

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 property investments which are readily saleable in the open market, with 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)	1585.5

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 funds	All balanced funds	All funds
3 months	3.3	3.8	3.8	3.7
Year-to-date	4.3	6.1	6.0	5.6
12 months	6.2	8.5	8.5	6.9
3 years+	1.6	3.3	3.0	1.8
5 years+	3.8	5.1	4.9	3.9
10 years+	6.9	7.0	6.7	6.1

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	16.5	5.7	5.0	4.6
Standard retail – Rest of UK	4.4	2.0	2.3	3.2
Shopping centres	0.0	0.6	1.1	3.4
Retail warehouses	7.9	10.8	10.4	8.7
All UK retail	28.7	19.2	18.8	20.0
City offices	0.0	3.9	3.6	3.2
West End offices	19.4	7.7	8.5	7.5
Rest of South East offices	2.5	10.4	9.7	7.0
Rest of UK offices	3.6	5.7	5.4	5.0
All UK offices	25.6	27.7	27.2	22.7
South East industrial	19.8	22.8	23.8	19.5
Rest of UK industrial	7.0	12.5	12.6	10.3
All UK industrial	26.7	35.3	36.4	29.9
Other UK properties	16.8	11.0	10.6	21.9
Cash***	2.1	6.8	7.0	5.5
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	51	1,553.4	100.0
Joint and indirect holdings	0	0.0	0.0
Listed investments	0	0	0.0
Total	51	1,553.4	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	GREENFORD	Industrial	100-150	6.4-9.7
COVENT GARDEN UNIT TRUST	LONDON	Retail	100-150	6.4-9.7
CLARENDON UNIT TRUST	OXFORD	Redevelopment	90-100	5.8-6.4
SAINSBURY'S, 25-41 LIVERPOOL ROAD, ISLINGTON	LONDON	Foodstore	80-90	5.2-5.8
1/2 STANHOPE GATE	LONDON	Office	70-80	4.5-5.2
55 ST. JAMES'S STREET	LONDON	Office	70-80	4.5-5.2
20 RATHBONE PLACE	LONDON	Office	60-70	3.9-4.5
SAINSBURY'S SUPERMARKET, FALLOWFIELD	MANCHESTER	Foodstore	40-50	2.6-3.2
MALMAISON HOTEL, ROUGIER STREET	YORK	Hotel	40-50	2.6-3.2
SHERATON PARK, DARLINGTON ROAD	DURHAM	Student Accommodation	40-50	2.6-3.2

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	3	3.6	0.2
2.5 - 5	1	4.7	0.3
5-10	5	40.4	2.6
10-25	20	331.1	21.3

25 - 50	15	553.8	35.6
50 - 100	5	357.0	23.0
100-150	2	262.7	16.9
Over 150	0	0.0	0.0
Total	51	1553.4	100.0
Average lot size		30.5	

Source: Lothbury Investment Management Ltd

Property Yield		Voids as % of ERV	
Net initial yield	3.62%	Investments	3.32%
Nominal equivalent yield	4.20%	Developments	4.77%
True equivalent yield	4.22%	Total	8.08%
Net reversionary yield	4.27%		

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
-	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	8.0

15 years or greater, but less than 20	5.0
10 years or greater, but less than 15	3.5
5 years or greater, but less than 10	16.3
Less than 5 years	67.3

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	9.7
Tesco Stores Ltd	8.6
Evercore Partners International LLP	3.1
University of Durham	3.0
DSG Retail Limited	2.4
Pixelogic Media UK Ltd	2.3
Goldsmith's University Of London	2.1
Sketchers USA Ltd	2.0
Bespoke Managed Space RP Limited	1.6
TJX UK (t/a TK Maxx)	1.6
Three largest tenants' contribution to rental income	21.3
Five largest tenants' contribution to rental income	26.7
Ten largest tenants' contribution to rental income	36.3

Source: Lothbury Investment Management Ltd

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	1553.4	0.0	0.0	0.0	1553.4
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	33.9	0.0	0.0	0.0	33.9
Other net assets/liabilities	-1.8	0.0	0.0	0.0	-1.8
Total net assets	1585.5	0.0	0.0	0.0	1585.5
Gearing (%)					
Net debt (cash)/properties	-2.2	-	-	-	-2.2
Net debt (cash)/equity	-2.1	-	-	-	-2.1

Source: Lothbury Investment Ma

Quarterly data per unit

As at	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21
Bid (GBP)	1,875.80	NOT ISSUED	1,813.40	1,843.82	1,849.34	1,897.05
Offer (GBP)	1,933.22	NOT ISSUED	1,953.60	1,986.38	1,992.32	2,043.72
Mid (GBP)	1,904.51	NOT ISSUED	1,883.50	1,915.10	1,920.83	1,970.38
Bid/offer spread	2.97%	NOT ISSUED	7.18%	7.18%	7.18%	7.18%
Net asset value (GBP)	1,914.08	1,867.57	1,844.76	1,875.71	1,881.32	1,929.85
Quarterly distribution (GBP)	15.46	13.75	14.40	15.45	13.61	13.03
Yield	3.33%	3.27%	3.24%	3.15%	2.86%	2.72%

Source: Lothbury Investment Management Ltd

Unit pricing

The price of the units is ordinarily 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

As at 31 March 2021, the Fund 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. Full details of redemption provisions are set out in the Fund Prospectus and Trust Deed.

Investors can trade their units on the secondary market. 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

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 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	70	26.6
1% or greater but less than 2%	13	16.3
2% or greater but less than 4%	7	18.3
4% or greater but less than 8%	3	13.8
Greater than 8.0%	1	25.1
Total	94	100.0
Major investors		
Largest holder	1	25.1
Three largest holders	3	34.8
Five largest holders	5	42.5
Ten largest holders	10	55.1
Internal/external investors		
Internal	1	0.1
External	93	99.9

Source: Lothbury Investment Management Ltd

Liquidity

Period	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021
Issues and redemptions						

Units in issue as at start of period	824,663	841,488	858,983	866,898	857,009	854,252
Units issued during period	18,793	18,411	7,928	7,401.51	4,907.69	2,483
Units redeemed during period	-1,967.60	-916.16	-13.91	-17,290.99	-7,664.47	-35,166
Units in issue at end of period	841,488	858,983	866,898	857,009	854,252	821,569
Unit transfers						
Matched bargains	*	*	*	*	*	*
Matched bargains %*	*	*	*	*	*	*

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

Source: Lothbury Investment Management Ltd