



INDUSTRIAL LOGISTICS
PROPERTIES TRUST

INVESTOR PRESENTATION | Q4 2021



9475 East Pendleton Pike, Lawrence, IN

WARNING REGARDING FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. Also, whenever Industrial Logistics Properties Trust (ILPT) uses words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate”, “will”, “may” and negatives or derivatives of these or similar expressions, ILPT is making forward-looking statements. These forward-looking statements are based upon ILPT’s present intent, beliefs or expectations, but forward-looking statements are not guaranteed to occur and may not occur. Forward-looking statements in this presentation relate to various aspects of ILPT’s business, including: ILPT’s expectation to achieve the strategic benefits from the acquisition of Monmouth Real Estate Investment Corporation (MNR) and for such acquisition to be accretive to Normalized FFO per share; ILPT’s estimated annualized rental revenues of approximately \$175 million in 2022 and expected consolidated debt to Adjusted EBITDA of approximately 8.0x by year end 2022; ILPT’s tenants’ ability and willingness to pay their rent obligations; the likelihood that ILPT’s tenants will renew or extend their leases or that ILPT will be able to obtain replacement tenants on terms as favorable to ILPT; ILPT’s belief that the industrial and logistics sector and many of its tenants are critical to sustaining a resilient supply chain and that its business will benefit as a result; ILPT’s expectations that e-commerce will continue to stimulate demand for industrial and logistics properties and that strong absorption and rent growth and high occupancy will continue; ILPT’s acquisitions or sales of properties; the development, redevelopment or repositioning of ILPT’s properties; ILPT’s ability to compete for tenancies and acquisitions effectively; the likelihood that ILPT’s rents will increase when ILPT renews or extends its leases, when it enters new leases, or when its rents reset at its properties in Hawaii; ILPT’s expectation that any possible development or redevelopment of its properties will be completed on budget by the estimated completion dates; ILPT’s ability to pay distributions to its shareholders and to sustain the amount of such distributions; ILPT’s policies and plans regarding investments, financings and dispositions; ILPT’s ability to raise debt or equity capital; ILPT’s ability to pay interest on and principal of its debt; ILPT’s ability to appropriately balance its use of debt and equity capital; ILPT’s ability to expand its existing or enter into additional real estate joint ventures or to attract co-venturers and benefit from its existing joint venture or any joint ventures it may enter into; whether ILPT may contribute additional properties and receive proceeds from the other investors in joint ventures; the credit qualities of ILPT’s tenants; changes in the security of cash flows from ILPT’s properties; ILPT’s ability and the ability of the industrial and logistics properties real estate sector and ILPT’s tenants to operate throughout the remainder of the COVID-19 pandemic and current economic conditions; ILPT’s ability to maintain sufficient liquidity for the remainder of the COVID-19 pandemic and any resulting economic impact; ILPT’s ability to prudently pursue, and successfully and profitably complete, expansion and renovation projects at its properties and to realize its expected returns on those projects; ILPT’s expectation that it benefits from its relationships with The RMR Group LLC (RMR); ILPT’s qualification for taxation as a real estate investment trust (REIT); changes in federal or state tax laws and changes in environmental laws or in their interpretations or enforcement as a result of climate change or otherwise; ILPT’s incurring environmental remediation costs or other liabilities; or changes in global supply chain conditions.

ILPT’s actual results may differ materially from those contained in or implied by its forward-looking statements as a result of various factors, such as the impact of conditions in the economy and the capital markets on ILPT and its tenants, competition within the real estate industry, compliance with, and changes to, federal, state and local laws and regulations, accounting rules, tax laws and similar matters, limitations imposed on ILPT’s business and its ability to satisfy complex rules in order for ILPT to maintain its qualification for taxation as a REIT for U.S. federal income tax purposes, actual and potential conflicts of interest with ILPT’s related parties, including its managing trustees, RMR and others affiliated with them, and acts of terrorism, outbreaks of pandemics, including COVID-19, or other man-made or natural disasters beyond its control. ILPT’s Annual Report on Form 10-K for the year ended December 31, 2021 and its other filings with the Securities and Exchange Commission (SEC) identify other important factors that could cause differences from its forward-looking statements. ILPT’s filings with the SEC are available on the SEC’s website at www.sec.gov. You should not place undue reliance upon ILPT’s forward-looking statements. Except as required by law, ILPT does not intend to update or change any forward-looking statements as a result of new information, future events or otherwise.

Notes Regarding Certain Information in this Presentation

This presentation contains industry and statistical data that ILPT obtained from various third party sources. Nothing in the data used or derived from third party sources should be construed as investment advice. Some data and other information presented are also based on ILPT’s good faith estimates and beliefs derived from its review of internal surveys and independent sources and its experience. ILPT believes that these external sources, estimates and beliefs are reliable and reasonable, but it has not independently verified them. Although ILPT is not aware of any misstatements regarding the data presented herein, these estimates and beliefs involve inherent risks and uncertainties and are based on assumptions that are subject to change.

Unless otherwise noted, (1) all data presented are as of or for the three months ended December 31, 2021, (2) references to “weighted average” mean a weighted average by annualized rental revenues and (3) references to “annualized rental revenues” mean the annualized contractual rents, as of December 31, 2021, including straight line rent adjustments and excluding lease value amortization, adjusted for tenant concessions, including free rent and amounts reimbursed to tenants, plus estimated recurring expense reimbursements from tenants (annualized rental revenues may differ from actual historical rental revenues calculated pursuant to U.S. Generally Accepted Accounting Principles (GAAP))

Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures including FFO and Normalized FFO Attributable to Common Shareholders, EBITDA, EBITDAre, Adjusted EBITDAre, NOI and Cash Basis NOI. Calculations of, and reconciliations for these metrics to the closest GAAP metrics, are included in an Appendix hereto. Please refer to Certain Definitions in the Appendix for terms used throughout this presentation..





ILPT INTRODUCTION



INDUSTRIAL LOGISTICS PROPERTIES TRUST

ILPT AT A GLANCE

U.S. REIT with

288

Industrial & Logistics
Properties

\$2.5 Billion

Total Market Capitalization

34 Million

Rentable Square Feet

Located in

31

States

9.4

Years of Weighted Average
Remaining Lease Term

99.2%

Occupancy

53%

Annualized Rental Revenue
from Properties in Hawaii

72%

Rents from Investment
Grade Tenants/Subsidiaries
or Hawaii Land Leases

5.3%

Dividend Yield

Note: Data presented as of December 31, 2021 and excludes the acquisition of MNR on February 25, 2022.



RECENT BUSINESS PERFORMANCE¹

Full Year 2021

Net Income Attributable to
Common Shareholders

+45.8%

Normalized FFO

+1.8%

Same Property NOI

+2.2%

Leasing Activity

3,565,000 SF

Rental Rates

+16.9%

Weighted Average Lease Term
(WALT)

10.2 years

1. Percentage growth reflects change versus prior year period.

Note: Data presented as of December 31, 2021 and excludes the acquisition of MNR on February 25, 2022.





