

Ground Rents Income Fund PLC
Disclosure of information required under the
UK's implementation of the Alternative Investment
Fund Managers Directive

12 October 2021

INTRODUCTION

Schroder Real Estate Investment Management Limited (the "**Manager**") is issuing this document ("Appendix") for information purposes only in order to disclose to potential investors ("**Shareholders**") in Ground Rents Income Fund PLC (the "**Company**") the information required by the United Kingdom's implementation of Article 23 of the European Directive on Alternative Investment Fund Managers (2011/61/EU) (the "**AIFMD**").

Paragraph in Article 23 AIFMD	Rule in FUND 3.2.2R	Article 23 disclosure requirement	Disclosure and/or paragraph/clause of the Listing Document where more information can be found
(1a)	(1a)	A description of the investment strategy and objectives of the AIF;	The Company has been established to provide secure long-term performance through investment in Long Dated UK Ground Rents, which have historically had little correlation to traditional property asset classes and have seen their value remain consistent regardless of the underlying state of the economy. The Company will give investors the opportunity to invest, through the Company, in a portfolio of Ground Rents. The Company will seek to acquire a portfolio of assets with the potential for income generation from the collection of Ground Rents. These investments also have the potential for capital growth, linked to contractual increases in Ground Rents over the long-term. The Company will seek to generate consistent income returns for Shareholders by investing in a diversified portfolio of Ground Rents including freeholds and head leases of residential, retail and commercial properties located in the United Kingdom.
(1a)	(1b)	If the AIF is a feeder AIF, information on where the master AIF is established;	N/a The Company is not a feeder AIF.
(1a)	(1c)	If the AIF is a fund of funds, information on where the underlying funds are established;	N/a The Company is not a fund of funds.
(1a)	(1d)	A description of the types of assets in which the AIF may invest;	The Company provides secure long-term performance through investment in long dated UK ground rents.

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(1a)	(1e)	The investment techniques that the AIF, or the AIFM on behalf of the AIF, may employ and all associated risks;	The Company invests in real property. The associated risks are set out in the section entitled “Risk Factors” on pages 53 to 64 of the Listing Document in respect of the Company dated 3 May 2013.
(1a)	(1f)	Any applicable investment restrictions;	No single ground rent property should represent more than 25% of the gross asset value of the Company at the time of investment.
(1a)	(1g)	The circumstances in which the AIF may use leverage;	The Company may make use of structural or long-term debt facilities for investment purposes, and if a portfolio of assets was available to be acquired in a corporate structure which had some existing borrowings within its corporate vehicles, these may be retained. In all cases the gearing anticipated would be limited in scale, to no more than 25 per cent. of the gross assets of the Company.
(1a)	(1h)	The types and sources of leverage permitted and the associated risks;	As stated above, the Company may make use of structural or long-term debt facilities for investment purposes. In all cases the gearing anticipated would be limited in scale to no more than 25 per cent. of the gross assets of the Company. Associated risks are set out on pages 57 and 58 of the Company’s Listing Document, dated 3 May 2013. The Company has a five year, £25 million, interest only debt facility with Santander UK PLC. It expires in January 2025 and comprises a £12.5 million term loan and a £12.5 million revolving credit facility. The Company would be negatively impacted if it were to breach the loan terms and/or it were unable to refinance in 2025 at favourable rates.

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(1a)	(1i)	Any restrictions on the use of leverage and any collateral and asset reuse arrangements; and	There are no restrictions on the use of debt and the Company may make use of structural or long-term debt facilities for investment purposes. The debt facility is secured on specific assets held by individual subsidiaries with no parent company guarantee. If any asset on which the debt is secured is sold, the lender may require security over other group assets before it releases the security on an asset being sold.
(1a)	(1j)	The maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF;	The maximum leverage levels are as follows: <ul style="list-style-type: none"> • Gross method – 175% • Commitment method – 175%
(1b)	(2)	A description of the procedures by which the AIF may change its investment strategy or investment policy, or both;	In accordance with the CISX (now called TISE) Listing Rules from First Admission, the Company will not materially change the principal investment objectives and policies of the Company for a minimum period of three years from the date of First Admission, without the prior consent of a majority of Ordinary Shareholders. The Company’s investment policy was changed pursuant to Shareholder approval on 26 October 2016.
(1c)	(3)	A description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established;	The Company’s home territory is the United Kingdom and it will be governed by the laws of England and Wales.
(1d)	(4)	the identity of the AIFM, the AIF's depositary, the auditor and any other	The Alternative Investment Fund Manager (the “AIFM”) of the Company

