

Registered number
8041022

Ground Rents Income Fund plc
Half Yearly Consolidated Financial Report
for the six months ended 31 March 2015

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Ground Rents Income Fund plc
Half Yearly Consolidated Financial Report
for the six months ended 31 March 2015
Company Information

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Simon Paul Wombwell

Company Secretary

William Martin Robinson

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Ground Rents Income Fund plc
Half Yearly Consolidated Financial Report
for the six months ended 31 March 2015
Chairman's Statement

I am pleased to present the interim results of Ground Rents Income Fund plc ("GRIF"), for the six months ended 31 March 2015.

Revenue for the period was £2,047,499 (2014: £1,462,358) and profit for the period was £3,348,083 (2014: £1,843,462). The profit is stated after a revaluation gain of £1,750,271 (2014: £1,065,887), which demonstrates the strength of the ground rents market during the period.

At 31 March 2015, the Net Asset Value per Ordinary share was 106.3 pence (30 September 2014: 104.3 pence), an increase of 1.9%. Total net assets grew by 12.0% to £98.8m (30 September 2014: £88.2m) following the further issue of equity in January 2015, amounting to £8.8m net of expenses, and the revaluation gain at 31 March 2015.

GRIF invested a total of £25.5m in ground rent acquisitions during the period, which, together with commitments it has made for further acquisitions by way of contracts which have been exchanged and option agreements, means that it has fully committed its equity to ground rents investments. A bank facility of £5.0m has been drawn down during the period to ensure that GRIF has the resources to complete all of the acquisitions in the pipeline (further information about the loan is given in note 7 of the unaudited half yearly consolidated financial report).

Acquisitions in the period include:

Student Accommodation Blocks

A portfolio of seven student accommodation blocks located in Liverpool, Manchester, Bristol, Exeter and Southampton comprising 1,127 high specification student studios, 969 of which are complete and were occupied in September 2014. The Group has exchanged contracts on the remaining 158 units which are in construction at one site and are on target for completion contractually and practically by September 2015. Total ground rent income from the portfolio is £394,450 with a purchase price of £9,466,800, generating an initial yield of 4.17%. The rent review mechanisms are particularly attractive being all RPI-linked and spread across 5 year and 10 year cycles.

The portfolio includes Vita First Street, a new-build 279 unit scheme at the landmark First Street development on the southern side of Manchester city centre. The wider development includes new hotel and office accommodation, a number of well-known retail brands and is the location for the new cinema and cultural complex known as Home. The block represents the premium student accommodation offering in the city.

The Crosshall Building in Liverpool involved the retention of the historic façade with a complete internal demolition and new build of luxury student accommodation. It houses 158 units and is adjacent to the other two Liverpool blocks which include a shared gym and common room facilities in addition to retail space.

Fixed uplift portfolio

A portfolio of fixed uplift mechanism assets comprising 307 units across 14 locations. Producing ground rent income of £42,500, the portfolio was purchased for £1,778,700, which represents an initial yield of 4.13%.

RPI linked portfolio

A portfolio of RPI-linked assets comprising 2,100 units across 50 sites with review dates ranging from 4yrs to 25yrs and all linked to RPI. The total ground rent income is £557,007 and purchase price of £18,597,639, producing an initial yield of 3.00%. The yield reflects the scale and make-up of the portfolio, most of which is RPI linked. Assets within the portfolio include a 325 unit block at Brewery Wharf in Leeds, built as part of the wider development of retail, commercial and residential offerings. The Vie Building in Manchester consists of 207 units at the confluence of two rivers in a conservation area at the edge of the city centre. The portfolio also includes a number of conversions of historic mills at canal-side locations.

Dividends

The Company has paid two interim PID dividends to Ordinary shareholders in the six months to 31 March 2015. 0.847p per share (total £715,836) was paid for the period to 31 December 2014 and 0.874p per share was paid for the period to 31 March 2015 (£812,520).

Outlook

The focus of the directors remains on completion of all of the acquisitions for which the Group has exchanged contracts or holds options. Further information on the ground rents market and performance of the fund are set out in the Investment Manager's report.



