

Lothbury Property Trust

Fund Description

Lothbury Property Trust is a sub-fund of Lothbury Global Institutional Funds (LGIF), an umbrella unit trust. On 25 March 2014, LGIF was authorised as a Qualifying Investor Alternative Investment Fund.

Lothbury Property Trust as a sub-fund of LGIF is authorised by the Irish Central Bank under section 4 of the Unit Trusts Act, 1990.

Fund 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.

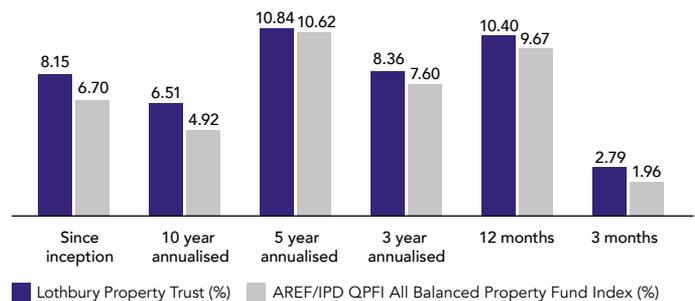
Fund Data

As at 30 June 2018

Net Asset Value	£1,737,651,987.22
Net Asset Value per Unit	£2,013.8563
Indicative Subscription Price per Unit	£2,134.6877
Indicative Redemption Price per Unit	£1,980.4395
Quarterly Distribution per Unit	£15.9135

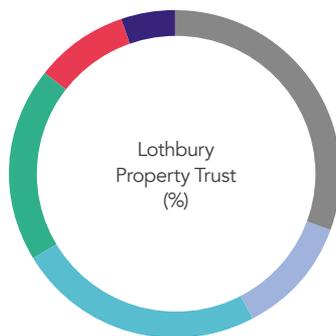
Fund Returns

As at 30 Jun 2018



Sector Breakdown

As at 30 June 2018



	Lothbury Property Trust (%)	Benchmark* (%)
Retail	30.6	14.2
Retail Warehouse	11.7	15.3
Office	24.3	28.6
Industrial	19.2	27.1
Other	9.0	9.0
Cash	5.2	5.7

* Benchmark is the AREF/IPD UK Quarterly Property Fund Indices, All Balanced Property Fund Index.
Note: Total percentages may be slightly higher or lower than 100% due to rounding.

Reinvesting in our existing assets

A key focus of the Lothbury Property Trust (LPT) strategy is to constantly invest in the portfolio's existing assets in order to release any latent value in the buildings and to ensure they are maintained in Grade A condition. This is increasingly important as average UK lease lengths have been reducing in recent years and therefore lease events which could result in the buildings becoming vacant are arising more frequently.

By ensuring that the quality of the Fund's assets reflect the current requirements of the tenants, the tenant retention rates will be higher and the buildings should be easily re-lettable if a vacancy occurs.

Within the Central London office portfolio, the Fund has recently completed a full refurbishment and modernisation of the reception areas and common parts of LPT's Mayfair office building at 1 Stanhope Gate, London W1. As well as upgrading the fixtures and finishes, the refurbishment also incorporated sustainable initiatives such as improvements to the energy efficiency of the air conditioning system and an upgrade to a more modern and efficient lighting configuration.

Once this project was completed, the Fund then embarked on the refurbishment of three office floors and the reception area at 20 Rathbone Place, London W1.

This project started in May 2018 and is scheduled to complete by September 2018. The benefits of upgrading this office asset are already reflected in the rental offers being received from potential tenants.

Another project which is ongoing is at the Blackwater Retail Park in Farnborough. Works have recently commenced to improve the access and egress to this retail scheme together with an improved traffic management scheme for the car park.

These works represent phase 1 of a longer term investment programme in to the Park. Phase 2 will involve the construction of an additional 8,000 sq ft unit on the Park which has already received planning consent. A tenant is lined up to take a lease of this new unit when the works complete.

