

Ground Rents Income Fund PLC

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

SUPPLEMENTARY INFORMATION MEMORANDUM

Dated: 18 November 2016

This Supplementary Information Memorandum is published in order to provide updated information in relation to the Company as of the date of this document. It should be read in conjunction with the relevant listing documents published by the Company, as updated by the information in this document.

The Directors, whose names appear on page 2 of this document, accept full responsibility for the information contained in this document and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

CISEA gives no warranty or representation as to the competence of the service providers to, or any party connected with, the Company, the adequacy and accuracy of the information contained in this document or the suitability of the Company for investment or for any other purpose.

Appleby Securities (Channel Islands) Ltd, which is a member of the CISEA, is the sponsor to the listing of the Company's securities on the CISEA and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Appleby Securities (Channel Islands) Ltd, nor for providing advice in relation to the contents of this document or any transaction or arrangements referred to herein.

N+1 Singer and Appleby (Guernsey) LLP have given and have not withdrawn their written consent to the publication of this document with the inclusion of their respective name in the context in which it appears

The information contained in this document is not exhaustive; reference should be made to relevant listing documents and investor updates previously published by the Company as updated by the information in this document.

There shall be no implication that there has been no change in the affairs of the Group since, or that the information contained herein is correct at any time subsequent to, the date of this document.

The contents of this document are not to be construed as legal, financial, business, investment or tax advice. Each investor should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice. Investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, tax, investment, or any other related matters concerning the Company and an investment therein.

References to Defined Terms

Certain capitalised terms used in this document are defined in Part 7 (Definitions) and Part 8 (Glossary).

PART 1

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Robert Malcolm Naish (<i>known as Malcolm Naish</i>) (Chairman) Paul Anthony Craig Simon Paul Wombwell all of the registered office
Registered Office	72 Welbeck Street, London W1G 0AY
Company Secretary	William Martin Robinson
Investment Manager and AIFM	Brooks Macdonald Funds Limited 72 Welbeck Street London W1G 0AY
Property Manager	Braemar Estates (Residential) Limited Richmond House Heath Road Hale Cheshire WA14 2XP
CISEA Listing Sponsor	Appleby Securities (Channel Islands) Limited PO Box 297 13-14 Esplanade St Helier Jersey JE1 1BD
Financial Adviser and Broker	N+1 Singer One Bartholomew Lane London EC2N 2AX
Advisers on UK law	Nabarro LLP 1 The Avenue Manchester M3 3AP
Advisers on Guernsey law	Appleby (Guernsey) LLP Regency Court Glategny Esplanade St Peter Port Guernsey GY1 1WW
Tax Advisers	KPMG LLP St James' Square Manchester M2 6DS

Auditors	PricewaterhouseCoopers LLP 101 Barbirolli Square Lower Mosley Street Manchester M2 3PW
Registrar	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TV
Valuers	Savills Advisory Services Limited 33 Margaret Street London W1G 0JD
Principal Bankers	The Royal Bank of Scotland 40 Islington Street London N1 8JX
Principal Lenders	Santander UK plc 298 Deansgate Manchester M3 4HH
Depository	INDOS Financial Limited 27 Clements Lane London EC4N 7AE

PART 2

KEY INFORMATION UPDATE

Investment Policy

The Shareholders approved the following revised investment policy of the Company at an extraordinary general meeting of the Company on 26 October 2016:

INVESTMENT OBJECTIVE

The Company has been established to provide secure long-term performance through investment in Long Dated UK Ground Rents, which have historically had little correlation to traditional property asset classes and have seen their value remain consistent regardless of the underlying state of the economy.

The Company will give investors the opportunity to invest, through the Company, in a portfolio of Ground Rents. The Company will seek to acquire a portfolio of assets with the potential for income generation from the collection of Ground Rents. These investments also have the potential for capital growth, linked to contractual increases in Ground Rents over the long-term.

The Company will seek to generate consistent income returns for Shareholders by investing in a diversified portfolio of Ground Rents including freeholds and head leases of residential, retail and commercial properties located in the United Kingdom.

