

Lothbury Property Trust

INVESTMENT POLICY AND OBJECTIVES

To provide an investment opportunity to investors preferring indirect property exposure and to achieve competitive performance through good stock selection and active management

To manage portfolio risk by being advantageously positioned across the principal property sectors and regions and by maintaining a proportion of property investments that are readily saleable in the open market

INVESTOR CONSTITUENCY

The Trust is open to investment by pension funds, charities, insurance and other companies. It is also open to private individuals from within the UK or abroad certified as 'High Net Worth' individuals or 'Sophisticated Investors'

Fund details	
Type of fund	Property unit trust
Residence	Eire
Launch date	February 2000
Open/closed-ended	Open-ended
Earliest date of winding up	-
Year-end	31-Dec
NAV (GBPm)	1636.4

Source: Lothbury Investment Management Ltd

Management/professional advisors	
Investment manager	Lothbury Investment Management Limited
Property sub- advisor	Lothbury Investment Management Limited
Investment relations	Thomas Jansen
Trustee	Northern Trust Fiduciary Services (Ireland) Ltd
Auditors	KPMG

Source: Lothbury Investment Management Ltd

Investment rates of return, %				
Lothbury Property Trust		MSCI/AREF UK Quarterly Property Fund Index		
		Other balanced funds	All balanced funds	All funds
3 months	0.0	-1.3	-1.3	-1.8
Year-to-date	0.0	-1.3	-1.3	-1.8
12 months	0.0	0.1	0.0	-1.3
3 years+	0.0	5.3	4.8	3.9
5 years+	0.0	6.3	5.8	5.1
10 years+	0.0	7.4	7.1	6.9

Source: MSCI/AREF UK Quarterly Property Fund Index

Property investment restrictions	
Maximum development exposure	*
Maximum speculative development exposure	25%
Maximum lot-size holding as a standing investment	*
Maximum lot-size holding permitted at purchase	*
Maximum exposure to limited partnerships	40%
Maximum exposure to joint ventures	30%
Maximum exposure to closed and open-ended property unit trusts	*

Source: Lothbury Investment Management Ltd

Portfolio distribution %

	Lothbury Property Trust	MSCI/AREF UK Quarterly Property Fund Index**		
		Other balanced funds	All balanced funds	All funds
Standard retail – South East	18.6	7.2	6.3	5.4
Standard retail – Rest of UK	4.3	2.7	3.0	3.5
Shopping centres	5.0	1.2	1.8	6.1
Retail warehouses	8.9	11.9	11.3	10.1
All UK retail	36.9	23.0	22.5	25.1
City offices	0.0	4.2	3.7	3.2
West End offices	18.9	7.5	8.4	7.1
Rest of South East offices	2.9	11.7	11.0	7.7
Rest of UK offices	3.9	6.3	5.9	5.5
All UK offices	25.7	29.6	29.0	23.5
South East industrial	16.4	19.9	20.3	16.3
Rest of UK industrial	5.7	10.8	10.5	8.5
All UK industrial	22.1	30.7	30.8	24.9
Other UK properties	12.1	11.5	10.6	21.7
Cash***	3.2	5.2	7.1	4.9
Overall	100.0	100.0	100.0	100.0

Source: Lothbury Investment Management Ltd

** MSCI/AREF UK Quarterly Property Fund Index

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	56	1,585.0	100.0
Joint and indirect holdings	0	0.0	0.0
Listed investments	0	0	0.0
Total	56	1,585.0	100.0

Source: Lothbury Investment Management Ltd

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
25/31 JAMES STREET	LONDON	Retail	149.5	9.4
1-2 AURIOL DRIVE	GREENFORD	Industrial	106.0	6.7
CLARENDON CENTRE	OXFORD	Retail - Shopping Centre	81.8	5.2
25-41 (ODD) LIVERPOOL ROAD	LONDON	Foodstore	80.4	5.1
55 ST. JAMES'S STREET	LONDON	Office	76.7	4.8
1/2 STANHOPE GATE	LONDON	Office	74.3	4.7
19-22 RATHBONE PLACE	LONDON	Office	71.6	4.5
BLACKWATER SHOPPING PARK	FARNBOROUGH	Retail Park	46.3	2.9
SAINSBURY'S SUPERMARKET	MANCHESTER	Foodstore	45.0	2.8
DARLINGTON ROAD	DURHAM	Student Accommodation	44.3	2.8
10 largest investments as % of portfolio			775.6	48.9

Source: Lothbury Investment Management Ltd

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	2	2.0	0.1
2.5 - 5	2	7.9	0.5
5-10	12	100.4	6.3

