INDUSTRIALS REIT LIMITED
(Formerly Stenprop Limited)
(Registered in Guernsey with registration number 64865)
LSE share code: MLI JSE share code: MLI
ISIN: GG00BFWMR296

3 December 2021

STRONG HALF YEAR RESULTS WITH LIKE-FOR-LIKE MLI VALUATION GROWTH IN THE PERIOD OF 8.7%

Industrials REIT Limited ('**Industrials REIT**' or the '**Company**' and together with its subsidiaries, the '**Group**'), the specialist UK multi-let industrial ('MLI') property company, announces results for the six months to 30 September 2021 which show continued rental and asset value growth across the MLI portfolio.

Commenting on the results Paul Arenson, CEO of Industrials REIT, said: "Over the course of the first half we have seen consistently high occupier demand for space in our multi let portfolio, right across the UK. This helped drive rental growth and has also driven strong valuation growth of 8.7%. We have also been active in growing our MLI portfolio, acquiring seven new estates since the start of the financial year and a further four post period end, for a total consideration of £59.8 million. With the disposals agreed to date, we remain on track to be a fully focused MLI REIT by year end. We look forward to the second half with a high degree of confidence that these trends will continue."

MLI Operational Highlights: Continued rental growth and strong occupier demand

- Four consecutive quarters of 20%+ average growth in rent at lease renewal or upon new letting now recorded
- 5.0%^ growth in like-for-like annual passing rent (2020: 5.1%), with a 5.1%^ increase in like-for-like annual ERV (2020: 4.2%)
- Occupancy remained robust at 93.9%, up from 93.7% at 31 March 2021
- Strong rent collections with over 95% of invoices billed in 2020 now paid and 2021 trending to the same level

Continued progress in investment strategy with transition to 100% MLI on track

- Seven MLI estates acquired in the period for an aggregate purchase price of £36.5 million, generating an additional £2.5 million of rental income per annum
- Purchase of a further four MLI estates completed post period end for £23.3 million in total, generating an additional £1.7 million of annualised rental income
- Completed the sale of two non-MLI assets in separate transactions for £82 million in aggregate during the period reflecting a 1.4% discount to March 2021 valuations
- On 10 November 2021, a contract of sale for the Switzerland property, known as Lugano, was signed and notarised for CHF12.5 million (£9.9 million; 31 March 2021 book value: £12.0 million). We anticipate completion in the next few weeks. The balance sheet at 30 September 2021 reflects this lower sale valuation
- MLI 92.5% of total portfolio based on valuations as at 30 September 2021, compared to 74.3% at year end, with the Company on track to achieve 100% MLI target by 31 March 2022

Financial Highlights: Net asset value continues to grow

- Total accounting return of 9.8% for the six-month period (2020: 6.8%)
- 59.2% increase in diluted IFRS EPS to 13.34 pence (2020: 8.38 pence) with adjusted EPS increasing to 3.45 pence (2020: 3.40 pence)
- Declared covered interim dividend of 3.375 pence per share (2020: 3.375 pence), with guidance maintained for full year dividend of at least 6.75p
- 7.4% increase in diluted IFRS net asset value per share to £1.59 (31 March 2021: £1.48)
- 7.5% increase in EPRA NTA per share to £1.58 (31 March 2021: £1.47)
- Portfolio valued at £574.0 million (31 March 2021: £582.3 million) reflecting transactions in the period and revaluations
- Like-for-like valuation growth of 7.5%, driven largely by an 8.7% like-for-like MLI portfolio valuation increase

^ The 5.0% growth in like-for-like annual passing rent is restated from 6.7% reported in the Q2 trading update issued by the Company on 29 October 2021. The discrepancy arose as like-for-like data inadvertently included an acquisition from December 2020, which formed part of an already owned estate, Capital Business Park in Cardiff. The same applies to like-for-like ERV growth which is restated from 6.5% to 5.1%.

	Six months ended 30 September 2021	**Six months ended 30 September 2020**
Statement of comprehensive income		
Dividend per share	**3.375p**	3.375p
Diluted IFRS earnings per share	**13.34p**	8.38p
Adjusted earnings per share[1]	**3.45p**	3.40p
Diluted EPRA earnings per share	**3.32p**	3.30p
Net rental income	**£15.1m**	£10.4m

	As at 30 September 2021	**As at 31 March 2021**
Statement of financial position		
Portfolio valuation (including joint ventures)	**£574.0m**	£582.3m
Like-for-Like[2] portfolio valuation increase for period	**+7.5% (6 months)**	+6.3% (12 months)
MLI portfolio percentage	**92.5%**	74.3%
Diluted IFRS NAV per share	**£1.59**	£1.48
EPRA NTA per share[3]	**£1.58**	£1.47
Group Loan-to-value[4]	**20.5%**	28.1%
Total Accounting Return[5]	**9.8% (6 months)**	11.4% (12 months)

1. See note 5 for reconciliation to IFRS earnings per share (and for all future references in this report to IFRS/EPRA earnings).

2. Adjusted for sales and acquisitions in period.

3. See note 6 for reconciliation to IFRS NAV per share (and for all future references in this report to IFRS NAV/EPRA NTA).

4. Loan-to-value is the ratio of total borrowings, less unrestricted cash, to the Group's aggregate market value of properties.

5. Total Accounting Return is the growth in EPRA NTA per share plus dividends paid, expressed as a percentage of EPRA NTA per share at the beginning of the period.

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About Industrials REIT Limited:
Industrials REIT Limited is a UK REIT listed on the LSE and the JSE. We specialise in the ownership and operation of UK multi-let industrial (MLI) property. Our purpose is to revolutionise the MLI sector in the UK for the benefit of our stakeholders. Our goal is to become the leading MLI business in the UK. For further information, go to www.industrialsreit.com.

Operating and financial review

Overview

We are pleased to report a strong first half performance for the newly named Industrials REIT, building on the momentum towards the end of last year and driven by the continued growth in occupier demand which is putting upwards pressure on rents and, in turn, valuations as more investors are attracted to the sector. These dynamics, coupled with the value we are able to create through active asset management, have led to a total accounting return of 9.8% for the six-month period, comprising a covered dividend of 3.375p per share on adjusted earnings of 3.45p per share and a 7.5% increase in EPRA NTA per share. This is significantly in excess of our stated minimum target total accounting return of 10% per annum.

The covered dividend of 3.375p per share will be paid in February 2022 and we reiterate our guidance to maintain the full year dividend of at least 6.75p per share. In the following financial year, we expect the strong fundamentals associated with owning a 100% MLI portfolio to allow us to grow both the dividend and net asset value, as growing MLI rents are translated into higher income and capital values. We anticipate that this will result in dividend growth going forward and enable Industrials REIT to deliver a total accounting return of at least 10% per annum for the foreseeable future.

We are pleased to report a group rent collection rate of 94% since April 2020 when the Coronavirus pandemic took hold. MLI collections for all billing periods in 2020 are now ahead of our target of 95% of rent collected versus originally billed and demonstrates the high level of resilience in our customer base. Rent collections for 2021 billing periods are trending towards similar levels as tenants are settling arrears and paying faster. We expect this situation to continue to improve as the impact of the pandemic eases and we see the end of government restrictions on bad debt enforcement, which is due to come into effect on 31 March 2022. Assuming the economy does not experience further headwinds, we would expect rent collections for current billing periods to return to pre-pandemic levels of 98% and above. Indeed, we are further encouraged that speed of payment is now the main topic of conversation with customers in the current environment, rather than whether rents will be paid at all, as was the concern one year ago.

It is very pleasing to see not only how well our MLI portfolio has withstood one of the worst economic shocks in modern times, but also how well it has continued to demonstrate its potential in a post-pandemic landscape, where the economy as a whole is growing and regional businesses with e-commerce capabilities are taking up increasing amounts of MLI units.

High levels of demand and strong rental growth

The period has been one of strong rental growth in our MLI portfolio, where we have seen a fourth successive quarter of 20% average rental uplifts in rent at lease renewal or at new letting. This growth is driven by strong customer demand which has been strengthened by the growth in e-commerce as a result of the pandemic, and we have seen growing levels of competition for MLI space across the UK. Supply remains constrained due to older stock being redeveloped for other uses, such as residential, whilst new supply is either not commercially viable at current rental levels or not possible due to a lack of available land in densely populated locations.

Like-for-like passing rent has increased by 5.0% over the previous 12 months. As at 30 September 2021, the average passing rent of the portfolio was £5.67 per sq ft, up from £5.34 per sq ft a year earlier. Like-for-like annual ERV growth was 5.1% as at 30 September 2021, with the estimated rental value for the portfolio now at £6.25 per sq ft, reflecting a 9.4% premium to the average passing rent and illustrating the reversion available to capture within the portfolio.

Occupancy at the period end was 93.9%, up slightly from the year end level of 93.7%.

We have experienced strong leasing activity over the period and completed 65 new lettings and 54 lease renewals generating £2.62 million of contractual rental income from 383,600 sq ft of space. We have consistently averaged more than a 20% uplift in rent at lease renewal or upon new letting compared to the previous passing rent, illustrating how effectively we can capture the reversion between the passing rent and the ERV which is embedded within the portfolio. The average rental incentive given in the period was c. 1.4 months on an average lease term of over 4 years. The low level of rent-free incentives granted means there is minimal dilution between the headline rent on the lease and the rent collected, thereby reducing the cost of granting new leases and generating better earnings for investors.

Industrials Hive – a platform for success

Our technology-enabled operating platform, which we have named ‘Industrials Hive’, continues to add value to our operations.

One of the key advances we have made in the period has been the evolution of our marketing and sales strategy. Several changes have gone into the process of generating and qualifying prospective customers to allow our sales team to work more quickly and efficiently, delivering enhanced customer service and shortening transaction times. This has been married to rolling out a new content management platform, which links into our underlying technology platform and significantly reduces the time it takes to bring vacant units to market across all digital channels.

Over the period we have continued to extensively deploy Industrial REIT’s short form digital ‘Smart lease’, which helps cut time and complexity from the leasing process. We have also focused on building fixed price increases into new leases where possible, with over 70% of leases signed incorporating a 3% annual uplift in rent throughout the term of the lease. This allows us to capture revenue growth throughout the entire duration of the lease, rather than just at expiry or rent review.

Industrials Hive is driving change to allow us to deliver on our platform goals of enhanced revenues, lower costs, efficient processes, and better data. Furthermore, the Industrials Hive platform has been designed to enable Industrials REIT to scale the portfolio at a progressively lower cost per MLI unit managed.

Our transition to become a 100% MLI business is all but complete

Our four-year transition to become a 100% UK MLI REIT is all but complete. At 30 September 2021, 92.5% of our total portfolio was UK MLI. The non-MLI properties comprise a portfolio of four care homes in Germany (held as a joint venture) and a leisure complex in Switzerland, the sale of which exchanged on 10 November 2021. We are confident that our interest in the care homes will be sold by the end of the financial year.

We completed two disposals in the six-month period. The sale of the Hermann Quartier shopping centre in Berlin for €30.8 million completed in August, having been notarised in December 2020. On 2 September 2021, we completed the sale of Trafalgar Court in Guernsey, as part of a share sale which valued the property at £55 million, a 2% discount to the 31 March 2021 book value.

Seven new MLI estates were purchased in the period for an aggregate purchase price of £36.5 million, all of which completed in the second quarter. The seven estates comprise 525,000 sq ft of purpose built MLI space and were acquired at an attractive capital value of £66 per sq ft, reflecting a c. 50% discount to replacement cost. The net initial yield across all seven estates was 6.8%, whilst passing rents were a low £4.90 per sq ft and reflected an 20% discount to ERVs.

Subsequent to the period end, we acquired four further estates for an aggregate purchase price of £23.3 million, details of which can be found in the subsequent events section below. Further, on 10 November 2021 a contract of sale for the Switzerland property, known as Lugano, was signed and notarised for CHF12.5 million (£9.9 million). We anticipate completion in the next few weeks. The balance sheet at 30 September 2021 reflects this valuation.

There is a steady pipeline of potential MLI opportunities heading into the second half of the financial year and we are confident that we will reach our MLI acquisition target of between £100 million and £115 million for the full year.

Confidence in an exciting future

We remain committed to our goal of becoming the leading MLI business in the UK by revolutionising the sector and capitalising on a best-in-class specialist operating platform. We look to the future with optimism following the recent rebrand of the Company to Industrials REIT, the planned step up to the Premium Segment of the Main Market of the LSE targeted to take place before the end of the calendar year and a desire to grow the business. As we move into 2022 and beyond, we are clear that acquiring significant additional MLI property will generate economies of scale, improving our cost ratios and improving earnings, as we further leverage our operating platform.

