

Lothbury Property Trust

INVESTMENT POLICY AND OBJECTIVES

The Fund's investment objective is to provide investors with capital appreciation and secure income returns, through prudent investment in assets across the UK's principal property sectors and geographic regions. It holds a core portfolio of prime assets to achieve stable returns, combined with active management initiatives to add value and enhance returns. The Fund can own property directly or through holding units in Property Unit Trusts

INVESTOR CONSTITUENCY

The Trust is open to investment by pension funds, charities, insurance and other qualifying 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
Net Asset Value (GBPm)	1086.1

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, %		MSCI/AREF UK Quarterly Property Fund Index		
	Lothbury Property Trust	Other balanced open-ended funds	All balanced open-ended funds	All funds
3 months	-0.6	-0.2	-0.2	-0.2
Year-to-date	-0.6	-0.2	-0.2	-0.2
12 months	-20.4	-14.1	-14.5	-14.4
3 years+	-1.8	2.5	2.6	1.4
5 years+	-0.5	2.7	2.5	1.4
10 years+	4.9	6.7	6.4	5.6

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	*
Maximum exposure to joint ventures	*
Maximum exposure to closed and open-ended property unit trusts	40%

Source: Lothbury Investment Management Ltd

Portfolio distribution %		MSCI/AREF UK Quarterly Property Fund Index**		
	Lothbury Property Trust	Other balanced open-ended funds	All balanced open-ended funds	All funds
Standard retail – South East	15.9	5.0	4.7	4.6
Standard retail – Rest of UK	3.7	1.1	1.4	2.3
Shopping centres	0.0	0.6	0.9	2.5
Retail warehouses	7.0	12.1	11.8	7.6
All UK retail	26.5	18.8	18.8	17.0
City offices	0.0	3.5	3.6	3.3
West End offices	13.9	8.7	8.0	5.3
Rest of South East offices	3.7	7.9	7.4	5.9
Rest of UK offices	1.9	5.2	5.0	5.3
All UK offices	19.5	25.3	24.0	19.8
South East industrial	24.8	23.8	24.3	20.1
Rest of UK industrial	9.0	13.6	13.5	11.7
All UK industrial	33.7	37.3	37.9	31.8
Other UK properties	18.6	12.0	12.1	25.4
Cash***	1.7	6.5	7.2	5.9
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	40	1,136.5	100.0
Joint and indirect holdings	0	0.0	0.0
Listed investments	0	0	0.0
Total	40	1,136.5	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
1-2 Auriol Drive & Carr Road	Greenford	Industrial	100-150	8.8-13.2
Covent Garden Unit Trust	London	High Street Retail	80-90	7-7.9
Clarendon Unit Trust	Oxford	Redevelopment	70-80	6.2-7
55 St. James's Street	London	Office	60-70	5.3-6.2
20 Rathbone Place	London	Office	60-70	5.3-6.2
Sainsbury's, 25-41 Liverpool Road	London	Foodstores	50-60	4.4-5.3
Priory Park	Aylesford	Industrial	40-50	3.5-4.4
Sainsbury's, Fallowfield	Manchester	Foodstores	40-50	3.5-4.4
Sheraton Park, Darlington Road	Durham	Student Accommodation	40-50	3.5-4.4
Meteor Park	Birmingham	Industrial	30-40	2.6-3.5

10 largest investments as % of portfolio

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	1	0.0	0.0
2.5 - 5	0	0.0	0.0
5-10	6	51.8	4.6
10-25	16	254.4	22.4
25 - 50	12	411.5	36.2
50 - 100	4	274.3	24.1
100-150	1	*	*
Over 150	0	*	*
Total	40	1136.5	100.0
Average lot size		28.4	

Source: Lothbury Investment Management Ltd

Property Yield		Voids as % of ERV	
Net initial yield	4.16%	Investments	1.52%
Nominal equivalent yield	5.01%	Developments	9.67%
True equivalent yield	5.16%	Total	11.19%
Net reversionary yield	5.35%		

Source: Lothbury Investment Management Ltd

Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	-	-
Retail warehousing	-	-
Shopping centres	-	-
Central London offices	-	-
Other offices	-	-
Industrial	-	-
Other	-	-
Overall	-	-

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	-	-	-	-	-	-	-	-
Retail warehousing	-	-	-	-	-	-	-	-
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	-	-	-	-	-	-	-	-
Other offices	-	-	-	-	-	-	-	-
Industrial	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Overall	-	-	-	-	-	-	-	-

*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
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

