

Paul Stewart

From: brett.kleidon@bigpond.com
Sent: Tuesday, 31 May 2022 2:25 PM
To: Paul Stewart
Cc: Scott Grogan
Subject: FW: Childcare properties - marketing & sale submission
Attachments: Auction Results 146 - National.pdf; Auction Results 147 - National.pdf; Auction Results 148 - National.pdf; Marketing Schedule 1924 - [1247] Koongal QLD 202 Thozet Rd Childcare (1).pdf; Marketing Schedule 1923 - [1246] Reynella SA103-105 Main South Rd G8 Education.pdf

Hopefully might help with something

Brett

From: Rhys Parker <rparker@burgessrawson.com.au>
Sent: Monday, 15 November 2021 4:24 PM
To: brett.kleidon@bigpond.com
Subject: Childcare properties - marketing & sale submission

Good Afternoon Brett,

Good to chat earlier and thankyou once again for the opportunity to provide our marketing and sales submissions for your properties in Adelaide and Rockhampton.

As we have discussed, due to current low interest rates and a relative shortage of prime properties on the market at the moment, particularly childcare centres with established tenants in strong commercial locations, coupled with extremely high volumes of enquiry – we are seeing standout results and premium sale outcomes across many of the asset classes that we sell.

On this point, we recently completed our August, September and November Portfolio Auctions and we have seen enquiry volumes virtually double since earlier in the year.

To allow participation in these auctions, we required buyers to pay a \$10,000 refundable bidding deposit to bid by telephone or through our internet app and in our September auction we had 546 registered bidders for these auctions, with an 11:1 bidder ratio.

In total there were 546 registered bidders and a total of 1,347 bids recorded. Results were 13.15% over reserve. I have attached a summary of the results, many of which were achieved amidst fierce competition on the day.

In our just completed November Investment Portfolio Auction, we recorded some \$216,964,300 in sales across 47 properties – childcare continued to perform extremely well, with Global Sky Education in Hallet Cove SA selling for \$1,692,000 reflecting a net yield of 3.99% and OAC Pascoe Vale South VIC selling for \$12,520,000 reflecting a net yield of 4.36%.

The Properties

We now deal with both properties individually:

Adelaide:

Address 103-105 Main South Road Reynella SA 5161
Land Area 1,349 sqm

Lease Summary:

| | |
|----------------|---|
| Tenant | G8 Education |
| Lease Term | 15 year lease |
| Lease Expiry | October 2029 |
| Options | Three further 5 year options extending to 2044 |
| Rental Reviews | 4% annual rental increases |
| Outgoings | Net lease, tenant pays outgoings including land tax and management fees, as per the lease |
| Net Income | \$126,531 pa + GST |

Rockhampton:

| | |
|-----------|-----------------------------------|
| Address | 202 Thozet Road, Koongal QLD 4710 |
| Land Area | 4,247 sqm |

Lease Summary:

| | |
|-----------------------------|---|
| Tenant | Mt Archer Early Learning |
| Lease Term | 10 Year lease |
| Lease Expiry | June 2027 |
| Options | Four further 5 year options extending to 2047 |
| Rental Reviews commencement | 3% annual rental increases, with market review at 6 years and at option |
| Outgoings | Net lease, tenant pays outgoings, as per the lease |
| Net Income | \$160,047 pa + GST |

Recommended Method of Sale

Given the aforementioned factors, coupled with the strong underlying real estate attributes such that these properties possess, we feel that inclusion in our upcoming February 2022 Investment Portfolio Auction will provided the optimum platform in order to maximise the sale price for the property.

The scheduled date for Burgess Rawson's first Investment Portfolio Auction for 2022 is as follows:

- 24 February 2022

As we have discussed, our recommendation is to launch the property before Christmas when there are very few properties available on the market and people have the time to consider their investment options. This, coupled with the pent up demand in the market from the Christmas/New Year period will provide for an excellent chance to maximise the sale price for both assets.

Marketing Budget

We have attached our recommended media schedules in the sum of \$12,773.21 + GST for Adelaide and \$12,779.53 + GST for Rockhampton which we are confident will generate the required exposure necessary to capture the amount of enquiry needed to provide a strong platform for a successful sale outcome for both properties.

Assessment of Sale Price

Having regard to the aforementioned factors and the quality of the properties overall we feel that a sale price in the range of around \$2,300,000 for Reynalla (circa 5.5%), Adelaide and around \$2,750,000 (circa 5.75%) for Koongal would be expected for these properties.

Once again and as discussed, this range may be exceeded and a net yield of closer to 5% or under is not out of the question, particularly given the strength of the current market as evidenced by our recent sale of a childcare facility in Dubbo NSW which sold for \$2,032,000 reflecting a net yield of 4.76% for example.

Agency Appointment & Fee

We have carefully considered the issue of fee and maintain that we will be very committed to achieving a premium outcome on your behalf. We will apply our extensive experience that has consistently seen us achieve above average results for our clients.

Burgess Rawson's fee for sale will be 2.4% + GST of the sale price, plus an additional 10% + GST for any portion of the sale price that exceeds the above prices (\$2,300,000 and \$2,750,000 respectively).

This fee is also inclusive of the fee sharing that is required as a result of a buyer being introduced by one of our interstate offices.

Conclusion

Thankyou once again for the opportunity to provide our marketing and sales recommendations for the property. We are genuinely excited by this opportunity and are keen to work on your behalf to achieve the best outcome possible.

Burgess Rawson have transacted over \$15bn in commercial real estate investments and we are confident that we have the track record to demonstrate that we are best placed to achieve the best possible sale price for the property.