Another example of LPT investing capital into the portfolio's assets has been at 4 Hardman Street in Spinningfields, Manchester. At this multi-let office property, a surrender was negotiated with Allied Irish Bank (AIB) of the ground

floor banking hall and some upper floor office space. Planning consent was secured to convert the ground floor space to a restaurant unit and to create a larger more striking reception area for the office tenants. Some of the common areas were also refurbished at this time. The ground floor restaurant element was pre let to a regional restaurant operator during the reconfiguration works at a significantly higher rent than that being paid by AIB on the space.

All these projects reflect the Fund's philosophy of keeping the assets in the portfolio attractive, modernised and relevant to current occupier's requirements. By adopting this strategy, the Fund has been able to maintain its exceptionally low vacancy rate across the portfolio which remains significantly below the IPD average level. As at the end of June Lothbury had a void rate of 1.4% whilst the Benchmark recorded 7.4%.



Fund Activity



Buchanan Street, Glasgow

During Q2, two strategic sales totalling £37m were completed from the retail element of the portfolio. The first was in Glasgow and comprised a large retail and office building located in a corner position fronting Buchanan Street and Exchange Place. The ground and basement of the building were let to Vodafone, Lush, Starbucks and a local restaurant operator, whilst the first to third floor office spaces were let to a variety of tenants. This sale completed at a price of £31m which reflected a net initial yield of 3.99%. The second sale which completed was on High Street, Guildford and comprised a small retail unit let to LK Bennett until 2026 (with a break clause in 2021). This property was sold at a price of £6m which reflected a net initial yield of 4.5%.

A number of lettings were also completed during the quarter which helped to maintain the low void rate of 1.4% at the quarter end. At Broadland Business Park in Norwich, a 10 year letting (with a 5 year break option) of the first floor of the Lakeside 500 building completed to Morgan Sindall, at an annual

rent of £68,950pa. At the Fund's multi let industrial property in Crawley, a letting was completed to RCG Group at an annual rental of £74,965pa.

Some key rent reviews were also concluded during Q2. Uplifts were achieved on both the fourth and fifth floors of 4 Hardman Street, Spinningfields, Manchester, at rents between £30 and £32psf. In addition, a rental uplift from £565,000pa to £630,000pa was achieved at the AAH Pharmaceuticals logistics unit in Romford.

In the active portfolio, the refurbishment of the ground floor reception area and three office floors commenced at Lothbury's office property at 20 Rathbone Place, London W1. The development of the hotel in York which is pre let to Malmaison also commenced during the quarter, with a package of enabling works to the existing vacant office building being undertaken.

UK Property Market

The Q2 investment volume of £13.5bn was broadly in line with the Q1 2018 levels, although c. 8% lower than the 5-year average for the same period. A 13% higher-than-average transaction count suggests there was a greater depth to the market (Lambert Smith Hampton (LSH) Q2 2018 UKIT). Industrial investment continued to show strong volumes, with the second-highest quarterly total recorded at £1.82bn for Q2, only slightly behind the record set the previous quarter.

Central London Office investment volumes bounced back after three subdued quarters; Q2's figure of £4.3bn was the highest since Q2 2017.

The LSH All Property average transaction yield reduced by 22 bps in Q2 to 5.45%. This is the lowest level since Q4 2007. Retail yields lowered to 5.74% (-37 bps) and industrial yields to 5.00% (-61 bps, largely demand-driven). Prime yields remained stable across the main sectors, however Retail Warehouse moved out by 25 bps to 4.75%.



High Street, Guildford

Important Information

This document has been prepared and distributed by Lothbury Investment Management Limited of 155 Bishopsgate, London EC2M 3TQ, United Kingdom, a company registered in England with registered number 04185370. Lothbury Investment Management Limited (or "LIM") is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

This document concerns Lothbury Property Trust (the "Fund"), which is managed by LIM. Lothbury Property Trust is a sub-fund of the Lothbury Global Institutional Funds, which is regulated by the Central Bank of Ireland.

The Fund is an alternative investment fund ("AIF") for the purposes of the Alternative Investment Fund Managers Directive (2011/61/EU) (the "Directive"). LIM has been appointed and acts as alternative investment fund manager ("AIFM") in respect of the AIF. For these purposes, LIM is authorised and regulated in the United Kingdom by the Financial Conduct Authority (or any successor body responsible for the regulation of alternative investment fund managers) (the "FCA") for the purposes of managing unauthorised AIFs. The Fund is also an unregulated collective investment scheme for the purposes of the United Kingdom Financial Services and Markets Act 2000 (the "Act").

