

# Ground Rents Income Fund plc

(incorporated and registered in England and Wales under number 08041022)

## Notice of Annual General Meeting

**THE FOLLOWING INFORMATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT AN INDEPENDENT FINANCIAL ADVISER, AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000.**

If you have sold or transferred all of your ordinary shares in Ground Rents Income Fund plc (the "**Company**"), please forward this document with its accompanying Form of Proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The Annual General Meeting ("**AGM**") of the Company will be held at 1 London Wall Place, London, England, EC2Y 5AU on Tuesday, 28 March 2023 at 12.00 pm. The formal Notice of Annual General Meeting is set out at Part 3 of this document.

This document should be read as a whole and in its entirety. In particular, your attention is drawn to the letter from your Independent Non-Executive Chair, which is set out in Part 1 of this document and which contains a recommendation from your Board that you vote in favour of the Resolutions to be proposed at the AGM.

# Part 1

## Letter from the Independent Non-Executive Chair

Dear Shareholder,

### Annual General Meeting

I am writing to inform you that the Annual General Meeting ("**AGM**") of the Company will be held at 1 London Wall Place, London, England, EC2Y 5AU on Tuesday 28 March 2023 at 12.00 pm. The formal notice of the AGM (the "**Notice**") and resolutions to be proposed are set out in Part 3 of this document.

#### 1 Introduction

As set out in the Company's trading update dated 22 December 2022 (the "**December Announcement**" found at <http://groundrentsincomefund.com> under 'trading update and shareholder consultation', enclosed as 'Appendix 2'), market uncertainty and recent legislative change impacting the valuation of the Company's portfolio has resulted in a delay in finalising the Company's financial statements for the financial year ended 30 September 2022, and the directors' and auditor's reports thereon (the "**Accounts**"). Significant work continues to be ongoing with the Company's auditor, PricewaterhouseCoopers LLP ("**PwC**"), and the Company's independent valuer, Savills, to conclude the audit process for the Accounts.

In order to complete this process, the Company has obtained an extension to the date by which the Company is required to file the Accounts with Companies House, from 31 March 2023 to 30 June 2023. The Company has also obtained from the International Stock Exchange Authority Limited (the "**Authority**") an extension to the date by which the Company is required to publish the Accounts to the same date. The Company expects to hold a separate extraordinary general meeting (the "**Accounts EGM**") in advance of 30 June 2023, at which the Accounts will be presented to Shareholders and Shareholder resolutions relating to the Accounts will be proposed.

In the December Announcement, the Company also confirmed its intention to consult with Shareholders on the forthcoming Continuation Vote (as defined below) and proposed changes to the Company's investment policy (the "**Investment Policy**"). To date, the Company has consulted with Shareholders representing approximately 70% of the share register and the Board will revert to Shareholders in due course in relation to final proposals to hold a further extraordinary general meeting relating to those matters (the "**Continuation Vote EGM**").

This letter explains certain elements of the more limited business to be considered at this AGM, prior to the Accounts EGM and the Continuation Vote EGM which will follow.

#### 2 Explanation of resolutions

*Resolutions 1 to 4 (each of which is an ordinary resolution)*

These resolutions invite Shareholders to re-elect each of the Directors for another year (their biographies, and reasons why their contribution continues to be important to the Company's sustainable success, are set out in Appendix 1 of this document).

*Resolution 5 – Directors' authority to allot shares (ordinary resolution) and resolution 6 – power to disapply pre-emption rights (special resolution)*

The Directors are seeking authority to allot a limited number of unissued Ordinary Shares for cash without first offering them to existing Shareholders in accordance with statutory pre-emption procedures.

Appropriate resolutions will be proposed at the forthcoming AGM and are set out in full in the Notice. An ordinary resolution will be proposed to authorise the Directors to allot Ordinary Shares up to a

maximum aggregate nominal amount of 10% of the issued Ordinary Share capital (excluding any Ordinary Shares held in treasury) as at the date of the Notice.

In accordance with the Pre-emption Group's Statement of Principles on disapplying pre-emption rights, a special resolution will also be proposed to give the Directors authority to allot Ordinary Shares for cash on a non pre-emptive basis (up to a maximum aggregate nominal amount of 10% of the Company's issued Ordinary Share capital excluding any Ordinary Shares held in treasury, as at the date of the Notice). This authority includes Ordinary Shares that the Company sells or transfers that have been held in treasury. The Board has established guidelines for treasury shares and will only reissue Ordinary Shares held in treasury at a price equal to or greater than the Company's net asset value ("**NAV**") (inclusive of current year income) plus any applicable costs.

The Directors do not intend to allot Ordinary Shares pursuant to these authorities other than to take advantage of opportunities in the market as they arise and only if they believe the allotment to be advantageous to the Company's existing Shareholders to do so and when it would not result in any dilution of NAV per Ordinary Share.

If approved, each of these authorities will expire at the conclusion of the annual general meeting of the Company in 2024 unless renewed, varied or revoked earlier.

#### *Resolution 7: Authority to make market purchases of the Company's own shares (special resolution)*

At the annual general meeting of the Company held on 9 February 2022, the Company was granted authority to make market purchases of up to 14,433,946 Ordinary Shares for cancellation or holding in treasury. 318,000 Ordinary Shares have been bought back and cancelled under this authority and the Company therefore has remaining authority to purchase up to 14,115,946 Ordinary Shares. This authority will expire at the forthcoming AGM.

The Directors believe it is in the best interests of the Company and its Shareholders to have a general authority for the Company to buy back its Ordinary Shares in the market as they keep under review the share price discount to NAV and the purchase of Ordinary Shares. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the Ordinary Shares in issue as at the date of the Notice. The Directors will exercise this authority only if the Directors consider that any purchase would be for the benefit of the Company and its Shareholders, taking into account relevant factors and circumstances at the time. Any Ordinary Shares so purchased would be cancelled or held in treasury for potential reissue. If renewed, the authority to be given at the forthcoming AGM will lapse at the conclusion of the annual general meeting in 2024 unless renewed, varied or revoked earlier.

