



Lloyds Chambers 1 Portsoken Street London E1 8HZ
Tel: 020 7702 0888 Fax: 020 7702 9452
www.hermes.co.uk

Press Release

Xx July 2014

HERMES REAL ESTATE SELLS £17 MILLION SOVEREIGN PORTFOLIO

Hermes Real Estate has completed on the sale of the Sovereign Portfolio to Custodian Reit plc for £17.39 million.

The portfolio consists of nine properties located throughout England and Scotland with six single-let high street assets, two multi-let high street assets and one retail warehouse. The portfolio includes:

- 14 Cornhill Street, Bury St Edmunds
- 10 Watergate Street, Chester
- 2/6 Long Wyre Street, Colchester
- 165/171 High Street, Dumfries
- 489 Aylestone Road, Leicester
- 28-29a Pride Hill, Shrewsbury
- 54 Above Bar Street, Southampton
- 84/90 Palmerston Road, Southsea
- 19-23 Palmerston Road, Southsea

Chris Taylor, CEO of Hermes Real Estate, said: “2014 has been an active year for Hermes Real Estate so far as we look to maximise on cyclical opportunities within the market through well timed acquisitions and disposals. The sale of the Sovereign Portfolio is part of this wider diversification.”

Richard Shepherd-Cross, Fund Manager to Custodian REIT plc, said: “Since IPO on 26 March 2014, Custodian REIT has invested over £36 million. The Sovereign Portfolio

makes up an important part of this and has a strong fit with our investment strategy: to invest in a diversified, nationwide portfolio characterised by small lot sizes. The price of £17.39 million reflecting a net initial yield of 6.95%, as part of the wider fund, supports a target annualised dividend of 5.25% (of the issue price) in year to March 2015 and 6.25% thereafter.”

Fawcett Mead represented Hermes Real Estate, while Custodian Reit plc was represented by CWM & Partners.

-ENDS-

For further information, please contact:

Hermes Real Estate

Steven Hilton
Redwood Consulting

steven@redwoodconsulting.co.uk
+44 (0)20 7828 5553

Fawcett Mead

James Mead

james@fawcettmead.co.uk
+44 (0)20 7182 7481

CWM & Partners

Julian Norbury

jpn@cwm.co.uk
+44 (0)20 7494 6924

Notes to Editors:

Hermes Fund Managers

Hermes is focused on delivering superior, sustainable, risk adjusted returns for our clients – responsibly.

We believe in **Excellence, Responsibility** and **Innovation**

- **Excellence:** We aspire to excellence in everything we do. This manifests itself most visibly in our investment performance. We will only offer products to our clients where we believe there is a strong investment thesis and where we can deliver sustainable alpha.
- **Responsibility:** We believe it is our responsibility to lead discussion and debate about the fiduciary responsibilities of fund managers to our clients, their stakeholders and, ultimately, society at large. We have always sought positive engagement with the firms in which we invest.
- **Innovation:** We have the entrepreneurial culture to identify forward-looking products that meet those needs, along with the resources and speed-to-market mentality to develop them rapidly.

Our structure provides wholesale, institutional and pension fund clients globally the benefit of access to a broad range of specialist, high conviction investment teams operating within an established and robust operating platform.

Hermes' investment solutions include:

- **Fixed Income:** Inflation-Linked, Government Bonds, Investment Grade, High Yield
- **Alternatives:** Commodities, Hedge Fund Solutions, Infrastructure, Private Equity
- **Equities:** Global, Emerging Markets, Small & Mid Cap, Europe, Asia Ex Japan
- **Real Estate:** Segregated, Unitised, Debt, UK, US Residential, European

Hermes manages assets on behalf of more than 200 clients* across these investment areas with £26.9 billion* assets under management. In Hermes Equity Ownership Services, we have one of the largest engagement resources in the industry, advising on more than £103 billion* of assets.

*Please note the total AuM figure includes £3.5bn of assets managed or under an advisory agreement by Hermes GPE LLP ("HGPE"), a joint venture between Hermes Fund Managers ("HFM") and GPE Partner Limited. HGPE is an independent entity and not part of the Hermes group. £0.5bn of total group AuM figure represents HFM mandates under advice. Source: Hermes as at 31 March 2014.