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**REIT**

# Trading Update presentation

**Quarter ending**  
**31st March 2022**

Industrials REIT FY22 Q4  
29th April 2022

## Agenda

-  Multi-let Industrial Operational Performance
-  Rent Collections
-  Investment Review
-  Asset Management case study
-  Transactions
-  Closing remarks

## Hosts



**Paul Arenson**  
Chief Executive Officer



**Julian Carey**  
Managing Director



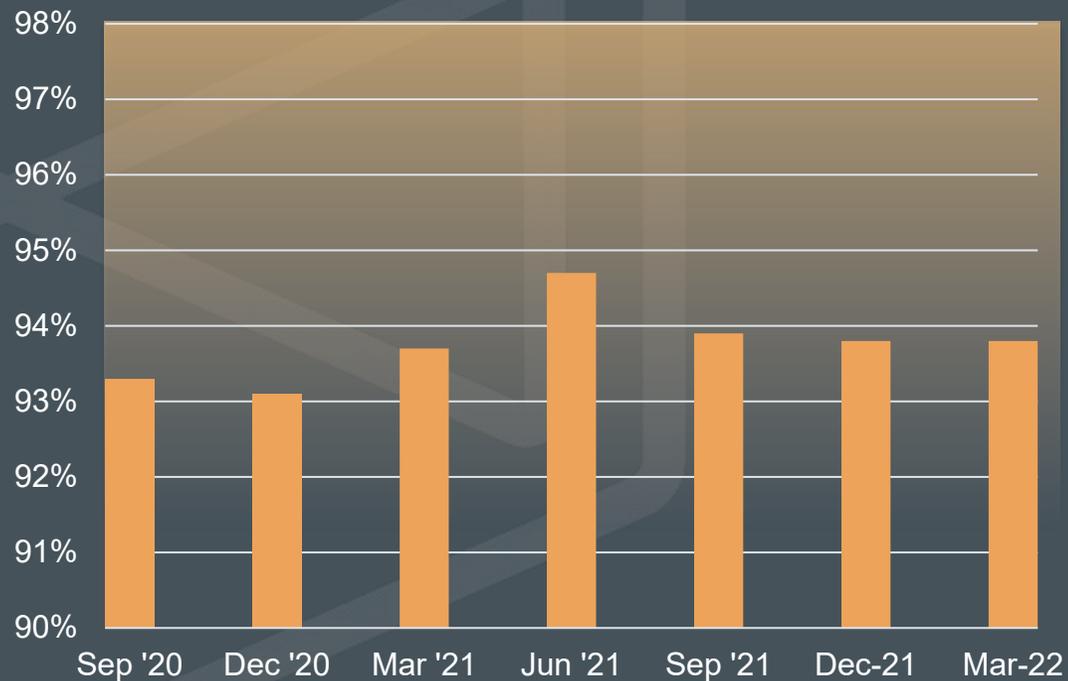
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1.0 Multi-Let Industrial  
Operational Performance