**ILPT
PROPERTY
PORTFOLIO**



16920 W. Commerce Drive, Goodyear, AZ

GEOGRAPHIC DIVERSITY WITH A UNIQUE HAWAIIAN FOOTPRINT

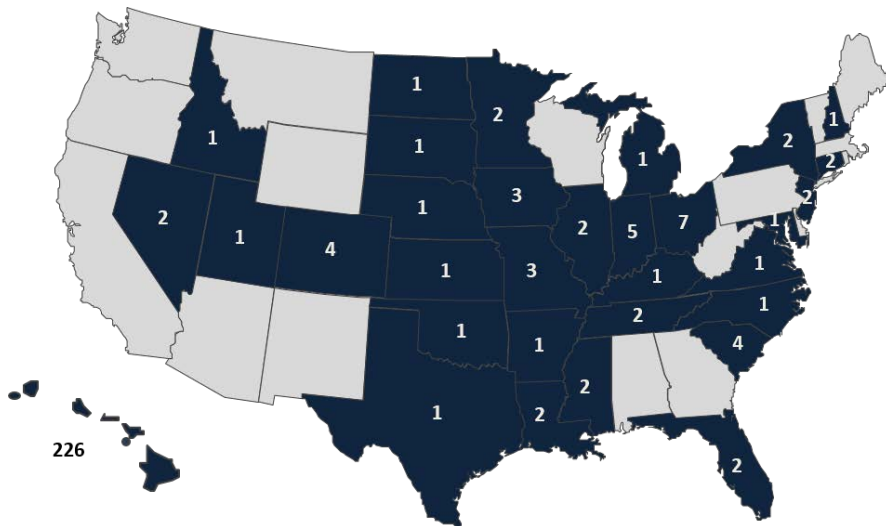
Mainland Properties

- 62 industrial and logistics properties located in 30 states.
- 17 million square feet that is 100% leased with a 5 year weighted average remaining lease term.
- Account for ~47% of annualized rental revenues.
- Leases typically include fixed rent increases.
- Tenants have invested significantly in improvements.

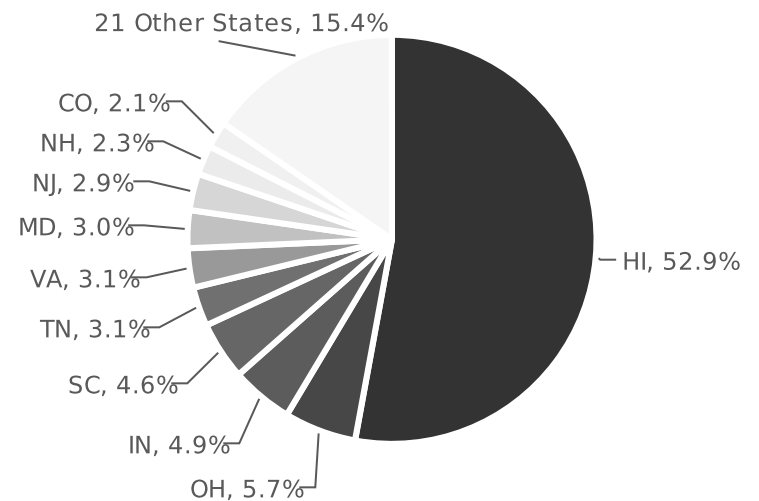
Hawaii Properties

- 226 well-located properties near Oahu's prime CBD.
- 17 million square feet that is 98% leased with a 13 year weighted average remaining lease term.
- Account for ~53% of annualized rental revenues.
- Rents reset to fair market value periodically.
- Location & scarcity of land continues to drive portfolio value.

Location and Number of Properties



Geographic Mix of Annualized Rental Revenues

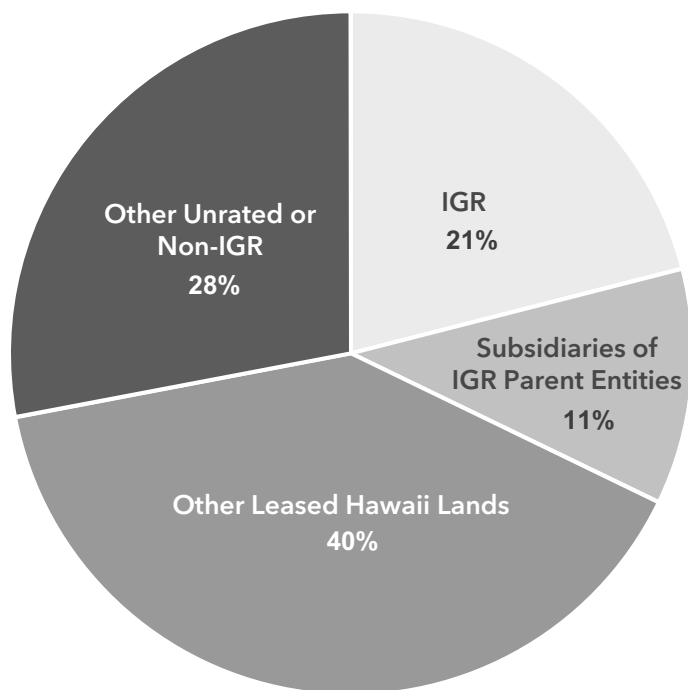


Note: Data presented as of December 31, 2021 and excludes the acquisition of MNR on February 25, 2022.

STRONG CREDIT QUALITY AND DIVERSIFIED TENANT BASE

More than 70% of annualized rental revenues are derived from investment grade tenants/subsidiaries or from secure Hawaii land leases.

Tenant Credit Characteristics
% of Annualized Rental Revenue



Top 15 Tenants		% of Total Annualized Rental Revenues
1	Amazon.com Services, Inc./ Amazon.com Services LLC	7.7%
2	Federal Express Corporation/ FedEx Ground Package System, Inc.	4.8%
3	Restoration Hardware, Inc.	3.0%
4	American Tire Distributors, Inc.	2.6%
5	Servco Pacific, Inc.	2.5%
6	Par Hawaii Refining, LLC	2.4%
7	UPS Supply Chain Solutions, Inc.	2.3%
8	EF Transit, Inc.	1.9%
9	BJ's Wholesale Club, Inc.	1.7%
10	Coca-Cola Bottling of Hawaii, LLC	1.6%
11	Safeway Inc.	1.6%
12	ELC Distribution Center LLC	1.6%
13	Manheim Remarketing, Inc.	1.5%
14	Exel Inc.	1.4%
15	Avnet, Inc.	1.4%
Total		38.0%

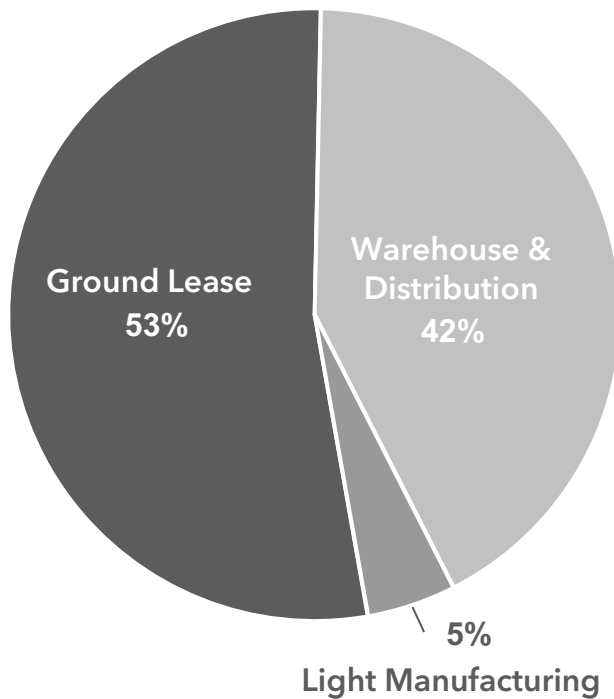
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HIGH QUALITY INDUSTRIAL PROPERTIES

Well located Hawaii land and highly functional industrial properties leased to tenants in thriving industries. Approximately 90% of Mainland rental revenues are generated by logistics facilities.

