

Fact sheet

Q3 2017

Fund Description

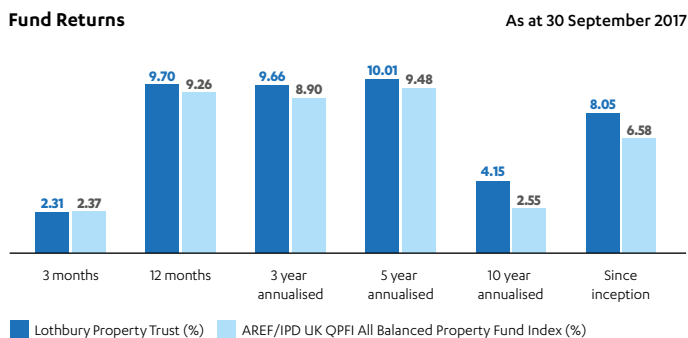
Lothbury Property Trust is a sub-fund of Lothbury Global Institutional Funds (LGIF), an umbrella unit trust. On 25 March 2014, LGIF was authorised as a Qualifying Investor Alternative Investment Fund.

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.

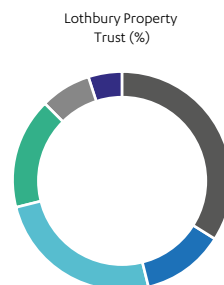
Fund Data	As at 30 September 2017
Net Asset Value	£1,633,984,577.98
Number of Assets	54
Indicative Subscription Price per Unit	£2,027.0343
Net Asset Value per Unit	£1,912.2965
Indicative Redemption Price per Unit	£1,880.4213
Quarterly Distribution per Unit	£14.2817796



Sector Breakdown

	Lothbury Property Trust (%)	Benchmark* (%)
Retail	34.1	14.5
Retail Warehouse	12.1	16.0
Office	25.0	29.4
Industrial	16.3	24.4
Other	7.6	9.3
Cash	4.8	6.4

As at 30 September 2017



* 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.

4 Hardman Street, Manchester

Manchester is widely recognised as the one of the most important cities in the UK outside London, and has benefitted from strong economic growth over recent years. Lothbury owns a flagship Manchester office holding at 4 Hardman Street, formerly known as Vantage Point. It is located in the heart of the Spinningfields Estate which is Manchester's leading business and leisure destination.

The Spinningfields Estate extends to approximately 4.5 million sq ft and is home to over 170 commercial organisations, including global companies such as RBS, HSBC, Deloitte, NatWest and Ernst & Young. It is one of the UK's most visited City centre destinations drawing in over 5.5m visitors per year. The leisure facilities include over 50 shops, bars and restaurants and account for an annual spend in the order of £80m. In addition to the office and leisure facilities, the area accommodates 400 high quality residential apartments.

The Lothbury holding at 4 Hardman Street comprises an office building totalling almost 50,000 sq ft arranged over 10 floors. The building, which was constructed in 2010, is multi let to a variety of quality tenants.

As part of Lothbury's continuing strategy to add value to the Fund's existing assets, a key asset management initiative has been ongoing at this building during Q3 this year. Allied Irish Bank (AIB) were a major tenant at 4 Hardman Street occupying approximately 32% of the space, including the ground floor banking hall, 7th, 8th and 9th floors of the building. However, both the 7th floor and the ground floor banking hall were surplus to AIB's requirements. As a result, a possible surrender was investigated by the Lothbury team who were aware that if vacant possession of the ground floor could be obtained, a more valuable use could be secured for the space.

It was quickly established that the ground floor could be reconfigured to make a valuable A3 restaurant and a better office reception area. Accordingly, discussions were held with the Local Planning Authority to establish their views on such a change of use. When it became clear that the planners would support a change of use, negotiations were then commenced with AIB for them to surrender both the ground and 7th floors.

Permission was secured from Manchester City Council for a change of use, and a surrender was then completed with AIB paying Lothbury Property Trust a significant premium to be released from their liabilities on both the ground and 7th floors.