# Stable occupancy supports strong rental growth

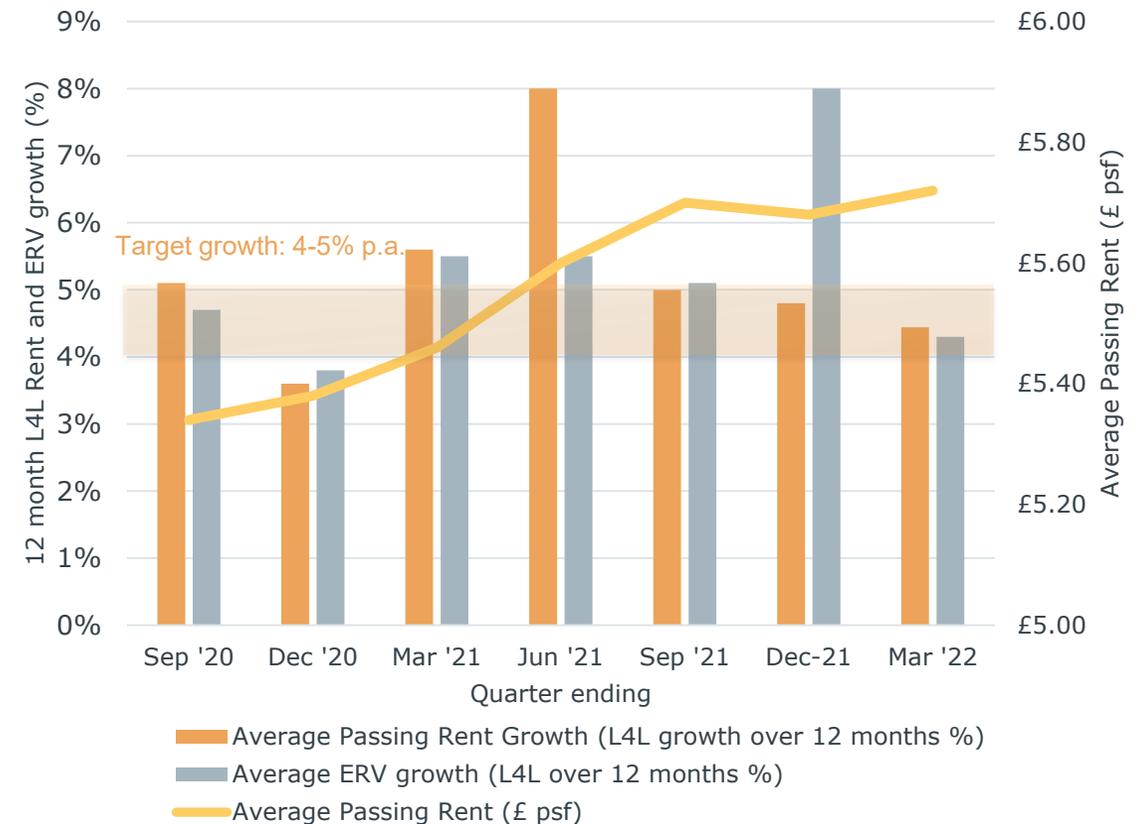
Rent and ERV growth on target

MLI Occupancy (%)



