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If you have sold or otherwise transferred all of your shares in Ground Rents Income Fund plc, please send this document, together with the accompanying documents, at once to the purchaser or transferee or to the stockbroker, bank, or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or transferred only part of your holding of shares in Ground Rents Income Fund plc you should retain this document, together with the accompanying documents.

This document does not constitute or form part of any offer or invitation to sell or issue, or solicitation of any offer to purchase or subscribe for, securities in the Company.

Ground Rents Income Fund plc

(incorporated in England and Wales with company no. 8041022)

PROPOSED DEEDS OF WAIVER

PROPOSED CAPITAL REDUCTION

and

NOTICE OF GENERAL MEETING

Please read the whole of this document. Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 4 to 9 of this document and the recommendations in respect of the Resolutions to be proposed at the General Meeting which is referred to below.

Notice of a General Meeting of the Company, to be held at the offices of the Company at 1 London Wall Place, London EC2Y 5AU at 10.30 a.m. on 8 November 2019, is set out at on pages 13 to 16 of this document. To be valid, the accompanying Form of Proxy for use in connection with the General Meeting should be completed in accordance with the instructions on it and returned as soon as possible and, in any event, so as to reach the Company's registrars, Link Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 10.30 a.m. on 6 November 2019. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the circumstances of the Company since the date of this document or that information in it is correct as at any subsequent time.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates set out below are subject to change or may be adjusted by the Company, in which event details of the new times and dates will be notified by publication of a notice through a regulatory information service approved by each of the FCA and TISE. All times are London times unless otherwise stated.

Publication of this circular	22 October 2019
Latest time and date for receipt of individual Forms of Proxy for General Meeting	10:30 a.m. on 6 November 2019
Warrantheolders' Meeting	10:00 a.m. on 8 November 2019
General Meeting	10:30 a.m. on 8 November 2019
Court hearing to confirm Capital Reduction *	3 December 2019
Registration of Court Order and Effective Date of the Capital Reduction *	4 December 2019

References in this document are to London time.

* The dates marked with an asterisk are estimated only, being subject to agreement of hearing dates with the Court. The timetable assumes that the General Meeting and/or Warrantheolders' Meeting is not adjourned as a result of there being no quorum, or for any other reason. If there is an adjournment, all subsequent dates are likely to be later than those shown.

PART 1

LETTER FROM THE CHAIRMAN OF GROUND RENTS INCOME FUND PLC

GROUND RENTS INCOME FUND PLC

(incorporated in England and Wales with company no. 8041022)

Directors:

Robert Malcolm Naish (*Chairman*)
Paul Anthony Craig
William Edward John Holland

Registered Office:

1 London Wall Place
London
EC2Y 5AU

22 October 2019

To holders of Ordinary Shares

Dear Shareholder,

PROPOSED DEEDS OF WAIVER, CAPITAL REDUCTION AND NOTICE OF GENERAL MEETING

1. Introduction

The Board has become aware of a technical issue in respect of the payment of a number of historic dividends paid by the Company. The distributions affected by this issue are set out below in this document (the “**Relevant Distributions**”). The Company has recently been advised that it did not have sufficient distributable reserves to make each of the Relevant Distributions, despite the fact that at all relevant times sufficient distributable reserves would have been available to the Company if subsidiary companies had passed up distributable profits by declaring dividends from their own distributable reserves.

In addition, the Act provides that a public company may pay a dividend out of its distributable profits as shown in the last accounts circulated to members or, if interim accounts are used, those that have been filed at Companies House. The requirement for the relevant accounts to have been circulated to members or, in the case of interim accounts, to have been filed at Companies House applies even if the Company in question has sufficient distributable profits at the relevant time. The Company has always filed its statutory annual accounts on time in accordance with the requirements of the Act. However, for each of the Relevant Distributions, interim accounts were not filed with Companies House before making the Relevant Distributions.

Therefore, regrettably, the Relevant Distributions were made otherwise than in accordance with the Act. The Relevant Distributions are as follows:

Description	Pence per share	Aggregate dividend	
		amount	Payment date
2015 interim dividend	0.8470	£715,836	31 December 2014
2015 interim dividend	0.8740	£812,520	31 March 2015
2015 interim dividend	0.9340	£868,300	30 June 2015
2015 interim dividend	0.8830	£820,887	30 September 2015
2016 interim dividend	0.9520	£886,543	31 December 2015
2016 interim dividend	0.9646	£898,277	31 March 2016
2016 interim dividend	1.0187	£948,659	30 June 2016

Description	Pence per share	Aggregate dividend	
		amount	Payment date
2016 interim dividend	1.0232	£952,849	30 September 2016
2017 interim dividend	1.0240	£956,437	30 December 2016
2017 interim dividend	0.9800	£915,339	31 March 2017
2017 interim dividend	0.9800	£915,340	30 June 2017
2017 interim dividend	0.9800	£915,340	29 September 2017
2018 interim dividend	0.9800	£947,778	29 December 2017
2018 interim dividend	0.9800	£947,779	30 March 2018
2018 interim dividend	0.9800	£947,779	29 June 2018
2018 interim dividend	1.0200	£986,463	28 September 2018
2019 interim dividend	0.9800	£950,663	09 January 2019
2019 interim dividend	0.9800	£950,663	01 April 2019
2019 interim dividend	0.9800	£950,663	28 June 2019

The Company has been advised that, as a consequence of the Relevant Distributions having been made otherwise than in accordance with the Act, it may have claims against past and present shareholders who were recipients of the Relevant Distributions and against persons who were Directors of the Company at the time of payment of the Relevant Distributions. The Company has no intention of bringing any such claims. It is therefore proposed that the Company enter into the Shareholders' Deed of Release and the Directors' Deed of Release (details of which are described further below and final form copies of which are included at the end of this document).

