

Redevelopment of 2 Pioneer Sector 1

19 March 2020

Agenda

03 Details of the
Redevelopment

08 Benefits of the
Redevelopment

10 Singapore Warehouse
Market Outlook

12 Proposed Appointment of
the Design & Build
Contractor

Details of the Redevelopment



2 Pioneer Sector 1 – Redevelopment

Before



After



	Pre-Redevelopment	Post-Redevelopment	
Property Description	Seven blocks of office, laboratory, warehouse and production facilities and associated structures	Ramp-up warehouse facility with open yard space	
Valuation	S\$48.3 million ⁽¹⁾	S\$113.0 million ⁽²⁾	S\$142.0 million ⁽²⁾
Plot Ratio	0.55	1.00	1.32 ⁽³⁾
GFA (sqm)	29,020	53,190	70,210
Open yard space (sqm)	-	11,250	11,250

⁽¹⁾ Based on Colliers' valuation dated 31 December 2019. The carrying value including right-of-use assets is S\$59.0 million.

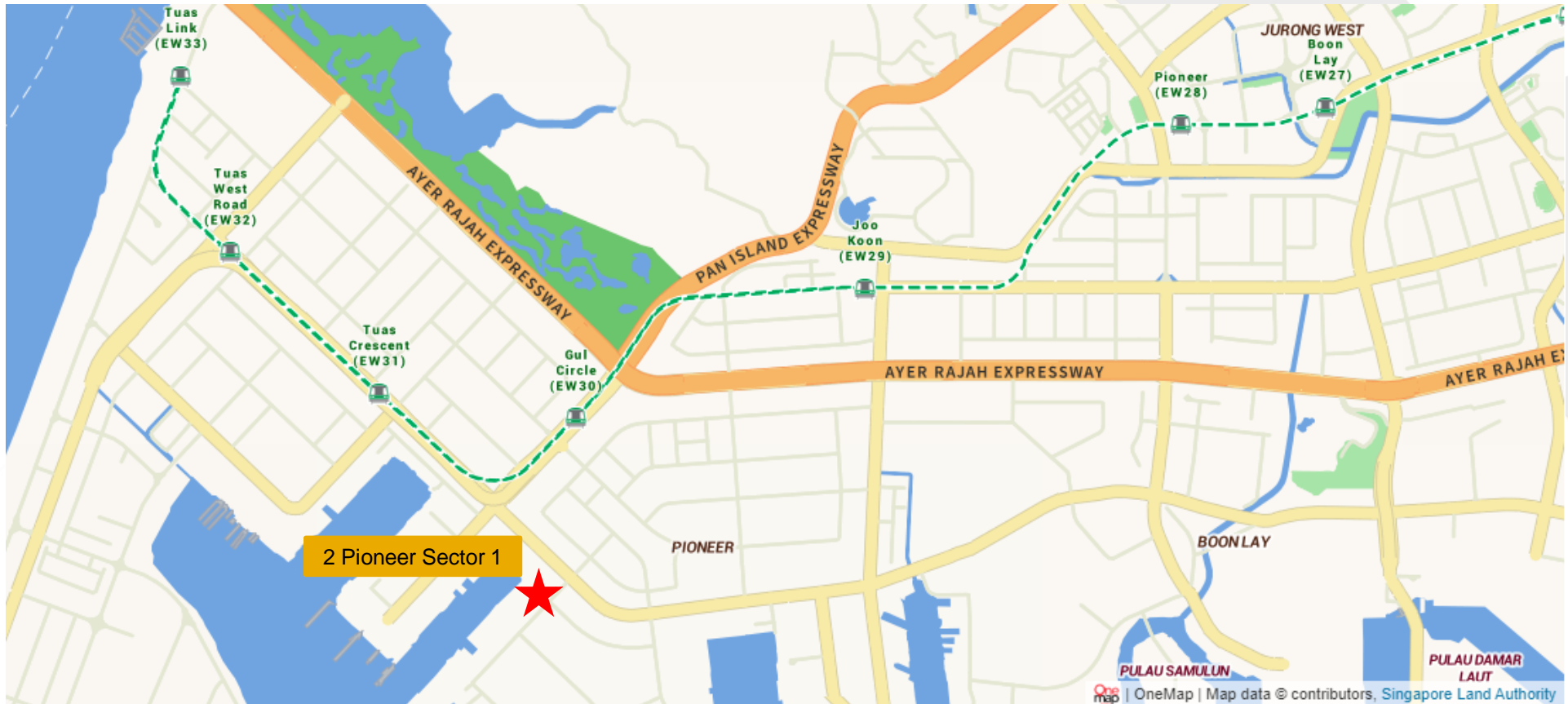
⁽²⁾ Based on Savills' valuation of the asset (post-redevelopment) as at 6 March 2020.