Rents remain highly affordable

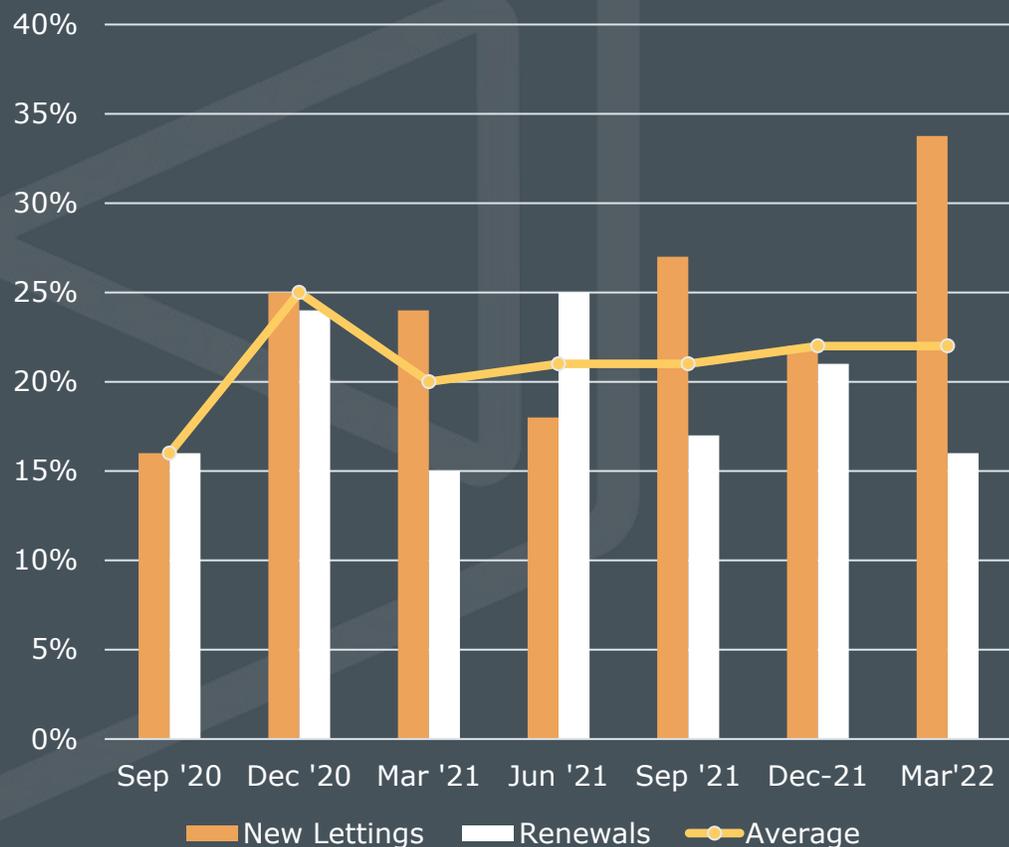
MLI Rents and ERVs



# Strong leasing performance

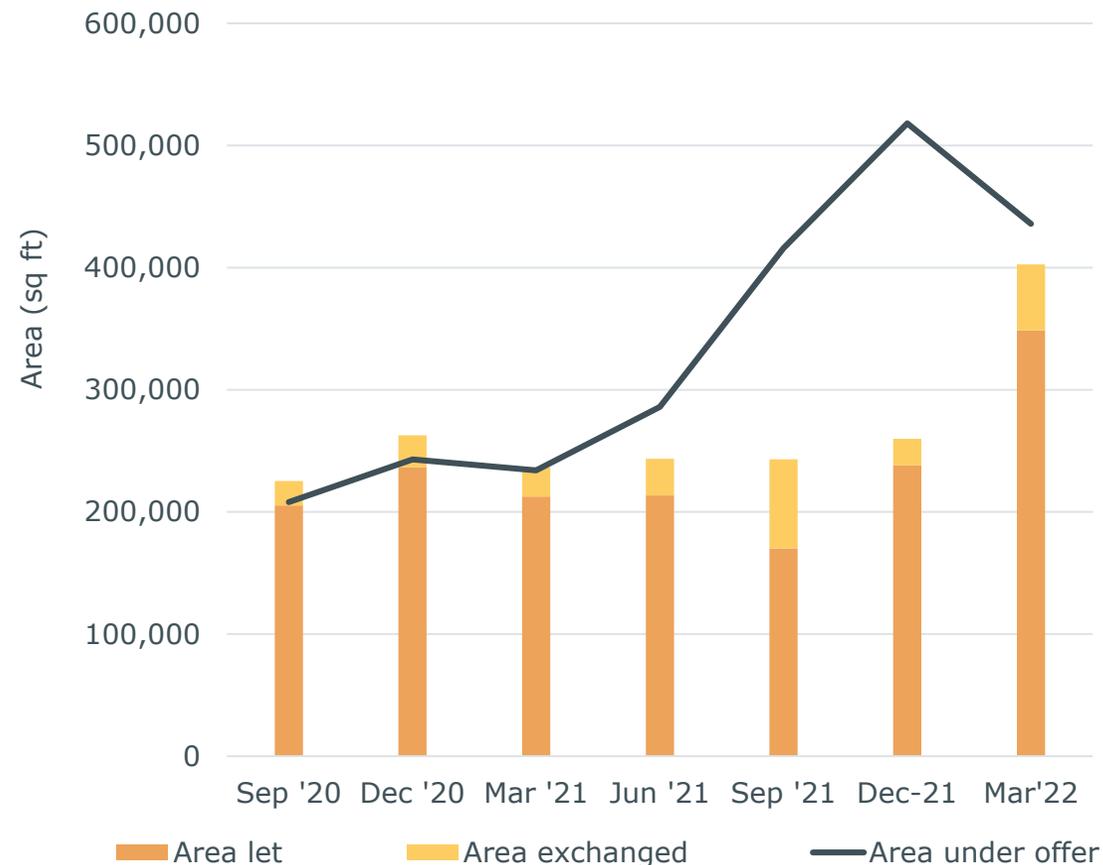
Sixth consecutive quarter of 20%+ average uplifts