Property Type
% of Annualized Rental Revenue



Tenant Industry Type	% of Portfolio
Transportation & Shipping	17%
Food and Beverage	13%
Automotive	11%
Construction & Building Materials	11%
E-Commerce	9%
Real Estate & Financial	9%
Wholesale Trade	7%
Energy	4%
Furniture	3%
Paper & Packaging	3%
Commercial & Electronic Equipment	3%
Manufacturing	3%
Other	7%
Total	100%



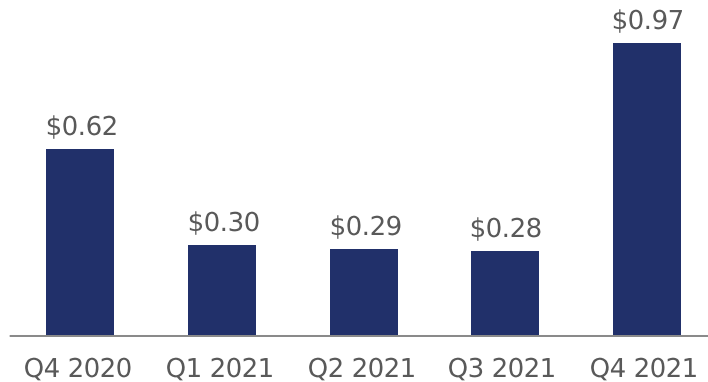
FINANCIALS & LEASING



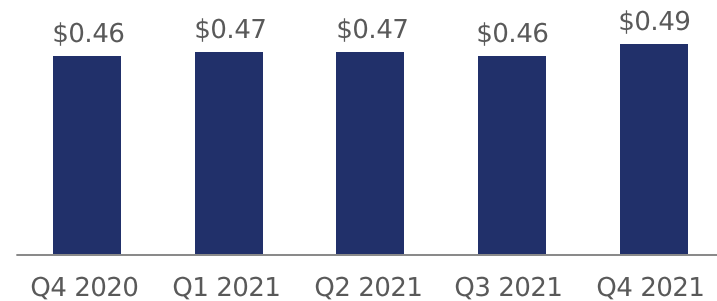
RECENT FINANCIAL PERFORMANCE

Existing portfolio provides stable cash flow and a well covered dividend.

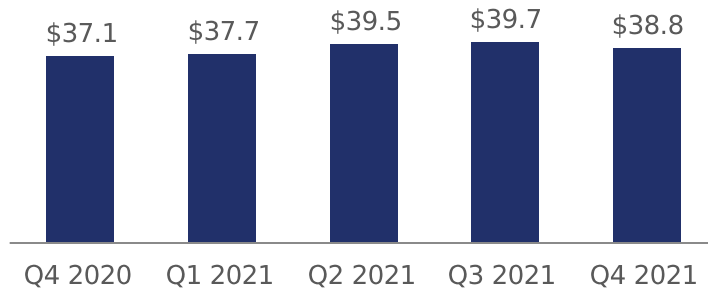
Net Income Attributable to Common Shareholders Per Share



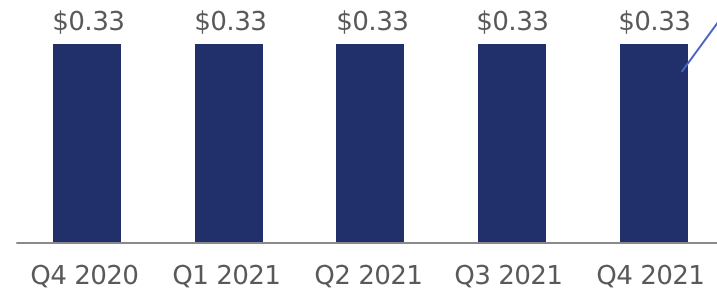
Normalized FFO Per Share



Same Property Cash Basis NOI
(\$ in millions)



Dividend Per Share



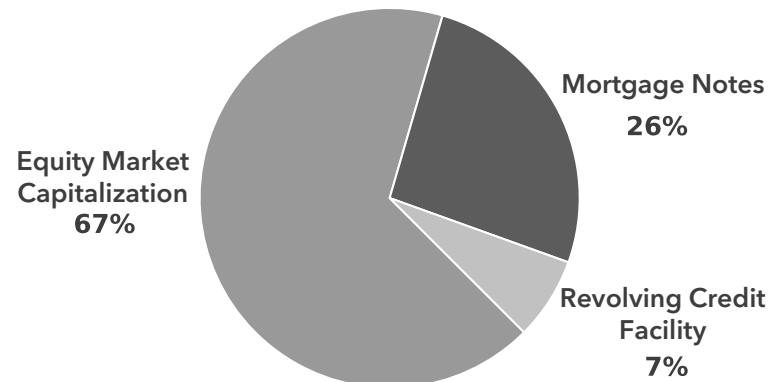
5.3% annualized dividend yield (~2x sector average) and 67.3% normalized FFO payout ratio

BALANCE SHEET POSITIONED TO SUPPORT GROWTH

Highlights

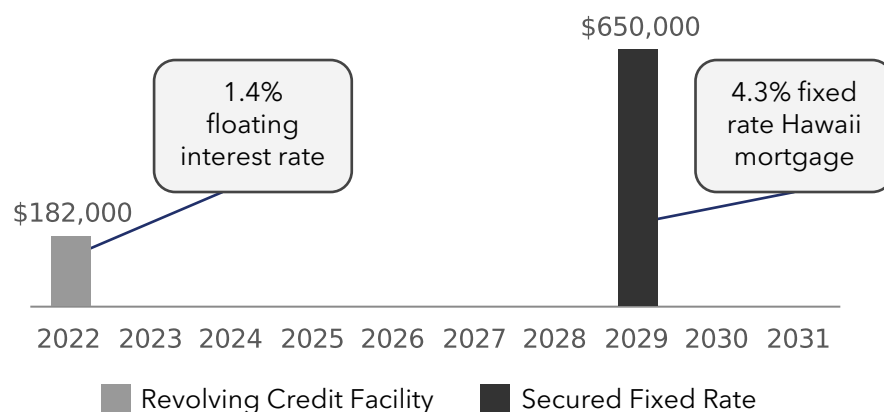
- \$2.5 billion in total market capitalization.
- \$597 million of cash and revolver availability.
- Minimal debt maturities in the next 7 years.
- 3.7% weighted average interest rate on debt.
- Leverage decreased from 5.8x to 4.8x quarter over quarter.

