

MEDIA RELEASE

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Irongate Group Announces Acquisition of Canberra Office Property and Institutional Placement

Irongate Group (ASX: IAP; JSE: IAP) has today announced the acquisition of an office property in Canberra and a fully underwritten institutional placement.

IAP has contracted to acquire a 100% interest in the property located at 38 Sydney Avenue, Canberra ACT (**Property**) for a total purchase price of A\$73.75 million¹ (**Acquisition**), which equates to an initial yield of 5.13%². IAP has also announced a fully underwritten institutional placement to raise approximately A\$50 million (**Placement**) at an issue price of A\$1.47 per stapled security to partly fund the Acquisition and the associated transaction costs.

The Property is an A-grade office building comprising 8,901m² of accommodation across four levels in one of Canberra's prime office precincts. It is 55% leased to the Australian National Audit Office, a department of the Australian Federal Government, with 13.5 years remaining on the lease term and annual fixed rent reviews of 3.5%. The balance of the office space (3,920m²) is subject to a 24-month non-refundable gross rent guarantee provided by the vendor, resulting in a WALE for the Property at completion of 8.5 years³.

IAP CEO, Graeme Katz, said, "This transaction builds on IAP's track record of acquiring strategically located, good quality income-producing properties. The Property has had approximately A\$12.6 million spent on fit out and refurbishment works in the last two years including a full atrium lobby upgrade, the addition of end-of-trip facilities and refurbishment of on floor amenities."

"The Canberra office market proved resilient through the COVID-19 pandemic, underpinned by the government sector. The Property is located 500m from Parliament House in a precinct with A-grade vacancy of less than 1%, and this, together with the Property's NABERS energy rating of 4.5 stars and large floor plates that are easily subdividable, gives us confidence with respect to future leasing activities."

Commenting on the Placement, Katz said, "The placement, the proceeds from which will be used to partly fund the Acquisition, provides IAP with the opportunity to increase liquidity while preserving balance sheet capacity for future growth. Post the Acquisition and Placement, IAP's gearing will be 30.6%, at the lower end of the target range of 30% to 40%."

The Acquisition is due to complete on 29 June 2021.

¹ The interest will be acquired by a wholly owned sub trust of IAP purchasing all of the units in a trust known as the 38 Sydney Ave Trust. Purchase price excludes transaction costs and is subject to customary adjustments.

² Initial yield is pre transaction costs.

³ Weighted by gross property income. Including 24-month non-refundable gross rent guarantee provided by the vendor.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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