In addition, the Company is not permitted to pay dividends to its Shareholders unless it has distributable reserves available for the purpose. In order to ensure that the Company remains well placed to continue to pay quarterly dividends to its Shareholders in line with past practice, the Board proposes that the Company undertakes a Capital Reduction to create additional distributable reserves to support future dividend payments. The Board considers the Capital Reduction to be in the best interests of the Company and its Shareholders as a whole.

The purpose of this document is therefore to convene a General Meeting to propose the Resolutions which will, if passed:

- Waive any and all claims which the Company has or may have in respect of the payment of the Relevant Distributions against former or current shareholders of the Company (or their personal representatives and their successors in title), such waiver to be effected by way of entry into by the Company of the Shareholders' Deed of Release;
- Waive any and all claims which the Company has or may have in respect of the payment of the Relevant Distributions against its Directors or Former Director, such waiver to be effected by way of entry into by the Company of the Directors' Deed of Release,

(in each case above to put all potentially affected parties so far as possible in the position in which they were always intended to be, had the Relevant Distributions been made in accordance with procedural requirements of the Act regarding the filing of interim accounts); and

- Provide the Company with additional distributable reserves to support the future payment by the Company of dividends to its Shareholders.

2. Proposed release of claims against Shareholders and approval of the Shareholders' Deed of Release

The approach that the Company is proposing involves the release of the potential claims against the Shareholders arising as a result of the Relevant Distributions and the appropriation of the distributable profits of the Company in each of the relevant financial years for the purposes of the Relevant Distributions. As a matter of common law it is necessary for this approval and confirmation to be approved by Shareholders.

Shareholders will also be asked to approve the Company's entry into of the Shareholders' Deed of Release, since the release of those past and present shareholders who appeared on the Register on the record date for each Relevant Distribution (or their personal representatives (and any successors in title) if relevant) from any and all claims which the Company has or may have in respect of the payment of the Relevant Distributions will, insofar as those persons remain shareholders of the Company, comprise a shareholder distribution.

The approach that the Company is proposing by way of Resolution 1 is consistent with the approach taken by many other UK incorporated public companies, including those whose shares are listed on the London Stock Exchange, which have also made corporate distributions otherwise than in accordance with the Act.

The proposed release of claims, confirmation of the appropriation of the Company's distributable profits in each relevant financial year for the purpose of the Relevant Distributions and the entry into by the Company of the Shareholders' Deed of Release will not have any effect on the Company's financial position because the Company has not recorded or disclosed its right potentially to make claims against past and present shareholders in respect of the Relevant Distributions as an asset or contingent asset of the Company. The aggregate amount of the Relevant Distributions is equal to and offset by the release of each shareholder release pursuant to the Shareholders' Deed of Release from the liability to repay the amount already paid.

Under the Company's IFRS accounting policies, the Company could only record such a right as an asset when an inflow of economic benefits in favour of the Company as a result of such claim or claims being brought was virtually certain. The value of any economic benefit which the Company may derive from bringing claims against past and present shareholders is uncertain on the basis that past and present shareholders would be entitled to seek the court's relief against such claims and there can be no certainty as to the amounts (if any) which could be recovered by the Company. In addition, under IFRS, a contingent asset is required to be disclosed only when an inflow of economic benefits in favour of the Company is probable. The Directors of the Company have concluded that any inflow of economic benefits as a result of such claims is less than probable. Therefore, the Company's entry into the Shareholders' Deed of Release does not result in any decrease in the Company's net assets or the level of its distributable reserves.

3. The Directors' Deed of Release

The Company also wishes to release claims it may have against is Directors and Former Director arising in relation to the Relevant Distributions. Under the Company's articles of association, it is necessary for Shareholders to approve the Company's waiver of any rights of the Company to make claims against the Directors and the Former Director in respect of the Relevant Distributions, since the Board would itself have a potential conflict of interest in approving such a waiver. This is because the members of the Board are named as beneficiaries of the waiver.

Accordingly, each of the Directors and their associates are precluded from voting on Resolution 1 and the Directors have undertaken to abstain, and to take all reasonable steps to ensure that their

associates abstain, from voting on Resolution 1 to the extent they are interested in, directly or indirectly, or may become interested in, Ordinary Shares.

Again, the entry into of the Directors' Deed of Release will not have any effect on the Company's financial position because, as with the position in relation to Relevant Distributions and potential claims against past and present shareholders, the Company has not recorded or disclosed its right potentially to make claims against the Directors or Former Director of the Relevant Distributions as an asset or contingent asset of the Company.

Again, under the Company's IFRS accounting policies, the Company could only record such a right as an asset when an inflow of economic benefits in favour of the Company as a result of such claim or claims being brought was virtually certain. The value of the economic benefit which the Company may derive from bringing claims and the Directors or Former Director is uncertain (and, in any event, incapable of reliable estimation) on the basis that the Directors and Former Director would be entitled to see the court's relief against such claims and there can be no certainty as to the amounts (if any) which could be recovered by the Company. Further, under IFRS a contingent asset is required to be disclosed only when an inflow of economic benefits in favour of the Company is probable. The Directors have concluded that any inflow of economic benefits as a result of such claims is less than probable.

Accordingly, the entry into of the Directors' Deed of Release does not involve the disposition of any recognised asset or contingent asset of the Company in favour of the Directors or Former Director.

4. Capital Reduction

Background

As a REIT, the Company's investment objective is to generate consistent and significant income returns for its Shareholders. To ensure that the Company can continue to pay quarterly dividends to its Shareholders in line with past practice, the Board proposes that the Company undertakes a Capital Reduction to create additional distributable reserves to support future dividend payments.

The Ordinary Shares of the Company were first listed and admitted to trading on TISE (then called The Channel Islands Stock Exchange, LBG) and to trading on the SETSqx platform of the London Stock Exchange on 13 August 2012. Following the Company's admission to TISE, the Company undertook a court approved capital reduction to reduce the Company's share premium account by £4,500,000 to create sufficient distributable reserves to allow the Company to then declare dividends to its Shareholders. Such capital reduction took effect on 13 December 2012.