The Board has considered whether any of the Company's current share price discount to NAV can be attributed to the performance of the Investment Manager, the total expense ratio or the current fee structure of the Company. It has concluded that any contribution from these factors is immaterial in the context of Board and Shareholder concerns about the legislative reform affecting the sector and the extent of building and fire safety legislation recently introduced.

### **3 Action to be taken in respect of the Annual General Meeting**

Shareholders will receive a hard copy Form of Proxy for the AGM. The completed Form of Proxy must be returned to the Company's Registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA in accordance with the instructions printed on it by no later than 12:00 p.m. on 24 March 2023 (or, in the case of an adjournment, not later than 48 hours (excluding any part of such 48 hour period falling on a day that is not a Business Day) before the time fixed for the holding of the adjourned meeting).

In addition, Shareholders will also be able to vote electronically by visiting the website [www.sharevote.co.uk](http://www.sharevote.co.uk) and following the on-screen instructions, by no later than 12:00 p.m. on 24 March 2023 (or, in the case of an adjournment, not later than 48 hours (excluding any part of such 48 hour period falling on a day that is not a Business Day) before the time fixed for the holding of the adjourned

meeting). In order to vote using the website, you will require your voting ID, task ID and Shareholder Reference Number. This information can be found under your name on your Form of Proxy.

Alternatively, Shareholders who have already registered with Equiniti's online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) using their user ID and password. Once logged in, click "view" on the "My Investments" page. Click on the link to vote and follow the on-screen instructions. Please note that to be valid, your proxy instructions must be received by the Company's Registrar no later than 12:00 p.m. on 24 March 2023 (or, in the case of an adjournment, not later than 48 hours (excluding any part of such 48 hour period falling on a day that is not a Business Day) before the time fixed for the holding of the adjourned meeting).

If you have any questions in respect of the AGM, please contact Equiniti on +44 (0)800 032 0641 (please use the country code when calling from outside the UK). The helpline is open between 8.30 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls from within the UK are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate. The helpline cannot provide advice nor give any financial, legal or tax advice.

If you are a member of CREST you may alternatively be able to use the CREST electronic proxy appointment service.

Completion and return of a Form of Proxy (or the electronic appointment of a proxy) will not preclude a Shareholder from attending and voting at the AGM should they so wish.

The Board strongly encourages all Shareholders to vote on the Resolutions by submitting proxy votes in advance of the meeting and appointing the chair of the meeting as a proxy.

#### **4 Status of the Accounts and the Accounts EGM**

The Companies Act requires the Directors to present the Accounts to Shareholders on or before 31 March 2023, unless the Company obtains an extension from Companies House. The Listing Rules also require the Directors to publish the Accounts before 31 March 2023, unless the Company obtains an extension from the Authority.

As noted in the Introduction to this document, the December Announcement highlighted that significant work is ongoing with PwC and Savills to more accurately verify the valuation adjustments used in the Accounts.

Given this ongoing work, the Company has obtained an extension from Companies House for this filing requirement such that the date by which the Directors must present the Accounts to Shareholders has been extended to 30 June 2023. The Company has also obtained an extension from the Authority permitting the Company to publish the Accounts by the same date.

This means that the Company will not be presenting the Accounts at the forthcoming AGM. The Board expects to convene the Accounts EGM in due course (although in any event prior to 30 June 2023), at which the Board will present the Accounts to Shareholders and propose Shareholder resolutions relating to the Accounts. The Board will provide further updates to Shareholders as matters relating to the Accounts progress in the coming weeks and months, and a formal notice and explanatory notes on these matters will be circulated to Shareholders in due course.

#### **5 Continuation Vote EGM**

As Shareholders are aware, the Board and its advisers have been consulting with Shareholders regarding a proposed amendment to the Company's articles of association (the "**Articles**") to remove the obligation set out in article 135 of the Articles that requires the Board to propose to Shareholders by no later than 13 August 2023 a vote regarding the winding-up of the Company (the "**Continuation Vote**"), replacing this obligation with a construct that is more in line with current market practice, with a further vote to be put to Shareholders in two to three years' time.

The Board and its advisers have also consulted with Shareholders regarding a potential change to the Investment Policy to enable a realisation of the Company's assets in a controlled, orderly and timely manner, with the objective of achieving a balance between periodically returning cash to Shareholders and optimising the realisation value of the Company's investments.

The Board and its advisers are in the process of finalising these formal proposals and intend to propose such changes to Shareholders at the Continuation Vote EGM. A formal notice and explanatory notes on the relevant matters will be circulated to Shareholders in due course.

## **6 Recommendation**

The Board considers all of the Resolutions to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions at the AGM.

Yours faithfully

**Barry Gilbertson**  
**Independent Non-Executive Chair**  
**Ground Rents Income Fund plc**

## Part 2

### Definitions

The following definitions apply throughout this document unless the context otherwise requires:

<b>Annual General Meeting or AGM</b>	the annual general meeting of the Company to be held at the registered office of the Company at 1 London Wall Place, London, England, EC2Y 5AU on Tuesday 28 March 2023 at 12:00 p.m. and any adjournment thereof, notice of which is set out in Part 3 of this document;
<b>Board</b>	the board of Directors from time to time;
<b>Business Day</b>	a day (other than Saturday, Sunday or a public holiday) on which banks are generally open for business in the City of London for normal banking business;
<b>Companies Act</b>	the UK Companies Act 2006;
<b>Company</b>	Ground Rents Income Fund plc, a company incorporated in England and Wales with registered number 08041022;
<b>Company's Registrar or Equiniti</b>	Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA;
<b>CREST</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & International Limited is the operator (as defined in the CREST Regulations);
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI2001/3755), (as amended);
<b>Directors</b>	the directors of the Company and <b>Director</b> means any one of them;
<b>Document</b>	this circular;
<b>Form of Proxy</b>	the form of proxy for use by Shareholders in connection with the Annual General Meeting;
<b>Investment Manager</b>	Schroder Real Estate Investment Management Limited;
<b>Listing Rules</b>	The International Stock Exchange Equity Listing Rules;
<b>London Stock Exchange</b>	London Stock Exchange plc;
<b>Notice of Annual General Meeting or Notice</b>	the notice of the Annual General Meeting which is set out in Part 3 of this document;
<b>Official List</b>	the official list maintained by the International Stock Exchange;
<b>Ordinary Shares</b>	ordinary shares of 50 pence each in the capital of the Company;
<b>Resolutions</b>	the Shareholder resolutions to be considered and voted on at the AGM and <b>Resolution</b> shall mean any one of them;
<b>SETSqx</b>	Stock Exchange Electronic Trading Service: Quotes and Crosses;
<b>Shareholders</b>	holders of Ordinary Shares and <b>Shareholder</b> means any one of them; and
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland.

## Part 3

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Ground Rents Income Fund plc (the “**Company**”) will be held at 1 London Wall Place, London, EC2Y 5AU on Tuesday 28 March 2023 at 12.00 pm to consider the following Resolutions of which Resolutions 1 to 5 will be proposed as ordinary resolutions and resolutions 6 and 7 will be proposed as special Resolutions:

1. To re-elect Barry Gilbertson as a Director of the Company.
2. To re-elect Bill Holland as a Director of the Company.
3. To re-elect Katherine Innes Ker as a Director of the Company.
4. To re-elect Jane Vessey as a Director of the Company.
5. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“THAT the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the “**Act**”) to exercise all the powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to an aggregate nominal amount of £4,783,381 (being 10% of the issued ordinary share capital at the date of this Notice) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next annual general Meeting of the Company in 2024, but that the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Board may allot relevant securities in pursuance of that offer or agreement.”

6. To consider and, if thought fit, to pass the following resolution as a special Resolution:

“THAT, subject to the passing of resolution 5 set out above, the directors be and are hereby empowered, pursuant to section 571 of the Act, to allot equity securities (including any shares held in treasury) (as defined in section 560(1) of the Act) for cash pursuant to the authority given in accordance with section 551 of the Act by the said resolution 5 and/or where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £4,783,381 (representing 10% of the aggregate nominal amount of the share capital in issue at the date of this Notice); and provided that this power shall expire at the

conclusion of the next Annual General Meeting of the Company but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry.”

7. To consider and, if thought fit, to pass the following resolution as a special Resolution:

“THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693 of the Act) of ordinary shares of 50p each in the capital of the Company (“**Shares**”) at whatever discount the prevailing market price represents to the prevailing net asset value per Share provided that:

- (a) the maximum number of Shares which may be purchased is 14,340,577, representing 14.99% of the Company's issued ordinary share capital as at the date of this Notice;
- (b) the maximum price (exclusive of expenses) which may be paid for a Share shall not exceed the higher of:
  - (i) 105% of the average of the middle market quotations for the Shares as taken from the International Stock Exchange Official List for the five business days preceding the date of purchase; and
  - (ii) the higher of the last independent bid and the highest current independent bid on the SETSqx platform of the London Stock Exchange;
- (c) the minimum price (exclusive of expenses) which may be paid for a Share shall be 5p;
- (d) this authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company in 2024 (unless previously renewed, varied or revoked by the Company prior to such date);
- (e) the Company may make a contract to purchase Shares under the authority hereby conferred which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract; and
- (f) any Shares so purchased will be cancelled or held in treasury.”

By order of the Board

For and on behalf of  
**Schroder Investment Management Limited**  
Registered Number: 08041022  
1 March 2023

Registered Office:  
1 London Wall Place  
London, EC2Y 5AU

## Part 4

### Other Information

## Explanatory Notes to the Notice of Annual General Meeting

1. Ordinary shareholders are entitled to attend and vote at the meeting and to appoint one or more proxies, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting.

A proxy form is attached. If you wish to appoint a person other than the chair of the meeting (the “Chair”) as your proxy, please insert the name of your chosen proxy holder in the space provided at the top of the form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).

Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti, on +44 (0)800 032 0641 (please use the country code when calling from outside the UK), or you may photocopy the attached proxy form. Lines are open between 08:30 – 17:30, Monday to Friday excluding public holidays in England and Wales. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

On a vote by show of hands, every ordinary shareholder who is present in person has one vote and every duly appointed proxy who is present has one vote. On a poll vote, every ordinary shareholder who is present in person or by way of a proxy has one vote for every share of which he/she is a holder.

The “Vote Withheld” option on the proxy form is provided to enable you to abstain on any particular resolution.

However it should be noted that a “Vote Withheld” is not a vote in law and will not be counted in the calculation of the proportion of the votes “For” and “Against” a resolution.

A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti, at Aspect House, Spencer

Road, Lancing, West Sussex BN99 6DA in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially, to arrive no later than 48 working hours before the time fixed for the meeting, or an adjourned meeting.

You may also submit your proxy votes via the internet. You can do so by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk). You will require your voting ID, task ID and Shareholder Reference Number. This information can be found under your name on your form of proxy.

Alternatively, shareholders who have already registered with Equiniti Registrars' online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) using their user ID and password. Once logged in, click “view” on the “My Investments” page. Click on the link to vote and follow the on screen instructions. Please note that to be valid, your proxy instructions must be received by the Company's registrar no later than 12:00 p.m. on 24 March 2023. If you have any difficulties with online voting, you should contact the shareholder helpline on +44 (0)800 032 0641 (please use the country code when calling from outside the UK). Lines are open between 08:30 – 17:30, Monday to Friday excluding public holidays in England and Wales.

If an ordinary shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.

Shareholders may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than expressly stated.

Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the Annual General Meeting.