Paragraph in Article 23 AIFMD	Rule in FUND 3.2.2R	Article 23 disclosure requirement	Disclosure and/or paragraph/clause of the Listing Document where more information can be found
		<p>service providers and a description of their duties and the investors' rights;</p>	<p>is Schroder Real Estate Investment Management Limited, a company registered in England and Wales with number 01188240 whose registered office is at 1 London Wall Place, London, England, EC2Y 5AU.</p> <p>The Company's depositary is INDOS Financial Limited, a company registered in England and Wales with number 08255973 whose registered office is at 54 Fenchurch Street, London, England, EC3M 3JY.</p> <p>The Company's auditor is PwC LLP, a limited liability partnership registered in England and Wales with number OC303525 whose registered office is at 1 Embankment Place, London, WC2N 6RH.</p> <p>The Company is reliant on the performance of the service providers. No Shareholder will have any direct contractual claim against any service provider with respect to such service provider's default. This is without prejudice to any right a Shareholder may have to bring a claim against a UK Financial Conduct Authority ("FCA") authorised service provider under section 138D of FSMA (which provides that breach of an FCA Rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious or contractual cause of action. Investors who believe they may have a claim under section 138D of FSMA, or in tort or contract, against any service provider in connection with their investment in the Company, should consult their legal adviser and may be able to bring a</p>

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			complaint against the service provider or claim compensation from the FSCS.
(1e)	(5)	A description of how the AIFM complies with the requirements relating to professional liability risk;	The Manager manages its professional liability risk using professional indemnity insurance. The amount of professional indemnity insurance is £150 million.
(1f)	(6)	A description of:	
(1f)	(6a)	any AIFM management function delegated by the AIFM;	The Manager has delegated the maintenance of the Company's share register to Equiniti Limited.
(1f)	(6b)	any safe-keeping function delegated by the depositary;	None
(1f)	(6c)	the identity of each delegate; and	N/a
(1f)	(6d)	any conflicts of interest that may arise from such delegations;	N/a
(1g)	(7)	A description of the AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing any hard-to-value assets;	The assets of the Company are real estate assets which will be valued twice a year by an external Valuer. The external Valuer values the portfolio twice a year on 31 March and 30 September. The net asset value of the Company shall be determined by the Manager, taking into account the valuations of the external Valuer, in accordance with the Global Instrument Pricing Policy. The Manager shall retain overall responsibility for valuations in accordance with AIFMD and other applicable regulations.
(1h)	(8)	A description of the AIF's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors;	The Company is closed ended, there are no shareholder redemption rights.

Paragraph in Article 23 AIFMD	Rule in FUND 3.2.2R	Article 23 disclosure requirement	Disclosure and/or paragraph/clause of the Listing Document where more information can be found
(1i)	(9)	A description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors;	<p>The fees for the AIFM shall be paid by the Company and shall be an annual fee determined by reference to the net asset value (“NAV”) of the Company as follows :</p> <ul style="list-style-type: none"> • NAV less than or equal to £200,000,000: 1% per annum fee; • that portion (if any) which is greater than £200,000,000 but less than or equal to £400,000,000: 0.90% per annum fee; • that portion (if any) which is greater than £400,000,000: 0.80% per annum fee. <p>The fees for the depositary are £35,000+VAT per annum, which will accrue daily and be payable by the Company quarterly in arrears. The depositary was also entitled to an initial set up fee of £5,000 payable within 30 days of its appointment. Furthermore, the depositary is entitled to charge an additional fee when the Company undergoes a lifecycle event (e.g. a reorganisation) which requires additional work for the depositary, such fee to be agreed with the Company on a case by case basis. Finally the depositary is also entitled to be reimbursed by the Company for reasonable expenses properly incurred in performing or arranging for the performance of its functions.</p> <p>All other fees and charges are set out in the Company’s Key Information Document dated July 2021.</p>
(1j)	(10)	A description of how the AIFM ensures a fair treatment of investors;	The AIFM is under an obligation to:

