

Ground Rents Income Fund plc

30 June 2013

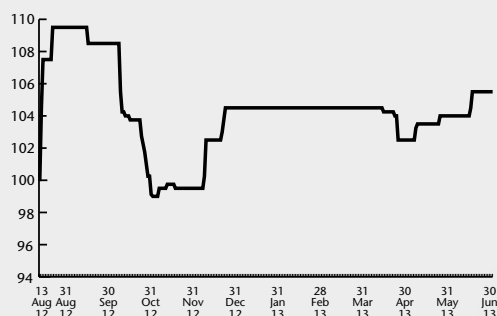
Beetham Tower

Fund Facts

Launch date: 13/08/2012

Share price: 105.5p

Market capitalisation: £50.9m



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 August 2013

Investment Objective

The Ground Rents Income Fund plc (GRIF) is a Real Estate Investment Trust (REIT), listed on the Channel Islands Stock Exchange (CISX) and traded on the SETSqx platform of the London Stock Exchange.

GRIF provides secure long-term performance through investment in long dated UK ground rents, which have historically had little correlation to traditional property asset classes and have seen their value remain consistent regardless of the underlying state of the economy.

GRIF's income is 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 December 2012 had invested over 50% of the funds raised.

Market Commentary and Investment Update

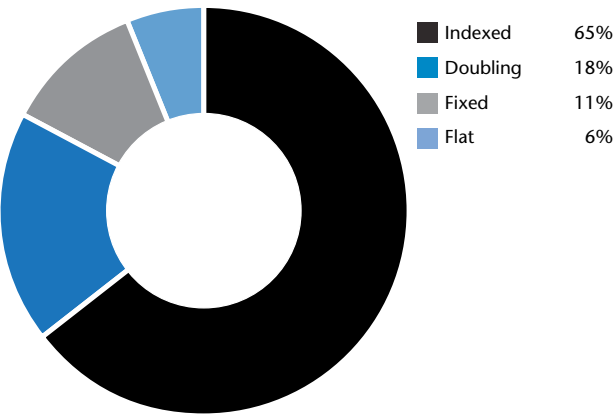
The volatility in equity markets continues to underline the attractiveness of ground rents as an asset class within the context of the wider investment market. The possible end to quantitative easing by the Federal Reserve in the US may lead to a re-pricing of US sovereign debt instruments, and this has had a knock on impact on global sovereign bonds including UK gilts recently. However GRIF continues to provide investors with significant income and asset cover ratios with projected dividend yields in excess of current GILT and Treasury bill returns.

In order to satisfy investor demand and the directors' desire for greater liquidity within the structure, in Q2 of 2013 a further equity raise of £38.5m was carried out using a convertible preference share (GRIP). GRIP behaves similarly to a 'C' share issue in that it does not dilute the returns of the ordinary shareholders (GRIO). Net dividend yields are broadly in line with expectations set at IPO, and once the GRIP preference share monies are fully invested the two share classes will merge on a NAV to NAV basis increasing net assets. All share classes and the warrants (GRIW) continue to trade well, with GRIO and GRIP trading consistently at a premium to NAV.

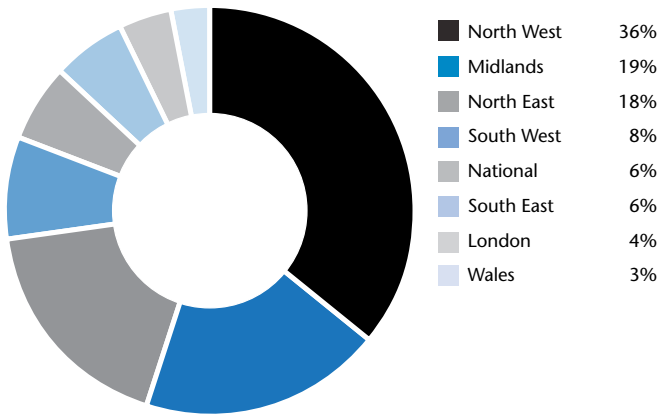
We continue to invest within the sector and are on track to hit our investment timescales, a number of transactions have completed in the last few weeks which continue to add to the portfolio's RPI linkage and geographical spread. There are two significant transactions progressing well through the legal process and we will update investors in due course on these transactions and their impact on the Fund's performance profile.

Ground Rents Income Fund plc (GRIF)

Portfolio Review type



Geography



Top 5 Assets



One Park West
Liverpool



Ladywell Point
Manchester



The Gateway
Leeds



PostBox
Birmingham



The Hive, Masshouse Block M
Birmingham

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 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 affect 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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GRIF is incorporated in England and Wales Company No. 8041022. Registered Office: 111 Park Street, London W1K 7JL.