

Fact Sheet

Q4 2017

Fund Description

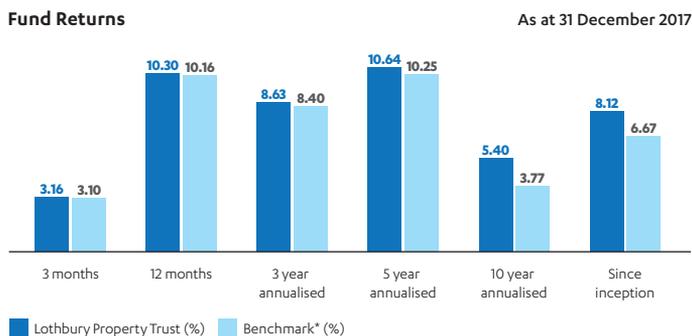
Lothbury Property Trust is a sub-fund of Lothbury Global Institutional Funds (LGIF), an umbrella unit trust. On 25 March 2014, LGIF was authorised as a Qualifying Investor Alternative Investment Fund.

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.

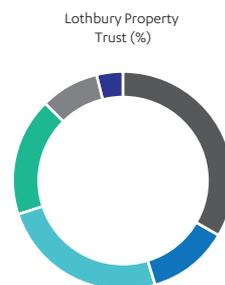
Fund Data	As at 31 December 2017
Net Asset Value	£1,680,639,531.77
Number of Assets	55
Indicative Subscription Price per Unit	£2,073.9375
Net Asset Value per Unit	£1,956.5448
Indicative Redemption Price per Unit	£1,923.5773
Quarterly Distribution per Unit	£16.1896



Sector Breakdown

As at 31 December 2017

	Lothbury Property Trust (%)	Benchmark* (%)
Retail	33.6	14.2
Retail Warehouse	12.0	15.6
Office	24.8	29.2
Industrial	17.3	25.6
Other	8.7	9.7
Cash	3.8	5.5



* 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.

2017 Review

During 2017, Lothbury Property Trust met its strategic purchasing targets by completing on: the acquisition of a pre-let hotel development in York; exchanging contracts on the purchase of a prime logistics property in Leeds; and acquiring a small unit in Covent Garden to improve an existing asset. The Fund also disposed of a Scottish retail park for £9.4m.

The pre-let hotel development in York was acquired in December 2017 for a site value of £15.5m. The property comprises an existing seven storey vacant office building in a prime location in the historic City of York, which is close to the train station and next door to the Grade II listed York 'Grand Hotel'. The building has been pre-let to Malmaison Trading Limited on a 35 year FRI lease, which is subject to 5 yearly upward only rent reviews, in line with retail price index (RPI) capped at 4% per annum.

The building, which was constructed in the 1960s, will be fully redeveloped to include the addition of an extra floor and a comprehensive refurbishment of the entire property. On completion, the building will comprise a modern 150 bedroom hotel finished to an excellent standard, in line with Malmaison's corporate identity. It will include full conferencing facilities, a rooftop restaurant, a gym and a basement car park. Lothbury Property Trust will fully finance this redevelopment and on completion the property is estimated to be worth in excess of £44m.

The Fund also acquired a small retail unit in Floral Street, Covent Garden, London, for £5m. This asset adjoins the portfolio's key Covent Garden holding on James Street. This retail unit was vacant but was acquired in order to allow a reconfiguration of the Fund's ownership at 25/26 James Street. Since its purchase, this unit and the 25/26 James Street property have been let to Skechers on a new 10 year lease at an annual rent of circa £1.15m.

The sale of the Scottish retail warehouse park in Linlithgow for £9.4m was in excess of valuation. This disposal reduced the Fund's exposure to Scotland, which was in line with the portfolio strategy.

Some excellent development projects completed during the year, which delivered good performance for the Fund. Most notable of these was the completion of the 418 bedroom student property in Sheraton Park, Durham. On completion of the development works, the property was let to Durham University for a term of 35 years at an annual rental of £1.6m. This rental is subject to annual reviews in line with RPI. The two campus style student buildings are the main accommodation buildings for Durham University's Ustinov postgraduate college.

Ongoing throughout 2017 was the development of the 40,000 sq ft distribution unit in Greenford, which has been pre-let to a public entity. This property is on schedule to complete in February 2018 and has performed well for the Fund due to the strong industrial rental growth experienced in this part of London. In line with the Fund's ESG policy, both this property and the Durham development are on target to achieve 'Very Good' BREEAM Sustainability ratings.



York acquisition



Neville House, Sheraton Park, Durham



Rathbone Place, London W1

Quarterly Fund Activity

Lothbury Property Trust's total income was boosted during Q4 by the completion of some key rent reviews and lease regearings. The settlement of three rent reviews with Sony DADC Ltd at the Fund's asset in Rathbone place, London W1 added £379,000 pa. Also, the completion of two rent reviews at Lothbury's properties let to Sainsbury's in Manchester and Calne added a further £93,000 pa. Finally, the rent review of the Tigerlily Hotel in Edinburgh resulted in an increase in Fund income of £115,500 pa. Some new lettings were also completed during the quarter, most notably at Colndale Industrial Estate in Poyle near Heathrow, and at Congleton Retail Park. At Colndale Industrial Estate, a 6,175 sq ft unit was let to Newrest, who are an existing tenant within Lothbury Property Trust. At Congleton, a 4,000 sq ft retail unit was let to Shoe Zone on a new 5 year lease at an annual rent of £77,000 pa.

At the Silkbridge Retail Park in Hendon, the Halfords lease was regeared in order to remove the 2018 break clause, in return for a four month rent free period. This regearing extended the unexpired lease term by four years and resulted in a valuation capital uplift.

The reconfiguration of the ground floor at Lothbury's flagship Manchester office building at 4 Hardman Street, Spinningfields in Manchester completed during Q4. It has resulted in an enhanced reception area and a purpose built restaurant area, which is currently under offer to a restaurant operator. The development of the pre-let distribution unit at Greenford, West London, continued to progress during the quarter and is on course to complete by February 2018.

Finally, in December, a prime hotel development was purchased in York, as previously discussed in the 2017 Review on page 2.

UK Property Market

Q4 investment volume of £16.5bn was the highest since Q2 2015 and pushed the annual total to £58.8bn, up 25% on 2016 and 38% above the ten-year annual average (Lambert Smith Hampton (LSH) UKIT). UK institutions were net buyers in Q4 amounting to almost £1bn. This brought institutional annual total for 2017 to £10bn, only 2% below the ten-year average. At £6.4bn, Q4 overseas investment was the lowest quarter for 2017. This largely reflected a lack of major deals. Nevertheless, benefitting from the weak pound, overseas volume in 2017 as a whole was £28.1bn, 49% above the ten-year average.

The strong volume experienced in Q4 owed much to purchasing in the regions. Excluding sales within portfolios, investment volume in the regions outside London was £7bn in Q4, the second strongest quarter on record. This also brought the annual regional total for 2017 to £20.9bn, the highest since 2006.

The LSH All Property average transaction yield was virtually unchanged during Q4, moving a single basis point from Q3 to 5.56%. Whilst the last six quarters have seen relatively minor movements at the All Property level, it has masked notably diverging patterns between sectors. Industrial saw the largest movement, with average yields moving in by 29 bps to an all-time low of 5.49%.



Tigerlily Hotel, Edinburgh

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Data

All fund data as at 31 December 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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