We expect demand to remain strong as the shift to e-commerce and internet-enabled business continues, and, with no meaningful supply expected, our value proposition has never been stronger. We are confident that we will be able to deliver total accounting returns of at least 10% per annum for the foreseeable future.

Making a positive impact

Finally, making a tangible difference through our environmental, social and governance responsibilities is something that we take seriously. We believe that our experience in managing MLI estates, supported by a market-leading operating platform, can help us mitigate some of the climate-related challenges being faced as well as making a positive societal contribution to the communities in which we operate. Our buildings have inherently long lives, with the functional design not having changed in decades, thus minimising both the economic and environmental impact of obsolescence. We have already implemented a wide range of initiatives across the business as part of our ESG agenda, such as 100% green energy landlord utility supplies, 'No-mow' areas on our estates which encourage biodiversity, blind recruitment processes to eliminate bias, and a new customer vetting process based upon a set of societal and ecology impact metrics.

Our work was recognised this year through being awarded the EPRA 'Most improved award' – Sustainability best practices recommendations 2021' and we are committed to further improvements to build on the bronze award received at the same time. The business is proactively managing its carbon footprint and reducing emissions across our portfolio, and will be looking to set targets over the course of 2022 to ensure we achieve these goals.

Financial review

Earnings
For the six months to 30 September 2021, basic earnings attributable to ordinary shareholders rose by 62% to £38.8 million (2020: £24.0 million), equating to 13.34 pence on a diluted IFRS EPS basis (2020: 8.38 pence). The increase was driven by fair value gains on investment properties of £30.6 million (2020: £18.6 million) due to rental growth and strong valuation uplifts during the period, which are a reflection of like-for-like portfolio valuation increases of 7.5% since 31 March 2021 (2020: 4.4%).

Net rental income was £15.1 million (2020: £10.4 million) and, for the first time, comprises only MLI net rents, as all remaining non-MLI net rents are now reflected as part of discontinued operations in the income statement. This is mostly driven by the increase in the amount of MLI we now own, being 95 properties at 30 September 2021, up from 80 properties a year earlier.

Net rental income is presented after provision for expected credit losses. Provisions of £0.7 million were made in the period, compared with £1.6 million for the same period last year and included MLI expected credit losses of £0.3 million (2020: £1.1 million). The reduction of this expense reflects improved collection rates and the resulting release of previous provisions no longer required. The total Group provision at 30 September 2021 for expected credit losses stood at £4.0 million (31 March 2021: £3.6 million) and comprises £2.6 million (31 March 2021: £2.3 million) relating to the MLI segment.

Operating expenses for the half year were £5.8 million (2020: £4.8 million). The increase of £1.0 million was driven by staff remuneration costs and associated expenses which are reflective of the increase in our staff count to 44 at 30 September 2021 (2020: 31).

Management fee income of £18,000 was reported at the half year, down from £0.7 million in the comparative period. Industrials REIT has withdrawn from its historic funds management activities.

In accordance with reporting standards widely adopted across the real estate industry in Europe, the directors feel it is appropriate and useful to disclose EPRA earnings and adjusted earnings in addition to providing the IFRS results. Diluted EPRA earnings were £9.6 million (2020: £9.4 million) equating to a diluted EPRA EPS of 3.32 pence (2020: 3.30 pence). Adjusted earnings attributable to shareholders were £10.0 million (2020: £9.7 million). The adjusted EPS was 3.45 pence (2020: 3.40 pence).

Industrials REIT also reports other EPRA metrics in line with best practice. The EPRA cost ratio (including direct vacancy costs) includes all administrative and operating expenses in the IFRS statements (including share of joint ventures) and for the period ended 30 September 2021 was 38.7% (2020: 38.8%). We anticipate that as we grow the MLI portfolio the EPRA cost ratio will decrease over time as the marginal cost of each additional property will be significantly lower than for the existing portfolio.

Dividends
On 1 December 2021, the directors declared an interim dividend of 3.375 pence per share (2020: 3.375 pence per share). The dividend is fully covered by adjusted earnings of 3.45 pence per share. The directors intend to offer shareholders the option to receive all or part of their dividend entitlement by way of a scrip issue of Industrials REIT ordinary shares or in cash. A further announcement informing shareholders of the salient dates and tax treatment will be released in due course.

Net asset value
The IFRS diluted NAV per share was £1.59 at 30 September 2021 (31 March 2021: £1.48). The increase of 7.4% is driven by the like-for-like valuation increase of the MLI portfolio since 31 March 2021 of 8.7%, or £39.5 million. At period end, our portfolio of 95 MLI properties was valued at £531.0 million, representing 92.5% of the total portfolio.

EPRA NTA per share at 30 September 2021 was £1.58. This represents a 7.5% increase on the EPRA NTA per share of £1.47 at 31 March 2021. A reconciliation of this change is shown in note 6 to the accounts. The growth in NTA since 31 March 2021, combined with the dividend paid of 3.375 pence, resulted in a total accounting return for the six-month period of 9.8% (2020: 6.8%).

Portfolio valuation
Including the Group's share of joint ventures, Industrial REIT's investment properties were valued at £574.0 million at 30 September 2021 (31 March 2021: £582.3 million), of which £43.0 million were classified as assets held for sale (31 March 2021: £38.2 million). On a like-for-like basis, excluding the impact of additions and disposals in the period, the valuation of the portfolio increased by 7.5% since year end.

Combined portfolio (including share of joint ventures)	Market value 30 September 2021 (£'000)	Portfolio by market value (%)	Property (number)	Area (sq m)	Annualised contracted gross rental income (£'000)	Net initial yield (weighted average) (%)	Voids by area (%)
Investment properties							
UK multi-let industrials	**531,030**	92.5	95	597,253	35,134	6.09	6.1
Assets held for sale							
Switzerland	**9,946**	1.7	1	5,974	984	2.94	0.0
Share of joint ventures	**33,035**	5.8	4	19,330	2,444	6.27	0.0
	42,981	7.5	5	25,304	3,428	5.50	0.0
Total	**574,011**	100.0	100	622,557	38,562	6.04	5.85

United Kingdom: MLI portfolio
The UK MLI portfolio was independently valued at £531.0 million. On a like-for-like basis valuations increased by £39.5 million, or 8.7%, over the valuation at 31 March 2021. Based on letting activity and rental uplifts in the period, we calculate that income change is driving 20% of the valuation uplift with yield compression driving the remaining 80%.

The MLI portfolio comprises 95 estates and more than six million sq ft of lettable space.

Assets held for sale
The final Swiss property, Lugano, was notarised for sale on 10 November 2021 and was valued at period end at the sales price of CHF12.5 million (31 March 2021: CHF15.5 million).

Following the completion of the sale of Hermann Quartier in Berlin in August, our joint venture interest in the care homes portfolio reflects our final holding in Germany and is classified as held for sale in the financial statements. The portfolio of four care homes was independently valued at €38.9 million, unchanged from the 31 March 2021 valuation.

Debt
Total borrowings at 30 September 2021 were £173.9 million against £214.5 million as at 31 March 2021. The reduction is due to the sale of Hermann Quartier in Germany (£8.1 million borrowings), Trafalgar Court in Guernsey (£28.0 million borrowings) and the repayment in May 2021 of a £4.5 million facility secured on the urban logistics portfolio which matured at that time.

Net debt at the reporting date, after deducting unrestricted cash of £56.4 million, was £117.4 million (31 March 2021: £163.8 million) and the loan to value ratio at 30 September 2021 was 20.5% (31 March 2021: 28.1%) when calculated on a look through basis. Excluding unrestricted cash, the loan-to-value was 30.3% (31 March 2021: 36.8%).

No new debt was drawn in the period with the acquisition of the seven MLI estates funded using free cash reserves.

The rolling credit facility provided by Investec Bank Plc to bridge the potential funding gap between property acquisitions and sales was extended in May 2021 for a further 12 months with a reduced margin of 6.25% (previously 7.0%). The facility was not utilised in the six-month period and was undrawn as at 30 September 2021.

On 27 September 2021, we completed the refinancing of the seven MLI assets acquired in the period, together with other unencumbered assets (including four of the five urban logistics assets) with an existing lender. Drawdown of the £29.0 million facility is planned for early January 2022. The new tranche was concluded at a margin of 175bps, giving a blended margin of 192bps across the whole facility and an all-in interest rate of 2.26%. The facility matures in November 2025.

The weighted average debt maturity stood at 4.1 years at 30 September 2021 compared with 3.9 years at 31 March 2021. Looking at the MLI debt, the maturity stood at 4.4 years (31 March 2021: 4.9 years). The all-in contracted weighted average cost of debt was 1.87% at the period end, compared with 1.93% at 31 March 2021. The small reduction reflects the impact of the Trafalgar loan which had a margin of 2.0% on debt of £28 million.

Industrials REIT maintains significant headroom on both its interest cover and LTV loan covenants. Loan facilities subject to LTV have surplus cover that would allow for an average 48% reduction in values. Loan facilities subject to debt service cover ratio covenants have sufficient cover to cope with an average reduction in net rents of 75%. Industrials REIT continues to enjoy an open and supportive relationship with its lenders.

Subsequent events
Since the reporting date, Industrials REIT has acquired additional MLI assets to the value of £23.3 million. The four estates, in Birkenhead, Coatbridge, Stockton-on-Tees, and Glasgow have been purchased in separate transactions for a total consideration of £23.3 million, reflecting a blended net initial yield of 6.8% and a capital value of £75 per sq ft.

On 10 November 2021, contracts were exchanged for the sale of Lugano in Switzerland. The sale price was CHF12.5 million (£9.9 million) and completion is anticipated in the coming weeks.

Prospects
The MLI asset class, together with the ever-diversifying customer base that occupies our space, has continued to demonstrate resilience, performing well against the sustained backdrop of COVID-19 and into the recovery. Moreover, Industrials REIT has seen increasing tenant demand, high levels of occupancy and consistently strong like-for-like rental growth at year-on-year levels of c.5%. Rental values continue to improve in the sector and the incentives agreed on leases remain low, driven by strong supply/demand fundamentals and the quality of our product.

As an operating business, we see considerable value in our platform and believe that our ability to manage MLI assets is best in class. The increasing benefits of our Industrials Hive platform with regards to digital marketing and a fast and effective leasing process are particularly noteworthy. Over time, we see our Industrials Hive platform as the key to creating further efficiencies as we continue to digitise and scale our business.

Notwithstanding the very recent setback in the global fight against COVID-19 with the appearance of Omicron, we remain confident that our MLI portfolio will prove to be resilient and will continue to deliver strong fundamental performance in the second half of the year.

Statement of directors' responsibilities

Statement of principal risks and uncertainties

Industrials REIT is a UK REIT listed on the Specialist Fund Segment of the London Stock Exchange (‘LSE’) and the Johannesburg Stock Exchange (‘JSE’). The Group specialises in the ownership and operation of UK MLI property after a transition phase from a passive diversified portfolio across multiple asset classes and geographies, into a focused operational business specialising in owning and operating UK MLI assets. Significant risks, key controls, details of risk management decisions and all relevant management actions implemented as part of the risk assessment process are reported to the Audit and Risk Committee on a quarterly basis. Key risks which may have a material impact on the ability of the Company to achieve its strategic objectives are routinely reviewed and considered by the Board. The principal risks and uncertainties faced by the Group are related to the commercial property market in general and its investment properties. Other risks faced by the Group include strategic, financial, operational, and Environmental, social and governance (‘ESG’) risks. These are outlined in more detail under the heading 'risk management' within the Company's annual report for the year ended 31 March 2021. The Group's principal risks and uncertainties have not changed materially since the date of the annual report.

Statement of going concern

At the date of signing these condensed consolidated interim financial statements, the Group has positive operating cash flow forecasts and positive net assets. Management have carefully assessed the impact of the market uncertainties arising from the outbreak of the COVID-19 pandemic on the Group's net assets, liquidity and ability to continue as a going concern for the foreseeable future.

A look-forward period of 18 months to March 2023 was used by management to assess the going concern basis. Management tested the base-case forecast by considering the unlikely downward impact of lower collection rates, increased vacancy rate and loan covenant sensitivity assumptions on the cashflow model. Further disclosure is provided in note 1 of the condensed consolidated interim financial statements. The test concluded that even in this scenario the Group would have positive liquid assets and be able to meet its obligations as they fall due.

