

# Ground Rents Income Fund plc

31 March 2014

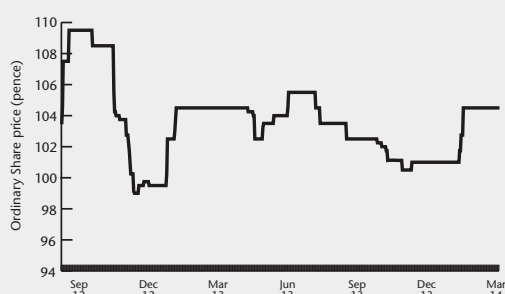
Bézier

## Fund Facts

Launch date: 13/08/2012

Ordinary Share price: 104.5p

Market capitalisation: £89.8m



Ordinary Share:

ISIN: GB00B715WG26

SEDOL (CISX): B715WG2

SEDOL (SETSqx): B8K0LM4

Ticker: GRIO

Warrant:

ISIN: GB00B8N43P05

SEDOL (CISX): B8N43P0

SEDOL (SETSqx): B8K0RP9

Ticker: GRIW

Convertible Preference Share:

ISIN: GB00B8DWRG34

SEDOL (CISX): B8Y5RC7

SEDOL (SETSqx): B8DWRG3

Ticker: GRIP

Gearing: 0%

Annual management fee: 0.55% of market capitalisation

Performance fee: Nil

Dividend: Quarterly

Quarterly Ex-Dividend date: 21 May 2014

Price and performance information presented above is for Ordinary Shares.

Data as at 31 March 2014

## 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 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 and by 31 March 2014 had invested more than 70% (£59.8m including acquisition costs) of the total funds raised from both the ordinary share (GRIO) and preference share (GRIP) issues. In the 6 months ended 31 March 2014, the company invested £16m in ground rents including acquisition costs and had a further sum of £2.4m committed to investments for which contracts had been exchanged and deposits paid.

## Market Commentary and Investment Update

The ground rents market continues to be very competitive, as the long-term, low-risk income characteristics of the asset class remain attractive. In particular, yields have fallen further in the last quarter owing to increased demand from institutional investors for index-linked income. In the last 12 months vendors have begun to demand a premium for assets that have an imminent rental uplift.

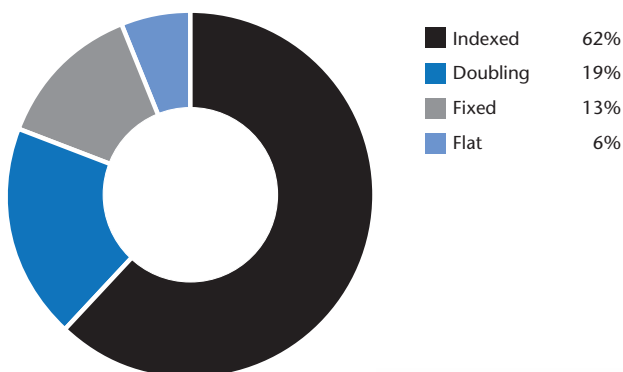
An expected slowing in investor demand for ground rents in light of the possible repricing in other defensive investments, such as gilts, has yet to materialise. Investor demand for lower-risk assets has remained robust and gilts have been helped by a downward trend in inflation. The Retail Prices Index fell from 3.2% in September 2013 to 2.5% in March 2014, and a large reduction in perceived financial risk in the Eurozone has enabled even Greece to fund itself in the market.

These factors are a challenge to the company becoming fully invested by May 2014 without buying assets that would be potentially dilutive to net dividend yield. Confidence in the residential sector should, eventually, lead to increased availability of ground rent assets. However, the recovery is not yet at a pace that will result in a change to the demand-driven characteristics that prevail. In the coming quarter we expect that there will be continued institutional investor competition for large portfolios, which will, consequently, put further downward pressure on yields, and that the rest of the market will remain stable but very competitive. The company will maintain dialogue with shareholders to manage expectations of the company's performance while continuing to seek out accretive investments to maximise returns.

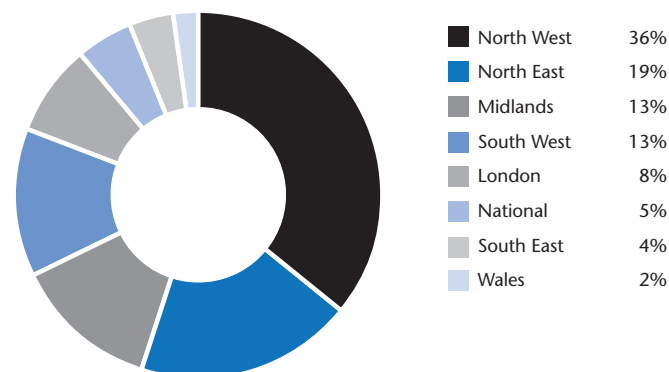
# Ground Rents Income Fund plc (GRIF)

## Portfolio

### Review type



### Geography



## Top 5 Assets (based on asset valuation)



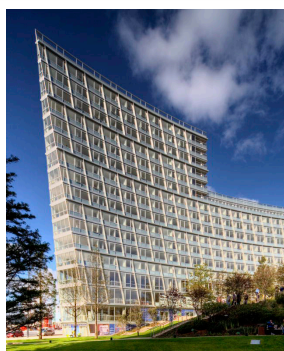
### Ladywell Point Manchester

Cost: £2,575,652  
Value: £3,014,000  
Income: £131,000  
Yield: 4.35%  
Review: Doubles every 10 years



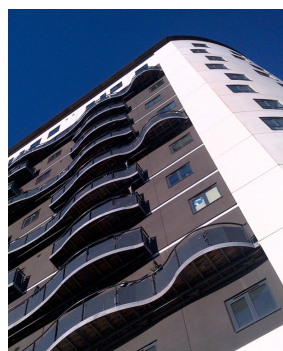
### The Gateway Leeds

Cost: £2,360,000  
Value: £2,900,000  
Income: £138,000  
Yield: 4.76%  
Review: Doubles every 25 years



### One Park West Liverpool

Cost: £2,700,000  
Value: £3,061,000  
Income: £147,181  
Yield: 4.81%  
Review: Index linked every 25 years



### The Hive Masshouse Block M

Cost: £1,065,000  
Value: £1,730,000  
Income: £72,086  
Yield: 4.17%  
Review: Index linked every 10 years



### Bézier London

Cost: £1,445,000  
Value: £1,445,000  
Income: £70,954  
Yield: 4.91%  
Review: Fixed uplifts of £100 every 25 years

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

Data as at 31 March 2014

## Contact Details

### Ground Rents Income Fund plc

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## Management Team

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## Risk Warning

Investors should be aware that the price of units 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.

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