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**Press release**

11 January 2019

**Clipstone announces launch of new fund to focus on London and South East industrial sector after successful sale of distribution warehouse portfolio**

As announced on 24 December 2018, Clipstone, the specialist industrial fund management firm, has sold a Midlands’ distribution warehouse portfolio for £85.4 million (5.5% net initial yield, after rent top-ups), representing a 44% premium to acquisition price and 6% above Clipstone’s most recent valuation.

The sale marks a complete exit from the distribution warehouse sector by Clipstone as it refocuses its operations solely on the London and South East industrial sector, both multi-let industrials and London “last mile” logistics units.

Following this sale, Clipstone intends to merge its two main funds to create one larger, more liquid, better diversified vehicle listed on The International Stock Exchange to be called Clipstone Industrial REIT plc (“CIR”).

At the outset CIR will own 37 good quality industrial properties with over 200 tenants and numerous opportunities for Clipstone’s specialist asset management team to drive value.   98% of the fund’s properties will be located in the South East of the UK, with 46% in the London / M25 region.

The proceeds from the sale of the distribution warehouses will be used to pay down debt, leaving CIR with leverage of 16%. The 37 properties have a gross value of approximately £200m.

Toby Dean, Clipstone’s Chief Executive, commented: “The sale of our remaining distribution warehouses marks a change to our investment strategy to focus exclusively on the London and South-East industrial sector. It is this sub-sector of the UK industrial property market where we see the best prospects for our investors, as we are experiencing strong rental growth caused by an increasing supply and demand imbalance as industrial land continues to be converted to higher value uses at a time of limited development of industrial property in the South East. In addition, we like the sector as it offers our specialist asset management team opportunities to enhance value, particularly through refurbishment projects that can be concluded at a low cost, but have a material impact on rents and allow us to generate value irrespective of market conditions. The fund will also target “last mile” logistics units serving the London market.

“The geographic weighting of the new fund will be almost exclusively on London and the South East. At the outset 46% of the portfolio will be located in the London / M25 region, providing our investors with market-leading exposure to the widely publicised market dynamics for London industrials, including the “decoupling” of London industrial rents from the rest of the UK.

“The initial 37 properties all have a strong occupational track record with only seven of the 253 units currently vacant (and four of these vacant units are currently under offer at excellent rental levels). The portfolio is also reversionary, with an ERV of £8.21 per square foot vs passing rent of £7.37 per square foot, so providing further potential for rental and therefore capital growth.

“Having used the proceeds from the recent sale to pay down debt, the new fund’s leverage will start at 16% allowing us the flexibility to grow the fund should interesting opportunities arise in 2019.”

**-Ends-**

**ENQUIRIES**

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***About Clipstone***

*Clipstone is a real estate investment management firm specialising in UK industrial property. Clipstone’s principal funds are Clipstone Logistics REIT plc and the Clipstone Industrial Unit Trust, which are to be merged into Clipstone Industrial REIT plc. In addition, Clipstone manages a number of segregated account mandates for certain institutions, endowment funds and family offices.*

*Clipstone has specialised in two sectors: Midland’s distribution warehouses and South East industrial property. Following the successful sale of its distribution warehouse portfolio, Clipstone will now be exclusively focused on South East industrial property with prospects of rental and capital improvement.*

*Since 2008 Clipstone has acquired over 60 industrial properties. As at 31 December 2018 Clipstone had in excess of £300m of assets under management. For further information see: www.clipstone.co.uk.*