Robert Malcolm Naish - Chairman
19 May 2015

Ground Rents Income Fund plc
Half Yearly Consolidated Financial Report
for the six months ended 31 March 2015
Investment Manager's Report

Ground Rent Market

The ground rents sector continues to be very competitive and largely transacts amongst a handful of key players, all backed by large scale institutional investment. There is still more capital than stock available and, as such, the pricing of these instruments continues to rise, as reflected in the recent March valuation.

A number of buyers in the ground rents sector have used the current low interest rate environment to fix the cost of their borrowing for an extended period of time. This has been possible due to the long term nature of the cash flows which ground rents produce and the desire by some insurers and investment houses to fund this kind of debt facility. This activity is evidenced by the recent deal completed by Vincent Tchenguiz's Consensus Business Group with Rothesay Life, the specialist pensions insurer that is backed by a number of US investment giants, including Blackstone and Goldman Sachs.

RPI linked assets still command the highest prices, but this is largely as a result of the institutions acquiring these assets liability matching within their annuity businesses. This market dynamic is a positive for GRIF given that over 70% of its portfolio is index linked, with several short review pattern assets which review every 5 and 10 years.

Asset Management

Brooks Macdonald Funds Limited (BM) continues to focus on additional income opportunities both in terms of day to day management of the portfolio, but also from opportunities within the planning regime whilst actively managing the estate. This approach has led to considerably higher than forecast income from notice, consent and permission fees. In the last six months this income has been in excess of £299,000 and we would anticipate that this trend will continue for the next financial year. The property management of the portfolio continues to be undertaken, where appropriate, by Braemar Estates (Residential) Limited (BE).

The collection of ground rent income for the entire portfolio is undertaken by BE at no additional cost to shareholders, whilst its performance in collecting income has been pleasing. The running average over the last 12 months for rental arrears over 90 days old is under 10%, which we understand from others in the market is ahead of the market norm for the collection of ground rent income. This pace of collection allows the Directors greater comfort in the management of the REIT, whilst actively managing the cash deposits within the business to drive additional income.

Opportunistic rationalisation of the portfolio has been explored and there is active dialogue with the directors about maximising shareholder value. BM continues to seek additional assets to add to the portfolio, but only on the basis that they are accretive to the net dividend yield. The board has tasked BM with looking at some alternative asset classes, which offer very similar characteristics to residential ground rents and we will explore these over the next few months to look for opportunities to add shareholder value.

Outlook

The dramatic falls in the costs of energy over the past 12 months are now being seen in annualised inflation metrics, and the UK is expected to move into a period of deflation in 2015, albeit the consensus is that this will be a short-term position.

GRIF offers investors protection within this turbulent environment, as within our ground rent portfolio the income is upwards only. Certain ground rents have contractual uplifts, such as doubling every 20 years, which would continue for the term of the lease regardless of the prevailing economy, while other ground rents linked to an index, such as RPI, would stand still in a prolonged deflationary environment.

We believe interest rates look set to stay low for longer, with gilt and bond yields following a similar trend. The income premium for ground rents over these comparable instruments continues to look attractive, given ground rents' stable and secure income streams, which we feel will under-pin the market over the next year. These attractive characteristics are reflected in the increasing trading activity in GRIF's stock, bringing new shareholders onto the register and stronger share price performance relative to NAV over the last quarter.



James Agar
On Behalf of Brooks Macdonald Funds Limited
19 May 2015
Investment Manager

Ground Rents Income Fund plc
Condensed Consolidated Income Statement
for the six months ended 31 March 2015

		unaudited	unaudited	audited
		6 months to 31	6 months to	Year ended 30
	Notes	March	31 March	September
		2015	2014	2014
		£	£	£
Continuing Operations				
Revenue	3	2,047,499	1,462,358	3,197,615
Administrative expenses		(437,876)	(480,460)	(904,419)
Profit on sale of ground rent assets		-	-	19,093
Net revaluation gain on investment properties		1,750,271	1,065,887	2,619,071
Operating profit		<u>3,359,894</u>	<u>2,047,785</u>	<u>4,931,360</u>
Finance income		40,206	188,971	272,711
Finance costs	4	(52,017)	(385,500)	(501,150)
Profit before income tax		<u>3,348,083</u>	<u>1,851,256</u>	<u>4,702,921</u>
Income tax expense		-	(7,794)	(15,619)
Profit for the period attributable to owners of the parent		<u>3,348,083</u>	<u>1,843,462</u>	<u>4,687,302</u>
Earnings per share				
Basic	8	3.87p	3.73p	7.58p
Diluted	8	3.86p	3.86p	5.97p

