

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 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 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 of Ground Rents Income Fund plc you should consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

Ground Rents Income Fund plc

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

Notice of Annual General Meeting 2014

Your attention is drawn to the letter from the Chairman of Ground Rents Income Fund plc which is set out on page 2 of this document and which contains the unanimous recommendation of the board of directors that shareholders vote in favour of the resolutions to be proposed at the Annual General Meeting of the shareholders of Ground Rents Income Fund plc to be held at its registered office, 111 Park Street, Mayfair, London W1K 7JL on 18 March 2014 at 10:30 a.m. ("AGM").

Notice of the AGM is set out on pages 5 to 7. Shareholders will find enclosed a hard copy form of proxy for use in relation to the AGM. Whether or not you intend to be present at the AGM, you are requested to complete, sign and return the form of proxy in accordance with the instructions printed on it. Alternatively, shareholders can make a proxy appointment using the CREST voting service. To be valid, the hard copy form of proxy or CREST proxy appointment must be received at the address for delivery specified in the Notes to the Notice of AGM by not later than 10.30 a.m. on 14 March 2014.

Ground Rents Income Fund plc

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

Directors:

Malcolm Naish (*Chairman*)
Paul Craig
Simon Wombwell

Registered Office:

111 Park Street
London
W1K 7JL

Dated: 19 February 2014

To holders of ordinary shares and, for information only, to the holders of convertible preference shares and share warrants

Dear Ordinary Shareholder

2014 ANNUAL GENERAL MEETING

I am pleased to be writing to you with details of our first Annual General Meeting which we are holding at 10.30 a.m. on 18 March 2014 at the registered office of the Company, 111 Park Street, Mayfair, London W1K 7JL.

The formal Notice of the AGM can be found on pages 5 to 7 of this document. The Notice contains nine resolutions that you will be asked to consider and vote on. An explanation of each of the resolutions is set out on pages 3 to 4 of this document.

The annual reports and audited financial statements for the period ended 30 September 2013 are enclosed with this document, together with a hard copy form of proxy for voting at the AGM.

Action to be taken

Whether or not you intend to be present at the AGM, you are requested to complete, sign and return the enclosed hard copy form of proxy in accordance with the instructions printed on it. To be valid, the form of proxy should be returned to Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by not later than 10.30 a.m. on 14 March 2014.

Alternatively, you can make a proxy appointment using the CREST voting service. To be valid, the proxy appointment message must be transmitted so as to be received by Capita Asset Services (ID RA10) by 10.30 a.m. on 14 March 2014. The appointment of a proxy will not preclude you from attending the meeting and voting in person should you wish to do so.

Recommendation

Your directors consider all the resolutions to be put to the AGM to be in the best interests of Ground Rents Income Fund plc and its shareholders as a whole and accordingly unanimously recommend you to vote in favour of them.

Yours faithfully



Malcolm Naish
Chairman

APPENDIX I – EXPLANATORY NOTES TO THE AGM RESOLUTIONS

Resolution 1 – Receipt of the reports and audited financial statements

The Companies Act 2006 requires the directors of a public company to lay before the company in general meeting copies of its reports and audited financial statements in respect of each financial year. In accordance with best practice, the Ground Rents Income Fund plc (the "Company") proposes, as an ordinary resolution, a resolution to receive its reports and audited financial statements for the period ended 30 September 2013.

Resolutions 2 to 4 – Election of directors

The Company's articles of association require any director appointed by the board to retire at the next annual general meeting following his or her appointment. Such director is eligible to stand for election at that meeting. Simon Wombwell was appointed as a director of the Company on 21 May 2012 and both Malcolm Naish and Paul Craig were appointed to the board on 11 July 2012. As this is the Company's first annual general meeting, each of the directors will retire at the meeting and will stand for election by the Company's shareholders.

Resolutions 5 and 6 – Auditors' reappointment and remuneration

At each meeting at which the annual reports and accounts are laid, the Company is required to appoint auditors to serve until the next such meeting. PricewaterhouseCoopers LLP have indicated their willingness to continue as auditors to the Company. Resolution 5 is an ordinary resolution to reappoint them. Resolution 6 is an ordinary resolution giving the directors the discretion to determine the auditors' remuneration.

Resolution 7 - Authority to allot shares

The directors currently have an authority to allot shares in the Company and to grant rights to subscribe for or convert any securities into shares in the Company. This authority was granted to the directors at the Company's general meeting held on 23 May 2013 and is due to lapse at the conclusion of the annual general meeting. The board is seeking by ordinary resolution to renew that allotment authority up to a maximum nominal amount of £8,237,683 (or 16,475,366 ordinary shares) which represents approximately one-third of the Company's issued ordinary share capital as at 19 February 2014. This authority will expire on 31 March 2015 or, if earlier, on conclusion of the Company's annual general meeting in 2015.

Resolution 8 – Disapplication of pre-emption rights

Resolution 8 is a special resolution which renews a similar authority given at the Company's general meeting held on 23 May 2013 and, if approved, would enable the board to allot shares for cash without first offering such shares to existing shareholders in proportion to their existing holdings. Otherwise than in connection with any pre-emptive offer of shares, the authority contained in this resolution will be limited to an aggregate nominal amount of £2,471,305 (or 4,942,610 ordinary shares) which represents approximately ten per cent. of the Company's issued ordinary share capital as at 19 February 2014. The authority will expire on 31 March 2015 or, if earlier, on conclusion of the Company's annual general meeting in 2015.

