

TENANT REPRESENTATION

Case Study

National Mining Services
Company (*Client*)



Trumbull Property (TP) was engaged by Client, a global leading mining services and automotive business, to do a review of its industrial and commercial property portfolio.

The focus was to work with the different personnel within the Client business to identify where cost savings could be achieved across its portfolio. The review identified a number of different properties that could be sublet, terminated or benefit from early extensions. There were locations which had multiple facilities that could be consolidated into one purpose built facility to achieve significant operational and cost saving benefits.

Over the past 24 months Trumbull Property has managed the lease negotiations on over 20 properties for Client.

This has enabled Client to focus on its business whilst trusting Trumbull Property to provide the property expertise required to ensure its leases are managed with its best interests at the forefront.

This case study for Client includes a summary of the different lease scenarios encountered across its portfolio. The summary assesses the Situation faced by Client; the Action taken by Trumbull Property along with the Result generated.

The different scenarios managed by Trumbull Property include the following:

LEASE SCENARIO EXAMPLES:

1. MANAGED THE LEASING CAMPAIGN AND LEASE NEGOTIATIONS TO SECURE AN EXCELLENT RESULT FOR A **NEW PURPOSE BUILT FACILITY**.
2. IMPLEMENTED A PROCESS TO MAXIMISE THE COMMERCIAL OUTCOME FOR AN **EARLY LEASE EXTENSION**.
3. NEGOTIATED A SIGNIFICANT COST SAVING OUTCOME FOR THE **EARLY TERMINATION OF A LEASE**.
4. MANAGED THE LEASING CAMPAIGN AND LEASE NEGOTIATIONS TO **RETROFIT AN EXISTING FACILITY** WHEN NOTHING IN THE MARKET MATCHED THE BRIEF.



“ We maximise the commercial outcome of property transactions whilst our clients focus on their business.”

RICHARD TRUMBULL
TRUMBULL PROPERTY

SITUATION.

Client leased three facilities in close proximity to each other, which was proving inefficient and costing significantly more than having one facility.

ACTION.

Trumbull Property carried out a market sounding process which provided data to support a new purpose built facility that would save millions of dollars over a five year period. Trumbull Property worked closely with **Client** to design the ideal facility. The details were described in a building specification. The preferred location was identified and TP issued the market (agents and developers) with a Request for Proposal (RFP) document which had the building specification attached. Developers responded to the RFP which enabled TP to compare like for like proposals. This also reduced the risk of cost variations in the future. The process ensured developers would ultimately put their best offer forward to secure **Client** as a tenant. The RFP identified three suitable properties and as a result of the competitive process, one property became preferred.

Trumbull Property aligned the lease expiry for two of the facilities to expire 12 months from the Agreement for Lease date, allowing adequate time for the building to be complete. The third facility had three years remaining and Trumbull Property was able to secure a subtenant to take on the rental obligation.

Trumbull Property provided project management assistance to **Client** during the delivery of the facility.

RESULT.

Within 12 months from starting the RFP process **Client** had secured, and was occupying a new facility which perfectly accommodated its needs; was far more efficient and would save millions of dollars over the ensuing five years.

These efficiencies and savings contributed toward **Client** also providing a better offering to its customers.

Trumbull Property's experience in development and project management ensured the Agreement For Lease covered timing and delivery risks to protect **Client**.

Working With

Trumbull Property worked closely with the CEO, State Manager and Head of Supply Chain from **Client**.

Within 12 months Trumbull Property helped Client consolidate operations into a new facility and save millions of dollars.



SITUATION.

Client was leasing a facility for \$550,000 per annum. The location was ideal, however, the facility had become far larger than necessary and was exceeding **Client's** budget by circa \$250,000 p.a.

Having to relocate and make good the facility was going to be very disruptive on the business.

ACTION.

Trumbull Property negotiated an early extension with the owner which included a rent reduction and healthy incentive. In addition, TP identified a subtenant to occupy part of the office space which wasn't required by **Client**. Trumbull Property put in place a process which motivated the owner to provide an attractive offer to extend, and a deal with the subtenant which was good for both parties.

RESULT.

