

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.

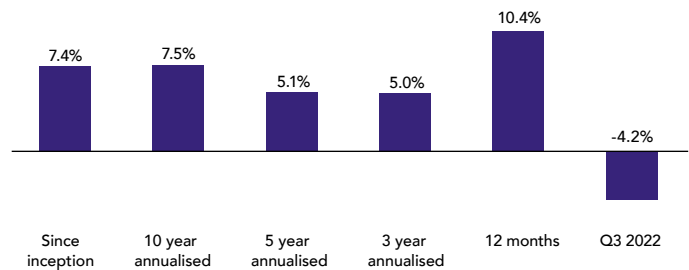
Fund Data

As at 30 September 2022

| | |
|---------------------------------|-------------------|
| Net Asset Value | £1,476,765,970.07 |
| Net Asset Value per Unit | £2,117.74 |
| Subscription Price per Unit | £2,242.69 |
| Redemption Price per Unit | £2,081.74 |
| Quarterly Distribution per Unit | £13.50 |

Fund Returns

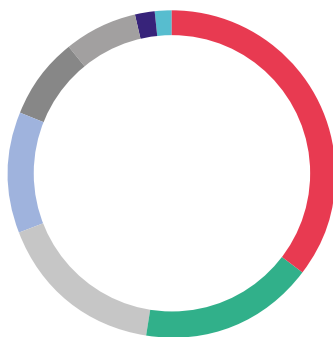
As at 30 September 2022



Note: All returns figures are net of fees

Sector Breakdown

As at 30 September 2022



| | Lothbury Property Trust (%) |
|--------------------|-----------------------------|
| Industrial | 35.4 |
| Office | 17.2 |
| Living | 16.7 |
| Food Stores | 12.0 |
| High Street Retail | 8.1 |
| Retail Warehouse | 7.0 |
| Land | 2.0 |
| Cash | 1.6 |

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

Feature

Lothbury Property Trust records another year of outstanding results in the 2022 GRESB sustainability benchmark

Lothbury Property Trust successfully maintained its 4* Rating in the 2022 GRESB Real Estate Benchmark (for Standing Investments) which was published in early October. In this category, the Fund recorded a score of 81/100 which mirrored the Fund's 2021 results. This excellent score resulted in the Fund being ranked fifth out of the 80 diversified UK Funds within its benchmark, which had a score of 74/100. This is a fantastic achievement and reflects the ongoing commitment to sustainability across the existing portfolio.

Furthermore, in the GRESB Development Benchmark, Lothbury Property Trust maintained its 5* rating and also its rank of first place out of the six UK Diversified Funds in this benchmark. In this benchmark the Fund recorded an exceptionally high score of 94/100.

The Fund was particularly pleased to have scored maximum marks (100/100) in the following categories within the assessment;

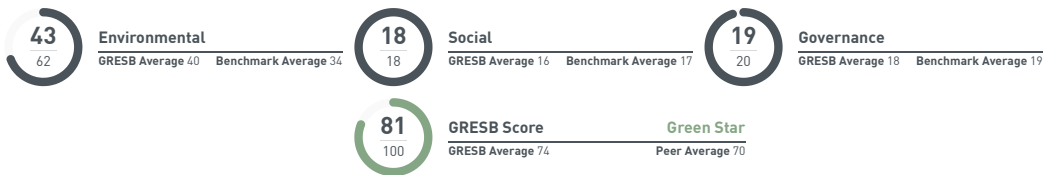
- Policies
- Reporting and Stakeholder engagement
- Data Monitoring
- Tenant Engagement

Data collection is a key element of the GRESB benchmark and data on gas, electricity and water usage needs to be collected across the portfolio together with data on waste generation. The 2022 results indicate that not only has Lothbury improved its data collection coverage from the 2021 figures, but it also has exceeded the GRESB peer group average as can be seen in the table below.