Average rent uplift at letting and renewal



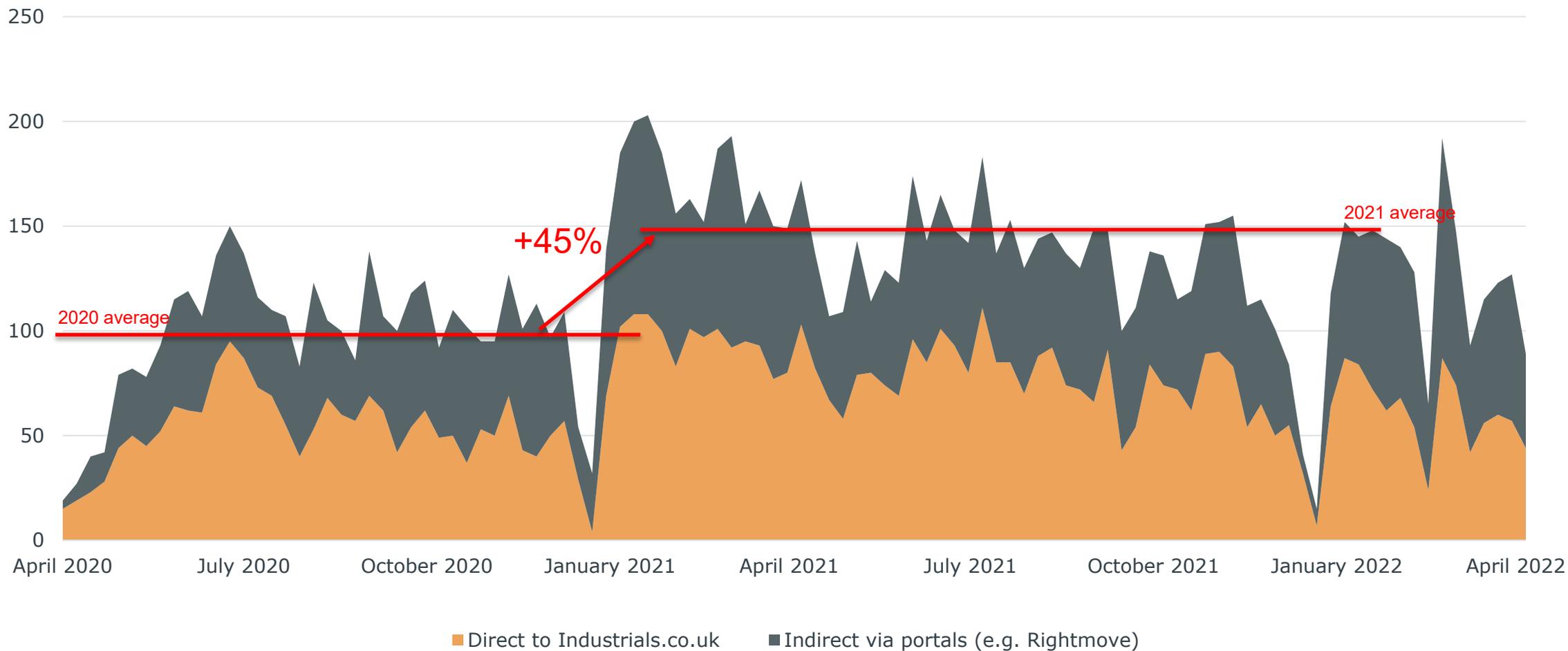
£2.9m of new leases signed this quarter

Leasing transactions and under offer units per quarter



# Improvements in enquiry quality and conversion rates

Weekly leasing enquiries received into Industrials Hive (excl. via external agents)





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2.0 Rent Collections

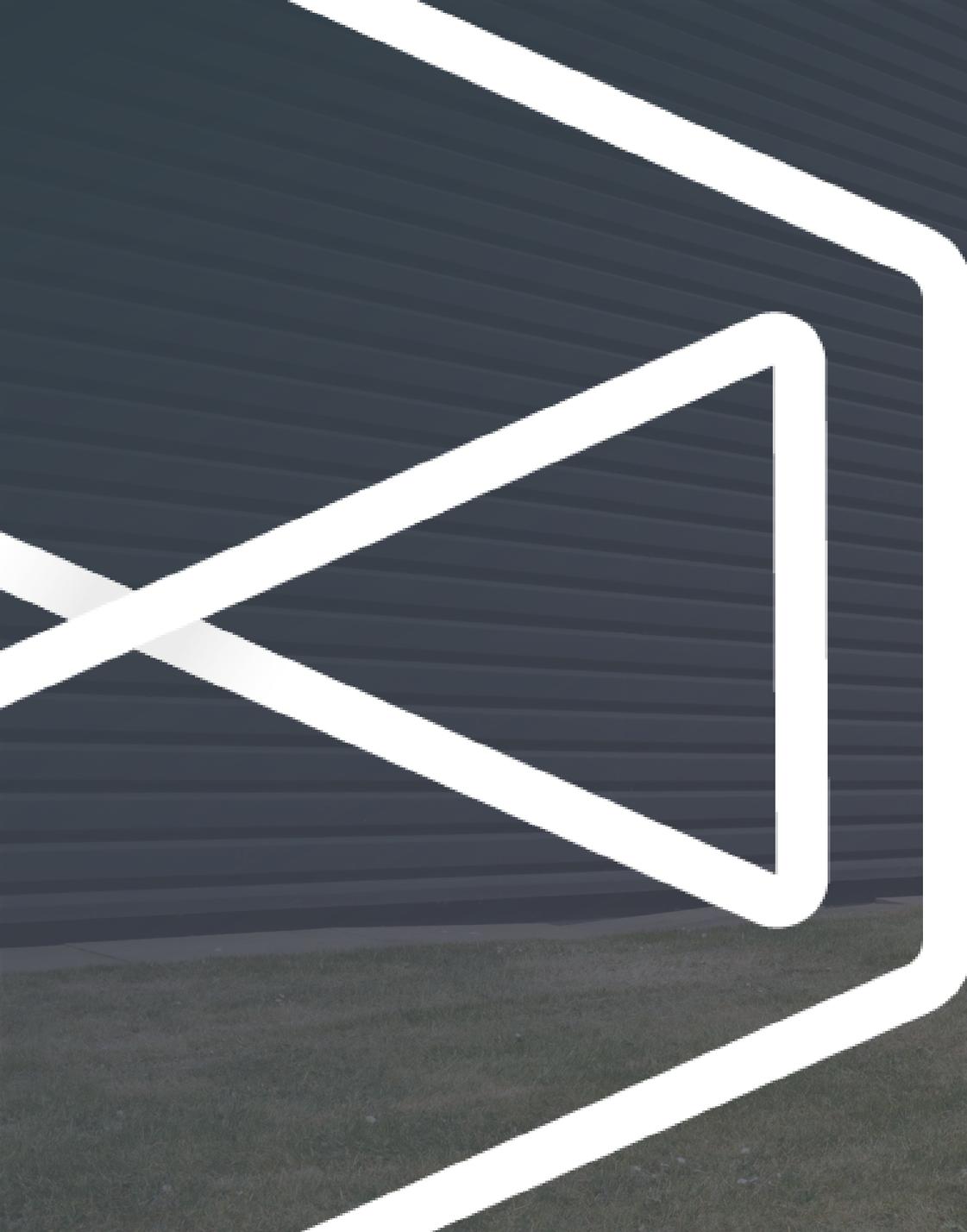
## Rent collections – trending back to normality