INVESTMENT POLICY

The Company will seek to benefit from the Ground Rents' long-term cash flows, rental income from each freehold and head leases and additional income from the obligation to arrange the insurance of the building and, further, the ability to charge for permissions under the lease when the leasehold ownership changes hands. The Company will not invest in non Ground Rent instruments, listed securities or other forms of commercial or residential property.

The Company will invest in freeholds and head leases in the United Kingdom. The Company intends to purchase Ground Rents where the leasehold interests are Long Dated although shorter opportunities will be considered if the Directors believe it is in the best interest of the Company to do so.

Each portfolio of Long Dated Ground Rents comprising the freeholds and head leases of residential, retail and commercial properties in the United Kingdom will have a pre-determined long-term income stream from the lease and, ultimately, when the lease comes to an end, a reversionary value. The Company may also exploit other investment opportunities which provide the Company with Ground Rent income but may not have the right to a reversionary value.

The Company intends that no single ground rent property should represent more than 25 per cent of the gross asset value of the Company at the time of investment.

The Company does not expect to engage in any hedging transactions, although, at the sole discretion of the Directors, the Company may utilise hedging, financial and money market instruments in the management of its assets and risk.

The Company may reinvest both realised invested capital and any profits that have not been distributed, subject to distributing 90 per cent of distributable income profits arising from the Group's Qualifying Property Rental Business in each accounting year in order to comply with the Company's REIT obligations.

The Company may make use of structural or long-term debt facilities for investment purposes, and if a portfolio of assets was available to be acquired in a corporate structure which had some existing borrowings within its corporate vehicles, these may be retained. In all cases the gearing

anticipated would be limited in scale, to no more than 25 per cent of the gross assets of the Company.

Borrowing

Under the revised investment policy the Group may make use of structural or long-term debt facilities for investment purposes, and if a portfolio of assets was available to be acquired in a corporate structure which had some existing borrowings within its corporate vehicles, these may be retained. In all cases the gearing anticipated would be limited in scale, to no more than 25 per cent. of the gross assets of the Company.

The REIT regime places restrictions on the level of interest cover a REIT should maintain.

REITS are not subject to any express borrowing restrictions. However, there will be a tax charge if the income profits of the Company's Qualifying Property Rental Business do not cover its related financing costs at least 1.25 times.

Following approval of the revised investment policy and borrowing powers the Company has entered into a long term debt facility with Santander UK plc, which is a fixed rate, interest only £19,500,000 facility for a term of five years (including refinancing of the Group's existing c.£8,000,000 short-term facility with Santander UK plc). The Directors do not believe that the tax charge mentioned above will arise as a result of entering into such facility.

The Directors believe that the use of such leverage should be accretive to the net dividend, particularly given that the issue of new equity would be potentially dilutive to Shareholders during the investment period until any such further equity raise was fully invested. In addition, a larger portfolio of Ground Rent assets acquired through the use of such leverage to acquire those assets identified by Brooks Macdonald Funds Limited should, the Directors believe, provide a greater weighting on index linked assets for the Group.

AIFMD

If the Company utilises the additional leverage and grows its assets under management to the extent that it can no longer qualify as a small registered AIFM (the relevant threshold of assets under management being €100 million where leverage is used), then the Company will need to be managed by a full scope AIFM under AIFMD, rather than the Company acting itself as the AIFM of the Company on a self-managed basis. Accordingly, the Company will be required to appoint an AIFM in such circumstances, in order to comply with AIFMD. In anticipation of this, the Company has appointed the former Investment Adviser, Brooks Macdonald Funds Limited, which is regulated by the FCA as a full scope AIFM, as Investment Manager and AIFM of the Company. The Investment Manager as AIFM has to ensure that the Company complies with the requirements in the AIFMD, including appointing a depositary, and the AIFM is subject to certain organisational, operational and transparency obligations.

Required information disclosures under AIFMD are set out at Part 9 of this document.

PART 3

INVESTMENT MANAGER

The Company has appointed Brooks Macdonald Funds Limited to advise on the acquisition of Ground Rents and the management of the Portfolio. Prior to 18 November 2016, Brooks Macdonald Funds Limited acted as Investment Adviser rather than Investment Manager and the Company was self-managed for the purposes of AIFMD, but since becoming authorised by the FCA to act as a Full Scope Alternative Investment Fund Manager for the purposes of AIFMD, Brooks Macdonald Funds Limited has been appointed by the Company as Investment Manager on 18 November 2016.

