

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.

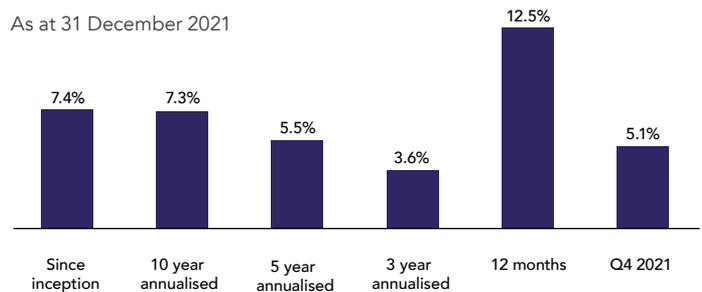
Fund Data

As at 31 December 2021

Net Asset Value	£1,639,869,291.62
Net Asset Value per Unit	£2,055.76
Subscription Price per Unit	£2,177.05
Redemption Price per Unit	£2,020.81
Quarterly Distribution per Unit	£12.97

Fund Returns

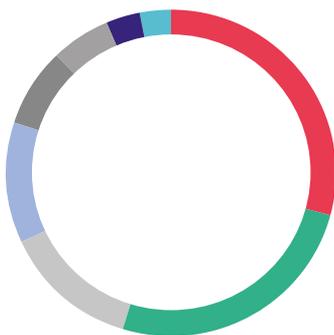
As at 31 December 2021



Note: All returns figures are net of fees.

Sector Breakdown

As at 31 December 2021



	Lothbury Property Trust (%)
Industrial	29.3
Office	25.6
Living	13.4
Food stores	11.9
High Street Retail	7.7
Retail Warehouse	5.8
Land	3.4
Cash	2.9

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

Portfolio Review of 2021



Throughout 2021, the Lothbury Property Trust team continued to implement the Fund's key strategic objectives. These included: maintaining high rent collection levels; reducing the retail exposure in the portfolio; continuing with the key strategic developments in the Fund and maintaining the portfolio's high score in the GRESB benchmark.

Despite the ongoing pandemic, the Lothbury portfolio maintained strong rent collection levels throughout 2021 which totalled 99.5%, for the year, with receipts up to 9 February 2022. The Fund benefits from tenants with strong financial standings as evidenced by its top quartile position of Weighted Credit Risk Score in the MSCI Real Estate Risk Reporting against its benchmark. This has ensured that the number of tenant failures in the portfolio during 2021 were limited and rent arrears were also minimal.

In line with the Fund strategy to reduce the retail exposure in the portfolio, three sales were completed from the retail sector of the portfolio during the year. These included two retail high street properties in Leeds and Chichester and a Retail Warehouse Park in Farnborough. Collectively these retail sales totalled £41.9m. Alongside the sale of these

three retail properties, two older, poorly specified industrial properties were sold for a total of £60.4m. The properties were located in Thurrock and Crawley and had poor ESG credentials and short unexpired lease terms.

The asset management team had a successful year and completed some excellent transactions throughout 2021, which contributed to the Fund's performance and helped maintain a low core portfolio void rate of 2.8% as at 31 December 2021. Some of the key transactions included lettings and rent reviews in the logistics sector, which delivered good rental growth and introduced quality tenants into the Fund. An example of this is the letting of a vacant 57,000 sq ft logistics unit in Birmingham, which was let to the NHS for 20 years at a rent of £408,000 per annum.

The Active team continued to focus on delivering prime quality assets into the portfolio through undertaking development and refurbishment projects during the year. The Fund's prestigious hotel development in York completed at the end of Q2 and was let on completion to Malmaison for a term of 35 years. The team also successfully completed the conversion of the upper parts of one of the retail units in Covent Garden to three residential apartments. These proved to

be in strong demand, with all three immediately letting at completion.

Phase 1a of Lothbury's large flagship redevelopment project in the heart of Oxford commenced in Q4 2021 with the refurbishment of North Bailey House, which, when completed, will comprise 20,000 sq ft of office accommodation with a ground floor retail /restaurant unit. This highly sustainable refurbishment is due to complete in Q1 2023 and is targeting a BREEAM accreditation of 'Excellent'.

Furthermore, the planning process for the remaining redevelopment phases of the project progressed well during 2021 with many positive consultation meetings being held with Oxford City Council. It is hoped that the full planning will be achieved in the first half of 2022. These phases will principally comprise laboratory and student accommodation space, which are both in high demand in the City.

