

JR Capital and Chancerygate launch £100m industrial fund

By [Richard Williams](#) Mon 3 June 2019

Investment company JR Capital has partnered with industrial developer Chancerygate to raise a £100m fund for investment in the UK multi-let industrial sector.



New MLI fund (l-r) Chancerygate's Rory Finnan, JR Capital's John Collier-Wright, Chancerygate's Richard Bains and JR Capital's Michael Ferris

The first close of the fund has raised £25m of equity from JR Capital's Middle East-based private and institutional client base, giving Chancerygate an immediate £50m to deploy. Further closes are anticipated shortly. The fund has a five-year life and will target multi-let industrial investments across the UK in lot sizes of £5m to £15m.

JR Capital managing director, John Collier-Wright, said: "We believe the multi-let industrial sector is still undervalued. It offers relatively high yielding and well diversified income which is attractive in the current environment. The sector is one of very few which has real potential for growth over the short to medium term, underpinned by key macro fundamentals.

"There is a lack of supply of small to mid-sized industrial units across the UK, coupled with an ever-increasing demand from a better-quality tenant base. The shift to online commerce and

the need for storage and last-mile logistics space will inevitably continue to drive demand and rents.

“Our clients continue to have a strong appetite for UK commercial property, and they see the defensive nature of this asset class as a hedge against the continued uncertainty surrounding Brexit.”

The strategy of the fund is to assemble a geographically diversified portfolio of assets across the UK, generate secure income from a diversified tenant base and add value through active asset management. Both JR Capital and Chancerygate are co-investing into the new fund.

Chancerygate managing director, Richard Bains, said: “A key aspect of our growth strategy is to further increase the size of our asset management business. Our partnership with JR Capital and the funds raised will play a significant role in achieving that objective, so we are delighted to have achieved a first close in a challenging fund-raising environment.

“The fund will allow us to add to the mandates our asset management team already has from the likes of Bridges Fund Management, Carlisle City Council and Patrizia. We look forward to announcing our first acquisition via the fund, and subsequent closes, in due course.”

London-based JR Capital provides a platform for its Middle East-based private and institutional clients to co-invest into both UK and European real estate.

Michael Ferris, head of investment at JR Capital, added: “With significant increases in online shopping, we expect this structural shift in the way we consume to continue to have an impact on demand for regional light industrial, warehousing and distribution assets over the next cycle.

“We are also attracted to the granular nature of the tenant base and the fact it’s the cheapest commercial space on the market, both of which in our view make it a highly defensive strategy.”

At present, Chancerygate oversees £220m of assets nationwide across more than 4.9m sq ft of commercial space in 355 industrial, retail, office and leisure units.