2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “Nominated Person”) may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of ordinary shareholders in relation to the appointment of proxies in note 1 opposite does not apply to Nominated Persons. The rights described in that note can only be exercised by ordinary shareholders of the Company.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of members of the Company at close of business on 24 March 2023, or close of business two working days prior to the date of an adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after close of business on 24 March 2023 shall be disregarded in determining the right of any person to attend and vote at the meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at [www.euroclear.com](http://www.euroclear.com). A CREST message appointing a proxy (a "**CREST proxy instruction**") regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments.
5. Copies of the articles of association, terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of his family interests in the shares of the Company, will be available for inspection by any member of the Company at the registered office of the Company during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the Directors has a contract of service with the Company.
6. The biographies of the Directors offering themselves for re-election are set out in Appendix 1 to this document.
7. As at 1 March 2023, being the latest practicable date prior to the issuance of this notice, 95,667,627 ordinary shares of 50 pence each were in issue (no shares were held in treasury). Therefore the total number of voting rights of the Company as at 1 March 2023 was 95,667,627 ordinary shares.
8. A copy of this Notice of Annual General Meeting, which includes details of shareholder voting rights, together with any other information as required under section 311A of the Companies Act 2006, is available from the webpages dedicated to the Company: <https://www.schroders.com/en-gb/uk/individual/funds-and-strategies/investment-trusts/ground-rents-income-fund-plc>
9. Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

**Ground Rents Income Fund plc**

1 London Wall Place, London, EC2Y 5AU, United Kingdom  
Tel: +44 (0)20 7658 6000

# Appendix 1

## Directors' Biographies and Contributions

### **Barry Gilbertson**

*Independent non-executive Chair*

Barry is a consultant with a focus on real estate, strategy and risk, with more than 45 years' experience advising on property, including formerly as an adviser to the Bank of England and as President of the Royal Institution of Chartered Surveyors (2004-2005). From 1996 to 2011, Barry was an equity partner in PricewaterhouseCoopers (formerly Coopers & Lybrand) and subsequently a former non-executive consultant to Knight Frank LLP. He has held advisory appointments with the United Nations and the UK Government.

His previous public company independent non-executive directorships include Custodian REIT, Granite REIT and RONA Incorporated. Barry has chaired or served on various committees in these companies, including Audit (and Risk), Governance, Nominations, Strategy and Remuneration committees.

Barry served on the Council of The University of Bath from 2014 to 2020, previously serving on the Finance Committee and chairing the new Remuneration Committee; holds Visiting Professor appointments at two UK universities and was awarded Honorary Membership of four international professional bodies. Among his voluntary roles, Barry is Chairman of The City of Bath UNESCO World Heritage Site.

### **Bill Holland**

*Independent non-executive director*

Bill was a senior partner in KPMG's real estate practice and was responsible for the audit of a wide range of property companies and funds encompassing investors, developers, housebuilders and surveyors in the listed and private sectors and brings extensive experience of audit and real estate accounting to the Board.

In his 32 year career with KPMG, he spent 25 years specialising in the real estate sector, the last 19 years as partner. He also sat on the finance committees of the British Property Federation and INREV and on a working committee of The Association of Real Estate Funds.

He is also a director and audit committee chair of CLS Holdings plc and Urban & Civic plc, and a governor at Winchester College, chairing the estate committee and sitting on the finance committee.

### **Jane Vessey**

*Independent non-executive director*

Jane is an experienced fund manager and investment director, with almost twenty years' experience, bringing a professional investor's perspective to the Board. Jane also brings social housing experience to the Board from her role as Vice-Chair of Greenoak Housing Association where she sits on the Finance, Audit and Risk Committee and Housing Services Committee, and she sits on the Risk and Assurance panel of Stonewater Housing Association, in addition to her previous role on the board of another housing association. She is an independent non-executive director at Northern Trust Global Investments and is Chair of Margetts Fund Management. Jane has chaired or served on various committees within these companies, including Risk and Audit and Remuneration committees.

Jane continues to work in the investment industry providing services to investment management companies and until recently led training courses at the Investment Association. She has been a visiting lecturer at a number of business schools including King's College London and now lectures at Cranfield School of Management, teaching courses on all aspects of asset management.

**Katherine Innes Ker**

*Independent non-executive director*

Katherine, an experienced non-executive director, brings broad commercial experience, corporate finance, mortgage lending, house building and residential construction industry experience to the Board.

Katherine is Chair of the Mortgage Advice Bureau plc, Senior Independent Director and Chair of the Remuneration Committee of building products company Forterra plc and non-executive director of the house builder Vistry Group PLC.

Katherine was a non-executive director at Go-Ahead Group PLC until November 2020, a non-executive director of Taylor Wimpey plc from 2001 to 2011, chairing the Remuneration Committee from 2004 to 2011, and non-executive director of Bryant Group plc prior to its acquisition by Taylor Woodrow. She was also a non-executive director at St Modwen Properties PLC from 2010-2013. Other appointments include Gigaclear Limited until 2018 and Colt Telecom Group SA until 2015. Katherine has a degree in Chemistry and a PhD in Molecular Biophysics from Oxford University.