Client's net occupancy cost reduced from \$550,000 p.a. down to \$300,000 p.a. This meant **Client** didn't have to relocate and spend large sums of money on make good, relocation and new fit-out costs. Trumbull Property was also able to negotiate into the head lease that if the **Client** exercised its option at the end of the new term there would be no make good obligation.

Working With

Trumbull Property worked closely with the CFO.

Net occupancy cost reduced from \$550K p.a. to \$300K p.a. and no make-good obligation negotiated into the deal.



SITUATION.

Client had finished a large contract and was occupying a workshop in regional WA that was no longer required. The lease had 12 months remaining. **Client** wanted to understand its options as the facility was costing money in an area which wasn't generating adequate revenue. The ideal scenario was an early termination.

ACTION.

Trumbull Property assessed the market and approached the agents who worked the location to understand the likelihood of securing a subtenant and what rent/deal would be required to attract a subtenant. TP discussed the situation with the owner and negotiated an agreement that if TP secured a tenant the owner would provide **Client** with an early termination.

Trumbull Property worked closely with a handful of the local agents to elicit as much early interest as possible. Over two weeks of using this approach, it became apparent that appointing a preferred marketing agent with focus, would be the best way forward. This proved to be successful.

RESULT.

Trumbull Property was able to secure a tenant on a rent slightly lower than **Client** was paying and negotiated a situation with the landlord that **Client** would cover the difference over the remaining 12 months of the lease in return for an early termination. The new tenant agreed to a three year term with the owner. This was an excellent result for **Client**; the landlord and the incoming tenant.

The early termination saved **Client** a significant amount of money and removed any future obligation to that facility.

Working With

Trumbull Property worked closely with the Warehouse Manager from Client.

Creating a win-win for Client, landlord and new tenant – enabling Client to save and exit premises no longer needed.



SITUATION.

Client was occupying a facility in a regional part of North Queensland which was considerably larger than required. What options were there for **Client** to relocate which would provide operational efficiencies and cost savings? The new facility would require special features including a 15 tonne crane; a wash bay and a large amount of concrete hardstand. All had to be factored into a market which was tight for stock.

Due to the lease expiring within eight months, this didn't allow enough time for a new purpose built facility.

ACTION.

Trumbull Property tried extending the existing lease for a further six months to enable a new purpose built option. The owner was pushing back and wanted **Client** to exercise its option for a further five years. This response meant TP had to act quickly and approach the market via an RFP process to identify any suitable buildings. The right building didn't exist but TP was able to negotiate with an owner to retrofit a vacant warehouse with a crane and wash bay, at the same time maintaining a competitive environment to ensure a significant outcome for **Client**.

RESULT.

Trumbull Property was able to negotiate a major outcome for **Client** with the new landlord agreeing to install the crane and wash bay into the warehouse to create an ideal workshop. The facility was also painted and additional amenities included, to make it presentable and very suitable for **Client's** needs. The landlord was identified through an existing relationship with Trumbull Property. Without this relationship, finding a suitable option would have been extremely challenging for **Client**.

By identifying a building owner that was happy to spend the capital to retrofit the facility to suit, meant **Client** would not have to extend at its existing facility for a further five years. This saved **Client** a significant amount of money (of the order of \$750,000).

Working With

Trumbull Property worked closely with the National Facilities Manager, CEO and Business Analyst of **Client**.

Achieved significant savings and purpose built premises through relationships – helping the client in a challenging market.



TESTIMONIALS.

“Australian Logistics Solutions commissioned Richard to find us a suitable warehouse location in the Eagle Farm or surrounding areas in Brisbane.

Richard assisted with guiding me through our current needs and forecasting future needs and from there developing a brief that he circulated to potential suitors in the area.

I found this to be invaluable, having a real estate gain interest from managers of sites cut through a lot of the real estate jargon to ensure the most favourable outcome from accommodation and financial standing.

There is no doubt in my mind that without Richard’s assistance the process would have been drawn out, frustrating and financially less attractive”.

John Clark
Australian Logistics Solutions

“When our lease was up, it was time to explore the very competitive and complex Sydney property market.

Trumbull Property was phenomenal, taking our requirements and then working tirelessly to get us the best offer. Richard’s expert knowledge of the market, mixed with his personable approach, made what could have been a very stressful process enjoyable. We couldn’t be happier with the service provided or the property we secured”.

Mitchell Gibbons
Katzion Technology Solutions



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