



(a real estate investment trust constituted
on 13 December 2012 under the laws of the Republic of Singapore)

For Immediate Release

SOILBUILD REIT'S MAIDEN ENTRY INTO AUSTRALIA

Unless otherwise stated, the S\$ equivalent of the A\$ figures have been arrived at based on assumed exchange rates of A\$1.00:S\$1.00.

Singapore, 7 September 2018 - SB REIT Management Pte. Ltd, in its capacity as manager of Soilbuild Business Space REIT (the "**Soilbuild REIT**"), and the manager of Soilbuild REIT (the "**Manager**") is pleased to announce the proposed acquisitions of:

- (i) a centrally located office at Australia Place, 14 Mort Street, Canberra City, ACT ("**14 Mort Street**"), for A\$55.00 million¹ (S\$55.00 million) from 14 Mort Street Property CT Pty Ltd as trustee for Ascot Capital 14 Mort Street Property Trust; and
- (ii) a poultry processing plant located at 1118, 1120, 1122-1136 & 1138-1146 Port Wakefield Road, Burton SA 5110 ("**Inghams Burton**"), for A\$61.25 million (S\$61.25 million) from Burton CT Pty Ltd as trustee for the Ascot Capital Burton Property Trust,

(together, the "**Proposed Acquisitions**")

Mr Roy Teo, Chief Executive Officer of the Manager said, "We are excited by this opportunity to gain entry into the Australia market with an acquisition of a portfolio of long tenure assets on leaseback arrangements with financially strong tenants. The Proposed Acquisitions are expected to be yield-accretive based on our intended funding scenario, enhance the quality of our portfolio and provide geographical diversification."

Details of the Proposed Acquisitions

Soilbuild REIT has established a wholly-owned managed investment trust by the name of "Soilbuild Australia Trust" (the "**AU Head Trust**") in Australia for the purposes of acquiring and holding the Proposed Acquisitions. The AU Head Trust will hold the Proposed Acquisitions through various wholly-owned intermediate sub-trusts (the "**Sub-Trusts**").

Perpetual Corporate Trust Ltd, as trustee of AU Head Trust (the "**MIT Trustee**"), will enter into the acquisition contracts (the "**Sale and Purchase Agreements**") to acquire 14 Mort Street from 14 Mort Street Property CT Pty Ltd as trustee for Ascot Capital 14 Mort Street Property Trust and Inghams Burton from Burton CT Pty Ltd as trustee for the Ascot Capital Burton Property Trust. The Proposed Acquisitions are expected to complete in the third quarter of 2018.

¹ Before deduction of outstanding incentives reimbursed by the Vendor.

Soilbuild REIT is expected to incur estimated transaction costs of about A\$120.96 million¹ (S\$120.96 million), which includes stamp duty, professional and other fees and the acquisition fee payable in cash to the Manager (being 1% of the Purchase Consideration of A\$116.25 million) which amounts to approximately A\$1.16 million (S\$1.16 million) (the “**Acquisition Fee**”).

Following the Proposed Acquisitions, Soilbuild REIT will own 11 properties in Singapore and 2 properties in Australia with the valuation of Soilbuild REIT’s portfolio expected to increase from S\$1.11 billion² to S\$1.23 billion.

Method of Financing

The Manager intends to fund the Proposed Acquisitions with a combination of (i) Australian dollar loans; and through (ii) the issuance of S\$60 million or S\$100 million perpetual securities by Soilbuild REIT. Post-Acquisition, the Manager intends to maintain the aggregate leverage within Soilbuild REIT’s long-term target range of between 35.0% and 40.0%.

Rationale and Benefits of Proposed Acquisitions

- **The Proposed Acquisitions are in line with Soilbuild REIT’s Investment Strategy**

The Proposed Acquisitions are in line with the Manager’s aims to deliver predictable distributions and to enhance the value of Soilbuild REIT’s property portfolio over time through, *inter alia*, selectively acquiring additional properties that meet the Manager’s investment criteria. The Proposed Acquisitions are in line with the Manager’s investment strategy of investing on a long-term basis, directly or indirectly, in a portfolio of income-producing real estate used primarily for business space purposes so as to deliver stable distributions and sustainable total returns to the Unitholders.

- **Opportunity to expand into the Australian market**

Australia has a growing and mature real estate market underpinned by strong domestic consumption and population growth. The Proposed Acquisitions will provide high-quality assets to anchor Soilbuild REIT’s expansion into the Australia office and industrial markets, which offer growth potential and scalability.

- **Provides Revenue and Geographical Diversification for Soilbuild REIT**

The Proposed Acquisitions are expected to benefit Unitholders by improving revenue diversification and reducing the reliance of Soilbuild REIT’s revenue stream on any single property. Soilbuild REIT’s tenant base will be enlarged with tenants - Commonwealth Government of Australia and Inghams Group making up the top 10 tenants by portfolio income contribution. The Australia properties are expected to contribute approximately 10.1% of the portfolio income and make up 9.5% of Soilbuild REIT’s portfolio by asset value, providing geographical diversification for Soilbuild REIT.

- **Increase Exposure to Tenants from Stable Sectors**

The Commonwealth Government of Australia has attained the highest credit ratings by Standard & Poor’s and Moody’s Investors Service while Inghams Group has achieved stable financial performance since its listing in November 2016 on the Australian Securities Exchange.

² Based on Soilbuild REIT’s Existing Properties valuation as at 31 December 2017.

Inghams Group recorded net profit after tax of A\$114.6 million and reduced its leverage to 0.7 times³ in the financial year ended 30 June 2018⁴. Inghams Group's market capitalisation was A\$1.4 billion on 6 September 2018. The inclusion of these two tenants will improve Soilbuild REIT's tenant mix through higher exposure to tenants from stable, non-cyclical sectors.