In light of this review and the significant liquid assets held by the Group, management are satisfied that the Group has access to adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these condensed consolidated financial statements.

The directors believe that it is therefore appropriate to prepare the accounts on a going concern basis.

Statement of directors' responsibilities in respect of the interim report

The directors confirm that to the best of their knowledge:

i. the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

ii. the operating and financial review together with the statement of principal risks and uncertainties above include a fair review of the information required by the Disclosure Guidance and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year, a description of principal risks and uncertainties for the remaining six months of the year, and their impact on the condensed set of consolidated interim financial statements; and

iii. the operating and financial review together with the condensed set of consolidated interim financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period, and any changes in the related party transactions described in the last annual report that could do so.

The financial statements are published on the Company's website, www.industrialsreit.com. A list of the current directors of Industrials REIT can be found on the Company's website. Legislation in Guernsey governing the preparation and dissemination of the interim financial statements may differ from legislation in other jurisdictions.

Approved by the board on 2 December 2021 and signed on its behalf:

Paul Arenson
Chief Executive Officer

James Beaumont
Chief Financial Officer

INDEPENDENT REVIEW REPORT TO INDUSTRIALS REIT LIMITED

Introduction
We have been engaged by the Group to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities
The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the listing requirements of the Johannesburg Stock Exchange and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ('IASB') and the financial reporting pronouncements issued by the Financial Reporting Standards Council of South Africa (the 'FRSC Pronouncements'). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Johannesburg Stock Exchange Listings Requirements and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, as issued by the IASB, the Johannesburg Stock Exchange Listings Requirements and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report
Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of the Johannesburg Stock Exchange Listing Requirements and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP

Chartered Accountants

London

United Kingdom

2 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Condensed consolidated statement of comprehensive income
for the six months ended 30 September 2021

	Note	30 September 2021 (unaudited) £'000	30 September 2020 (unaudited) £'000
Continuing operations			
Revenue		**20,028**	14,570
Expected credit losses		**(294)**	(1,101)
Property expenses		**(4,601)**	(3,057)
Net rental income	3	**15,133**	10,412
Management fee income		**18**	706
Operating costs	4	**(5,589)**	(4,506)
Net operating income		**9,562**	6,612
Fair value gain on investment properties	8	**32,999**	9,183
Loss on disposal of property		**-**	(9)
Net foreign exchange gain		**42**	78
Profit from operations		**42,603**	15,864
Net gain/(loss) from fair value of derivative financial instruments		**304**	(939)
Interest income		**63**	43
Finance costs		**(1,975)**	(2,297)
Profit for the year before taxation		**40,995**	12,671
Tax credit		**32**	45
Profit for the period from continuing operations		**41,027**	12,716
Discontinued operations			
(Loss)/gain for the year from discontinued operations	10	**(2,253)**	11,250
Profit for the period		**38,774**	23,966
Profit attributable to:			
Equity holders		**38,774**	23,972
Non-controlling interest derived from continuing operations		**-**	(6)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation reserve		**421**	1,968
Total comprehensive income for the period		**39,195**	25,934
Total comprehensive income attributable to:			
Equity holders		**39,195**	25,940
Non-controlling interest		**-**	(6)
Earnings per share		**Pence**	**Pence**
From continuing operations:			
EPS	5	**14.15**	4.49
Diluted EPS	5	**14.11**	4.45
From continuing and discontinued operations:			
EPS	5	**13.37**	8.45
Diluted EPS	5	**13.34**	8.38

Condensed consolidated statement of financial position
as at 30 September 2021

	Note	30 September 2021 (unaudited) £'000	31 March 2021 (audited) £'000
ASSETS			
Non-current assets			
Investment properties	8	**529,027**	511,220
Investment in joint ventures		**-**	143
Investment in joint venture bond		**-**	14,119
Intangible assets		**2,378**	1,784
Derivative financial instruments		**253**	138
Other debtors		**6,539**	8,670
Right-of-use asset		**167**	314
Total non-current assets		**538,364**	536,388
Current assets			
Cash and cash equivalents		**61,063**	53,781
Trade and other receivables	12	**12,100**	8,723
Other investments		**-**	1,000
Derivative financial instruments		**-**	2,024
Assets classified as held for sale	10	**25,887**	39,208
Total current assets		**99,050**	104,736
Total assets		**637,414**	641,124
LIABILITIES			
Current liabilities			
Bank loans	11	**-**	4,489
Taxes payable		**-**	443
Trade and other payables		**18,336**	17,779
Provisions		**936**	-
Lease liability		**157**	316
Liabilities directly associated with assets classified as held for sale	10	**5,600**	15,166
Total current liabilities		**25,029**	38,193
Non-current liabilities			
Bank loans	11	**149,007**	176,655
Derivative financial instruments		**123**	430
Lease liability		**15**	26
Total non-current liabilities		**149,145**	177,111
Total liabilities		**174,174**	215,304
Net assets		**463,240**	425,820
EQUITY			
Capital and reserves			
Share capital and share premium		**322,770**	322,776
Equity reserve		**(2,105)**	(10,058)
Retained earnings		**120,699**	91,647
Foreign currency translation reserve		**21,876**	21,455
Total equity		**463,240**	425,820
		£	**£**
Net asset value per share	6	**1.59**	1.49
Diluted net asset value per share	6	**1.59**	1.48

Condensed consolidated statement of changes in equity
for the six months ended 30 September 2021 (unaudited)

	Share capital and share premium £'000	Equity reserve £'000	Retained earnings £'000	Foreign currency translation reserve £'000	Attributable to equity shareholders £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 April 2021	**322,776**	**(10,058)**	**91,647**	**21,455**	**425,820**	**-**	**425,820**
Profit for the year	**-**	**-**	**38,774**	**-**	**38,774**	**-**	**38,774**
Total other comprehensive income for the period	**-**	**-**	**-**	**421**	**421**	**-**	**421**
Total comprehensive income for the period	**-**	**-**	**38,774**	**421**	**39,195**	**-**	**39,195**
Equity-settled share-based payments	**(6)**	**3,478**	**-**	**-**	**3,472**	**-**	**3,472**
Ordinary dividends	**-**	**4,475**	**(9,722)**	**-**	**(5,247)**	**-**	**(5,247)**
Total contributions and distribution recognised directly in equity	**(6)**	**7,953**	**(9,722)**	**-**	**(1,775)**	**-**	**(1,775)**
Balance at 30 September 2021	**322,770**	**(2,105)**	**120,699**	**21,876**	**463,240**	**-**	**463,240**
Balance at 1 April 2020	322,993	(14,360)	57,490	25,118	391,241	95	391,336
Profit for the year	-	-	23,972	-	23,972	(70)	23,902
Total other comprehensive income for the period	-	-	-	1,968	1,968	-	1,968
Total comprehensive income for the period	-	-	23,972	1,968	25,940	(70)	25,870
Equity-settled share-based payments	-	205	211	-	416	-	416
Repurchase of own shares	-	(2,246)	-	-	(2,246)	-	(2,246)
Ordinary dividends	-	4,074	(9,550)	-	(5,476)	-	(5,476)
Total contributions and distribution recognised directly in equity	-	2,033	(9,339)	-	(7,306)	-	(7,306)
Balance at 30 September 2020	322,993	(12,327)	72,123	27,086	409,875	25	409,900

Condensed consolidated statement of cash flows
for the six months ended 30 September 2021

		Note	30 September 2021 (unaudited) £'000	30 September 2020 (unaudited) £'000
Operating activities				
Profit from operations from continuing operations			**42,603**	15,864
(Loss)/profit from operations from discontinued operations			**(1,854)**	13,532
			40,749	29,396
Depreciation		4	**145**	136
Increase in fair value of investment property			**(30,597)**	(18,637)
Loss/(gain) on disposal of property			**2**	(92)
(Income)/loss from joint ventures		9	**(784)**	721
Management fee expenses			**-**	38
Share-based payments		4	**734**	416
Profit/(loss) on disposal of subsidiaries		13	**2,350**	(134)
Exchange rate gain			**(42)**	(66)
Increase in trade and other receivables			**(1,290)**	(1,969)
Increase in trade and other payables			**2,574**	126
Cash generated by operations			**13,841**	9,935
Interest paid			**(2,084)**	(2,595)
Interest received			**252**	113
Net tax paid			**(577)**	(183)
Net cash from operating activities			**11,432**	7,270
Contributed by:	Continuing operations		**10,425**	3,203
	Discontinued operations		**1,007**	4,067
Investing activities				
Purchase of investment property		8	**(38,884)**	(41,871)
Capital expenditure - property			**(914)**	(296)
Capital expenditure - ERP			**(640)**	-
Proceeds on disposal of investment property, net of selling costs			**26,520**	23,624
Tax paid on disposal of property			**(1,186)**	(7,199)
Receipt of loans advanced under the Share Purchase Plan			**-**	345
Other investment - Cash and short-maturity bonds on call			**1,000**	(8,000)
Disposal of subsidiaries		13	**24,790**	-
Net cash disposed of in subsidiaries		13	**(433)**	-
Net cash from/(used in) investing activities			**10,253**	(33,397)
Contributed by:	Continuing operations		**(39,439)**	(49,863)
	Discontinued operations		**49,692**	16,466
Financing activities				
Dividends paid			**(5,247)**	(5,447)
Withholding tax on dividends paid			**(576)**	-
Repayment of borrowings		11	**(12,620)**	(8,266)
Amortisation of loans		11	**(32)**	-
Lease payments			**(175)**	(116)
Repurchase of shares			**-**	(2,246)
Proceeds from exercise of share options			**2,738**	-
Financing fees paid			**(174)**	(79)
Net cash used in financing activities			**(16,086)**	(16,154)
Contributed by:	Continuing operations		**(7,934)**	(7,888)
	Discontinued operations		**(8,152)**	(8,266)
Net increase/(decrease) in cash and cash equivalents			**5,599**	(42,281)
Effect of foreign exchange gains/(losses)			**1,866**	(201)
Cash and cash equivalents at beginning of the period			**53,982**	85,588
Cash and cash equivalents at end of the period			**61,447**	43,106
Contributed by:	Continuing operations		**53,200**	21,720
	Discontinued operations and assets held for sale		**8,247**	21,386

Funds totalling £5.1 million were restricted at 30 September 2021 (2020: £6.5 million).

1 Basis of preparation

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). These unaudited condensed consolidated interim financial statements for the six months ended 30 September 2021 have been prepared in accordance with IAS 34 'Interim Financial Reporting', the JSE Listings Requirements, the Disclosure and Transparency Rules of the UK's FCA, applicable Guernsey law and the financial reporting pronouncements issued by the Financial Reporting Standards Council of South Africa (the 'FRSC Pronouncements').

These condensed consolidated interim financial statements have been reviewed, not audited. The auditor's review opinion is included in this report.

These condensed consolidated financial statements have been prepared by, and are the responsibility of, the directors of Industrials REIT.

The accounting policies and methods of computation are consistent with those applied in the preparation of the annual financial statements for the year ended 31 March 2021, which were audited and reported on by the Group's external auditor. The consolidated annual financial statements for the year ended 31 March 2021 are available on the Company's website: Industrialsreit.com.

The condensed consolidated financial statements are presented in GBP (Pounds Sterling).

The Group has continued to pursue its strategic transformation into a 100% focused UK multi-let operating business. These condensed consolidated interim financial statements reflect the latest disposals resulting in operating segmental changes. The Guernsey and German segments, along with the previously reported Swiss disposal segment, have been classified as discontinued operations in these condensed consolidated interim financial statements in accordance with IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations. Accordingly, prior periods in the statement of comprehensive income, statement of cash flows and operating segments note (note 2) have been restated to show separately those balances in respect of discontinued operations. Further details can be found in note 10 - Assets held for sale and discontinued operations.

Going concern

At the date of signing these condensed consolidated financial statements, the Group has positive operating cash flow forecasts and positive net assets. Management have carefully assessed the impact from the market uncertainties arising from the outbreak of the COVID-19 pandemic on the Group's net assets, liquidity and ability to continue as a going concern for the foreseeable future.

A look-forward period of 18 months to March 2023 has been used to assess the going concern basis. Management used a base-case forecast determined by using the assumptions deemed most likely to occur. The base-case was then tested by considering the unlikely downward impact of lower collection rates, increased vacancy rate and loan covenant sensitivity assumptions on the cashflow model. In this scenario analysis:

- An 85% collection rate across the portfolio was considered for the 12 months to 30 September 2022 in the event further restrictive regulations due to COVID-19 are implemented, or restrictions placed on commercial landlords to pursue a tenant's rent arrears through issuing statutory demands are extended. Rent collections are assumed to revert to the base case scenario for the final six months of the look-forward period.
- 20% increase in direct property costs for the 12 months to 30 September 2022, resulting from increased vacancies and/or inflationary impact, after which costs are assumed to revert to the base case scenario for the final six months of the look-forward period.
- A remedy of the loan to value ratio in breech should property values drop by 15% and the lenders takes a harder stance.