As at the half year ended 31 March 2019, the balance on the Company's share premium account stood at £45,884,304. The balance on the share premium account is attributable to the difference between the nominal value of Ordinary Shares issued by the Company and the price at which such Ordinary Shares were issued. Such share premium account is non-distributable for the purposes of the Act.

The Company is not permitted to pay any dividends unless it has sufficient distributable reserves. The Board has concluded that by cancelling the amount standing to the credit of the Company's share premium account the Company would have greater flexibility to return dividends to Shareholders, than would otherwise be the case.

Effect of the Capital Reduction

Completion of the Capital Reduction will not affect the rights attaching to the Ordinary Shares and will not result in any change to the number of Ordinary Shares in issue.

Following completion of the Capital Reduction, there will be no change in the number of Ordinary Shares in issue. Ordinary Shares will continue to be traded on the official list of TISE and the SETSqx platform of the London Stock Exchange in the same way as at the date of this document. Existing share certificates for Ordinary Shares will continue to be valid following the Capital Reduction. In addition the ISIN of the Ordinary Shares will remain the same.

Position of Creditors

In seeking the Court's approval to the Capital Reduction, the Court will need to be satisfied that the interests of the creditors, including contingent creditors, of the Company, whose debts remain outstanding on the date on which the Court order is registered, are protected. If the Company can show that there is no real likelihood that the Capital Reduction would result in the Company being unable to discharge its debts or claims when they fall due, the Court will be satisfied. Sometimes the Court will seek or accept forms of express creditor protection such as seeking the consent of the Company's creditors to the Capital Reduction, or the provision by the Company of an undertaking to deposit a sum of money into a blocked account created for the purpose of discharging the non-consenting creditors of the Company, or not to distribute reserves arising upon the Capital Reduction until such creditors have consented or been discharged. The Company is not proposing to offer any of these forms of protection. In view of such considerations, the Board has undertaken a review of the Company's liabilities (including contingent liabilities) and the Board considers that the Company will be able to satisfy the Court that the Capital Reduction would not result in the Company being unable to discharge its creditors' debts or claims when they fall due. However, the Company will, if required, put in place such form of creditor protection as the Court may require, provided the Directors are satisfied that to do so would be in the best interests of the Company and its Shareholders.

Timing

The Company intends that application will be made to Court to approve the Capital Reduction as soon as reasonably practicable after the General Meeting, provided that Resolution 2 has been passed. It is anticipated that initial directions hearings will take place on 20 November 2019, with the final Court hearing taking place on 3 December 2019, at which Shareholders and creditors are entitled to appear. It is anticipated that the Capital Reduction will become effective on or around 4 December 2019, following the necessary registration of the Court Order at Companies House.

Shareholders should note that whilst the reserves arising from the Capital Reduction are distributable (if the Court is satisfied with the Company's approach) the Capital Reduction itself will not involve any distribution or repayment of capital or share premium of the Company, and will not reduce the underlying assets of the Company. The Company will be able to apply, in due course, the distributable reserves arising from the Capital Reduction, in accordance with the Act, towards the payment of dividends in line with the Company's dividends policy.

5. Warranholders' Meeting

Under the terms of the Warrant Instrument, the Company has very limited powers to make a distribution out of capital profits or capital reserves and would not be permitted to apply the reserve arising from the Capital Reduction in paying a dividend to Shareholders. The proposals embodied in this document therefore require approval from the Warranholders, which can be given by an extraordinary resolution of the Warranholders. In this regard, the Warranholders' Meeting will be held at 10.00 a.m. on 8 November 2019 at 1 London Wall Place, London EC2Y 5AU, shortly before the General Meeting, in order to consider an extraordinary resolution to approve the distribution of the reserve arising from the Capital Reduction. Such extraordinary resolution will be passed if at least 75% of votes at the Warranholders' Meeting are cast in its favour. A separate circular will be issued to Warranholders to explain the background to, and to convene, the Warranholders' Meeting.

6. General Meeting

The ratification of the Relevant Distributions, appropriation of the Company's profits, associated approval of the Shareholders' Deed of Release and Directors' Deed of Release and Capital Reduction outlined above are conditional on the approval of Shareholders being obtained at the General Meeting of the Company, notice of which is set out on pages 13 to 16 of this document. The General Meeting will be held on 8 November 2019 at 10:30 a.m. at 1 London Wall Place, London EC2Y 5AU for the purpose of considering and, if thought fit, passing the Resolutions. The Resolutions are each proposed as special resolutions, meaning that for them to be passed 75 per cent or more of the votes cast must be in favour of the Resolutions respectively.

7. Action to be taken

A Form of Proxy for use at the General Meeting accompanies this document. The Form of Proxy should be completed in accordance with the instructions on it and returned to the Company's Registrars, Link Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible but in any event so as to be received by 10:30 a.m. on 6 November 2019. The completion and return of a Form of Proxy will not preclude a Shareholder from attending the General Meeting and voting in person should they so wish.

8. Recommendation

Resolution 1

Given the interests of the Board in Resolution 1;

- a) the Board has not considered whether Resolution 1 is in the best interests of the Company. Accordingly the Board cannot recommend that Shareholders vote in favour of Resolution 1, but recommend that Shareholders do vote on it; and
- b) each of the Directors and Former Director and their associates are precluded from voting on Resolution 1. Therefore the Directors and Former Director have undertaken to abstain, and to take all reasonable steps to procure that their associates abstain, from voting on Resolution 1 (to the extent any such persons hold, directly or indirectly, any Ordinary Shares in the Company).

Resolution 2

The Directors consider the Capital Reduction is likely to promote the success of the Company for the benefit of its Shareholders as a whole and accordingly the Board unanimously recommend that Shareholders vote in favour of Resolution 2 to be proposed at the General Meeting.

