

**CLIPSTONE INDUSTRIAL REIT PLC**



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*Article 23 / FUND 3.2.2R Disclosures*

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## INTRODUCTION

This document is issued by Clipstone Capital Limited (“CCL” or the “AIFM”) solely in order to make certain information available to investors in Clipstone Industrial REIT Plc (the “REIT” or the “AIF”) before they invest, in accordance with the requirements of the FCA Rules implementing the AIFM Directive in the United Kingdom.

Information disclosed in this document is applicable solely to the REIT and to its single class of ordinary 1p shares. It should not be relied on as the basis for any investment decision. Potential investors in the REIT’s shares should consult their broker or other professional adviser before investing.

Clipstone Industrial REIT plc is a Public Limited Company incorporated in England and Wales under registered number 09046897.

Regulatory reference		Disclosure required	Disclosure or location of document
AIFMD article 23	FUND 3.2.2R		
(1a)	(1a)	a description of the investment strategy and objectives of the AIF;	The AIF has been established for the purpose of delivering income and capital returns to Shareholders by investing in a balanced portfolio of good quality industrial property across the South and South East of the UK
(1a)	(1b)	If the AIF is a feeder AIF, information on where the master AIF is established;	Not applicable
(1a)	(1c)	If the AIF is a fund of funds, information on where the underlying funds are established;	Not applicable
(1a)	(1d)	a description of the types of assets in which the AIF may invest;	The REIT invests solely in UK real estate.  The REIT targets London and South East industrial properties that are capable of improvement through asset management.
(1a)	(1e)	the investment techniques that the AIF, or the AIFM on behalf of the AIF,	The Property Manager is responsible for sourcing potential new acquisitions within the REIT's investment criteria. The investment criteria are set out in the REIT's listing document on pages 29-31. The

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		<p>may employ and associated risks;</p>	<p>Listing Document is published on the International Stock Exchange Website:</p> <p><a href="https://www.tisegroup.com/market/companies/4948">https://www.tisegroup.com/market/companies/4948</a></p> <p>The Property Manager and its staff have a long and well-respected track record of acquiring industrial properties in the South East of the UK. The team has established good relationships with many key participants in the UK Industrial Property market and is able to use those contacts to source investment opportunities for the REIT. Once a suitable property has been identified, the Property Manager will undertake due diligence on the investment opportunity and prepare a report for the Board, setting out full detail of the proposed acquisition, a business plan for the asset, and the proposed financing of the acquisition.</p> <p>If terms are agreed to acquire a property, the Property Manager will undertake full due diligence on the acquisition, and will take the lead in the negotiation, management, and overall control of the transaction. This includes overseeing the appropriate professional advisers (solicitors, building and environmental surveyors etc) and sourcing and structuring financing for the transaction.</p> <p>The Property Manager is responsible for delivering the business plan, through active asset management. The techniques used include exploring the potential to restructure occupational leases, increase rental levels across estates, and undertaking refurbishment where the Property Manager believes it will result in a material improvement in the expected rental value or letting potential for the property. All asset management techniques are designed to improve the capital value and/or the income generated from an asset.</p> <p>The Property Manager will also advise the Board on any proposed sales and will handle the sale process on behalf of the REIT (with approval of the Board), including leading negotiations with counterparties and overseeing the relevant advisers.</p> <p>A description of the risks associated with investment in the AIF can be found in the Listing Document on pages 5 to 24, which is published on the International Stock Exchange Website:</p> <p><a href="https://www.tisegroup.com/market/companies/4948">https://www.tisegroup.com/market/companies/4948</a></p>

