

Directors' Duties

This is an overview of how the directors have performed their duty to promote the success of the Company.

The directors of Clipstone Industrial REIT plc – and those of all UK companies – must act in accordance with a set of general duties. These duties are detailed in the UK's Companies Act and include a duty to promote the success of the Company, which is summarised below. As part of their induction, the directors are briefed on their duties and they can access professional advice on these – either through the Company or, if they judge it necessary, from an independent provider.

Typically, in Alternative Investment Funds such as Clipstone Industrial REIT plc, the directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to an Alternative Investment Fund Manager and a Property Manager. The Alternative Investment Fund Manager is Clipstone Capital Limited and the Property Manager is Clipstone Investment Management Limited.

The Board recognises that such delegation needs to be much more than simple financial authorities and, in this section of the report, we have summarised our governance structure, which covers: the values and behaviours expected of our employees; the standards they must adhere to; how we engage with stakeholders; and how the Board looks to ensure that we have a robust system of control and assurance processes.

Section 172 of the UK's Companies Act

In summary, as required by Section 172 of the UK's Companies Act, a director of a company must act in the way (s)he considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- company's reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

Stakeholders

A board should communicate effectively with its shareholders and understand their views, and also act fairly as between different members. Fostering business relationships with key stakeholders, such as customers – in our case our tenants - and suppliers, is also important to a company's success. A board should have visibility of these relationships so that it is able to take stakeholder considerations into account when making decisions. In their decision-making, directors need to have regard to the impact of a company's operations on the community and environment.

Overview of how the Board performed its duties

Shareholders

The Board receives regular updates from the Alternative Investment Fund Manager (AIFM) of the Company on feedback received from investors. The AIFM sends out quarterly updates to all shareholders and has regular conversations with individual shareholders. The feedback received has been positive and the AIFM will continue to engage actively with all of our shareholders.

Employees

The company does not have any employees other than the directors.

Tenants

The Property Manager closely monitors the relationship with all our tenants, whether that be directly, via our managing agents or other third-party asset managers. At all scheduled Board meetings, the Property Manager briefs the Board on our performance in delivering on our commitments to tenants and the quality of these critical relationships. Providing safe, well-maintained, and functional properties to our tenants is key in retaining and attracting tenants, as well as being responsive and reasonable with any queries or requests tenants have.

Suppliers

The Board recognises that our key supplier relationships are with our managing agent and Property Manager. The Board meets regularly with the Property Manager to receive updates on the performance of the property portfolio and to discuss future plans for our assets.

Community and environment

The Board recognises the importance of leading a company that not only generates value for shareholders but also contributes to wider society.

As a real estate investment company, we recognise that environmental and climate risks could impact us directly, and we are committed to reducing the environmental impact of our operations and buildings and minimising our environmental footprint. The Board has mandated that our businesses implement the requirements of our Responsible Investment Policy, which details our commitment to high standards of environmental management.