



# Ground Rents Income Fund plc

31 March 2024

Marketing material for  
professional clients only

## Company summary

The Company is a closed-ended real estate investment trust incorporated in England on 23 April 2012. The Company is listed on The International Stock Exchange and is traded on the SETSqx platform of the London Stock Exchange. Schroder Real Estate Investment Management Limited (the 'Manager' or 'Schroders Capital') was appointed as the Company's Alternative Investment Fund Manager ('AIFM') in May 2019 to support the Board of the Company with the headwinds related to building safety and leasehold reform.

## Risk considerations

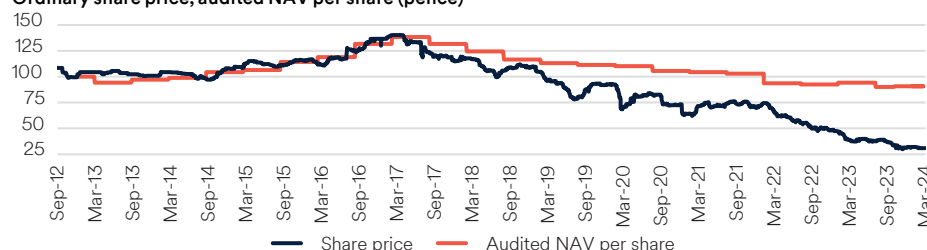
The Government has been considering reforms to the residential leasehold system and building safety regime since 2017. Legislative decisions detrimental to the existing position of landlords have adversely affected the valuation of GRIO's portfolio. The uncertainty relating to the practical and financial impact of building safety legislation on the Company's portfolio has resulted in a continued disclaimer of opinion within the Auditor's report (the 'Modified Auditor's Report') in the 2023 Annual Report. In addition, the previous Government progressed its leasehold reform agenda, with the Leasehold and Freehold Reform Bill enacting in May 2024. The implications could negatively impact the Company's portfolio further, albeit the ultimate outcome remains uncertain. Whilst the Modified Auditor's Report remains in place, all future dividend payments will be withheld, despite the Company having significant distributable reserves and good visibility of earnings. Further details are contained in the latest report and accounts.

Following a change to the Investment Policy in April 2023, the Board of the Company and Schroders Capital as Investment Manager are focussed on a clear strategy to address the headwinds to do with building safety and leasehold reform and thereby to optimise value for shareholders via a controlled, orderly, and timely realisation of assets, whilst aiming to deliver best-in-class residential asset management for leaseholders. The Company may not make new investments, except where required to preserve and/or enhance the disposal value of its existing assets. Please see the Company's website for the new Investment Policy in full, [www.schroders.com/grio](http://www.schroders.com/grio).

The Company may be concentrated in a limited number of geographical regions, industry sectors, markets and/or individual positions. This may result in large changes in the value of the company, both up and down, which may adversely impact the performance of the company. The Company completed a refinancing of its existing debt facility, extending the term from January 2025 to July 2026 and introducing new security. Post refinancing interest rate of 3.6% p.a. agreed. Sales proceeds will be utilised to reduce the loan facility and limit finance risks.

## Performance analysis

Ordinary share price, audited NAV per share (pence)



Performance (%)	3 months	6 months	1 year	3 years	5 years	Since launch	Avg p.a.
Share Price <sup>7</sup>	-0.6	-16.4	-20.1	-24.3	-20.2	-68.8	-9.8
Shareholder Total Return <sup>8</sup>	-0.6	-16.4	-20.1	-21.7	-17.2	-53.5	-6.6
NAV Total Return <sup>19</sup>	N/A	-23.0	-26.4	-10.9	-7.0	-2.4	-0.2

Discrete Yearly Performance (%)	Q1 2022 Q1 2023	Q1 2021 Q1 2022	Q1 2020 Q1 2021	Q1 2019 Q1 2020	Q1 2018 Q1 2019
Share Price <sup>7</sup>	-20.1	-40.5	-8.8	0.7	-26.0
Shareholder Total Return <sup>8</sup>	-20.1	-37.3	-4.4	6.2	-23.6
NAV Total Return <sup>19</sup>	-26.4	3.8	-7.3	-1.5	-0.1

### Investment Manager<sup>2</sup>

Chris Leek

### Schroders appointed Manager

13 May 2019

### Fund launch date

13 August 2012

### Latest published Net Asset Value (NAV)<sup>1</sup>

£66.2 million

### Net loan to value<sup>3</sup>

17.9%

### Latest published NAV per ordinary share<sup>1</sup>

69.2p

### Share price<sup>4</sup>

31.0p

### Premium/(discount) to latest published NAV<sup>1</sup>

-55.3%

### Ongoing costs<sup>5</sup>

2.4%

Source: Schroders Capital unless otherwise stated. <sup>1</sup>NAV is as at the most recent announcement (for year end 30 September or half year end 31 March). <sup>2</sup>Chris Leek appointed 6 October 2021. <sup>3</sup>Approximate net of cash loan to value on the basis of the Savills portfolio valuation. <sup>4</sup>Source: DataStream, price at close. <sup>5</sup>Ongoing costs are total expenses (excluding finance costs) as a percentage of average net assets. Most recent Key Information Document provides for ongoing costs of 2.4%. <sup>6</sup>Source: Schroders Capital, DataStream, bid to bid price <sup>7</sup>Source: Schroders Capital, DataStream, bid to bid price with net income reinvested. <sup>8</sup>Source: Schroders Capital, NAV to NAV (per share) plus dividends when paid.

