

# Ground Rents Income Fund plc

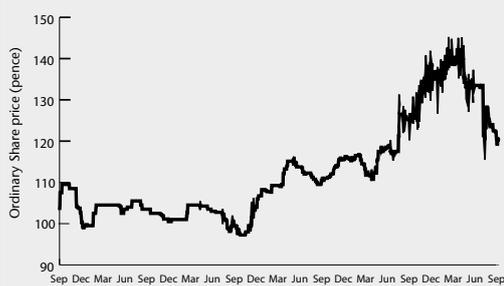
## 30 September 2017



Vita Student Village, Southampton

### Fund Facts

Launch date:	13/08/2012
Unaudited NAV per share:	131.72p
Diluted unaudited NAV per share:	130.24p
Market capitalisation	£116.3m



Ordinary Share:	
ISIN:	GB00B715WG26
SEDOL (TISE):	B715WG2
SEDOL (SETSqx):	B8KOLM4
Ticker:	GRIO
Warrant:	
ISIN:	GB00B8N43P05
SEDOL (TISE):	B8N43P0
SEDOL (SETSqx):	B8KORP9
Ticker:	GRIW
Gearing (over gross asset value):	13.74%
Annual management fee:	0.55% of market capitalisation
Performance fee:	Nil
Dividend:	Quarterly
Quarterly Ex-Dividend date:	23 November 2017

Data as at 30 September 2017

### Investment Objective

Ground Rents Income Fund plc (GRIF) is a Real Estate Investment Trust (REIT), listed on The International Stock Exchange (TISE), formerly the Channel Islands Securities Exchange Authority Limited (CISEA) and traded on the SETSqx platform of the London Stock Exchange.

GRIF's investment strategy is focused on achieving stable, long-term performance by investing in long-dated UK ground rents, which have historically not suffered the same peaks and troughs as the economy and the wider property market.

GRIF's income derives from ground rents and associated income. 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. The company joined the REIT regime in August 2012.

### Market Commentary and Investment Update

GRIF's share price was down 9.9% over the quarter, driven by the increased political and media interest in the ground rents sector, and the 30 September 2017 unaudited Net Asset Value (NAV) per ordinary share of 131.72 pence was in line with the previously announced Directors' View announced on 2 August 2017. As a result of this fall in the share price the Company is now trading at a discount to its published net asset value (NAV).

The Company welcomes the Government's focus on the sector and submitted a comprehensive response to the recent consultation on the leasehold market. GRIF has already provided detail of its limited exposure to the leases the Government is most concerned about and its associated asset management plan. The Government has separately announced its determination to fix the problems in the property management industry, which we believe will benefit all stakeholders, including GRIF and its leaseholders.

In addition to the increased political scrutiny on the sector, the significant expansion in gilt yields during the latter part of the quarter also contributed to the share price pressure. Seen in this way, GRIF's dividend yield was up 33 basis points to 3.30%, compared to the 10-year gilt yield which was up 11 basis points to 1.37%.

As was to be expected, this has been a relatively quiet period for transactions within the ground rents market, with many investors, GRIF included, currently focused on appropriately asset managing their existing stock. Investors continue to allocate capital to the sector, however, and bidding for high-quality assets remains active.

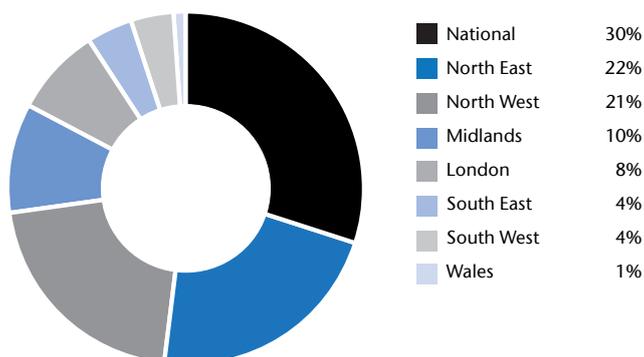
The increase in the rate of inflation as measured by RPI paused over the summer but has now reached 4.0% in the 12 months to October, up 150 basis points since the beginning of this calendar year. This should benefit GRIF's upcoming rent reviews in 2018 and beyond.

Given the rate of inflation, as well as labour costs rising quicker than the Office for National Statistics previously thought, the Bank of England has increased the base interest rate for the first time in over a decade to 0.50% and continues to lay the groundwork for further monetary tightening. It is, therefore, possible that some publicly-listed markets may experience increased volatility moving forward replacing the historic lows seen in recent months.

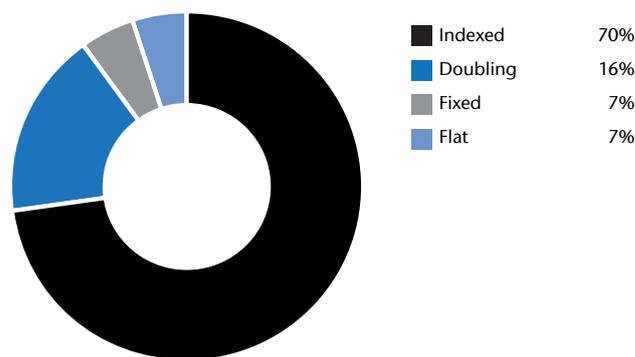
# Ground Rents Income Fund plc (GRIF)

## Portfolio

### Asset Location



### Type of Rent Review



Data relates to existing assets in the portfolio and includes assets that have exchanged but not completed. Based on current gross rent roll.

## Top 5 Assets (based on 30 September 2017 valuation)



### Vita Student Village York

Cost: £7,795,800  
 Value: £8,210,000  
 Income: £273,537  
 Yield: 3.33%  
 Ground Rent Review: Index linked every 5 years

### The Gateway Leeds

Cost: £2,360,000  
 Value: £4,420,000  
 Income: £138,000  
 Yield: 3.12%  
 Ground Rent Review: Doubles every 25 years

### One Park West Liverpool

Cost: £2,700,000  
 Value: £4,009,000  
 Income: £150,131  
 Yield: 3.74%  
 Ground Rent Review: Index linked every 15/25 years

### Ladywell Point Manchester

Cost: £2,575,652  
 Value: £3,275,000  
 Income: £131,000  
 Yield: 4.00%  
 Ground Rent Review: Doubles 2025 and 2035 only

### Vita Student First Street, Manchester

Cost: £2,343,600  
 Value: £3,222,000  
 Income: £97,650  
 Yield: 3.03%  
 Ground Rent Review: Index linked every 10 years

For more information about these assets please visit [www.groundrentsincomefund.com](http://www.groundrentsincomefund.com)

## Contact Details

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## Risk Warning

Investors should be aware that the price of shares in this company, and the income generated, can go down as well as up and that neither is guaranteed. Past performance is not a guide to the future. Investors may not get back the amount invested. Changes in asset value may have an adverse affect on the price or income of an investment. Investors should be aware of the additional risks associated with investment in the UK ground rents market as more particularly set out in part 8 of the Listings Particulars dated 3 May 2013.

The information in this document does not constitute advice or a recommendation and you should not make any investment decisions on the basis of it. This document is for the information of the recipient only and should not be reproduced, copied or made available to others.

GRIF is incorporated in England and Wales Company No. 8041022. Registered Office: 72 Welbeck Street, London W1G 0AY.