Finally, the Fund successfully maintained its sustainability track record during 2021 which was reflected by its high GRESB ratings. The portfolio was awarded a 4-star rating in the Standing Investments Benchmark and a 5-star rating in the Development Benchmark.

Fund Activity

Two sales completed during Q4 2021, and contracts were also exchanged for the sale of a small retail unit in Exeter, which subsequently completed in Q1 2022.

The Fund's retail park in Farnborough was sold in October 2021 for a headline price of £38.0m. The park extended to over 118,000 sq ft and comprised ten retail units, a Costa coffee pod and a McDonalds drive thru. The property was sold due to its over rented position and short income profile and to mitigate the letting risk attached to some of the vacant units on the park. The sale also conformed with the Fund strategy of reducing the portfolio's exposure to the retail sector.

Also in October, a sale was completed of a mid-1980's, multi-let industrial estate in Crawley which was sold for £22.4m. The estate comprised five units (one of which was vacant) extending to 94,000 sq ft. A sale was concluded as the site offered limited scope for redevelopment and would have required significant capital expenditure to address its poor sustainability credentials.

The final quarter of 2021 represented a busy time for the asset management team

who concluded some key initiatives across the portfolio. A lease restructuring was completed with Rituals at the Fund's flagship retail holding on James Street, Covent Garden. This transaction secured Rituals in the parade for a further 5 years on the ground floor retail unit, whilst also releasing the upper parts to the Fund, which will enable them to be converted from retail to office use.

At Southampton Road Retail Park in Salisbury, a new 10-year lease was completed with Tapi Carpets at a headline rental of £180,576 pa, (£18psf). New leases were also completed at two of the Fund's industrial holdings, which delivered good rental performance for the portfolio.

At Premier Park in Manchester, a new five year letting on a 6,100 sq ft unit represented a new rental level on the park of £10psf. In addition, a letting at the multi let industrial estate in Poyle, Heathrow was completed on a 5-year lease at £12.54psf.

At Lothbury's high profile development in Oxford's City Centre, the refurbishment and reconfiguration of the office property, North Bailey House, commenced during the quarter and should be completed by

Rituals, Covent Garden



Q1 2023. The planning process for the remaining major redevelopment phases of the scheme was ongoing throughout Q4 2021.

Finally, in line with the Fund strategy to increase the industrial exposure within the portfolio, a planning application was submitted for a speculative 90,000 sq ft, multi-let industrial scheme at Broadland Business Park in Norwich. It is anticipated that this planning consent will be achieved in Q1 2022.

UK Property Market

The UK commercial property market continued its strong performance in Q4 2021 with investment volumes reaching a six year high (£17.3bn).¹

2021 was a record-breaking year for industrial investment volumes with logistics outperforming the other industrial sub-sectors again in Q4. Investment volumes for UK 'big box' warehouses doubled in 2021 from the previous year with c. £15.2bn transacted, an increase of 45% on the previous record year (2017). Industrial transaction volumes accounted for a 28% share of the total 2021 investment volume.¹

Investors are starting to see opportunity across the whole spectrum of the retail market, this is reflected in two successive quarters of above average transaction volume. Despite strong price increases over the past six months, the spectacular run of retail warehouses continued in Q4 with

£647m traded taking the annual total for 2021 to a six-year high of £3.0bn.¹

The MSCI UK Quarterly Property Index recorded an all-property total return of 6.15% over the quarter and an annual return to end December of 16.29%.²

The industrial sector continued to charge ahead of all other sectors with the MSCI UK Quarterly Property Index recording Q4 total returns of 12.44%.

Retail had a Q4 total return of 4.44%.² There was again a large disparity in the quarterly returns of the different retail sub-sectors over Q4. The retail warehousing sector continued to significantly outperform both standard retail assets and shopping centres. Retail warehouses recorded a quarterly total return of 7.93%, whilst South East standard shops and shopping centres recorded 2.05% and 1.30%, respectively.²



Premier Park, Manchester

Offices continue to lag the other sectors, recording a total return of 2.06% in Q4. The West End & Mid Town sub-sector had the strongest Q4 with total returns of 2.44%.²

¹ UK Investment Transaction Bulletin, Q4 2021. Lambert Smith Hampton.

² MSCI UK Quarterly Property Index.

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Data

All fund data as at 31 December 2021, 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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