- **Increase in Distributable Income to Unitholders**

The Proposed Acquisitions are expected to be yield accretive. In the first year, the Proposed Acquisitions are expected to generate a net property income ("NPI") yield of approximately 6.42% and 6.17% pre and post transaction costs respectively. The table below shows NPI yield for the first year pre-transaction costs and post-transaction costs for the Proposed Acquisitions.

	14 Mort Street⁵, Canberra	Inghams Burton⁶, Adelaide	Australia Portfolio
Pre-transaction costs yield	6.31%	6.51%	6.42%
Post-transaction costs yield	5.90%	6.42%	6.17%

- **Strengthened Portfolio creates Better Platform for Further Acquisition Growth**

Following the completion of the Proposed Acquisitions, Soilbuild REIT's portfolio occupancy will increase from 87.6% to 88.6%. The Australia properties' long weighted average lease to expiry ("WALE") of 13.2 years will also extend Soilbuild REIT's portfolio WALE by net lettable area of 3.1 years⁷ to 3.9 years. The Manager believes that the increased portfolio size will create a stronger and more diversified platform for further acquisition growth with better access to the debt and equity capital markets.

Details of the Proposed Acquisitions

14 Mort Street, Canberra

14 Mort Street is a leasehold commercial office building comprising ground level office lobby and office accommodation, seven upper office levels and basement car parking for 62 vehicles. The total lettable floor area is 9,383.5 sqm. Floorplates range from 1,089 – 1,285sqm for the upper office levels and are regular in shape with good natural lighting. 14 Mort Street has achieved a five stars NABERS⁸ rating. The building was constructed in 1996 with significant refurbishment in 2013/14 including ground floor foyer, amenities and lifts. The Commonwealth Government of Australia fully occupies the building on a lease expiring on 24 March 2025 with 5+5 year options. The gross lease has an annual rental escalation of 3.75% per annum and the WALE of the property is 6.5 years.

The property is prominently located on the eastern side of Mort Street between Cooyong Street and Bunda Street within the Canberra city. The building is in close proximity to the new Alinga Street light rail station, City bus interchange and Canberra Centre / Bunda Street retail precinct.

³ Based on net debt/earnings before interest, taxes, depreciation and amortisation reported by Inghams Group in its full year financial results presentation slides released on 22 August 2018.

⁴ Based on Inghams Group's full year financial results released on 22 August 2018.

⁵ The NPI yield is derived using the estimated net property income and before deduction of outstanding incentives which are reimbursed by the Vendor.

⁶ Based on the Net Property Income upon factoring in the built-in escalation in October 2018.

⁷ As at 30 June 2018 (including Solaris underlying tenants).

⁸ NABERS stands for the National Australian Built Environment Rating System.

Inghams Burton, Adelaide

Inghams Burton is a substantial production and processing facility which includes high clearance and cold room, modern office and workshop facilities and expansive hardstand areas. The purpose-built facility is used as a slaughter house for processing of poultry, cold storage, distribution, administration and other associated uses. Inghams Group Limited (“**Inghams**”) occupies the facility on a triple net lease expiring on 28 October 2034 and five further 10-year option periods. The total gross lettable area of the building is 21,424sqm with a WALE of 16.1 years.

The property is approximately 20 kilometres north of the Adelaide CBD, fronting Port Wakefield Road. It is also accessible to the Adelaide Airport and Port of Adelaide via the National Highway 1.

The table below sets out a summary of selected information on the Proposed Acquisitions:

Property	Purchase Consideration (A\$ million)	Land Tenure	Gross Lettable Area (sqm)	Occupancy Rate	Tenants	WALE ⁹ (years)
14 Mort Street	55.00 ¹⁰	Crown Leasehold ¹¹ Expiring on 10 August 2079	9,384	100%	Commonwealth Government of Australia	6.5
Inghams Burton	61.25	Freehold	21,424	100%	(i) Inghams Enterprises (ii) Telstra	16.1

⁹ As at 30 June 2018.

¹⁰ Before deduction of outstanding incentives reimbursed by the Vendor.

¹¹ If neither the state nor the federal government needs the land for a public purpose, it can request for an additional term not exceeding 99 years. Compensation under just terms will be made if the request is not granted.

About Soilbuild Business Space REIT

Soilbuild Business Space REIT is a Singapore real estate investment trust ("REIT") established with the principal investment strategy of investing on a long-term basis, directly or indirectly, in a portfolio of income-producing real estate used primarily for business space purposes in Singapore and Australia as well as real estate-related assets. Soilbuild REIT was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 16 August 2013 ("Listing Date") and has a portfolio of business parks and industrial properties used by industries engaging in manufacturing, engineering, logistic, warehousing, electronics, marine, oil & gas, research and development and value-added knowledge-based activities. Its portfolio of properties includes Solaris, a landmark development in one-north, Eightrium @ Changi Business Park, Tuas Connection, West BizCentral and Bukit Batok Connection. Soilbuild REIT's portfolio has a net lettable area of 3.69 million square feet and an occupancy rate of 87.6% as at 30 June 2018.

For media queries, please contact:
Mr Lawrence Ang
Senior Executive, Investor Relations
DID: +65 6415 7351
Email: lawrence.ang@soilbuild.com
Website: www.soilbuildreit.com

IMPORTANT NOTICE

The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by the Manager, DBS Trustee Limited (as trustee of Soilbuild REIT) or any of their respective affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of the Manager is not indicative of the future performance of the Manager.

This announcement is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of United States securities laws or the laws of any other jurisdiction.