10-25	16	255.2	16.1
25 - 50	17	579.4	36.6
50 - 100	5	384.6	24.3
100-150	2	255.5	16.1
Over 150	0	0.0	0.0
Total	56	1585.0	100.0
Average lot size		28.3	

Source: Lothbury Investment Management Ltd

Property Yield		Voids as % of ERV	
Net initial yield	3.87%	Investments	2.68%
Nominal equivalent yield	4.37%	Developments	1.67%
True equivalent yield	4.39%	Total	4.35%
Net reversionary yield	4.53%		

Source: Lothbury Investment Management Ltd

Rental income & ERV by type of property		
	Rental income %	Estimated rental value %
Standard retail	19.4	16.3
Retail warehousing	16.6	13.7
Shopping centres	5.9	6.2
Central London offices	14.6	16.9
Other offices	8.9	9.5
Industrial	22.3	22.8
Other	12.3	14.5
Overall	100.0	100.0

Source: Lothbury Investment Management Ltd

Over Renting and Reversionary Potential, % Rent Passing								
Sector	Rent Passing, GBP Millions	Rent Free , % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented,% Rent Passing	Reversionary potential,% Rent Passing	Reversionary potential Net of Over renting,% Rent Passing	Market Value,% Rent Passing
Standard retail	12.8	0.5	0.0	0.5	-12.5	-11.5	-24.0	95.9
Retail warehousing	10.9	2.5	0.0	1.7	-12.7	-8.5	-21.2	95.2
Shopping centres	3.9	0.0	13.5	0.0	-20.4	-7.0	-27.4	122.0
Central London offices	9.6	13.4	6.9	7.2	0.0	27.4	27.4	133.0
Other offices	5.9	2.5	0.0	11.7	-1.7	12.5	10.8	122.5
Industrial	14.6	0.6	0.0	2.7	-0.5	2.8	2.4	117.5
Other	8.1	0.0	25.9	0.0	-4.2	21.7	17.5	134.7
Overall	65.7	-	0.0	-	-	-	-	114.7

*Comprising the ERV of developments in progress or contracted which have not been pre-let

Source: Lothbury Investment Management Ltd

Listed Investments			
	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
-	0.0	0.0	0.0
-	0.0	0.0	0.0
-	0.0	0.0	0.0
-	0.0	0.0	0.0
-	0.0	0.0	0.0
-	0.0	0.0	0.0

The unexpired term of leases

Years	% of rent passing
20 years or greater	4.8
15 years or greater, but less than 20	5.5
10 years or greater, but less than 15	5.1
5 years or greater, but less than 10	16.7
Less than 5 years	67.9

Source: Lothbury Investment Management Ltd

Joint and Indirect property holdings						
Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
-	0.0	0.0	0.0	0.0	0.0	0.0
-	0.0	0.0	0.0	0.0	0.0	0.0
-	0.0	0.0	0.0	0.0	0.0	0.0
-	0.0	0.0	0.0	0.0	0.0	0.0
-	0.0	0.0	0.0	0.0	0.0	0.0
-	0.0	0.0	0.0	0.0	0.0	0.0

Source: Lothbury Investment Management Ltd

Debt analysis					
Fixed rate borrowings			Variable rate borrowings		
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above LIBOR (incl expenses) (%)	Off balance sheet debt (GBPm)+
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0

Source: Lothbury Investment Management Ltd

Development exposure*				
Capital value of developments				Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
GBPm	0	0.00	0.00	0.00
% of all directly held properties*	0.00%	0.00%	0.00%	0.00%

* Includes joint ventures in which the Fund has an interest of 50% or more

Source: Lothbury Investment Management Ltd

Valuations/performance monitors/affiliations	
Frequency of valuation	Monthly
Valuers	Knight Frank & Cushman and Wakefield
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	Yes
Member of the Association of Real Estate Funds	Full member

Source: Lothbury Investment Management Ltd

Restrictions on holdings of cash/borrowings	
Maximum total gearing permitted	25%
for investment purposes	*
for liquidity purposes	*
Cash holdings (maximum)	*
Cash holdings (minimum)	*

Source: Lothbury Investment Management Ltd

The contribution of major tenants to rental income

Tenant	%
Sainsbury's Supermarkets Limited	8.4
Tesco Stores Ltd	7.2
Marks & Spencer PLC	2.7
University of Durham	2.6
Evercore Partners International LLP	2.5
DSG Retail Limited	2.1
Pixelogic Media UK Ltd	2.0
Goldsmith's University Of London	1.9
Barclays Execution Services Limited	1.8
Wickes Building Supplies Limited	1.8
Three largest tenants' contribution to rental income	18.3
Five largest tenants' contribution to rental income	23.4
Ten largest tenants' contribution to rental income	33.0