Capital Structure

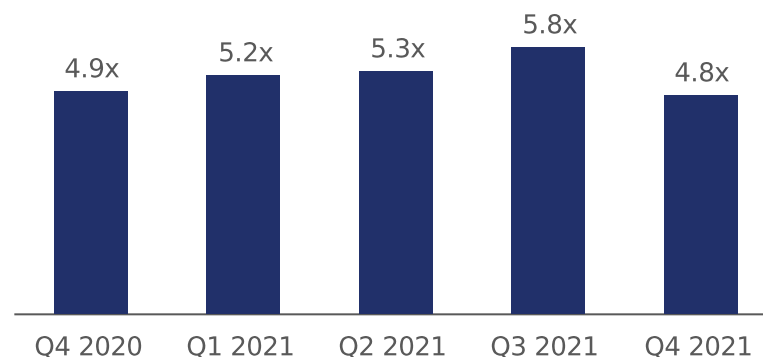


Debt Maturity Schedule

(\$ in thousands)



Net Debt / Annualized Adjusted EBITDAre

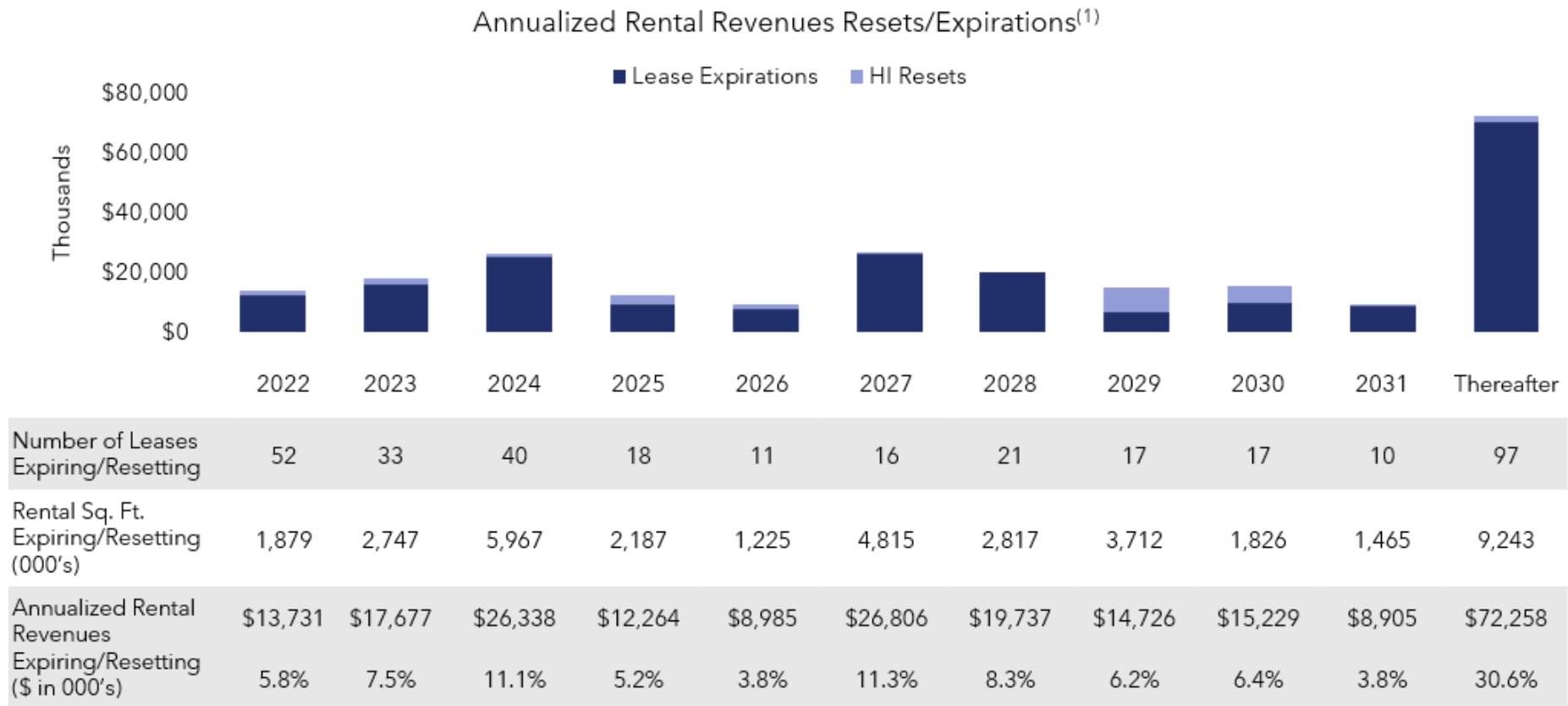


Note: Data presented excludes the acquisition of MNR on February 25, 2022.



STABLE CASH FLOWS FROM LONG TERM LEASES

Opportunity to take advantage of industrial rent growth with expirations totaling nearly 30% of rental revenues by the end of 2025.



1. Resetting leases are shown both in the year of the next reset and in their year of expiration.

Note: Data presented excludes the acquisition of MNR on February 25, 2022.

HAWAII AND MAINLAND LEASE TERMS ARE CONSISTENT AND SECURE

HAWAII LEASES



- 90% of rental revenues are driven by ground leases to tenants that have constructed significant leasehold improvements with strong history of rental growth from lease renewals or extensions.
- Rent reset structure allows rent to be adjusted based on fair market values.
- Tenants generally pay or reimburse property level operating expenses and real estate taxes.

MAINLAND LEASES



- Fixed rent leases that typically include periodic rent increases.
- WALT of 5 years provides opportunity to take advantage of strong market rent growth across industrial sector.
- As leases expire, opportunity exists to raise rents or redevelop properties.
- Tenants generally pay or reimburse property level operating expenses and real estate taxes.
- Limited landlord capital requirements due to net lease structure.