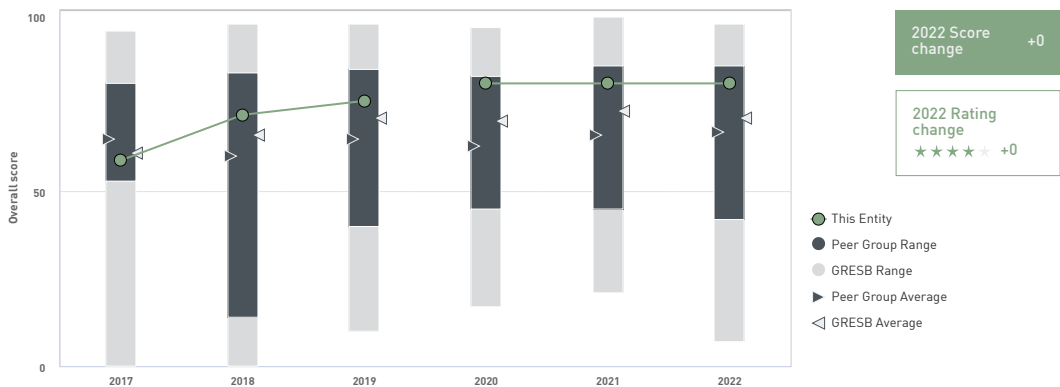
| Utility | LPT | Peer Group Average |
|-------------|-------|--------------------|
| Gas | 57.7% | 52.2% |
| Electricity | 56.2% | 46.9% |
| Water | 50.6% | 34.1% |
| Waste | 76.0% | 44.5% |

Another key priority for the LIM team in 2022 has been to continue to increase levels of engagement with Lothbury Property Trust's tenants. All tenants undertaking alterations are required to comply with Lothbury's enhanced standard tenant fit out guide, which sets sustainable fit out standards and energy efficiency initiatives. In addition, it is expected that the tenants will sign up to the Fund's standard green lease clauses whenever possible.

ESG Breakdown

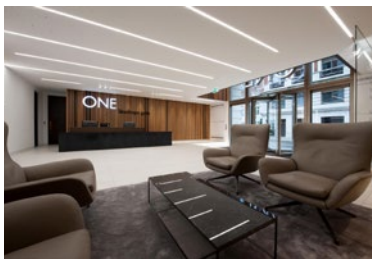


Trend



Note: In 2020, the GRESB Assessment structure fundamentally changed, establishing a new baseline for measuring Performance. As a result, GRESB advises against a direct comparison between 2020 GRESB Scores and prior year results. For more information, see the 2020 Benchmark Reports.

Fund Activity



One Stanhope Gate, Mayfair, London W1

During Q3, the Fund sold a prominent headquarter office building situated at One Stanhope Gate, in the west end of London. The property, which was built by Lothbury in 2000, comprised 33,895 sq ft of accommodation arranged over basement, ground and six upper floors. The building was let until March 2027 to the investment banking firm, Evercore. The property was sold in September for a price in excess of £70m.

Furthermore, contracts were also exchanged in Q3 on the sale of a small shop in Kingston for £4.3m. This sale completed in November 2022.

At the Fund's flagship retail holding in Covent Garden, an Estee Lauder backed cosmetics brand called Mountain Valley (who trade as 'Forest Essentials'), have taken a new 5-year lease at an annual rent of £450,000 pa at 28 James Street.

Lakeside 300, on Broadland Business Park, Norwich became vacant following a previous tenant's lease expiry. It has since been comprehensively refurbished by the Fund to a high and sustainable specification and as a result has achieved strong occupier interest. The first letting of 7,233 sq ft at part second floor has been completed to housebuilder Barratt David Wilson (BDW). BDW have taken a new 10-year lease at £119,345 pa (£16.50 psf) with 3 months rent free and 12 months at half rent. Negotiations are progressing with other financially strong tenants to take space in the building.

At Priory Park, an industrial estate in Aylesford, food distributor Prinova Solutions Europe have acquired warehouse units 3C (9,413 sq ft) and 3D (10,288 sq ft). Unit 3C was refurbished and upon practical completion Prinova signed a new 10-year lease at £103,550 pa equating to £11.00 per sq ft. Unit 3D was acquired thereafter when Prinova took the building in its existing condition and completed a 10-year lease at £125,450 pa equating to £11.00 psf. These transactions represent record rents for the estate.