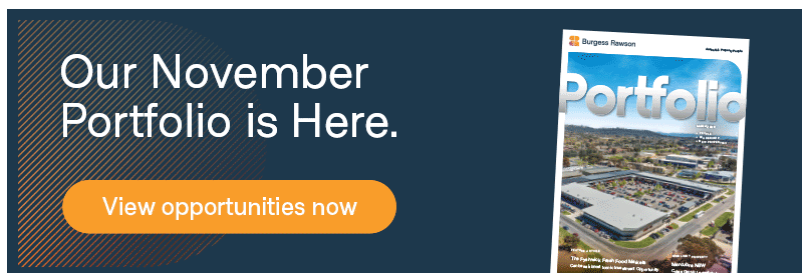
We look forward to being of assistance here.

Best,

Rhys Parker
Partner



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Investment Portfolio 147

28, 29 and 30 September 2021

Melbourne, Brisbane and Sydney Results

| Property | Tenant | Results | Price | Yield |
|-----------------------------|---------------------------------|-------------|--------------------|--------------|
| Umina Beach NSW | Affinity Childcare | Sold | \$7,500,000 | 2.99% |
| Mitchelton QLD | Jax Tyres | Sold | \$4,520,000 | 3.10% |
| Bongaree QLD | Saviges Seafood | Sold | \$1,985,000 | 3.12% |
| Turramurra NSW | Handprints Childcare | Sold | \$8,000,000 | 3.30% |
| Salamander Bay NSW | EG Group | Sold | \$3,150,000 | 3.49% |
| Albert Park SA | Coates Hire | Sold | \$16,100,000 | 3.59% |
| Cheltenham VIC | Kingston Funerals | Sold | \$3,830,000 | 3.78% |
| St Kilda VIC | Domino's Pizza | Sold | \$1,435,000 | 3.92% |
| Urraween QLD | KFC & Pizza Hut | Sold | \$7,960,000 | 3.98% |
| Broadmeadow NSW | Veterinary Clinic | Sold | \$1,777,000 | 4.13% |
| Geraldton WA | Westpac Bank | Sold | \$3,410,000 | 4.20% |
| St Albans VIC | Capital Radiology | Sold | \$6,000,000 | 4.21% |
| Geelong VIC | Café | Sold | \$690,000 | 4.35% |
| Caboolture QLD | Coowinda Childcare | Sold | \$2,175,000 | 4.41% |
| Lilydale VIC | Lakeview Early Learning | Sold | \$1,600,000 | 4.46% |
| Toowoomba QLD (Stenner St) | Greencross Vet | Sold | \$1,265,000 | 4.49% |
| Lilydale VIC | United Fuel | Sold | \$4,750,000 | 4.60% |
| Albury NSW | Medical | Sold | \$4,185,000 | 4.63% |
| Benalla VIC | Micrenz Bakery | Sold | \$905,000 | 4.64% |
| Somerville VIC | United Fuel | Sold | \$3,625,000 | 4.76% |
| Banyo QLD | G8 Education | Sold | \$3,955,000 | 4.80% |
| Charlestown NSW | Office Investment | Sold | \$1,105,000 | 4.89% |
| Murwillumbah NSW | Petit Early Learning | Sold | \$5,350,000 | 4.92% |
| Wollert VIC | Indian Grocer | Sold | \$1,075,000 | 4.93% |
| Hammond Park WA | Buttercups ELC | Sold | \$4,525,000 | 4.98% |
| Seaton SA | United Fuel | Sold | \$4,350,000 | 5.00% |
| Sunbury VIC | Snappy Pizza & Kebab | Sold | \$1,025,000 | 5.09% |
| Toowoomba QLD (Alderley St) | Greencross Vet | Sold | \$2,100,000 | 5.14% |
| Epping VIC | Industrial | Sold | \$6,300,000 | 5.16% |
| Sunbury VIC | Ford Dealership | Sold | \$9,610,000 | 5.20% |
| Torquay QLD | Subway | Sold | \$969,000 | 5.27% |
| Barton ACT | Office Investment | Sold | \$2,810,000 | 5.32% |
| Torquay QLD | Go Natural Foods & Coffee Shop | Sold | \$1,210,000 | 5.32% |
| Torquay QLD | Foodworks | Sold | \$2,125,000 | 5.35% |
| Bentley Park QLD | Sanctuary Early Learning | Sold | \$6,950,000 | 5.45% |
| Devonport TAS | Nubco Warehouse | Sold | \$5,275,000 | 5.50% |
| Drysdale VIC | CBA + Aust Post + Shops | Sold | \$4,100,000 | 5.57% |
| Nerang QLD | Genius Early Learning | Sold | \$4,701,000 | 5.58% |
| Burpengary QLD | IGA Supermarket | Sold | \$2,610,000 | 5.88% |
| Queanbeyan NSW | The Focal Point Arcade | Sold | \$4,250,000 | 6.09% |
| Rockhampton QLD | Shell/Viva | Sold | \$2,735,000 | 6.22% |
| Wollert VIC | Indian Restaurant | Sold | \$906,000 | 6.39% |
| Dalby QLD | Super Cheap Auto | Sold | \$2,450,000 | 6.43% |
| Mackay QLD | Shell/Viva | Sold | \$1,270,000 | 6.85% |
| Angle Vale SA | Where We Grow | Sold | Undisclosed | |
| Strathalbyn SA | Where We Grow | Sold | Undisclosed | |
| Pitt Town NSW | Affinity Childcare | Sold | Undisclosed | |
| Kurri Kurri NSW | Shell Service Station | Sold | Undisclosed | |