The Investment Manager has delegated the collection of Ground Rent income to the Property Manager.

The Investment Manager and Property Manager together have:

- a long-term track record in asset management;
- expertise in investing in the real estate sector including Ground Rents;
- a deep understanding of the Ground Rent market; and
- experience of acquiring and managing Ground Rent investments.

It is the Investment Manager's role to source investment opportunities. Once a potential opportunity has been identified, the Investment Manager will carry out initial high level due diligence (i) to assess whether or not the target asset(s) complies with the Company's investment policy, and (ii) to scope the likely financial, legal and valuation parameters of any transaction.

At this point an initial investment proposal will be presented to the Investment Manager's investment committee who will make an assessment of the proposal to determine whether the opportunity complies with the investment policy of the Company. The Investment Manager will then approve the making of a non-binding offer to a vendor that would be subject, amongst other things, to satisfactory due diligence and valuation.

In all cases, the Investment Manager has the authority to bind the Company and the relevant subsidiary to complete the purchase of assets.

Terms of appointment of the Investment Manager

Pursuant to the Management Agreement, the Investment Manager has been appointed with effect from 18 November 2016 until termination in accordance with the termination provisions set out on page 11 of this document ("the **Agreement Period**"). The appointment may be terminated at any time by either party by providing not less than twelve months' written notice on the other. 18 months' notice is required for the termination of the appointment in the event of a takeover of the Company or at the disposal of the Company's entire portfolio of Properties. The appointment can also be terminated without notice in certain limited circumstances such as default and insolvency, or upon the change of control of the Investment Manager.

The Investment Manager will be responsible for locating properties and preparing acquisition appraisals and budgets, for conducting due diligence on each potential acquisition and the completion of acquisitions, and will act as agent of the Company (as freeholder in collecting the Ground Rents and placing the insurance). The Investment Manager has delegated the role of collecting the Ground Rents to the Property Manager. During the Agreement Period, the

Investment Manager is obliged to offer all properties within the investment objective and policy to the Company before offering them to any other party.

The Investment Manager's fees (other than fees for acting as managing agent of an apartment block) are detailed on page 8 of this document and will be payable by the Company or by a wholly owned subsidiary of the Company.

The Investment Manager will be responsible for the management of the assets and the day-to-day operations of the Company, including, but not limited to, the responsibilities defined below:

Administration, Reporting and Treasury Services

- nominating suitable persons to act as company secretary in Guernsey and the UK, and nominating representatives to attend board meetings and prepare full minutes (however the expense of such company secretarial services are to be borne by the Company);
- carrying on the book keeping of the Company; including preparing the management accounts for the Company and half yearly financial report for the Company's approval and assisting with the annual independent audit of the Company
- with prior consent of the Company to engage such advisers and consultants as are necessary;
- commencing or defending litigation that pertains to the Company or any subsidiary of the Company in relation to the Investment Manager's role;
- ensuring that all general administrative functions are carried out;
- maintaining accounting records and a record of all information on the Portfolio;
- preparing and supplying quarterly management accounts and reports to the Company within 10 Business Days after the end of the relevant quarter and
- preparing and providing in accordance with AIFM rules reports to the Company each Subsidiary and its underlying investors, including but not limited to the Annual Report and periodic disclosures to investors, maintaining and operating a client money bank account and advising on options for depositing surplus cash.

Transaction Management

- locating suitable properties for acquisition;
- progressing the acquisition of the proposed property through to completion;
- identifying and investigating sale opportunities for any of the properties; and
- managing the sales programme through to completion;

Property Management Services

- collecting all ground rent and other payments due and pursuing any legal proceedings to recover arrears;
- arranging for insurance cover for the properties where relevant;
- informing the Company of all events relating to the properties or its services which in its reasonable opinion are likely to have an effect upon any of the properties and executing its recommendations including the sale of any of the properties if relevant;

- advising the Company of any works which in its reasonable opinion could be done economically to enhance the present or future income or capital value of the properties; and
- attending meetings of Board of Directors as and when requested.

