

MEDIA RELEASE

10 May 2022

Irongate Group delivers FY22 financial result above guidance

Highlights

- Funds from operations (FFO) of 10.40 cents per security (cps) and adjusted funds from operations (AFFO) of 9.77 cps for the year ended 31 March 2022
- Distribution of 9.20 cps for the year ended 31 March 2022¹ – growth of 3.1%, above guidance
- Significant valuation uplift – property portfolio now valued at A\$1.679 billion²
- Net tangible assets (NTA) increased to A\$1.74 per security – up from A\$1.43 per security at 31 March 2021
- Net asset value (NAV) increased to A\$1.79 per security – up from A\$1.49 per security at 31 March 2021
- 49,627m² of space leased or subject to signed heads of agreement since 1 April 2021
- 99.7% of rent collected underpinned by resilient tenant base
- Acquired six properties for total consideration of A\$286 million
- Completed two institutional placements raising approximately A\$100 million of additional equity
- Third party funds under management increased to A\$423 million and invested in landmark real estate opportunities

Irongate Group³ (IAP or the Fund) has today released its financial result for the year ended 31 March 2022, delivering a final distribution of 9.20 cps, which equates to 88.5% of FFO. Commenting on the result, IAP CEO Graeme Katz said: “The financial result we are delivering today is above the top end of guidance previously provided to the market and is underpinned by the ongoing strong underlying performance of the property portfolio, our active balance sheet management and the continued growth of the funds management platform.”

The Fund’s portfolio has grown to A\$1.679 billion⁴ through the acquisition of six properties during the period coupled with continued strong valuation uplift, particularly within the industrial portfolio. This has resulted in a significant increase in NTA from A\$1.43 per security at 31 March 2021 to A\$1.74 per security at 31 March 2022. During the period the Fund also completed the sale of an office building in Canberra at an 18% premium to its book value.

The Fund has completed 49,627m² of leasing transactions since 1 April 2021, which has contributed to the WALE increasing from 4.7 years at 31 March 2021 to 4.9 years at 31 March 2022⁵. While occupancy by income has declined slightly from 97.5% at 31 March 2021 to 96.1% at 31 March 2022, only 8,621m² of space is currently vacant compared to 10,880m² at 31 March 2021.

¹ Pre withholding tax.

² Excludes the cost to complete on fund through transactions (A\$16.9m).

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

⁴ Excludes the cost to complete on fund through transactions (A\$16.9m).

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

IRONGATE

Commenting on the portfolio performance Mr Katz added: “Despite further disruption during the year caused by the COVID-19 pandemic, our asset management team continues to deliver very strong leasing outcomes. We have collected 99.7% of rent for the period including rent support offered to certain tenants, a result that demonstrates the quality and resilience of our underlying tenant base.”

Significant progress was made during the period on ESG with improvements in both the NABERS energy and water ratings and six office buildings, equating to 46% of the office portfolio, achieving carbon neutral certification from Climate Active. The Fund remains on target to achieve its goal of net zero carbon emissions by 2030.

The Fund’s balance sheet remains strong with gearing of 30.1%, at the bottom end of the target range. Funding costs increased from 2.84% at 31 March 2021 to 2.95% at 31 March 2022 as a result of establishing new facilities to fund the acquisitions made during the period. The weighted average debt expiry is 6.0 years, the first debt tranche does not mature until FY26 and the Fund has in excess of A\$100 million of undrawn debt available.

The ITAP fund⁶ has now closed with A\$161 million of equity commitments, and during the period new institutional mandates were secured resulting in total third party funds under management increasing to A\$423 million. Further investments were made into landmark real estate opportunities, including the Yarraville residential development project in joint venture with Frasers Property Australia and the Younghusband commercial development project in joint venture with Built, both located in Melbourne’s inners suburbs.

In January this year, the Fund received a non-binding indicative proposal from a Charter Hall managed partnership to acquire all of the securities of IAP for A\$1.90 cash per security (Proposal). A scheme implementation agreement was entered into on 30 March 2022 and securityholders will have an opportunity to approve the Proposal at a meeting of securityholders, which is currently anticipated to be held in late June 2022. The Board has unanimously recommended that securityholders vote in favour of the Proposal subject to no superior proposal emerging and an independent expert concluding that the Proposal is fair and reasonable, and therefore in the best interests of, securityholders.

ENDS

FOR FURTHER INFORMATION, PLEASE CONTACT:

Lucy Spenceley

Investor Relations and Company Secretary

T +61 2 7906 2006

E ir@irongategroup.com.au

⁶ A fund comprised of Irongate Templewater Australia Property I L.P., Templewater Australia Property Fund I Head Trust and various sub trusts that have been established (or may be established from time to time).