# Appendix 2

## Trading Update and Shareholder Consultation

22 December 2022

### Ground Rents Income Fund plc

#### UNAUDITED PORTFOLIO VALUATION, REGULATORY REFORM UPDATE, AND SHAREHOLDER CONSULTATION

Ground Rents Income Fund plc (“GRIIO” or the “Company”) provides an update on its portfolio valuation as at 30 September 2022, the continuing impact of regulatory reform, and proposals for a shareholder consultation relating to the forthcoming Continuation Vote. Key points for shareholders to note are:

- The unaudited independent valuation of the portfolio as at 30 September 2022 was £109.0 million, reflecting a decline of 0.9% over the six month period from 31 March 2022, and a decline of 8.7% over the 12 month period from 30 September 2021.
- As at 30 September 2022, 21% of the portfolio by value was subject to a Material Valuation Uncertainty Clause, with a negative valuation adjustment for building safety regulatory reform of £11.4 million. Further progress since the 30 September 2022 valuation date means that the relevant percentage of assets impacted is now approximately 17%. The valuation also includes a negative valuation adjustment for residential leasehold regulatory reform of £3.8 million.
- The recent introduction of the Building Safety Act 2022 (“BSA”), and challenges associated with verifying the valuation adjustment, will lead to a delay producing the audited results for the year ending 30 September 2022, and may lead to an audit report modification.
- The Board and Manager endorse the BSA’s aims of improving building standards, but it has, despite the Company not developing any of its assets, increased the challenges associated with resolving complex building safety issues. Notwithstanding, since Schroders’ appointment as Manager in mid-2019, and subsequent Board appointments, progress is being made in protecting both leaseholders’ interests and our shareholders’ investments.
- The Company intends to consult with shareholders in January 2023 on the forthcoming Continuation Vote.

\* At the bottom of this statement is an Appendix containing a breakdown of the portfolio statistics used throughout for ease of reference.

Barry Gilbertson, the Company’s Chair, said:

*“The Company continues to operate in an increasingly challenging regulatory environment, and we are working hard to protect both our leaseholders’ interests and our shareholders’ investments. Since Schroders’ appointment in mid-2019, and our subsequent new Board appointments from late 2019, progress has been made to reduce risk and manage historic, legacy issues. Given this uncertain outlook, and the forthcoming Continuation Vote, the Board and Schroders intend to consult with shareholders to determine the best strategy for managing these various complex issues and optimising value for shareholders.”*

#### Portfolio valuation and unaudited NAV as at 30 September 2022

As at 30 September 2022 the Company’s independent valuer, Savills, valued the portfolio at £109.0 million. This reflects a decline of £1.0 million or -0.9% compared with the independent portfolio valuation of £110.0 million as at 31 March 2022, and a decline of £10.4 million or -8.7% compared with the independent portfolio valuation of £119.4 million as at 30 September 2021.

Consistent with the approach taken for the unaudited interim results for the six month period ending 31 March 2022, Savills, in conjunction with industry peers and the Royal Institution of Chartered Surveyors (the 'RICS'), have maintained the Material Valuation Uncertainty Clause ('MUC') relating to building safety issues, with the MUC technically not applying to the residential leasehold reform risk. An improved understanding of building remediation requirements across the portfolio meant the MUC was more narrowly applied with respect to the six-month period ending on 30 September 2022, with 30 of the Company's 390 assets subject to a building safety valuation adjustment, representing 21% of the portfolio by value (31 March 2022: 31% of portfolio value; 30 September 2021: 11% of portfolio value). Further progress since the valuation date means that the relevant percentage of assets impacted is now approximately 17%. The valuation was also impacted by general leasehold reform uncertainties which, together with the building safety issues, resulted in limited market transactional evidence.

Including adjustments made in prior periods, the aggregate valuation adjustments adopted by Savills for building safety and residential leasehold regulatory reform are £11.4 million and £3.8 million respectively as at 30 September 2022, or £15.2 million in total (31 March 2022: £18.6 million in total; 30 September 2021: £7.2 million in total). Due to the very recent introduction of the Building Safety Act ("BSA") in April 2022, outlined in more detail below, Savills' valuation makes assumptions where the full extent of the Company's liability for building safety works at the 30 relevant assets are currently unclear or unknown. This includes attributing a risk rating to each of the assets based on the relevant information provided by the Manager. This risk rating, adopted following the introduction of the BSA, is a means of quantifying the extent to which building safety remediation may be required, and whether those responsible for the defects, such as developers and contractors, remain in existence.

In order to provide shareholders with as much disclosure as possible, the Board and Manager are working with their key advisors and the Company's auditor, PricewaterhouseCoopers LLP ('PwC'), to more accurately verify the valuation adjustments used in the forthcoming audited year end accounts to 30 September 2022. To do so, we are adopting new Government guidance to verify the extent and cost of building safety remediation that is required across the portfolio, and the party, or parties, responsible for such costs. This is challenging due to the rapidly changing legislative environment and increased demand for specialist building consultants.

The Board and Manager have a clear strategy to provide this verification and it is possible that the verification exercise may lead Savills to change its valuation adjustment, which could increase or decrease the valuation as at 30 September 2022 to be used in the audited accounts at the same date. If sufficient verification cannot be provided, then the Company's accounts may be subject to an audit report modification. The Company has obtained approval from The International Stock Exchange ('TISE') to extend the filing date from 31 March 2022 to 30 June 2023, with the accounts being made available earlier if possible. The Company will also seek approval from Companies House, if required, in early 2023.

Based on the Savills portfolio value of £109.0 million, the Company is able to provide an estimated, pro-forma, unaudited NAV as at 30 September 2022 of £88.5 million, or 92.5 pence per share ('pps') (unaudited 31 March 2022: £89.5 million or 93.6 pps; audited 30 September 2021: £99.7 million or 103.1 pps). As noted, the audited NAV that the Company will release as soon as practicably possible in 2023, may be subject to an increase or decrease based on the aforementioned verification exercise.

### **Building safety reform**

The Building Safety Act 2022 (the 'BSA') received Royal Assent on 28 April 2022 and secondary leaseholder protection legislation became law in July 2022. The Board and Manager endorse the BSA's aims of improving building standards, and helping to protect leaseholders living in their homes from the costs of remediating building safety risk issues. The Government has expressed a desire to put in place legal rights to support claims in the context of the "Polluter Pays" principle, by attempting to impose a primary liability with original developers and their building contractors (and associated entities) to remediate affected buildings. In January 2022 the British Standards Institute, in conjunction with Government, also introduced more proportionate building safety assessment guidelines, known as

'PAS9980'. This guidance, together with a state-backed professional indemnity insurance scheme for relevant assessors, is hoped to lead to more comprehensive fire risk assessments and more proportionate remedial measures, potentially reducing unnecessary costs.