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(1a)	(1f)	any applicable investment restrictions;	<p>The Company will aim to ensure that the Investment Portfolio will be diversified as follows:</p> <ul style="list-style-type: none"> <li>• no more than 15% of the value of the Investment Portfolio shall be invested in a single property;</li> <li>• no more than 10% of the aggregate rental income shall come from a single tenant; and</li> <li>• no more than 10% of the Investment Portfolio may consist of property where income in respect of such portion of the Investment Portfolio is dependent on the successful completion of redevelopment or refurbishment work.</li> </ul> <p>The AIFM will check compliance with the above requirements on the acquisition or sale of any property and on a quarterly basis.</p> <p>The above restrictions will not apply (i) during any period that the Company is selling assets with a view to returning capital to Shareholders; or (ii) where a breach is caused by a successful asset management project increasing rent from and / or value of a property.</p>
(1a)	(1g)	the circumstances in which the AIF may use leverage;	The use of leverage is permissible and is part of the AIF's investment strategy. The AIF targets a loan to value (LTV) range of 25-35%. The AIF uses leverage at a modest level with the aim of enhancing returns, particularly while the cost of debt is below the cost of equity.
(1a)	(1h)	the types and sources of leverage permitted and the associated risks;	The REIT can source leverage from any source, however the Board will only transact with parties considered to be established lenders, such as high street banks, pension funds, and insurance providers.
(1a)	(1i)	any restrictions on the use of leverage and any collateral and asset reuse arrangements; and	None, in so far as the proceeds from borrowings are used in compliance with the REIT's investment objectives and restrictions.
(1a)	(1j)	the maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF;	The AIF targets an LTV range of 25-35%, with a maximum of 55%.
(1b)	(2)	a description of the procedures by which the AIF may change	The AIF may ask Shareholders to approve a change in investment strategy or policy by way of an Ordinary Resolution.

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		its investment strategy or investment policy, or both;	In such a scenario the AIFM would consult Shareholders in advance for their feedback on any proposed changes in investment strategy or policy, and only proceed if confident that the change was supported by a clear majority of Shareholders.
(1c)	(3)	a description of the main legal implications of the contractual relationship entered into for the purposes of the investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgements in the territory where the AIF is established;	<p>There is no contractual relationship between the REIT shareholders who acquire their shares in the secondary market and the REIT. While investors acquire an interest in the company on subscribing for or purchasing shares, the REIT is the sole legal and/or beneficial owner of its investments. Consequently, shareholders have no direct legal or beneficial interest in those investments. The liability of shareholders for the debts and other obligations of the REIT is limited to the amount unpaid, if any, on the shares held by them.</p> <p>The REIT is a company limited by shares, incorporated in England and Wales. The law which is applicable and the ability to recognise and enforce judgements in the jurisdiction of the AIF's domicile is not in doubt and further disclosure to that effect is not considered necessary.</p> <p><b>Jurisdiction and applicable law</b></p> <p>Shareholders' rights are governed principally by the Articles and the Companies Act. By subscribing for the Ordinary Shares, investors agree to be bound by the Articles which are governed by, and construed in accordance with, the laws of England and Wales.</p>
(1d)	(4)	the identity of the AIFM, the AIF's depositary, the auditor and any other service providers and a description of their duties and the investors' rights;	<p><b>Alternative Investment Fund Manager ("AIFM")</b> Clipstone Capital Limited, 45 Albemarle Street, London, W1S 4JL</p> <p><b>Property Manager and Company Secretary</b> Clipstone Investment Management Limited, 45 Albemarle Street, London, W1S 4JL</p> <p><b>Depositary</b> Langham Hall UK Depositary LLP, 8<sup>th</sup> Floor, 1 Fleet Place, London, EC4M 7RA</p> <p><b>Auditor</b> Moore Kingston Smith LLP, Devonshire House, 60 Goswell Road, London, EC1M 7AD</p> <p><b>Independent Property Valuer</b> Colliers International Valuation UK LLP, 50 George Street, London, W1U 7GA</p>