Personnel

The Investment Manager is required to devote such time as may be required to enable it to fulfil its obligations under the Management Agreement. In particular, it shall ensure that personnel of the requisite level of skill and experience are actively and directly involved on an ongoing basis in the provision of the services to the Company.

Management Fee

The Directors have sought to structure appropriate fees and incentive payments payable to the Investment Manager that provide a balance between incentivisation and alignment with Shareholder interests.

For each one year period of the Management Agreement, the Investment Manager will be entitled to an initial annual fee of £270,000 per annum, payable monthly in arrears (the **Management Fee**). The Investment Manager is also entitled to retain 50 per cent. of all insurance commission relating to the Portfolio. In each accounting period where the Management Fee plus the amount of insurance commission the Investment Manager retains is in excess of 0.55 per cent. of the average market capitalisation of the Company for that accounting period, the Investment Manager will pay an amount equal to the excess to the Company by way of refund from the Management Fee. In each accounting period where the Management Fee plus the amount of insurance commission the Investment Manager retains is less than 0.55% of the average market capitalisation of the Company for that accounting period the Company will pay an amount equal to the shortfall to the Investment Manager by way of an additional Management fee. The Property Manager's fees will not be an additional charge on the Company, as the Investment Manager will pay the Property Manager for its services out of the Management Fee.

Agency Fee

Upon completing the purchase of a property which has been introduced by the Investment Manager and where no other agency fees are payable, the Investment Manager shall be entitled to an agency fee of 2 per cent. of the purchase price of such property. Where the third party fee is less than 2 per cent. of the purchase price for the Property, the Investment Manager will be entitled to an additional agency fee equal to 50 per cent. of the difference between 2 per cent. of the purchase price and the third party agency fee.

Consent Fee

The Investment Manager is entitled to retain 20 per cent. of each fee payable by a Lessee where they wish to sell, mortgage or alter their Dwelling in a way which, under the terms of their Lease, requires the Lessee to obtain the consent of the Company, the "Consent Fee" in the Management Agreement.

PART 4

DEPOSITARY

The Investment Manager as AIFM has to ensure that the Company complies with the requirements in the AIFMD, including appointing a depositary.

The Company has appointed INDOS Financial Limited as its depositary (the Depositary). The Depositary is a company incorporated in England and Wales whose principal place of business is in the United Kingdom, from where its affairs are administered. The Depositary is authorised and regulated by the FCA in the conduct of its regulated activity.

Duties of the Depositary

The Depositary shall act as the sole depositary of the Company (AIF) and shall be responsible for:

- (i) ensuring the AIF's cash flows are properly monitored;
- (ii) the safe keeping of the Scheme Property entrusted to it (which it shall hold on trust for the AIFs) by the AIF and/or AIFM acting on behalf of the AIF; and
- (iii) the oversight and supervision of the AIFM and the AIF,

in accordance with AIFMD and other applicable law.

Charges of the Depositary

The Depositary is entitled to receive a periodic charge, currently £35,000 per annum, payable quarterly in arrears. The Depositary is also entitled to an initial set up fee of £5,000 and to charge an additional fee agreed on a case by case basis where the Company undergoes a lifecycle event (e.g. a reorganisation) which requires additional work for the Depositary. All charges may be subject to change from time to time, by agreement between the Depositary and the Company. The Depositary is entitled to be reimbursed by the Company for its reasonable expenses properly incurred in provision of its services.

Further details of the contractual arrangement between the Company and the Depositary are set out at Part 6, paragraph 4.

PART 5

CORPORATE GOVERNANCE

As a CISEA listed company, the Company is not required to comply with the UK Code on Corporate Governance. However, the Directors place a great deal of importance on ensuring that high standards of corporate governance are maintained and will seek to take appropriate measures to ensure that the Company complies with the UK Code on Corporate Governance to the extent appropriate and taking into account the size of the Company and the nature of its business.

The Board will take all reasonable steps to ensure compliance by the Directors and any employees with the provisions of the CISEA Listing Rules and the "CISEA Model Code for Securities Transactions by Persons Discharging Managerial Responsibilities of Listed Companies on the CISEA" which enumerates the general principles for conduct of directors and other PDMRs (as defined therein) of CISEA listed companies. In addition, since 3 July 2016 the Company is subject to the EU Regulation on Market Abuse ("**MAR**"). Although MAR bears many similarities to the UK's civil market abuse regime existing prior to 3 July 2016, there are key differences which expand the scope of the market abuse regime and change permitted behaviours and the ways in which listed companies need to operate within safe harbours. There are also changes to the rules governing the disclosure and control of inside information and the reporting of transactions by persons discharging managerial responsibilities.

