

### Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

### Product

## Ground Rents Income Fund plc

**ISIN: (GB00B715WG26)**

This product is listed on The International Stock Exchange (TISE) and is traded on the SETSqx platform of the London Stock Exchange since 13 August 2012. It is governed by its Board of Directors who has appointed Schroder Real Estate Investment Management Limited as its investment manager, accounting agent and to prepare this Key Information Document. Schroder Real Estate Investment Management Limited was appointed on 13 May 2019. Schroder Real Estate Investment Management Limited is a member of the Schroders Group and is authorised and regulated by the Financial Conduct Authority (FCA). For more information on this product please refer to [www.groundrentsincomefund.com](http://www.groundrentsincomefund.com) or call one of our Investor Services team on 0800 718 777.

This document was published on 29/12/2023.

**You are about to purchase a product that is not simple and may be difficult to understand.**

### What is this product?

#### Type

This is a closed-ended investment company incorporated in England and Wales that qualifies as a real estate investment trust.

#### Investment Objective and Policy

**Investment Objective:** The investment objective of the Company is to provide shareholders with the opportunity to invest in a portfolio of assets with the income generated from the collection of ground rents.

**Investment Policy:** The investment policy of the Company is to hold a diversified portfolio of ground rents, including freeholds and head leases of residential, retail and commercial properties located in the United Kingdom.

Following a shareholder vote on 24 April 2023, the Company's investment policy was changed to a realisation of the Company's assets in a controlled, orderly and timely manner, with the objective of achieving a balance between returning cash to shareholders and optimising the net realisation value of the Company's investments.

Shares in the Company are traded on the London Stock Exchange and are bought and sold in the market. Typically, at any given time, on any given day, the price you pay for a share will be higher than the price at which you could sell it.

The return to an investor is dependent on the performance of the share price, which may rise and fall in the market, and which is largely determined by the performance of the underlying investments. The Company calculates a net asset value on a half-yearly basis and announces it to the market.

The Company is valued with reference to the net asset value of the

underlying assets. The net asset value per share represents the value of the Company's assets less liabilities, divided by the number of shares in issue.

The Company borrows for investment purposes. This will magnify any gains or losses made by the Company.

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**Distribution Policy:** The distribution policy is to pay income received from the fund's investments to you semi-annually.

#### Intended retail investor

An investment in the Company may be suitable for professionally advised retail investors. An investment in the Company may also be suitable for retail investors who are financially sophisticated, non-advised retail investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment.

**Recommendation:** Investors should seek professional advice or satisfy themselves that they have an understanding of the strategies and techniques employed by the investment manager prior to making an investment.

### What are the risks and what could I get in return?

#### Risk indicator



The risk indicator assumes you keep the product for 5 years. The risk is considered to be higher if the holding period is shorter.

You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back.

#### Investment performance information

Future returns on your investment will be determined by the performance of the shares. Such performance may be positive or negative, depending on a number of factors. These include profitability, borrowings and management of the Company and its subsidiaries, the

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 4 out of 7, which is a medium risk class.

**Liquidity risk:** In difficult market conditions, the fund may not be able to sell an asset for full value or at all.

A property market downturn may adversely affect performance and real estate assets may be difficult to sell. The above classification does not take account of current and potential legislative reform which has negatively impacted performance and has led to valuation uncertainty.

underlying value of the portfolio of real estate assets owned and operated by the Company and its subsidiaries, the cyclical nature of real estate values, fluctuations in inflation rates, environmental risks and the impact of potential legislative reform.

The life of the Company may be impacted by the outcome of continuation votes to be held by the Company and put to shareholders – the next continuation vote is due to be put forward by the Company on or before 31 December 2024 where if the Company is wound up as a result of the vote, the amount shareholders will receive from the liquidation proceeds may be less than the amount they invested.

General market movements affecting UK listed companies may also impact performance of the product. Real Estate is more illiquid when compared with other asset classes such as listed equities or bonds. This investment is therefore intended for investors who can accept the risks associated with making potentially illiquid investments in real estate. The real estate market has, at certain times, not performed in the same manner as equity and bond markets. As the real estate market frequently performs, positively or negatively and without any correlation to the equity or bond markets, these investments may affect the performance of the Company either in a positive or a negative manner. There is no publicly listed comparable peer group for the Company. As such, no relevant benchmark information is available, with many other similar long-dated ground rent portfolios are privately managed.

