



industrials
REIT

Interim Results Presentation

For the 6 months ended
30 September 2021

Agenda

-  **01** Highlights from Results
-  **02** Strategy Overview
-  **03** Goals for the Year
-  **04** Financial Results Review
-  **05** Operational Results Review
-  **06** Summary and Look Forward

Hosts



Paul Arenson
Chief Executive Officer



James Beaumont
Chief Financial Officer



Julian Carey
Managing Director

Highlights from results

- ❏ MLI performance – Rents up 5.0% and ERVs up 5.1% like-for-like
- ❏ Fully covered interim dividend of 3.375p
- ❏ NTA growth – up 7.5%, driven by 8.7% in MLI valuations
- ❏ Total Accounting return – 9.8% in 6 months to 30 September '21





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02 Strategy Overview

Strategy Overview Reminder

Quality Properties



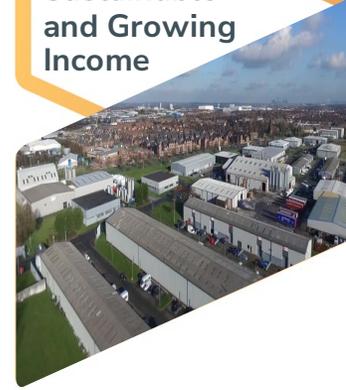
- > Target 100% MLI by March 2022
- > Urban Locations
- > Purpose built MLI
- > Serviced industrial model

Specialist Operating Platform



- > Industrials Hive Operating Platform
- > Technology driven for maximum efficiency
- > Designed for scale to facilitate growth

Deliver Sustainable and Growing Income



- > 10%+ Total Accounting Return
- > REIT structure
- > Enhanced share liquidity

Delivering for all our Stakeholders



- > Responsible
- > Sustainable
- > Good Corporate Citizenship

Our purpose is to revolutionise the MLI sector in the UK for the benefit of our stakeholders



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 03 Goals for the Year

Good progress on FY22 'To Do' list . . .



		Progress
Complete transition	<ul style="list-style-type: none"> > Buy £100m+ of new MLI assets > Disposal of the remaining £127m of non-MLI assets 	80%
Change our listing	<ul style="list-style-type: none"> > Move from the Specialist Fund Segment to the Premium Segment of the London Stock Exchange > LSE to become primary listing and JSE to become secondary Stock Exchange 	75%
Rebrand Stenprop	<ul style="list-style-type: none"> > Enhance alignment between our corporate and trading brands > Improve clarity of purpose for investors 	100%
Further development of Industrials Hive Platform	<ul style="list-style-type: none"> > Implement new ERP system > Enable the in-sourcing of several areas of the business to improve customer experience and process > An end-to-end customer management platform 	60%
Deliver a 10%+ Total Accounting Return	<ul style="list-style-type: none"> > Deliver a 10%+ Total Accounting Return from a combination of earnings and capital growth 	98%



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04 Financial Results Review

Financial KPIs

Adjusted earnings per share – 3.45p



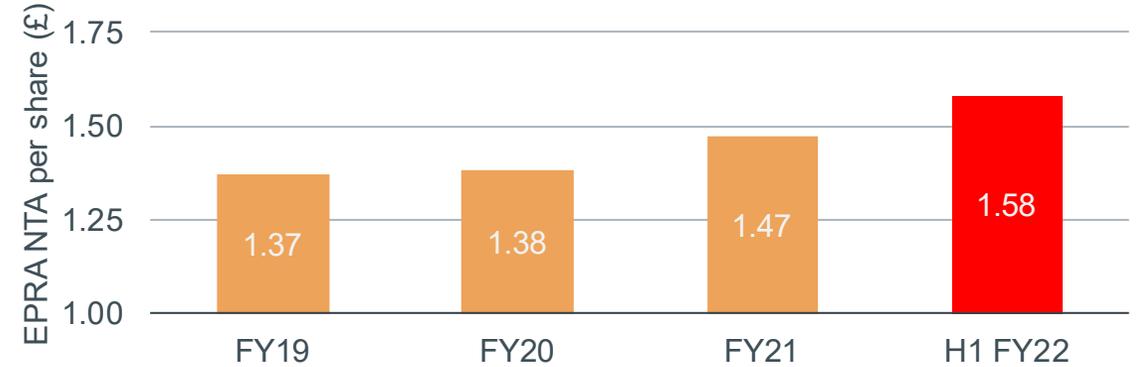
Dividend per share – 3.375p



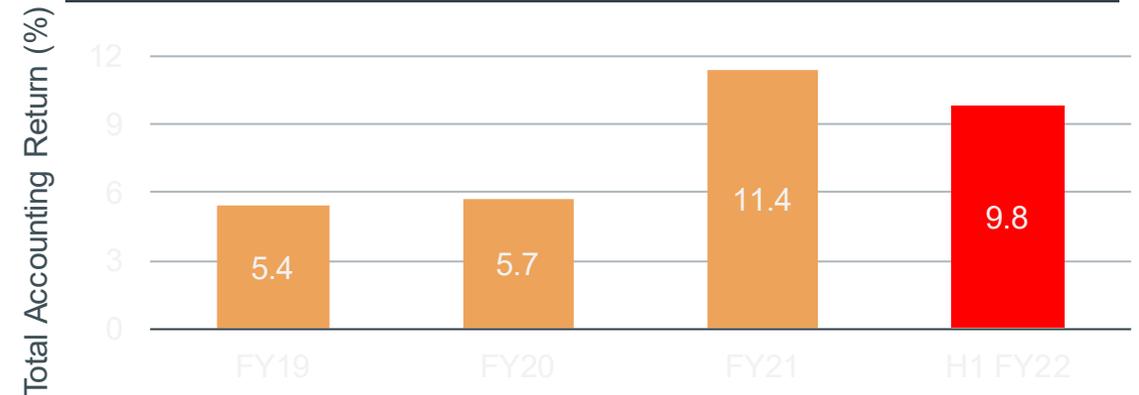
12 months to YE

6 months to 30 Sept. '21

EPRA Net Tangible Assets (NTA) per share - £1.58



Total Accounting Return (TAR) – 9.8%



Rent collections trending towards normalised 98%+

Rent Collections

Segment	Rent collected since Coronavirus (April '20 – Sept '21)	Rent collected for H1 FY22 (April '21 – Sept '21)
UK - MLI	95%	94%
Guernsey - Office	100%	100%
Germany – Retail & Carehomes	94%	99%
Switzerland - Leisure	37%	33%
TOTAL	94%	95%