There is no other comprehensive income for the period.

The accompanying notes from pages 8 to 13 form an integral part of the interim consolidated financial statements.

Ground Rents Income Fund plc
Condensed Consolidated Statement of Financial Position
as at 31 March 2015

	Notes	unaudited 31 March 2015 £	unaudited 31 March 2014 £	audited 30 September 2014 £
Assets				
Non current assets				
Investment properties - ground rents	5	94,562,234	61,093,000	67,259,300
Total non-current assets		<u>94,562,234</u>	<u>61,093,000</u>	<u>67,259,300</u>
Current assets				
Trade and other receivables		1,985,548	3,127,921	1,114,511
Cash and cash equivalents		8,143,116	23,191,774	20,363,067
Total current assets		<u>10,128,664</u>	<u>26,319,695</u>	<u>21,477,578</u>
Total Assets		<u>104,690,898</u>	<u>87,412,695</u>	<u>88,736,878</u>
Current liabilities				
Trade and other payables		(944,472)	(746,031)	(554,325)
Corporation tax liability		(27,185)	(30,511)	(24,785)
Convertible preference shares	6	-	(37,780,625)	-
Borrowings	7	(4,900,362)	-	-
Total current liabilities		<u>(5,872,019)</u>	<u>(38,557,167)</u>	<u>(579,110)</u>
Total Liabilities		<u>(5,872,019)</u>	<u>(38,557,167)</u>	<u>(579,110)</u>
Net assets		<u>98,818,879</u>	<u>48,855,528</u>	<u>88,157,768</u>
Financed by:				
Equity				
Share capital	9	46,482,856	24,713,049	42,257,142
Share premium account		43,907,468	19,092,961	39,291,796
Profit and loss account		8,428,555	5,049,518	6,608,830
Total equity		<u>98,818,879</u>	<u>48,855,528</u>	<u>88,157,768</u>

The accompanying notes from pages 8 to 13 form an integral part of the interim consolidated financial statements.

The condensed consolidated financial statements on pages 4 to 13 were approved and authorised for issue by the board of directors on 19 May 2015 and signed on its behalf by:



Robert Malcolm Naish
 Director
 19 May 2015

Ground Rents Income Fund plc

Company registered number:

8041022

Ground Rents Income Fund plc
Consolidated Statement of Cash Flows
for the six months ended 31 March 2015

		unaudited	unaudited	audited
		6 months to	6 months to	Year ended 30
		31 March	31 March	September
		2015	2014	2014
Notes		£	£	£
Cash flows from operating activities				
Cash (used in) / generated from operations	11	1,097,543	(223,691)	2,881,462
Taxation paid		(3,326)	(31,790)	(43,036)
Net cash (used in) / generated from operating activities		<u>1,094,217</u>	<u>(255,481)</u>	<u>2,838,426</u>
Cash flow from investing activities				
Interest received		39,355	196,973	287,653
Purchase of ground rent assets		(25,552,663)	(16,037,249)	(20,650,365)
Net cash absorbed by investing activities		<u>(25,513,308)</u>	<u>(15,840,276)</u>	<u>(20,362,712)</u>
Cash flows from financing activities				
Proceeds of issue of shares		8,841,386	-	-
Proceeds from borrowings		4,886,112	-	-
Preference shares interest paid		-	(385,500)	(501,150)
Dividends paid to shareholders		(1,528,358)	(1,037,454)	(2,321,982)
Net cash generated from / (used in) financing activities		<u>12,199,140</u>	<u>(1,422,954)</u>	<u>(2,823,132)</u>
Net decrease in cash and cash equivalents		<u>(12,219,951)</u>	<u>(17,518,711)</u>	<u>(20,347,418)</u>
Net cash and cash equivalents at the start of the period		<u>20,363,067</u>	<u>40,710,485</u>	<u>40,710,485</u>
Net cash and cash equivalents at the end of the period		<u>8,143,116</u>	<u>23,191,774</u>	<u>20,363,067</u>

The accompanying notes from pages 8 to 13 form an integral part of the interim consolidated financial statements.