Marketing was undertaken on both these floors, which has resulted in part of the 7th floor being swiftly let to Hiscox Underwriting Group Services on a new ten year lease (subject to a 7 year tenant's break option) at a headline rent for the Manchester market of £34 psf.

The ground floor space is currently being reconfigured to form a new larger high profile reception area for the building, together with a new 3,565 sq ft A3 unit restaurant unit. This restaurant unit is currently under offer to a high profile restaurant operator on a new 25 year lease, subject to 5 yearly rent reviews.

The Lothbury team are delighted to have been able to unlock the latent value in this asset by securing both a change of use and new high profile tenants for the building. The new record office rent achieved reflects both the calibre of the building and the asset's prime location in the thriving and popular Spinningfields area of the City.



4 Hardman Street, Spinningfields, Manchester



15-16 Bedford Street, Covent Garden, London WC2



7a & 8 Floral Street, Covent Garden, London WC2

Fund Activity

During Q3, Lothbury Property Trust (LPT) acquired a mixed retail/residential asset at 7a & 8, Floral Street in Covent Garden for £5m. The property adjoins the Fund's existing unit at 25/26 James Street, Covent Garden which comprises a ground and basement vacant retail unit with four floors of residential above. The purchase of the Floral street property has enabled the ground and basement retail space to be amalgamated into the space at 25/26 James Street to make a better configured trading unit, which was then simultaneously let to a high profile global retailer. Please note there were no disposals during the quarter.

Also during the quarter, the construction of the 418 bedroom student building in Durham reached practical completion, which triggered the 25 year lease to Durham University resulting in an immediate net addition of £1.6m pa to the Fund's income. The ongoing development of the building at Auriol Drive in Greenford, West London has also continued and is still on schedule to complete during Q1 2018.

The strength of Lothbury's London office portfolio has been reflected in the completion of a lease renewal at the Fund's holding at 36 Soho Square with Queen Street Business Centre, which saw the rent increase to £395,887 pa. A successful rent review at 15/16 Bedford Street, London WC2, saw the rental on the 4th floor increase from £194,000 pa to £241,240 pa. Also at this property, the team agreed a 10 year lease extension with the 5th floor tenant.

Elsewhere in the Fund, key rent reviews were settled on the Tesco food store at Milton, Cambridge, and at one of the small industrial units on the Colndale Industrial Estate in Poyle, Heathrow. Both of them saw significant rental uplifts. In addition, a new lease was signed during Q3 to Lovell Partnerships at Lakeside 500, Broadland Business Park, Norwich, adding a further £120,555 pa to the portfolio's income.

UK Property Market

A number of large investments transactions propelled Q3 volume to £15bn, one of the highest for a summer quarter and 52% above the same period in 2016, immediately following the EU Referendum (Lambert Smith Hampton (LSH) UKIT). Q3 saw nine transactions in excess of £400m, including the UK's largest ever office deal, the £1.28bn acquisition of 20 Fenchurch Street (the 'Walkie-Talkie'). Reflecting the considerable weight of demand, the industrial sector recorded another strong quarter of activity in Q3. 2017 year-to-date industrial transactions volume stands at £5.5bn; on course to exceed the previous record of £6.7bn in 2014.

Despite the UK's ongoing Brexit negotiations, overseas investors continue to show faith in UK real estate. They were responsible for the top 15 transactions in the quarter and their volume totalled £8.6bn, the highest since Q4 2015. UK institutions were net sellers of UK property for the quarter, with the focus of disposals being offices, with a number of prominent office parks sales to overseas buyers. Institutions remain net buyers of industrial and alternative assets.

The LSH All Property average transaction yield was 5.57% in Q3, seven basis points keener than Q2's level and the first meaningful movement in average prices since Q2 2016.



Sheraton House, Sheraton Park, Durham

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2. persons having professional experience of participating in unregulated collective investment schemes, that is persons within

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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
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Data

All fund data as at 30 September 2017, 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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