

Lothbury Property Trust

All Investor Presentation

15th February 2024



Agenda

- Current LPT Position
- Merger Summary
- Disposal Update
- Sales List
- Disposal Considerations
- Disposal Programme
- Heads of Terms Summary
- Merger Costs
- Resource
- Merger Key Terms
- Merger Timeline
- Recommendation
- Q&A

Current LPT Position

- Current redemptions of £848.5m (Q2 £824.5m and Q3 £24.0m)*
- There are 9 investors (£28.8m) who have not served a formal redemption request*
- Fund NAV of £877.328m as at 31st January
- 31st January Property Portfolio Value £721.7m (-0.7% from December)
- Current Cash Position £153.7m, split between 3 accounts:

Northern Trust Custody	Sumitomo	Barclays 32 day
4.8%	5.2%	5.2%
£50.7m	£51.8m	£51.2m

- Identified contractual development expenditure to end 2024 of £3.5m
- Should the vote to extend the termination not be successful the intention is to repatriate current cash to all investors and thereafter upon asset sales having regard to fund capital requirements

* based on 31 January NAV price

Merger Summary

- The EGM on 14th December extended the termination date from 31st December 2023 to 31st March 2024 received votes from Unitholders representing 80% of the investor base with 99.4% voting for the extension
- Original proposal with UBS was on the basis of £450m of Unitholders redeeming from LPT but this increased to almost £600m by mid January
- Accordingly LIM sought further reassurance from UBS that the £150m of capital from Triton would be forthcoming
- Further time is also needed in order to complete further sales to raise the additional cash required
- Merger discussions continued and Heads of Terms were signed on 8th February
- The detailed due diligence process continued throughout including the production of the Certificates of Title
- UBS anticipate completing due diligence by April 2024
- Second EGM now scheduled to vote upon an additional fund extension from 31st March to 30th June when it is anticipated the merger could complete

Merger Summary

- Indicative responses from Unitholders since start of the year suggest a higher redemption amount than anticipated

	Number	£m	%
Redeem at point of merger	35	£602,824,747	68.7%
Transfer to Triton	20	£262,839,296	30.0%
No Response	4	£11,664,159	1.3%
Total	59	£877,328,202	100%

- Assuming 50/50 apportionment of 'No Responders' (c. £11.7m)
- Assuming that **all** of the 7 properties currently under offer complete:

Potential Equity Requirement		£609m
Current Cash	£155m	
Properties Exchanged	£41m	
Properties Under Offer	£205m	
UBS Cash	£150m	£551m
Being marketed	£70m	
On sales list	£76m	
Total Potential cash		£697m

Disposal Programme – 2023 & 2024 YTD

Status	No. of assets	Total	Timing***	+/- Valuation
Completed	7	£324.7m	Completed	+1% (vs March 2023)
Exchanged	2	£41.1m*	Exchanged	-5% (vs September 2023)
Under Offer	7	£204.7m*	Q1 2024	-11% (vs September 2023)
Actively Marketed	3	£70.2m**	Q1/Q2 2024	n/a
Preparing to Market	5	£76.1m**	Q1/Q2 2024	n/a
Total	24	£716.8m		

* Agreed price

** Values at 31st January 2024

*** Anticipated timing for completion; both exchanged assets due to complete in Q1 2024

'Merger-led' Sales List

Sector	Asset	Town	Value*	Status
Office	35 Soho Square	London	£8.6m**	Exchanged
Supermarket	Sainsbury's, Fallowfield	Manchester	£32.5m**	Exchanged
Office	North Bailey House	Oxford	£21.3m**	Under Offer
Retail	James Street, Covent Garden	London	£77.0m**	Under offer
Office	36 Soho Square	London	£6.8m**	Under Offer
Office	55 St James's Street	London	£63.4m**	Under Offer
Office	Broadland Business Park	Norwich	£10.5m**	Under Offer
Retail Warehouse	Silkbridge Retail Park, Hendon	London	£16.3m**	Under Offer
Industrial	Connex 45	Leeds	£9.6m**	Under Offer
Industrial	Dunlop Aircraft Tyres	Birmingham	£11.8m	Marketed
Leisure	Malmaison hotel	York	£34.0m	Marketed
Retail Warehouse	Southampton Road Retail Park	Salisbury	£24.4m	Marketed
Office	4 Hardman Street	Manchester	£14.4m	Preparing
Office	Tudor House	London	£9.0m	Preparing
Industrial	Broadland Business Park	Norwich	£8.7m***	Preparing
Mixed Use	Clarendon Quarter	Oxford	£32.9m	Preparing
PBSA	2 Powis Place	Aberdeen	£11.3m	Preparing
		Total:	£392.1m	