Alongside the BSA, the Government asked original developers of affected residential buildings to sign a "Pledge", committing them to remediate, at their cost, the buildings they have developed over the past 30 years. The BSA, together with commitments under the Pledge, has led a number of large, listed developers to make significant provisions to pay for these works over time. The Company did not develop any of the assets in the portfolio, meaning it is not the 'Polluter'.

Despite the Polluter Pays principle,, the BSA also places responsibility for remedying unfunded, residual defects upon landlords such as the Company. This could impact the Company. Consequently, understanding the extent of this residual risk is the purpose of the verification exercise outlined above. In order to protect shareholders' interests, we and other institutional owners are also making representations to the Government in order to encourage greater fairness towards landlords who have not developed the assets, and a better understanding of the potential consequences of this aspect of the BSA.

Whilst the BSA has increased the complexity of the challenges facing the Company, we are already acting to protect both leaseholders' interests and our shareholders' investments, and the following progress is being made:

- Robust processes are in place to manage building safety issues, including regular and transparent communication with leaseholders who, in many cases, are understandably frustrated by issues that are impacting their ability to sell, or even re-mortgage, their home.
- Remedial work has commenced at seven out of the 30 properties referenced above (6.6% of current portfolio by value) which is being funded by either the original developers or the Government.
- Qualifying applications for Government funding have been made at a further eight properties (3.7% of current portfolio by value).
- Working closely with the Government's delivery partner for the Building Safety Fund ('BSF'), Homes England, and the Greater London Authority, we are one of the first institutional landlords to agree a main Grant Funding Agreement ('GFA'). Negotiations for a further three GFAs on the 'Managed Estate' (where the Company retains management responsibilities) are progressing in order to receive funding and complete works that will accelerate remediation and thereby enable leaseholders to sell or re-mortgage their homes.
- Across the 'Managed' and 'Non-managed Estate' (where a Residents Management Company ('RMC') is responsible for managing the building), we are progressing, or are aware of, approximately £56 million of developer or Government funded remediation projects at 17 properties. This includes four properties where works have already been completed (over and above the 30 referenced above), at no significant cost to the Company. In these cases the Company's cost exposure was limited to professional and other fees.
- New fire alarm systems installed at 10 properties, removing the requirement for expensive 'waking watches' whilst additional building safety works are addressed. In most cases, costs have initially been met by Government funding, and those organisations deemed ultimately responsible will be legally pursued where relevant.
- With respect to the 'Managed Estate', which includes eight out of the 30 properties referenced above, we are actively pursuing six developers under the new powers provided by the BSA, including waking watch costs and higher insurance premiums payable by leaseholders due to building safety defects.

- With respect to the 'Non-Managed Estate' which includes 22 out of the 30 properties referenced above we are assisting leaseholders (and their RMC where appropriate) wherever possible, such as providing consents for building safety assessments or leveraging contractual relationships where we hold collateral warranties from the original developer or contractor. Our approach recognises that many RMC's are supported by little to no shareholder equity, and that management and responsibilities transfer to the landlord when an RMC ceases to exist. There can also be practical challenges associated with obtaining information relating to the Non-Managed Estate, as the RMC has responsibility for dealing with its leaseholders, as well as providing consent for access to its demise.
- The Manager, in conjunction with our legal adviser, property manager and health & safety specialist, is putting in place the new landlord and leaseholder certification processes set out in the leaseholder protection regulations, as well as continually working towards establishing the 'Golden Thread' of building information for every asset.

More broadly, we have also made the following progress in relation to our objective to deliver best-in-class residential asset management:

- Continued progress implementing 'Project Pacific', an asset management programme to remove doubling residential ground rents from the portfolio at no cost to the leaseholder. This project was voluntarily initiated by the Company in 2017, well before Government reform. To date, 446 leaseholders have taken up the Project Pacific offer, which represents approximately 15% of qualifying leases and 2% of total leases across the portfolio. To accelerate this programme of activity, leaseholders with doubling ground rents that may be considered onerous were provided with an improved offer during the financial year. Acceptance should enable the leaseholder to secure improved mortgage terms and improve the liquidity of their home.
- Having resolved the highly complex legacy litigation at Beetham Tower in Manchester in August 2021, the Board and Manager are continuing to deal with legacy issues relating to historic transactions and portfolio activity carried out prior to the current Board and Manager's appointments with the Company. These legacy issues are granular, time consuming, and generally relate to disputes concerning legal title, disrepair and property management.
- Against the backdrop of the cost of living crisis, we are demonstrating the benefits of institutional ownership in the ground rents sector through activity such as bulk buying utilities and lower building insurance premiums.

## **Shareholder consultation**

### *Continuation Vote*

As noted in the interim results, the Company's Articles of Association (the 'Articles'), adopted prior to admission to the Official List of the Channel Islands Stock Exchange (now The International Stock Exchange, or 'TISE'), and to trading on the SETSqx platform of the London Stock Exchange in August 2012, 'Admission') contain provisions that provide shareholders with a vote on the future of the Company, commonly known as a 'Continuation Vote'. Such votes are relatively common in investment trusts as a means of enabling shareholders to realise their investment at, or close to, net asset value where, as in the Company's situation, the shares have traded at a persistent and material discount to net asset value per share.

Continuation Votes can be structured in different ways. In the Company's case, there is a requirement for the Board to convene a General Meeting between the tenth and the eleventh anniversary of Admission, meaning that the meeting must take place no later than 13 August 2023. The Articles provide that (i) the Board must table a proposal for shareholders to vote on a resolution for a voluntary wind-up (the 'Wind-up Resolution') and subsequent liquidation of the Company; and (ii) any single shareholder who votes for the Wind-up Resolution is deemed to hold sufficient voting rights so as to ensure that the resolution is passed. This means that the Wind-up Resolution can be passed with the vote of one

shareholder irrespective of the number of shares it holds in the Company. The effect is that, in the absence of any alternative proposal approved by shareholders, it is highly likely that the Wind-up Resolution will be passed. If the Wind-up Resolution is not passed, then the process is to be repeated every five years, meaning the next date on which a Wind-up Resolution can be proposed via the Continuation Vote process would be on the fifteenth anniversary of Admission (and every fifth anniversary thereafter).

