

BRANDEAUX'S GROUND RENT FUNDS SUMMARY AND UPDATE FROM THE CHAIRMAN

Dear Supporters,

Ground Rent Income Fund Limited

The Ground Rent Portfolio Limited

Ground Rent Portfolio Plus Limited

together "the Funds"

Following the re-opening of the Funds on 30 April 2010, I hope that this Update along with my comments will be helpful.

I am confident that the Funds investment in the ground rent and reversionary property portfolio, which has secure income streams, no debt and long term reversionary value, places the Funds in a good position to continue to deliver consistent, low volatility returns to Shareholders. The income from the portfolio is spread over a large number of properties and occupiers, and there is potential to increase income and capital value year on year by active property asset management. In summary, I believe that the Funds provide a continuing stable and secure investment for sustainable positive returns for Shareholders.

The Funds, despite difficult market conditions, have a long track record of consistent positive returns to Shareholders whilst maintaining a profile of low volatility. Ground Rent Income Fund, launched on 29 February 1996 and now in its 15th year, has delivered an average return of 8.4% per annum (to 30 June, 2010).

The Funds invest in GR Property Investments Limited ("GRPIL"), the pooled property holding company, which own all the ground rent and reversionary properties in which Brandeaux funds have an interest.

GRPIL made a consolidated revenue profit of £10.6 million for the year to 31 March 2010 (2009: £9.6 million) in addition to £40.0 million (2009: £22.6 million) uplift in capital value of the property portfolio.

The directors have balanced a need to provide liquidity through property disposals to enable the Funds to meet redemption requests, while at the same time protecting and increasing shareholder value. A disposal programme of properties gathered increasing pace during 2009 and into 2010, reflecting improving market conditions in what was until late 2009 a fairly illiquid market.

Contracts for the sale of properties totalling £98.3 million were exchanged during the financial year ended 31 March 2010, of which £73.2 million were completed by that date. Sales were made at valuation or above realising a net profit on disposal of £3.3 million. To date, a further £63.5 million of property sales have either been contracted or are in the legal process. The pace of further disposals will depend upon market conditions.

The properties which have been sold or identified for sale are properties with their business plans completed, and therefore these sales do not prejudice the future ability of the Funds to perform positively.

GRPIL owns a portfolio of approximately 23,000 ground rent and reversionary properties. It receives ground rent income from ownership of the freehold interest of these properties and benefits from the increase in reversionary values as leaseholders' interests expire. The unexpired length of leases granted on the freehold properties by number is 72.7% over 80 years, 23.4% between 50 and 80 years and 3.9% less than 50 years.

GRPIL's properties, valued at £718 million on 31 March 2010, are located throughout the U.K. with a concentration of value in the affluent locations of Chelsea, Knightsbridge, Kensington and Mayfair. As at 31 March 2010, Prime Central London accounted for 85.3% of portfolio value, Greater London 5.5% and other U.K. locations 9.2%.

The Directors believe that the property portfolio has only limited correlation to the U.K. commercial property market. However, in the wake of the Lehman Brothers collapse in the autumn of 2008, and the financial market turmoil that followed, a dearth of transactional evidence led to a small decline of approximately 3% in the valuation of GRPIL's portfolio in early 2009. From mid 2009, the Prime Central London market stabilised and then rebounded, as wealthy overseas buyers were attracted by the weak British pound resulting in the recovery in value of GRPIL's portfolio.

The fact that value of GRPIL's portfolio fell only slightly and recovered quickly during the financial crisis demonstrates the characteristics of the asset class and the strength of GRPIL's debt free portfolio to sustain consistent low volatility long term performance.

The Funds re-opened to subscriptions and redemptions on 30 April 2010, completing the re-opening of the entire Brandeaux fund range. Redemption requests for the Funds received to date are in line with the director's expectations.

The prescribed redemption notice period is six clear calendar months, but the directors intend to advance the redemption date, depending upon available liquidity, and will meet redemption requests as quickly as possible. The liquidity created by the combination of on-going property sales, rental income, and new subscription monies should enable the directors to significantly advance the prescribed redemption time frame for most requests.

Thanks to all for your support.



Kay Brandeaux
Chairman

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