INDUSTRY LANDSCAPE

2020 Joe B. Jackson Parkway, Murfreesboro, TN

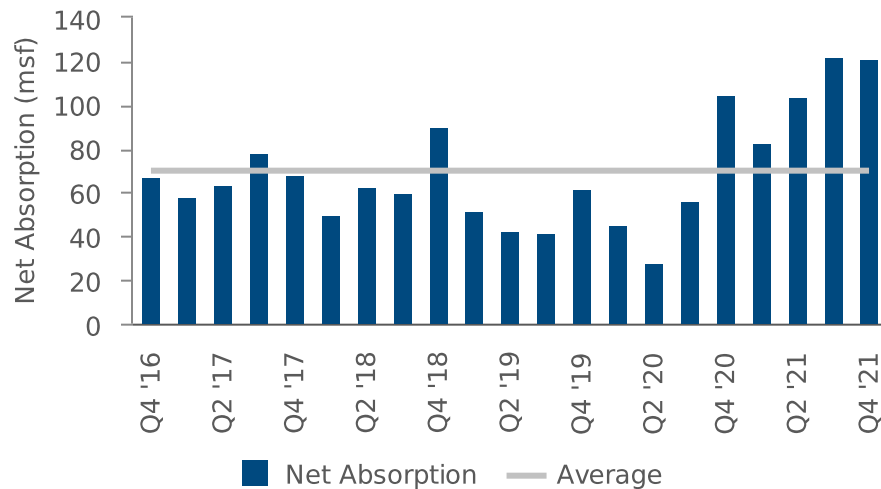


INDUSTRIAL REAL ESTATE FUNDAMENTALS REMAIN STRONG

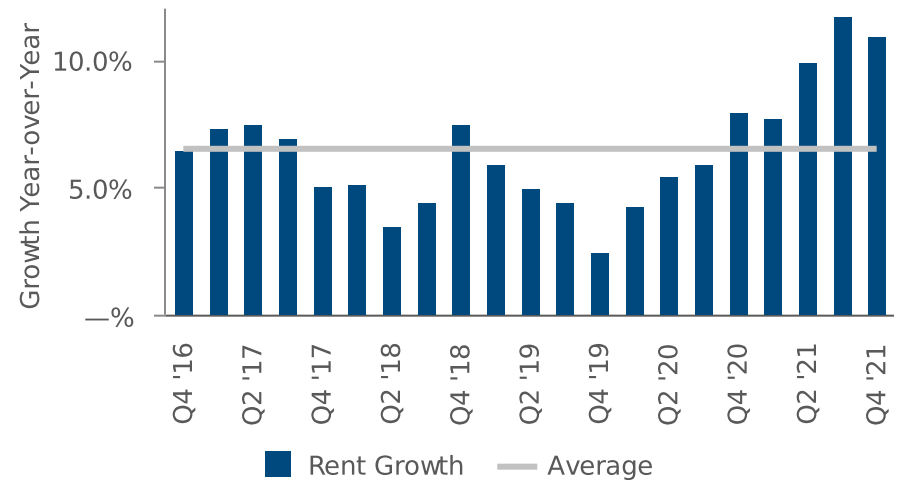
Robust demand for industrial and logistics properties will enable owners like ILPT to maintain high occupancy rates and increase rents.

- U.S. industrial REIT sector has benefited from strong secular demand driven by e-commerce growth, supply chain optimization and evolving consumer buying preferences.
- Net absorption and rent growth are trending above historical averages.

U.S. Industrial Net Absorption⁽¹⁾



U.S. Industrial Net Asking Rent⁽¹⁾

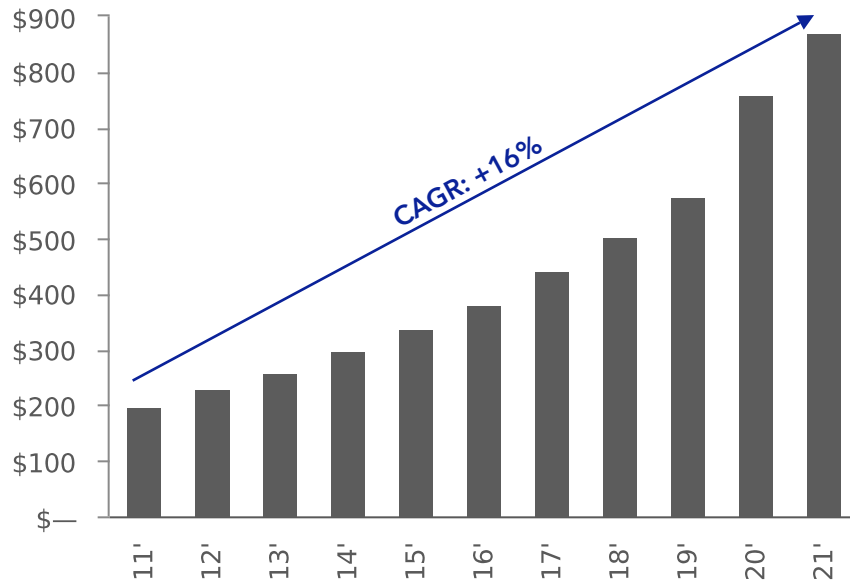


GROWTH IN E-COMMERCE DRIVING INCREMENTAL INDUSTRIAL DEMAND

E-commerce will continue to stimulate demand for industrial and logistics properties, support rent growth and sustain a favorable investment environment.

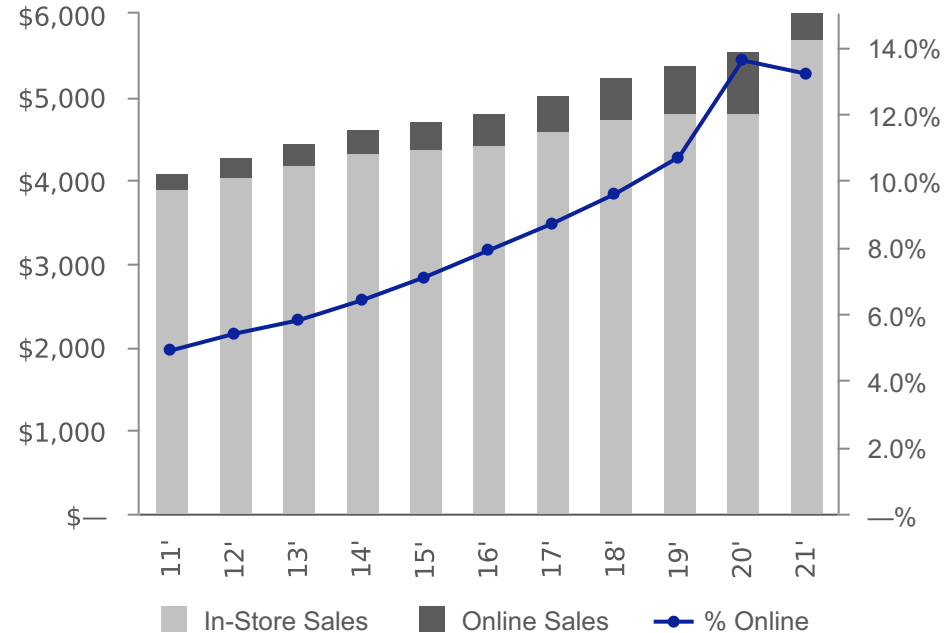
U.S. E-Commerce Sales⁽¹⁾

(\$B)



U.S. Retail Sales Composition & E-Commerce as a % of Total⁽¹⁾

(\$B)



1. Source: U.S. Census Bureau



**ILPT
ACQUISITIONS
& STRATEGY**



7303 Rickenbacker Parkway West, Columbus, OH

MONMOUTH REAL ESTATE ACQUISITION OVERVIEW

Transaction Details

- Acquired Monmouth Real Estate Investment Corporation (MNR) on February 25, 2022.
- All-cash transaction valued at ~\$4.0B.
- Consideration of \$21.00 per MNR common share.

MNR Portfolio

- 126 Class A, single tenant, net leased, e-commerce focused industrial properties.
- Over 26M square feet with a WALT of ~8 years.
- 99.7% occupied with over 80% leased to investment grade rated tenants.
- Estimated annualized rental revenues of ~\$175M in 2022.

Financing

- Entered a new joint venture (JV) with an institutional investor for 95 MNR properties.
 - Investor contributed ~\$587M for a 39% non-controlling equity interest and ILPT retained a 61% equity interest.
 - JV entered into a \$1.4B floating rate CMBS loan and assumed \$323M of existing MNR mortgage debt.
- ILPT funded its equity interest in the JV and the balance of the MNR purchase price with proceeds from the following:
 - \$1.385B draw on a bridge loan facility.
 - \$700M fixed rate CMBS loan.
- ILPT plans to repay bridge loan with proceeds from the sale of ~30 MNR properties, borrowings under a new credit facility and the sale of additional JV equity interests.
- Expect consolidated net debt to Adjusted EBITDA of ~8.0x by year end 2022.