The test concluded that even in this scenario the Group would have positive liquid assets and be able to meet its obligations as they fall due.

Debt refinancing and sensitivities to loan covenants were assessed in detail, as well as the Company's REIT obligations. Despite the disruption to the economy caused by COVID-19, management do not expect the risk of default to have increased. The projections indicate that the Group will remain within the limits and not breach covenants. In addition, the Group maintains strong relationships with its facility providers and currently has significant headroom for both interest cover and LTV loan covenants. Notwithstanding this assumption, the Group would have cash resources available, even after considering the respective downside scenarios above, to be utilised to cure covenant breaches if they crystallise and should the lenders take a hard stance. It is further worth noting that the loans are not cross-collateralised and accordingly if certain banks do act aggressively, the Group would continue to operate with the remaining portfolio of assets if any foreclosure events were to arise.

In light of this review and the significant liquid assets, management are satisfied that the Group has access to adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these condensed consolidated financial statements.

The directors believe that it is therefore appropriate to prepare the accounts on a going concern basis.

Adoption of new and revised standards

In the current period, no new or revised standards and interpretations have been adopted.

No other standards or interpretations not yet effective are expected to have a material impact on these condensed consolidated financial statements of the Group.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of condensed consolidated financial statements, in accordance with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Although the estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period, are discussed below.

Key sources of estimation uncertainty

Valuation of the property portfolio

The Group's investment properties are stated at estimated fair value, determined by directors, based on an independent external real estate valuation expert. The valuation of the Swiss asset is based on a signed contract for the disposal of the property. The valuation of the Group's property portfolio is inherently subjective due to several factors including the individual nature of each property, its location, expectation of future rentals and the discount yield applied to those cash flows.

As a result, the valuations placed on the property portfolio are subject to a degree of uncertainty and are made based on assumptions that may not prove to be accurate, particularly in years of volatility or low transaction flow in the market. The estimated market value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. As a result, if the assumptions prove to be different, actual results of operations and realisation of net assets could differ from the estimates set forth in these financial statements, and the difference could be significant. Further details can be found in note 8.

The Group currently has a number of continental European investment properties classified as assets held for sale. Due to the same reasons mentioned above that the COVID-19 crisis has caused, the valuations of assets held for sale are also subject to a degree of valuation uncertainty and as such a key source of estimation uncertainty. Further information on assets held for sale can be found in note 10.

2 Operating segments

The Group is focused on real estate investment in well-developed, large economies with established real estate markets. The investment portfolio is geographically diversified across the United Kingdom, Germany and Switzerland. Each segment derives its revenue from the rental of investment properties in the respective geographical regions.

Relevant financial information is set out below:

i) Information about reportable segments

	Continuing operations		Discontinued operations			
	UK multi-let industrial	Group	Guernsey	Germany	Switzerland	Total
For the period ended 30 September 2021 (unaudited)	£'000	£'000	£'000	£'000	£'000	£'000
Net rental income	15,097	-	-	-	-	15,097
Net management fee income	-	18	-	-	-	18
Other income	-	36	-	-	-	36
Fair value gain of investment properties	32,999	-	-	-	-	32,999
Net gain/(loss) from fair value of financial liabilities	394	(90)	-	-	-	304
Net finance costs	(1,909)	(3)	-	-	-	(1,912)
Tax, legal and professional fees	(252)	(26)	-	-	-	(278)
Audit fees	-	(150)	-	-	-	(150)
Administration fees	(17)	(177)	-	-	-	(194)
Non-executive directors' costs	-	(140)	-	-	-	(140)
Staff remuneration costs	-	(2,462)	-	-	-	(2,462)
Operating costs	(1)	(2,364)	-	-	-	(2,365)
Net foreign exchange gain	-	42	-	-	-	42
(Loss)/profit from discontinued operations (note 10)	-	-	(666)	749	(2,336)	(2,253)
Tax credit	32	-	-	-	-	32
Total profit per reportable segment	46,343	(5,316)	(666)	749	(2,336)	38,774
As at 30 September 2021 (unaudited)						
Investment properties	529,027	-	-	-	-	529,027
Cash and cash equivalents	46,443	6,757	5,563	2,300	-	61,063
Other	15,738	3,241	-	2,458	-	21,437
Assets classified as held for sale (note 10)	-	-	-	15,208	10,679	25,887
Total assets	591,208	9,998	5,563	19,966	10,679	637,414
Borrowings - bank loans	149,007	-	-	-	-	149,007
Other	15,636	3,346	395	190	-	19,567
Liabilities directly associated with assets classified as held for sale (note 10)	-	-	-	2	5,598	5,600
Total liabilities	164,643	3,346	395	192	5,598	174,174

For the period ended 30 September 2020 (unaudited)	Continuing operations UK multi-let industrial* £'000	Continuing operations Group £'000	Discontinued operations Guernsey £'000	Discontinued operations Germany £'000	Discontinued operations Switzerland £'000	Total £'000
Net rental income	10,376	-	-	-	-	10,376
Net management fee income	-	706	-	-	-	706
Other income	-	36	-	-	-	36
Fair value gain of investment properties	9,183	-	-	-	-	9,183
Net loss from fair value of financial liabilities	(764)	(175)	-	-	-	(939)
Loss on disposal of property	(9)	-	-	-	-	(9)
Net finance costs	(2,296)	42	-	-	-	(2,254)
Tax, legal and professional fees	(138)	(338)	-	-	-	(476)
Audit fees	-	(135)	-	-	-	(135)
Administration fees	(12)	(121)	-	-	-	(133)
Non-executive directors' costs	-	(114)	-	-	-	(114)
Staff remuneration costs	-	(1,916)	-	-	-	(1,916)
Operating costs	(2)	(1,730)	-	-	-	(1,732)
Net foreign exchange gain	-	78	-	-	-	78
Profit from discontinued operations (see note 10)	-	-	591	10,460	199	11,250
Tax (expense)/credit	(4)	49	-	-	-	45
Total profit per reportable segment	16,334	(3,618)	591	10,460	199	23,966
As at 30 September 2020 (unaudited)						
Investment properties	381,610	-	56,150	-	-	437,760
Investment in joint ventures	-	1	-	114	-	115
Investment in joint venture bonds	-	-	-	15,665	-	15,665
Cash and cash equivalents	12,675	9,045	2,208	17,054	-	40,982
Other	8,669	9,127	384	13,903	-	32,083
Assets classified as held for sale (note 10)	-	-	-	89,487	15,254	104,741
Total assets	402,954	18,173	58,742	136,223	15,254	631,346
Borrowings - bank loans	126,560	-	27,893	-	-	154,453
Other	17,039	3,814	1,724	2,294	-	24,871
Liabilities directly associated with assets classified as held for sale (note 10)	-	-	-	36,008	6,114	42,122
Total liabilities	143,599	3,814	29,617	38,302	6,114	221,446

* The prior period has been restated and now reports the previously stated UK urban logistics segment in the UK multi-let industrial segment from 1 April 2021.

3 Net rental Income

	30 September 2021 (unaudited)	30 September 2020 (unaudited)
	£'000	**£'000**
Rental income	**16,581**	12,456
Tenant recharges	**2,313**	1,841
Other income	**1,134**	273
Revenue	**20,028**	14,570
Direct property costs	**(4,601)**	(3,057)
Expected credit losses	**(294)**	(1,101)
Property expenses	**(4,895)**	(4,158)
Total net rental income	**15,133**	10,412

4 Operating costs

	30 September 2021 (unaudited)	30 September 2020 (unaudited)
	£'000	**£'000**
Tax, legal and professional fees	**278**	476
Audit fees	**112**	100
Interim review fees	**38**	35
Administration fees	**194**	133
Non-executive directors' costs	**140**	114
Staff remuneration costs	**2,462**	1,916
Share-based payments	**734**	416
ERP project expenses	**385**	299
ERP impairment	**-**	156
Depreciation	**145**	136
Corporate costs	**422**	292
IT costs	**429**	256
Other operating costs	**250**	177
	5,589	4,506

Share-based payments of £734,000 (2020: £416,000) relate to the equity-settled incentive schemes operated by the Group. As at 30 September 2021, the Group's equity reserve held £3.5 million (31 March 2021: £2.8 million) in relation to the schemes after the exercise of options at fair value of £156,000 (2020: £48,000) during the period.

5 Earnings per ordinary share

	30 September 2021 (unaudited) £'000	30 September 2020 (unaudited) £'000
Reconciliation of profit for the period to adjusted EPRA[1] earnings		
Earnings per statement of comprehensive income attributable to shareholders	**38,774**	23,972
Adjustment to exclude loss/ (gain) from discontinued operations	**2,253**	(11,250)
Earnings per statement of comprehensive income from continuing operations attributable to shareholders	**41,027**	12,722
Earnings per statement of comprehensive income attributable to shareholders	**38,774**	23,972
Adjustments to calculate EPRA earnings, exclude:		
Gain on fair value of investment properties	**(30,597)**	(18,637)
(Gain)/loss on fair value of financial instruments, debt and associated close out costs	**(304)**	814
Deferred tax in respect of EPRA adjustments	**(1,719)**	413
Impairment of intangibles	**-**	156
Gain on disposal of properties	**(22)**	(90)
Tax expense on disposal of properties	**1,178**	1,574
Loss on disposal of subsidiaries	**2,350**	-
Adjustments above in respect of joint ventures:		
Loss on fair value of investment properties	**30**	1,436
Gain on fair value of financial instruments	**(60)**	(145)
Deferred tax in respect of EPRA adjustments	**14**	(66)
EPRA earnings attributable to shareholders	**9,644**	9,427
Further adjustments to arrive at adjusted earnings:		
Costs associated with the ERP implementation	**385**	299
Adjusted earnings attributable to shareholders[2]	**10,029**	9,726
Weighted average number of shares in issue (excluding treasury shares)	**290,002,149**	283,540,296
Share-based payment award	**689,549**	2,477,023
Diluted weighted average number of shares in issue	**290,691,698**	286,017,319

Earnings per share from continuing operations	**pence**	pence
EPS	**14.15**	4.49
Diluted EPS	**14.11**	4.45

Earnings per share from continuing and discontinued operations	**pence**	pence
EPS	**13.37**	8.45
Diluted EPS	**13.34**	8.38
EPRA EPS	**3.33**	3.32
Diluted EPRA EPS	**3.32**	3.30
Adjusted EPS	**3.45**	3.40

1. The European Public Real Estate Association (EPRA) issued the Best Practices Recommendations policy in October 2019, which provides guidelines for performance measures relevant to real estate companies. Their recommended reporting standards are widely applied across this market, aiming to bring consistency and transparency to the sector. The EPRA earnings measure is intended to show the level of recurring earnings from core operational activities with the purpose of highlighting the Group's underlying operating results from its property rental business and an indication of the extent to which current dividend payments are supported by earnings. The measure excludes unrealised changes in the value of investment properties, gains or losses on the disposal of properties and other items to provide additional information on the Group's underlying operational performance. The measure is considered to accurately capture the long-term strategy of the Group, and is an indication of the sustainability of dividend payments.

2. As described in the EPRA Best Practice Recommendations policy issued in October 2019, should companies wish to make other adjustments to arrive at an underlying performance measure, they should do that below 'EPRA earnings' and use a different name for that measure. 'Adjusted EPS' is a measure that excludes items considered not to be in the ordinary course of business or other exceptional items that do not necessarily provide an accurate picture of the Group's underlying operational performance.

As at 30 September 2021, the Company held 7,989,348 treasury shares (2020: 14,397,479 and 31 March 2021: 12,866,950).

Costs associated with the ERP implementation

Industrials REIT is implementing a new enterprise resource planning (ERP) and customer engagement (CE) software program to help streamline and grow the business. Significant non-recurring costs will be incurred during the implementation phase before the systems go live.

The ERP implementation expense is related to a one-off project and is anticipated to complete over approximately the next six months and accordingly has been adjusted for as a 'company-specific adjustment'.