The Articles allow for the Board to be released from its obligations to propose a Wind-up Resolution if a special resolution of the shareholders is passed prior to the eleventh anniversary of Admission. The Articles do not specify the terms of such a special resolution, and therefore the Board and its advisors have been giving consideration to proposals to be put to shareholders to facilitate the passing of a special resolution to release the Board from the requirement to propose the Wind-up Resolution by 13 August 2023. We will therefore consult with our larger shareholders on possible options in January 2023. The key points to be discussed in the consultation are set out below:

#### *Market context and shareholder feedback to date*

As outlined, the Company faces continuing headwinds relating to building safety and leasehold reform that are largely outside of our control, which have led to falling capital values and weak sentiment in the ground rent market sector more broadly. Whilst the Company has a clear strategy for managing the risks associated with these headwinds, until market conditions and liquidity improve, we believe that the portfolio may not be realisable on acceptable terms. Consequently, whilst progress is being made to improve liquidity of the underlying assets to satisfy more demanding buyer due diligence requirements, there is no certainty that the portfolio could be made 'ready for sale' to achieve optimum pricing over the short to medium term.

The Board and Manager also recognise that, based on recent shareholder feedback and the prevailing share price discount, a liquidity event more reflective of true net asset value would be attractive to shareholders. As part of assessing the options available, we are assuming that any extension to the term of the Company granted by the release of the need to propose a Wind-up Resolution by 23 August 2023 will be used to improve liquidity and crystallise the optimum return for all shareholders.

#### *Consequences of the Wind-up Resolution*

In the absence of an alternative, special resolution, a single shareholder voting in favour of the Wind-up Resolution will lead to the immediate winding up of the Company. If a Wind-up Resolution is passed, the Company would cease activities and all management powers would pass from the Board to an appointed Liquidator with immediate effect, which would constitute an event of default under the Company's loan facility with Santander. Given general market uncertainty, and based on the views from the Company's advisors, the impact would likely be a forced sale of the underlying portfolio (in whole or in parts) at depressed prices.

#### *Alternative proposals to the Wind-up Resolution*

Given the risks associated with the Wind-up Resolution, the Board and Manager intend to consult with shareholders on alternative options, summarised as:

- (1) Postponing the Company's obligation to hold a vote on the Wind-up Resolution by the current deadline of 13 August 2023 to 31 December 2024<sup>1</sup> ('Option 1'); or
- (2) Removing the Company's obligation to hold a vote on the Wind-up Resolution and replacing it with an alternative proposal and vote before 31 December 2024<sup>1</sup> to decide whether the life of the Company should continue (a 'Continuation Vote') which requires either (i) a simple majority of votes cast to pass; or (ii) a majority of not less than 75% of votes cast to pass. If this Continuation Vote is not passed, then the Board would be required to present alternative proposals to shareholders within an expedited timeframe ('Option 2').

<sup>1</sup> Note that this was changed from 2025 to 2024 for the purposes of the formal shareholder consultation

The points we would like shareholders to consider in relation to these options are:

#### *Option 1*

- The principle of one shareholder being able to trigger a liquidation remains; and
- The deadline for the vote on the Wind-up Resolution being extended to 31 December 2024<sup>1</sup>. Given the Company's loan maturity in January 2025, and the work and cost associated with a possible short-term refinancing, the Board considers this date to be the most appropriate in the circumstance.

#### *Option 2*

- Removing the need for the vote on the Wind-up Resolution in its entirety and providing the Board instead with an obligation to hold a Continuation Vote by 31 December 2024<sup>1</sup>. Such a vote would act as a milestone for the Board to provide shareholders with an update on progress in implementing the strategy determined following the consultation; and
- Question whether the vote be passed by a simple majority of not less than 50%, or a majority of not less than 75% (in both cases as a percentage of votes cast)

Given the impact of these options on the strategy of the Company, the Board also wishes to consult on amendments to the investment objective and policy, which is currently:

*"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.*

*The Group intends that no single ground rent property should represent more than 25% of the gross asset value of the Group at the time of investment. The Company has the ability to gear up to 25% loan to gross asset value."*

Should shareholders wish to proceed with one of the options alternative to the Wind-up Resolution, the Board, with the full support of the Manager, proposes amendments to the investment policy to enable a realisation of assets in a controlled, orderly and timely manner, with the objective of achieving a balance between periodically returning cash to shareholders and optimising the realisation value of the Company's investments. The detail of this arrangement would be discussed as part of the consultation.

In addition to the legal and procedural points, there are additional, more commercial considerations on which we wish to consult with shareholders:

#### *Current debt and potential refinancing*

The Company's external loan with Santander matures in January 2025. Alongside the measures described, we will consult on proposals to extend this facility for a short period of time.

#### *Board and external advisor fees*

Since Schrodgers' appointment as Alternative Investment Fund Manager in mid 2019, the sustained headwinds facing the Company have led to the management team, and the Board, especially the Chair,

<sup>1</sup> Note that this was changed from 2025 to 2024 for the purposes of the formal shareholder consultation

to commit significantly more time and resource than could have been reasonably envisaged managing legacy issues. Resolving the complex legacy litigation at Beetham Tower in Manchester was very painful for our shareholders, but failure to deliver the outcome could have led to a significantly worse outcome for shareholders, leaseholders and other stakeholders. Despite the significant additional time and effort from both Schrodgers and the Board in bringing resolution to the Beetham Tower dispute, both Board and Manager felt the overall impact of the transaction on our shareholders meant it was inappropriate to charge additional fees for this work, despite being able to do so.

