

# Ground Rents Income Fund plc

31 March 2016



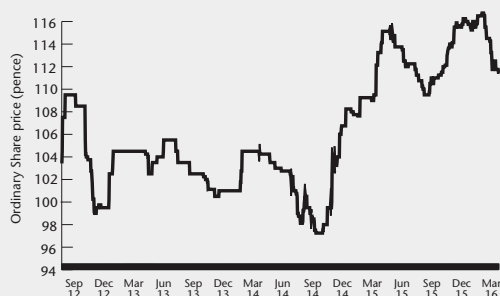
City Island, Leeds

## Fund Facts

Launch date: 13/08/2012

Ordinary Share price: 111.50p

Market capitalisation: £103.8m



Ordinary Share:

ISIN: GB00B715WG26

SEDOL (CISEA): B715WG2

SEDOL (SETSqx): B8K0LM4

Ticker: GRIO

Warrant:

ISIN: GB00B8N43P05

SEDOL (CISEA): B8N43P0

SEDOL (SETSqx): B8K0RP9

Ticker: GRIW

Gearing (over total fund size): 4.54%

Annual management fee: 0.55% of market capitalisation

Performance fee: Nil

Dividend: Quarterly

Quarterly Ex-Dividend date: 19 May 2016

Data as at 31 March 2016

## Investment Objective

Ground Rents Income Fund plc (GRIF) is a Real Estate Investment Trust (REIT), listed on 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

The first quarter of this year was a time of widespread volatility in markets, caused by uncertainty about the direction of the global economy. By the end of March the FTSE 100 had recouped earlier losses, falling only 1.1% after a belated recovery in commodity prices, but transactional activity in the UK property market slowed significantly. Such volatility is illustrated in a REIT context by the 9 percentage point widening to 23% of the average discount to net asset value for the sector's two-largest companies, Land Securities and British Land. As investors looked for defensive stability, the specialist REITs, such as Tritax BigBox and Primary Health Properties, continued to perform well, maintaining their premium to net asset value, while long-dated UK government bonds climbed 6.9% and gold enjoyed its best quarter since 1986.

Subject to a vote to remain in the EU, the UK economy is now expected to grow by 2% this year, according to the Office for Budget Responsibility, while the market's expectation of a rise in interest rates has been pushed out until at least 2019. Core inflation, which excludes volatile food and energy costs, now stands at 1.5%, having nearly doubled from a year ago. We believe this indicates the robustness of the underlying UK economy and, if sustained, will drive income growth in GRIF's assets.

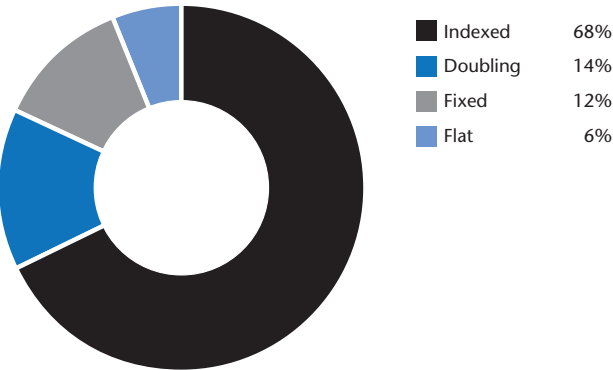
The ground rents market remains robust. In February, a large ground rent portfolio came to the market with offers believed to be in excess of £80 million, which reflected a yield of less than 2.5%, owing to the scale and inflation-linked nature of the assets. We have also seen doubling ground rents prove popular, with yields on 25-year-reviewing assets having fallen 90 basis points over the past year to 3.7%. This attraction of secure and predictable ground rent income in a 'lower-for-longer' interest rate environment has helped GRIF return 4.1% in net asset terms since the last valuation point at 30 September 2015.

We continue to seek potential acquisitions which would grow the size of the company without being dilutive to existing shareholders and, as a result of feedback from a number of larger shareholders, are considering the various options available to the company, including debt.

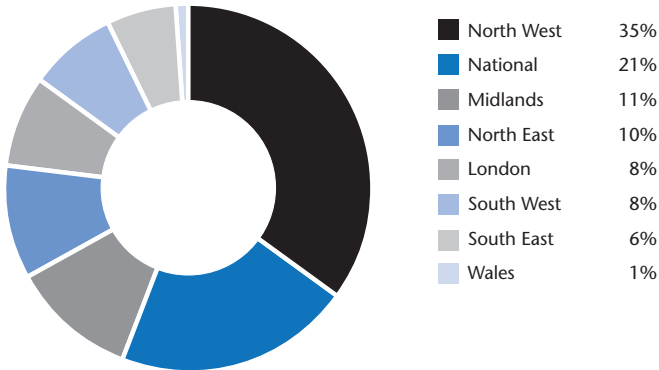
# Ground Rents Income Fund plc (GRIF)

## Portfolio

### Review type



### Geography



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

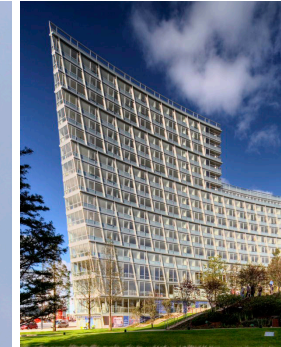
## Top 5 Assets (based on asset valuation)



Ladywell Point Manchester	
Cost:	£2,575,652
Value:	£4,585,000
Income:	£131,000
Yield:	2.86%
Ground Rent Review:	Doubles every 10 years



The Gateway Leeds	
Cost:	£2,360,000
Value:	£3,730,000
Income:	£138,000
Yield:	3.70%
Ground Rent Review:	Doubles every 25 years



One Park West Liverpool	
Cost:	£2,700,000
Value:	£3,561,000
Income:	£150,281
Yield:	4.22%
Ground Rent Review:	Index linked every 25 years



Vita Student at First Street, Manchester	
Cost:	£2,343,600
Value:	£2,539,000
Income:	£97,650
Yield:	3.85%
Ground Rent Review:	Index linked every 10 years



The Hive, Masshouse Block M, Birmingham	
Cost:	£1,065,000
Value:	£2,280,000
Income:	£72,086
Yield:	3.16%
Ground Rent Review:	Index linked every 10 years

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

Data as at 31 March 2016

## 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 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.