

EXTRAORDINARY GENERAL MEETING

25 June 2020



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The past performance of Soilbuild REIT is not indicative of the future performance of Soilbuild REIT. Similarly, the past performance of SB REIT Management Pte. Ltd. (“Manager”) is not indicative of the future performance of the Manager.

Agenda

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Redevelopment of 2 Pioneer Sector 1

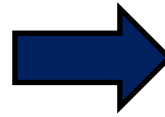


2 Pioneer Sector 1 – Redevelopment

Before



After



	Pre-Redevelopment	Post-Redevelopment	
Property Description	Seven blocks of office, laboratory, warehouse and production facilities and associated structures	Modern 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\$82.1 million	S\$91.4 million
Proposed Design & Build Contractor	Soil-Build Pte. Ltd. (“ SBPL ”) ⁽³⁾	
Expected Commencement	3Q 2020	
Expected Construction Period	14 calendar months	16 calendar months
Expected Target Completion	4Q 2021	4Q 2021/ 1Q 2021

Method of Financing

Plot Ratio	1.00	1.32
Aggregate Leverage (based on 100% debt)	41.3%	41.1% ⁽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. After repayment of S\$30 million loan in 2Q FY2020 with the proceeds from the divestment of 72 Loyang Way.

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 and Maximises Existing Asset



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

Strengthens Portfolio



- Repositions Soilbuild REIT's portfolio for sustainable 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 Logistics Warehouse

Asia Pacific Logistics Trends in 2020



E-commerce

- Additional warehousing space will be required to meet the surge in demand for last mile delivery.
- The structural shift towards omnichannel retailing will also drive new logistics requirements.



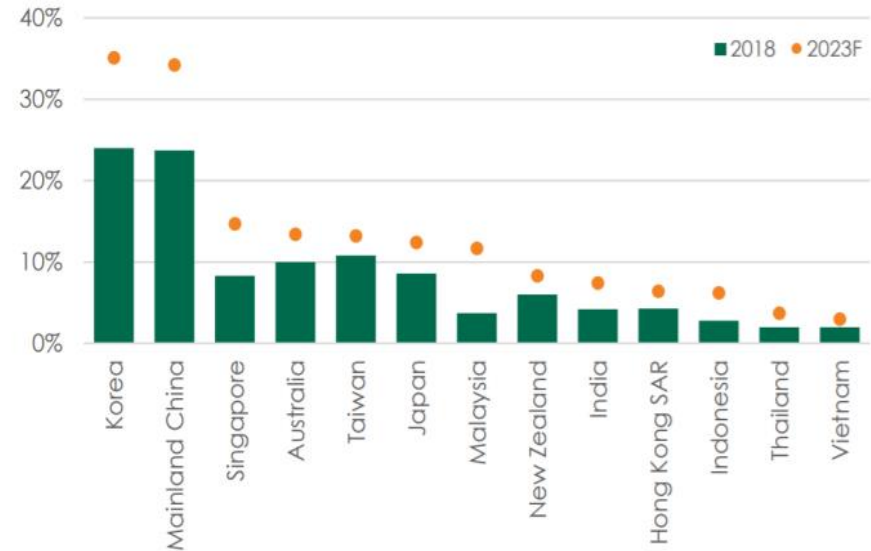
Efficiency

- Rapid growth in e-commerce related parcel volume, demand for quicker delivery, and rising costs require logistics providers to create more efficient distribution systems.
- Automation of logistics operations will be key.

Enhancement

- Landlords must enhance their service offering to meet occupiers' evolving needs. They must transcend the traditional role of space provider and proactively implement new technology.

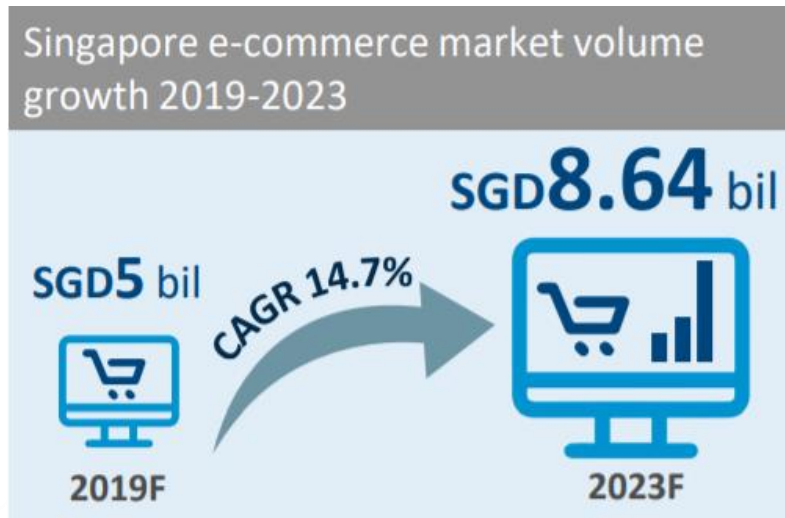
Online Retail Sales as % of Total Retail Sales