Rent collected vs billed (%)

County / Sector	Portfolio Weighting	2020			2021				2022	Weighted average
		Apr-Jun	Jun-Sep	Sep-Dec	Dec-Mar	Mar-Jun	Jun-Sep	Sep-Dec	Dec - Mar	
UK MLI	95%	97%	97%	97%	96%	96%	95%	92%	85%	94%
Germany	5%	94%	98%	97%	83%	98%	100%	96%	97%	95%
Weighted average	100%	97%	98%	98%	94%	96%	95%	92%	86%	94%

 Collections up to 25<sup>th</sup> April 2022

2020 rent collections are only 1-2% below normal levels



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3.0 Asset Management  
case study

# Case study: Value-add asset management

## Dana Trading Estate, Paddock Wood, Kent

### About the Asset

A multi-let industrial estate comprising of 209,000 sq ft of MLI space in a strategically prominent location close to London's orbital M25 Motorway.

### What was happening?

A single lease expiry event in March 2022 to our largest customer by square feet let and rent paid. Whilst the asset was held under one lease, it had been sublet to 14 subtenants.

### What were our objectives?

To ensure that repairing obligations due under the headlease were fulfilled prior to expiry, whilst minimizing the income risk presented by our largest single lease expiry event.

### What was our strategy?

To negotiate an orderly lease surrender with the tenant in advance of lease expiry, whilst also negotiating and documenting new lease terms with each subtenant. The goal was to ensure continuity of income whilst also enhancing the tenant line-up.

### What was the outcome?

An early lease surrender which included a financial settlement for outstanding repairing obligations in addition to the early execution of an option to acquire the freehold title.

With regards to agreeing new terms with the sub-tenants:

- 98% of space is now re-let or under offer
- Secured a like for like rental uplift for space now re-let or under offer of 25% from the previous passing rent
- Improved tenant line-up with greater income diversity;
- Potential for on-going asset management as a traditional MLI estate.





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**4.0 MLI Investment  
Market Review**