STRATEGIC BENEFITS OF MONMOUTH ACQUISITION

Complements ILPT's Existing Portfolio

- Adds Class A, e-commerce-focused assets, which are 83% leased to investment grade tenants for a WALT of approximately eight years.

Increases Scale

- Enhances capital markets access with potential to reduce cost of capital and improve valuation as a larger REIT.
- Strengthens ILPT's competitive position for private market acquisitions.

Adds Geographic Diversity

- Increased exposure to major southeastern U.S. markets with assets located near airports, seaports and transportation hubs.
- Positioned to serve both the first mile and last mile of the supply chain.

Enhances Tenant Diversity

- Adds new tenant relationships with household names such as Home Depot, International Paper, Ulta, Mercedes Benz and Toyota.

Accretive Acquisition

- Expected to be accretive to Normalized FFO per share.
- The amount of accretion will depend on various factors, including the ultimate structure of the joint venture and market interest rates.

Provides Platform for Additional Growth

- Enables ILPT to continue to nurture MNR's strong relationships with merchant builders.

PRO FORMA COMBINED COMPANY¹

U.S. REIT with

383

Industrial & Logistics Properties

55 Million

Rentable Square Feet

Located in

39

States

7.9

WALT

76%

Rents from Investment Grade
Tenants/Subsidiaries
or Hawaii Land Leases

99.5%

Occupancy

31%

Annualized Rental Revenues from
Properties in Hawaii

26%

Annualized Rental Revenues
from FedEx

1. Excludes approximately 30 MNR properties planned for sale.

ACQUISITION STRATEGY

Focused On Acquiring High Quality, Diversified Assets with Stable Cash Flows in Strong Rental Growth Markets

GEOGRAPHY

- Focus on top 30 U.S. industrial markets.
- Strategic expansion into select smaller markets which are experiencing high rental growth.

PRICING

- Remain disciplined on price.
- Focus on long-term risk-adjusted return profile.
- Increase returns through rental rate rollups at properties with shorter lease terms.

TENANCY

- High-quality credit tenants.
- Stable and consistent cash flows with long WALT.
- E-commerce facilities

PHYSICAL

- Target modern and highly functional facilities.
- Expand into last mile e-commerce related facilities in infill locations.
- Expansion opportunities with access to developable land.



MANAGED BY THE RMR GROUP LLC, AN ALTERNATIVE ASSET MANAGER

The RMR Group LLC

RMR Managed Companies

~\$33 Billion
in AUM

~\$12 billion
in Annual Revenues

Nearly
600
CRE Professionals

Nearly
2,100
Properties

Over **30** Offices
Throughout the U.S.

Approximately
37,000
Employees

RMR's Operations Include:



Financial Services:	Real Estate Services:	Business Services:
Accounting	Acquisitions/Dispositions	Administration
Capital Markets	Asset Management	Human Resources
Compliance/Audit	Construction/Development	Information Technology (IT)
Finance/ Planning	Engineering	Investor Relations
Treasury	Leasing	Marketing
Tax	Property Management	Legal/ Risk Management
Credit Analysis		

National Multi-Sector Investment Platform

OFFICE

INDUSTRIAL

GOVERNMENT

MEDICAL OFFICE

LIFE SCIENCE

SENIOR LIVING

HOTELS

SERVICE RETAIL



Note: Data presented as of December 31, 2021 and excludes the acquisition of MNR on February 25, 2022.



INDUSTRIAL LOGISTICS PROPERTIES TRUST

A WINNING TRADITION

RMR RECOGNITION



Fortune Magazine's **Fastest Growing Companies** ranked 75th 2019



IREM **Real Estate Management Excellence Award (REME)** for Leadership & Development 2019, 2021



Women on Boards; Winning Organization 2020



Commercial Property Executive **Top Commercial Property Managers;** ranked 9th 2020



Boston Globe's **Top Places to Work;** ranked 28th in Large Company category 2020



Boston Business Journal **Middle Market Leader** 2020, 2021



GlobeSt. Real Estate Forum's **Best Places to Work** 2021

SUSTAINABILITY



EPA'S **ENERGY STAR** **Partner of the Year** 2019 - 2021.
63 properties with EPA **ENERGY STAR** certifications



66 properties with **BOMA** designations.
Ranked **#1** for portfolio with most designations



33 properties with **LEED** designations

MANAGEMENT ALIGNED WITH SHAREHOLDER INTERESTS

We believe that being managed by RMR provides us with a depth and quality of management that would be difficult and prohibitively expensive for a company of our size to duplicate.

Key Terms of Management Agreements

- Base Business Management Fee: 0.5% multiplied by the lower of (i) gross historical cost or (ii) average market capitalization.⁽¹⁾
- Property Management Fees: 3% of gross collected rents and 5% of construction costs.
- Incentive Management Fee: 12% of the out-performance of our total return per share compared to the MSCI U.S. REIT / Industrial REIT Index over a three year period multiplied by equity market capitalization.⁽²⁾⁽³⁾

Alignment of Interests

- If ILPT's stock price goes up and its total market cap exceeds its historical cost of real estate; RMR base management fee is capped at 50 bps of historical cost of real estate.
- If ILPT's stock price goes down and its historical cost of real estate exceeds its total market cap; RMR gets less base management fee (50 bps on equity market cap plus debt).
- Incentive fee structure keeps RMR focused on increasing total shareholder return.
- Members of RMR senior management are holders of ILPT stock, some subject to long term lock up agreements.
- ILPT shareholders have visibility into RMR, a publicly traded company.
- ILPT benefits from RMR's national footprint and economies of scale of \$33 billion platform.

1. \$250 million subject to a 0.7% fee.

2. We amended our business management agreement with RMR so that the MSCI U.S. REIT/Industrial REIT Index is used for periods beginning on and after August 1, 2021, with the SNL U.S. REIT Industrial Index used for periods ending prior to August 1, 2021.

3. The measurement periods are generally three year periods ending with the year for which the incentive management fee is being calculated. We did not incur any incentive fee payable to RMR for the year ended December 31, 2021.