As at 29 November 2021

12 months to YE

6 months to 30 Sept. '21

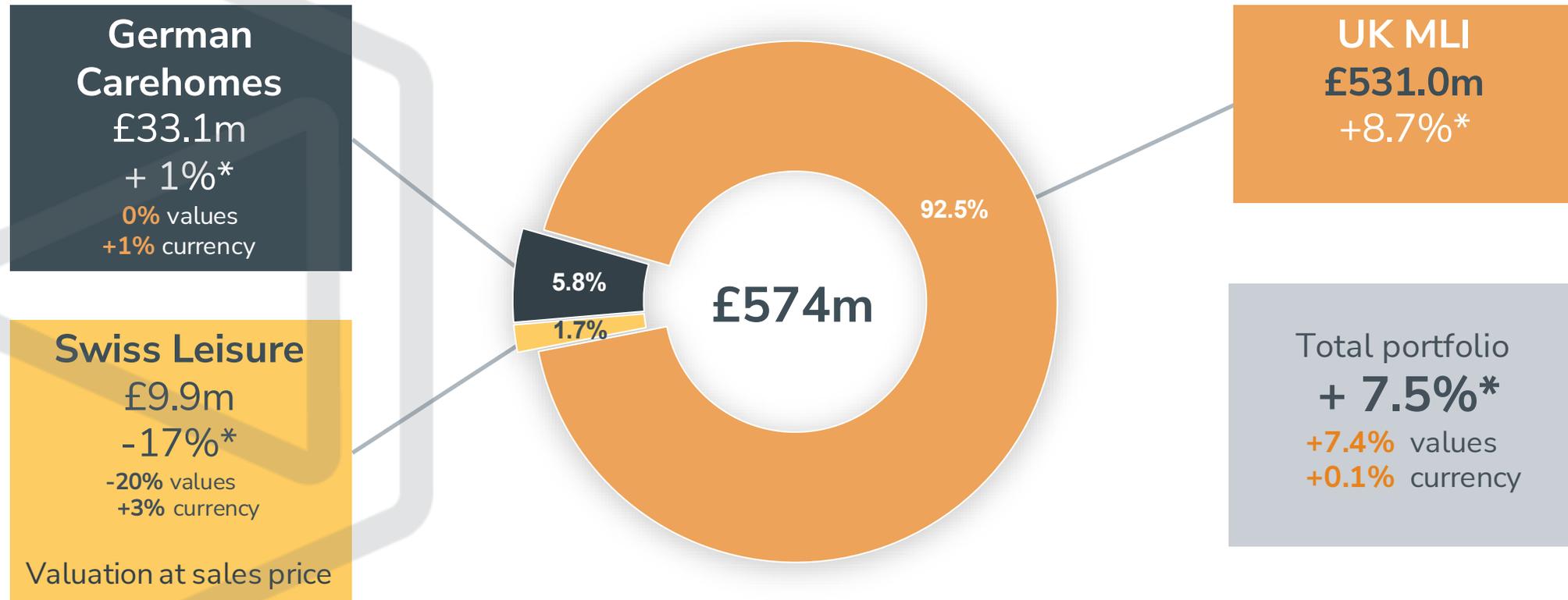
EPRA Cost Ratio %



Group LTV % (incl. unrestricted cash)



MLI was 92.5% of total portfolio by value at 30 Sep '21

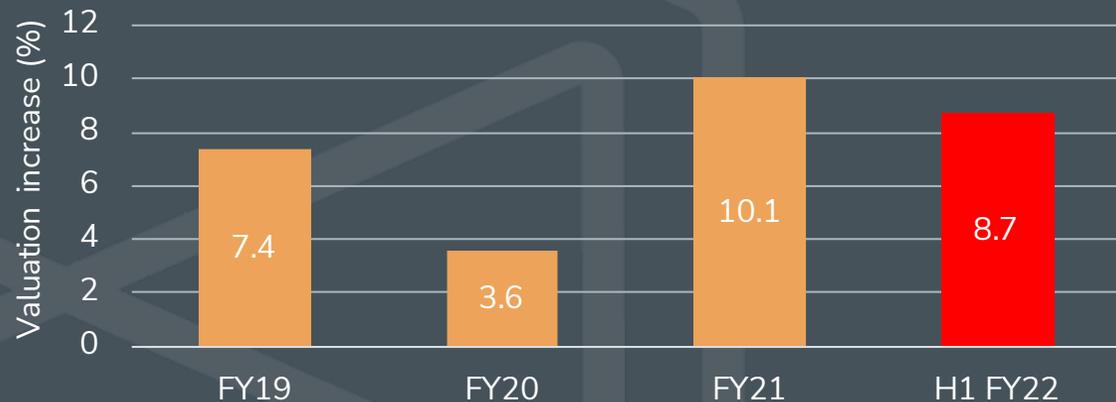


* Like-for-like vs 31 March 2021 valuations

Strong like for like MLI valuation increase

- 12 months to YE
- 6 months to 30 Sept. '21

Like-for-Like MLI Valuation Increase %

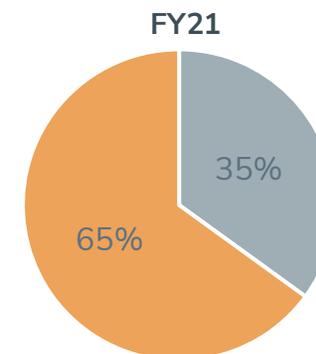


Top 3 performers

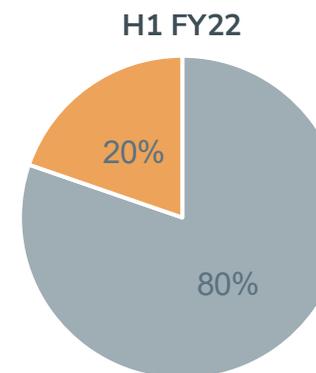
Asset	Valuation gain/loss	Valuation gain %	Reason
Compass Industrials Estate, Speke	+£3.6m	+17.5%	Increase in occupancy of 3% + yield compression
Dana Trading Estate, Paddock Wood	+£2.5m	+13.3%	Asset management led yield compression
Lea Green Business Park, St Helens	+£2.0m	+18.1%	Increased occupancy of 4% + yield compression

Valuation Drivers (UK MLI only)

Yield compression vs Income Growth



■ Yield Compression ■ Income Growth



■ Yield Compression ■ Income Growth



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05 Operational Results Review