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			<ul style="list-style-type: none"> • act in good faith and in the best interest of the Company; • performing its services in accordance with the investment objective of the Company; • have regard at all time to its obligations under the FCA Rules; • make reasonable disclosure of all matters it reasonably considers appropriate in the conduct of its duties to the Company; • take reasonable steps to identify, prevent, manage and monitor conflicts of interests to ensure that risks or damage to investor's interests will be prevented and, if such steps are not sufficient, the AIFM shall clearly disclose the general nature or sources of conflicts of interest to the investors and develop appropriate policies and procedures and, if deemed necessary or appropriate by the AIFM, the AIFM shall procure the investors' explicit consent before undertaking business on their behalf.
(1j)	(11)	whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:	No investors are offered preferential treatment.
(1j)	(11a)	that preferential treatment;	
(1j)	(11b)	the type of investors who obtain such preferential treatment; and	
(1j)	(11c)	where relevant, their legal or economic links with the AIF or AIFM;	
(1k)	(14)	The latest annual report, in line with Article 22 of the AIFMD (Annual report of an AIF);	The audited annual report is available for download form the Company's web site www.groundrentsincomefund.com

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			and from the TISE and LSE news services.
1(l)	(12)	The procedure and conditions for the issue and sale of units or shares;	<p>The Company may issue additional shares by way of a rights issue, where all shareholders are given the right to participate in proportion to their existing holdings.</p> <p>The Company is closed ended. At the most recent Annual General Meeting, the Directors were given authority by the shareholders to issue new shares for cash representing up to 10% of the existing issued share capital of the Company in the period between the AGM and 15 months thereafter, or until the next AGM if sooner.</p> <p>If the directors wish to issue new shares which represent more than the above authority to issue 10% of the existing issued share capital on a non-pre-emptive basis, they must first seek the approval of shareholders in general meeting.</p>
(1m)	(13)	The latest net asset value of the AIF or the latest market price of the unit or share of the AIF;	<p>The net asset value of each share is published twice a year via announcement on the Regulated News Service of the London Stock Exchange (LSE) and the Channel Islands based International Stock Exchange (TISE) news service.</p> <p>The market price of the shares is available via the London Stock Exchange SETSqx system and via the Channel Islands Securities Exchange. Such prices are quoted in real time throughout the period when each market is open for business.</p>

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(1n)	(15)	Where available, the historical performance of the AIF;	Quarterly fact sheets on the Company are published on the Company's web site.
(1o)	(16a)	The identity of the prime brokerage firm;	The Company does not have a prime broker.
(1o)	(16b)	A description of any material arrangements of the AIF with its prime brokerage firm and the way any conflicts of interest are managed;	N/a
(1o)	(16c)	The provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets; and	The Company is financed by the issue of ordinary shares (permanent capital) and borrowings and invests in real assets. There are no restrictions on the reuse of any funds received from the sale of assets.
(1o)	(16d)	Information about any transfer of liability to the prime brokerage firm that may exist; and	As the Company does not have a prime broker, no such transfer of liability will arise.
(1p)	(17)	A description of how and when the information required under paragraphs 4 (liquidity) and 5 (leverage) of Article 23 of the AIFMD will be disclosed.	This information will be published in the interim and annual accounts of the Company. The maximum level of leverage may not be increased without the approval of a majority of those shareholders who choose to vote at a general meeting of the Company called for that purpose.