Ground Rents Income Fund plc
Consolidated Statement of Changes in Equity
for the period from 1 October 2013 to 31 March 2015

	Share capital Note 9 £	Share premium account £	Distributable reserve £	Total £
At 1 October 2013	24,713,049	19,092,961	4,243,510	48,049,520
Comprehensive income				
Profit for the period	-	-	1,843,462	1,843,462
Total comprehensive income	24,713,049	19,092,961	6,086,972	49,892,982
Transactions with owners				
Dividends paid (note 10)	-	-	(1,037,454)	(1,037,454)
At 31 March 2014	24,713,049	19,092,961	5,049,518	48,855,528
Comprehensive income				
Profit for the period	-	-	2,843,840	2,843,840
Total comprehensive income	-	-	2,843,840	2,843,840
Transactions with owners				
Issue of share capital	17,544,093	20,236,531	-	37,780,624
Share issue costs	-	(37,696)	-	(37,696)
Dividends paid (note 10)	-	-	(1,284,528)	(1,284,528)
At 30 September 2014	42,257,142	39,291,796	6,608,830	88,157,768
Comprehensive income				
Profit for the period	-	-	3,348,083	3,348,083
Total comprehensive income	-	-	3,348,083	3,348,083
Transactions with owners				
Issue of share capital	4,225,714	4,817,314	-	9,043,028
Share issue costs	-	(201,642)	-	(201,642)
Dividends paid (note 10)	-	-	(1,528,358)	(1,528,358)
At 31 March 2015	46,482,856	43,907,468	8,428,555	98,818,879

The accompanying notes from pages 8 to 13 form an integral part of the interim consolidated financial statements.

Ground Rents Income Fund plc
Notes to the Condensed Consolidated financial statements
for the year ended 31 March 2015

1 General information

Ground Rents Income Fund plc ("the Company") is the parent company of a group of companies ("the Group") which operates a property investment and rental business. The Group's primary activities are set out in its annual report and financial statements for the period from 1 October 2013 to 30 September 2014. A copy of the statutory annual report and financial statements has been delivered to the Registrar of Companies.

The Company is a closed-ended real estate investment trust (REIT) incorporated in England and Wales and is listed on the Channel Islands Securities Exchange Authority (CISEA) and the SETSqx platform of the London Stock Exchange.

2 Accounting policies

Basis of preparation

These unaudited consolidated results are for the six months ended 31 March 2015. They have not been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2014.

The information in this announcement does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. The group's financial statements for the period ended 30 September 2014 have been reported on by the auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not draw attention to any matters by way of emphasis. They also did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Group continues to adopt the going concern basis in preparing its consolidated interim financial statements. This financial information for the half year ended 31 March 2015 has neither been audited nor reviewed. The financial information was approved by the Board on 15 May 2015.

Changes in accounting policy and disclosure

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements for the year ended 30 September 2014.

3 Segmental information

The Company is mainly concerned with the collection of ground rents. The Company receives some ancillary income to which it is entitled as a result of its position as property freeholder.

	unaudited	unaudited	audited
	6 months	6 months	2013
	to	to	to
	31 March	31 March	30 September
	2015	2014	2014
	£	£	£
By activity:			
Ground rent income accrued in the period	1,748,196	1,327,583	2,861,222
Other income falling due within the period	299,303	134,775	336,393
	<u>2,047,499</u>	<u>1,462,358</u>	<u>3,197,615</u>

All income of the Group is derived from activities carried out within the United Kingdom. The Group is not reliant on any one property or group of connected properties for the generation of its revenues. The board is the chief operating decision maker and runs the business as one segment.