*Values as at 31st January; **Contracted / agreed prices; ***Excludes part being sold with Broadland BP Offices

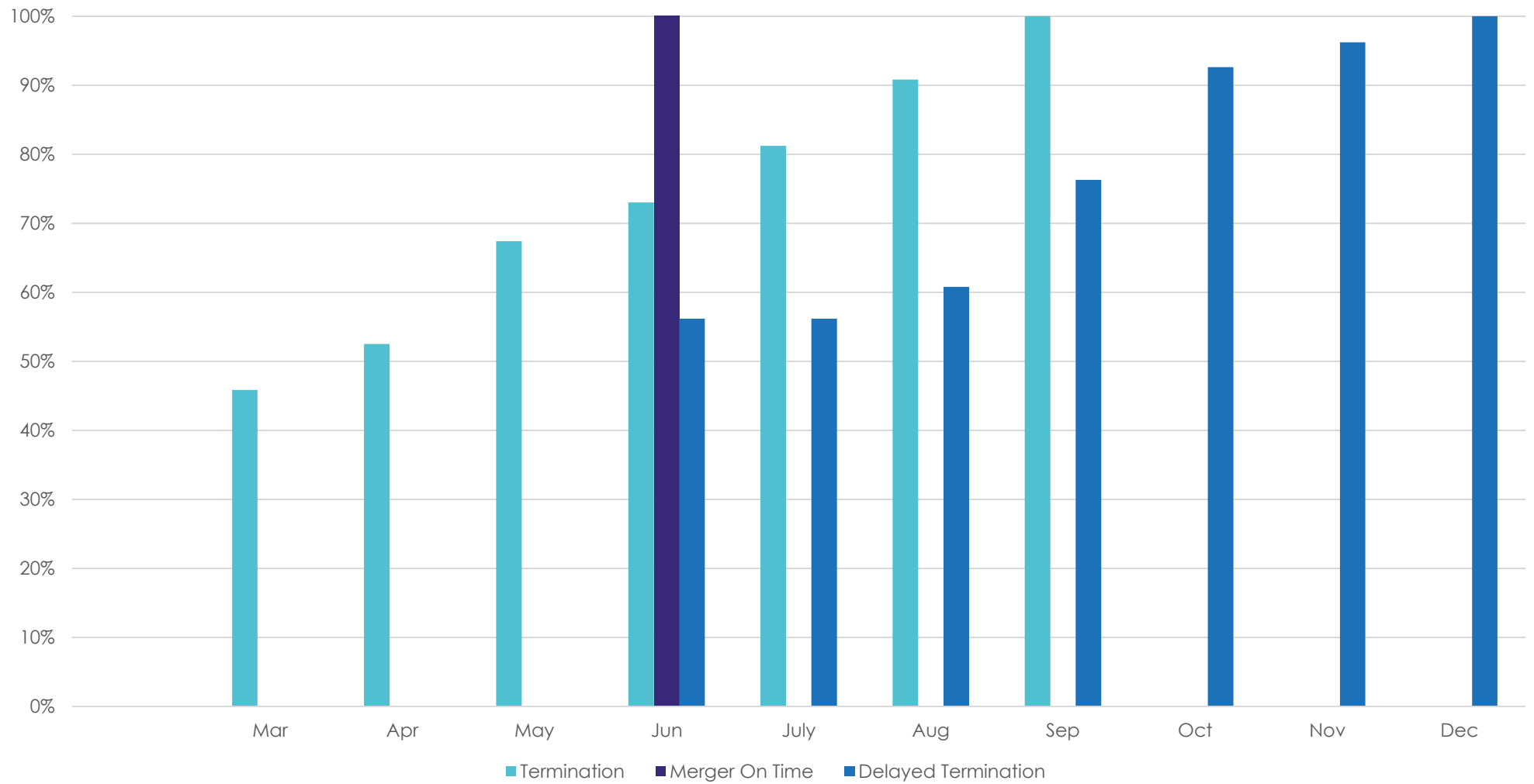
LPT 'Merger-led' Sales – Risk Considerations

