

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

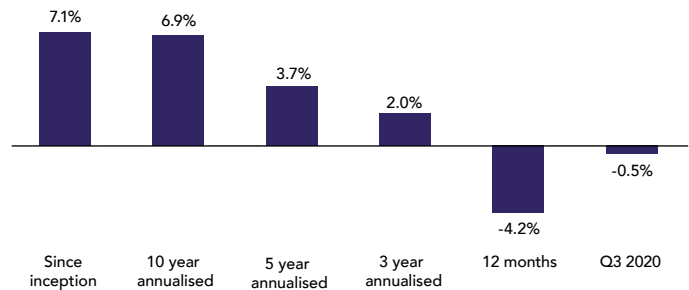
As at 30 September 2020

Indicative Net Asset Value	£1,573,541,016.62
Indicative Net Asset Value per Unit	£1,844.7586
Subscription Price per Unit	£1,953.60
Redemption Price per Unit	£1,813.40
Quarterly Distribution per Unit	£12.21

Note: All returns figures are net of fees

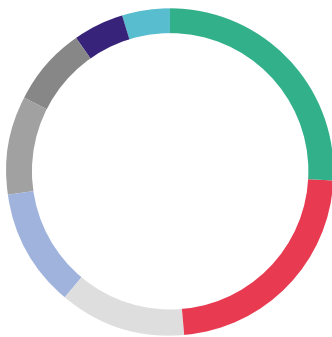
Fund Returns

As at 30 September 2020



Sector Breakdown

As at 30 September 2020



	Lothbury Property Trust (%)
Office	26.1
Industrial	22.7
Living / Alternatives	12.6
Food stores	11.6
High Street Retail	9.9
Retail Warehouse	7.8
Change of Use*	5.0
Cash	4.4

* The Change of Use category represents the Clarendon Centre in Oxford. This Change of Use scheme is subject to receiving planning consent.

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

Feature

Outstanding 2020 GRESB results achieved for the Fund

ESG is embedded in all aspects of the fund management of the Lothbury Property Trust (LPT). The Fund's performance in this area is measured annually by GRESB (Global Real Estate Sustainability Benchmark). LPT has consistently improved its GRESB (Standing Investment) score since joining the benchmark in 2012. The results for 2020 were released in October and the portfolio increased its score to 81/100, which is an improvement from 76/100 in 2019.

This score resulted in the Fund achieving an impressive 4 star accreditation and was ranked 4th out of 84 Diversified UK Core Funds in the GRESB benchmark.

In addition to GRESB, the LIM business is also a signatory of UNPRI (United Nations Principles of Responsible Investment) and a member of the UKGBC (UK Green Building Council). LIM submits annually to UNPRI assessment and for 2020, which is our first 'Grace Year', LIM achieved an 'A' rating in the two categories of Strategy & Governance and Direct Property.

LPT's portfolio strategy is to invest in assets with the highest ESG criteria that will both provide the best performance in the long term and have the least environmental impact. These policies are embedded into strategic decisions made at the fund level, and the policies are implemented through our Three Pillars of Fund Management. These are i) Responsible Property Investment, ii) Property Management and iii) Development. This ensures that ESG is considered throughout the life cycle of all the fund's assets.

i) Responsible Property Investment

ESG matters are considered for every investment sale and purchase considered by the Transaction Committee. Investment managers incorporate ESG within investment due diligence through an Acquisition Checklist, which assesses metrics such as the Energy Performance Certificate (EPC) rating, renewables provision, flood risk, waste management, occupiers, security and community.

An ESG Checklist is utilised to identify and screen a tenant's exposure to controversial weapons, tobacco, alcohol, gambling, religious or political extremism, controversial weapons, controversial pharmaceuticals, animal testing or the adult entertainment industry.