MLI Portfolio Overview as at 30 September 2021

6,349,248
sq ft

1,662
Units

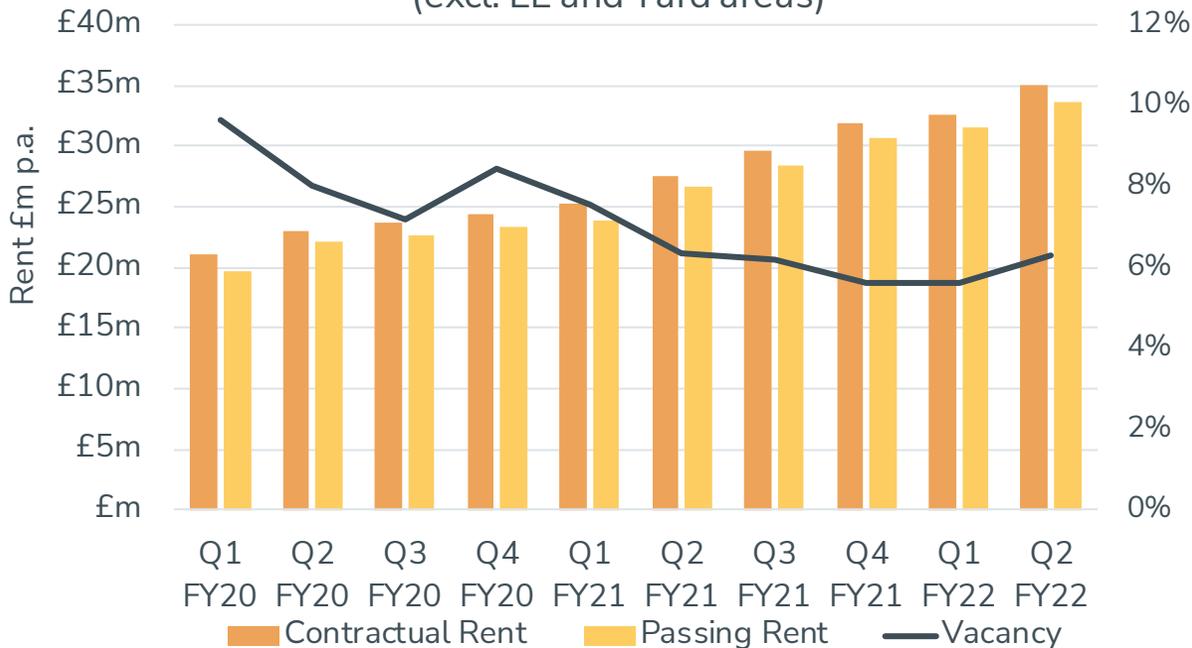
95
Assets

1,254
Customers

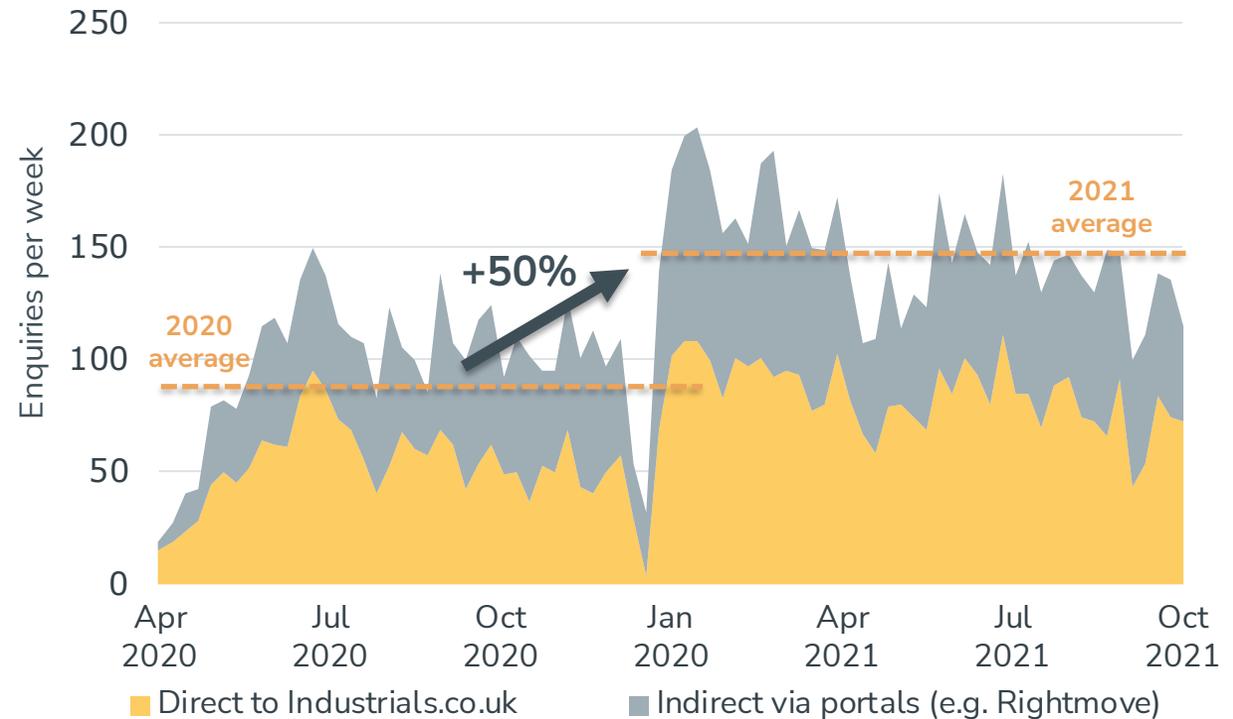
Note: Excludes long-leasehold units and yard areas

Difference between Current Passing Rent and Contractual Rent

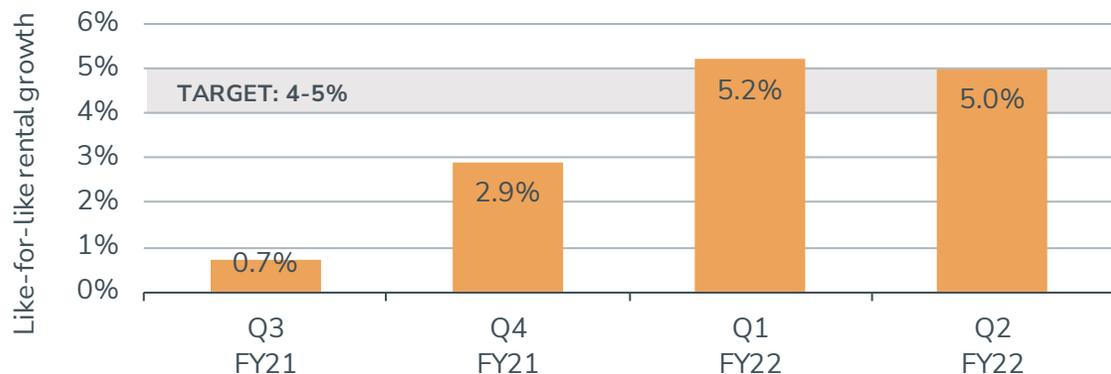
Passing and Contractual Rent p.a. and Vacancy Rate (excl. LL and Yard areas)



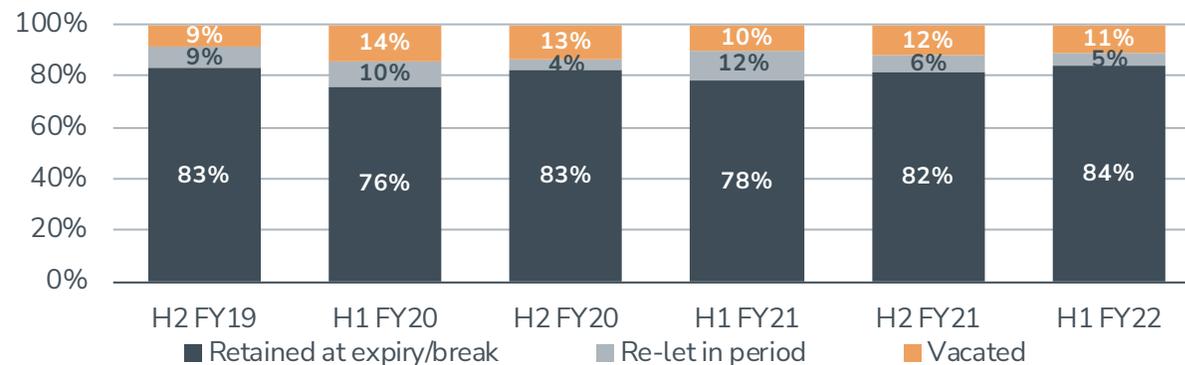
MLI Leasing Enquiry Analysis Industrials All Leasing Enquiries Data