Source: Lothbury Investment Management Ltd

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	1585.0	0.0	0.0	0.0	1585.0
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	52.5	0.0	0.0	0.0	52.5
Other net assets/liabilities	-1.1	0.0	0.0	0.0	-1.1
Total net assets	1636.4	0.0	0.0	0.0	1636.4
Gearing (%)					
Net debt (cash)/properties	-3.3	-	-	-	-3.3
Net debt (cash)/equity	-3.2	-	-	-	-3.2

Source: Lothbury Investment Management Ltd

Quarterly data per unit

As at	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20
Bid (GBP)	1,983.97	1,951.80	1,955.26	1,954.28	1,934.55	1,875.80
Offer (GBP)	2,138.15	2,104.12	2,107.87	2,106.95	2,092.47	1,933.22
Mid (GBP)	2,061.06	2,027.96	2,031.56	2,030.61	2,013.51	1,904.51
Bid/offer spread	7.21%	7.24%	7.24%	7.25%	7.55%	2.97%
Net asset value (GBP)	2,017.12	1,985.02	1,988.56	1,987.68	1,974.03	1,914.08
Quarterly distribution (GBP)	16.08	15.45	16.42	15.78	16.12	15.46
Yield	3.13%	3.17%	3.18%	3.24%	3.26%	3.33%

Source: Lothbury Investment Management Ltd

Unit pricing

The price of the units is calculated on the 2nd Irish business day of each month, with reference to the Valuation Point which is at 11.59 pm on the last Irish Business Day of the preceding month.

Distributions

Distributions are made quarterly on 30 April, 31 July, 31 October and 31 January for the periods to 31 March, 30 June, 30 September and 31 December, respectively.

Minimum investment/disinvestment

The minimum initial investment is EUR100,000. There is no minimum additional investment or any minimum holding following a sale.

Creation, transfer and realisation of units

The trust is open to subscriptions on a monthly basis, with applications to be received by the last Irish business day of the month. Redemptions must be notified in writing 10 business days before the last Irish business day of the quarter. Unitholders will be advised of the redemption price on the 2nd business day of the following quarter, and, in normal circumstances, the proceeds will be paid on the last Irish business day of the quarter following notification. In exceptional circumstances, redemption of some or all of the units may be suspended for up to twelve months. In extreme circumstances, as a last resort, which would arise only if a major proportion of unitholders wished to withdraw, the trust would be terminated and the net proceeds distributed to unitholders. Investors can trade their units on the secondary market, which allows for monthly transactions and improved liquidity. Secondary market transactions are arranged directly between the seller and the buyer, or via a third party broker. LIM is able to assist with the notification of availability of units on the secondary market to interested parties, as well as providing assistance with any documentation submitted for the trade.

Taxation

Capital Gains Tax

Since it is registered in Dublin, the trust is not subject to UK capital gains tax. Those investors subject to tax may be liable to capital gains tax on the redemption or sale of their units in the trust. (Lothbury is expected to continue to have distributor status.)

Income Tax

Distributions of income are made gross of UK income tax unless restrictions apply to a particular unitholder under the Inland Revenue's Non-resident Landlords Scheme.

Stamp duty reserve tax

No stamp duty is payable on the transfer of existing units.

Charges

The annual management fee is equivalent to 0.70% of the gross asset value of the portfolio. This includes the fee payable to the investment manager and the property advisor, but excludes fees payable to the Advisory Committee, Auditors and Valuers, estimated to total 0.1% pa.

Unit holder analysis

	Number of unitholders	Total % held
Less than 1% of units in issue	82	30.5
1% or greater but less than 2%	13	16.9
2% or greater but less than 4%	7	19.3
4% or greater but less than 8%	2	9.3
Greater than 8.0%	1	24.1
Total	105	100.0
Major investors		
Largest holder	1	24.1
Three largest holders	3	33.4
Five largest holders	5	40.6
Ten largest holders	10	52.6
Internal/external investors		
Internal	1	0.1
External	104	100.0

Source: Lothbury Investment Management Ltd

Liquidity

Period	Year to Dec 2015	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020
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Issues and redemptions						
Units in issue as at start of period	729,386	824,663	841,560	857,088	865,002	857,009
Units issued during period	96217	18,793	16,444	7,927.99	5,558.37	1,819
Units redeemed during period	-940.00	-1,896.00	-916.34	-14.00	-17,290.99	-3,877
Units in issue at end of period	824,663	841,560	857,088	865,002	857,009	854,952
Unit transfers						
Matched bargains	*	*	*	*	*	*
Matched bargains %*	*	*	*	*	*	*

* as % of units in issue at the end of the period

Source: Lothbury Investment Management Ltd