Headline earnings per share

The JSE listings conditions require the calculation of headline earnings and disclosure of a detailed reconciliation of headline earnings to the earnings numbers used in the calculation of basic earnings per share in accordance with the requirements of IAS 33 – Earnings per Share. Disclosure of headline earnings is not a requirement of IFRS.

Reconciliation of profit for the period to headline earnings	30 September 2021 (unaudited) £'000	30 September 2020 (unaudited) £'000
Earnings per statement of comprehensive income attributable to shareholders	**38,774**	23,972
Adjustments to calculate headline earnings, exclude:		
Gain on fair value of investment properties	**(30,597)**	(18,637)
Deferred tax in respect of headline earnings adjustments	**(1,719)**	391
Impairment of intangibles	**-**	156
(Gain)/loss on disposal of properties	**(22)**	1,484
Tax expense on disposal of properties	**1,178**	-
Loss on disposal of subsidiaries	**2,350**	-
Adjustments above in respect of joint ventures:		
Loss on fair value of investment properties	**30**	1,436
Deferred tax	**4**	(65)
Headline earnings attributable to shareholders	**9,998**	8,737

Earnings per share	**pence**	pence
Headline EPS	**3.45**	3.08
Diluted headline EPS	**3.44**	3.05

6 Net asset value metrics per share - reconciliations and bridge

In line with the best practice recommendations published by EPRA in October 2019, Industrials REIT discloses three measures of net asset value namely: EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV).

Industrials REIT considers EPRA NTA to be the most relevant measure of the three EPRA NAVs to report on and this will act as the key net asset value measure going forward. The EPRA NTA metric is aligned with IFRS NAV in that it includes deferred tax liabilities with regards to properties classified as held for sale. A reconciliation of the three new EPRA NAV metrics from IFRS NAV is shown in the table below.

	NAV	EPRA NAV measures		
	IFRS	EPRA NRV	EPRA NTA	EPRA NDV
As at 30 September 2021 (unaudited)	£'000	£'000	£'000	£'000
Net assets attributable to equity shareholders	**463,240**	**463,240**	**463,240**	**463,240**
Adjustments:				
Derivative financial instruments	**-**	**(130)**	**(130)**	**-**
Adjustments in respect of joint ventures relating to derivative financial instruments and deferred tax in relation to fair value of investment property and financial instruments	**-**	**1,452**	**-**	**-**
Intangible assets	**-**	**-**	**(2,378)**	**-**
Purchaser's costs[1]	**-**	**36,696**	**-**	**-**
Net assets used in per share calculation	**463,240**	**501,258**	**460,732**	**463,240**
Number of shares in issue (excluding treasury shares)[2]	**290,785,827**	**290,785,827**	**290,785,827**	**290,785,827**
Share-based payment award	**689,549**	**689,549**	**689,549**	**689,549**
Diluted number of shares in issue	**291,475,376**	**291,475,376**	**291,475,376**	**291,475,376**

	IFRS	EPRA NRV	EPRA NTA	EPRA NDV
Net asset value per share	£	£	£	£
Net asset value per share	**1.59**	**-**	**-**	**-**
Diluted net asset value per share	**1.59**	**1.72**	**1.58**	**1.59**

	NAV	EPRA NAV measures		
	IFRS	EPRA NRV	EPRA NTA	EPRA NDV
As at 31 March 2021 (audited)	£'000	£'000	£'000	£'000
Net assets attributable to equity shareholders	425,820	425,820	425,820	425,820
Adjustments:				
Derivative financial instruments	-	(1,732)	(1,732)	-
Deferred tax in relation to fair value of investment property and financial instruments	-	1,712	-	-
Adjustments above in respect of joint ventures	-	714	714	-
Intangible assets	-	-	(1,784)	-
Purchaser's costs[1]	-	37,798	-	-
Net assets used in per share calculation	425,820	464,312	423,018	425,820
Number of shares in issue (excluding treasury shares)[2]	285,908,225	285,908,225	285,908,225	285,908,225
Share-based payment award	2,167,213	2,167,213	2,167,213	2,167,213
Diluted number of shares in issue	288,075,438	288,075,438	288,075,438	288,075,438

	IFRS	EPRA NRV	EPRA NTA	EPRA NDV
Net asset value per share	£	£	£	£
Net asset value per share	1.49	-	-	-
Diluted net asset value per share	1.48	1.61	1.47	1.48

1. EPRA NTA and EPRA NDV reflect IFRS values which are net of purchaser's costs. Any purchaser's costs deducted from the market value are added back when calculating EPRA NRV.

2. As at 30 September 2021, the Company held 7,989,348 treasury shares (31 March 2021: 12,866,950). Refer to note 7.

7 Share capital

Authorised

1,000,000,000 ordinary shares with a par value of €0.000001258 each

Issued share capital	30 September 2021 (unaudited) (no. shares)	31 March 2021 (audited) (no. shares)
Opening balance	**298,775,175**	298,775,175
Closing number of shares issued	**298,775,175**	298,775,175

Authorised share capital	£'000	£'000
Share capital	**1**	1
Share premium	**322,769**	322,775
Total share capital and share premium	**322,770**	322,993

There were no changes made to the number of authorised shares of the Company during the period under review. Industrials REIT Limited has one class of share. All shares rank equally and are fully paid.

The Company has 298,775,175 (31 March 2021: 298,775,175) ordinary shares in issue at 30 September 2021.

On 11 June 2021, the Company announced a final dividend of 3.375 pence per share in respect of the six months to 31 March 2021. On 12 August 2021, the Company announced a take-up of the scrip dividend representing 0.92% of the issued share capital and 2,749,876 shares were subsequently issued from treasury shares on 13 August 2021.

As at 30 September 2021, the Company held 7,989,348 treasury shares (31 March 2021: 12,866,950). In the period, the shareholders were offered the option to receive either a scrip dividend by way of an issue of Industrials REIT treasury shares, or a cash dividend.

The equity reserve account within equity combines the activities of the Company's treasury shares (detailed in the below table), as well as the equity-settled share-based payments that are credited to equity. At 30 September 2021, the carrying value of the Company's treasury shares was £5,588,000 (2020: £15,142,000) and the equity-settled share-based payments reserve reduced this account by £3,483,000 (2020: £2,815,000).

Retained earnings is the cumulative net profit of the Group. Retained earnings can either be paid out to shareholders as a dividend or be reinvested in the Group as working capital.

Treasury shares	30 September 2021 (unaudited) (no. shares)	31 March 2021 (audited) (no. shares)
Opening balance	**12,866,950**	15,830,040
Issue of scrip dividend shares	**(2,749,876)**	(5,436,781)
Prior year market buy-back of shares at an average price of £1.17 per share	**-**	3,476,265
Exercised shares from the other share options plan	**(2,000,000)**	-
Exercised shares from the Deferred Share Bonus Plan	**(14,983)**	(797,797)
Exercised shares from the Long-Term Incentive Plan	**(112,743)**	(204,777)
Closing number of treasury shares	**7,989,348**	12,866,950

The 2,000,0000 'other share option plan' options exercised in the period resulted in the Company receiving cash proceeds of £2.6 million. The options were held by a former non-executive director who left office in September 2020.

8 Investment property

The consolidated market value of investment properties at 30 September 2021 was £531.0 million (31 March 2021: £511.2 million). This now comprises only MLI properties and excludes an amount of £9.9 million for the last remaining Swiss property (31 March 2021: £12.0 million for one Swiss property and £26.2 million for one German property) which has been classified as held for sale. Apart from the Swiss property, the carrying amount of the Group's investment properties are the fair values of the properties as determined by registered independent appraisers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued ('valuers'). The sole remaining Swiss property is valued based on the contract sale price and is expected to complete in the subsequent weeks after these condensed consolidated interim financial statements have been signed.

Other than the Swiss property, the fair value of each of the properties for the period ended 30 September 2021, was assessed by the valuers in accordance with the Royal Institution of Chartered Surveyors ('RICS') standards and IFRS 13. Valuers are qualified for purposes of providing valuations in accordance with the 'Appraisal and Valuation Manual' published by RICS.

The valuation of the Group's property portfolio is inherently subjective due to a number of factors including the individual nature of each property, its location, expectation of future rentals and the discount yield applied to those cash flows. As a result, the valuations placed on the property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions that may not prove to be accurate, particularly in years of volatility or low transaction flow in the market. The estimated market value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. As a result, if the assumptions prove to be different, actual results of operations and realisation of net assets could differ from the estimates set forth in these financial statements, and the difference could be significant.

The valuations performed by the independent external valuers are reviewed internally by senior management. This includes discussions of the assumptions used by the external valuers, as well as a review of the resulting valuations.

Discussions regarding the valuation process and results are held between senior management and the external valuers on a biannual basis. The audit and risk committee reviews the valuation results and, provided the committee is satisfied with the results, recommends them to the board for approval.

The valuation techniques used are consistent with IFRS 13 and use significant 'unobservable' inputs. Investment properties are all at level 3 in the fair value hierarchy and valuations represent the highest and best use of the properties. There have been no changes in valuation techniques since the prior year and no transfers between the fair value hierarchy levels in the current or prior year.

There are interrelationships between all these unobservable inputs as they are determined by market conditions. An increase in more than one unobservable input would magnify the impact on the valuation. The impact on the valuation would be mitigated by the interrelationship of two unobservable inputs moving in opposite directions e.g. an increase in rent may be offset by an increase in yield, resulting in no net impact on the valuation. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yield. All revenue is derived from the underlying tenancies given on the investment properties.

With the exception of two (31 March 2021: five) MLI properties, all investment properties are mortgaged, details of which can be seen in note 11. As at the date of signing this report, there are no restrictions on the realisability of any of the underlying investment properties, nor on the remittance of income and disposal proceeds.

The key unobservable inputs used in the valuation of the Group's investment properties at 30 September 2021 are detailed in the table below:

	30 September 2021 (unaudited)			31 March 2021 (audited)		
	Investment property	Assets held for sale	Total - wholly owned	Investment property	Assets held for sale	Total - wholly owned
	£'000	£'000	£'000	£'000	£'000	£'000
Opening balance	**511,220**	**38,206**	**549,426**	387,761	109,076	496,837
Acquisitions	**38,884**	**-**	**38,884**	96,363	-	96,363
Capitalised expenditure	**2,074**	**-**	**2,074**	1,514	103	1,617
Transfers to assets held for sale	**(56,150)**	**56,150**	**-**	-	-	-
Disposals	**-**	**(82,672)**	**(82,672)**	-	(76,220)	(76,220)
Net fair value gain/(loss) on revaluation of investment properties	**32,999**	**(2,420)**	**30,579**	25,582	9,527	35,109
Foreign exchange movement in foreign operations		**682**	**682**	-	(4,280)	(4,280)
Net book value total	**529,027**	**9,946**	**538,973**	511,220	38,206	549,426

The market value of the Group's investment properties, as determined by the Group's external valuer, differs from the net book value presented in the balance sheet due to the Group presenting tenant lease incentives separately and the portion of joint ventures the Group does not own. The following table reconciles the net book value of the investment properties to the market value.

	30 September 2021 (unaudited)			31 March 2021 (audited)		
	Group (excl. joint ventures)	Joint ventures	Combined portfolio	Group (excl. joint ventures)	Joint ventures	Combined portfolio
	£'000	£'000	£'000	£'000	£'000	£'000
Market value	**540,976**	**33,462**	**574,438**	549,426	33,165	582,591
Less: share of joint ventures not owned	**-**	**(427)**	**(427)**	-	(326)	(326)
Portfolio Market value	**540,976**	**33,035**	**574,011**	549,426	32,839	582,265
Less: tenant lease incentives	**(2,003)**	**-**	**(2,003)**	-	-	-
Net book value total	**538,973**	**33,035**	**572,008**	549,426	32,839	582,265

Combined portfolio (including share of jointly controlled entities) (unaudited)	Market value 30 September 2021 (£'000)	Portfolio by market value (%)	Properties (number)	Area (sq m)	Annualised contractual rental income * (£'000)	Net initial yield (Weighted average) (%)	Voids by area (%)	Market rent range per month (£/sq m)
Investment properties								
UK multi-let industrials	**531,030**	**92.5 %**	**95**	**597,253**	**35,134**	**6.09 %**	**6.10 %**	**1.2-21.2**
Subtotal	**531,030**	**92.5 %**	**95**	**597,253**	**35,134**	**6.09 %**	**6.10 %**	**-**
Assets held for sale								
Switzerland	**9,946**	**1.7 %**	**1**	**5,974**	**984**	**2.94 %**	**- %**	**13.7**
Share of joint ventures	**33,035**	**5.8 %**	**4**	**19,330**	**2,444**	**6.27 %**	**- %**	**7.3-13.7**
Subtotal	**42,981**	**7.5 %**	**5**	**25,304**	**3,428**	**5.50 %**	**- %**	**-**
Market value total	**574,011**	**100.0 %**	**100**	**622,557**	**38,562**	**6.04 %**	**5.85 %**	**-**

* Annualised contractual rental income includes rent free periods and fixed uplifts and excludes long leaseholds. At 30 September 2021, annualised passing rent for the Group totalled £37,165,000.