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			<p><b>Legal Advisors (English Law)</b> Hogan Lovells International LLP, Atlantic House, Holborn Viaduct, London, EC1A 2FG</p> <p><b>Legal Advisors (Channel Islands Law)</b> Carey Olsen, 47 Esplanade, St Helier, Jersey, JE1 0BD</p> <p><b>Sponsor for The International Stock Exchange</b> Carey Olsen Corporate Finance Limited, 47 Esplanade, St Helier, Jersey, JE1 0BD</p> <p><b>Market Maker</b> Ravenscroft Limited, PO Box 222, The Market Buildings, Fountain Street, St Peter Port, Guernsey, GY1 4JG</p> <p><b>Investors' Rights</b> The REIT is reliant on the performance of third-party service providers, including the AIFM, the Property Manager, the depositary, the auditors and the independent property valuer. Each Shareholder's contractual relationship in respect of its investment in shares is with the REIT only. Accordingly, no shareholder will have any contractual claim against any service provider with respect to such service provider's default.</p>
(1e)	(5)	a description of how the AIFM complies with the requirements (professional negligence) relating to professional liability risk;	The AIFM maintains professional indemnity insurance to cover each and every professional liability which may arise under the Investment Management Agreement. The excess is covered by the AIFM maintaining sufficient own funds for this purpose, as well as other regulatory requirements. If professional indemnity insurance is not available, the AIFM will maintain own funds at a level adequate for its risk profile.
(1f)	(6)	a description of:	
(1f)	(6a)	any AIFM management function delegated by the AIFM;	No functions have been delegated
(1f)	(6b)	any safe-keeping function delegated by the depositary;	Not applicable
(1f)	(6c)	the identity of each delegate appointed in accordance with FUND 3.10 (Delegation); and	Not applicable

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AIFMD article 23	FUND 3.2.2R		
(1f)	(6d)	any conflicts of interest that may arise from such delegation;	Not applicable
(1g)	(7)	a description of the AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing and hard-to-value assets, in line with FUND 3.9 (Valuation);	The NAV is determined quarterly by the AIFM.  The REIT's property assets are valued quarterly by an independent registered property valuer (currently Colliers International Valuation UK LLP). The valuer offers services in full compliance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards or equivalent local standards where required.  The valuations are audited annually by the AIF's auditors.
(1h)	(8)	a description of the AIF's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors;	The REIT is a closed-ended investment trust, so there are no redemption rights of investors, as referred to in FUND 3.2.2R (8) and the impact of redemptions is not therefore a factor in the AIF's management of liquidity. Shareholders are entitled to participate in the assets of the REIT attributable to their shares in a winding-up of the REIT or other return of capital, but they have no rights of redemption.  Investments in property are inherently illiquid. Such illiquidity may affect the Company's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions. This could have an adverse effect on the Company's financial condition and results of operations.  The AIFM undertakes liquidity management procedures in relation to the REIT which are intended to ensure that the REIT's investment portfolio maintains a level of liquidity which is appropriate to its obligations. The liquidity management policy is reviewed and updated, as required, on at least an annual basis.
(1i)	(9)	a description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors;	Fees and expenses can be found in the REIT's annual report and accounts, and in the Key Investor Document (KID), both of which can be found at: <a href="http://www.clipstone.co.uk/clipstone-funds/clipstone-industrial-reit-plc/">http://www.clipstone.co.uk/clipstone-funds/clipstone-industrial-reit-plc/</a>  The AIFM is paid an annual fee of £20,000.

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			<p>The Property Manager is paid a fee of 1.25 per cent. per annum of the Net Asset Value of the REIT. This fee is paid quarterly in arrears.</p> <p>In addition, the Property Manager is due a performance fee following the direct or indirect sale of the portfolio equal to 20 per cent. of net proceeds after a return to Shareholders of 9 per cent. per annum (non-compounded). The return to shareholders includes all distributions paid to Shareholders over the life of the AIF.</p> <p>The Property Manager or the AIFM does not charge any acquisition or administration fees.</p>
(1j)	(10)	a description of how the AIF ensures a fair treatment of investors;	<p>The Directors of the Company have certain statutory duties with which they must comply. These include a duty upon each Director to act in the way he considers, in good faith, would be most likely to promote the success of the REIT for the benefit of its Shareholders as a whole.</p> <p>CCL, in its capacity as an FCA authorised AIFM is required to comply with the FCA Rules in relation to treating customers fairly.</p> <p>CCL maintains a conflicts of interest policy to avoid and manage any conflicts of interest that may arise between itself and the REIT, or between any other clients of the AIFM or the Property Manager and the REIT.</p> <p>No Shareholder has a right to obtain preferential treatment in relation to their investment in the REIT and the REIT does not give preferential treatment to any Shareholder.</p> <p>The Ordinary Shares rank pari passu with each other</p>
(1j)	(11)	whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:	Not applicable
(1j)	(11a)	that preferential treatment;	Not applicable
(1j)	(11b)	the type of investors who obtain such preferential treatment; and	Not applicable