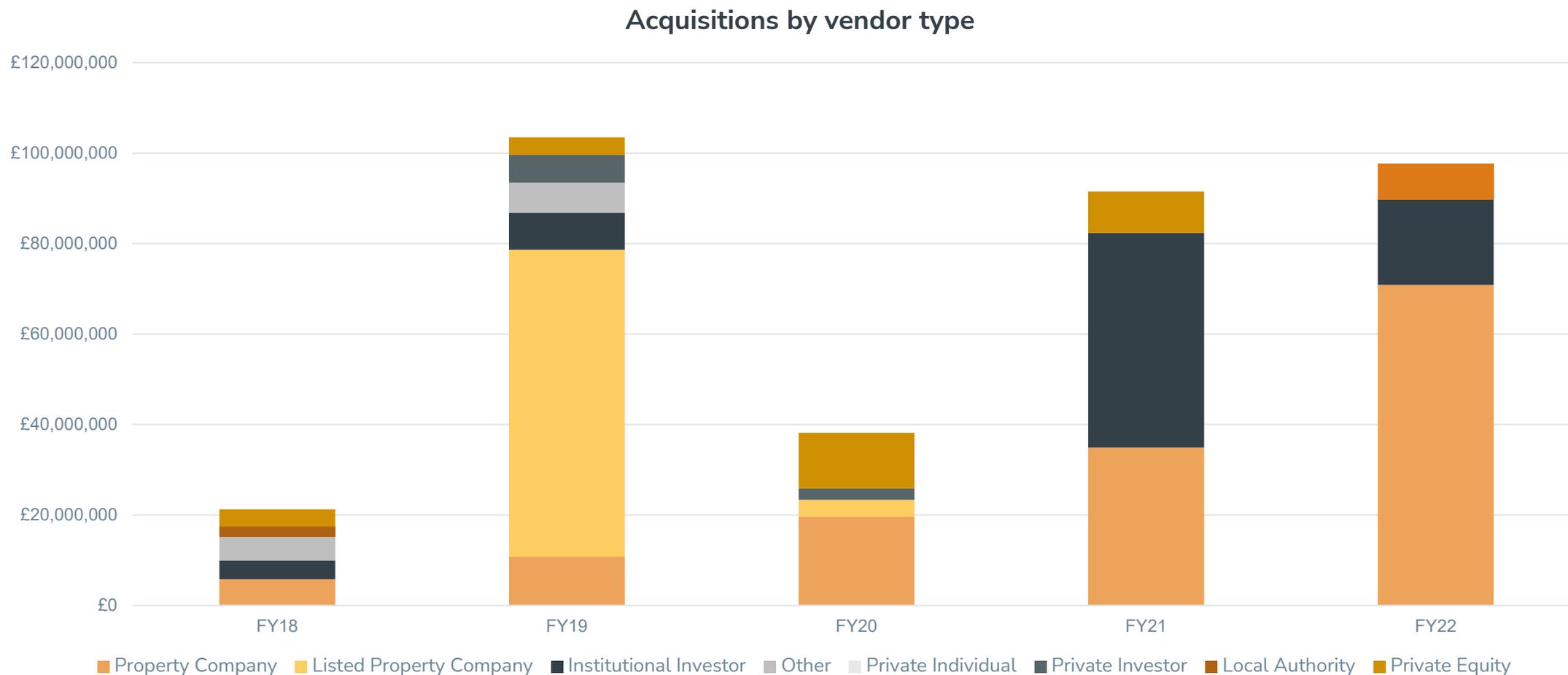
# Deal pipeline remains consistently strong

Sufficient supply to meet investment targets

Quarterly MLI investment pipeline by value and deal number



# Industrials REIT purchases by vendor type



## Asset pricing

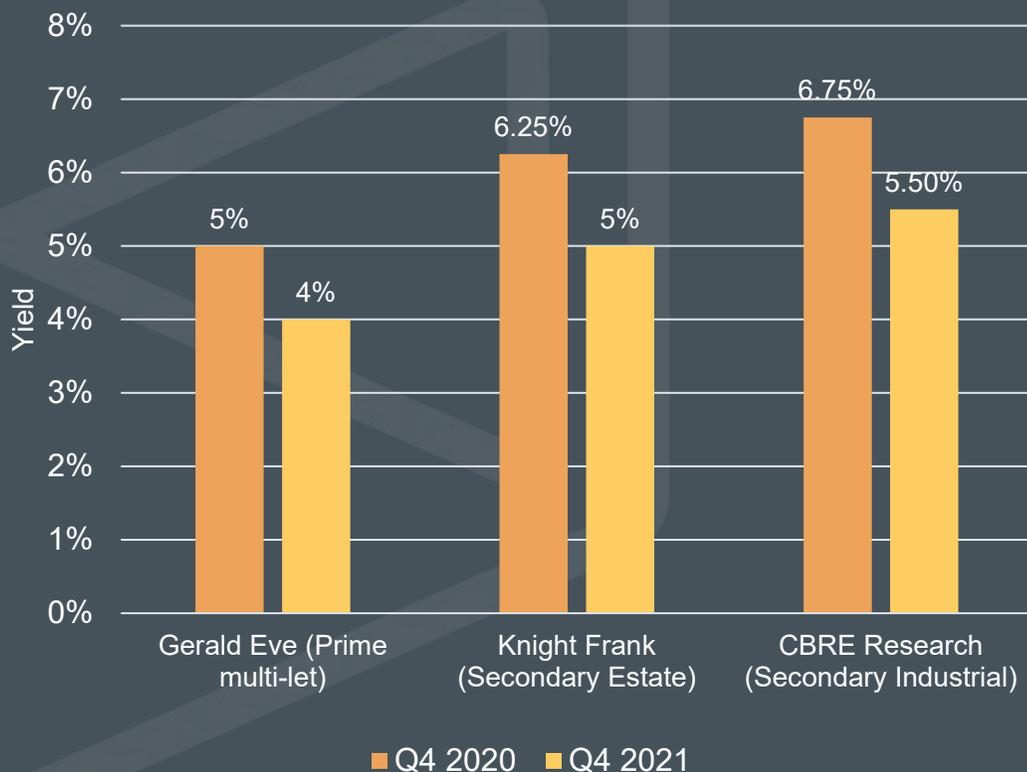
	Purchase price	GIA (excl LL)	Cap Val	Rent (inclusive of guarantees) at acquisition £psf	NIY (inclusive of guarantees) assuming 6.5% costs
FY17	£127,000,000	1,847,197	£68.75	£4.66	5.95%
FY18	£21,253,983	476,766	£44.58	£5.58	6.72%
FY19	£103,519,650	1,693,966	£61.11	£4.75	6.90%
FY20	£38,181,770	504,137	£75.74	£5.98	6.85%
FY21	£91,535,000	1,089,037	£84.05	£6.21	6.64%
FY22	£97,620,000	1,268,676	£76.95	£5.35	6.44%
<b>Total/Average</b>	<b>£381,490,403</b>	<b>5,611,103</b>	<b>£67.99</b>	<b>£5.17</b>	<b>6.51%</b>

