

Ground Rents Income Fund plc

31 December 2015



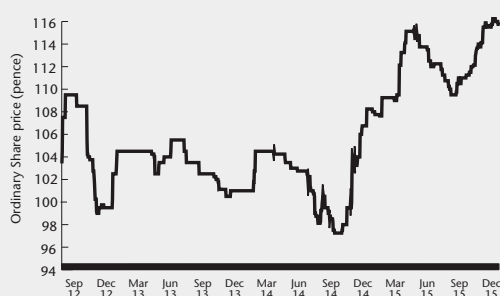
Vimto Gardens, Manchester

Fund Facts

Launch date: 13/08/2012

Ordinary Share price: 115.75p

Market capitalisation: £107.8m



Ordinary Share:

ISIN: GB00B715WG26

SEDOL (CISEA): B715WG2

SEDOL (SETSqx): B8K0LM4

Ticker: GRI0

Warrant:

ISIN: GB00B8N43P05

SEDOL (CISEA): B8N43P0

SEDOL (SETSqx): B8K0RP9

Ticker: GRIW

Gearing (over total fund size): 4.71%

Annual management fee: 0.55% of market capitalisation

Performance fee: Nil

Dividend: Quarterly

Quarterly Ex-Dividend date: 18 February 2016

Data as at 31 December 2015

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 SETSsx 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 biggest moment for international markets in the final quarter of 2015 was the quarter-point increase in interest rates by the Federal Reserve. Although the incremental move had been widely expected, the decision by the US central bank is the first increase in rates in nearly a decade and brings to an end the lows seen since the financial crisis. Markets welcomed the decision but quickly returned to worrying about geopolitical instability from the plummeting oil price, which we feel will impact inflation, given its importance within the Retail Prices Index calculation.

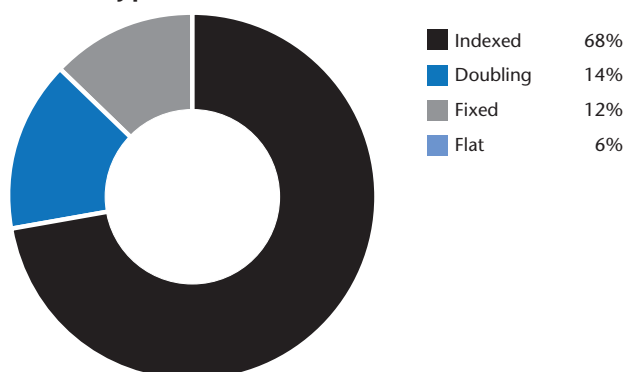
The UK has seen continued job creation, leading to a 10-year low in unemployment. Coupled with sustained wages growth, it has driven positive sentiment around the economic recovery. This sentiment has been slightly offset by the economy's exposure to limited global growth and, more recently, by the Bank of England pushing out expectations of its own rate rise until at least early 2017. We believe the consensus view is a 'low for longer' interest rate environment, which provides further investor appetite for low-risk, long term, income-producing assets, such as ground rents.

During the quarter GRIF completed three previously-announced acquisitions, totalling £2.3 million, and an increase in investor demand from the prevailing economic conditions pushed the company's share price up to a small premium to NAV as at 30 September 2015. This reaffirms GRIF's low-risk strategy of generating secure and predictable income from upward-only rental assets.

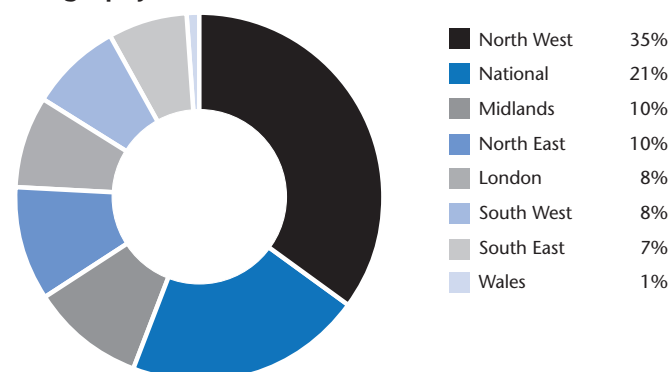
Ground Rents Income Fund plc (GRIF)

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: £4,454,000
Income: £131,000
Yield: 2.94%
Ground Rent Review: Doubles every 10 years



The Gateway Leeds

Cost: £2,360,000
Value: £3,450,000
Income: £138,000
Yield: 4.00%
Ground Rent Review: Doubles every 25 years



One Park West Liverpool

Cost: £2,700,000
Value: £3,381,000
Income: £150,281
Yield: 4.44%
Ground Rent Review: Index linked every 25 years



Vita Student at First Street, Manchester

Cost: £2,343,600
Value: £2,441,000
Income: £97,650
Yield: 4.00%
Ground Rent Review: Index linked every 10 years



The Hive, Masshouse Block M, Birmingham

Cost: £1,065,000
Value: £2,243,000
Income: £72,086
Yield: 3.21%
Ground Rent Review: Index linked every 10 years

For more information about these assets please visit www.groundrentsincomefund.com

Data as at 31 December 2015

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.