- ❖ **Solid logistics market fundamentals:** The World Bank anticipates a 1.9% y-o-y growth in global trade volume in 2020, a rebound from 2019's 1.1% y-o-y.
- ❖ **Modern logistics facilities will remain popular:** Competition for prime industrial and logistics space remains intense.
- ❖ **Higher logistics demand in Singapore in 2020:** Demand is expected to be driven by the third-party logistics, e-commerce and chemicals sectors.

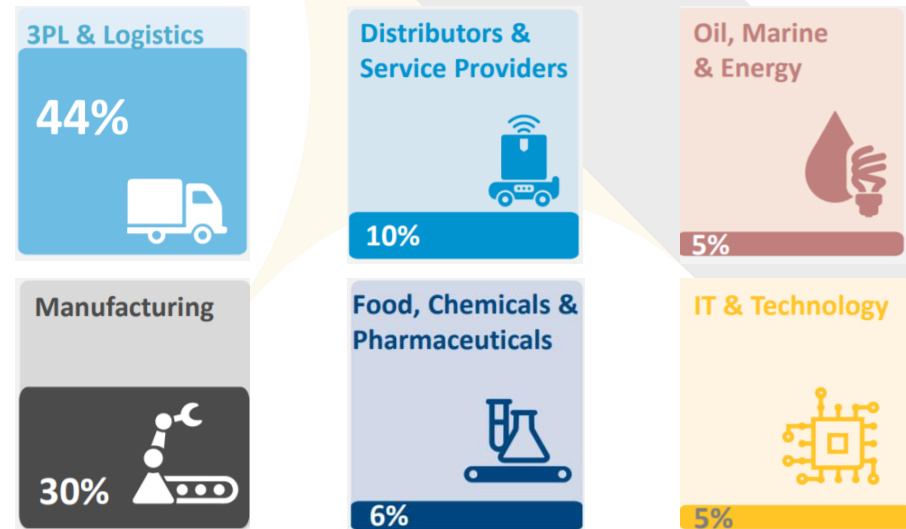
Future of Logistics Real Estate

Growth in e-commerce revenue over 2019-2023



Source: Colliers International, Statista Portal

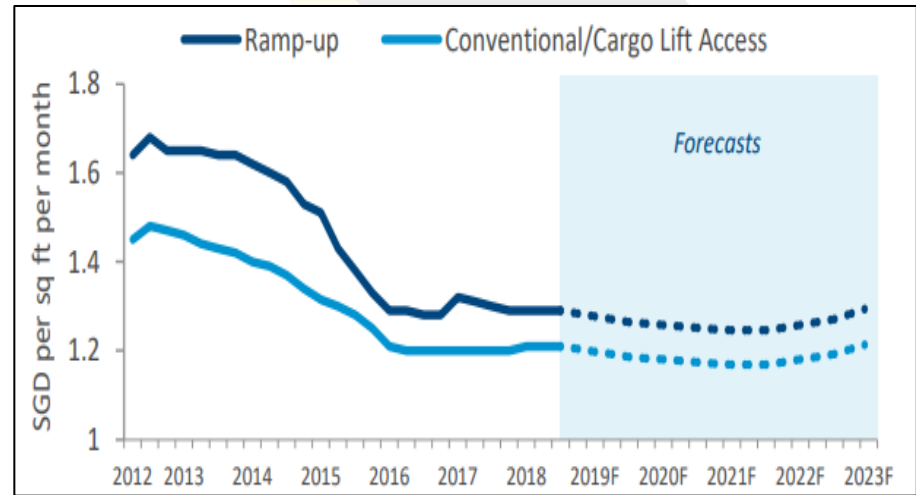
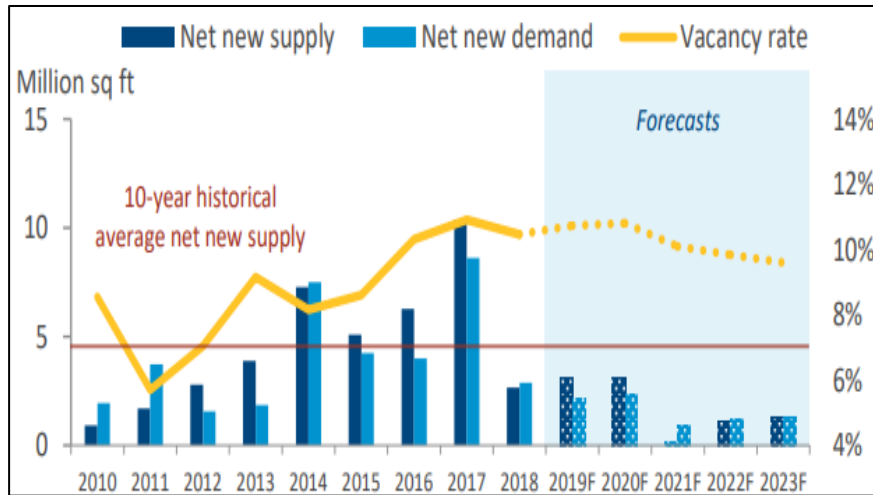
Occupier Sectors of selected warehouse units