PART 6

MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company up to and including the two years preceding the date of this document.

1. Management Agreement

The Management Agreement dated 18 November 2016 between the Company and the Investment Manager pursuant to which the Investment Manager has agreed to provide certain management services to the Company as more particularly described in Part 3 of this document. In addition, the Manager has agreed to provide certain administrative and company secretarial services to the Company.

The Company has agreed to pay the Investment Manager a management fee, agency fee and consent fee in certain circumstances as described in Part 3 of this document. The Investment Manager is also entitled to retain 50 per cent. of all insurance commission in respect of the properties further details of which are also set out in Part 3 of this document.

The Management Agreement may be terminated immediately in the following circumstances:

- (i) an event of insolvency in relation to the Investment Manager;
- (ii) the failure by the Investment Manager to remedy in all material respects a material breach by the Investment Manager of an obligation under the Management Agreement after notice from the Company allowing it reasonable time to do so;
- (iii) a breach or breaches of an obligation or obligations under the Management Agreement by the Investment Manager which are individually or cumulatively of such seriousness as to permit the Company to treat the Management Agreement as repudiated by breach;
- (iv) a change of control of the Investment Manager (other than as a result of a takeover of Brooks Macdonald); and
- (v) the winding up of the Company;
- (vi) where the Manager ceases to be authorised by the FCA to perform such regulated activities necessary for the provision of the Services (except where no such authorisation is required or an appropriate exemption applies);

The Management Agreement may be terminated by either party serving not less than twelve months' prior written notice on the other, which may be increased to eighteen months in the event of a takeover of the Company or sale of its entire portfolio.

On termination of the Management Agreement, the Investment Manager will be entitled to receive all payments to be made to it which have accrued up to the date of such termination but will not be entitled to any other payment or to compensation in respect of such termination.

The Investment Manager has undertaken to the Company that:

- (i) it has full corporate power and has taken all necessary corporate action to enable it to enter into and perform its obligations under the Management Agreement;
- (ii) the Management Agreement will create obligations which are valid and binding on the Investment Manager and enforceable in accordance with their terms; and
- (iii) it does not require the consent, approval or authority of any other person to enter into or perform its obligations under the Management Agreement and its entry into

the Management Agreement will not constitute any breach of or default under any contractual, governmental or public obligation binding upon it.

The Investment Manager will not be liable for the acts or omissions of any agent or sub-contractor properly appointed by the Investment Manager provided that prior to appointing such agent or sub-contractor the Investment Manager shall procure that the agent or sub-contractor shall enter into a duty of care in favour of the Company and an undertaking that such agent or sub-contractor has appropriate insurance cover to an amount at least equal to the insurance cover the Investment Manager is required to maintain.

The Company has agreed to indemnify the Investment Manager out of the assets of the Company against all claims, liability, damages and costs which the Investment Manager has properly and reasonably suffered or incurred other than due to the Investment Manager's negligence, fraudulent act or omission or wilful misconduct or bad faith.

The Management Agreement is governed by the laws of England and Wales.

2. ***Sponsorship Agreement***

The sponsorship agreement dated 10 July 2012 between the Company and the Sponsor pursuant to which the Sponsor has agreed to act as sponsor on a continuing basis. For the provision of these services, the Sponsor is entitled to an annual fee of £4,000, in advance in April each year. In addition to the annual fee, the Sponsor is entitled to receive additional fees on a time incurred basis where the time spent by the Sponsor in advising the Company exceeds four hours in any given year.

The agreement may be terminated on written notice by either party. The Company has given an indemnity to the Sponsor that is standard for an agreement of this nature.

The agreement is governed by the laws of the Island of Guernsey.