APPENDIX



SELECTED FINANCIAL INFORMATION

(dollars in thousands, except for per share data)	As of and For the Three Months Ended				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
<u>Selected Balance Sheet Data:</u>					
Total gross assets	\$ 2,076,048	\$ 2,212,938	\$ 2,091,331	\$ 2,058,022	\$ 2,057,151
Total assets	\$ 1,908,558	\$ 2,048,095	\$ 1,934,687	\$ 1,909,019	\$ 1,915,745
Total liabilities	\$ 870,516	\$ 1,052,066	\$ 935,611	\$ 907,803	\$ 912,555
Total equity	\$ 1,038,042	\$ 996,029	\$ 999,076	\$ 1,001,216	\$ 1,003,190
<u>Selected Income Statement Data:</u>					
Rental income	\$ 56,496	\$ 54,981	\$ 54,180	\$ 54,217	\$ 60,081
Net income	\$ 63,207	\$ 18,307	\$ 18,831	\$ 19,337	\$ 40,140
Net income attributable to common shareholders	\$ 63,207	\$ 18,307	\$ 18,831	\$ 19,337	\$ 40,315
NOI	\$ 43,771	\$ 42,947	\$ 42,350	\$ 41,994	\$ 46,659
Adjusted EBITDAre	\$ 42,162	\$ 41,154	\$ 40,862	\$ 40,502	\$ 43,554
FFO attributable to common shareholders	\$ 31,228	\$ 30,278	\$ 29,955	\$ 30,670	\$ 30,177
Normalized FFO attributable to common shareholders	\$ 31,714	\$ 30,278	\$ 30,601	\$ 30,670	\$ 30,199
<u>Per Common Share Data (basic and diluted):</u>					
Net income attributable to common shareholders	\$ 0.97	\$ 0.28	\$ 0.29	\$ 0.30	\$ 0.62
FFO attributable to common shareholders	\$ 0.48	\$ 0.46	\$ 0.46	\$ 0.47	\$ 0.46
Normalized FFO attributable to common shareholders	\$ 0.49	\$ 0.46	\$ 0.47	\$ 0.47	\$ 0.46
<u>Dividends:</u>					
Annualized dividends paid per share	\$ 1.32	\$ 1.32	\$ 1.32	\$ 1.32	\$ 1.32
Annualized dividend yield (at end of period)	5.3%	5.2%	5.0%	5.7%	5.7%
Normalized FFO attributable to common shareholders payout ratio	67.3%	71.7%	70.2%	70.2%	71.7%

Note: Data presented excludes the acquisition of MNR on February 25, 2022.



CALCULATION AND RECONCILIATION OF NOI AND CASH BASIS NOI

(dollars in thousands)	For the Three Months Ended					For the Year Ended	
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	12/31/2021	12/31/2020
Calculation of NOI and Cash Basis NOI:							
Rental income	\$ 56,496	\$ 54,981	\$ 54,180	\$ 54,217	\$ 60,081	\$ 219,874	\$ 254,575
Real estate taxes	(7,781)	(7,617)	(7,489)	(7,247)	(8,406)	(30,134)	(35,185)
Other operating expenses	(4,944)	(4,417)	(4,341)	(4,976)	(5,016)	(18,678)	(20,749)
NOI	43,771	42,947	42,350	41,994	46,659	171,062	198,641
Non-cash straight line rent adjustments included in rental income	(1,590)	(1,678)	(1,951)	(2,044)	(2,858)	(7,263)	(9,041)
Lease value amortization included in rental income	(256)	(174)	(171)	(180)	(185)	(781)	(791)
Lease termination fees included in rental income	—	—	(5)	(507)	—	(512)	—
Cash Basis NOI	<u>\$ 41,925</u>	<u>\$ 41,095</u>	<u>\$ 40,223</u>	<u>\$ 39,263</u>	<u>\$ 43,616</u>	<u>\$ 162,506</u>	<u>\$ 188,809</u>
Reconciliation of Net Income to NOI and Cash Basis NOI:							
Net income	\$ 63,207	\$ 18,307	\$ 18,831	\$ 19,337	\$ 40,140	\$ 119,682	\$ 81,205
Equity in earnings of investees	(35,463)	(998)	(1,876)	(2,581)	(529)	(40,918)	(529)
Income tax expense	96	72	42	63	75	273	277
Income before income tax expense and equity in earnings of investees	27,840	17,381	16,997	16,819	39,686	79,037	80,953
Gain on early extinguishment of debt	—	—	—	—	—	—	(120)
Interest expense	9,157	9,084	8,643	8,741	11,009	35,625	51,619
Interest income	—	—	—	—	—	—	(113)
Gain on sale of real estate	(11,114)	(940)	—	—	(23,996)	(12,054)	(23,996)
General and administrative	4,006	4,728	4,234	3,756	4,723	16,724	19,580
Acquisition and certain other transaction related costs	486	—	646	—	22	1,132	200
Depreciation and amortization	13,396	12,694	11,830	12,678	15,215	50,598	70,518
NOI	43,771	42,947	42,350	41,994	46,659	171,062	198,641
Non-cash straight line rent adjustments included in rental income	(1,590)	(1,678)	(1,951)	(2,044)	(2,858)	(7,263)	(9,041)
Lease value amortization included in rental income	(256)	(174)	(171)	(180)	(185)	(781)	(791)
Lease termination fees included in rental income	—	—	(5)	(507)	—	(512)	—
Cash Basis NOI	<u>\$ 41,925</u>	<u>\$ 41,095</u>	<u>\$ 40,223</u>	<u>\$ 39,263</u>	<u>\$ 43,616</u>	<u>\$ 162,506</u>	<u>\$ 188,809</u>

Note: Data presented excludes the acquisition of MNR on February 25, 2022.

CALCULATION OF EBITDA, EBITDA_{re} AND ADJUSTED EBITDA_{re}

(dollars in thousands)	For the Three Months Ended					For the Year Ended	
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	12/31/2021	12/31/2020
Net income	\$ 63,207	\$ 18,307	\$ 18,831	\$ 19,337	\$ 40,140	\$ 119,682	\$ 81,205
Plus: interest expense	9,157	9,084	8,643	8,741	11,009	35,625	51,619
Plus: income tax expense	96	72	42	63	75	273	277
Plus: depreciation and amortization	13,396	12,694	11,830	12,678	15,215	50,598	70,518
EBITDA	85,856	40,157	39,346	40,819	66,439	206,178	203,619
Gain on sale of real estate	(11,114)	(940)	–	–	(23,996)	(12,054)	(23,996)
Equity in earnings of unconsolidated joint venture	(35,463)	(998)	(1,876)	(2,581)	(529)	(40,918)	(529)
Share of EBITDA _{re} from unconsolidated joint venture	2,000	2,022	1,966	2,025	939	8,013	939
EBITDA _{re}	41,279	40,241	39,436	40,263	42,853	161,219	180,033
Plus: acquisition and certain other transaction related costs	486	–	646	–	22	1,132	200
Plus: general and administrative expense paid in common shares ⁽¹⁾	397	913	780	239	679	2,329	2,331
Less: gain on early extinguishment of debt	–	–	–	–	–	–	(120)
Adjusted EBITDA _{re}	<u>\$ 42,162</u>	<u>\$ 41,154</u>	<u>\$ 40,862</u>	<u>\$ 40,502</u>	<u>\$ 43,554</u>	<u>\$ 164,680</u>	<u>\$ 182,444</u>

1. Amounts represent equity based compensation to our trustees, our officers and certain other employees of RMR.

Note: Data presented excludes the acquisition of MNR on February 25, 2022.