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(1j)	(11c)	where relevant, their legal or economic links with the AIF or AIFM;	Not applicable
(1k)	(14)	the latest annual report, in line with FUND 3.3 (Annual report of an AIF);	The latest Annual Report is available here: <a href="http://www.clipstone.co.uk/clipstone-funds/clipstone-industrial-reit-plc/">http://www.clipstone.co.uk/clipstone-funds/clipstone-industrial-reit-plc/</a>
(1l)	(12)	the procedure and conditions for the issue and sale of units or shares;	<p>The Ordinary Shares are freely transferable and are admitted to trading on The International Stock Exchange. Investors who wish to buy or sell shares in the REIT should contact their broker or the Market Maker (Ravenscroft). Shares are occasionally able to be traded on the secondary market (private transfer). Investors interested in buying or selling shares on the secondary market should contact the AIFM.</p> <p>New Ordinary Shares may be issued at the Board's discretion and providing relevant Shareholder issuance authorities are in place. Shareholders do not have the right to redeem their Ordinary Shares. While the REIT will typically have Shareholder authority to buy back Ordinary Shares, any such buy back is at the absolute discretion of the Board and no expectation or reliance should be placed on the Board exercising such discretion.</p>
(1m)	(13)	the latest net asset value of the AIF or the latest market value of the unit or share of the AIF, in line with FUND 3.9 (Valuation);	The latest NAV is available here: <a href="http://www.clipstone.co.uk/clipstone-funds/clipstone-industrial-reit-plc/">http://www.clipstone.co.uk/clipstone-funds/clipstone-industrial-reit-plc/</a>
(1n)	(15)	where available, the historical performance of the AIF;	Historical performance data can be found in the REIT's Annual Report and on its website: <a href="http://www.clipstone.co.uk/clipstone-funds/clipstone-industrial-reit-plc/">http://www.clipstone.co.uk/clipstone-funds/clipstone-industrial-reit-plc/</a>
(1o)	(16a)	the identity of the prime brokerage firm;	Not applicable
(1o)	(16b)	a description of any material arrangements of the AIF with its prime brokerage firm and the way any conflicts	Not applicable

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		of interest are managed;	
(1o)	(16c)	the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets; and	Not applicable
(1o)	(16d)	Information about any transfer of liability to the prime brokerage firm that may exist; and	Not applicable
(1p)	(17)	a description of how and when the information required under FUND 3.2.5R and FUND 3.2.6R will be disclosed.	<p>The Annual Report &amp; Accounts will disclose:</p> <ol style="list-style-type: none"> <li>1. the percentage, if any, of the REIT's assets which are subject to special arrangements due to their illiquid nature (however, as the REIT's assets are all properties, they are illiquid by nature);</li> <li>2. any new arrangements for managing the liquidity of the REIT; and</li> <li>3. the current risk profile of the REIT and the risk management systems employed by the AIFM to manage those risks.</li> </ol> <p>Information will also be provided to investors regarding any changes to:</p> <ol style="list-style-type: none"> <li>1. the maximum level of leverage that the AIFM may employ on behalf of the REIT;</li> <li>2. any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and</li> <li>3. the total amount of leverage employed by the REIT.</li> </ol> <p>To meet the requirements of FUND 3.2.6R, this information will be provided to investors by way of an update to this document or in such other manner the REIT or the AIFM deem appropriate.</p>