

29 November 2019

Matrix proceeding with \$20m sale and leaseback of Henderson facility

Matrix Composites & Engineering Ltd (ASX:MCE, “Matrix” or the “Company”) is pleased to announce that leading Western Australian property investment company Australasian Property Investments Limited (“APIL”) has exercised its option to acquire Matrix’s buildings and leasehold improvement assets for \$20 million.

As announced on 25 October 2019, Matrix entered into an agreement with APIL for the sale and leaseback of the Company’s property at its Henderson facility. The transaction will ensure Matrix is readily able to take advantage of new orders and growth opportunities in the re-emerging oil and gas markets and to advance the Company’s diversification strategy.

In exercising of the option, APIL has paid Matrix a \$900,000 deposit (in addition to the \$100,000 call option fee already paid) with settlement to take place by 28 December 2019. At settlement 90% of the proceeds will be paid, with the final 10% being paid by April 2020.

Under the transaction, APIL will sub-lease the land, buildings and leasehold improvement assets of the Henderson facility back to Matrix for a 20-year period, with options for Matrix to extend the tenancy arrangements for a further term of 15 years. The additional rent for the lease-back of the buildings and leasehold improvement assets will be \$1.7 million per annum, subject to ongoing bi-annual rental uplift and five yearly ratchet market rental reviews. Plant and equipment on the Henderson site will remain under the ownership of Matrix.

Matrix CEO Aaron Begley said the transaction would liberate near term capital for growth for Matrix to grow and he was delighted to be partnering with APIL.

“This sale and leaseback ensures Matrix is strongly capitalised and can act quickly on new growth opportunities, particularly to take advantage of any future orders in an improving oil and gas market that is expected to gather momentum,” Mr Begley said.

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About Matrix Composites & Engineering

Matrix Composites & Engineering specialises in the design, engineering and manufacture of composite and advanced material technology solutions for the oil and gas, civil and infrastructure, resources, defence, and transportation industries. With more than 40 years-experience, Matrix has gained a reputation as an industry leader and has become a major exporter of Australian goods and services with customers located all over the world. From its award-winning head office in Australia and offices in the United states, and a global network, Matrix is uniquely positioned to deliver complete turnkey solutions offerings with localised customer support.

More information can be found at www.matrixengineered.com