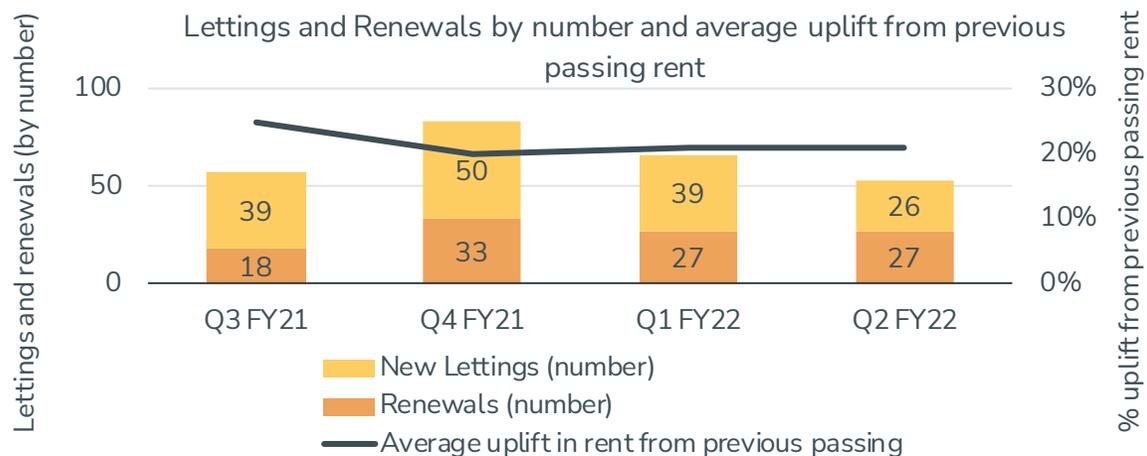
Rental Uplifts



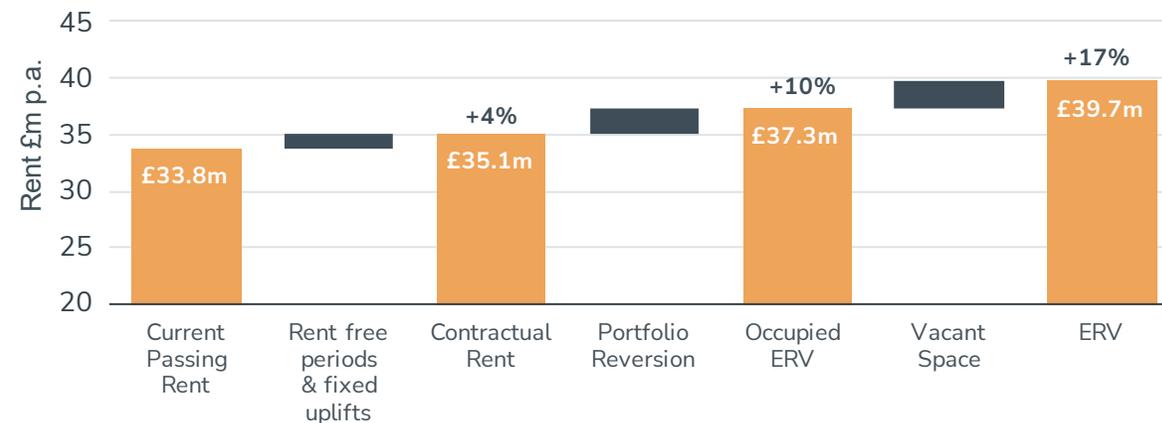
Tenant Retention



Leasing Activity FY22



Rent Bridge as at 30 September 2021

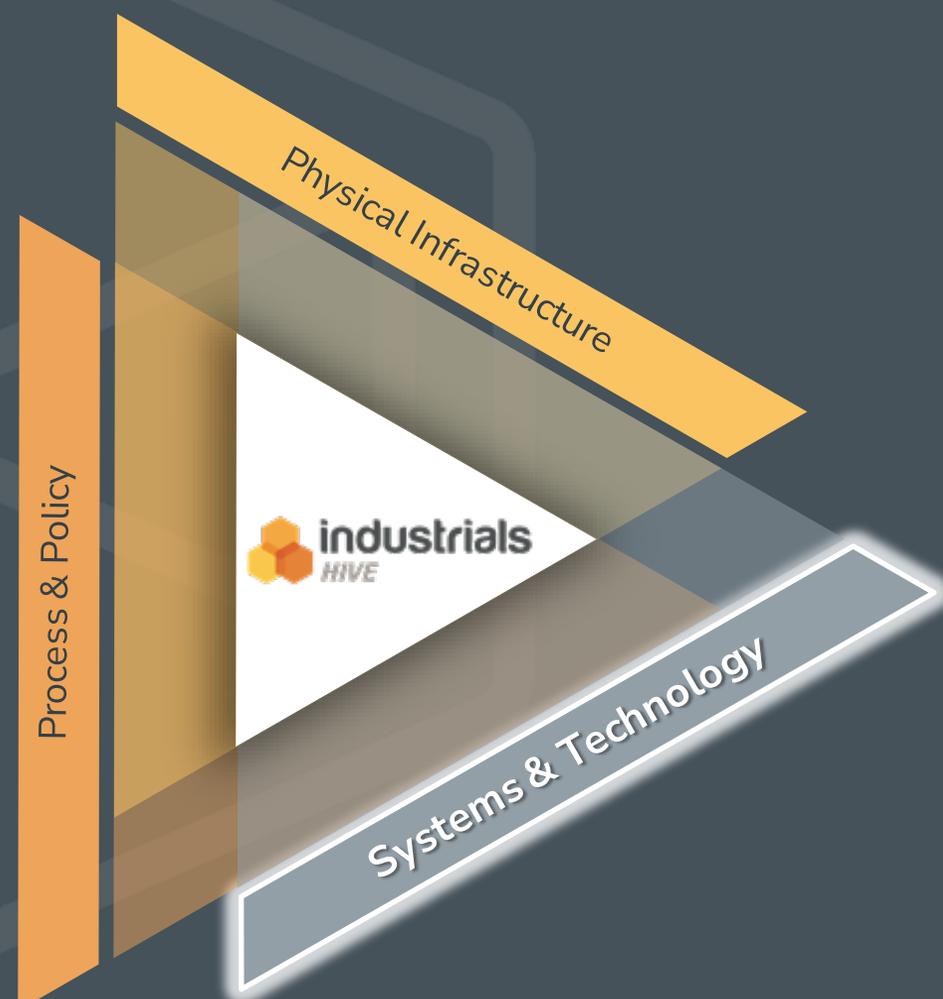


Executing on strong pipeline of MLI Opportunities

	Acquisitions since 31 March '21	Remaining portfolio (at 30 September '21)
Number of assets	11	88
Value	£60 million	£495 million
Capital value psf (excl. yards and land)	£69	£85
Passing Rent	£4.3 million	£31.5 million
ERV Reversion (% uplift from passing)	20%	9%
Vacancy	2.3%	6.3%
Net Initial Yield	6.8%	6.0%



Industrials Hive Constant (R)evolution

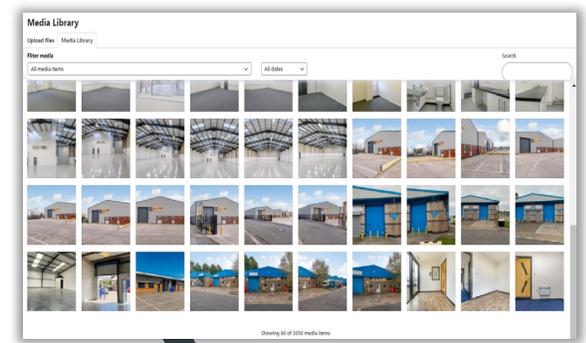


Systems and Technology – Cutting time to market

Industrials Hive CRM Platform
(live property data, leasing and marketing information)

The 'Vault'
(Channel selection, media management, reporting)