Ground Rents Income Fund plc
Notes to the Condensed Consolidated financial statements
for the year ended 31 March 2015

4 Finance costs	unaudited 6 months to 31 March 2015 £	unaudited 6 months to 31 March 2014 £	audited Year ended 30 September 2014 £
Loan interest costs	37,767	-	-
Amortisation of debt issue costs	14,250	-	-
Preference share interest	-	385,500	501,150
	<u>52,017</u>	<u>385,500</u>	<u>501,150</u>

Loan set-up costs of £113,888 have been capitalised and deducted from the total loan amount outstanding. These costs are being amortised over a period of 24 months.

The preference share interest represents the amount payable in the period at the coupon rate of 2% per annum per share.

5 Investment Properties - Ground rents	Ground rent assets £
Market value	
At 1 October 2013	43,989,864
Additions	16,037,249
Surplus on revaluation	<u>1,065,887</u>
At 31 March 2014	61,093,000
Additions	4,613,116
Surplus on revaluation	<u>1,553,184</u>
At 30 September 2014	67,259,300
Additions	25,552,663
Surplus on revaluation	<u>1,750,271</u>
At 31 March 2015	<u>94,562,234</u>
Net book value	
At 31 March 2015	<u>94,562,234</u>
At 30 September 2014	<u>67,259,300</u>
At 31 March 2014	<u>61,093,000</u>

The group's investment in ground rents was revalued at 31 March 2015 by Savills (UK) Limited. The valuer has confirmed to the directors that the fair value as set out in the valuation report has been primarily derived using comparable recent market transactions on an arm's length basis. The fair value is defined as "The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date".

The valuer within Savills is a RICS Registered Valuer. Most of the properties have previously been valued by Savills when they were acquired and from time to time as requested by the directors. The valuation of ground rents takes into account external factors such as interest rates and the availability of other fixed rate investments in the market. While interest rates remain low, ground rents are an attractive investment due to their secure, fixed income streams. The valuation of a ground rent depends on the future rental uplift timing and nature. The least attractive ground rents are those which are flat with no future rental increases which attract the lowest YP multiple and the highest yield. The most valuable ground rents assets are those which are RPI linked with reviews every 10 years or less. The valuation also is dependent on other factors such as whether the ownership of the ground rent gives the holder the right to insure and manage the building which can lead to additional income streams.

Ground Rents Income Fund plc
Notes to the Condensed Consolidated financial statements
for the year ended 31 March 2015

6 Convertible preference shares	unaudited 31 March 2015 £	unaudited 31 March 2014 £	audited 30 September 2014 £
Net proceeds from issue of convertible preference shares	-	37,780,625	-

The Company issued 38,550,000 Convertible Preference Shares at a price of £1 each on 24 May 2013. Issue costs of £769,375 were capitalised and deducted from the gross proceeds to arrive at the amount disclosed above. The preference shares were classified as debt in the consolidated statement of financial position because the directors believe this to be the most appropriate classification taking into account the fixed interest cost. The Convertible Preference Shares were entitled to a fixed cumulative preferential dividend at an annual rate of 2%.

The Convertible Preference Shares were converted into Ordinary Shares on 24 May 2014 at a ratio based on the net asset value of each of the respective portfolios at the time of conversion. 35,088,186 ordinary shares were issued in place of the preference shares which were then cancelled.

7 Borrowings	unaudited 31 March 2015 £	unaudited 31 March 2014 £	audited 30 September 2014 £
Bank loan repayable within one year	(4,900,362)	-	-

The loan facility is with Santander UK plc and has a termination date of 22 January 2016. The rate of interest payable on the loan is set in advance at three-monthly intervals and is equal to the LIBOR three month rate on the first day of each charging period plus a margin of 2.5%.

The loan facility is secured over four ground rent assets, Ladywell Point, Vita 1st Street, Gateway Leeds and One Park West.

The directors have the facility in place to draw down additional funds secured over further ground rent assets if they require further borrowings to complete additional ground rent purchases.