Resolution 9 – Authority to repurchase shares

Resolution 9 is a special resolution which, if passed, would authorise the Company to make market purchases of its own ordinary shares. The directors have no present intention of exercising this authority but wish to have the flexibility to do so in the future. The maximum number of ordinary shares which may be purchased is 7,413,914 (a maximum nominal amount of £3,706,957) which represents 14.99 per cent. of the Company's issued ordinary share capital as at 19 February 2014. The resolution also sets out the maximum and minimum prices that could be paid. The authority will expire on 31 March 2015 or, if earlier, on conclusion of the Company's annual general meeting in 2015.

The total number of warrants to subscribe for ordinary shares outstanding at 19 February 2014 is 8,464,662, which represents 17.13 per cent. of the issued share capital and would represent 20.15 per cent. of the issued ordinary share capital if the authority is exercised for the maximum number of ordinary shares. No options have been granted over any ordinary shares.

APPENDIX II – NOTICE OF ANNUAL GENERAL MEETING

GROUND RENTS INCOME FUND PLC

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 2014 Annual General Meeting of the members of Ground Rents Income Fund plc (the **Company**) will be held on 18 March 2014 at 10.30 a.m. at the offices of the Company, 111 Park Street, London W1K 7JL for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. To receive the audited financial statements and the reports of the directors and the auditors for the period ended 30 September 2013.
2. To elect Malcolm Naish as a director.
3. To elect Paul Craig as a director.
4. To elect Simon Wombwell as a director.
5. To re-appoint PricewaterhouseCoopers LLP as auditors.
6. To authorise the directors to determine the auditors' remuneration.
7. That the directors are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the **Act**) to exercise all or any of the powers of the Company to allot shares in the capital of the Company or grant rights to subscribe for or to convert any security into shares in the Company (**Rights**) to such persons and at such times and on such terms as they think proper up to a maximum aggregate nominal amount of £8,237,683 provided that this authority shall expire on 31 March 2015 or, if earlier, on the conclusion of the Company's annual general meeting in 2015, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this Resolution has expired, and provided also that all authorities vested in the directors on the date of the notice of this meeting to allot shares or to grant Rights that remain unexercised at the commencement of this meeting are revoked.

SPECIAL RESOLUTIONS

8. That, subject to and conditional on Resolution 7 in the notice of this meeting being passed, in substitution for all existing authorities, the directors are empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by Resolution 7 in the notice of this meeting or by way of a sale of treasury shares as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) allotments made in connection with offers of equity securities to the holders of ordinary shares in proportion (as nearly as may be) to the respective numbers or ordinary shares held by them, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of any overseas territory or the requirements of any recognised regulatory body or stock exchange in any territory;
- (b) the allotment of equity securities (other than pursuant to sub-paragraph (a) above) up to an aggregate nominal amount of £2,471,305,

and the power hereby granted shall expire when the authority conferred on the directors by Resolution 7 in the notice of this meeting expires save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

9. That the Company is generally and unconditionally authorised pursuant to section 701 of the Act to make market purchases (as defined in section 693 of the Act) of ordinary shares of 50 pence each in its capital, provided that:
- (a) the maximum aggregate number of such ordinary shares that may be acquired under this authority is 7,413,914, representing 14.99 per cent. of the issued ordinary share capital;
 - (b) the minimum price (exclusive of expenses) which may be paid for such a share is its nominal value;
 - (c) the maximum price (exclusive of expenses) which may be paid for such a share is five per cent above the average of the market values of those shares for the five business days immediately before the purchase is made (as derived from the Official List of the Channel Islands Securities Exchange) or, in the case of a tender offer, the terms of the tender offer are announced;
 - (d) this authority shall expire on 31 March 2015 or, if earlier, on the conclusion of the Company's annual general meeting in 2015; and
 - (e) before such expiry the Company may enter into a contract to purchase shares that would or might require a purchase to be completed after such expiry.

Martin Robinson
Company Secretary
Registered Office:
111 Park Street
London
W1K 7JL

By order of the Board, dated: 19 February 2014

Notes:

1. Only those shareholders registered in the shareholders' register of the Company as at 6.00 p.m. on 14 March 2014 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A shareholder of the Company who is entitled to attend and vote at the meeting convened by this notice shall be entitled to appoint another person or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and speak and to vote in his place at the meeting. Such proxy need not be a shareholder of the Company.
3. A form of proxy in respect of this meeting is enclosed with this notice of Annual General Meeting. To be valid, the form of proxy (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority) must be completed in accordance with the instructions set out on the form and returned to Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by not later than 10.30 a.m. on 14 March 2014. Appointing a proxy will not prevent a shareholder from attending and voting in person at the meeting should he so wish.
4. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a "CREST proxy appointment instruction") must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ("Euroclear"), and must contain all the relevant information required by the CREST Manual. To be valid, the message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Capita Asset Services, as the Company's "issuer's agent" (ID: RA10), by 10.30 a.m. on 14 March 2014. After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on "Practical limitations of the system". In certain circumstances the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.
5. A member that is a corporation can only attend and vote at the meeting in person through one or more duly appointed representatives. Any such representative should bring to the meeting written evidence of his appointment, such as a certified copy of a board resolution of, or a letter from, the corporation concerned confirming the appointment.