⁽³⁾ Subject to JTC and the relevant authorities' approval to increase the plot ratio to 1.32.

2 Pioneer Sector 1 – Redevelopment



2 Pioneer Sector 1 – Location



The Property holds a prominent frontage at Pioneer Road and is a short drive to the upcoming Tuas Port which is slated to be the world's largest fully automated terminal when completed in 2040.

The site is accessible to several major expressways including the Ayer Rajah Expressway and Pan Island Expressway and is strategically located at the gateway of Jurong Island and Malaysia via the Tuas Link. Connectivity has also been enhanced with the Tuas West Extension. Four Mass Rapid Transit stations that make up the Tuas West Extension were opened in 2017.

Summary of Redevelopment – Financials

2 Pioneer Sector 1 Redevelopment Plan

Site Area (sqm)	53,189.70	53,189.70
Plot Ratio	1.00	1.32 ⁽¹⁾
Proposed GFA (sqm)	53,190	70,210
Proposed NLA (sqm)	50,783	67,715
Open yard space (sqm)	11,250	11,250
Construction Cost	S\$75.8 million	S\$78.2 million
Total Development Costs ⁽²⁾	S\$81.8 million	S\$91.1 million
Proposed Design & Build Contractor	Soil-Build Pte. Ltd. (“SBPL”) ⁽³⁾	
Expected Commencement	2Q 2020	
Construction Period	14 months	16 months
Target Completion	3Q 2021	4Q 2021

Method of Financing

Plot Ratio	1.00	1.32
Aggregate Leverage (based on 100% debt)	42.2%	42.0% ⁽⁴⁾

⁽¹⁾ Subject to JTC and the relevant authorities' approval to increase the plot ratio to 1.32.

⁽²⁾ Total development costs means the total of all costs incurred for the redevelopment which include items such as construction cost, consultant fees, development management fees, land rent and property tax and interest expenses.

⁽³⁾ Subject to Unitholders' approval at an Extraordinary General Meeting.

⁽⁴⁾ Lower projected aggregate leverage for plot ratio 1.32 as compared to plot ratio 1.00 as the effect of valuation uplift outweighs the increase in borrowings.

Benefits of the Redevelopment



Benefits of the Redevelopment

Unlocks Value



- Appraised value of the asset is expected to increase to S\$113.0 million ⁽¹⁾ (based on plot ratio 1.00) and S\$142.0 million ⁽¹⁾ (based on plot ratio 1.32).

Enhances Existing Asset



- Transforms the asset into a high-quality ramp-up warehouse with open yard space designed for the future
- Maximizes the asset's plot ratio and doubles the existing GFA