ii) Property Management

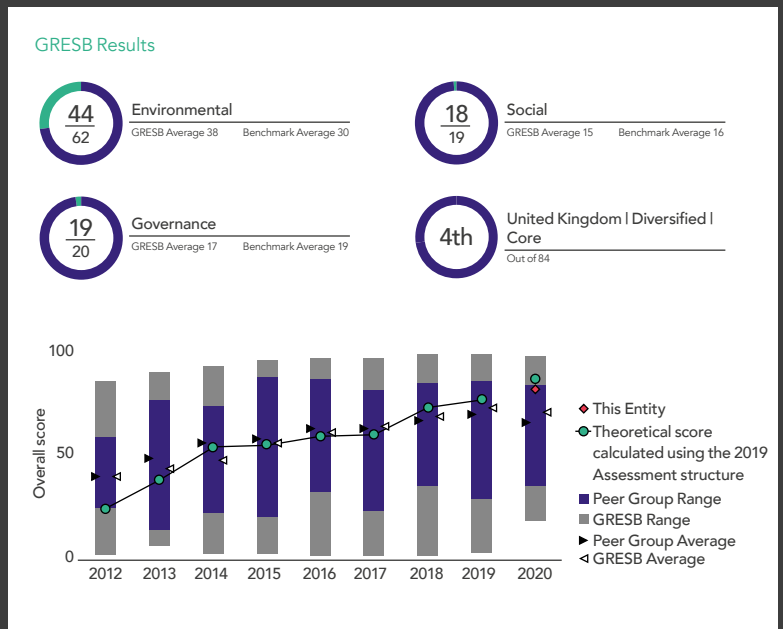
Building performance is a key measurement area of the GRESB grading and over the last year the portfolio made some significant improvements in this area. As part of our Pathway to Net Zero we are working to reduce our Green House Gas (GHG) emission across the managed portfolio. To the year end 2019, a 34% saving in GHG emissions was achieved against our 2016 baseline, on a like for like basis.

The Fund also made some impressive score improvements scoring full scores in the following areas; Leadership, Policies, Targets, Tenant and Communities.

iii) Development

ESG initiatives are implemented in every LPT development and refurbishment project throughout their entire design and development process. By way of example, all of LPT's development projects target a minimum BREEAM green building certification of 'Very Good,' with most achieving an 'Excellent' grade. The LIM Procurement Policy ensures that the material selection process duly considers the importance of environmental and health aspects of each material within development projects.

In addition to the overall GRESB ranking, the Fund was ranked 1st in the GRESB Development Benchmark (UK Core non listed Funds). The Fund recently completed its first Net Zero development of a new retail unit at Farnborough, this achieved an 'Excellent' BREEAM rating and included renewable energy provision and electric vehicle charging points.



Fund Activity



Sainsbury's foodstore in Calne, Wiltshire

The Lothbury team has continued to actively asset manage the Fund's vacancies with the result that the core portfolio recorded a low void rate of 3.1% at the end of the quarter.

At the Clarendon holding in Oxford, two retail lettings were completed to Claire's Accessories and The Works. These lettings ensured that income was received from these units whilst the lease terms were drawn to ensure Lothbury retained the ability to get possession of the units when needed for the redevelopment of the holding. Two residential lettings also completed in the Floral Street apartment building in Covent Garden, London at annual rentals of £28,600pa, which reflect £550 per week.

During the quarter, a number of key inflation linked rent reviews were completed across the portfolio, which boosted the Funds

income. This included the Sainsbury's foodstore in Calne, Wiltshire.

Finally, active management projects continued successfully during Q3 with the development of the Malmaison Hotel in York progressing well and now scheduled to open in Q1 2021. Also during the quarter, the refurbishment of the period office building, Tudor House on Rathbone Place, London W1 commenced and is due to complete before the end of the year.

Current market conditions have meant that rent collection has been challenging, especially in the retail and hospitality sectors. Nevertheless, the Fund managed to record a rent collection rate of over 90% for Q3 similar levels are hoped to be achieved during Q4. Negotiations are continuing with the tenants who remain in arrears to arrange rent payment plans and, in some cases, rental concessions.

UK Property Market

The UK economy experienced a rebound in Q3, although not as sharp as it was previously anticipated. Following a strong 9.1% month-on-month growth in June, the growth slowed down to 6.4% and 2.1% growth in July and August, respectively.¹ The growth slowed down even before the additional COVID-19 restrictions were announced in September, which are anticipated to have a further drag on economic activity.² Nevertheless, initial easing of the restrictions resulted in improved rent collection rates relative to Q2.

Property transaction volumes also improved with accelerating growth towards the end of the quarter, increasing in Q3 by a notable 48%, relative to Q2 record low volumes. The increase, however, was not symmetrical: the activity in the capital remained subdued, while activity elsewhere in the UK ran much closer to pre-COVID volumes. The asymmetry was partly driven by the appetite for industrial assets, mostly distribution

warehouses, which was the most actively traded sector in Q3, while Central London offices, retail, and living sectors remained subdued in Q3.³



Auriol Drive, Greenford

¹ ONS, GDP monthly estimate, UK: August 2020

² Capital Economics, UK Economics Weekly, Calling time on the recovery: 9th October 2020

³ Lambert Smith Hampton, UK regions lead uptick in Q3 investment volume: 14th October 2020

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Data

All fund data as at 30 September 2020, 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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