

Ground Rents Income Fund plc

31 March 2017

Vita First Street, Manchester

Fund Facts

Launch date:	13/08/2012
Unaudited NAV per share:	138.35p
Diluted unaudited NAV per share:	135.31p
Market capitalisation	£131.0m



Ordinary Share:	
ISIN:	GB00B715WG26
SEDOL (TISE):	B715WG2
SEDOL (SETSqx):	B8K0LM4
Ticker:	GRI0

Warrant:	
ISIN:	GB00B8N43P05
SEDOL (TISE):	B8N43P0
SEDOL (SETSqx):	B8K0RP9
Ticker:	GRIW

Gearing (over gross asset value):	13.64%
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Annual management fee:	0.55% of market capitalisation
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Performance fee:	Nil
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Dividend:	Quarterly
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Quarterly Ex-Dividend date:	25 May 2017
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Data as at 31 March 2017

Investment Objective

Ground Rents Income Fund plc (GRIF) is a Real Estate Investment Trust (REIT), listed on The International Stock Exchange (TISE), formerly 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

During the quarter Prime Minister Theresa May formally commenced the UK's withdrawal from the European Union and called a snap General Election. Politics is expected to continue to drive investor sentiment for the foreseeable future.

Inflation as measured by the Retail Prices Index (RPI) jumped to 3.1% in the year to March and has since increased further. With inflation ahead of target, downward pressure on real wages and increased household borrowing, there is a noticeable worsening in people's perception of both their own financial position and the wider economy. This has led the government to temper its medium-term growth expectations, which, in turn, has led bond investors to look beyond rising headline inflation. The redemption yield on 10-year gilts, having climbed to 1.52% in January, has been in decline ever since.

There continues to be sustained deal flow in the ground rent market, and pricing for large scale, RPI-linked assets remains robust, as investors seek good-quality, inflation-linked income. As such, GRIF's unaudited net asset value (NAV) per share at quarter end was 138.35 pence, an increase of 4.9% over six months. The continued urban development of apartments is also likely to improve future market liquidity, with Savills having recently forecast that the value of ground rents to be created over the next five years is to exceed £400 million a year.

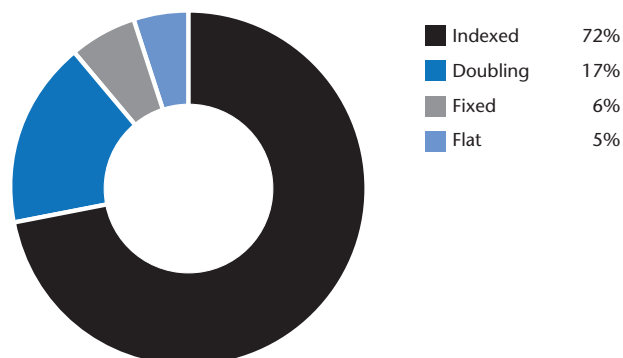
Ground rents and landlords have in recent months, however, attracted media attention regarding perpetual 10-year doubling rents and new-build leasehold houses. As per the 12 June unaudited NAV announcement, the Directors believe that the Company's portfolio of doubling ground rents (18% of the portfolio capital value) may now be worth approximately £5.5 to £6.0 million less than as at end of March. This would lead to a NAV per share of approximately 132 pence, still slightly higher over six months. We are carefully monitoring this part of the market.

During the quarter GRIF completed the final drawdown of £4.5 million of a new five-year debt facility, bringing debt financing up to £19.5 million. Ground rent reviews, as well as additional landlord consent revenues generated by our asset management of the portfolio, are expected to allow the company to continue paying a progressive annual dividend.

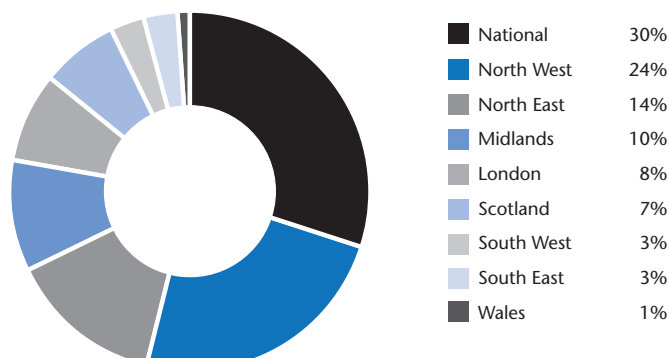
Ground Rents Income Fund plc (GRIF)

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)



Vita Student Village York

Cost: £7,795,800
Value: £8,750,000
Income: £273,537
Yield: 3.13%
Ground Rent Review: Index linked every 5 years



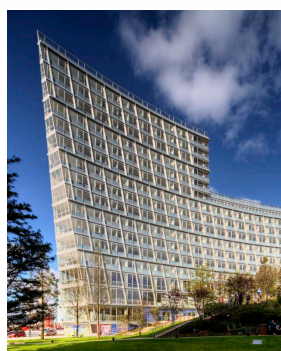
Ladywell Point Manchester

Cost: £2,575,652
Value: £5,502,000
Income: £131,000
Yield: 2.38%
Ground Rent Review: Doubles in 2025 & 2035 only



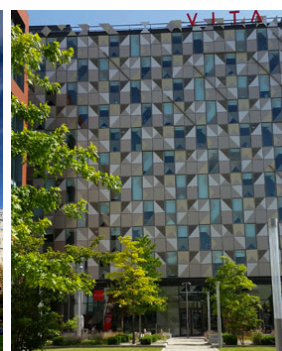
The Gateway Leeds

Cost: £2,360,000
Value: £4,550,000
Income: £138,000
Yield: 3.03%
Ground Rent Review: Doubles every 25 years



One Park West Liverpool

Cost: £2,700,000
Value: £4,109,000
Income: £150,281
Yield: 3.65%
Ground Rent Review: Index linked every 25 years



Vita Student First Street, Manchester

Cost: £2,343,600
Value: £3,222,000
Income: £97,650
Yield: 3.03%
Ground Rent Review: Index linked every 10 years

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

Data as at 31 March 2017

Contact Details

Ground Rents Income Fund plc

Incorporated in England and Wales Company No. 8041022.

Registered Office: 72 Welbeck Street, London W1G 0AY

Website: www.groundrentsincomefund.com

Email: info@groundrentsincomefund.com

Management Team

Investment Manager

Brooks Macdonald Funds Limited

Richmond House

Heath Road

Hale, Cheshire

WA14 2XP

James Agar – Investment Director

Tel: 0207 659 3454

james.agar@brooksmacdonald.com

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 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 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.