In accordance with best practice and to ensure voting accurately reflects the views of Shareholders, it will be proposed at the General Meeting that the Resolutions will be conducted by poll vote rather than a show of hands.

Yours faithfully

Robert Malcolm Naish
Chairman

PART 2

DEFINITIONS

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

“Act”	the UK Companies Act 2006 (as amended from time to time);
“Articles”	the articles of association of the Company in force as at the date of this document;
“Board” or “Directors”	the directors of the Company from time to time;
“Capital Reduction”	the proposed reduction of the amount standing to the credit of the Company’s share premium account as more particularly described in this document;
“certificated” or “in certificated form”	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in certificated form (that is, not in CREST);
“Company”	Ground Rents Income Fund plc, a company incorporated in England and Wales with registered number 8041022;
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) to facilitate the transfer of title to shares in uncertificated form in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the Uncertificated Securities Regulations 2001);
“Directors’ Deed of Release”	a deed of release by which the Company waives any rights to make claims against the Directors and Former Director in respect of Relevant Distributions;
“Euroclear UK & Ireland Limited”	the operator of the CREST system;
“Former Director”	Simon Wombwell;
“Form of Proxy”	the form of proxy accompanying this document for use at the General Meeting;
“General Meeting”	the general meeting of the Company to be held on 8 November 2019 at 10:30 a.m. at 1 London Wall Place, London EC2Y 5AU, or any adjournment or postponement thereof, notice of which is set out at the end of this document;
“Group”	the Company and its subsidiaries from time to time;
“ISIN”	International Securities Identification Number;

“Listing Rules”	the Listing Rules of TISE;
“London Stock Exchange”	the London Stock Exchange plc;
“Ordinary Shares” or “Shares”	ordinary shares of 50 pence nominal value in the capital of the Company;
“Register”	the register of members of the Company;
“Registrar”	Link Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
“REIT”	a company or group to which Part 12 of the Corporation Tax Act 2010 applies;
“Resolutions”	the Resolutions to be proposed at the General meeting, as set out in the notice of General Meeting on pages 13 to 16 of this document;
“Shareholders”	the holders of Ordinary Shares from time to time;
“Shareholders’ Deed of Release”	a deed of release in favour of all shareholders who appeared on the Register on the record date for each of the Relevant Distributions, from all and any claims which the Company has or may have in respect of the payment of those Relevant Distributions;
“subsidiary”	as construed in accordance with section 1261 Companies Act;
“TISE”	The International Stock Exchange Authority Limited;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“uncertificated” or “in uncertificated form”	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST;
“Voting Record Time”	in relation to the General Meeting, close of business on 6 November 2019, or if the General Meeting is adjourned, close of business on the day which is two working days before the date of the adjourned meeting;
“Warrants”	the issued share warrants granted pursuant to the Warrant Instrument;
“Warrantheholders”	the holders Warrants;
“Warrantheholders’ Meeting”	the meeting of Warrantheholders to be held at 10.00 a.m. on 8 November 2019 at 1 London Wall Place, London EC2Y 5AU, or any adjournment or

“Warrant Instrument”

postponement thereof;

the instrument executed on 24 July 2012
authorising the Board to issue the Warrants.

NOTICE OF GENERAL MEETING

Notice of General Meeting

of

Ground Rents Income Fund plc

(incorporated in England and Wales with company no. 8041022)

Notice is hereby given that a general meeting (**General Meeting**) of members of Ground Rents Income Fund plc (the **Company**) will be held on 8 November 2019 at 10:30 a.m. at 1 London Wall Place, London EC2Y 5AU for the purpose of considering and, if thought fit, passing the following resolutions, which are proposed as special resolutions (requiring a 75 per cent. majority). Voting on the Resolutions will be by way of a poll:

SPECIAL BUSINESS

RESOLUTION 1

1. THAT:

1.1. in relation to dividends paid by the Company on 31 December 2014, 31 March 2015, 30 June 2015, 30 September 2015, 31 December 2015, 31 March 2016, 30 June 2016, 30 September 2016, 30 December 2016, 31 March 2017, 30 June 2017, 29 September 2017, 29 December 2017, 30 March 2018, 29 June 2018, 28 September 2018, 9 January 2019, 1 April 2019 and 28 June 2019 (together, the "**Relevant Distributions**"), the Company hereby ratifies and confirms:

- 1.1.1. the payment of 0.8470 pence per share by way of interim dividend paid on 31 December 2014 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2015, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.2. the payment of 0.8740 pence per share by way of interim dividend paid on 31 March 2015 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2015, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.3. the payment of 0.9340 pence per share by way of interim dividend paid on 30 June 2015 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2015, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.4. the payment of 0.88300 pence per share by way of interim dividend paid on 30 September 2015 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2016, of the distributable profits of the Company to the payment of such dividend

and the resulting entry for the distributable profits of the Company in such financial statements;

- 1.1.5. the payment of 0.9520 pence per share by way of interim dividend paid on 31 December 2015 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2016, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.6. the payment of 0.9646 pence per share by way of interim dividend paid on 31 March 2016 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2016, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.7. the payment of 1.0187 pence per share by way of interim dividend paid on 30 June 2016 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2016, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.8. the payment of 1.0232 pence per share by way of interim dividend paid on 30 September 2016 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2016, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.9. the payment of 1.0240 pence per share by way of interim dividend paid on 30 December 2016 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2017, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.10. the payment of 0.9800 pence per share by way of interim dividend paid on 31 March 2017 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2017, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.11. the payment of 0.9800 pence per share by way of interim dividend paid on 30 June 2017 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2017, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.12. the payment of 0.9800 pence per share by way of interim dividend paid on 29 September 2017 and the appropriation, for the purposes of the preparation of the

Company's audited financial statements for the financial year ended 30 September 2017, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;