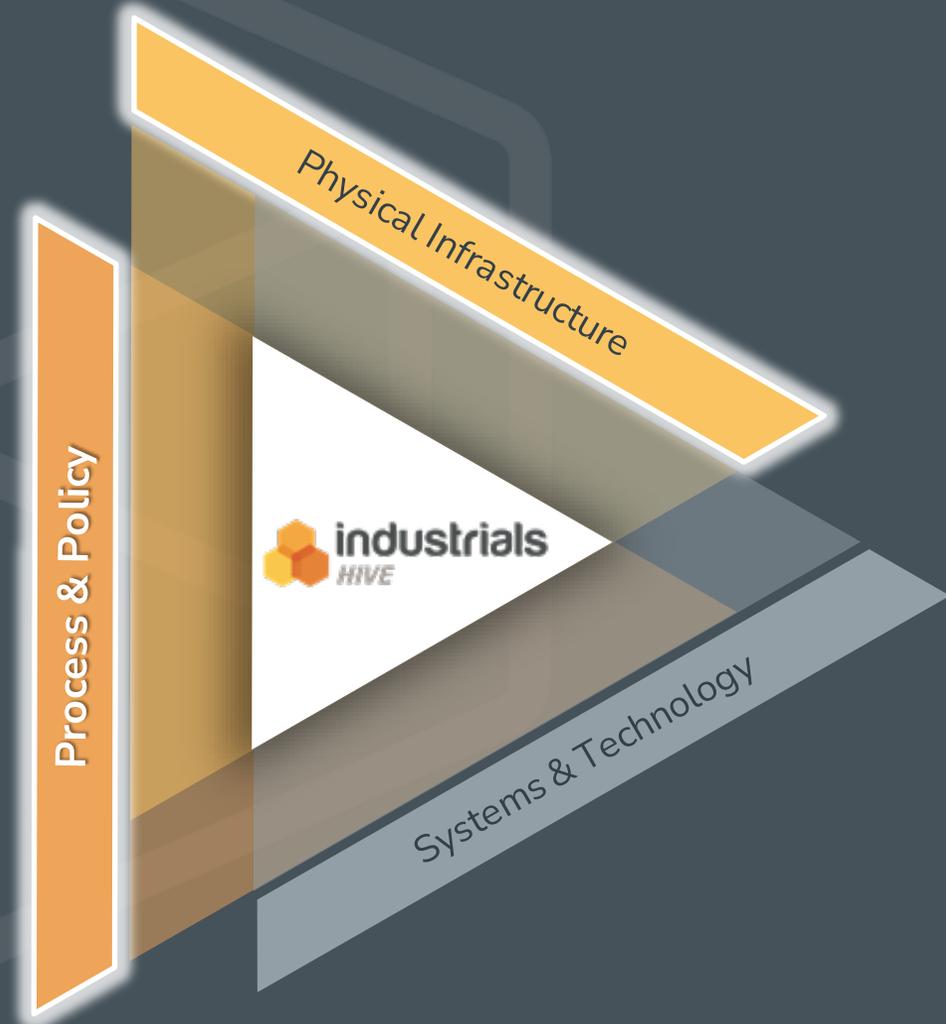
ASSET NAME	STATUS	ACTIVE	RENTAL	MARKETING	REPORTING	GO/PA
Accorn Industrial Estate (H25-41P)	Active	✓	✓	✓	✓	✓
Accorn Industrial Estate (H25-12N)	Active	✓	✓	✓	✓	✓
Albion Gateway	Active	✓	✓	✓	✓	✓
Armitstead Business Park	Active	✓	✓	✓	✓	✓
Arple Business Centre	Active	✓	✓	✓	✓	✓
Armitstead Business Centre	Active	✓	✓	✓	✓	✓
Bradley Street Industrial Estate	Active	✓	✓	✓	✓	✓