Total build costs are between £120 and £175 psf for new development necessitating rents of between £8 to £9 psf to be viable

# Strong yield compression

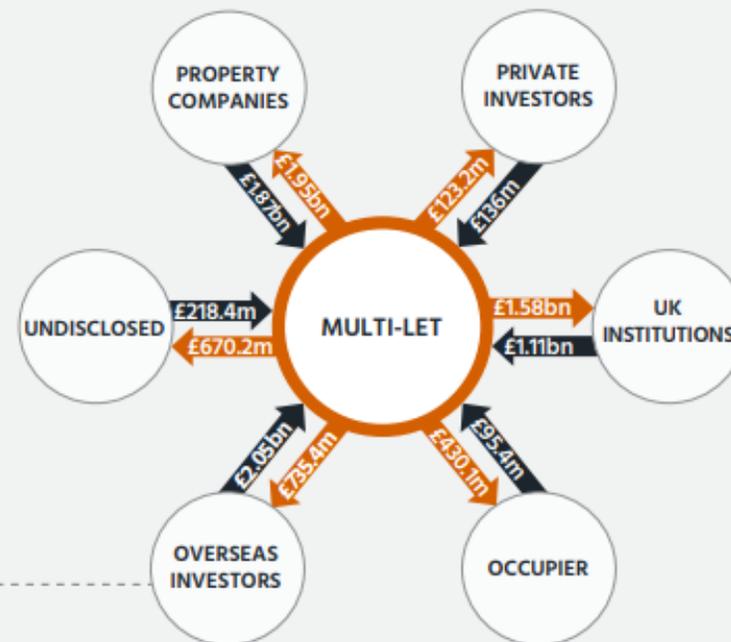
Yields are compressing in the industrial market

Advisor reporting on industrial yield compression



## UK MULTI-LET CAPITAL FLOWS IN 2021

Source: Gerald Eve, Property Data



### INVESTMENT VOLUME BY INVESTOR SUB-DOMICILE

<b>£980.5m</b> NORTH AMERICAN	<b>£540.2m</b> GERMAN	<b>£226.5m</b> EUROPEAN	<b>£197.2m</b> MIDDLE EAST	<b>£48.3m</b> OTHER
49.2% OF OVERSEAS INVESTMENT	27.1% OF OVERSEAS INVESTMENT	11.4% OF OVERSEAS INVESTMENT	9.9% OF OVERSEAS INVESTMENT	2.4% OF OVERSEAS INVESTMENT



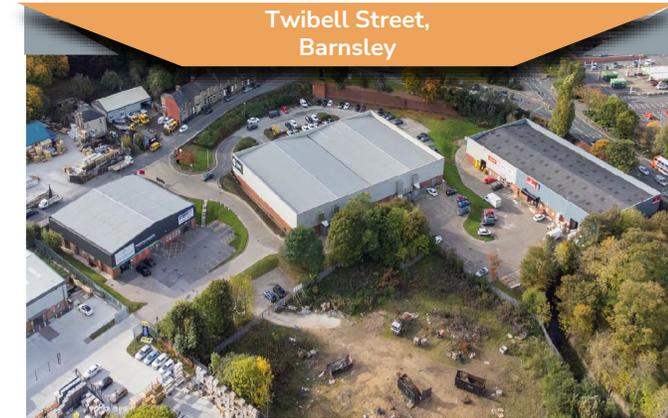
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5.0 Transactions