Combined portfolio (including share of jointly controlled entities) (audited)	Market value 31 March 2021 (£'000)	Portfolio by market value (%)	Properties (number)	Area (sq m)	Annualised contractual rental income * (£'000)	Net initial yield (Weighted average) (%)	Voids by area (%)	Market rent range per month (£/sq m)
Investment properties								
Guernsey	56,150	9.7 %	1	10,564	4,428	7.25 %	0.20 %	34.9
UK multi-let industrial	432,910	74.3 %	83	521,288	30,190	6.22 %	6.34 %	3.0-9.7
UK urban logistics	22,160	3.8 %	5	21,861	1,741	7.36 %	- %	3.0-21.4
Subtotal	511,220	87.8 %	89	553,713	36,359	6.39 %	5.98 %	-
Assets held for sale								
Germany	26,239	4.5 %	1	8,274	1,269	4.90 %	3.20 %	13.0
Switzerland	11,967	2.1 %	1	5,974	953	3.37 %	- %	13.3
Subtotal	38,206	6.6 %	2	14,248	2,222	4.42 %	1.86 %	-
Total – wholly owned	549,426	94.4 %	91	567,961	38,581	6.25 %	5.87 %	-
Share of joint ventures	32,839	5.6 %	4	19,330	2,379	6.15 %	- %	7.3-13.2
Market value total	582,265	100.0 %	95	587,291	40,960	6.24 %	5.68 %	-

* Annualised contractual rental income excludes rent free periods and fixed uplifts and excludes long leaseholds. At 31 March 2021, annualised passing rent for the Group totalled £39,520,000.

9 Investment in joint ventures

Details of the Group's joint ventures at the end of the reporting period are as follows:

Name	Place of incorporation	Principal activity	% equity owned by subsidiary
Luxembourg incorporated entities with registered address:			
231, Val des Bons Malades, L-2121 Luxembourg			
Elysion S.A.	Luxembourg	Holding company	50.0 %
Elysion Braunschweig S.a.r.l	Luxembourg	Property company	50.0 %
Elysion Dessau S.a.r.l	Luxembourg	Property company	50.0 %
Elysion Kappeln S.a.r.l	Luxembourg	Property company	50.0 %
Elysion Winzlar S.a.r.l	Luxembourg	Property company	50.0 %

On 19 August 2021, Ardale Industrials Limited was dissolved from the Companies Registration Office in Ireland.

Elysion S.A.

Industrials REIT owns 100% of the shares and shareholder loans in Bernina Property Holdings Limited ('Bernina'), the results and financial position of which is included within these condensed consolidated financial statements. Bernina in turn owns 50% of the issued share capital and 100% of the bonds of Elysion S.A., a company incorporated in Luxembourg, which is the beneficial owner of the Care Home portfolio. The remaining 50% of Elysion S.A. is owned by a joint venture partner who manages the portfolio.

The acquired bonds have attracted, and continue to attract, a 10% compounded interest rate since inception in 2007 and have limited recourse to compartment assets within Elysion S.A., with the proceeds made available to subsidiaries in the joint venture for real estate investment in Care Homes. All costs and expenses incurred by the Elysion S.A. compartment are deducted or withheld from any payment of principal or interest. The fair value has been determined based on the net assets of the compartment which would be available to settle the outstanding bond and which is intrinsically linked to the fair value of the investment property. Further details on the estimates and assumptions used in determining the fair value of investment property can be found in note 8.

During the period, Elysion S.A. was classified as held for sale. As it is the last remaining asset in Germany, the joint venture has been classified as a discontinued operation. More information on assets held for sale and discontinued operations can be found in note 10.

Summarised consolidated financial information in respect of the Group's joint ventures is set out below. Where applicable, these represent the consolidated results of the respective holding companies.

	30 September 2021 (unaudited) £'000
Assets	
Investment property	**33,462**
Fixed assets	**31**
Cash and cash equivalents	**423**
Current assets	**15**
Total assets	**33,931**
Liabilities	
Bank loans	**(16,797)**
Bond	**(14,818)**
Deferred tax	**(1,377)**
Financial liability	**(374)**
Current liabilities	**(176)**
Total liabilities	**(33,542)**
Net assets of joint ventures	**389**
Group's investment in joint venture bond	**14,818**
Group's share of joint venture's net assets	**195**
Profit and total comprehensive income from discontinued operations	
Revenue	**1,236**
Finance	**(888)**
Net fair value gain	**(155)**
Tax credit	**(92)**
Profit and total comprehensive income	**101**
Group income from joint ventures represented by:	
Share of joint venture profit	**50**
Interest income on joint venture bond	**734**
Income from joint ventures	**784**

	Elysion S.A. (audited) £'000	Other (audited) £'000	Total 31 March 2021 (audited) £'000
Assets			
Investment property	33,164	-	33,164
Fixed assets	31	-	31
Cash and cash equivalents	82	1	83
Current assets	9	-	9
Total assets	33,286	1	33,287
Liabilities			
Bank loans	(16,947)	-	(16,947)
Bond	(14,119)	-	(14,119)
Deferred tax	(1,326)	-	(1,326)
Financial liability	(488)	-	(488)
Current liabilities	(122)	-	(122)
Total liabilities	(33,002)	-	(33,002)
Net assets of joint ventures	284	1	285
Group's investment in joint venture bond	14,119	-	14,119
Group's share of joint ventures' net assets	142	1	143
Loss and total comprehensive income from continuing operations			
Revenue	2,518	-	2,518
Finance	(1,821)	-	(1,821)
Net fair value loss	(1,821)	-	(1,821)
Tax expense	(159)	-	(159)
Loss and total comprehensive income	(1,283)	-	(1,283)
Group income from joint ventures represented by:			
Share of joint venture loss	(642)		(642)
Interest income on joint venture bond	1,481	-	1,481
Net loss on joint venture bond	(778)	-	(778)
Income from joint ventures	61	-	61

10 Assets held for sale and discontinued operations

Management considers the remaining Swiss property (31 March 2021: one) and the four joint venture care home properties located in Germany, (31 March 2021: one property held by the Group and not in a joint venture) to meet the conditions relating to assets held for sale, as per IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. The disposal of the Swiss property is expected to complete in the subsequent weeks after these condensed consolidated interim financial statements have been signed. The four care home properties in Germany are expected to be disposed of during the next 12months.

All non-current assets, including the Swiss and German disposal groups, are classified as held for sale and are disclosed at their fair value.

The fair value of these properties are shown in the table below along with associated assets and liabilities:

	Note	30 September 2021 (unaudited)	31 March 2021 (audited)
		£'000	£'000
Investment properties (note 8)		**9,946**	38,206
Investment in joint venture	9	**195**	-
Investment in joint venture bond	9	**14,818**	-
Cash and cash equivalents		**384**	201
Trade and other receivables		**544**	801
Assets classified as held for sale		**25,887**	39,208
Bank loans (note 11)		**6,015**	13,883
Deferred tax		**-**	1,190
Tax credit		**(610)**	(603)
Accounts payable and accruals		**195**	696
Liabilities directly associated with assets classified as held for sale		**5,600**	15,166

The properties within the Guernsey, Germany, and Switzerland segments are assets recognised as discontinued operations as these segments are disposal groups. The prior period has been restated to reflect the addition of the Guernsey and German segments to the below table. The entire Swiss segment has been recognised as a discontinued operation in accordance with IFRS 5.32. The results of the discontinued operations are as follows:

	30 September 2021 (unaudited)	30 September 2020 (unaudited)
Discontinued operations	£'000	£'000
Rental income	**2,846**	5,674
Tenant recharges	**699**	1,420
Other income	**15**	46
Property expenses	**(1,266)**	(2,252)
Net rental income	**2,294**	4,888
Operating costs	**(178)**	(313)
Net operating income	**2,116**	4,575
Fair value (loss)/gain on investment properties	**(2,402)**	9,454
(Loss)/profit on disposal of property	**(2)**	101
Investment in joint venture	**784**	(721)
(Loss)/profit on disposal of subsidiaries	**(2,350)**	134
Net foreign exchange loss	**-**	(11)
(Loss)/profit from operations	**(1,854)**	13,532
Net gain from fair value of financial liabilities	**-**	125
Interest receivable	**-**	169
Finance costs	**(362)**	(778)
(Loss)/profit for the year before taxation	**(2,216)**	13,048
Current tax	**(1,232)**	(1,485)
Deferred tax	**1,195**	(313)
(Loss)/profit for the year from discontinued operations	**(2,253)**	11,250

Disposals

On 6 August 2021, the Group disposed of its property, Hermann Quartier shopping centre, in Berlin, Germany, held in Stenprop Hermann Limited for €30.8 million.

On 2 September 2021, the Group disposed of its 100% shareholding in LPE Limited for a consideration which valued the property at £55.0 million. LPE Limited owned the Guernsey property known as Trafalgar Court. The property was disposed of as a subsidiary and is further disclosed in note 13.

Prior year disposals

On 30 September 2020, the Group disposed of its property, Neucölln Carrée retail park, in Berlin, Germany held in Isabel Properties B.V. for €27.0 million.

On 19 July 2018, the Group disposed of seven properties in Switzerland. As part of the agreements entered into for the sale of these Swiss properties, all of which were sold to the same buyer, Industrials REIT provided a guarantee for obligations and liabilities of each of the selling entities. The maximum amount of the guarantee is CHF6.0 million, which lasts until all obligations under the sale agreements have been fulfilled, with a backstop date of 31 July 2028. As at the date of signing these accounts, there had not been any claim under the guarantee.

11 Borrowings

	30 September 2021 (unaudited)			31 March 2021 (audited)		
	Borrowings £'000	**Assets held for sale £'000**	**Total - wholly owned £'000**	**Borrowings £'000**	**Assets held for sale £'000**	**Total - wholly owned £'000**
Opening balance	**181,144**	**13,883**	**195,027**	154,171	43,177	197,348
New loans	**-**	**-**	**-**	89,558	-	89,558
Repayment of borrowings	**(4,500)**	**(8,120)**	**(12,620)**	(61,484)	(16,442)	(77,926)
Bank loans associated with the disposal of subsidiaries	**-**	**(27,959)**	**(27,959)**	-	(10,734)	(10,734)
Transfer of borrowings to assets held for sale	**(27,959)**	**27,959**	**-**	-	-	-
Amortisation of loans	**-**	**(32)**	**(32)**	-	(123)	(123)
Capitalised borrowing costs	**(75)**	**-**	**(75)**	(1,965)	(12)	(1,977)
Amortisation of transaction fees	**397**	**3**	**400**	864	84	948
Foreign exchange movement in foreign operations	**-**	**281**	**281**	-	(2,067)	(2,067)
Total borrowings	**149,007**	**6,015**	**155,022**	181,144	13,883	195,027

Of the movement in borrowings in the period ending 30 September 2021, nil (31 March 2021: £89.56 million) relates to cash received from new bank loans raised and £4.5 million (31 March 2021: £88.66 million) relates to repayments of bank loans.
£36.08 million (31 March 2021: £27.18 million) of bank loan repayments are included in the adjustment for liabilities directly associated with assets held for sale.

	30 September 2021 (unaudited) £'000	**31 March 2021 (audited) £'000**
Amount due for settlement within 12 months	**-**	4,489
Amount due for settlement between one to three years	**83,647**	77,032
Amount due for settlement between three to five years	**-**	34,375
Amount due for settlement after five years	**65,360**	65,248
Total borrowings	**149,007**	181,144
Non-current liabilities		
Bank loans	**149,007**	176,655
Total non-current loans and borrowings	**149,007**	176,655
Current liabilities		
Bank loans	**-**	4,489
Total current loans and borrowings	**-**	4,489
Total loans and borrowings	**149,007**	181,144

The facilities are secured by legal charges over the properties to which they correspond. There is no cross-collateralisation of the facilities.

