

REIT: Shareholder tax summary

This summary of tax consequences for shareholders is intended to provide only a general outline of the subjects covered. It should be regarded as neither comprehensive nor sufficient for making decisions, nor should it be used in place of professional tax advice. Grainger plc accepts no responsibility for any loss arising from any action taken or not taken by any person using this material.

Dividends and our obligations as a REIT

As a Real Estate Investment Trust (REIT), Grainger must follow certain rules relating to money it distributes to shareholders, and how those distributions are taxed. 90% of the tax-exempt profit from Grainger's property rental business has to be distributed to shareholders each year. This is commonly known as a Property Income Distribution, or 'PID'. Grainger can also distribute taxed income from its other activities, known commonly as a Non-Property Income Distribution, or 'non-PID'.

These distributions are typically paid by way of dividends. Dividends can be entirely PID, entirely non-PID, or a combination of the two; the Board will decide the most appropriate make-up on a dividend-by-dividend basis. Further, the PID/ non-PID make-up of any scrip dividend alternative/ Dividend Reinvestment Plan may be different to that of the underlying cash dividend.

PID & non-PID dividend payments

Shareholders should note that the tax treatment of PID and non-PID dividends differs. PIDs are taxable as property letting income in the hands of tax-paying shareholders, but treated separately from any other property letting income which shareholders may receive.

Profits distributed as PID dividends are paid out of Grainger's tax-exempt profits and gains and are therefore potentially fully taxable in the shareholders' hands as property rental business income. PID dividends are normally paid after deduction of withholding tax at the basic rate of income tax (currently 20%), which Grainger plc, as the REIT, pays to HMRC on behalf of the shareholder. Certain classes of shareholder are eligible to receive gross PID dividends. Examples of such classes are broadly:

- UK tax resident companies.
- UK charities
- Local Authorities
- UK Pension Schemes.
- Managers of PEPs, ISAs and Child Trust Funds.

Forms for claiming exemption from withholding tax on PID dividend payments are provided:

[REIT DECLARATION - BENEFICIAL OWNER FORM PDF](#)
[REIT DECLARATION - INTERMEDIARY FORM PDF](#)

For UK resident individuals who receive tax returns, the PID from a UK REIT is included on the tax return as Other Income.

If completing the return *online*, in the section "Other UK Income" tick the bottom box "Any other income". On the next page enter the total amount of the PID received (including tax) in

"Other taxable income – before expenses and tax taken off", enter the tax deducted in "Tax taken off" and in the box for description of other taxable income state "PID from Grainger plc".

If completing a *paper tax return*, on page 3 enter the total amount of the PID received in box 17 and enter the amount of tax shown as deducted in box 19. In box 21, state that the Other Income is "PID from Grainger plc". ([Box references are to 2025 return](#)).

The non-PID element of dividends will be treated in exactly the same way as dividends received from other non-REIT UK companies. The tax free Dividend Allowance will apply to the non-PID element of dividends received by UK resident shareholders subject to UK Income Tax. It should be noted that the Allowance does not apply to the PID element of dividends. Please refer to HMRC guidance for the Allowance available at [Tax on dividends: Check if you have to pay tax on dividends - GOV.UK](#).

For UK resident individuals who prepare tax returns, any normal dividend paid by the UK REIT is included on the return as a dividend from a UK company. Your dividend voucher will show your shares in the company, the dividend rate and dividend payable.

Sale of shares by UK and non-UK resident shareholders

From 6 April 2019, any gain on sale of Grainger shares may be within the charge to UK tax for all shareholders, whether UK resident or non-UK resident, subject to possible tax treaty relief for non-UK residents or any exemption for tax exempt investors.

The gain for non-UK residents will be calculated by deducting the closing value at 5 April 2019 from the net sale proceeds, with the option to elect instead to deduct original cost. The value of Grainger shares on 5 April 2019 was 243.60 pence per share.

Gains realised by non-UK resident individuals must generally be reported to HM Revenue & Customs within 30 days of the disposal. Gains realised by UK residents should be reported on the tax return in the usual way. Further details can be found at [Tell HMRC about Capital Gains Tax on UK property or land if you're not a UK resident - GOV.UK](#)

Reinvesting dividends

Grainger offers a Dividend Reinvestment Scheme which enables shareholders to automatically reinvest their cash dividends into additional shares in the Company instead of receiving their dividends in cash.