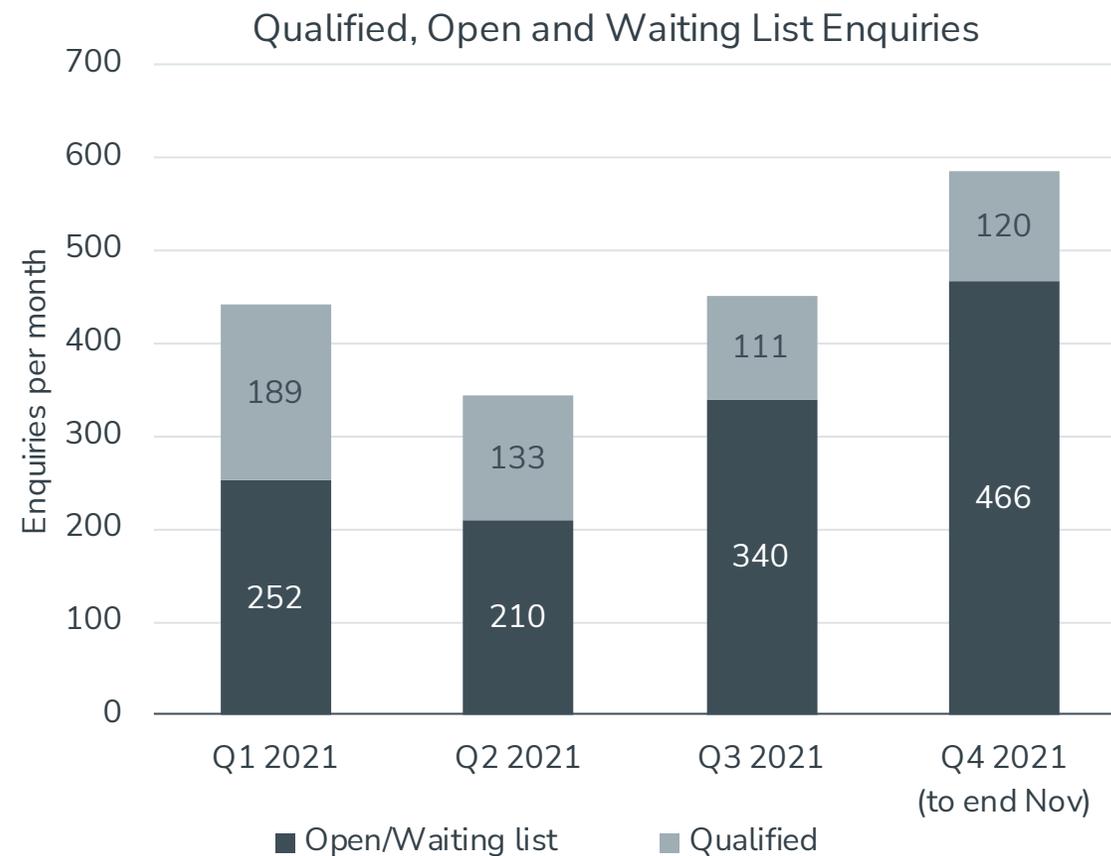
Industrials.co.uk

Online portals

Industrials Hive Constant (R)evolution



Process & Policy + Physical Infrastructure Using 'Waiting Lists' to drive demand



ESG update

Recent initiatives and recognition



EPRA Sustainability Certificate



Customer ESG Vetting



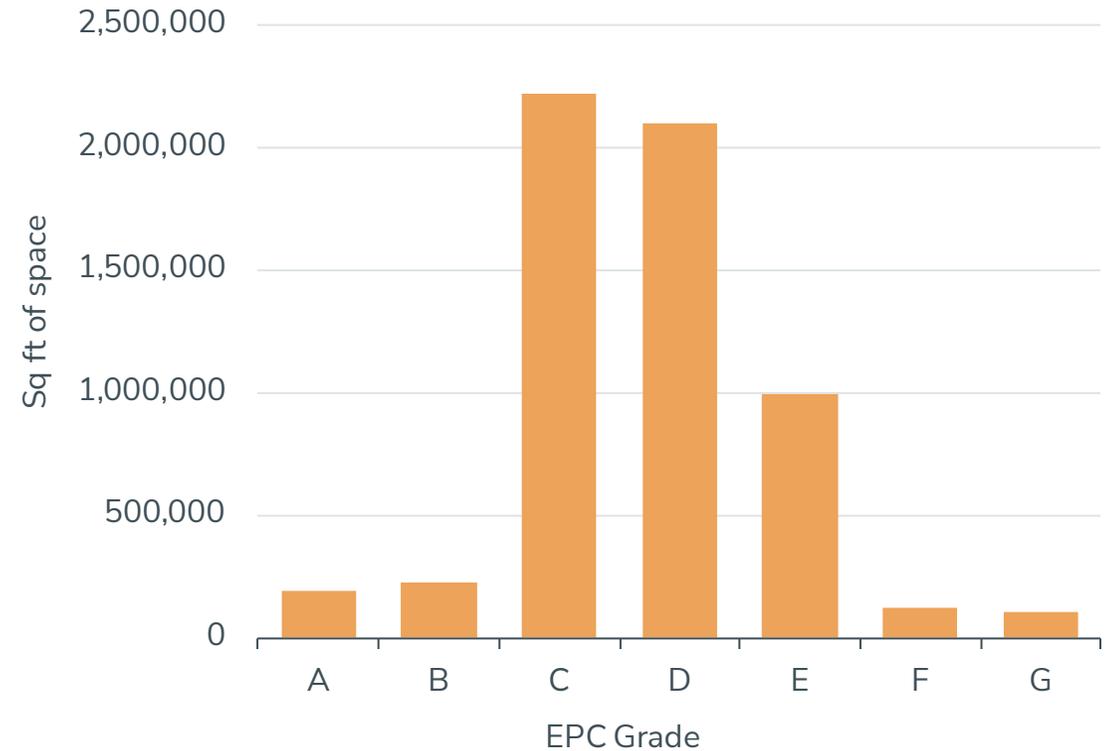
'No-Mow' biodiversity



Blind Recruitment

We expect to announce carbon reduction targets during the course of 2022

EPC Grade by Area (sq ft)





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 06 Summary and Look Forward

Key drivers of success:

MLI Asset
Class

Structural
demand/ supply
imbalance

Industrials
Hive
Platform

Long term
income
security

Scale

Enhanced
economies

Result:

Total
Accounting
Return

10% + p.a.

- > +1.5% adjusted EPS
- > 3.375p interim dividend
- > +7.5% EPRA NTA Growth
- > 9.8% TAR
- > 93% Rent collections

Robust Financial Performance

Strong Asset Fundamentals

- > 5.0% like-for-like rental growth
- > 5.1% like-for-life ERV growth
- > 20%+ average uplift in rent at renewal or letting for 4 successive quarters
- > 94% Occupancy

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Goals for H2 FY22

Exciting Potential

- > Continue to capture MLI growth
- > Complete remaining sales & further MLI acquisitions
- > Premium listing on the LSE
- > Further Industrials Hive developments

- > Transition almost complete
- > Strong pipeline of MLI opportunities
- > Economies of scale to come
- > Industrials Hive driving efficiencies and revenue

Target dividend of 6.75p+ for the year ending March 2022

Q&A

Register to join:

Industrials REIT Trading Update FY22 Q3

(quarter ending 31st December 2021)

Date: Friday 28th January 2022

Time: 9:00am – 9:30am BST

[Register here to join presentation.](#)

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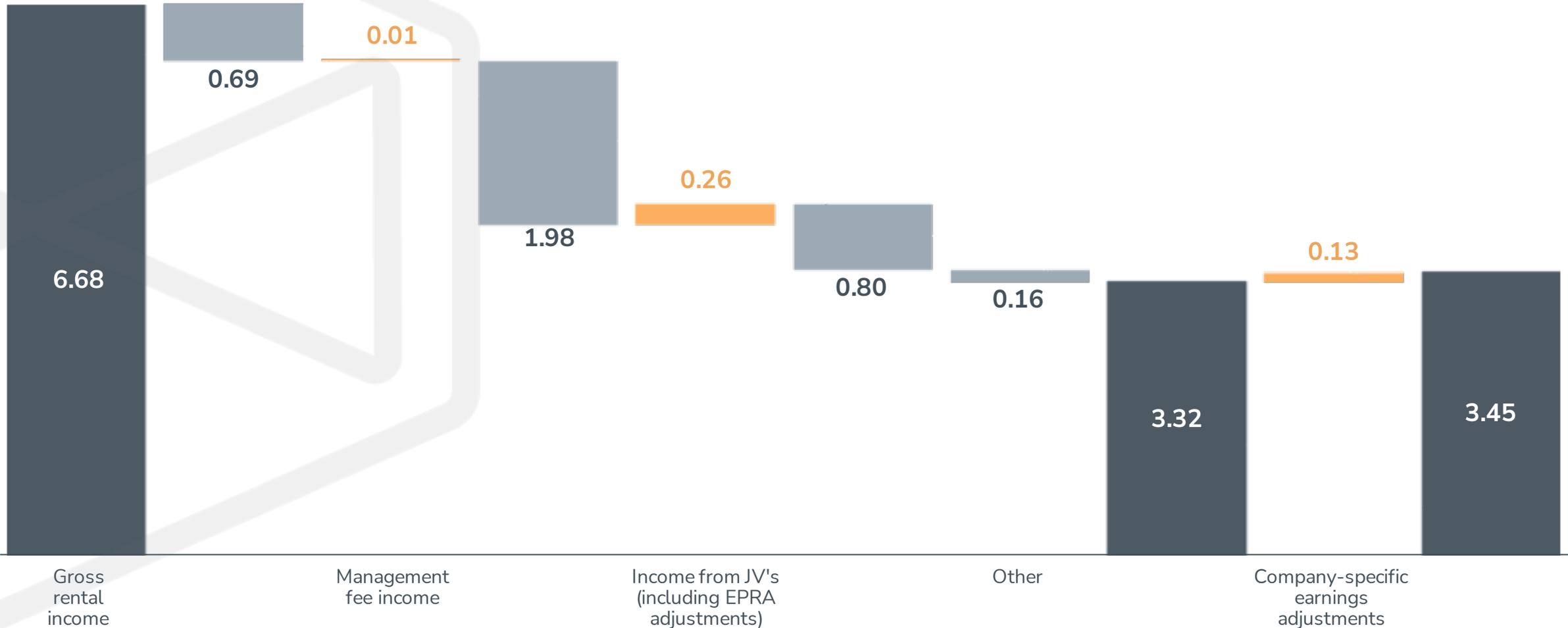


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Appendix 1 Financial Returns

