

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 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.

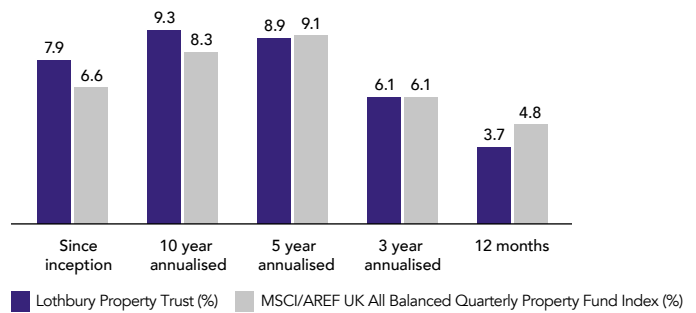
Fund Data

As at 31 March 2019

| | |
|--|-------------------|
| Net Asset Value | £1,724,206,100.14 |
| Net Asset Value per Unit | £1,985.02 |
| Indicative Subscription Price per Unit | £2,104.12 |
| Indicative Redemption Price per Unit | £1,951.80 |
| Quarterly Distribution per Unit | £15.45 |

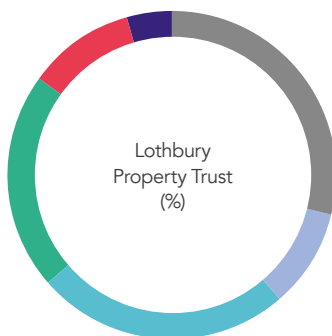
Fund Returns

As at 31 March 2019



Sector Breakdown

As at 31 March 2019



| | Lothbury Property Trust (%) | Benchmark* (%) |
|---------------------|-----------------------------|----------------|
| Retail | 29.1 | 13.1 |
| Retail Warehouse | 9.7 | 13.9 |
| Office | 24.9 | 29.1 |
| Industrial | 21.3 | 29.2 |
| Living/Alternatives | 10.8 | 9.7 |
| Cash | 4.2 | 5.1 |

* Benchmark is the MSCI/AREF UK All Balanced Quarterly Property Fund Index
 Note: Total percentages may be slightly higher or lower than 100% due to rounding.

The benefits of RPI leases

An attractive feature of the Lothbury Property Trust portfolio is the significant amount of income which is secured on leases which are subject to inflation linked rental uplifts. These are either linked to the Retail Price Index (RPI) or the Consumer Price Index (CPI) and these lease structures effectively mean that this element of the Fund's income has inbuilt growth.

As at the end of Q1 2019, over 18% of Lothbury's income was secured on these type of inflation linked leases. These leases are either subject to annual rental uplifts or five yearly rent reviews where the income growth is compounded over the five year period. In addition, another positive feature of these types of leases is that they frequently have minimum uplifts (collars) and maximum uplifts (caps).

The Fund has a variety of different asset types which benefit from inflation linked lease structures which include;

- Supermarkets in Cambridge, Manchester, Bristol, London and Calne
- Industrial/ logistics properties in Leeds, Birmingham and Greenford in London
- A Travelodge hotel in Edinburgh
- Student accommodation in Durham and Camberwell in London

The Supermarket properties are let to tenants including Tesco, Sainsburys and Asda and mostly benefit from annual uplifts with attractive caps and collars. By way of example, the Sainsburys property in Fallowfield in Manchester benefits from a minimum annual rental uplift of 3% pa and a maximum annual uplift of 5% pa.

The logistics properties which have inflation linked leases are secured on tenants including Dunlop Aircraft Tyres Limited, Fed ex, Tesco and Perspex Distributions. The Dunlop asset is a recent acquisition for the Fund and is let on a new 25 year lease with minimum inflation linked annual uplifts of 2% and maximum uplifts of 4%.

The Travelodge hotel property in Edinburgh is another recent purchase for the portfolio and has a further 26 years remaining on the lease and benefits from 5 yearly uncapped inflation linked rent reviews.

