PROPERTY UPDATE

137 Gilba Road, Girraween

Tenant administration update

September 2026

Corval acquired 137 Gilba Road, Girraween, off market in December 2025 for $29 million, securing exposure to a tightly held Sydney infill industrial market at attractive pricing. The compelling pricing reflected the weaker tenant covenant of the Bathla Group, which Corval was aware of and specifically allowed for in its underwriting.

The purchase price represented a 6.6% initial yield, reflecting a positive spread to comparable transactions ranging from 5.1% to 5.8%, supported by an underlying land value estimated at approximately 85% of the purchase price. Recent vacant-possession valuation advice has indicated a current value of approximately $30 million, highlighting the strength of the underlying real estate.

Corval was prepared for the possibility that the tenant may not meet its obligations during the three-year sale-and-leaseback term and has a clear strategy to reposition and re-lease the property, following the Bathla Group entering into voluntary administration. Additional protection was also secured at the time of acquisition through a nine-month bank guarantee from CBA, which is higher than market norms for a three-year lease, providing an extended period of income protection and flexibility to progress the re-leasing strategy.

Corval is in communication with the administrator of the Bathla Group and is preparing to take possession of the property once the administrator confirms it no longer intends to occupy the property, noting that the administrator will continue to pay the rent until that time. Following this, Corval will claim the bank guarantee and advance the repositioning and re-leasing program, with the property well placed to attract replacement tenants in an established Sydney infill industrial market, characterised by constrained supply and favourable occupier demand.

Corval Partners Limited
Level 1, 1 Castlereagh Street, Sydney NSW 2000
+61 2 8203 8400 | corval.com.au