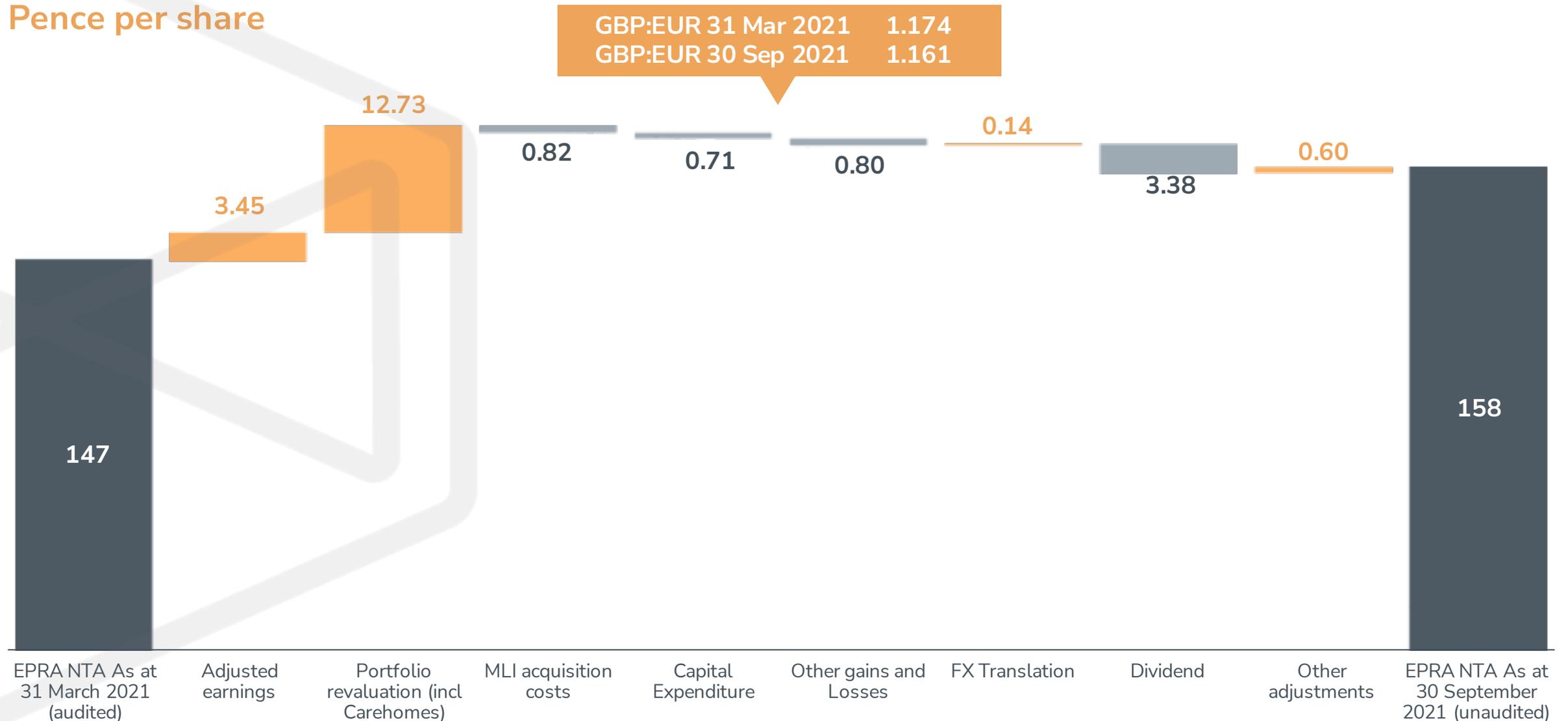
EPRA earnings per share

Pence per share



NAV movement 31 March 2021 to 30 September 2021

Pence per share



Income Statement and Earnings

	Period ended 30 September 2021 £m	Period ended 30 September 2020 £m
Net rental income*	17.4	15.3
Management fee income	0.0	0.7
Operating costs*	(5.8)	(4.7)
Net operating income	22.5	11.3
Income from Investment in associates/joint ventures (excl. fair value gains)	0.8	0.5
Net finance costs*	(2.3)	(3.1)
EPRA adjustments and other items*	(0.1)	1.0
Adjusted earnings	10.0	9.7
Adjusted EPS	3.45 pence	3.40 pence

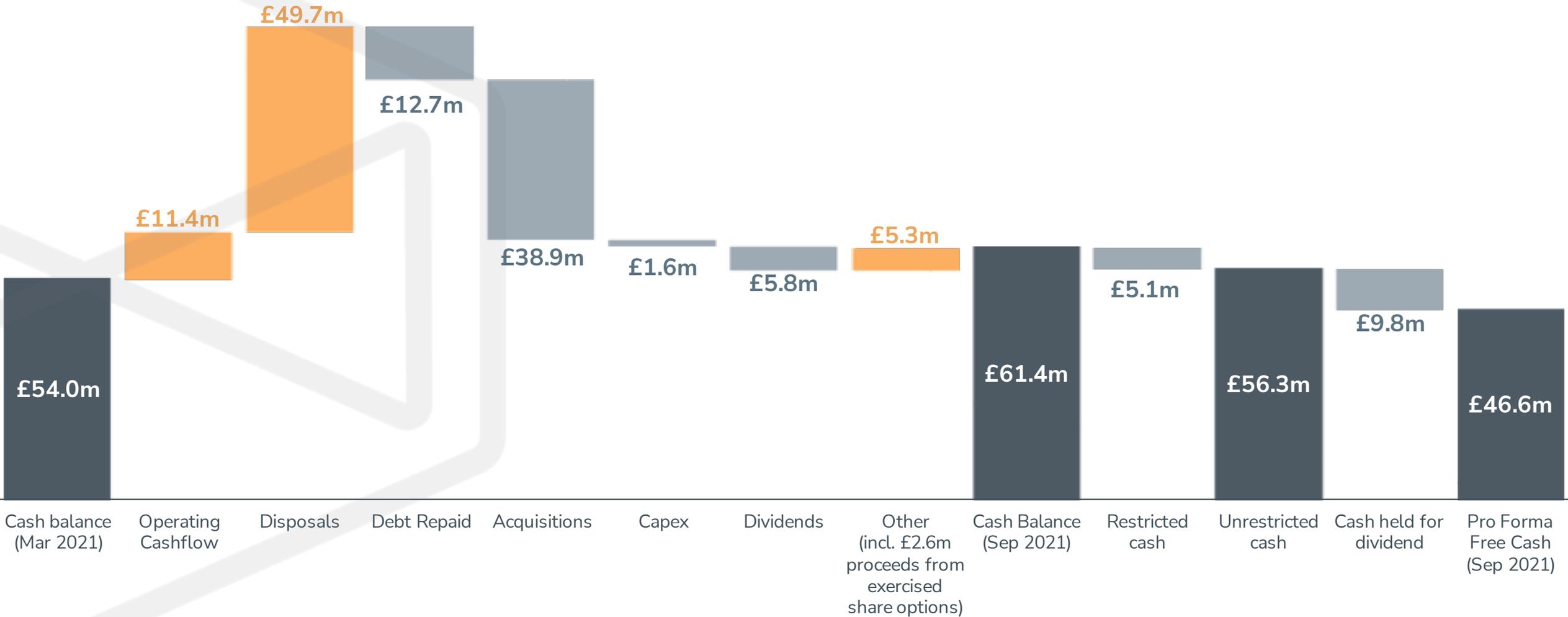
Annualised

Earnings Yield Dividend Yield

Share price (£1.83)	3.8%	3.7%
EPRA NTA (£1.58)	4.4%	4.3%

* Includes assets held for sale and discontinued operations

Cashflows



Like-for-Like valuation movement

Property/Portfolio	Percentage Ownership	Market Value 30 September 2021 (million)	Market Value 31 March 2021 (million)	Change %
United Kingdom - £				
UK MLI	100%	£ 494.5	£ 455.1	8.7%
Switzerland – CHF				
Lugano	100%	₣ 12.5	₣ 15.4	(19.4%)
Germany - €				
Care Homes Portfolio	99%*	€ 38.9	€ 38.9	-
Properties disposed during period		Sales Price		
Trafalgar Court	100%	£ 55.0	£ 56.2	(2.1%)
Hermann Quartier	100%	€ 30.8	€ 30.8	-
Properties acquired in the six months to date		Purchase Price		
MLI (3 acquisitions including one portfolio deal)	100%	£ 36.5	-	-