CALCULATION OF FFO AND NORMALIZED FFO ATTRIBUTABLE TO COMMON SHAREHOLDERS

(dollars in thousands)	For the Three Months Ended					For the Year Ended	
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	12/31/2021	12/31/2020
Net income attributable to common shareholders	\$ 63,207	\$ 18,307	\$ 18,831	\$ 19,337	\$ 40,315	\$ 119,682	\$ 82,071
Depreciation and amortization	13,396	12,694	11,830	12,678	15,215	50,598	70,518
Equity in earnings of unconsolidated joint venture	(35,463)	(998)	(1,876)	(2,581)	(529)	(40,918)	(529)
Share of FFO from unconsolidated joint venture	1,202	1,215	1,170	1,236	556	4,823	556
Gain on sale of real estate	(11,114)	(940)	–	–	(23,996)	(12,054)	(23,996)
FFO adjustments attributable to noncontrolling interest	–	–	–	–	(1,384)	–	(7,656)
FFO attributable to common shareholders	31,228	30,278	29,955	30,670	30,177	122,131	120,964
Acquisition and certain other transaction related costs	486	–	646	–	22	1,132	200
Gain on early extinguishment of debt	–	–	–	–	–	–	(120)
Normalized FFO attributable to common shareholders	<u>\$ 31,714</u>	<u>\$ 30,278</u>	<u>\$ 30,601</u>	<u>\$ 30,670</u>	<u>\$ 30,199</u>	<u>\$ 123,263</u>	<u>\$ 121,044</u>
Weighted average common shares outstanding - basic	<u>65,212</u>	<u>65,178</u>	<u>65,146</u>	<u>65,139</u>	<u>65,139</u>	<u>65,169</u>	<u>65,104</u>
Weighted average common shares outstanding - diluted	<u>65,231</u>	<u>65,230</u>	<u>65,207</u>	<u>65,177</u>	<u>65,152</u>	<u>65,211</u>	<u>65,114</u>
Per Common Share Data (basic and diluted):							
Net income attributable to common shareholders	<u>\$ 0.97</u>	<u>\$ 0.28</u>	<u>\$ 0.29</u>	<u>\$ 0.30</u>	<u>\$ 0.62</u>	<u>\$ 1.83</u>	<u>\$ 1.26</u>
FFO attributable to common shareholders	<u>\$ 0.48</u>	<u>\$ 0.46</u>	<u>\$ 0.46</u>	<u>\$ 0.47</u>	<u>\$ 0.46</u>	<u>\$ 1.87</u>	<u>\$ 1.86</u>
Normalized FFO attributable to common shareholders	<u>\$ 0.49</u>	<u>\$ 0.46</u>	<u>\$ 0.47</u>	<u>\$ 0.47</u>	<u>\$ 0.46</u>	<u>\$ 1.89</u>	<u>\$ 1.86</u>

Note: Data presented excludes the acquisition of MNR on February 25, 2022.

CAPITALIZATION

<i>(dollars and shares in thousands, except per share data)</i>		As of and For the Three Months Ended 12/31/2021
Revolving Credit Facility	\$	182,000
Mortgage Note		650,000
Total Debt	\$	832,000
Less: Cash	\$	29,397
Net Debt	\$	802,603
Total Shares Outstanding		65,405
Share Price at End of Period	\$	25.05
Total Equity Market Capitalization	\$	1,638,395
Total Market Capitalization	\$	2,470,395
Net Debt / Total Market Capitalization		32.5 %
Net Debt / Annualized Adjusted EBITDAre		4.8x

Note: Data presented excludes the acquisition of MNR on February 25, 2022. See page 19 for a discussion of capitalization changes resulting from the completion of the MNR acquisition.



DEFINITIONS

Non-GAAP Financial Measures:

We present certain “non-GAAP financial measures” within the meaning of applicable SEC rules, including FFO attributable to common shareholders, Normalized FFO attributable to common shareholders, EBITDA, EBITDAre, Adjusted EBITDAre, NOI and Cash Basis NOI. These measures do not represent cash generated by operating activities in accordance with GAAP and should not be considered alternatives to net income or net income attributable to common shareholders as indicators of our operating performance or as measures of our liquidity. These measures should be considered in conjunction with net income and net income attributable to common shareholders as presented in our condensed consolidated statements of income. We consider these non-GAAP measures to be appropriate supplemental measures of operating performance for a REIT, along with net income and net income attributable to common shareholders. We believe these measures provide useful information to investors because by excluding the effects of certain historical amounts, such as depreciation and amortization expense, they may facilitate a comparison of our operating performance between periods and with other REITs and, in the case of NOI and Cash Basis NOI, reflecting only those income and expense items that are generated and incurred at the property level may help both investors and management to understand the operations of our properties.

NOI and Cash Basis NOI:

The calculations of net operating income, or NOI, and Cash Basis NOI exclude certain components of net income in order to provide results that are more closely related to our property level results of operations. We calculate NOI and Cash Basis NOI as shown on page 28. We define NOI as income from our rental of real estate less our property operating expenses. NOI excludes amortization of capitalized tenant improvement costs and leasing commissions that we record as depreciation and amortization expense. We define Cash Basis NOI as NOI excluding non-cash straight line rent adjustments, lease value amortization and lease termination fees, if any. We use NOI and Cash Basis NOI to evaluate individual and company-wide property level performance. Other real estate companies and REITs may calculate NOI and Cash Basis NOI differently than we do.

EBITDA, EBITDAre and Adjusted EBITDAre:

We calculate earnings before interest, taxes, depreciation and amortization, or EBITDA, EBITDA for real estate, or EBITDAre, and Adjusted EBITDAre as shown on page 29. EBITDAre is calculated on the basis defined by The National Association of Real Estate Investment Trusts, or Nareit, which is EBITDA, including our proportionate share of EBITDAre from unconsolidated joint venture properties, and excluding gains and losses on the sale of real estate, equity in earnings of an unconsolidated joint venture, loss on impairment of real estate assets, if any, as well as certain other adjustments currently not applicable to us. In calculating Adjusted EBITDAre, we adjust for the items shown on page 29 and include business management incentive fees, if any, only in the fourth quarter versus the quarter when they are recognized as expense in accordance with GAAP due to their quarterly volatility not necessarily being indicative of our core operating performance and the uncertainty as to whether any such business management incentive fees will be payable when all contingencies for determining such fees are known at the end of the calendar year. Other real estate companies and REITs may calculate EBITDA, EBITDAre and Adjusted EBITDAre differently than we do.

FFO and Normalized FFO Attributable to Common Shareholders:

We calculate funds from operations, or FFO, attributable to common shareholders, and Normalized FFO attributable to common shareholders as shown on page 30. FFO attributable to common shareholders is calculated on the basis defined by Nareit, which is net income attributable to common shareholders, calculated in accordance with GAAP, excluding any gain or loss on sale of real estate and equity in earnings of an unconsolidated joint venture, plus real estate depreciation and amortization of consolidated properties and its proportionate share of FFO of unconsolidated joint venture properties and minus FFO adjustments attributable to noncontrolling interest, as well as certain other adjustments currently not applicable to us. In calculating Normalized FFO attributable to common shareholders, we adjust for the items shown on page 30, if any, and include business management incentive fees, if any, only in the fourth quarter versus the quarter when they are recognized as an expense in accordance with GAAP due to their quarterly volatility not necessarily being indicative of our core operating performance and the uncertainty as to whether any such business management incentive fees will be payable when all contingencies for determining such fees are known at the end of the calendar year. FFO attributable to common shareholders and Normalized FFO attributable to common shareholders are among the factors considered by our Board of Trustees when determining the amount of distributions to our shareholders. Other factors include, but are not limited to, requirements to maintain our qualification for taxation as a REIT, limitations in the agreement governing our debt, the availability to us of debt and equity capital, our distribution rate as a percentage of the trading price of our common shares, or dividend yield, and our dividend yield compared to the dividend yields of other industrial REITs, our expectation of our future capital requirements and operating performance and our expected needs for and availability of cash to pay our obligations. Other real estate companies and REITs may calculate FFO attributable to common shareholders and Normalized FFO attributable to common shareholders differently than we do.





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