- 1.1.13. the payment of 0.9800 pence per share by way of interim dividend paid on 29 December 2017 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2018, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.14. the payment of 0.9800 pence per share by way of interim dividend paid on 30 March 2018 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2018, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.15. the payment of 0.9800 pence per share by way of interim dividend paid on 29 June 2018 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2018, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.16. the payment of 1.0200 pence per share by way of interim dividend paid on 28 September 2018 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2018, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.17. the payment of 0.9800 pence per share by way of interim dividend paid on 9 January 2019 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2019, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.18. the payment of 0.9800 pence per share by way of interim dividend paid on 1 April 2019 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2019, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements;
- 1.1.19. the payment of 0.9800 pence per share by way of interim dividend paid on 28 June 2019 and the appropriation, for the purposes of the preparation of the Company's audited financial statements for the financial year ended 30 September 2019, of the distributable profits of the Company to the payment of such dividend and the resulting entry for the distributable profits of the Company in such financial statements; and

- 1.2. any claims which the Company has or may have arising out of or in connection with the payment of the Relevant Distributions against its shareholders who appeared on the register of shareholders on the relevant record date for each Relevant Distribution (or the personal representatives and their successors in title (as appropriate) of a shareholder's estate if he or she is deceased) be waived and released, and a deed of release in favour of such shareholders (or the personal representatives and their successors in title (as appropriate) of a shareholder's estate if he or she is deceased) be entered into by the Company in the form produced to the General Meeting and initialled by the Chairman for the purposes of identification and any Director in the presence of a witness, any two Directors or any Director and the Company Secretary be authorised to execute the same as a deed poll for and on behalf of the Company; and
- 1.3. any claims which the Company has or may have against each of its Directors and Former Director (or the personal representatives and their successors in title (as appropriate) of any such Director's or Former Director's estate if he or she is deceased) arising out of or in connection with the approval, declaration or payment of the Relevant Distributions be waived and released, and a deed of release in favour of such Directors and Former Director (or the personal representatives and their successors in title (as appropriate) of any such Director's and Former Director's estate if he or she is deceased) be entered into by the Company in the form produced to the General Meeting and initialled by the Chairman for the purposes of identification and any Director in the presence of a witness, any two Directors or any Director and the Company Secretary be authorised to execute the same as a deed poll for and on behalf of the Company.

RESOLUTION 2

THAT, the share premium account of the Company be cancelled.

By order of the Board

Dated: 22 October 2019

Schroder Real Estate Investment Management Limited
Company Secretary

Registered Office:
1 London Wall Place
London
EC2Y 5AU

EXPLANATORY NOTES TO THE GENERAL MEETING

The following notes explain your general rights as a shareholder and your right to attend and vote at the General Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company by close of business on 6 November 2019. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

2. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the General Meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.

3. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.

5. You can vote either:

- by logging on to www.signalshares.com and following the instructions;
- you may request a hard copy form of proxy directly from the registrars, Link Asset Services on Tel: 0871 664 0391. Calls cost 12p per minute plus your phone company's access charge. For calls outside the United Kingdom please dial 0371 664 0391. Calls will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In each case the appointment of a proxy must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 10.30am on 6 November 2019.

6. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

7. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in note 9 below) will not prevent a shareholder from attending the General Meeting and voting in person if he/she wishes to do so.

8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting (and any adjournment of the General Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

9. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 10.30am on 6 November 2019. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system

and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

11. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

12. As at 21 October 2019 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 97,006,497 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 21 October 2019 are 97,006,497.

13. Any shareholder attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

14. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the General Meeting and may also be inspected at the General Meeting venue, as specified in this Notice, from 10.30 am on the day of the General Meeting until the conclusion of the Meeting:

- A copy of the Shareholders' Deed of Release; and
- A copy of the Directors' Deed of Release.

15. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at www.groundrentsincomefund.com.

FORM OF SHAREHOLDERS' DEED OF RELEASE

DEED POLL

THIS DEED POLL is made on [●] 2019

BY GROUND RENTS INCOME FUND PLC (registered number 08041022) whose registered office is at 1 London Wall, London, EC2Y 5AU (the "**Company**") in favour of the Recipient Shareholders (as defined below).

WHEREAS:

- (A) As explained in the Notice of General Meeting addressed to the shareholders of the Company dated 22 October 2019 that is appended to this deed poll (the "**GM Notice**"), the board of directors of the Company has become aware of a technical issue in respect of the Company's procedures for the payment of the interim dividends paid by the Company on 31 December 2014, 31 March 2015, 30 June 2015, 30 September 2015, 31 December 2015, 31 March 2016, 30 June 2016, 30 September 2016, 30 December 2016, 31 March 2017, 30 June 2017, 29 September 2017, 29 December 2017, 30 March 2018, 29 June 2018, 28 September 2018, 9 January 2019, 1 April 2019 and 28 June 2019 (collectively, the "**Relevant Distributions**").
- (B) The Company has been advised that, as a consequence of the Relevant Distributions having been made otherwise than in accordance with the Companies Act 2006, it may have claims against past and present shareholders who were recipients of one or more of the Relevant Distributions (or their personal representatives (and their successors in title) if they are deceased) (the "**Recipient Shareholders**").
- (C) Pursuant to the Resolution set out in the GM Notice and duly passed by the Company's shareholders in a general meeting on 8 November 2019, the Company proposes to waive and release any and all claims which it has or may have in respect of the Relevant Distributions against the Recipient Shareholders and wishes to enter into this deed poll in favour of the Recipient Shareholders in order to effect the same.

THIS DEED POLL WITNESSES as follows:

1. RELEASE

The Company unconditionally and irrevocably waives and releases each of the Recipient Shareholders from any and all liability that any such Recipient Shareholder has or may have to the Company and all claims and demands the Company has or may have against each of them in connection with receipt by them of all or part of the Relevant Distributions.

2. GOVERNING LAW

This deed poll is governed by English law. Any non-contractual obligations arising out of or in connection with this deed poll shall be governed by English law.