- Whilst LIM has delivered good results on sales in a highly challenging market to date, general market and transactional risk prevails and the likelihood of achieving completion of all intended sales (including the recently-sanctioned sales) before the end of June is optimistic
- Other, more liquid assets within LPT which have a higher probability of being sold over Q1 have been 'locked up' under the terms of the merger, rendering them effectively illiquid for c. 8 months by the end of Q2
- Purchasers' attitudes towards LPT assets being sold between now with a known hard deadline could materially impact on prices achieved; a Termination scenario would mitigate this and allow LPT to control the narrative to ensure best value is captured
- Rumours of the merger are widely circulating in the Real Estate market which may now begin to manifest in pricing renegotiations on current and future sales
- The sales programme requires certain assets to be put to the market that are not fully prepared for sale, therefore the prices achieved may be compromised versus a measured sale under a Termination scenario
- There are signs of optimism in the market that may suggest continued valuation decline is less likely in 2024

Disposal Programme Forecast (Termination)

- Upon termination proceeds from sales can be repatriated on a regular basis following completion of individual sales, net of transaction costs and fund capital requirements (c. £150m immediately)
- Measured programme of sales to target full liquidation by end Q3 2024, ensuring optimal liquidity at asset level and avoid discounts through 'flooding' the market, or within the strict time constraints of the merger timeline
- Highly liquid Industrial and PBSA assets that are currently 'frozen' - for the benefit of UBS Triton / the merger - can be released to market and realised sooner than in the merger scenario
- Complex assets or those requiring specific sales preparation (e.g. technical surveys) to ensure optimal liquidity can be brought to market when fully ready, to achieve best price
- These principles apply if Termination is deferred until after an aborted merger scenario, albeit with a time delay (see graph overleaf)

Disposal Programme - Scenarios



Heads of Terms Summary

- It should be noted that the Heads of Terms agreed are the best which we believe could have been achieved within the timescale allowed. They are not necessarily those which were anticipated at the outset due to the scale of investors wanting to redeem, nor those which we believe are the best that could have been agreed
- Part of the reason for recommending UBS initially was the availability of cash waiting to enter the fund of £150m-200m (IAC meeting 2nd November). There is no guarantee to how much of this can be brought forward
- Regardless, LIM have entered into the HoTs in good faith and will use its best efforts to sell the assets on the Sales List as required
- There remain further remaining risks relating to the confirmed number of redeemers (this could increase or decrease) and additionally that UBS do not wish to take an asset following their due diligence process
- As such it must be recognised that there remains a great deal of uncertainty in the proposal and that a merger is not a guaranteed outcome

Merger Costs

- Current Costs involved with the merger:
 - Travers Smith £450,000 (of which £168,000 currently incurred)
 - BCLP Certificate of Title production estimated to complete at £525,000 (of which £444,000 currently incurred) to be split 75:25 with UBS
 - Simmons & Simmons £100,000 (of which £24,500 currently incurred)
 - Carey Olsen £50,000
 - Construction legals £30,000 (estimate)
 - **Total: £1,155,000** (of which £636,500 currently incurred)
- Of the above fees it is estimated that c.£925,000 are merger related fees and potentially abortive
- A premium for the Warranty and Indemnity Insurance is awaited from UBS (to be split 50:50 with UBS)
- All other legal work and technical surveys would be incurred were the assets to be sold in Termination

Resource

There have been queries regarding adequate resource at LIM needed to undertake the merger or a termination. LIM is supplying all due diligence responses promptly to both UBS and asset purchasers and as such is absolutely confident that no sales have been lost due to lack of resource. In particular:

- As reported previously LIM has the full support of Nomura to properly manage the process and has been the recipient of additional funds to retain staff
- One resignation has been received by LIM in 2024 from a junior admin assistant
- Jo Bond has resigned 4 weeks early from her one day a week Senior Adviser role and will be leaving at the beginning of March
- LIM has secured the services of a previous Director on a 3 day a week role for a period of 3 months
- LIM has resisted the provision of information in UBS/Purchaser's preferred formats where the information has already been provided

Merger Proposal – Key Terms

- Triton Property Fund (which consists of Triton Property Fund LP and two feeder unit trusts) to acquire LPT units in return for Triton units
- All investors wishing to exit LPT and not take units in Triton will be fully paid out at the point of merger
- Intention to structure the transaction so as not to trigger unnecessary stamp duty
- Consideration for LPT to be collapsed and assets transferred directly to Triton
- Proposal is conditional on the deferral of LPT's termination date to 30th June and full due diligence being satisfactory to Triton in terms of LPT being a CIS
- Investors totalling £280m assumed to be rolled into Triton and £600m redeeming
- Redeeming investors to be paid out from LPT cash at the completion date (being current cash of £155m plus additional sales funds (Tranche 1)) and commitments to subscribe to Triton and/or debt funding to Triton up to £150m (Tranche 2)
- Tranche 2 will be used to acquire LPT units from all Redeeming investors pro rata to the shortfall of cash