The unexpired term of leases

Years	% of rent passing
20 years or greater	5.0
15 years or greater, but less than 20	9.1
10 years or greater, but less than 15	1.2
5 years or greater, but less than 10	11.7
Less than 5 years	73.1

Source: Lothbury Investment Management Ltd

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

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 CBRE & Knight Frank – independent property valuers.
Valuers	
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	%
Tesco Stores Ltd	10.4
Sainsbury's Supermarkets Limited	10.0
Malmaison Trading Limited	3.8
University of Durham	3.8
Palletways UK Limited	3.0
Bespoke Managed Space RP Limited	2.9
Goldsmith's University Of London	2.6
Hermes Parcelnet Ltd	2.2
Dunlop Aircraft Tyres Ltd	2.0
FedEx Express Transportation Ltd	1.8
Three largest tenants' contribution to rental income	24.3
Five largest tenants' contribution to rental income	31.1
Ten largest tenants' contribution to rental income	42.5

Source: Lothbury Investment Management Ltd

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	1136.5	0.0	0.0	0.0	1136.5
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	19.4	0.0	0.0	0.0	19.4
Other net assets/liabilities	-69.7	0.0	0.0	0.0	-69.7
Total net assets	1086.1	0.0	0.0	0.0	1086.1
Gearing (%)					
Net debt (cash)/properties	-1.7	-	-	-	-1.7
Net debt (cash)/equity	-1.8	-	-	-	-1.8

Source: Lothbury Investment M

Quarterly data per unit						
As at	31-Dec-21	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23
Bid (GBP)	2,020.81	2,118.74	2,186.65	2,081.74	1,659.65	1,636.39
Offer (GBP)	2,177.05	2,282.55	2,355.71	2,242.69	1,705.23	1,681.34
Mid (GBP)	2,098.93	2,200.64	2,271.18	2,162.21	1,682.44	1,658.87
Bid/offer spread	7.18%	7.18%	7.18%	7.18%	2.67%	2.67%

Net asset value (GBP)	2,055.76	2,155.38	2,224.47	2,117.74	1,688.35	1,664.69
Quarterly distribution (GBP)	12.62	13.91	14.66	13.69	14.40	13.50
Yield	2.50%	2.40%	2.40%	2.59%	3.36%	3.38%

Source: Lothbury Investment Management Ltd

Unit pricing

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

Investors should refer to the Fund Prospectus and Trust Deed dated 16 September 2022 for full details of the Subscription and Transfer process and Redemption provisions.

Taxation

Capital Gains Tax

Non-Resident Capital Gains Tax Reforms introduced by the UK Government have, in principle, brought LPT within the scope of UK tax on capital gains in relation to UK land. However, the NRCGT Reforms include special rules for investment funds. These rules allow funds meeting certain conditions to make an "Exemption Election", which means that the fund is exempt from UK tax on capital gains realised on a disposal of UK property investments. Lothbury has made an Exemption Election for LPT in order to ensure that LPT remains exempt from UK tax when it disposes of assets in the portfolio. Investors in LPT have been contacted for information to allow the Exemption Election to be maintained.

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 Total Annual Management Fee of the Fund is currently 0.70% per annum based on the NAV of the Fund, as set out in the Fund Prospectus and includes payments made to Lothbury Investment Management, as well as the Trustee, Administrator, and Manager

Unit holder analysis

	Number of unitholders	Total % held
Less than 1% of units in issue	43	17.8
1% or greater but less than 2%	12	15.4
2% or greater but less than 4%	6	17.4
4% or greater but less than 8%	4	22.2
Greater than 8.0%	1	27.2
Total	66	100.0
Major investors		
Largest holder	1	27.2
Three largest holders	3	39.4
Five largest holders	5	49.4
Ten largest holders	10	64.6
Internal/external investors		
Internal	1	0.1
External	65	99.9

Source: Lothbury Investment Management Ltd

Liquidity

Period	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022	Year to Dec 2023
Issues and redemptions						
Units in issue as at start of period	858,983	866,898	857,009	854,252	797,694	651,510
Units issued during period	7928	7,402	4,908	4,368.49	2,875.00	923
Units redeemed during period	-13.91	-17,290.99	-7,664.47	-60,926.00	-149,060.00	0
Units in issue at end of period	866,898	857,009	854,252	797,694	651,510	652,433
Unit transfers						
Matched bargains	*	*	*	*	*	*
Matched bargains %*	*	*	*	*	*	*

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

Source: Lothbury Investment Management Ltd