IN WITNESS of which this deed poll has been executed and has been delivered on the date which appears first on page 1.

EXECUTED AND DELIVERED AS A)	
DEED POLL)	
by [●], a Director)
for and on behalf of)	Director
GROUND RENTS INCOME FUND PLC)	
[and [●])	[.....
a [Director / the Company Secretary])	
)	Director]

[OR]

in the presence of

.....
Signature of Witness

.....
Occupation of Witness

.....
Address of Witness

FORM OF DIRECTORS' DEED OF RELEASE

DEED POLL

THIS DEED POLL is made on [●] 2019

BY GROUND RENTS INCOME FUND PLC (registered number 08041022) whose registered office is at 1 London Wall, London, EC2Y 5AU (the "**Company**") in favour of each of the current and certain Former Director of the Company, whose names are set out in the schedule to this Deed (the "**Directors**") (or the personal representatives and their successors in title (as appropriate) of his or her estate if such Director is deceased).

WHEREAS:

- (A) As explained in the Notice of General Meeting addressed to the shareholders of the Company dated 22 October 2019 that is appended to this deed poll (the "**GM Notice**"), the board of directors of the Company has become aware of a technical issue in respect of the Company's procedures for the payment of the interim dividends paid by the Company on 31 December 2014, 31 March 2015, 30 June 2015, 30 September 2015, 31 December 2015, 31 March 2016, 30 June 2016, 30 September 2016, 30 December 2016, 31 March 2017, 30 June 2017, 29 September 2017, 29 December 2017, 30 March 2018, 29 June 2018, 28 September 2018, 9 January 2019, 1 April 2019 and 28 June 2019 (collectively, the "**Relevant Distributions**").
- (B) The Company has been advised that, as a consequence of the Relevant Distributions having been made otherwise than in accordance with the Companies Act 2006, it may have claims against each of the Directors (or the personal representatives and their successors in title (as appropriate) of his or her estate if such Director is deceased).
- (C) Pursuant to the Resolution set out in the GM Notice and duly passed by the Company's shareholders in a general meeting on 8 November 2019, the Company proposes to waive and release any and all claims which it has or may have in respect of the Relevant Distributions against each of the Directors (or the personal representatives and their successors in title (as appropriate) of his or her estate if such Director is deceased) and wishes to enter into this deed poll in favour of the Directors and the personal representatives and their successors in title of the estate of any deceased Directors in order to effect the same.

THIS DEED POLL WITNESSES as follows:

3. RELEASE

The Company unconditionally and irrevocably waives and releases each of the Directors or the personal representatives and their successors in title (as appropriate) of his or her estate if such Director is deceased from any and all liability that any of them has or may have to the Company and all claims and demands the Company has or may have against each of them, including, without limitation, any derivative action from or on behalf of shareholders of the Company, in connection with the making of all or part of the Relevant Distributions.

4. GOVERNING LAW

This deed poll is governed by English law. Any non-contractual obligations arising out of or in connection with this deed poll shall be governed by English law.

IN WITNESS of which this deed poll has been executed and has been delivered on the date which appears first on page 1.

EXECUTED AND DELIVERED AS A

DEED POLL

by [●], a Director

for and on behalf of

GROUND RENTS INCOME FUND PLC

[and [●]

a [Director / the Company Secretary]

)

)

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)

)

)

)

)

.....

Director

[.....

Director]

[OR]

in the presence of

.....

Signature of Witness

.....

Occupation of Witness

.....

Address of Witness

SCHEDULE 1

1. CURRENT DIRECTORS

Robert Malcolm Naish
Paul Anthony Craig
William Edward John Holland

2. FORMER DIRECTOR

Simon Wombwell

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action that you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your shares or warrants in Ground Rents Income Fund plc, please send this document, together with the accompanying documents, at once to the purchaser or transferee or to the stockbroker, bank, or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or transferred only part of your holding of shares or warrants over shares in Ground Rents Income Fund plc you should retain this document, together with the accompanying documents.

This document does not constitute or form part of any offer or invitation to sell or issue, or solicitation of any offer to purchase or subscribe for, securities in the Company.

Ground Rents Income Fund plc

(incorporated in England and Wales with company no. 8041022)

PROPOSED CAPITAL REDUCTION

and

NOTICE OF WARRANTHOLDERS' MEETING

Please read the whole of this document. Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 4 to 6 of this document and the recommendations in respect of the Extraordinary Resolution to be proposed at the Warrantholders' Meeting which is referred to below.

Notice of a Warrantholders' Meeting of the Company, to be held at the offices of the Company at 1 London Wall Place, London EC2Y 5AU at 10.00 a.m. on 8 November 2019, is set out at on page 9 of this document. To be valid, the accompanying Form of Proxy for use in connection with the Warrantholders' Meeting should be completed in accordance with the instructions on it and returned as soon as possible and, in any event, so as to reach the Company's registrars, Link Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 10.00 a.m. on 6 November 2019. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting at the Warrantholders' Meeting should they so wish.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the circumstances of the Company since the date of this document or that information in it is correct as at any subsequent time.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates set out below are subject to change or may be adjusted by the Company, in which event details of the new times and dates will be notified by publication of a notice through a regulatory information service approved by each of the FCA and TISE. All times are London times unless otherwise stated.

Publication of this circular	22 October 2019
Latest time and date for receipt of individual Forms of Proxy for Warranholders' Meeting	10:30 a.m. on 6 November 2019
Warranholders' Meeting	10:00 a.m. on 8 November 2019
General Meeting	10:30 a.m. on 8 November 2019
Court hearing to confirm Capital Reduction*	3 December 2019
Registration of Court Order and Effective Date of the Capital Reduction*	4 December 2019

References in this document are to London time.

*The dates marked with an asterisk are estimated only, being subject to agreement of hearing dates with the Court. The timetable assumes that the Warranholders' Meeting and/or General Meeting is not adjourned as a result of there being no quorum, or for any other reason. If there is an adjournment, all subsequent dates are likely to be later than those shown.