## REIT status

The Company is a Real Estate Investment Trust ('REIT'). The UK REIT regime affords the Company a number of potential efficiencies in its tax affairs including exemption from UK corporation tax on profits and gains from its UK property rental business. The Company intends to comply with the rules of the REIT regime in order to achieve these potential benefits.

**Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them can go down as well as up and you may not get back the amount originally invested.**

Issued in August 2024.

## Top 10 assets

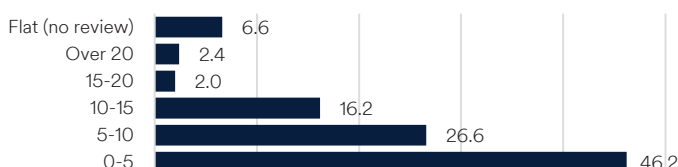
Assets	Ground rent p.a. (£'000)	%*	Value (£m)	%**
1. Lawrence Street Student Village	356	6.8	8.3	10.2
2. First Street	136	2.8	3.4	4.1
3. Masshouse Plaza	98	3.7	3.1	3.9
4. One Park West	150	3.4	2.7	3.3
5. Richmond House	122	1.6	2.2	2.7
6. Rathbone Market	118	2.3	2.1	2.6
7. Vita Tinlings	113	1.7	2.1	2.6
8. Brentford Lock West	100	2.3	2.1	2.5
9. Brewery Wharf	86	1.9	1.8	2.2
10. Wiltshire Leisure Village	84	2.2	1.6	2.0
<b>TOTAL</b>	<b>1,364</b>	<b>28.7</b>	<b>29.4</b>	<b>36.1</b>

Source: Schroders Capital. \*Percentage of total portfolio ground rent income. \*\*Percentage of total portfolio valuation.

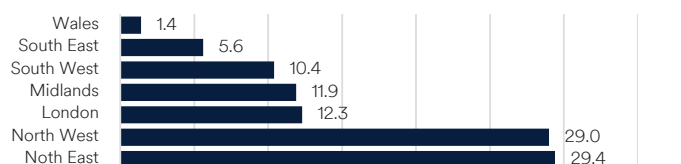
## Rent review weightings (%)\*



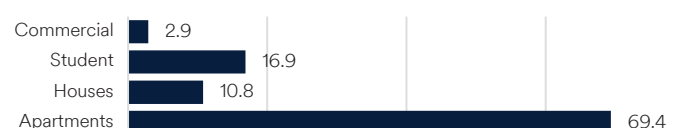
## Years to next review (%)\*



## Regional weightings (%)\*



## Unit weightings (%)\*



Source for 4 charts: Schroders Capital. \*Based on total portfolio ground rent income.

\*\*Only 2.5% of portfolio ground rent income may be deemed 'onerous' or residential ground rents that double more frequently than every 20 years.

## Information

Schroder Real Estate  
Investment Management Limited  
1 London Wall Place,  
London EC2Y 5AU, United  
Kingdom

Tax Status	UK Real Estate Investment Trust
Fund Base Currency	GBP
Dividend timetable, when paid	Semi-annual but whilst the Modified Auditor's Report remains in place all future dividend payments will be withheld. See above for more information
Dealing	Ordinary shares can be purchased on the London Stock Exchange (LSE) and The International Stock Exchange (TISE)
Investment Management Fee	1.0% of NAV per annum up to £200 million, 0.9% of NAV per annum between £200 million and £400 million and 0.8% thereafter

Ordinary Share	
LSE Ticker	GRIO
TISE Ticker	GRI
SEDOL (LSE)	B8KOLM4 (SETSqx)
SEDOL (TISE)	B715WG2
Bloomberg	GRIQ:LN
Reuters	GRIQ.L
ISIN	GB00B715WG26
ISA Eligible	Yes

**Important information:** Third party data is owned or licensed by the data provider and may not be reproduced or extracted and used for any other purpose without the data provider's consent. Third party data is provided without any warranties of any kind. The data provider and issuer of the document shall have no liability in connection with the third party data. Ground Rents Income Fund plc is listed on The International Stock Exchange (TISE) and traded on the SETSqx platform of the London Stock Exchange (LSE) with UK-REIT status meaning that its profits (i.e. income and gains) from its Qualifying Property Rental Business should be exempt from UK income tax and corporation tax. This factsheet should not be taken as any indication the Company held any particular investments at any particular date other than the stated date. Nothing in this factsheet should be construed as advice and is therefore not a recommendation to buy or sell shares. If you are interested in this fund you should contact your usual financial adviser before making any investment decision. In addition you can contact one the Schroders Investor Services team on 0800 718 777

for further information. Please note that Schroders Capital is unable to give you specific investment advice. For investors' security calls to this number may be recorded. The data contained in this document has been sourced by Schroders Capital and should be independently verified before further publication or use. Issued by Schroder Real Estate Investment Management Limited, 1 London Wall Place London, EC2Y 5AU. Registered No: 1188240 England. Authorised and regulated by the Financial Conduct Authority.