

A LANDLORD WITH CHIPS ON TOP

A third of IREN's capital is real estate, and most of it is land the company hasn't built on yet.

The buildings return about 4%. The chips return about 13%. Together, about 10%, against a cost of capital of 10.5%, and that hurdle is a generous one.

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August 2026

THE STACK

Every megawatt IREN builds is two investments, one on top of the other. A building, and a decision about what to put in it.

	THE BUILDING			THE CHIPS
	CONVERTED FROM MINING	BUILT FROM SCRATCH	BUILDING WEIGHTED	
Capital	\$13.00m	\$20.00m	\$18.87m	\$40.00m
Rent	\$1.86m	\$1.86m	\$1.86m	—
Depreciation	-\$0.65m	-\$1.00m	-\$0.94m	—
After-tax operating profit	\$0.91m	\$0.64m	\$0.68m	\$5.15m
Return on capital	7.0%	3.2%	3.6%	12.9%
Share of announced capacity	16.2%	83.8%	—	—

$\$18.87\text{m} + \$40.00\text{m} = \$58.87\text{m}$ OF CAPITAL $\$0.68\text{m} + \$5.15\text{m} = \$5.83\text{m}$ OF PROFIT AFTER TAX

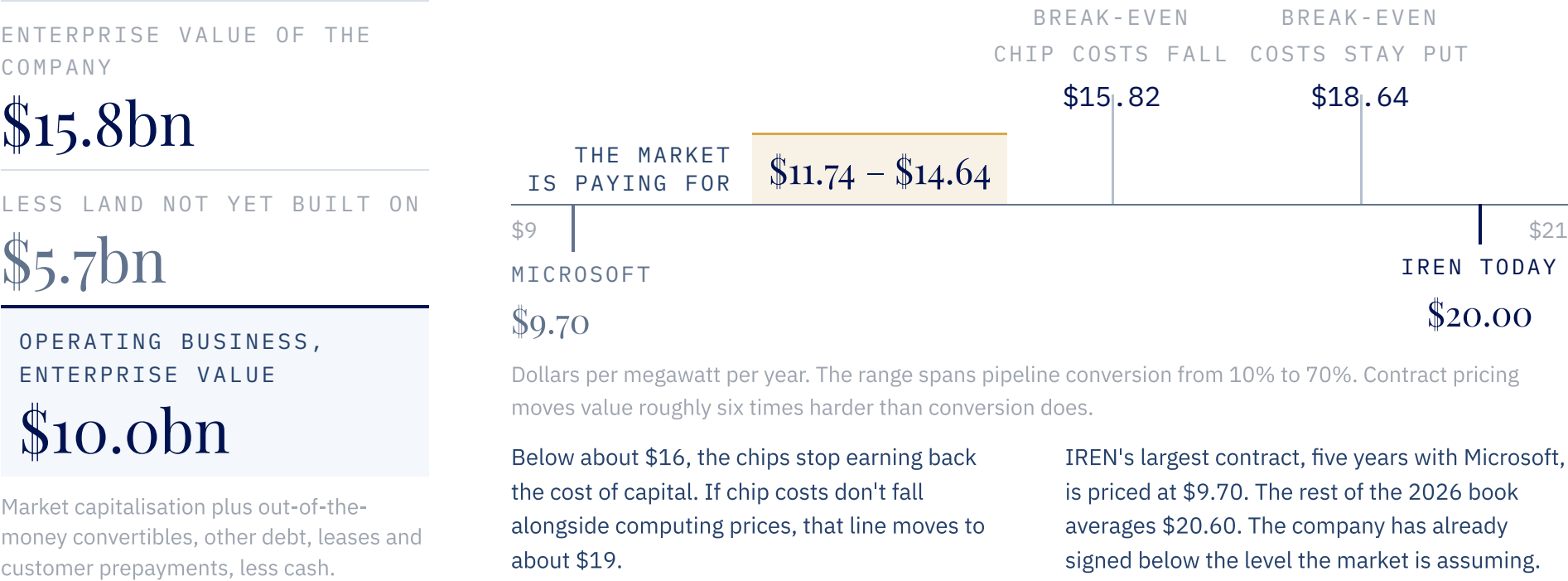
The \$1.86m rent is not an estimate. Hut 8, another former bitcoin miner, leased 704 megawatts in Texas for fifteen years for \$19.6 billion with Nvidia as the tenant. That is the market price of a powered building, with no chips to buy and no technology risk.

