

Short-Form Announcement:

Half Year Results Announcement for the six months ended 30 September 2022

The publication of this announcement is in line with Johannesburg Stock Exchange requirements.

industrials
REIT

Highlights for the six months ended 30 September 2022

£1.62

EPRA NTA*
per share

3.54
pence

Adjusted earnings
per share*

3.50
pence

Interim dividend
per share

26.5%

Group Loan-to-value
ratio*

-4.5%

Like-for-like* portfolio
valuation movement
for period

MLI Operational Highlights

Strong demand delivers record rental growth/uplifts

- Demand for MLI space outstripping supply with the average passing rent increasing by 29% on new lettings and lease renewals in the period, the highest growth rate achieved to date
- Eight consecutive quarters of 20%+ average growth in rent at lease renewal or upon new letting now recorded
- Industrials Hive, our operating platform, delivered operational efficiencies across leasing, invoicing and asset management and is a critical tool which will enable scale opportunities
- 4.0% growth in like-for-like annual passing rent after adjusting for one particular rent-free which expired in November 2022 (2021: 5.0%)
- 12.3% increase in like-for-like annual ERV (2021: 5.1%) demonstrating the further potential for future rental growth
- Industrials.co.uk website users up 9.0% on a 12-month rolling basis
- 197 letting transactions completed (2021: 119), with average lease incentives given now less than 1 month rent-free on an average 4.5 year lease
- Further, 49 leasing transactions on 187,627 sq ft of space completed in October and November 2022, demonstrating the depth of demand for MLI space (2021: 43 transactions)
- Occupancy of 92.8% reduced marginally (31 March 2022: 93.6%) as a result of proactive steps taken to forfeit and replace non-performing Covid-era tenancies.

Financial highlights

Solid results and a robust balance sheet

- Declared a covered interim dividend of 3.50 pence per share, up 3.7% on the prior year interim dividend of 3.375p per share¹
- Diluted IFRS loss per share of 7.18 pence (2021: 13.34 pence profit) driven by like-for-like portfolio valuation decline of 4.5% (2021: +9.8% increase)
- 2.6% growth in adjusted EPS to 3.54 pence (2021: 3.45 pence)
- Diluted IFRS net asset value per share of £1.66 (31 March 2022: £1.76²) and a 7.4% decrease in EPRA NTA per share to £1.62 (31 March 2022: £1.75²)
- Portfolio value decreased 4.3% to £656.5 million (31 March 2022: £685.8 million), reflecting yield softening in the period
- Low LTV of 26.5% with no refinancing until 2025
- 90% of Group debt at fixed rates or hedged against rising interest rates until November 2024 (excluding the care homes joint venture which is in a sale process)
- Net rental income for the period of £18.7 million (2021: £15.1 million). Loss from operations was £24.2 million, down from a £43.4 million profit at 30 September 2021.
- Diluted headline earnings per share grew 57% to 5.4 pence (2021: 3.44 pence).
- Total accounting return of -5.4% for the six-month period (2021: +9.8%).

* 'EPRA NTA' means European Public Real Estate Association Net Tangible Assets. Loan-to-value ratio is the ratio of total borrowings, less unrestricted cash, to the Group's aggregate value of properties. 'Like-for-like' is a change in measure for reference data existing in the current and previous period.

¹ 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, and will consider matching any scrip scheme take up through the buyback of shares to mitigate the dilutive effect that would otherwise occur from the issuance of treasury shares. An announcement containing details of the salient dates and tax treatment is anticipated to be made on 15 December 2022. It is expected that shares will commence trading ex-dividend on 18 January 2023 on the JSE and on 19 January 2023 on the LSE. The record date for the dividend is expected to be 20 January 2023 and the dividend payment date 10 February 2023.

² The IFRS NAV per share and EPRA NTA per share at 31 March 2022 were reported as £1.78 and £1.77 respectively. As a result of a correction to the number of dilutive shares, these metrics were amended to £1.76 and £1.75 per share respectively and disclosed in an RNS statement issued on 16 August 2022.

Short-Form Announcement

This short-form announcement is the responsibility of the directors and represents a summary of the information contained in the full announcement released on SENS and the LSE on 2 December 2022 and does not contain full or complete details of the financial results. None of the information contained in this announcement has been reviewed or reported on by the Company's auditors.

The full announcement can be accessed using the following JSE link: <https://senspdf.jse.co.za/documents/2022/jse/issue/MLIE/HY2023.pdf>

The condensed consolidated financial statements for the six months ended 30 September 2022 have been reviewed by the Group's independent auditor, BDO LLP, who concluded that they have been prepared in all material respects in accordance with the International Standard on Review Engagements 2410 and the Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and were approved for issue on 1 December 2022. The full announcement including the Company's reviewed condensed interim financial statements is available on the Company's website: <https://www.industrialsreit.com/investor-information/reports-and-presentations/>

Copies of the full announcement may be requested at 180 Great Portland Street, London, United Kingdom, W1W 5QZ and at the office of the sponsor, Java Capital, 6th Floor, 1 Park Lane, Wierda Valley, Sandton, 2196, Johannesburg, South Africa during office hours at no charge from 2 December 2022 to 9 December 2022.

Any investment decision by shareholders and/or investors should be based on information contained in the full announcement published on SENS and the LSE, and on the Company's website.

Industrials REIT Limited
2 December 2022

Registration number: 64865 Registered office: Kingsway House, Havilland Street, St Peter Port, GY1 2QE, Guernsey
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