Merger Proposal – Key Terms

- If exiting investors total more than £600m or that less than £300m of assets can be sold by the Completion Date good faith discussions will be held
- There is a Sales List of properties to be sold and a Merger List of properties to be transferred into Triton which are not to be proactively marketed. Should a request for information and credible offer be received on a Merger Property, UBS are to be notified and given a right of first refusal
- LIM to target selling all assets on the Sales List regardless of anticipated level of redemptions
- Certificates of Title of LPT's top 10 assets by value will be provided with full DD being required on any other assets outside of the Top10 or which cannot be sold prior to the Completion Date. CoT costs to be met 75% Triton/25% LPT
- LIM to be responsible for notification to CBI & Jersey regulators and UBS to be responsible for FCA and JFSC
- Expectation from LFM that there will be no further extension of the termination date if the Implementation Agreement has not been entered into by end May and that there is a reality that required funds will be receivable in a visible timescale

Merger Proposal – Key Terms

- Pricing of the Transaction will be calculated by reference to the latest prevailing NAV per unit of LPT and the prevailing NAV per unit of Triton prior to completion of the merger
- The two funds' respective valuers, CBRE and Knight Frank, are to agree valuation of the LPT assets. Should there be differences of >2% then an independent valuer will be appointed
- Each fund to apply the merger costs to its own NAV prior to the merger
- Eligibility of LPT investors to be established
- LPT costs to be borne equally by all LPT investors with regards to transaction costs and asset disposal costs as calculated in fund NAV
- LIM will receive a fee share (to be agreed) of the Triton fee applicable to the unitholdings of the legacy LPT investors for a period of 18 months

Merger Timeline

- Ongoing: LIM continue to sell assets on the Sales List to raise capital
- 14th December: EGM vote to defer the termination of LPT from 31st December 2023 to 31st March 2024.
- Ongoing: LIM to follow up with all investors to obtain indications of interest for merger
- Heads of terms agreed 8th February
- Ongoing: UBS to continue due diligence to its satisfaction on a timely basis in order to proceed with the Transaction
- 12th February LIM to have provided responses to Phase 2 due diligence enquiries
- w/c 22nd April UBS to have completed Phase 2 Due Diligence

Merger Timeline

- Preferably by end April and no later than 28th May: detailed terms of the transaction will be agreed in a binding conditional Implementation Agreement between LPT, Triton and their trustees and managers
- From late April and not later than 28th May pre agreed notices for LPT Unitholder Election (confirmation of transfer or exit) and Transaction Approval (requiring an EGM) sent to investors for return within 3 calendar weeks. Other supporting and required documentation to be issued with these notices
- Not later than 20th June: Deadline for receipt of LPT Unitholder Elections and proxy votes for the EGM considering Transaction Approval. Any LPT investors not returning their LPT Unitholder Election will be deemed to be an exiting investor
- Not later than 24th June: LPT unitholder EGM at which Transaction Approval is considered
- Not later than 28th June 2024: Assuming that the Transaction Approval is passed, the Transaction becomes effective, redeeming investors are paid out and transferring unitholders receive new interests in Triton
- If Transaction Approval is not granted, the Fund automatically enters into Termination as at 1st July 2024

AIFM Recommendation to the Fund Manager

- UBS Triton is a highly-regarded, strong-performing fund with an emphasis on ESG, and therefore is deemed to be a good option for LPT unitholders wishing to retain a UK real estate allocation in a managed, balanced fund
- LIM continues with the sales process and with the preparation of all assets on the Sales List to bring to the market
- LIM and UBS continue to cooperate in terms of the due diligence process to ensure no time is lost whilst an extension to the merger timetable is sought
- If the outcome of the EGM for an extension of the merger is negative, then it is recommended that a Termination is called with immediate effect
- If the outcome is positive then both parties move to a merger in line with the heads of terms in as short time frame as possible whilst achieving best results on asset sales
- Regular dialogue is maintained between LIM and UBS on the sales programme and the UBS subscription raise
- If at the end of May insufficient cash has been generated or is likely to be generated on a contracted basis then the termination is brought forward