## Continued momentum on transactions

### Acquisitions January to March 2022

- Four acquisitions during the quarter
- Total acquisitions of £20.86 million
- 260,000 sq ft of new space
- Low average rents of £4.82 psf
- One completion since quarter end





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## 6.0 Closing Remarks

## Summary

Areas of focus

01

Driving rental growth

02

Improving operational efficiency

03

Growing the business to generate economies of scale

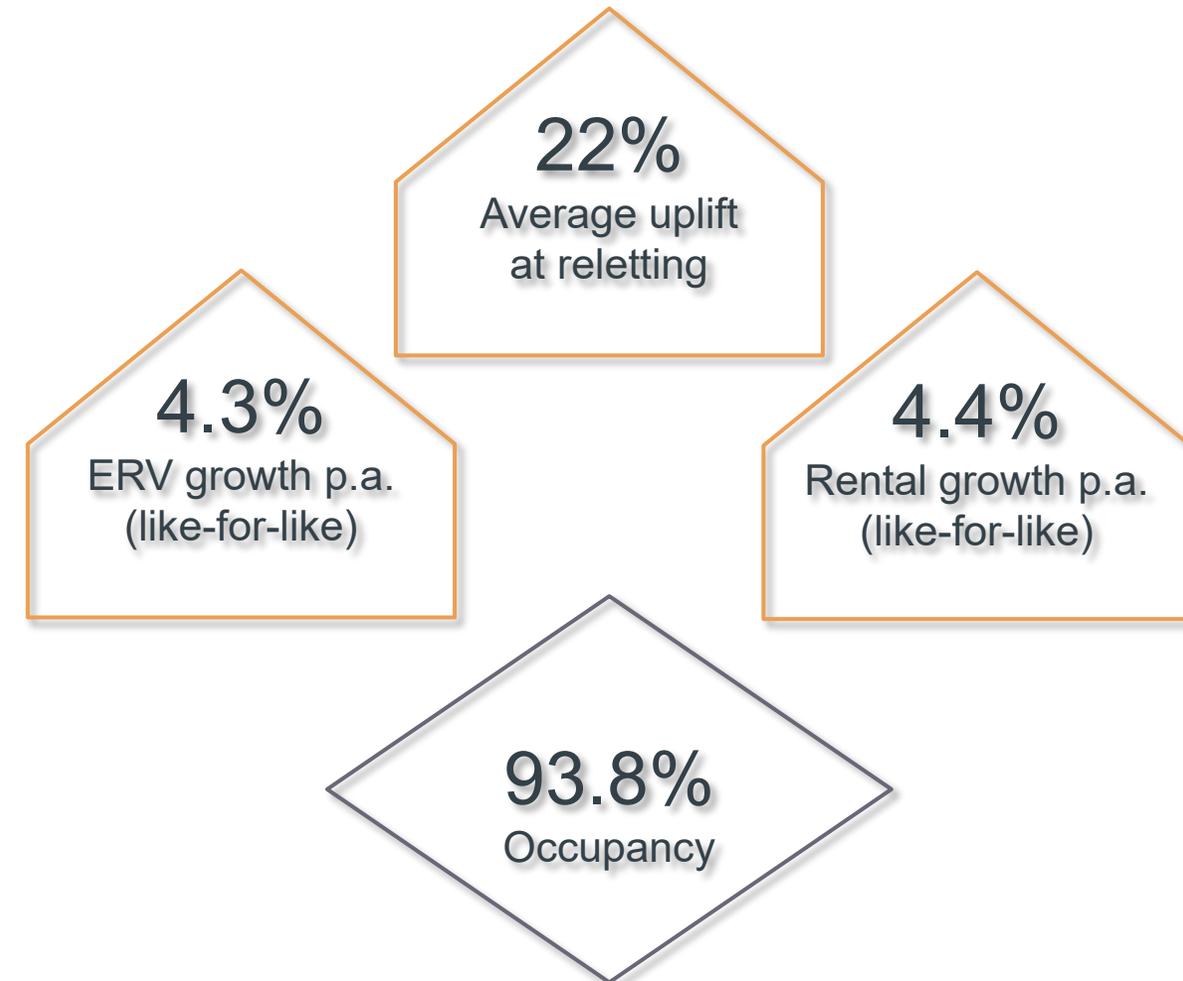


Target:

10%+ Total Shareholder Return

## Conclusion

Strong market conditions continue in 2022



# Q&A

Register to join **Industrials REIT Annual Results 2022**

**Date:** Friday 10 June 2022

**Time:** 9:00am – 10:00am BST

[Register here to join presentation.](#)

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