Strengthens Portfolio



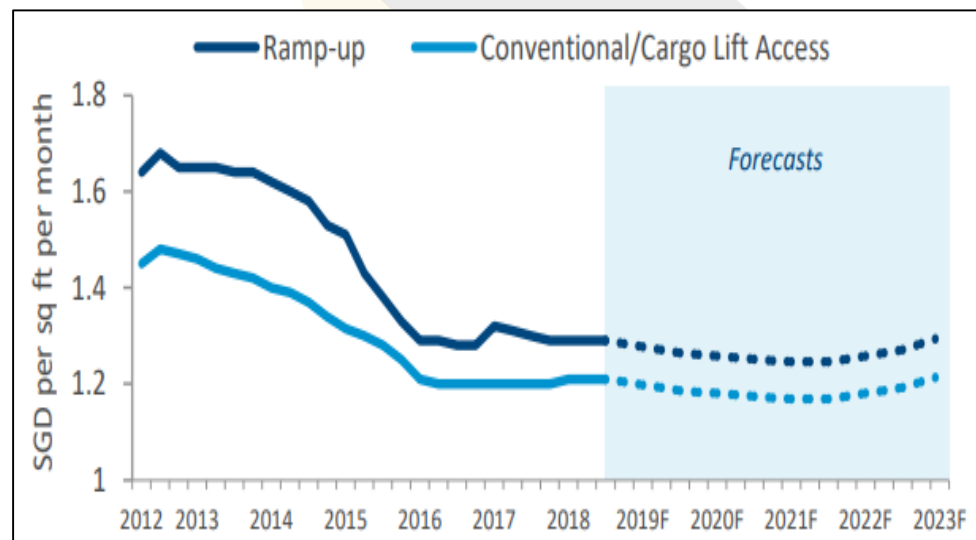
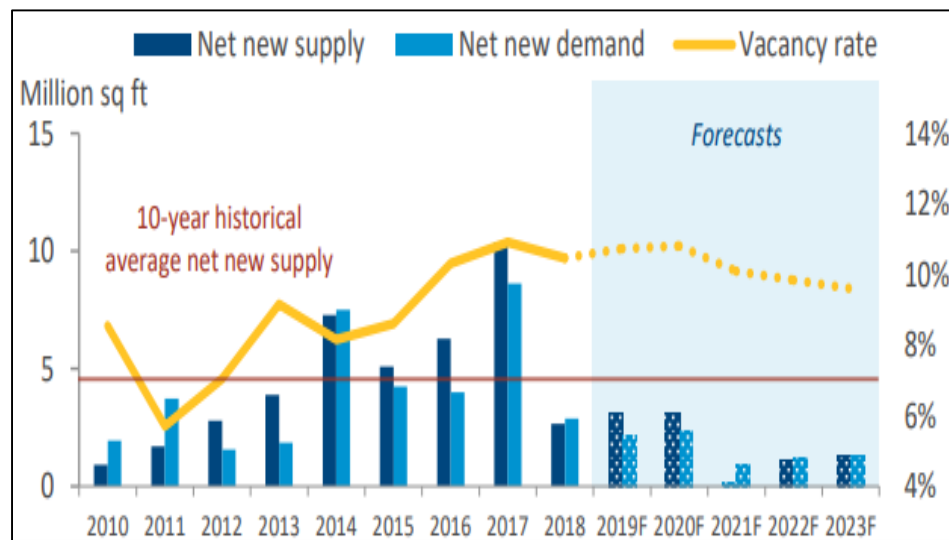
- Repositions Soilbuild REIT's portfolio for long-term growth
- In line with the Manager's investment strategy of improving portfolio value through selective enhancement of its existing assets

⁽¹⁾ Based on Savills' valuation of the asset (post-redevelopment) as at 6 March 2020.

Singapore Warehouse Market Outlook



Singapore Warehouse Market Outlook



- ❖ Based on Colliers Research, the warehouse supply in Singapore is expected to ease, with annual expansion averaging 1.5% of warehouse total stock over 2019 – 2023, versus 7.6% for the previous four years over 2014 – 2018. With new supply tapering off, vacancy is expected to stabilise at 10.8% in 2020.
- ❖ Given the economic slowdown, logistics rent is expected to remain soft, declining marginally by 1.5% and 1.0% year-on-year in 2020 and 2021 respectively, before recovering after 2022 as the overall industrial sector bottoms out.
- ❖ Given the relatively flat rental trend in the next five years, the overall yields are expected to remain largely stable.

Proposed Appointment of the Design & Build Contractor



Interested Person Transaction & EGM

- ❖ Following a process to obtain quotes from several contractors, the consultant quantity surveyor for the exercise has recommended appointing Soil-Build Pte. Ltd (“**SBPL**”) as the D&B contractor (“**D&B Contractor**”).
- ❖ The Manager believes that the appointment of SBPL as the D&B Contractor (“**Proposed Appointment**”) is beneficial for Unitholders for the following reasons:
 - i. Highest scoring in overall tender evaluation
 - ii. Shortest contract period
 - iii. Most favourable progressive payment terms
 - iv. Cost-saving value-engineering options resulting in lowest construction cost achieved during the tender exercise
- ❖ SBPL is an associate of the controlling shareholder of the Manager, and the Proposed Appointment will constitute an “interested person transaction”, in respect of which the approval of Unitholders is required.
- ❖ The Manager has appointed Provenance Capital Pte. Ltd. as the IFA to advise the independent directors of the Manager, the audit and risk committee of the Manager and the Trustee in relation to the Proposed Appointment.
- ❖ An extraordinary general meeting will be held on Friday, 24 April 2020 at 2.30 p.m. at Fairmont Singapore, 80 Bras Basah Road, Level 4 Raffles City Convention Centre, Singapore 189560, Atrium Ballroom, for the purpose of considering and, if thought fit, passing with or without modification, the Proposed Appointment.

THANK YOU

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