The two student accommodation properties are secured on the strong university covenants of Durham University and Goldsmiths University. The Durham property was built by Lothbury in 2017 and comprises of 418 student bedrooms. The lease expires in 2042 and benefits from annual uplifts geared to the retail price index with minimum uplifts of 1% and maximum uplifts of 4%.

All of these assets add an attractive element of rental growth to the portfolio which due to the strong financial strength of the tenants should be resilient and dependable. In addition, properties with these types of lease structures generally benefit from strong investor demand and are therefore considered a particularly liquid part of the portfolio.



Fund Activity



Dunlop Aircraft Tyres, Birmingham

During Q1, the Fund purchased two assets: a Travelodge hotel in Edinburgh for £13.7 million, and an industrial asset in Birmingham, let to Dunlop Aircraft Tyres, for £16.8 million. The hotel purchase exchanged in Q4 2018 and subsequently completed in January 2019. The lease to Travelodge, which is linked to RPI rent reviews, will generate an income of £568,817 per annum, with a further rental uplift expected in 2020. There are over 26 years remaining on the lease.

The industrial asset was purchased by way of a sale-and-leaseback to Dunlop Aircraft Tyres on a 25-year RPI-linked lease, with annual uplifts. The initial rental income is £879,909 per annum. There were no disposals over the quarter.

A key letting for the quarter was the letting of 31 James Street, Covent Garden, to ICC Gifts at a rent of £780,000 per annum on a 5-year lease. This was agreed

simultaneously with a surrender of the lease to Cambridge Satchel Company. A new letting was completed at 4 Hardman Street, Manchester to UBS at a rent of £104,013 per annum on a 10 year term subject to a tenant's break option at Year 5.

The lease to The Range at London Road Retail Park, Salisbury, completed in January. The rental income is to be £414,199 per annum following a reduced rent incentive period. A lease renewal for 5 years was agreed with Gap at the Clarendon Centre at a rent of £340,000 per annum. The lease contains rolling landlord break options to facilitate the future redevelopment of the scheme. Rent reviews on Premier Park, Manchester; 28 James Street Covent Garden; The Clarendon Centre, Oxford, 230 High Street, Exeter and Colndale Industrial Estate, Poyle produced an additional income of £141,520 per annum for the Fund, representing an uplift of 6.5% overall.

UK Property Market

After a strong Q4 2018, Q1 2019 was more subdued with caution around Brexit weighing most clearly on the traditional core sectors. The £10.9bn total volume was the lowest since Q3 2016 in the aftermath of the EU Referendum. While volume was only 26% below the five-year quarterly average, the contrast with Q4 2018 was wider, down 34%. This is the largest quarter-on-quarter percentage fall in five years, according to LSH (LSH UKIT Q1 2019). Q1 saw only 19 deals above £100m, the lowest since Q4 2012 and significantly below the average of 31.

Office transactions fell 60% quarter-on-quarter to a ten year low of £2.7bn. With the uncertainty on the high street, Retail volumes sank to an all-time low for £1.1bn in Q1. Industrial volumes of £1.4bn were 40% below Q4 2018's record but only 18% below

average. Activity remained high within the Industrial sector with the reduction in turnover reflecting a lack of large lot-size/ portfolio deals.

Meanwhile, the Specialist/Alternative sectors continued to see strong activity, reflecting ongoing appetite for long-income deals and diversification. Amid a subdued Q1 for the three core sectors, for the first time on record, alternatives collectively accounted for more than half of the total volume. Q1 provided further evidence of the growing traction in the emerging Build to Rent Residential sector. The quarter saw 12 forward funding deals.

The LSH All Property average transaction yield moved out by 14 bps during Q1, albeit from an 11 year low, to stand at 5.48%. Falls in retail property prices were evident in Q1.