Ground Rents Income Fund plc
Notes to the Condensed Consolidated financial statements
for the year ended 31 March 2015

8 Earnings per share

Basic Earnings per Share

Earnings used to calculate earnings per share in the financial statements were:

	unaudited 31 March 2015 £	unaudited 31 March 2014 £	audited 30 September 2014 £
Profit attributable to equity shareholders of the Company	3,348,083	1,843,462	4,687,302

Basic earnings per share have been calculated by dividing earnings by the weighted average number of shares in issue throughout the period.

Basic earnings per share	3.87p	3.73	7.58p
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Diluted Earnings per Share

Diluted earnings per share is the basic earnings per share, adjusted for the effect of contingently issuable warrants and the preference shares in issue in the period, weighted for the relevant periods.

	unaudited 31 March 2015 £	unaudited 31 March 2014 £	audited 30 September 2014 £
Profit attributable to equity shareholders of the Company	3,348,083	1,843,462	4,687,302
Preference share interest paid	-	385,500	501,150
Total earnings in the period	<u>3,348,083</u>	<u>2,228,962</u>	<u>5,188,452</u>

	Number	Number	Number
Weighted average number of shares - basic	86,618,374	49,426,098	61,861,197
Effect of warrants	158,354	158,789	158,789
Effect of preference shares	-	8,192,171	24,855,769
Diluted total shares	<u>86,776,728</u>	<u>57,777,058</u>	<u>86,875,755</u>
Diluted earnings per share	3.86p	3.86p	5.97p

9 Share capital

		unaudited 31 March 2015	unaudited 31 March 2014	audited 30 September 2014
Allotted, called up and fully paid:				
Ordinary shares	Nominal Value	£0.50 each	£0.50 each	£0.50 each
	Number	92,965,711	49,426,098	84,514,283
	Amount £	<u>46,482,856</u>	<u>24,713,049</u>	<u>42,257,142</u>
Shares in issue during the period:				
Ordinary shares	Nominal Value	£0.50 each	£0.50 each	£0.50 each
	Number	92,965,711	49,426,098	84,514,283
	Amount £	<u>46,482,856</u>	<u>24,713,049</u>	<u>42,257,142</u>

Resolutions were passed at an annual general meeting on 24 July 2012 to authorise the directors to allot shares up to an aggregate nominal amount of £65,000,000. Following the conversion of preference shares to ordinary shares, the Company issued 35,088,185 shares at a price of £1 each during the period to 30 September 2014. Resolutions were passed at the annual general meeting on 20 January 2015 to issue up to a further 10% of share capital resulting in 8,451,428 shares being issued at £1.07 in the period to 31 March 2015.

Warrants were issued for £nil consideration on the basis of one warrant for every five subscription shares. Warrant-holders have the right to subscribe £1 per share for the number of ordinary shares to which they are entitled on 31 August each year up to and including 31 August 2022. The total number of shares issued of 49,426,098 includes 1,183,798 ordinary shares issued to warrant-holders in August 2013. No shares were issued to warrant-holders in any subsequent period.

Ground Rents Income Fund plc
Notes to the Condensed Consolidated financial statements
for the year ended 31 March 2015

10 Dividends

It is the policy of the group to pay quarterly dividends to ordinary shareholders.

	unaudited 6 months to 31 March 2015 £	unaudited 6 months to 31 March 2014 £	audited 1 October 2013 to 30 September 2014 £
Dividends declared by the Company during the year:			
Dividends paid	1,528,356	1,037,454	2,321,982
	<u>1,528,356</u>	<u>1,037,454</u>	<u>2,321,982</u>
Analysis of dividends by type:			
Interim ordinary dividend of 1.056p per share	-	521,940	521,939
Interim PID dividend of 1.043p per share	-	515,514	515,514
Interim PID dividend of 0.6p per share	-	-	296,557
Interim PID dividend of 1.102p per share	-	-	931,549
Interim ordinary dividend of 0.067p per share	-	-	56,423
Interim PID dividend of 0.847p per share	715,838	-	-
Interim PID dividend of 0.874p per share	812,520	-	-
	<u>1,528,358</u>	<u>1,037,454</u>	<u>2,321,982</u>

Since the period ended 31 March 2015, the Company has announced an Interim PID dividend of 0.934p per share (£868,300).

