



QI Value Add Income Trust No 2

11-12% p.a.

TARGET EQUITY IRR
OVER THE TERM OF THE
TRUST

RARE

HUGE LANDHOLDING
OVER 2 TITLES WITH 3
STREET FRONTAGES

FLEXIBLE

FUNCTIONAL
IMPROVEMENTS ACROSS
THREE BUILDINGS

OPTIONS

MULTIPLE
VALUE ADD
OPPORTUNITIES

Investment Highlights

- The QI Value Add Income Trust No 2 is proposing to purchase a large-scale industrial property of over 1.8 hectares within Perth's premium northern industrial area.
- This investment opportunity is currently open to Quadrant Investment investors with a target equity raise of \$5,400,000.
- The objective of the trust is to implement a value-add strategy via tenant renewal/repositioning or partial redevelopment with a target **IRR of 11-12%** p.a. over the term of the Trust.
- This asset comprises a combined landholding of 18,459m² over two separate titles and features over 400m of frontage to three streets.
- The existing improvements of circa 5,800m² represents a low site coverage of just under 32% and provides multiple value add opportunities.
- Current passing rent substantially below market rent based on valuer assessment.

PHILLIP FOGLIANI

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ALEX GREGG

Director
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Investment Strategy

The properties provide a unique value add opportunity for investors to capitalise on the strength of the industrial market. The assets feature a short WALE providing the potential for a rental reversion in the short term or a hybrid repositioning of re-letting Lot 1 and re-developing Lot 2.

The site is leased to a wholly owned subsidiary of ASX200 listed Seven Group Holdings (ASX: SVW), at a below market rent. The tenant has occupied the site for close to 20 years and has commenced minor upgrades to the facility to meet their ongoing needs.

Quadrant Investments has analysed this asset and identified two value add opportunities.

Scenario 1 – Renewal / Re-letting Repositioning

- Substantial rental uplift forecast in early 2024 with current rent 39% below valuer's market assessment
- If the tenant renews, development could occur over Lot 2 in March 2027 (as per Scenario 2)
- Opportunity to re-let on longer term lease(s) as a whole or between the three buildings with uplift in rent providing uplift in capital value

Scenario 2 – Partial Redevelopment (tenant vacates)

- Re-let Lot 1 with larger warehouse as stand-alone tenancy (sell or hold).
- Redevelop Lot 2 with circa 4,500m² office warehouse –option to split into 2 tenancies (sell or hold)
- Alternative development option over Lot 2 for strata titled office/warehouse development of 5-6 units (sell down)

Trust Details

The initial term of the Trust will be four (4) years with an option to extend for a further four (4) years.

As a "value-add" fund, we note distributions may not be regular for the first 18-24 months until the asset and rental income is stabilised or longer if the property is redeveloped.

More Information

Further information on the QI Value Add Income Trust No 2 is available within the Information Memorandum.

Quadrant Investments

Quadrant Investments is an established diversified property investment, asset management and development business based in Perth, Western Australia.

Together with our substantial shareholder and partner, Richard Noble & Company, our team of experienced professionals have the insight and expertise to build and manage a property portfolio capable of delivering long term wealth to its investors.

Offer Summary

Target Return

Equity IRR of 11-12%p.a. over the term of the Trust

Minimum Investment

\$500,000 or at the discretion of QI

Applications Close

At full subscription

Settlement Date

Early November 2022 (target date)

Important: This offer is for wholesale investors only as defined by section 76G and 761GA of the corporations Act 2001. Applications will only be accepted from investors who have registered and received a copy of the Information Memorandum.

Quadrant Investments Pty Ltd AFSL: 493066

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