3. ***Broker Agreement***

The financial adviser and broker agreement dated 13 August 2012 between the Company and N+1 Singer pursuant to which the Company has engaged N+1 Singer to act as its financial adviser and corporate broker on an ongoing basis. The Company shall pay to N+1 Singer a retainer of £30,000 per annum payable quarterly in advance (exclusive of VAT). If, during the course of the engagement: (i) a takeover offer is made to the Company or the Company proposes to undertake an acquisition or disposal of any of the Group's assets or business, N+1 Singer has the right, but not the obligation, to act as sole financial adviser and corporate broker to the Company in relation to such transaction; or (ii) the Company determines to conduct an offering, N+1 Singer shall have the right, but not the obligation, to act as lead manager, underwriter and co-ordinator for any such offering, the fees for such work to be agreed in good faith at normal market rates. The Company has given N+1 Singer indemnities which are customary in an agreement of this nature. The engagement may be terminated on 30 days' written notice by either party or immediately on written notice of any material breach of the agreement by the other party. The agreement is governed by English law.

4. **Depositary Services Agreement**

The Depositary Services Agreement dated 18 November 2016 between the Company, acting by the Investment Manager and INDOS Financial Limited pursuant to which the Company has appointed INDOS Financial Limited with effect from 18 November 2016 to act as the depositary to the Company under the requirements of AIFMD. The Depositary is entitled to receive a periodic charge, currently £35,000 per annum, payable quarterly in arrears. The Depositary is also entitled to an initial set up fee of £5,000 and to charge an additional fee agreed on a case by case basis where the Company undergoes a lifecycle event (e.g. a reorganisation) which requires additional work for the Depositary. All charges may be subject to change from time to time, by agreement between the Depositary and the Company. The Depositary is entitled to be reimbursed by the Company for its reasonable expenses properly incurred in provision of its services.

The Depositary shall delegate the safekeeping of Custody Assets (as defined in the agreement) to a Custodian and/or Prime Broker acting as custodian who in turn may further delegate to a Sub-custodian in accordance with the terms of the agreement. The Depositary will retain safekeeping of Non-custody Assets (as defined in the agreement). The Depositary may not delegate the performance of its duties without the prior written consent of the Company (unless to an associate).

The Company has given an indemnity to the Depositary that is standard for an agreement of this nature.

The Depositary may retire by giving the Company not less than three month's written notice, subject to the appointment of a replacement depositary where required by applicable law. If at the expiry of such three month notice period a replacement depositary has not been appointed, the remuneration of the Depositary may be increased (subject to a cap of 150% of the previous rate).

The Company may terminate the Depositary's appointment:

- (i) on giving not less than three months' written notice to the Depositary; or
- (ii) immediately by notice in writing to the Depositary if the Depositary is subject to an insolvency event; the Depositary ceases to be qualified to act; following material breach of the agreement by the Depositary; the Company is directed to do so by the FCA; or the Depositary is subject to any pending or threatened litigation or any matter which may reasonably be believed to bring the Company or the Investment Manager into disrepute.

The Depositary may, subject to applicable law, terminate its appointment at any time by notice in writing to the Company upon equivalent events as set out at (ii) immediately above in respect of the Company and/or the Investment Manager.

The Depositary Services Agreement is governed by the laws of England and Wales.

PART 7

DEFINITIONS

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

"AGM"	annual general meeting of the Company;
"AIFMD"	the EU Alternative Investment Fund Managers Directive
"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, the names of the directors at the date of this document being set out on page 2 of this document;
"Brooks Macdonald"	Brooks Macdonald Group plc, a company incorporated in England and Wales with registered number 4402058;
"business day"	any day where banks in London and the Channel Islands are open for business (excluding Saturdays and Sundays and public holidays);
"Capita Registrars"	a trading name of Capita Registrars Limited;
"Circular"	means the circular sent to Shareholders on 9 October 2016;
"CISEA"	the Channel Islands Securities Exchange Authority Limited;
"CISEA Listing Rules"	the listing rules produced by the CISEA for companies whose securities are listed on the Official List of the CISEA, as amended from time to time;
"City Code"	the City Code on Takeovers and Mergers;
"Companies Act"	United Kingdom Companies Act 2006;
"Company"	Ground Rents Income Fund plc, a company incorporated in England and Wales with registered number 8041022;
"Corporation Tax Act"	the Corporation Tax Act 2010, as amended from time to time;
"FCA"	the UK Financial Conduct Authority, or any successor organisation;
"Finance Act"	the Finance Act 2006, as amended from time to time;