PART 1

LETTER FROM THE CHAIRMAN OF GROUND RENTS INCOME FUND PLC

GROUND RENTS INCOME FUND PLC

(incorporated in England and Wales with company no. 8041022)

Directors:

Robert Malcolm Naish (*Chairman*)
Paul Anthony Craig
William Edward John Holland

Registered Office:

1 London Wall Place
London
EC2Y 5AU

22 October 2019

To holders of Warrants issued by Ground Rents Income Fund plc

Dear Warrantholder,

PROPOSED CAPITAL REDUCTION AND NOTICE OF WARRANTHOLDERS' MEETING

1. Introduction

I am pleased to be writing to you with details of the Warrantholders' Meeting, which we are holding at 10.00 a.m. on 8 November 2019 at 1 London Wall Place, London EC2Y 5AU. The formal notice of the Warrantholders' Meeting is set out on page 9 of this document. Details relating to the General Meeting are for information only.

2. Capital Reduction

Background

As a REIT, the Company's investment objective is to generate consistent and significant income returns for its Shareholders. To ensure that the Company can continue to pay quarterly dividends to its Shareholders in line with past practice, the Board proposes that the Company undertakes a Capital Reduction to create additional distributable reserves to support future dividend payments.

The Ordinary Shares of the Company were first listed and admitted to trading on TISE (then called The Channel Islands Stock Exchange, LBG) and to trading on the SETSqx platform of the London Stock Exchange on 13 August 2012. Following the Company's admission to TISE, the Company undertook a court approved capital reduction to reduce the Company's share premium account by £4,500,000 to create sufficient distributable reserves to allow the Company to then declare dividends to its Shareholders. Such capital reduction took effect on 13 December 2012.

As at the half year ended 31 March 2019, the balance on the Company's share premium account stood at £45,884,304. The balance on the share premium account is attributable to the difference between the nominal value of Ordinary Shares issued by the Company and the price at which such Ordinary Shares were issued. Such share premium account is non-distributable for the purposes of the Act.

The Company is not permitted to pay any dividends unless it has sufficient distributable reserves. . The Board has concluded that by cancelling the amount standing to the credit of the Company's share

premium account the Company would have greater flexibility to return dividends to Shareholders, than would otherwise be the case.

Effect of the Capital Reduction

Completion of the Capital Reduction will not affect the rights attaching to the Ordinary Shares and will not result in any change to the number of Ordinary Shares in issue.

Following completion of the Capital Reduction, there will be no change in the number of Ordinary Shares in issue. Ordinary Shares will continue to be traded on the official list of TISE and the SETSqx platform of the London Stock Exchange in the same way as at the date of this document. Existing share certificates for Ordinary Shares will continue to be valid following the Capital Reduction. In addition the ISIN of the Ordinary Shares will remain the same.

Position of Creditors

In seeking the Court's approval to the Capital Reduction, the Court will need to be satisfied that the interests of the creditors, including contingent creditors, of the Company, whose debts remain outstanding on the date on which the Court order is registered, are protected. If the Company can show that there is no real likelihood that the Capital Reduction would result in the Company being unable to discharge its debts or claims when they fall due, the Court will be satisfied. Sometimes the Court will seek or accept forms of express creditor protection such as seeking the consent of the Company's creditors to the Capital Reduction, or the provision by the Company of an undertaking to deposit a sum of money into a blocked account created for the purpose of discharging the non-consenting creditors of the Company, or not to distribute reserves arising upon the Capital Reduction until such creditors have consented or been discharged. The Company is not proposing to offer any of these forms of protection. In view of such considerations, the Board has undertaken a review of the Company's liabilities (including contingent liabilities) and the Board considers that the Company will be able to satisfy the Court that the Capital Reduction would not result in the Company being unable to discharge its creditors' debts or claims when they fall due. However, the Company will, if required, put in place such form of creditor protection as the Court may require, provided the Directors are satisfied that to do so would be in the best interests of the Company and its Shareholders.

Timing

The Company intends that application will be made to Court to approve the Capital Reduction as soon as reasonably practicable after the Warranholders' Meeting and the General Meeting. It is anticipated that initial directions hearings will take place on 20 November 2019, with the final Court hearing taking place on 3 December 2019. It is anticipated that the Capital Reduction will become effective on or around 4 December 2019, following the necessary registration of the Court Order at Companies House.

It is noted that whilst the reserves arising from the Capital Reduction are distributable (if the Court is satisfied with the Company's approach) the Capital Reduction itself will not involve any distribution or repayment of capital or share premium of the Company, and will not reduce the underlying assets of the Company. The Company will be able to apply, in due course, the distributable reserves arising from the Capital Reduction, in accordance with the Act, towards the payment of dividends in line with the Company's dividends policy.

3. Warranholders' Meeting

Under the terms of the Warrant Instrument, the Company has very limited powers to make a distribution out of capital profits or capital reserves and would not be permitted to apply the reserve arising from the Capital Reduction in paying a dividend to Shareholders. The proposals embodied in this document therefore require approval from the Warranholders, which can be given by an extraordinary resolution

of the Warranholders. In this regard, the Warranholders' Meeting will be held at 10.00 a.m. on 8 November 2019 at 1 London Wall Place, London EC2Y 5AU, shortly before the General Meeting, in order to consider an extraordinary resolution to approve the distribution of the reserve arising from the Capital Reduction. Such extraordinary resolution will be passed if at least 75% of votes at the Warranholders' Meeting are cast in its favour.

4. General Meeting

Following the Warranholders' Meeting, a General Meeting of the Company will be held on 8 November 2019 at 10:30 a.m. at 1 London Wall Place, London EC2Y 5AU for the purpose of considering and, if thought fit, passing the Shareholder Resolution. A separate circular will be issued to Shareholders to explain the background to, and to convene, the General Meeting.