Connex 45, Leeds

In contrast the average industrial yield fell below the 5% mark, to stand at a record low of 4.79%. Although this demonstrates the strength of values in the industrial sector, it arguably reflects investors' appetite for more defensive, prime assets.

Important Information

This document has been prepared and distributed by Lothbury Investment Management Limited of 155 Bishopsgate, London EC2M 3TQ, United Kingdom, a company registered in England with registered number 04185370. Lothbury Investment Management Limited (or "LIM") is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

This document concerns Lothbury Property Trust (the "Fund"), which is managed by LIM. Lothbury Property Trust is a sub-fund of the Lothbury Global Institutional Funds, which is regulated by the Central Bank of Ireland.

The Fund is an alternative investment fund ("AIF") for the purposes of the Alternative Investment Fund Managers Directive (2011/61/EU) (the "Directive"). LIM has been appointed and acts as alternative investment fund manager ("AIFM") in respect of the AIF. For these purposes, LIM is authorised and regulated in the United Kingdom by the Financial Conduct Authority (or any successor body responsible for the regulation of alternative investment fund managers) (the "FCA") for the purposes of managing unauthorised AIFs. The Fund is also an unregulated collective investment scheme for the purposes of the United Kingdom Financial Services and Markets Act 2000 (the "Act").

Restrictions On Distribution

Certain jurisdictions may restrict by law the distribution to their residents or nationals of the information in this document. The contents of this document are not intended to be viewed by, distributed to or used by residents or nationals of such jurisdictions. LIM has made every attempt to provide the information in this document only in accordance with national laws. However, it is also the responsibility of any person receiving this information to satisfy itself that its receipt of this information complies with the laws of any relevant jurisdiction.

Under United Kingdom legislation, the promotion of units by LIM in the European Economic Area (the "EEA") is restricted by section 238 of the Act. The promotion of units by the Fund or by their trustees in the EEA is restricted by section 21 of the Act. Accordingly, the information in this document is directed only at:

1. persons who are outside the EEA;
2. persons having professional experience of participating in unregulated collective investment schemes, that is persons within Article 14 of the Financial Services and

Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "PCIS Exemptions Order") and Article 14 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"); and/or

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
4. others to whom it may lawfully be made available, all such persons being "exempt persons". Units in the Fund may only be promoted to exempt persons. Persons other than exempt persons should not rely or act upon the information in this document. They should return it to LIM at the address given above.

This document is confidential. A person to whom this document is made available should not pass it on without the consent of LIM and then only to an exempt person.

Purpose

The purpose of this document is to provide information about LIM and the Fund. So far as relevant, the only client of LIM is the Fund and its affiliates. Nothing in this document is investment, tax or legal advice. Investors are not a client of LIM as the AIFM. Accordingly, neither you, nor any other investor, enjoys the protections afforded to clients of LIM and no representative of LIM is entitled to lead you to believe otherwise. You should take your own independent investment, tax and legal advice as you think fit. Nor is anything in this document an offer to buy or sell units or any other investment.

Please be aware that ultimately the interests in the Fund, as an AIF, may only be acquired by professional investors. A professional investor (for these purposes), is every investor that is considered, or may be treated based on a request to LIM (as the AIFM), as a professional client within the meaning of Annex II of the Markets in Financial Instruments Directive (2014/65/EU).

Any marketing (within the meaning of the Directive) in the European Economic Area is carried out pursuant to LIM's rights as an AIFM under Articles 31 and 32 of the Directive. The European Economic Area comprises of the Member States of the European Union (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland,

France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Spain, Sweden and the United Kingdom) plus Iceland, Liechtenstein and Norway. Potential investors can request from LIM details of jurisdictions where notifications of the exercise of such rights has been given to the FCA.

Data

All fund data as at 31 March 2019, 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. Following 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.

Lothbury Investment Management Limited

155 Bishopsgate
London EC2M 3TQ

Tel: 020 3551 4900

Fax: 020 3551 4920

www.lothburyim.com

LothburyIMInvestorRelations@lothburyim.com