"FSMA"	the Financial Services and Markets Act 2000, as amended;
"Ground Rent"	the right to receive an annual, pre-determined payment made by a lessee of a property to the freeholder or head leaseholder of that property;
"Group"	the Company and its subsidiaries from time to time; for the purposes of taxation a Group is as defined in Section 152 of the Corporation Tax Act;
"HMRC"	Her Majesty's Revenue & Customs;
"Investment Manager"	the Investment Manager Brooks Macdonald Funds Limited, a company incorporated in England and Wales with registered number 5730097;
"Investor"	any person, vehicle or company which invests in the Company, and the term "Investors" shall be construed accordingly;
"London Stock Exchange"	London Stock Exchange plc;
"Long Dated"	a Ground Rent which has an unexpired term in excess of 80 years;
"Management Agreement"	the Management Agreement dated 18 November 2016 between the Company and the Investment Manager, a summary of which is set out in paragraph 1 of Part 6 of this document;
"N+1 Singer"	Nplus1 Singer Advisory LLP, financial adviser and placing agent to the Company, with registered number OC364131, trading as N+1 Singer;
"Ordinary Shares"	the ordinary shares in the Company of 50 pence nominal value;
"Ordinary Shareholders"	the holders of Ordinary Shares;
"Panel"	the Panel on Takeovers and Mergers;
"Portfolio"	the portfolio of Ground Rents owned by the Company or the SPVs owned by the Company that own the Ground Rents described in this document;
"Property Manager"	the property manager Braemar Estates (Residential) Limited, a company incorporated in England and Wales with registered number 4178736;
"Qualifying Property Rental Business"	a property rental business fulfilling the conditions in section 529 of the Corporation Tax Act;
"Red Book"	the current Practice Statements and United Kingdom Practice Statements contained within the RICS Appraisal and Valuation Standards in

	force from time to time;
"Registrar"	Capita Registrars;
"REIT"	a real estate investment trust, namely a company or group to which Part 12 of the Corporation Tax Act applies;
"Savills"	Savills Advisory Services Limited, a company incorporated in England and Wales with registered number 6215875;
"SDLT"	stamp duty land tax;
"SDRT"	UK stamp duty reserve tax;
"Securities Act"	the US Securities Act of 1933, as amended;
"SETSqx"	the London Stock Exchange Electronic Trading service (quotes and crosses) trading platform;
"Shareholders"	the holders of Shares from time to time;
"Shares"	the Ordinary Shares;
"Sponsor"	Appleby Securities (Channel Islands) Limited;
"SPV"	special purpose vehicle;
"subsidiary"	as construed in accordance with section 1261 Companies Act;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"US Person"	a US person as defined in Regulation S of the US Securities Act of 1933, as amended;
"VAT"	value added tax

PART 8

GLOSSARY

"yield"

a measure of return on an asset and is the income arising on an asset expressed as a percentage of the total cost of the asset, including costs

PART 9
AIFMD DISCLOSURES

AIFMD Article 23 and FUND 3.2.2R Disclosures

1 (a) Description of the investment strategy and objectives

The investment objective of Ground Rents Income Fund plc (the **Company**) is to acquire a portfolio of freeholds and head leases, offering the potential for income generation from ground rents, that is both secure and hedged against inflation, and the potential for capital growth from active asset management. The Company seeks to generate consistent income returns for shareholders by investing in a diversified portfolio of ground rents including freeholds and head leases of residential, retail and commercial properties located in the UK.

1 (b) N/a

1 (c) N/a

1 (d) Description of the assets in which the Company may invest

The Company provides secure long-term performance through investment in long dated UK ground rents, which have historically had little correlation to traditional property asset classes and have seen their value remain consistent regardless of the underlying state of the economy.

1 (e) Investment techniques and associated risks

The Company invests in real property. The associated risks are set out on pages 53 to 64 of the Listing Document in respect of the Company dated 3 May 2013.

1 (f) Investment restrictions

No single ground rent property should represent more than 25% of the gross asset value of the company at the time of investment.

1 (g) Use of leverage

The Company has a five-year debt facility for investment purposes. The gearing is intended to be limited to no more than 25% of the gross assets of the Company.

