by the remuneration committee at their discretion and will be subject to appropriate performance criteria at the time.</p>
<p>Maximum participation levels are set by HMRC</p>	<p>Of any bonus awarded, Directors may opt to have maximum of £3,000 per year paid in 'Free Shares' under the SIP scheme rules</p>
<p>Reviewed annually</p>	<p>No individual non-executive director will be awarded a base salary in excess of £40,000 a year</p> <p>No performance conditions are attached to base salaries</p>

The remuneration committee considers the performance measures outlined in the table above to be appropriate measures of performance and that the KPIs chosen align the interests of the directors and shareholders.

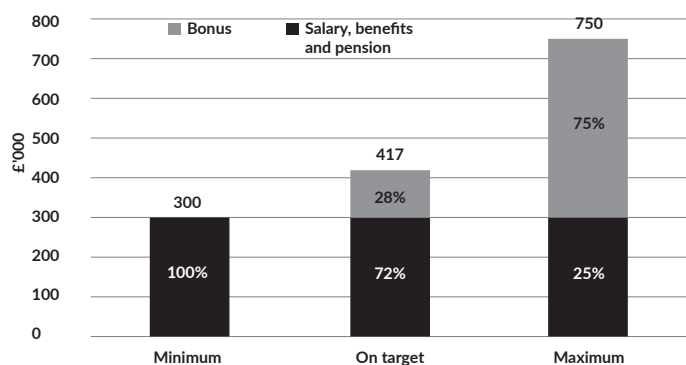
For details of remuneration of other company employees please see page 25 of the 2019 Annual Report & Account.

GOVERNANCE Remuneration policy

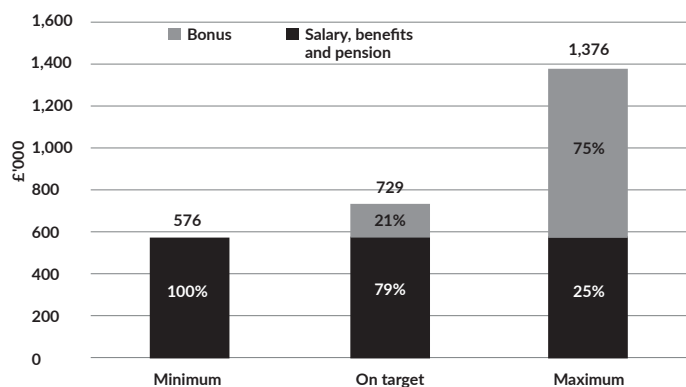
REMUNERATION SCENARIOS

An indication of the possible level of remuneration that would be received by each Executive director in the year commencing 30 July 2020 in accordance with the directors' remuneration policy is shown below.

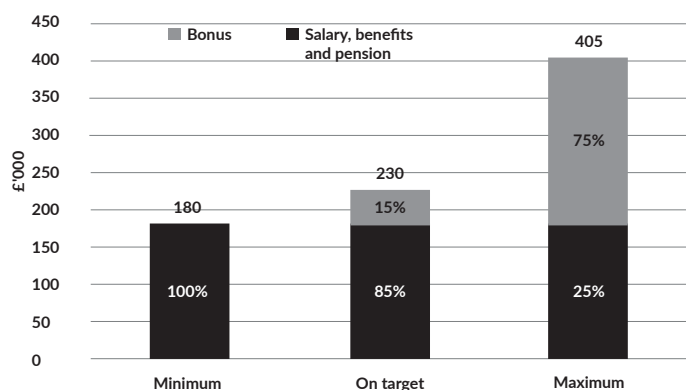
Sir Michael Heller



JA Heller



J Mintz



The base salary level for Sir Michael Heller for the purpose of these graphs (and bonus calculations) is £300k as per note on page 22.

ASSUMPTIONS

Minimum

Consists of base salary, benefits and pension. Base salary, benefits and pension for 2020 are assumed at the levels included in the single total figure remuneration table for the year ended 31 December 2019.

On target

Based on the minimum, enhanced by a bonus calculated as the average percentage bonus awarded to the individual in the three years ended on 31 December 2019. As outlined in the policy table above, the remuneration committee has discretion to award bonuses of up to 80% of base salary in any one year (up to 150% in an exceptional year).

Maximum

Based on the minimum, enhanced by the maximum bonus available in an exceptional year (150% of base salary).

APPROACH TO NEW RECRUITMENT REMUNERATION

All appointments to the board are made on merit. The components of the remuneration package (for a new director who is recruited within the life of the approved remuneration policy) would comprise base salary, pension, benefits and an opportunity to earn an annual bonus and be granted share options as outlined above. The approach to such appointments is detailed within the policy summary above. The company will pay remuneration to new directors at a level that will enable it to attract appropriately skilled and experienced individuals but which is not, in the opinion of the remuneration committee excessive.

SERVICE CONTRACTS

All executive directors have full-time contracts of employment with the company. Non-executive directors have contracts of service. No director has a contract of employment or contract of service with the company, its joint venture or associated companies with a fixed term which exceeds twelve months. Directors' notice periods (see the annual remuneration report) are set in line with market practice and are of a length considered sufficient to ensure an effective handover of duties should a director leave the company.

All directors' contracts as amended from time to time, have run from the date of appointment. Service contracts are kept at the registered office.

POLICY ON PAYMENT FOR LOSS OF OFFICE

There are no contractual provisions that could impact on a termination payment. Termination payments will be calculated in accordance with the existing contract of employment or service contract. It is the policy of the remuneration committee to issue employment contracts to executive directors with normal commercial terms and without extended terms of notice which could give rise to extraordinary termination payments.

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

In setting this policy for directors' remuneration the remuneration committee has been mindful of the company's objective to reward all employees fairly according to their role, performance and market forces. In setting the policy for Directors' remuneration the committee has considered the pay and employment conditions of the other employees within the group, but no formal consultation has been undertaken with employees in drawing up the policy. The committee has not used formal comparison measures.

CONSIDERATION OF SHAREHOLDER VIEWS

There have been no direct consultations with shareholders in formulating this policy, but the Committee has taken note of comments made at the 2019 AGM and the votes against the Remuneration report. In accordance with the regulations, an ordinary resolution for approval of this policy will be put to shareholders at the AGM on 30 July 2020.