Looking forward, and as noted, the Board and management team continue to grapple with a range of legacy issues, as well as major new workstreams relating to building safety. This is critical work to support the strategy and improve portfolio liquidity. Whilst Schrodgers Alternative Investment Fund Management Agreement includes the ability to charge extra fees for out-of-scope work, the sheer range of projects means it is an inefficient mechanism. We would therefore like to consult with shareholders on the Manager's current fee arrangement with a view to simplifying its terms and aligning the Manager's interests with the interests of the Company's shareholders.

The Board is also reviewing fees of the Company's corporate broker and legal advisors for work associated with the matters set out.

Finally, given the increased workload and complexity of issues to be managed by the Board, particularly the Chair, and the potential for further work surrounding the Continuation Vote, we wish to consult shareholders on an increase in the Directors aggregate fee cap from the current level of £150,000 per annum. This also follows an increase in the size of the Board from three to four members in 2021, extending the range of experience and expertise of the Board, and creating a gender diversity ratio of 2:2.

#### *Dividend policy*

Although the Company benefits from growing underlying rental income, the headwinds relating to building safety and legacy issues across the portfolio are increasing frictional costs, and therefore diluting earnings. This scenario combined with the potential costs associated with the matters described and a rising interest rate environment, means the long term sustainability of the dividend may be impacted. This possible outcome is the final point for discussion with shareholders as part of the consultation.

#### *Timing*

Following release of this update, Singer Capital Markets ('SCM') will be contacting larger shareholders requesting initial consultation meetings to be held in January 2023, to be attended by SCM, by key members of the Schrodgers team and the Chair. Following this initial consultation, it is likely that the Board will refine the proposals and further consult prior to implementation.

Assuming this consultation process is concluded by the end of February 2023, and in the hope that a consensus can be found, the Company would aim to issue a shareholder circular before the end of March 2023, with a General Meeting taking place in May 2023, all in sufficient time before the deadline for presenting the winding-up resolution in August. Preparation of the Company's audited accounts to 30 September 2022 will run in parallel with this process.

This announcement has been determined to contain inside information. The publication of this announcement means that this inside information is now considered to be in the public domain.

Appendix

Table 1 – Savills Unaudited Portfolio Valuation Adjustments

<b>GRIO 2022 Trading Update</b>			
	<b>30-Sep-22 (unaudited)</b>	<b>31-Mar-22* (unaudited)</b>	<b>30-Sep-21 (audited)</b>
<b>SAVILLS PORTFOLIO VALUATION:</b>			
Value (£m):	£109.0	£110.0	£119.4
HY £m / Valuation change (%)	-£0.95	-0.9%	n/a
FY £m / Valuation change (%)	-£10.4	n/a	-8.7%
NAV (£m)	£88.5	£89.5	£99.7
Pence per Share ('pps')	92.5	93.6	103.1
<b>SAVILLS VALUATION ADJUSTMENTS:</b>			
Building Safety Act adjustment (£m)	£11.4	£13.9	£1.1
Leasehold Reform adjustment (£m)	£3.8	£4.6	£6.1
Total adjustment (£m):	<b>£15.3</b>	<b>£18.6</b>	<b>£7.2</b>
<b>MATERIAL VALUATION UNCERTAINTY CLAUSE:</b>			
No. of Assets	30	63*	17
Savills portfolio valuation where Building Safety Act remediation may be required (%)	21%	31%*	11%

\* As at 31 March 2022 Savills adopted a valuation adjustment for the Building Safety Act, together with the MUC, for all mid-rise assets within the portfolio, irrespective of whether the need for building safety remediation had been identified.

Table 2 – Building Safety Act

<b>Building Safety Act</b>		
	Number of Assets	% of Portfolio Value (30-Sept-22)
<b>Number of Assets Requiring Remediation:</b>		
Managed Estate	8	8.9%
Non-Managed Estate	22	12.0%
<b>Total</b>	<b>30</b>	<b>20.8%</b>
<b>Number of Assets Requiring Remediation, as of Dec-2022:</b>		
<b>Remedial Work Commenced:</b>	28	17.0%
Managed Estate	1	0.5%
Non-Managed Estate	6	6.2%
<b>Total</b>	<b>7</b>	<b>6.6%</b>
<b>In addition, Government funding applications ongoing:</b>		
Managed Estate	3	1.0%
Non-Managed Estate	5	2.7%
<b>Total</b>	<b>8</b>	<b>3.7%</b>
<b>In addition, pursuing responsible parties and/or awaiting mid-rise Government funding:</b>		
Managed Estate	4	7.4%
Non-Managed Estate	11	3.1%
<b>Total</b>	<b>15</b>	<b>10.5%</b>
<b>Grand Total</b>	<b>30</b>	<b>20.8%</b>

	Number of Assets	% of Portfolio Value (30-Sept-22)
<b>Post period end, net remediation not needed or works completed (including 1 additional property since identified)</b>		
Managed Estate	-2	-3.0%
Non-Managed Estate*	0*	-0.8%
<b>Total</b>	<b>-2</b>	<b>-3.8%</b>
<b>Grand Total (pro-forma, post 30-Sept-22)</b>	<b>28</b>	<b>17.0%</b>
<b>Building Safety Act remediation works completed prior to 30-Sept-21:</b>	<b>4</b>	<b>5%</b>

\* Net zero number of properties because one property where remediation since completed; and one additional property identified

*Table 3 – Project Pacific*

a.	b. Number of dwellings	c. % of dwellings	d. % of Portfolio Value (30 September 2022)
e. Accepted offer	f. 446	g. 2%	h. 2%
i. Qualifying Leases	j. 2,950	k. 15%	l. 11%
<b>m. Total Portfolio Leases</b>	<b>n. 19,349</b>	<b>o. 100%</b>	<b>p. 100%</b>

*For more information:*

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