1 (h) Type and source of debt facility

The Company has a five-year term loan of £19.5m from a single bank on an interest only basis.

1 (i) Restrictions on the use of leverage and collateral arrangements

There are no restrictions on the use of debt. The debt facility is secured on specific assets held by individual subsidiaries with no parent company guarantee. If any asset on which the debt is secured is sold, the lender may require security over other group assets before it releases the security on an asset being sold.

1 (j) Maximum level of leverage

30% of the gross asset value of the company at the time of investment.

2 Change of investment policy

The Company's investment policy has been changed pursuant to Shareholder approval as set out on page 4 of this document.

3 Contractual relationship for the purposes of investment

The Company has appointed Brooks Macdonald Funds Limited (BMF) to act as its Alternative Investment Fund Manager (AIFM). BMF is authorised by the Financial Conduct Authority (FCA) and has the FCA's permission to act as a Full Scope AIFM. The principal terms of the appointment of BMF are set out on pages 6-8 of this document.

4 Identity of AIFM, Depositary, auditor and other service providers

AIFM: Brooks Macdonald Funds Limited. BMF has discretionary investment authority over the assets of the Company.

Depositary: INDOS Financial Limited.

Auditor: PwC LLP.

5. Professional negligence

BMF benefits from a professional indemnity policy as part of the wider Brooks Macdonald Group cover.

6 (a) AIFM management function delegated by the AIFM

BMF has delegated the maintenance of the Company's share register to Capita Asset Services, a division of Capita plc, of 40 Dukes Place, London EC3A 7NH.

6 (b) Safe-keeping service delegated by the depositary

None

6 (c) Delegates appointed in accordance with FUND 3.10

None

6 (d) Conflicts from delegation

None

7 AIF's valuation procedure

The assets of the AIF (the Company) are real estate assets which will be valued twice a year by an External Valuer. The external Valuer will value the portfolio twice a year on 31 March and 30 September.

8 Liquidity risk management

The Company is closed ended, there are no shareholder redemption rights.

9 Fees and charges

The fees and charges for the AIFM and Depositary are set out in Part 3 and Part 4 of this document. All other fees and charges are set out in part 2 of the Listing Document dated 3 May 2013, as updated by this document.

10 Fair treatment of investors

There is only one class of share in the Company, so all shareholders have a proportionate interest in the assets of the Company.

11 Investors obtaining preferential treatment

No investors are offered preferential treatment.

12 Procedure and conditions for issue of shares

The Company may issue additional shares by way of a rights issue, where all shareholders are given the right to participate in proportion to their existing holdings.

The Company is closed ended. The Directors seek the authority annually at the Annual General Meeting to issue new shares for cash representing up to 10% of the existing issued share capital of the Company in the period between the AGM and 15 months thereafter, or until the next AGM if sooner.

If the directors wish to issue new shares which represent more than 10% of the existing issued share capital on a non-pre-emptive basis, they must first seek the approval of shareholders in general meeting.

13 Latest asset value or market price

The net asset value of each share is published twice a year via announcement on the Regulated News Service of the London Stock Exchange (LSE) and the Channel Islands Securities Exchange's (CISE) news service.

The market price of the shares is available via the London Stock Exchange SETSqx system and via the Channel Islands Securities Exchange. Such prices are quoted in real time throughout the period when each market is open for business.

14 Latest annual report

The audited annual report is available for download from the Company's web site www.groundrentsincomefund.com and from the CISEA and LSE news services.

15 Historical performance

Quarterly fact sheets on the Company are published on the Company's web site.

16 (a), (b) and (d) Prime brokerage

The Company does not have a Prime Broker. It does not invest in transferable securities.

16 (c) Provision in Depositary agreement for transfer or reuse of AIF assets

The Company is financed by the issue of ordinary shares (permanent capital) and borrowings (5-year term facilities) and invests in real assets. There are no restrictions on the reuse of any funds received from the sale of assets.

17 Information required under FUND 3.2.5R and FUND 3.2.6R

This information will be published in the interim and annual accounts of the Company. The maximum level of leverage may not be increased without the approval of a majority of those shareholders who choose to vote at a general meeting of the Company called for that purpose.