5. Action to be taken

A Form of Proxy for use at the Warranholders' Meeting accompanies this document. The Form of Proxy should be completed in accordance with the instructions on it and returned to the Company's Registrars, Link Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible but in any event so as to be received by 10:00 a.m. on 6 November 2019. The completion and return of a Form of Proxy will not preclude a Warranholder from attending the Warranholders' Meeting and voting in person should they so wish.

6. Recommendation

The Directors consider the Capital Reduction is likely to promote the success of the Company for the benefit of its Shareholders as a whole and accordingly the Board unanimously recommend that Warranholders vote in favour of the proposed extraordinary resolution to be proposed at the Warranholders' Meeting.

Yours faithfully

Robert Malcolm Naish

Chairman

PART 2 DEFINITIONS

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

“Act”	the UK Companies Act 2006 (as amended from time to time);
“Board” or “Directors”	the directors of the Company from time to time;
“Capital Reduction”	the proposed reduction of the amount standing to the credit of the Company’s share premium account as more particularly described in this document;
“certificated” or “in certificated form”	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in certificated form (that is, not in CREST);
“Company”	Ground Rents Income Fund plc, a company incorporated in England and Wales with registered number 8041022;
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) to facilitate the transfer of title to shares in uncertificated form in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the Uncertificated Securities Regulations 2001);
“Euroclear UK & Ireland Limited”	the operator of the CREST system;
“Form of Proxy”	the form of proxy accompanying this document for use at the Warranholders’ Meeting;
“General Meeting”	the General Meeting of the Company to be held on 8 November 2019 at 10:30 a.m. at 1 London Wall Place, London EC2Y 5AU, or any adjournment or postponement thereof, notice of which is set out at the end of this document;
“Ordinary Shares” or “Shares”	ordinary shares of 50 pence nominal value in the capital of the Company;
“Registrar”	Link Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
“REIT”	a company or group to which Part 12 of the Corporation Tax Act 2010 applies;
“Shareholder Resolution”	the resolution to be proposed at the General Meeting to approve the Capital Reduction;
“Shareholders”	the holders of Ordinary Shares from time to time;

“TISE”	The International Stock Exchange Authority Limited;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“uncertificated” or “in uncertificated form”	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST;
“Warrants”	the issued share warrants granted pursuant to the Warrant Instrument;
“Warrantholders”	the holders Warrants;
“Warrantholders’ Meeting”	the meeting of Warrantholders to be held at 10.00 a.m. on 8 November 2019 at 1 London Wall Place, London EC2Y 5AU, or any adjournment or postponement thereof;
“Warrant Instrument”	the instrument executed on 24 July 2012 authorising the Board to issue the Warrants.

NOTICE OF WARRANTHOLDERS' MEETING

Notice of Warrantholders' Meeting

of

Ground Rents Income Fund plc

(incorporated in England and Wales with company no. 8041022)

Notice is hereby given that a Warrantholders' Meeting of Ground Rents Income Fund plc (the **Company**) will be held on 8 November 2019 at 10:00 a.m. at 1 London Wall Place, London EC2Y 5AU for the purpose of considering and, if thought fit, passing the following resolution, which is proposed as an extraordinary resolution:

EXTRAORDINARY RESOLUTION

THAT, notwithstanding the terms of clause 5(b)(i) of the warrant instrument dated 24 July 2012, whereby the Company has undertaken not to make any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares, the Company is authorised to make distributions (whether out of capital profits or capital reserves or otherwise) out of the reserve arising upon the proposed reduction of the Company's share premium account and out of any other distributable profits arising from reductions of capital and/or share premium account in the Company's subsidiaries and distributions to the Company.

By order of the Board

Dated: 22 October 2019

Schroder Real Estate Investment Management Limited
Company Secretary

Registered Office:
1 London Wall Place
London
EC2Y 5AU

EXPLANATORY NOTES TO THE WARRANTHOLDERS' MEETING

The following notes explain your general rights as a warrantholder and your right to attend and vote at the Warranholders' Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the Warranholders' Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), warrantholders must be registered in the Register of Warranholders of the Company by close of business on 6 November 2019. Changes to the Register of Warranholders after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Warranholders' Meeting.

2. Warranholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Warranholders' Meeting. A warrantholder may appoint more than one proxy in relation to the Warranholders' Meeting provided that each proxy is appointed to exercise the rights attached to a different warrant held by that warrantholder. A proxy need not be a shareholder or warrantholder of the Company.

3. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Warranholders in respect of the joint holding (the first named being the most senior).

4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Warranholders' Meeting.

5. You can vote either:

- by logging on to www.signalshares.com and following the instructions;
- you may request a hard copy form of proxy directly from the registrars, Link Asset Services on Tel: 0371 664 0391. Calls cost 12p per minute plus your phone company's access charge. For calls outside the United Kingdom please dial 0371 664 0391. Calls will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In each case the appointment of a proxy must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 10.30am on 6 November 2019.

6. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

7. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in note 9 below) will not prevent a warrantholder from attending the Warranholders' Meeting and voting in person if he/she wishes to do so.

8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Warranholders' Meeting (and any adjournment of the Warranholders' Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

9. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 10.30am on 6 November 2019. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in

particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

11. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a warrant holder provided that no more than one corporate representative exercises powers in relation to the same shares.

12. Any warrant holder attending the Warrant holders' Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Warrant holders' Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Warrant holders' Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Warrant holders' Meeting that the question be answered.

13. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at www.groundrentsincomefund.com.

14. As at 21 October 2019 (being the latest practicable business day prior to the publication of this Notice), the Company's issued share warrants comprised 4,423,876 share warrants each entitling the holder thereof to subscribe for an ordinary share of £0.50 each. Each share warrant carries the right to one vote at a Warrant holders' Meeting of the Company and, therefore, the total number of voting rights in the Company at the Warrant holders' Meeting is 4,423,876.