

Offsetting Strategy

November 2021

Clipstone's reporting segments

We will report carbon footprints separately for our management company (Clipstone Investment Management Limited), Clipstone Industrial REIT plc (the "REIT") and our segregated mandates.

CIML

Clipstone Investment Management Limited (CIML) is a real estate investment management firm specialising in UK industrial investments. CIML operates solely within the UK industrial real estate market, focusing on assets in the South of England, particularly the South East and around London and the M25. We believe this specialist approach gives us advantages over our larger, more generalist competitors.

The scope of CIML's carbon footprint extends to our staff and head office at 45 Albemarle Street. CIML's greenhouse gas inventory for 2020/21 can be found on our website.

The REIT

Clipstone Industrial REIT plc (the REIT) is a Real Estate Investment Trust, investing in UK industrial property. The REIT owns in excess of 40 industrial estates, with over 250 individual units. These units tend to be let on a full repairing and insuring basis, with limited landlord controlled (scope 1 and scope 2) emissions. The REIT's carbon footprint includes both landlord and tenant-controlled emissions from operations at our estates. We intend to produce a baseline carbon footprint for the REIT by July 2022. CIML is the Property Manager for the REIT.

Segregated Mandates

CIML is also the Property Manager for a number of segregated mandates. These mandates function in much the same way as the REIT and the portfolios consist of industrial properties held as property rental businesses.

Offsetting Strategy

CIML has committed to being a carbon neutral business as of 1 July 2020. The long-term strategies for the REIT and our segregated mandates is being developed alongside our baselining. We will only look to use offsetting for emissions that cannot be reduced any further, save for CIML emissions where we are committed to being a carbon neutral business now. CIML is still committed to

eliminating its emissions as far as possible over time and therefore minimising the requirement for offsetting.

Sources of Offsetting

We intend that we use an overarching basket of offsetting schemes across all reporting segments. We are committed to only using verifiable and genuinely effective forms of offsetting. This will be targeted a long-term carbon capture projects which remove CO₂ from the atmosphere. To achieve this we will align our strategy with The EAUC Carbon Coalition (eauc.org.uk/carbon_coalition). The EAUC Carbon Coalition is a consortium of UK and Ireland higher and further education institutions that have joined together to offset their emissions leveraging their combined buying power and knowledge. Their goal is to provide a robust offsetting menu of products that provides maximum value for money as well as providing confidence in those products. The EAUC is the Environmental Association for Universities and Colleges. Clipstone is fortunate to have a number of higher education institutions as key stakeholders, and our sustainability advisor, Professor John French is deputy chair of the EAUC. Following their principles on offsetting and choosing from their menu of high-quality offsetting products is therefore a natural fit for Clipstone and we hope will give all our stakeholders confidence in our strategy.

The For 2020/21 CIML's carbon emissions were 19,845 Kg CO₂e. The carbon credits retired for CIML's offsets were as follows:

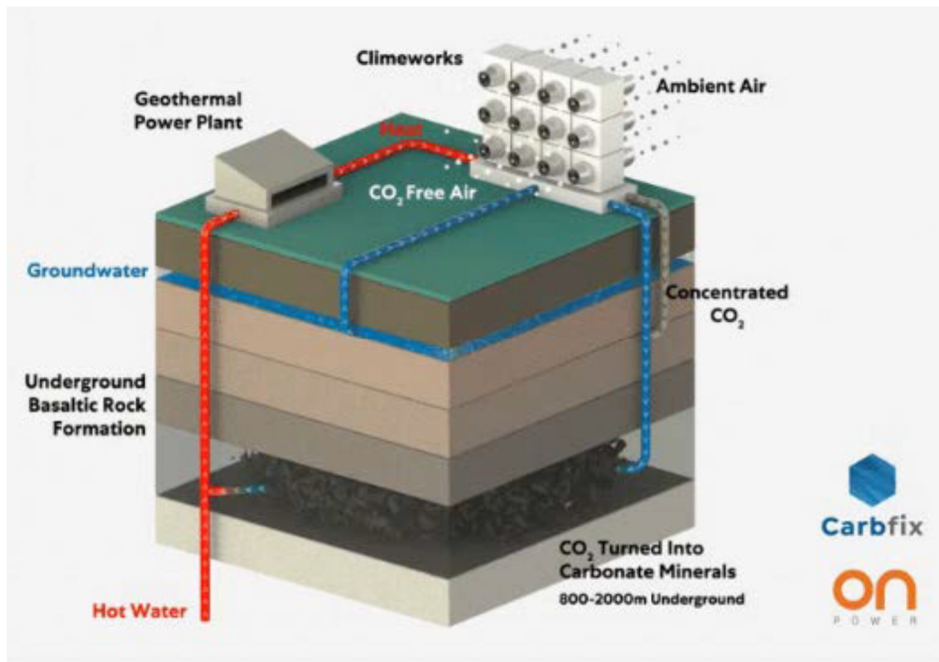
Scheme	Tonnes CO ₂ e
UK Woodland Carbon Code	5
Climeworks – Direct Air Carbon Capture with Storage	15
Total	20

UK Woodland Carbon Code

This offset is, essentially, the creation of woodland in the UK. The code encourages a consistent approach to woodland carbon projects and offers clarity and transparency to customers. The potential of woodlands to soak up CO₂ from the atmosphere while providing a host of other benefits for society and biodiversity is increasingly recognised. The Woodland Carbon Code provides reassurance about the carbon savings that customers' contributions may realistically achieve. Verified projects must be responsibly and sustainably managed to national standards and must provide reliable estimates of the amount of carbon that will be sequestered or locked up as a result of the tree planting. It must also be demonstrated that the project delivers additional carbon benefits than would have been the case without the project. Projects must also be publicly registered and independently verified. This ensures that the projects are genuine, effective, and result in reductions in CO₂ rather than simply preventing CO₂ creation.

<https://woodlandcarboncode.org.uk/>

Climeworks – Direct Air Carbon Capture with Storage



Climeworks develops, builds, and operates direct air capture machines. Their technology captures carbon dioxide directly from the air. Climeworks direct air capture machines are powered solely by renewable energy or energy-from-waste. Grey emissions are below 10%, which means that out of 100 tons of carbon dioxide the machines capture from the air, at least 90 tons are permanently removed. First, air is drawn into the collector with a fan. Carbon dioxide is captured on the surface of a highly selective filter material that sits inside the collectors. Once full, the temperature is increased to between 80 and 100 °C releasing the carbon dioxide. Finally, this carbon dioxide is collected and either used as a sustainable raw material or completely removed from the air and stored permanently and safely underground.

<https://climeworks.com/>

Clipstone are pleased to be able to support the development of technologies to reduce levels of atmospheric CO₂, and high quality natural woodland projects which will sequester carbon and provide biodiversity benefits at the same time. We will look to continue to support these projects as part of our offsetting strategy in the future, albeit hopefully at reduced levels as we look to cut our carbon footprint.

Signed: RICHARD DEMARCHI, COO

Date: 25 November 2021