

Ground Rents Income Fund plc

31 March 2018



Lewisham Gateway, London

Fund Facts

Launch date:	13/08/2012
Unaudited NAV per share:	124.58p
Diluted unaudited NAV per share:	123.44p
Market capitalisation	£112.9m



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): 14.19%

Annual management fee: 0.55% of market capitalisation

Performance fee: Nil

Dividend: Quarterly

Quarterly Ex-Dividend date: 24 May 2018

Data as at 31 March 2018

Source: Brooks Macdonald

Investment Objective

Ground Rents Income Fund plc (GRIF) ("the Group") is a Real Estate Investment Trust (REIT), listed on The International Stock Exchange (TISE) 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 Group 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

Political interest in the leasehold sector continues in the wake of the Government's response to its own leasehold market consultation in December and the ongoing Grenfell Tower inquiry.

The Law Commission, as part of its Thirteenth Programme of Law Reform, is also reviewing residential leasehold law. The focus of its work is to re-invigorate commonhold as a workable alternative to leasehold and simplify enfranchisement legislation. Any potential reforms will be subject to both economic impact assessments and, as with the Government's consultation response, a requirement to ensure that "sufficient compensation is paid to Landlords".

The Government also intends to regulate property managers, which we have called for previously and which we see as a positive step to greater professionalism in this sector.

The way that such scrutiny impacts the ground rent market is in part driven by the response of the two distinct types of investor. The first is institutional investors, who act on behalf of third parties, such as pension funds and mutual funds, usually via pooled investment vehicles, and whose approach to such political attention can best be described as cautious. This has dampened transactional volumes in the market. Those continuing to transact have corroborated our belief that pricing has recalibrated.

The second, less visible, types of investor are the diametrically opposite non-institutional investors, who are individuals or organisations that invest their own capital. These investors are prepared to take on sub-prime assets, such as those in secondary locations or those with issues surrounding management and/or cladding. Pricing of these transactions reflects the inherent risks that surround such assets.

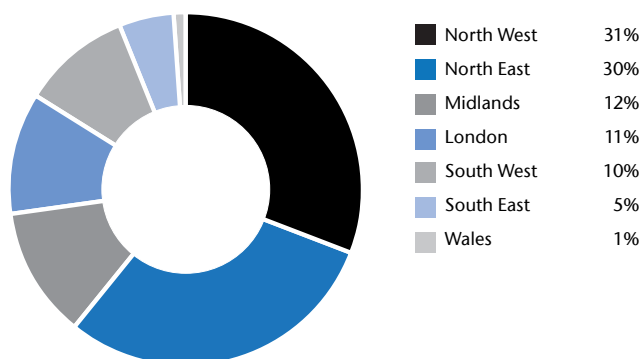
The rate of inflation as measured by the Retail Prices Index (RPI) has fallen back from December's recent high to 3.4% in the 12 months to April. This is still well ahead of the five-year rolling average of 2.4% and will help contribute to the Group's ground rent income. The Group therefore remains able to generate secure, index-linked revenues, which continue to be collected in line with expectation.

After the period, James Brokenshire was appointed as Secretary of State for Housing, Communities and Local Government. His background is in commercial law and it is hoped he will take a sensible, well-thought-out view to the reforms required in the leasehold sector in order to manage the interests of all stakeholders, from home owners to pension fund investors.

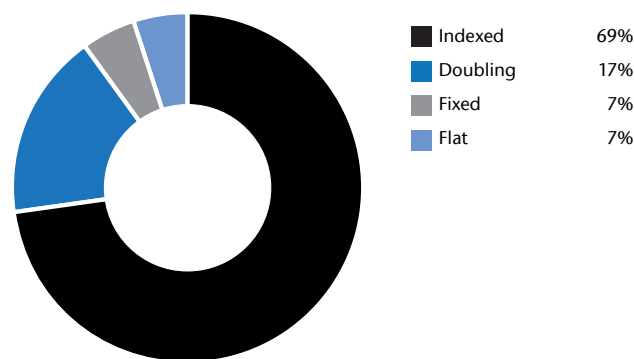
Ground Rents Income Fund plc (GRIF)

Portfolio

Asset Location

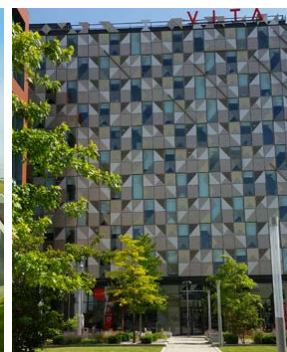


Type of Rent Review



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 31 March 2018 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: £4,140,000
 Income: £138,000
 Yield: 3.33%
 Ground Rent Review: Doubles every 25 years

One Park West Liverpool

Cost: £2,700,000
 Value: £3,839,000
 Income: £149,681
 Yield: 3.90%
 Ground Rent Review: Index linked every 15/25 years

Wiltshire Leisure Village

Cost: £2,393,881
 Value: £3,549,000
 Income: £104,388
 Yield: 2.94%
 Ground Rent Review: Index linked every year

Vita Student First Street, Manchester

Cost: £2,340,000
 Value: £3,125,000
 Income: £97,650
 Yield: 3.12%
 Ground Rent Review: Index linked every 10 years

For more information about these assets please visit 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 reliable indicator of future results. Investors may not get back the amount invested. Changes in asset value may have an adverse effect 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.