The terms and conditions of outstanding loans are as follows:

						Nominal value		Carrying value*	
Entity	Note	Amortising	Loan interest rate	Currency	Maturity date	30 September 2021 (unaudited) £'000	31 March 2021 (audited) £'000	30 September 2021 (unaudited) £'000	31 March 2021 (audited) £'000
Continuing operations									
United Kingdom MLI									
Industrials UK LP		No	1.55% fixed	GBP	3/12/2027	**66,500**	66,500	**65,360**	65,248
Industrials UK 4 Limited		No	SONIA +1.92%	GBP	14/11/2025	**34,879**	34,879	**34,402**	34,375
Stenprop Industrials 6 Limited		No	SONIA +1.75%	GBP	1/02/2024	**49,898**	49,898	**49,244**	49,104
GGP1 Limited		No	LIBOR +2.25%	GBP	26/05/2021	**-**	4,500	**-**	4,496
Stenprop Industrials Holdings Limited	1	Yes	N/A	GBP		**-**	-	**-**	(8)
Guernsey									
LPE Limited		No	LIBOR +2.00%	GBP	30/09/2022	**-**	28,000	**-**	27,929
Total borrowings attributable to continuing operations						**151,277**	183,777	**149,006**	181,144
Liabilities associated with assets held for sale									
Germany									
Stenprop Hermann Ltd		No	Euribor +1.13%	EUR	30/06/2021	**-**	8,033	**-**	8,030
Total borrowings attributable to liabilities associated with assets held for sale						**-**	8,033	**-**	8,030
Discontinued operations									
Switzerland									
Kantone Holdings Limited		Yes	1.15%	CHF	Three-month rolling facility	**6,015**	5,853	**6,015**	5,853
Total borrowings attributable to discontinued operations						**6,015**	5,853	**6,015**	5,853
Total borrowings						**157,292**	197,663	**155,021**	195,027

* The difference between the nominal and the carrying value represents unamortised facility costs.

[1.] Net carrying value of the amortised facility costs on the Investec Bank Plc revolving credit facility.

12 Trade and other receivables

Non-current receivables	30 September 2021 (unaudited) £'000	31 March 2021 (audited) £'000
Other debtors	**6,539**	8,670
Total non-current receivables	**6,539**	8,670

In the current year, the non-current Other debtors amount of £6.54 million (31 March 2021: £6.51 million) consists of the sole remaining loan advanced under the Share Purchase Plan.

The remaining loan has been assessed for an expected credit loss under IFRS 9. The analysis shows that due to the full recourse nature of the loan, secured against the shares issued and underlying assets of the borrower, loss given default is currently estimated at £nil. There has been no perceived significant increase in credit risk and we have not recognised a 12-month expected credit loss on this loan.

Current receivables	30 September 2021 (unaudited) £'000	31 March 2021 (audited) £'000
Accounts receivable	**8,353**	6,009
Loss allowance on accounts receivables	**(2,617)**	(2,311)
Lease incentives	**2,003**	1,508
Other receivables	**1,219**	2,406
Other debtors	**2,153**	-
Prepayments	**989**	1,111
Total current receivables	**12,100**	8,723

The current Other debtors figure of £2.15 million (31 March 2021: nil) forms part of the prior year proceeds from the sale of the Victoria retail centre in Germany. A retention of €2.5 million from the purchase price is held in an escrow account in respect of claims against, and for certain liabilities of, the seller under the disposal agreement for a period of up to 13 months from the completion date of 31 March 2021. The prior year amount of £2.13 million is included in the top table of this note, in the non-current Other debtors amount of £8.67 million.

	30 September 2021 (unaudited)			31 March 2021 (audited)		
	Accounts receivables £'000	Loss allowance £'000	Net receivables £'000	Accounts receivables £'000	Loss allowance £'000	Net receivables £'000
Not yet due	**-**	**-**	**-**	-	-	-
1-30 days overdue	**1,731**	**(4)**	**1,727**	1,361	(37)	1,324
31-60 days overdue	**3,014**	**(44)**	**2,970**	1,784	(109)	1,675
61-90 days overdue	**135**	**(41)**	**94**	247	(99)	148
91-120 days overdue	**177**	**(129)**	**48**	340	(323)	17
More than 120 days overdue	**3,296**	**(2,399)**	**897**	2,277	(1,743)	534
Total	**8,353**	**(2,617)**	**5,736**	6,009	(2,311)	3,698

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on shared credit risk characteristics and the days overdue. The expected loss rates on accounts receivables and lease incentives are based on the Group's historical credit losses experienced over the current period. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

Book value approximates fair value.

13 Disposal of subsidiaries

	30 September 2021 (unaudited) £'000	31 March 2021 (audited) £'000
Carrying value of net assets		
Investment property	**56,150**	23,001
Trade and other receivables	**300**	640
Cash and cash equivalents	**433**	348
Borrowings	**(27,959)**	(10,729)
Trade and other payables	**(1,786)**	(1,477)
Group loans converted to third party loans on disposal	**2**	(4,543)
Net assets disposed	**27,140**	7,240
Net disposal proceeds	**24,790**	7,738
Foreign exchange movement in foreign operations	**-**	(191)
Net assets disposed	**(27,140)**	(7,240)
(Loss)/profit on disposal of subsidiaries	**(2,350)**	307
Continuing operations – Profit on disposal of subsidiary	**-**	307
Discontinued operations – Loss on disposal of subsidiary	**(2,350)**	-
(Loss)/profit on disposal of subsidiaries	**(2,350)**	307

Current year disposals

On 2 September 2021, the Group disposed of its 100% shareholding in LPE Limited for a consideration which valued the property at £55.0 million. LPE Limited owned the Guernsey property known as Trafalgar Court.

On 19 May 2021, the Group disposed of its 100% shareholding in Bleichenhof Grundtuscksverwaaltung GmbH & Co. On disposal, this entity held no investment property, as it had previously disposed of its ownership in a mixed-use asset in Hamburg, known as Bleichenhof, on 28 February 2020.

The impact of these disposals on the Group is shown above.

Prior year disposals

On 31 March 2021, the Group disposed of its 94.90% shareholding in Century B.V. and Century 2 B.V. for a net consideration of £12.3 million. Century B.V. owned three properties located in Frankfurt, Ludwigsburg and Marburg and Century 2 B.V. owned two properties located in Kassel and Sindelfingen, Germany. The impact of these disposals on the Group is shown above. Upon completion of the sale the Group loan of £4.5 million was repaid to Industrials REIT.

14 Financial risk management

The fair value measurement for the Group's financial assets and financial liabilities are categorised into different levels in the fair value hierarchy. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair values of the Group's secured loan facilities and derivative financial instruments are included in Level 2.

Level 3: unobservable inputs for the asset or liability. The fair value of the Group's investment properties is included in Level 3. Valuations represent the highest and best use of the properties.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between levels for the period ended 30 September 2021.

The fair value of all other financial assets and liabilities is not materially different from their carrying value in the financial statements.

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 March 2021.

15 Related party transactions

Parties are considered related if one party has control, joint control or significant influence over the other party in making financial and operating decisions. Transactions with related parties are made on terms equivalent to those that prevail in an arm's-length transaction.

There have been no material changes in the related party transactions described in the Annual Report for the year ended 31 March 2021. Transactions with key management personnel are materially consistent with those described in note 8 of the 2021 Annual Report, including details of the bonuses approved on 9 June 2021 in respect of the year ended 31 March 2021.

There have been no material changes to the loans provided to directors to purchase Industrials REIT shares under the Share Purchase Plan. Further details of this plan can be found in note 20 of the 2021 Annual Report.

Information regarding the transactions and balances with joint venture parties can be found in note 18 of the 2021 Annual Report.

There are no other related party transactions that occurred during the period under review.

Ultimate controlling party

The directors do not consider there to be an ultimate controlling party.

16 Events after the reporting period

(i) Declaration of dividend

On 1 December 2021, the directors declared an interim dividend of 3.375 pence per share (2020: 3.375 pence per share). The directors intend to offer shareholders the option to receive all or part of their dividend entitlement by way of a scrip issue of Industrials REIT treasury shares or in cash. An announcement containing details of the dividend, the timetable and the scrip dividend terms is anticipated to be made on 17 December 2021. It is expected that shares will commence trading ex-dividend on 19 January 2022 on the JSE and on 20 January 2022 on the LSE. The record date for the dividend is expected to be 21 January 2022 and the dividend payment date 11 February 2022.

(ii) Acquisitions

Since the reporting date, Industrials REIT has acquired additional MLI assets to the value of £23.3 million. The four estates, in Birkenhead, Coatbridge, Stockton-on-Tees, and Glasgow have been purchased in separate transactions for a total consideration of £23.3 million, reflecting a blended net initial yield of 6.8% and a capital value of £75 per sq ft.

(iii) Disposals

On 10 November 2021, a contract of sale for the Switzerland property, known as Lugano, was signed and notarised for CHF12.5 million. We anticipate completion in the next few weeks.

(iv) Adjusting events

These condensed consolidated financial statements have been adjusted post 30 September 2021, to reflect the sale price of the Lugano disposal rather than the fair value determined by the Group's valuers.

Alternative performance measures

Industrial REIT's financial statements are prepared under IFRS. Management considers several alternative performance measures ('APMs') important to improve the transparency and relevance of our published results, as well as the comparability of our results with other listed real estate companies. APMs do not have a standardised meaning under IFRS and therefore may not be comparable to similar measures presented by other companies.

EPRA performance measures

Alternative Performance Measures used by Industrial REIT include those defined by The European Public Real Estate Association ('EPRA'). EPRA provides guidelines and recommended reporting standards which aim to bring consistency and transparency to the European real estate sector and which are widely applied across this market. In October 2019, EPRA issued updated best practice guidelines which are effective for accounting periods starting on or before 1 January 2020, introducing three new net asset value metrics: EPRA net reinstatement value, EPRA net tangible assets and EPRA net disposal value.

The EPRA earnings measure is intended to show the level of recurring earnings from core operational activities with the purpose of highlighting the Group's underlying operating results from its property rental business and provide an indication of the extent to which current dividend payments are supported by earnings. The measure excludes unrealised changes in the value of investment properties, gains, or losses on the disposal of properties and other items to provide additional information on the Group's underlying operational performance. The measure is considered to accurately capture the long-term strategy of the Group and is an indication of the sustainability of dividend payments.

The table below summarises the Group's EPRA performance indicators, as well as the nearest IFRS measure where applicable, and a reference to where in these results further explanation and/or reconciliation can be found.

EPRA performance measure	Nearest IFRS measure	Reference in document	30 September 2021 (unaudited)	31 March 2021 (audited)
EPRA cost ratio (excluding direct vacancy costs)	N/A	N/A	**34.2%**	37.4% (35.4% at 30 September 2020)
EPRA cost ratio (including direct vacancy costs) Key measure to enable meaningful measurement of the changes in a company's operating costs.	N/A	Operating and financial review	**38.7%**	41.6% (38.8% at 30 September 2020)
EPRA earnings A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	Earnings	Note 5	**£9.64 million**	£18.91 million (£9.4 million at 30 September 2020)
EPRA earnings per share	IFRS EPS	Note 5	**3.33p**	6.78p (3.32p at 30 September 2020)
EPRA earnings per share (diluted)	Diluted IFRS EPS	Operating and financial review and note 5	**3.32p**	3.30p
EPRA net disposal value per share NAV measure that assumes assets are sold and/or liabilities are not held until maturity. Deferred tax, financial instruments and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the statement of financial position.	Diluted net assets per share	Note 6	**£1.59**	£1.48
EPRA net reinstatement value per share NAV measure to highlight the value of net assets on a long-term basis. Fair value movements on financial derivatives and deferred taxes are excluded.	Diluted net assets per share	Note 6	**£1.72**	£1.61
EPRA net tangible assets per share NAV measure that assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability, which is included.	Diluted net assets per share	Operating and financial review and note 6	**£1.58**	£1.47
EPRA NIY Annualised rental income based on the cash rents passing at the reporting date, less non-recoverable property operating expenses, expressed as a percentage of the market value of property.	N/A	N/A	**5.7%**	5.8% (5.97% at 30 September 2020)
EPRA 'topped up' NIY	N/A	N/A	**5.9%**	6.0% (6.2% at 30 September 2020)
EPRA Like-for-like rental income growth This measure illustrates the change in comparable income values.	N/A	N/A	**4.9%**	5.3% (2.5% at 30 September 2020)
EPRA vacancy rate A 'pure' (%) measure of investment property space that is vacant, based on estimated market rental value (ERV).	N/A	N/A	**5.5%**	5.1% (4.7% at 30 September 2020)
Like-for-like valuation growth This measure illustrates the change in comparable property market values.	N/A	Operating and financial review	**7.5%**	6.3% (4.4% at 30 September 2020)

Supplementary calculations not included elsewhere in the unaudited financial statements

EPRA cost ratio	30 September 2021 (unaudited) £'000	30 September 2020 (unaudited) £'000
Operating costs per IFRS statement of comprehensive income (Including discontinued operations)	**5,767**	4,819
Property expenses net of tenant recharges	**3,149**	3,149
Other income	**(1,149)**	(319)
Share of Joint Ventures expenses	**217**	329
Other adjustments	**-**	(460)
Costs (including direct vacancy costs) (A)	**7,984**	7,518
Direct vacancy costs	**(914)**	(647)
Costs (excluding direct vacancy costs) (B)	**7,070**	6,871
Gross Rental Income - per IFRS (Including discontinued operations)	**19,427**	18,130
Add: Share of Joint Ventures (Gross Rental Income)	**1,220**	1,259
Gross Rental Income (C)	**20,647**	19,389
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**38.7%**	38.8%
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**34.2%**	35.4%

No costs directly attributable to overhead and operations that would normally be classified as overhead or administrative costs were capitalised by the Group during the year (March 2020: nil). The Group does not typically have significant assets under development, and does not have a policy of capitalising any overhead and operating expenses.

