

MEDIA RELEASE

5 May 2021

Irongate Group delivers strong FY21 financial result

Highlights

- Funds from operations (FFO) of 9.26 cents per security (cps) and adjusted funds from operations (AFFO) of 8.64 cps for the year ended 31 March 2021
- Distribution of 8.92 cps for the year ended 31 March 2021¹
- Significant valuation uplift – portfolio now valued at A\$1.237 billion²
- Net tangible assets increased to A\$1.43 per security – up from A\$1.32 per security at 31 March 2020
- 64,145m² of space leased or subject to signed heads of agreement since 1 April 2020
- 99.6% of rent collected for the financial year excluding rent support arrangements, 98.3% including rent support arrangements
- Acquired four Brisbane industrial facilities for A\$60.6 million in off-market transactions
- Completed the acquisition of management rights from Investec Group and rebranded to Irongate Group
- Established third party funds management platform – in excess of A\$1.75 billion of assets under management

Irongate Group³ (IAP or the Fund) has today released its financial results for the year ended 31 March 2021, its first since acquiring the management rights from Investec Group and becoming an internally managed REIT.

Commenting on the Fund's results, IAP CEO Graeme Katz said: "Today we are reporting a final distribution of 8.92 cps for FY21, which equates to 96.3% of FFO. This is in line with the forecast provided in the explanatory memorandum issued as part of the internalisation transaction and demonstrates the resilience of our business despite the challenges of the past 12 months."

The Fund's balance sheet remains strong with gearing of 27.8%, below the bottom end of the Fund's target range, a weighted average debt expiry in excess of 6 years, no debt maturing until FY24 and A\$93.5 million of undrawn debt available. Funding costs have reduced from 3.05% at 31 March 2020 to 2.84% at 31 March 2021.

¹ Pre withholding tax.

² Excludes the acquisition of 57-83 Mudgee Street and Lot 24 Dunhill Crescent which were announced post the reporting date.

³ Irongate Group comprises Irongate Property Fund I and Irongate Property Fund II.

IRONGATE

The Fund's property portfolio is largely comprised of metropolitan office and industrial properties, two of the better performing sectors over the past year. Since 31 March 2020, over 64,000m² of space has been leased or is subject to signed heads of agreement and the weighted average lease expiry has increased to 4.7 years⁴. Commenting on the Fund's property portfolio Mr Katz added: "The past year has seen significant disruption to usual workplace practices, with traditional occupancy models being challenged. Despite this, our asset management team has delivered very strong leasing outcomes which has seen the portfolio occupancy remain high at 97.5%⁵. In addition, we have collected 99.6% of rent for the period, which demonstrates the quality of our underlying tenant base. It is also pleasing to see that utilisation of our properties has been steadily increasing over the first few months of 2021 as COVID-19 restrictions continue to ease."

The portfolio now comprises 32 properties valued at A\$1.237 billion. The increase in portfolio value over the past year has been driven by the off-market acquisition of four industrial properties in Brisbane for A\$60.6 million and material uplift in the underlying value of many of the Fund's properties, in particular the industrial portfolio. This has contributed to an increase in net tangible assets from A\$1.32 per security at 31 March 2020 to A\$1.43 per security at 31 March 2021.

The past financial year was transformational for the Fund, having completed the acquisition of management rights from Investec Group and rebranding as Irongate Group. Mr Katz said: "Following the internalisation transaction, IAP is well positioned to take advantage of the exciting opportunities being originated by the management team. This includes building out our third party funds management platform which, over time, will provide a meaningful source of income and profits for investors in IAP."

The Fund is targeting distribution growth in FY22 of between 2% and 3%⁶. IAP's policy is to payout between 80% and 100% of FFO, with an expectation for FY22 to be in the middle of the target range.

ENDS

FOR FURTHER INFORMATION, PLEASE CONTACT:

Lucy Spenceley

Investor Relations and Company Secretary

T +61 2 7906 2006

E ir@irongategroup.com.au

⁴ Weighted by gross property income.

⁵ Weighted by gross property income. Excludes signed heads of agreement.

⁶ Pre withholding tax. This forecast is based on the assumptions that the macro-economic environment will not deteriorate markedly, no tenant failures will occur, and budgeted renewals will be concluded.