NEXT MEGAWATT	PORTFOLIO AVERAGE	COST OF CAPITAL
9.7%	9.9%	10.5%

The 7% comes from the bitcoin legacy, and that legacy is 16% of announced capacity and shrinking. The average overstates what's sustainable. The next megawatt returns 9.7%.

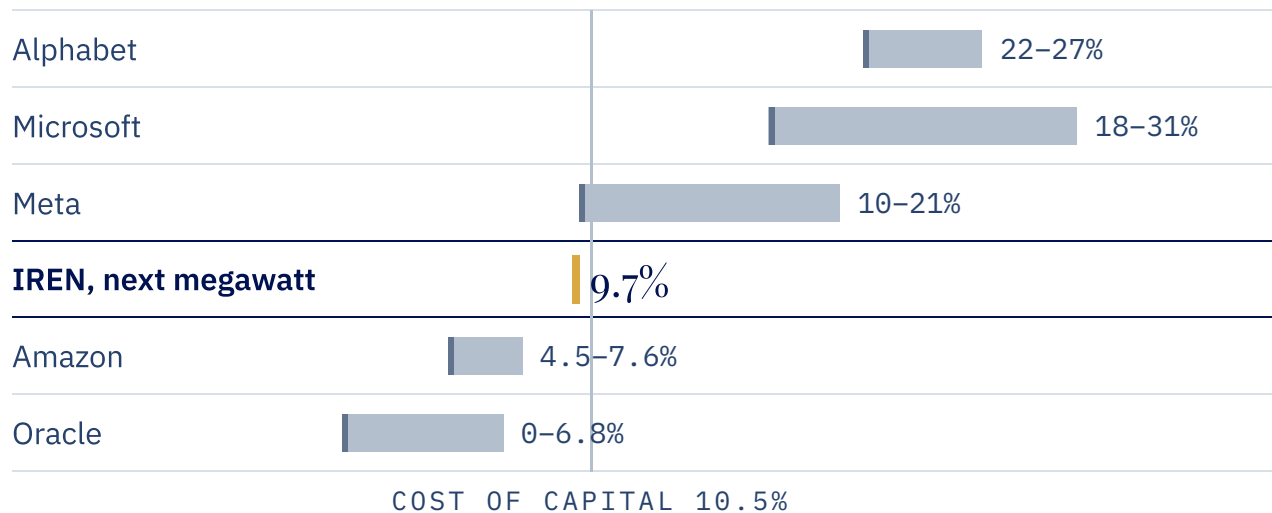
WHAT THE MARKET IS PAYING FOR THE CHIPS

Take the market value of the company, set aside the land not yet built on, and what remains is the price of the operating business. Work backwards and you get the price per megawatt the market is assuming.



RETURNS DECIDE MULTIPLES

The case for a higher multiple rests on IREN being an AI company. Measured the same way as the hyperscalers, it isn't earning like one.



Return on capital, ranked by the low end of each range. Ranges shown low to high; IREN is a single value.

A third of IREN's capital is land and buildings, and 84% of announced capacity is greenfield development rather than conversion. That mix earns like the most capital-intensive names in the sector, not the software-margin ones.

Multiples follow returns on capital, not end markets.

ONE LENS AMONG SEVERAL

WHAT WOULD CHANGE THIS ANSWER

Returns are measured against what the assets cost, not depreciated book value. On net book the return is about 16% rather than 9.7% and the picture flips. Cost is used because the chips must be bought again — a fleet halfway through its life looks twice as profitable and still owes the same bill.

The converted-site advantage is an estimate. How much of a bitcoin site carries over to an AI data centre isn't disclosed. Land, grid connection and substation do; the shed does not. Interconnection alone runs 40–45% of construction cost, which brackets the upper end.

IREN pays little cash tax today, carrying roughly \$900m of losses forward. That lifts near-term returns, but it is one quarter of operating profit at scale — a timing benefit, not a change in the economics.

The land not yet built on is treated as an option, never as a plan. Nothing here assumes IREN builds it.

Operating costs come from management's own disclosure that the cloud business ran about 87% gross margins. That sits on a small, early revenue base.

Share count matters. Street research divides by 357.9m. The 10-K says 394.1m. Counting instruments already in the money gives 411.3m. If every convertible converted, 551.3m.

This is one way to look at it. The assumptions above are where it would break.