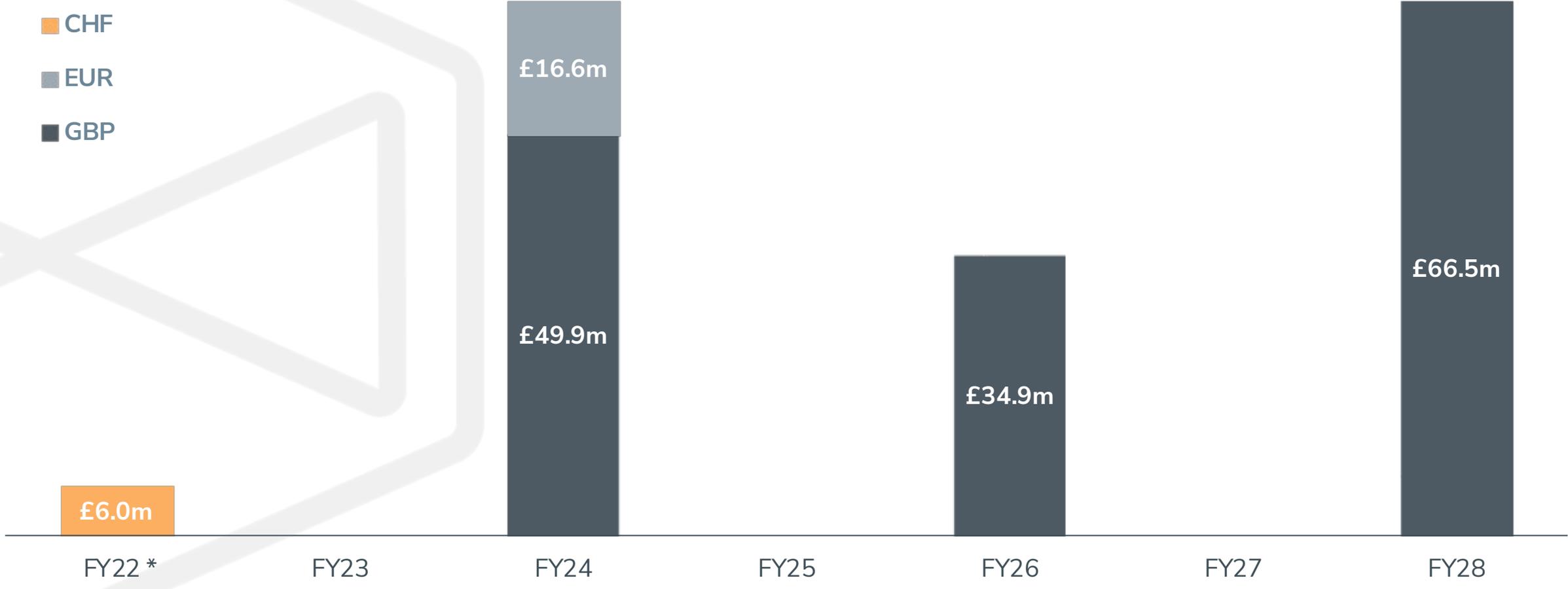
* Economic interest



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Appendix 2 Debt Detail

Debt maturity (£m)



* £6.0m of CHF debt in FY22 is related to the Lugano asset, the sale of which has been notarised with completion expected in the coming weeks.

Financial summary

Property/Portfolio	Ownership	Loan Value (£m)	Property Value (£m)	Gearing (LTV)	Contractual Rent ¹ (£m)	Net initial yield
UK						
UK MLI	100%	(151.3)	531.0	28%	35.1	6.09%
UK Sub-Total		(151.3)	531.0	28%	35.1	6.09%
SWISS						
Lugano	100%	(6.0)	9.9	61%	1.0	2.94%
Swiss Sub-Total		(6.0)	9.9	61%	1.0	2.94%
Associates and joint ventures						
Care Homes Portfolio	99%	(16.6)	33.1	50%	2.5	6.27%
Portfolio Total		(173.9)	574.0	30%	38.6	6.04%

GBP:EUR exchange rate of 1.1738 and a GBP:CHF exchange rate of 1.2985

¹. Excludes potential rent on vacant space

Debt summary

Property/ Portfolio	Property Value (Local currency)	Loan Value (Local Currency)	Gearing (LTV)	Margin	Swap (fixed rate)	All in rate	Annual interest expense	Amortisa- tion per annum	Loan Maturity
UK - £m									
UK MLI - £m	531.0	(151.3)	28%	1.70%	0.24% ¹	1.90%	(2.9)	-	1 Feb '24 ²
Swiss – CHFm									
Lugano	12.5	(7.6)	61%	1.15%	0.00%	1.15%	(0.1)	(0.2)	N/A
Lugano - £m	9.9	(6.0)					(0.1)	(0.1)	
Germany - €m									
Care Homes Portfolio	38.9	(19.5)	50%	1.25%	0.63%	1.88%	(0.4)	(0.8)	30 Dec '23
Germany - £m	33.1	(16.6)					(0.3)	(0.7)	
Total (£m)	574.0	(173.9)	30%			1.87%	(3.3)	(0.8)	

1. £18m of the Industrials debt is floating.

2. £50m matures in February 2024, £35m in November 2024, and £67m in December 2027



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Appendix 3 Shareholder Profile

Share Information

Current share metrics

Diluted EPRA NTA / share
158p
(as at 30 September 2021)

Current share price
183p
(as at 2nd December 2021)

Dividend yield
on share price
3.7%

Dividend yield
on EPRA NTA
4.3%

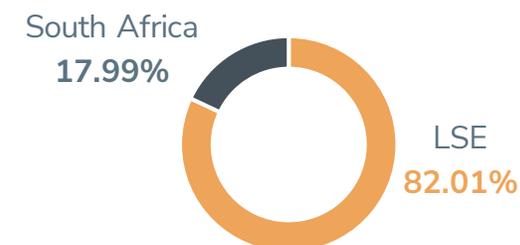
Top 10 Shareholders holding as at 31 October 2021

	% Holding
Thames River Capital	7.48
Directors	7.15
abrdrn	5.95
Lombard Odier Darier Hentsch	5.16
Investec Wealth & Investment	5.05
Private companies	4.41
Public Investment Corporation (PIC)	4.37
Cohen & Steers	2.92
Sesfikile Capital	2.65
Credo Capital	2.52
Total	47.67

Share Price High/Low

	12 month high	12 month low
LSE	193.00p	131.05p
JSE	R40.00	R25.00

Stock Exchange Split



Shareholders by region



No. of shareholders: 2,014



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Appendix 4

Organisation Structure

Organisation Chart

Board of Directors

Executive Directors

Paul Arenson Chief Executive Officer	James Beaumont Chief Financial Officer	Julian Carey Managing Director
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Non-Executive Directors

Richard Grant Independent Non-Executive Chairman	Phil Holland Independent Non-Executive Director	Patsy Watson Non-Executive Director	Paul Miller Senior Independent Non-Executive Director	Richard Smith Independent Non-Executive Director	Louisa Bell Independent Non-Executive Director
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Committees

> Nominations (chair) > Remuneration	> Audit & Risk (chair) > Nominations > Remuneration > Social & Ethics (chair)	> Nominations > Social & Ethics	> Audit & Risk (chair) > Nominations > Remuneration (chair)	> Audit & Risk > Remuneration	> Audit & Risk > Remuneration > Social & Ethics
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Senior Executives

Asset Management

Simon Ross
Department Head

Investments

Will Lutton
Department Head

Finance and Analysis

Mike Handley
Department Head

Debt and Special Projects

James Wakelin
Department Head

Legal, Compliance and HR

Sarah Bellilchi
Department Head

Sales & Marketing

John Whitley
Department Head



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