

# Ground Rents Income Fund plc

30 June 2016

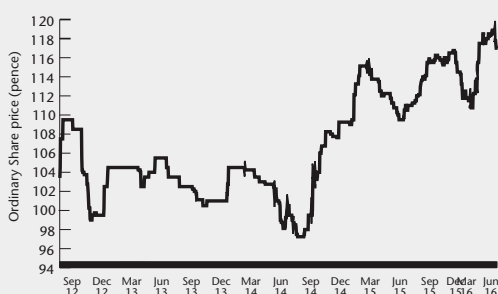
Clapham One, London

## Fund Facts

Launch date: 13/08/2012

Ordinary Share price: 117.00p

Market capitalisation: £108.9m



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): 7.24%

Annual management fee: 0.55% of market capitalisation

Performance fee: Nil

Dividend: Quarterly

Quarterly Ex-Dividend date: 18 August 2016

Data as at 30 June 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 UK's decision to leave the EU on 23 June shocked the political and economic establishment and may take years of painstaking negotiation. Sterling and the domestically-focused FTSE 250 bore the brunt of the sell-off in the immediate aftermath and in the second quarter respectively returned -7.7% (against the US Dollar) and -3.9%. The flight to safety also saw the 10-year gilt yield fall to a record low of 0.78%.

Whilst weaker Sterling and tighter gilt yields will likely provide a rates-style stimulus, inflation should also pick up as import prices rise and sharp falls in the oil price drop out of the annual figures. Strong relative performance by index-linked gilts means inflation expectations in the UK have reached a 12-month high of 2.52%. The risk of higher trade tariffs and weak investment should also work to underpin inflation in the medium term. In response to the result of the EU referendum, the governor of the Bank of England eased the capital requirements of UK banks and, although limited in effectiveness, has hinted at further rate cuts and quantitative easing. Lower gilt yields and higher inflation should work in favour of index-linked assets, so long as the political uncertainty can be overcome and we are not heading for a prolonged recession.

In the build up to the referendum the first half of 2016 has experienced very low transactional volumes for commercial property. The inertia and uncertainty looks set to continue and this was reflected in the initial outflows from many of the large open ended property funds, some of which had to temporarily suspend trading and/or introduce exit fees.

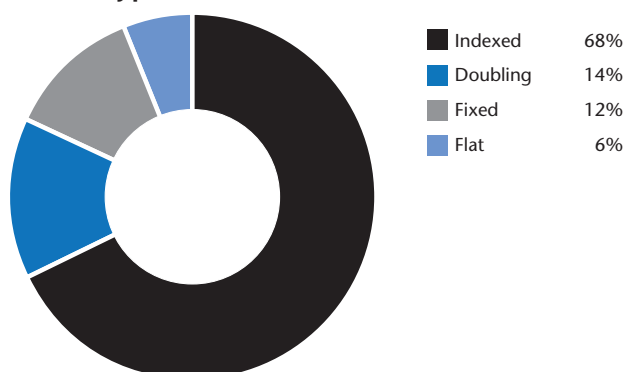
From a ground rent perspective, large portfolios continue to come to market, primarily from new high density developments in London. We continue to complete the acquisitions of historic, advantageously-priced deals, with assets in Coventry and Reading being added in the period for a total price of £1.6 million. The market continues to be attractive to a number of buyers, although yields have stabilised over the past nine months following a period of sustained yield compression.

The dividend continues to be paid in line with expectation, and we are confident that the company can provide a progressive dividend, given the nature of the upward-only reviewing ground rent assets.

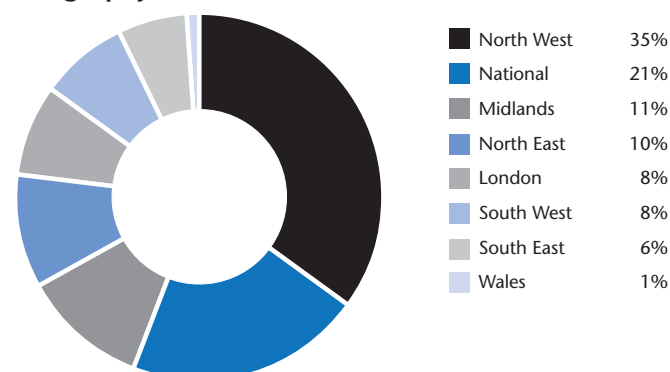
# Ground Rents Income Fund plc (GRIF)

## 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)



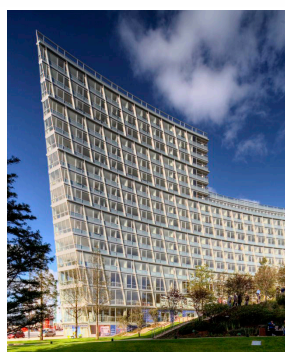
### Ladywell Point Manchester

Cost: £2,575,652  
Value: £4,585,000  
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 30 June 2016

## 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 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.