11 Gross cash flows

	unaudited 6 months to 31 March 2015 £	unaudited 6 months to 31 March 2014 £	audited Year ended 30 September 2014 £
Reconciliation of profit before income tax to net cash inflow from operating activities			
Profit before income tax	3,348,083	1,851,256	4,702,921
Adjustments for:			
Non-cash revaluation gain	(1,750,271)	(1,065,887)	(2,619,071)
Non-cash loan costs amortisation	(14,250)	-	-
Net finance (income) / cost	(11,811)	196,529	228,439
Operating cash flows before movements in working capital	<u>1,571,751</u>	<u>981,898</u>	<u>2,312,289</u>
Movements in working capital:			
(Increase) / decrease in trade receivables	(811,038)	(1,163,567)	849,843
Increase / (decrease) in trade payables	336,830	(42,022)	(280,670)
Net cash (used in) / generated from operations	<u>1,097,543</u>	<u>(223,691)</u>	<u>2,881,462</u>

Ground Rents Income Fund plc
Notes to the Condensed Consolidated financial statements
for the year ended 31 March 2015

12 Related party transactions

Transactions between the Company and its subsidiaries which are related parties, have been eliminated on consolidation. The captions in the primary statements of the company include the amounts attributable to subsidiaries. All amounts due to or from subsidiary companies are interest free and repayable on demand.

Simon Wombwell is also a director of Brooks Macdonald Funds Limited (BMF) and of Brooks Macdonald Group plc, the parent company of BMF and Braemar Estates (Residential) Limited (BER), both of which companies provided services to Ground Rents Income Fund plc during the financial period.

BMF provides investment advisory and administration services to the Company, the fees for which are 0.55 per cent. per annum of the market capitalisation of the Company. In addition, BMF is entitled to an agency fee of 2 per cent. of the purchase price of any property acquired by the Company, where no other agency fee is payable. Where a third party agency fee is less than 2 per cent. of the purchase price, BMF is entitled to an agency fee of 50 per cent. of the difference between 2 per cent. of the purchase price and the third party agency fee.

Prior to 24 May 2013, these services were provided by BER, on the same terms as the current arrangements with BMF.

Transactions between Brooks Macdonald Funds Limited and Ground Rents Income Fund plc during the financial period were as follows:

	unaudited	audited
	31 March	30 September
	2015	2014
	£	£
Advisory fee payable to Brooks Macdonald Funds Limited	83,891	346,011
Acquisition fees payable to Brooks Macdonald Funds Limited	404,455	211,515
Directors fees payable to Brooks Macdonald Funds Limited	10,000	24,000
Other amounts payable to Brooks Macdonald Funds Limited	5,000	11,649
	<u>503,346</u>	<u>593,175</u>

No amounts were owed to or from Brooks Macdonald Funds Limited at the balance sheet date.

Braemar Estates (Residential) Limited is also a related party by virtue of being under common control with Brooks Macdonald Funds Limited. Transactions between Braemar Estates (Residential) Limited and Ground Rents Income Fund plc during the financial period were as follows:

	unaudited	audited
	31 March	30 September
	2015	2014
	£	£
Other amounts due to Braemar Estates (Residential) Limited	10,358	5,829
	<u>10,358</u>	<u>5,829</u>

No amounts were owed to or from Braemar Estates (Residential) Limited at the balance sheet date.

13 Other financial commitments

The Company has a number of Ground Rent acquisitions in the pipeline. There are a number of acquisitions to which the company is committed by way of option payments it has made. The company has also paid a deposit of £83,000 for a building under construction. The Company is due to pay £747,000 being the remainder of the purchase price plus any acquisition costs once the property is complete.

13 Events after the balance sheet date

Since the balance sheet date, the Company has continued to progress pipeline ground rent acquisitions but has not yet completed on any additional ground rent acquisitions.