

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 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.

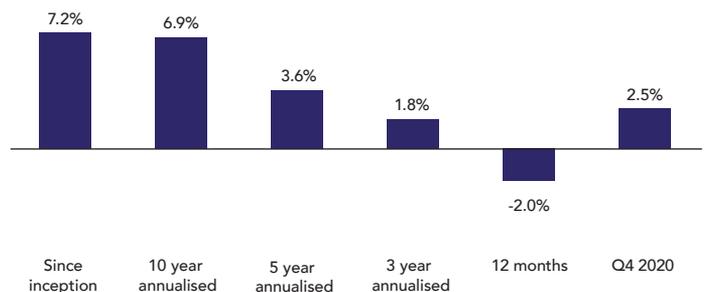
Fund Data

As at 31 December 2020

Net Asset Value	£1,602,329,647.76
Net Asset Value per Unit	£1,875.71
Subscription Price per Unit	£1,986.38
Redemption Price per Unit	£1,843.82
Quarterly Distribution per Unit	£13.91

Fund Returns

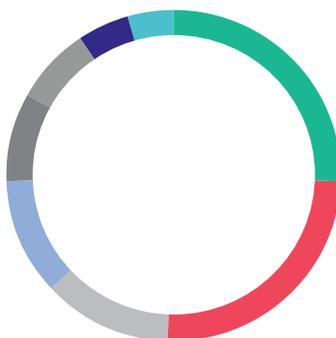
As at 31 December 2020



Note: All returns figures are net of fees

Sector Breakdown

As at 31 December 2020



	Lothbury Property Trust (%)
Office	25.7
Industrial	24.9
Living	12.6
Food stores	11.4
High Street Retail	8.7
Retail Warehouse	7.5
Change of Use*	4.8
Cash	4.4

* We have included a 'Change of Use' category within the sector weightings. The Change of Use category represents the Clarendon Centre in Oxford. This Change of Use scheme is subject to receiving planning consent.

Note: Total percentages may be slightly higher or lower than 100% due to rounding.

Portfolio review of 2020



G R E S B
★ ★ ★ ★ ☆ 2020

Due to the global pandemic, 2020 proved a challenging time for the UK commercial property market. Despite this, Lothbury Property Trust had a positive year by delivering healthy levels of rent collection, being active with property transactions and being awarded 4 stars in the Global Real Estate Sustainability Benchmark (GRESB).

The Government's lockdowns during 2020 resulted in a number of the tenants in the portfolio withholding all or some of their rent. This required the Lothbury Investment Management team to undertake negotiations with tenants to try and agree rent deferrals or rent concessions. Despite the difficulties, the Fund recorded strong rent collection levels of 96.9%, 97.4% and 96.7% during Q2, Q3 and Q4 respectively, as at 16 February 2021.

During 2020, seven sales were completed from the portfolio totalling over £49 million. In line with the Fund's strategy to reduce the retail exposure in the portfolio, four of the sales were high street retail properties located in Chester, Wimbledon, Berkhamsted and the City of London. Collectively, these retail assets totalled £26.3m. In addition, a solus retail warehouse in Oxford was sold in June for £11.4m. The non-retail assets which were sold during the year included a couple of disposals at the Broadland Business Park in Norwich. A multi let office building was sold for £10.6m in March 2020 and 3.09 acres of land which was sold for £1.0m in December 2020.

Two key construction projects were ongoing throughout the year. The first was the hotel development in York, which is pre-let to Malmaison for a term of 35 years from completion. This project should complete by spring 2021. The second project was the refurbishment of a period office property in the Tottenham Court area of Central London, which completed in November 2020.

Immediately following the completion of the refurbishment, a tenant came forward to take the entirety of the office space in this building. This strong tenant demand reflected both the high quality of the refurbishment and the excellent location of the property.

The design and planning process for the large, strategic, mixed use redevelopment scheme at the Clarendon Centre, Oxford continued during 2020 with many positive consultation meetings held with Oxford City Council as well as a public consultation. A planning application was submitted for the scheme and it should be determined in spring 2021.

Another accolade for the portfolio was that it obtained a 4 star rating in GRESB. The fund was awarded a score of 81/100 and was ranked 4th out of 84 amongst its peer group. The scores reflect the importance that is placed on ESG throughout all aspects of the portfolio. Evidence of this commitment to sustainable buildings is shown by the Fund completing its first two net zero carbon developments throughout the year. One was the construction of a retail warehouse unit for Halfords at the Farnborough Retail Park and the other was the refurbishment of the London office near Tottenham Court Road (mentioned earlier).

The strong financial status of most of the tenants in the portfolio together with the asset management transactions successfully completed by the team in 2020, contributed to maintain the Fund's consistently low core void rate which stood at 3.2% as at the end of December 2020.

Fund Activity



40-44 The Broadway, Wimbledon

During Q4, the Lothbury Property Trust completed on the sale of a small high street retail property in Wimbledon for £4.05m. This sale complied with the ongoing strategy to reduce the retail exposure in the portfolio. At Broadland the Fund sold 3.09 acres of land for £1.0m. The uplift in value will be used to service this plot and the surrounding three other land plots to enable either a sale or development as industrial allowing deployment of capital into the sector.

The Lothbury team has continued to actively manage the Fund's vacancies, with the result that the core portfolio maintained a low void rate of 3.2% at the end of the year. There were some key lease transactions completed in Q4 in the logistics/industrial sector.

In November, the Active team successfully completed the refurbishment of Tudor House, a period office building in London W1. The space was well received by the occupational market and by the end of the year, the whole building had been placed under offer to an office tenant at an attractive level of rent.

The COVID-19 pandemic and the ongoing Government lockdowns have continued to make rent collection from tenants challenging. Despite these difficulties, the team are implementing stringent credit control processes and have been very successful in collecting high levels of rent.

UK Property Market

Property Investment Markets

At the start of Q4 2020, the UK economy was already under COVID-19 restrictions before going into the second lockdown in November. Despite the lockdown, the overall quarterly GDP growth was estimated to be positive at 1.0%, demonstrating a degree of resilience to the lockdowns as the first lockdown resulted in a 19.0% fall of GDP in Q2.¹

Property transaction volumes were dominated by overseas' buyers and demonstrated a significant increase to £12.2bn in Q4, up 50% on Q3 and only 5% below the five-year quarterly average. The increase was largely driven by the industrial sector, where a record high of £3.4bn was achieved in Q4². Central London Offices also contributed significantly to the overall volume with £3.3bn of transactions, more than three times of its Q3 level². Transactions in the retail sector increased to £1.7bn with most of the transaction activity in supermarkets, a subsector that demonstrated strong



Tudor House, Gresse Street, London W1

resilience to the effects of the pandemic on the retail sector². Q4 transaction volumes were not immediately affected by two major events of the quarter, namely the signing of the Brexit deal and the start of vaccination rollout in the UK, both of which improve the outlook for the UK economy in 2021 and years to come.

¹ ONS: GDP first quarterly estimate, UK October to December 2020

² UK Investment Transaction Bulletin, Q4 2020, Lambert Smith Hampton

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Data

All fund data as at 31 December 2020, 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.

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