



LEYTON FUNDS

CASE STUDY MELROSE BUSINESS PARK

8.0%

AVERAGE ANNUAL RETURNS SINCE INCEPTION

BACKGROUND

In 2020 Leyton Funds created a single asset unit trust to acquire a high quality inner suburban multi-unit industrial facility in Melrose Park, SA.

The asset is fully leased with strong underlying leasing demand with opportunity for rental growth and capital value upside. Tenants include Beacon Lighting, The Benevolent Society and Axellent.

The asset was acquired for a total consideration of \$5,300,000 through an equity investment from Leyton Funds' investors of \$2,750,000.

Leyton Funds' active management approach has seen strong rental uplifts on all market rent reviews. The recent renewal of the Benevolent Society saw a rental uplift achieved of \$50psm from \$91 to \$141m² on a new five (5) year term.



KEY BENEFITS

- ◇ Actual return of 8.0% p.a. FY23 and forecast return of 9.0% p.a. FY24.
- ◇ High quality improvements in a prime inner southern industrial location.
- ◇ Fully leased asset with strong underlying leasing demand.
- ◇ Diversified income stream with income spread across five leases.
- ◇ Strong existing tenant covenants including national, multinational, and ASX listed tenants.
- ◇ Prospects for rental growth and capital value growth in the short term.
- ◇ Opportunity to community title the asset into individual office warehouses facilities.





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LF MELROSE PARK TRUST



VALUATION

An external valuation of the property was undertaken as of June 2022. The valuation confirmed an uplift in value to \$7.25m which reflects an increase of around 37% on the initial purchase price.

The uplift in value has been driven by yield compression, together with the various increases in rents, including other income achieved through lease negotiations, and capital investment at the property since acquisition.

The valuation noted that some of the passing rents within the property are considered to be below market which provides further opportunity for rental growth as tenants approach Lease expiries and market rent reviews occur.

With the above revaluation, the total unit price for the Trust is \$1.64 per unit, from the initial \$1.00 per unit.