Some good rent reviews have also been completed at Priory Park. For example, at Unit 7B, let to Tesco Stores, settled an outstanding review, increasing the rent from £80,000 pa to £125,000 pa (£11.00 psf). A similar settlement was also achieved on the unit let to Kent Frozen Foods where the rent has been increased from £40,100 pa to £67,000 pa (£11.00 psf).

UK Property Markets, December 2022

Economic uncertainty has had a noticeable effect on the property market. Q3 investment volumes were down -25% q-on-q. All Property equivalent yields increased by c.30 bps to 5.47%, and capital values fell by -5.1% in Q3¹.

Retail

Over the quarter, retail sales volumes fell by -2.0% although sales by value rose by 0.8%. Retail footfall was broadly stable over Q3².

After four years of decline, Retail rental growth had turned positive in April 2022 and remained so ever since³. In Q3, rents were broadly flat. Capital values fell by -3.3% in Q3, as equivalent yields rose by 18 bps to 6.19%. Investment fell only -4% q-on-q. Total returns recorded -1.9% in Q3⁴.

Office

Leasing in Central London Offices was above the long-term average in Q3⁵. Nonetheless, availability has risen – particularly within second-hand space – pushing the vacancy

rate up to 10%. Activity also remained resilient in Manchester and Edinburgh. Average rents increased by 35 bps in Q3, the strongest increases being recorded in the regions⁶.

Investment fell sharply in Q3, by -31% q-on-q. Prime yields moved out by 25 bps in the City to 4.00% by the end of September, although have since moved even higher⁷. A similar shift was also seen in the West End.

Industrial

Take-up of Big Box Logistics space slowed slightly in Q3, but the year-to-date total matched that of the previous two years. Availability increased but represents a vacancy rate of only 1.3%⁸.

In contrast to the other sectors, investment in Industrial assets over Q3 remained robust, albeit lower than recent highs.

Prime yields for Logistics increased by 50 bps over the quarter to 3.50%, with further rises seen in October⁹. Equivalent yields for

the Industrial sector increased by 45 bps to 4.6%¹⁰. Total returns were strongly negative at -7.3% in Q3.

Alternatives

Rising mortgage costs will push more would-be homeowners into rental accommodation. At 1.1% growth over Q3, Private Rented Schemes¹¹ rents are rising much more quickly than the five-year average, 0.4%¹².

Whilst the trend has been downward from a peak in Q4 2021, investment into Residential is still high. In Q3, 27% of this was in Student Housing¹³. The number of students is expected to increase for the next academic year¹⁴, against a backdrop of a shortage of Purpose Built Student Accommodation¹⁵, according to JLL.

Life Sciences remained undersupplied, with vacancy rates 2% or below. There is 3.6 million sq ft of laboratory space under construction across the country¹⁶.



Priory Park, Aylesford, Maidstone

1 MSCI (09/22)
2 Google (09/22)
3 MSCI (09/22)
4 MSCI (09/22)
5 Collier (09/22)
6 MSCI (09/22)

7 Knight Frank (09/22)
8 CBRE (09/22)
9 Knight Frank (09/22)
10 MSCI (09/22)
11 Private Rented Sector
12 ONS (09/22)

13 JLL (09/22)
14 UCAS (10/22)
15 Purpose-built student accommodation
16 Cushman & Wakefield (06/22)

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Data

All fund data as at 30 September 2022, unless stated otherwise.

The views expressed are those of Lothbury Investment Management Limited.

Unitholder Information

Launch Date

2 February 2000.

Valuation Point

11.59pm on the last Irish business day of the calendar month preceding the relevant Dealing Day.

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 5pm on the last Business Day of the calendar month preceding the relevant Dealing Day. Settlement to take place up to three Business Days following the relevant Dealing Day. Minimum investment is €100,000.

Redemptions

Quarterly. Notice to be served by 5pm on the date which is 10 Business Days before the penultimate Calendar Quarter End Date before that Dealing Day. The Unitholder will be notified of the Redemption price. Redemptions paid up to the fifth Business Day after the Pricing Day immediately following the relevant Dealing Day subject to the Manager's discretion to delay or suspend redemptions and/or the payment of redemption proceeds as further described in Prospectus.

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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