

MEDIA RELEASE

9 December 2021

Irongate Group announces acquisition of two properties and institutional placement; guidance upgraded

Irongate Group (ASX: IAP; JSE: IAP) has today announced the acquisition of an industrial business park in Perth, the acquisition of an A-grade office building in Melbourne and a fully underwritten institutional placement.

IAP has agreed to acquire the property located at 16 Aspiration Circuit, Bibra Lake WA (**Bibra Lake Property**) for a purchase price of A\$26 million¹, which equates to an initial yield of 5.8%², and a 50% interest in the property located at 510 Church Street, Cremorne VIC (**Cremorne Property**) for a purchase price of A\$130 million³, which equates to an initial yield of 4.7%⁴. IAP has also announced a fully underwritten institutional placement to raise approximately A\$50 million (**Placement**) at an issue price of A\$1.55 per stapled security to partly fund the acquisition of the Cremorne Property.

The Bibra Lake Property is a newly-built industrial business park comprising 16,861m² of lettable area across 8 warehouses with 296 car bays. It is located 16kms south of the Perth CBD in close proximity to key infrastructure including the Fremantle Port, Kewdale Freight Terminal, Perth Airport and the Roe and Kwinana Freeways.

Commenting on the acquisition IAP CEO, Graeme Katz, said, "We have been able to secure the property off-market at an acquisition yield that provides an attractive spread to the eastern seaboard states, where industrial assets are currently commanding yields of 4.00% – 4.75%. Recent transactions indicate that this spread will compress as investors shift their focus to the higher yields on offer in the Western Australian industrial market. The Bibra Lake Property is 100% leased with a 3.5 year WALE, with the tenants comprising prominent local businesses and larger national operators."

The Cremorne Property is an is a brand new A-grade office building comprising 19,798m² of lettable area across 9 levels of office accommodation, ground floor retail and 145 car parks. It is designed to achieve a 5.0 Star NABERS Energy Rating, 5 Star Green Star Design Rating and provides excellent tenant amenity with first class end of trip facilities, state of the art digital capabilities and exclusive rooftop terrace with bar. The Cremorne Property is located in Melbourne's premier metropolitan office market, 2kms south-east of the Melbourne CBD, and enjoys excellent connectivity to the East Richmond train station and the Citylink Freeway.

¹ Through a wholly-owned sub trust, Irongate Property Sub Trust No.29. Purchase price excludes transaction costs and is subject to customary adjustments.

² Initial yield is pre transaction costs.

³ Through a wholly-owned sub trust, Irongate Property Sub Trust No.30. Purchase price excludes transaction costs and is subject to customary adjustments.

⁴ Initial yield is pre transaction costs.

IRONGATE

Commenting on the acquisition Katz, said, “The Cremorne Property provides us with an opportunity to improve the overall quality of the portfolio in a market we are familiar with. It was developed by Alfasi Group who will maintain a 50% interest in the property alongside IAP. The Cremorne Property has a current occupancy of 76%⁵ with a 7.5 year WALE⁶ and is anchored by multinational Tokyo-listed marketing agency Dentsu Inc. (TYO:DNTUF), Monash IVF (ASX:MVF) and the Commonwealth Government’s National Disability Insurance Scheme, who together account for 59% of income. There is strong interest from high quality tenants to lease the vacant space, particularly given the quality of the Cremorne Property and its desirable location.”

The funds raised under the Placement will be used to partly fund the acquisition of the Cremorne Property, with the remaining funding requirements for both properties being financed by a new tranche of debt under IAP’s existing debt facility. Following completion of the acquisitions and the Placement IAP’s gearing will be 34.3%⁷, below the midpoint of the target range of 30% to 40%. IAP is also upgrading FY22 DPS growth to 2.5% to 3.0%, reflecting the top end of previously communicated guidance.

The acquisition of the Bibra Lake Property is due to complete on 1 February 2022⁸ and the acquisition of the Cremorne Property is due to complete on 15 December 2021.

ENDS

FOR FURTHER INFORMATION, PLEASE CONTACT:

Lucy Spenceley

Investor Relations and Company Secretary

T +61 2 7906 2006

E ir@irongategroup.com.au

⁵ The vacant space is subject to a 12-month gross rent guarantee provided by the vendor, the majority of which becomes non-refundable if tenants have not been secured and rent payments have not commenced by 1 March 2022.

⁶ Weighted by gross property income. Includes 12-month gross rent guarantee provided by the vendor.

⁷ Reflects the “as if complete” values for the Kingston, Morningside and Cannon Hill fund through transactions.

⁸ Subject to satisfaction of certain conditions precedent.