Restrictions On Distribution

Certain jurisdictions may restrict by law the distribution to their residents or nationals of the information in this document. The contents of this document are not intended to be viewed by, distributed to or used by residents or nationals of such jurisdictions. LIM has made every attempt to provide the information in this document only in accordance with national laws. However, it is also the responsibility of any person receiving this information to satisfy itself that its receipt of this information complies with the laws of any relevant jurisdiction.

Under United Kingdom legislation, the promotion of units by LIM in the European Economic Area (the "EEA") is restricted by section 238 of the Act. The promotion of units by the Fund or by their trustees in the EEA is restricted by section 21 of the Act. Accordingly, the information in this document is directed only at:

1. persons who are outside the EEA;
2. persons having professional experience of participating in unregulated collective investment schemes, that is persons within Article 14 of the Financial Services and

Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "PCIS Exemptions Order") and Article 14 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"); and/or

3. high net worth organisations to whom Article 22 of the PCIS Exemptions Order and Article 49 of the Financial Promotion Order apply (broadly, companies or partnerships with net assets of £5m sterling or more and trustees of trusts with assets of £10m or more); and
4. others to whom it may lawfully be made available, all such persons being "exempt persons". Units in the Fund may only be promoted to exempt persons. Persons other than exempt persons should not rely or act upon the information in this document. They should return it to LIM at the address given above.

This document is confidential. A person to whom this document is made available should not pass it on without the consent of LIM and then only to an exempt person.

Purpose

The purpose of this document is to provide information about LIM and the Fund. So far as relevant, the only client of LIM is the Fund and its affiliates. Nothing in this document is investment, tax or legal advice. Investors are not a client of LIM as the AIFM. Accordingly, neither you, nor any other investor, enjoys the protections afforded to clients of LIM and no representative of LIM is entitled to lead you to believe otherwise. You should take your own independent investment, tax and legal advice as you think fit. Nor is anything in this document an offer to buy or sell units or any other investment.

Please be aware that ultimately the interests in the Fund, as an AIF, may only be acquired by professional investors. A professional investor (for these purposes), is every investor that is considered, or may be treated based on a request to LIM (as the AIFM), as a professional client within the meaning of Annex II of the Markets in Financial Instruments Directive (2014/65/EU).

Any marketing (within the meaning of the Directive) in the European Economic Area is carried out pursuant to LIM's rights as an AIFM under Articles 31 and 32 of the Directive. The European Economic Area comprises of the Member States of the European Union (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland,

France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Spain, Sweden and the United Kingdom) plus Iceland, Liechtenstein and Norway. Potential investors can request from LIM details of jurisdictions where notifications of the exercise of such rights has been given to the FCA.

Data

All fund data as at 30 June 2018, unless stated otherwise.

The views expressed are those of Lothbury Investment Management Limited.

Unit Holder Information

Launch Date

2 February 2000.

Valuation Point

11.59pm on the last Irish business day of each month.

Prospectus and Trust Deed

Copies of the Prospectus, Trust Deed and Application Form are available from Lothbury Investment Management Limited.

Subscriptions

Monthly. Applications to be received by the last Irish business day of the month. Settlement to take place in the first week of the following month. Minimum investment is €100,000.

Redemptions

Quarterly. Notice to be served ten Irish business days before the last Irish business day in the quarter. The unit holder will be notified of the redemption price. Redemptions paid on the last Irish business day of the following quarter.

Secondary Market Trading

Monthly. No Stamp Duty is payable on the purchase of existing units.

Distributions

Quarterly. On the last Irish business day of April, July, October and January. Charges Investment Management fee of 0.70% per annum.

Lothbury Investment Management Limited
155 Bishopsgate
London EC2M 3TQ

Tel: 020 3551 4900
Fax: 020 3551 4920

www.lothburyim.com
LothburyIMInvestorRelations@lothburyim.com