

ASX ANNOUNCEMENT

12 August 2021

Irongate Group (ASX: IAP)

Acquisition of Brisbane office building with 10 year lease

Securityholders are advised that IAP¹ has entered into agreements to acquire an office building to be constructed at 34 Southgate Avenue, Cannon Hill QLD (**Property**). The Property is being acquired on a fund-through basis. IAP has entered into:

- a contract for commercial land and buildings with Anthony John Group Pty Ltd and Cannon Hill Developments Pty Ltd (**Seller**); and
- a development agreement with the Seller under which the Seller will undertake the development of the Property on behalf of IAP.

The total purchase consideration is \$36,000,000 which represents an initial yield of 5.0%. The purchase consideration comprises an initial payment of \$3,897,000 to the Seller under the contract for commercial land and buildings, with the balance to be progressively paid to the Seller under the development agreement². Construction is due to complete in July 2022 and IAP will earn a coupon of 5.0% during the construction period. The purchase consideration and all transaction costs will be funded through IAP's existing debt facility.

IAP CEO, Graeme Katz, said, "once completed, the building will comprise 3,520m² of lettable area with two levels of underground car parking, and will be occupied on a 10 year lease by ASX-listed Michael Hill (ASX:MHJ), an international multi-channel retail jewellery chain with 285 stores across the globe. The building will be used by Michael Hill as its global head office and will also provide the tenant with manufacturing and distribution capabilities."

"The acquisition aligns with IAP's strategy of investing in well-located, high quality assets that provide a sustainable income stream for investors and will deliver IAP with a brand-new building with 10 years of income growing at 3% per annum. The acquisition continues our recent theme of acquiring assets in Brisbane, a market we believe currently offers relative value to both Sydney and Melbourne. Together with the industrial acquisitions in Brendale, Pinkenba, Kingston and Morningside, IAP has deployed close to \$100 million over the past 6 months in Brisbane at an average yield of 5.5% with a weighted average lease term of more than 8 years," Katz added.

¹ Through a wholly-owned sub trust, Irongate Property Sub Trust No.27

² The payment obligations under the development agreement have been guaranteed by Irongate Funds Management Limited as responsible entity for Irongate Property Fund I

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The effective date of the acquisition of the Property is the settlement date under the contract for commercial land and buildings which is anticipated to occur on 17 August 2021.

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

ENDS

FOR FURTHER INFORMATION, PLEASE CONTACT:

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