Property related capital expenditure (capex) for the period ended 30 September 2021 (unaudited)

	UK multi-let industrial £'000	Switzerland £'000	Joint ventures £'000	Total £'000
Acquisitions[1]	38,884	-	-	**38,884**
Development[2]	-	-	-	**-**
Investment properties[3]	2,074	-	-	**2,074**
Total capital expenditure	**40,958**	-	-	**40,958**
Conversion from accrual to cash basis	(1,160)	**-**	-	**(1,160)**
Total capital expenditure on cash basis	**39,798**	**-**	**-**	**39,798**

[1] Amounts spent on the purchase of investment properties (including any capitalised transaction costs).

[2] Amounts spent on investment properties under construction and related development projects (including any internal costs capitalised).

[3] Amounts spent on the operational investment property portfolio.

EPRA Like-for-like rental income growth (%)

Annualised contractual rental income[1]	30 September 2021 (unaudited) (£m)	30 September 2020 (unaudited) (£m)	Change (£m)	Change (%)
UK multi-let industrial[2]	**29.1**	27.6	1.5	5.4%
Continuing operations	**29.1**	**27.6**	**1.5**	**5.4%**
Discontinued operations as at 30 September 2021 [3]				
Switzerland	**1.0**	1.0	(0.0)	(1.6%)
Share of joint venture	**2.4**	2.4	0.0	1.8%
Total like-for-like	**32.5**	**31.0**	**1.5**	**4.9%**
Disposals	**-**	9.0		
Acquisitions	**6.1**	-		
Total	**38.6**	**40.0**		

[1] Gross annual rental income including rent free periods and fixed uplifts, and excluding long leaseholds at reporting date, generated by properties that were held by the Group for the year. There were no properties undergoing significant development. The size of the portfolio, in value, on which the change in comparable income values is based is detailed in note 8.

[2] Like-for-like rental growth for the UK multi-let industrial portfolio, based on passing rent is 5.0% (Sep 2020: 5.1%) with the difference being due to rent free periods and fixed uplifts.

[3] A standardised rate has been used to translate the portfolio and remove any foreign exchange impact, for the purpose of this like-for-like analysis.

EPRA vacancy rate	30 September 2021 (unaudited) (£m)	31 March 2021 (audited) (£m)
Estimated rental value of vacant space (A)	**2.4**	2.3
Estimated rental value of the whole portfolio (B)	**42.9**	44.8
EPRA Vacancy Rate (A/B)	**5.5%**	**5.1%**

EPRA NIY and 'topped-up' NIY disclosure	Continuing operations	Discontinued operations		
30 September 2021	**UK multi-let industrial**	**Switzerland**	**Joint ventures**	**Total**
Market value (£m)	531.0	9.9	33.0	**574.0**
Estimated purchaser's costs	36.1	0.6	2.6	**39.3**
Gross up completed property portfolio valuation (B)	**567.1**	**10.5**	**35.7**	**613.3**
Annualised current passing rental income	33.7	1.0	2.5	**37.2**
Non-recoverable property operating expenses	(2.2)	(0.1)	(0.1)	**(2.4)**
Annualised net rents (A)	**31.5**	**0.9**	**2.4**	**34.8**
EPRA NIY (A/B)	**5.6%**	**8.5%**	**6.7%**	**5.7%**
Add: rent free periods and fixed uplifts	1.4	-	-	**1.4**
Topped-up net annualised rent (C)	**33.0**	**0.9**	**2.4**	**36.2**
EPRA 'topped-up' NIY (C/B)	**5.8%**	**8.5%**	**6.7%**	**5.9%**

Other alternative performance measures

Management use certain financial performance measures to assess the financial and operational performance of the Group. These alternative performance measures are not defined or specified under IFRS or EPRA; however, management believe they provide useful information to readers. These non-IFRS measures may not be comparable to similar measures presented by other companies. The table below summarises the additional alternative performance measures included in these results.

Other alternative performance measure	Nearest IFRS measure	Reference in document	30 September 2021 (unaudited)	31 March 2021 (audited)
Adjusted earnings	Earnings	Operating and financial review and note 5	**£10.0 million**	£19.4 million (£9.7 million at 30 September 2020)
Adjusted earnings per share	Earnings per share	Operating and financial review and note 5	**3.45p**	6.78p (3.40p at 30 September 2020)
Cost of debt	N/A	Operating and financial review	**1.87%**	1.93%
Debt maturity	N/A	Operating and financial review	**4.1 years**	3.9 years
Distribution per share	N/A	Operating and financial review and note 16	**3.375p**	3.375p (11 June 2021)
Headline earnings per share	Earnings per share	Note 5	**3.45p**	7.30p (3.08p at 30 September 2020)
Headline earnings per share - diluted	Diluted earnings per share	Note 5	**3.44p**	7.25p (3.05p at 30 September 2020)
Loan-to-value ratio (LTV)	N/A	Operating and financial review	**20.5%**	28.1%
Total accounting return	N/A	Operating and financial review	**9.8%**	11.4%

FX rates in period

Average foreign exchange rates in the period: £1.00:€1.1647; £1.00:CHF1.2696 (2020: £1.00:€1.1202; £1.00:CHF1.2057).
Period end foreign exchange rates: £1.00:€1.1613; £1.00:CHF1.2567 (31 March 2021: £1.00:€1.1738; £1.00:CHF1.2985).

Glossary

Adjusted earnings
Utilises EPRA earnings and applies further company-specific adjustments to earnings to exclude items considered not to be in the ordinary course of business or other exceptional items that do not necessarily provide an accurate picture of the Group's underlying operational performance. (Previously referred to as Diluted adjusted EPRA Earnings).

Adjusted earnings per share
Adjusted earnings per share after considering dilutive share options. (Previously referred to as diluted adjusted EPRA Earnings per share).

Cost of debt
This represents the all-in interest rate after including the reference rate, the margin and interest rate derivative, if applicable. The Group weighted average cost of debt is the all-in interest rate of the Group weighted by loan size.

Debt maturity
Measured in years, the debt maturity is calculated by comparing the reference date (e.g. period-end) to the maturity date of the debt referred to.

Distribution per share
Total distribution per share that Industrial REIT makes to shareholders in respect of the financial year. Distributions are paid twice yearly.

EPRA
The European Public Real Estate Association.

EPRA 'topped up' NIY
EPRA NIY adjusted for the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).

EPRA cost ratio (excluding direct vacancy costs)
Administrative and operating costs (adjusted to exclude vacancy costs) expressed as a percentage of gross rental income.

EPRA cost ratio (including direct vacancy costs)
Administrative and operating costs expressed as a percentage of gross rental income.

EPRA earnings
Earnings from operational activities. A key measure of the Group's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.

EPRA earnings per share
Earnings from operational activities per share after considering dilutive share options.

EPRA Like-for-like rental income growth
The change in gross contractual rental income at reporting date, generated by properties that were held by the Group for the year, excluding properties undergoing significant development. This measure illustrates the change in comparable income values.

EPRA NDV per share
EPRA net disposal value per share after considering dilutive share options.

EPRA net disposal value (NDV)
An EPRA NAV measure that represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

EPRA net initial yield (NIY)
Annualised rental income based on the cash rents passing at the statement of financial position date, less non-recoverable property operating expenses, expressed as a percentage of the market value of property.

EPRA net reinstatement value (NRV)
An EPRA NAV measure that aims to represent the value required to rebuild the entity. The NAV per the IFRS financial statements is adjusted to assume that the entity never sells assets.

EPRA net tangible assets (NTA)
The NAV per the IFRS financial statements is adjusted to assume that the entity buys and sells assets, thereby crystallising certain levels of unavoidable deferred tax.

EPRA NRV per share
EPRA net reinstatement value per share after considering dilutive share options.

EPRA NTA per share
EPRA net tangible assets per share after considering dilutive share options.

EPRA vacancy rate
Estimated market rental value (ERV) of vacant space divided by ERV of the portfolio as a whole.

EPS
Earnings per share based on the weighted average number of shares in issue.

Estimated rental value (ERV)
The external valuers' opinion of the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

EURIBOR
EURO Interbank Offered Rate; daily reference rate, published by the European Money Markets Institute, based on the average interest rates at which Eurozone banks offer to lend funds.

Group
Industrial REIT, the Company, its subsidiaries and its share of joint ventures.

Headline earnings
A method of reporting corporate earnings, as required by the JSE listings requirements. The measure is based entirely on operational, trading, and capital investment activities achieved during the period. Excluded from the headline earnings figure are profits or losses associated with the sale or termination of discontinued operations, fixed assets or related businesses, or from any permanent devaluation or write-off of their values.

IFRS
International Financial Reporting Standards issued by the International Accounting Standards Board.

Interest cover
Represents the number of times net interest payable is covered by underlying rental income (or net rental income, as appropriate).

LIBOR
London Interbank Offered Rate, the interest rate charged by one bank to another for lending money.

Like-for-like basis
This represents the change in a measure (such as passing rent or property valuation) for reference data that applies throughout the current and previous periods under review.

Loan-to-value (LTV)
Loan to value (LTV) is the ratio of principal value of gross debt, less unrestricted cash, to the Group's aggregate value of properties.

NAV
Net asset value.

Net assets per share
NAV divided by the number of shares in issue at the period (less treasury shares).

Occupancy rate
Estimated market rental value (ERV) of occupied space divided by ERV of the portfolio as a whole (the inverse of EPRA vacancy rate).

Property income distribution (PID)
As a REIT, the Group is obliged to distribute 90% of its UK property tax-exempt profits. PIDs are profits distributed to shareholders, which are subject to tax in the hands of the shareholders as property income. PIDs are normally paid net of withholding tax currently at 20%, which the REIT pays to the tax authorities on behalf of the shareholder. Certain types of shareholders (e.g. pension funds) are tax exempt and receivePIDs without deduction of withholding tax. REITs also pay out normal dividends, which are taxed in the same way as dividends received from non- REIT companies and are not subject to withholding tax.

Real estate investment trust (REIT)
REITs are property companies that allow people and organisations to invest in commercial property and receive benefits as if they directly owned the properties themselves. The effect is that taxation is moved from the corporate level to the investor level as investors are liable for tax as if they owned the property directly. Industrial REIT became a UK REIT in May 2018.

Restricted cash
Represents restricted cash balances, including tenant deposits, service charge monies held by managing agents and monies held in bank accounts secured by lenders, for the purposes of debt repayments.

SONIA
Sterling Overnight Index Average.

Total accounting return
Growth in EPRA NTA per share plus dividends paid, expressed as a percentage of EPRA NTA per share at the beginning of the period.

Total shareholder return
The growth in value of a shareholding over a specified period, assuming dividends are reinvested to purchase additional units of stock.

Treasury shares
Shares repurchased by the Company, reducing the amount of outstanding stock on the open market.

Unrestricted cash
Cash, cash equivalents and liquid investments after deducting restricted cash.

Voids
Unlet space as a percentage of area, including voids where refurbishment work is being carried out unless specifically mentioned.

WAULT
Weighted average unexpired lease term, indicating the average remaining life of the leases within our portfolio.

Corporate information

Industrials REIT Limited
Registered in Guernsey
Registration number: **64865**
LSE share code: **MLI**
JSE share code: **MLI**
ISIN: **GG00BFWMR296**

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