

## ASX ANNOUNCEMENT

19 April 2021

### Irongate Group (ASX: IAP)

#### Acquisition of Brisbane Industrial Properties

Securityholders are advised that IAP<sup>1</sup> has entered into agreements to acquire:

- an industrial facility to be constructed at 57 – 83 Mudgee Street, Kingston QLD (**Kingston Property**); and
- an industrial facility to be constructed at Lot 24, Dunhill Crescent, Morningside QLD (**Morningside Property**).

##### *Kingston Property*

The Kingston Property is being acquired on a fund-through basis.

The total purchase consideration for the Kingston Property is \$14,320,000 which represents an initial yield of 5.73% (5.67% post all transaction costs). The purchase consideration comprises an initial payment of \$3,050,000 for the land with the balance to be progressively paid until completion of construction, which is anticipated to occur in December 2021. IAP will earn a coupon of 5.73% on the land payment and the amounts progressively paid. The purchase consideration and all transaction costs will be funded through IAP's existing syndicated debt facility.

IAP CEO, Graeme Katz, said, "once completed, the Kingston Property will comprise two brand new, high quality generic warehouse and distribution facilities with 2,270m<sup>2</sup> leased to Construction Sciences for 10 years with fixed annual escalations of 2.5% and 3,250m<sup>2</sup> leased to Waco Kwikform for 8 years with fixed annual escalations of 3.0%. The average rent across the two facilities is \$149/m<sup>2</sup>."

The effective date of the acquisition of the Kingston Property is the settlement date under the contract for sale of land, which is scheduled for mid-May 2021.

##### *Morningside Property*

The Morningside Property is being acquired on a fund-through basis.

The total purchase consideration for the Morningside Property is \$5,932,000 which represents an initial yield of 6.02% (5.96% post all transaction costs). The purchase consideration comprises an initial payment of \$1,252,000 for the land with the balance to be progressively paid until completion of construction, which is anticipated to occur in November 2021. IAP will earn a coupon of 6.02% on the land payment and the amounts progressively paid. The

---

<sup>1</sup> Through wholly-owned sub trusts.

purchase consideration and all transaction costs will be funded through IAP's existing syndicated debt facility.

The effective date of the acquisition of the Morningside Property is the settlement date under the contract for sale of land which, subject to certain conditions, is scheduled for mid-May 2021.

Commenting on the acquisition, Katz said, "the Morningside Property comprises 1,016m<sup>2</sup> of space that will be leased to 3M Australia to be used as its Queensland head office and last mile distribution facility. The lease term is 10 years from completion of construction with rents of \$352/m<sup>2</sup> and fixed annual escalations of 3.0%. The property is being acquired on an attractive initial yield with a very strong tenant covenant."

"Both acquisitions are consistent with IAP's strategy of acquiring good quality industrial properties with strong tenant covenants and long lease terms and increase IAP's exposure to the strongly performing industrial sector. IAP believes the Brisbane industrial market currently represents relative value, and the acquisitions complement IAP's recent Brisbane industrial acquisitions in Brendale (completed in January 2021) and Pinkenba (completed in March 2021)."

This announcement has been authorised for release by the Company Secretary.

**ENDS**

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

**Lucy Spenceley**

Investor Relations and Company Secretary

T +61 2 7906 2006

E [ir@irongategroup.com.au](mailto:ir@irongategroup.com.au)