#### What could affect my return positively?

An increase in property market activity could lead to increases in underlying values and income.

A rise in Retail Price Index inflation could generate increases in investment income, as the majority of the portfolio's underlying lease income will increase via lease-defined rent reviews in line with inflation.

#### What could affect my return negatively?

A property market downturn (leading to a decrease in underlying values) may adversely affect performance and real estate assets may be difficult to sell.

The Government has been considering reforms to the residential leasehold system and building safety regime since 2017. This includes the introduction of the Leasehold Reform (Ground Rent) Act 2022 and the Building Safety Act 2022. This has negatively impacted performance and is leading to valuation uncertainty. The final outcome of future legislation remains unclear and could negatively impact the Company's portfolio further.

Company shares have no maturity date, although the Company may be wound up following a continuation vote to be held by the Company on or before 31 December 2024. In difficult market conditions, investors may receive less than the amount they invested on a sale of Company shares or on a winding up of the Company. Under severe market conditions, for example a significant fall in property market values making real estate assets very difficult to sell, investors may receive considerably less than the amount they invested on a sale of Company shares or on a winding up of the Company and, in an extreme situation, may lose all of their money invested in Company shares.

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## What happens if Ground Rents Income Fund plc is unable to pay out?

As a shareholder of Ground Rents Income Fund plc you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event that the Company is unable to pay out.

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## What are the costs?

#### Costs over time

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest GBP 10,000.00. The figures are estimates and may change in the future.

<b>Investment £10,000.00</b>			
<b>Scenarios</b>	<b>If you cash in after 1 year</b>	<b>If you cash in after 3 years</b>	<b>If you cash in at 5 years</b>
<b>Total costs</b>	<b>£316.00</b>	<b>£978.00</b>	<b>£1,630.00</b>
<b>Impact on return (RIY) per year</b>	<b>3.16%</b>	<b>3.16%</b>	<b>3.16%</b>

The person selling or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

## Composition of costs

The table below shows:

- the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period;
- the meaning of the different cost categories.

## Cost Composition

This table shows the impact on return per year			
One-off costs	Entry costs	0.00%	The impact of the costs you pay when entering your investment. This is the most you will pay, and you could pay less.
	Exit costs	0.00%	The impact of the costs when exiting your investment.
Ongoing costs	Portfolio transaction costs	0.00%	The impact of the costs that we take each year for managing your investments.
	Other ongoing costs	3.16%	The impact of the costs that we take each year for managing your investments.
Incidental costs	Performance fees	0.00%	No performance fees are applied.
	Carried interests	0.00%	No carried interest is applied.

Other ongoing costs shown above comprise the management fee, finance costs and all other operating costs excluding transaction costs, where the finance costs (i.e. the cost of borrowing) are 0.83%.

## How long should I hold it and can I take money out early?

Investors are free to disinvest at any time. In order to seek to minimise the effect of shorter term cyclical fluctuations in the market, the recommended minimum holding period is at least 5 years. Shares in the Company may be bought and sold at any time on the London Stock Exchange.

## How can I complain?

Should you wish to complain about your investment in the Company, or about Schroders, please write to the Board c/o the Company Secretary, Schroder Investment Management Limited, 1 London Wall Place, London, EC2Y 5AU or send an email to: [investorservices@schroders.com](mailto:investorservices@schroders.com)

If you have a complaint about financial advice you have received in relation to the Company, or the service you have received when placing transactions in the Company through a third party, please direct your complaint to your adviser or third party accordingly.

## Other relevant information

Depending on how you buy the fund you may incur other costs, including broker commission, platform fees and Stamp Duty. The distributor will provide you with additional documents where necessary.

You can get further information about the Company, the risks associated with an investment in the Company, details of the Company's share price and copies of the Report and Accounts and other documents published by the Company, as well as information on the Directors, Terms of Reference of Committees and other governance arrangements from [www.groundrentsincomefund.com](http://www.groundrentsincomefund.com).

**Tax Legislation:** The Company is subject to UK tax legislation which may have an impact on your personal tax position.

The Company's annual report for the year ended 30 September 2022 included a disclaimer of opinion within the Auditors' report ("Modified Auditors' Report"). While this remains in place, all future dividend payments will be withheld.

This Key Information Document is updated at least every 12 months, unless there are any ad hoc changes.

The cost and risk calculations included in this Key Information Document follow the methodology prescribed by the UK rules, and nothing in this document should be construed as a forecast of future returns.