Source: Colliers International, HomeBiz

- ❖ **Singapore as a global logistics hub:** Regional trade and growth in e-commerce should channel to stronger warehouse demand in the mid to longer term and benefit Singapore given its logistics hub status.
- ❖ **Growth in e-commerce sales to drive logistics demand:** Singapore is generally regarded as a thriving market for e-commerce and has been the location of choice for e-commerce players to establish their footprint when entering the region.
- ❖ **Resiliency of the Warehouse Segment:** Given the rise in e-commerce driving demand for logistics services, the warehouse segment is expected to be more resilient compared to other industrial asset class.

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 compared to 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 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 capital values and yields are expected to remain largely stable.
- ❖ Continued e-commerce growth and a benign supply pipeline over 2019-2023 should lend support to the logistics property market.

Proposed Appointment of the Design & Build Contractor



Interested Person Transaction

- ❖ 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.

Advice of the Independent Financial Adviser

- ❖ 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 Appointment of SBPL as the Design & Build Contractor.
- ❖ The IFA's opinion is set out below:

“In arriving at our opinion in respect of the IPT, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

- (i) rationale and benefits of the IPT;*
- (ii) salient points noted in the tender exercise;*
- (iii) approval by the Audit & Risk Committee; and*
- (iv) other relevant considerations.*

Overall, having considered the above and the information available to us as at the Latest Practicable Date, we are of the opinion that the IPT is on normal commercial terms and is not prejudicial to the interests of Soilbuild REIT and its Minority Unitholders.”

The Whitewash Resolution



The Whitewash Resolution

- ❖ The Manager and its concert parties currently hold 29.88% of the Units in issue. It is expected that the next issuance of management fees Units (“**Management Fee Units**”) would result in the Manager and its concert parties holding more than 30% of the Units in Issue.
- ❖ **Rule 14 of the Code** – The Manager proposes to seek approval from Independent Unitholders for a waiver of their right to receive a Mandatory Offer from the Manager and parties acting in concert with it for the remaining issued Units not owned or controlled by the Manager and parties acting in concert with it pursuant to Rule 14 of the Code, in the event that the Manager receives such number of Management Fee Units which would result in the Manager and its concert parties holding more than 30% of the Units in Issue.
- ❖ Independent Unitholder should note that by voting for the Whitewash Resolution, they are waiving their rights to receive a Mandatory Offer from the Manager at the highest price paid by the Manager and its concert parties for Units in the past six months preceding the commencement of the offer.

Rational for the Whitewash Resolution

- The Whitewash Resolution is to enable the Manager to receive the Management Fee Units in its own capacity, and the rational for allowing the Manager to do so is as follows:
 - ❖ Without the Whitewash Resolution, and in view of Rule 14.1(a) of the Code, the Manager and parties acting in concert with him will need to make a takeover offer for Soilbuild REIT. It is not the intention of the Manager and parties acting in concert with it to make a Mandatory Offer.
 - ❖ In the event that the Whitewash Resolution is not passed, the Manager and parties acting in concert with it could dispose off some of its existing Units in order to facilitate the issuance of the Management Fee Units to the Manager without triggering the Mandatory Offer.
 - ❖ Receiving Management Fees in Units demonstrates Sponsor's long-term commitment to Soilbuild REIT and further aligns the interests of the Manager with Unitholders.

THANK YOU

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