



(Constituted in the Republic of Singapore)

Pursuant to a trust deed dated 13 December 2012 (as amended)

## PROPOSED ACQUISITION OF 39 SENOKO WAY, SINGAPORE

### 1. INTRODUCTION

- 1.1 SB REIT Management Pte Ltd, as manager of Soilbuild Business Space REIT ("**Soilbuild REIT**", and the manager of Soilbuild REIT, the "**Manager**"), is pleased to announce that DBS Trustee Limited, in its capacity as trustee of Soilbuild REIT (the "**Trustee**") has on 11 March 2014 entered into a conditional sale and purchase agreement ("**SPA**") with Tellus Marine Engineering Pte Ltd (the "**Vendor**") in connection with the proposed acquisition of the property known as 39 Senoko Way, Singapore 758052 (the "**Property**") together with i) the building erected on the Property; and ii) the mechanical and electrical equipment located in the Property (the "**Proposed Acquisition**"). On completion of the Proposed Acquisition ("**Completion**"), the Trustee will enter into a lease agreement ("**Lease Agreement**") to which it will lease the Property back to the Vendor (the "**Lease**" and the Proposed Acquisition and Lease together being the "**Proposed Transaction**").
- 1.2 Based on the relative figures calculated on the bases set out in Rule 1006 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), the Acquisition is a non-discloseable transaction for the purposes of Chapter 10 of the Listing Manual.

### 2. DETAILS OF THE PROPOSED TRANSACTION

The purchase consideration for the Property is S\$18,000,000 (the "**Consideration**") payable in cash, of which (i) S\$14,582,000 will be paid on completion and (ii) the balance of S\$3,418,000 will be paid upon completion of construction of a new annex to the Property ("**Extension Annex**").

The existing building is a 4-storey industrial building located at Private Lot A14092 forming part of Government Survey Lots 2360 and 2823 of Mukim 13, Sembawang. The Property is sited on a land area of 6,413.10 square meters and is held under a lease issued by JTC Corporation ("**JTC**") for a term of 30 years commencing from 16 February 1994 with a covenant by JTC to grant a further term of 30 years subject to the terms and conditions of the lease.

Pursuant to the Lease Agreement, the Trustee will lease the Property to the Vendor for a term of 10 years commencing from the date of Completion or 10 years from the date of Completion plus the total number of months temporary occupation permit for the Extension Annex is delayed; which shall be a date no later than 9 months from the date of Completion; whichever is the later. On commencement of the lease term, the Vendor shall provide a security deposit equivalent to 18 months' rent which reduces to 12 months' rent after the end of 5<sup>th</sup> year of the lease.

On issuance of temporary occupation permit for the Extension Annex, the Trustee will lease the Extension Annex to the Vendor for a term to coincide with the balance lease term for the Property under the Lease Agreement. On commencement of the extension lease term, the Vendor shall provide a security deposit equivalent of 18 months' rent which reduces to 12 months' rent after the end of the 5<sup>th</sup> year of the extension lease term.

### **3. CONDITIONS PRECEDENT**

The Proposed Transaction is subject to the fulfillment of certain conditions precedent including, but not limited to, the following:

- (a) the Vendor and the Trustee having received the relevant regulatory approvals, including the approvals from head lessor, JTC for the Proposed Transaction;
- (b) the Trustee having received satisfactory results to its due diligence of the Property (including legal and building due diligence);
- (c) the Trustee having received satisfactory replies to legal requisitions; and
- (d) such other consents or approvals as may be required to be obtained by the Trustee or the Vendor from any third party or any relevant authority in relation to the Proposed Acquisition.

### **4. INDEPENDENT VALUATION**

The appraised value of the Property based on a valuation conducted by CBRE Pte. Ltd. as at 7 March 2014 using the capitalization approach, discounted cash flow analysis and direct comparison method was S\$18.30 million. The valuation was commissioned by the Manager.

### **5. PURCHASE CONSIDERATION**

The Consideration in respect of the Proposed Acquisition was arrived at on a willing-buyer and willing-seller basis, taking into consideration the independent valuation conducted in respect of the Property.

### **6. ESTIMATED COST OF THE TRANSACTION**

The estimated total cost of the Proposed Transaction is approximately S\$18.33 million, comprising:

- (a) Consideration of S\$18.0 million;
- (b) Acquisition fee payable to the Manager in respect of the Proposed Acquisition, being 1.0% of the Consideration, which amounts to S\$0.18 million; and
- (c) Estimated professional and other fees and expenses incurred or to be incurred in connection with the Proposed Transaction which amount to approximately S\$0.15 million.

## **7. RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSACTION**

As part of Soilbuild REIT's growth strategy, the Manager believes that the proposed acquisition of the Property on a long leaseback term with annual rental step-ups and an attractive initial NPI yield provides an additional growth driver and complements the organic growth profile of its existing portfolio. Furthermore, the Proposed Transaction provides diversification by way of income contribution, industry segment and property location. The Proposed Transaction is in line with the investment strategy of Soilbuild REIT as the Property will generate a stable stream of income and will be accretive to Soilbuild REIT's distributable income.

## **8. METHOD OF FINANCING AND FINANCING EFFECTS OF THE PROPOSED ACQUISITION**

The Manager believes that Soilbuild REIT has sufficient financial capacity to fund the Proposed Acquisition, which is expected to complete in 2Q FY2014, subject to satisfaction of the conditions precedent and the approval of the relevant authorities. The Manager will make a further announcement when the Proposed Transaction is completed.

## **9. INTERESTS OF THE DIRECTORS AND CONTROLLING UNITHOLDERS**

Based on the information available to the Manager as at the date of this announcement, none of the directors of the Manager has any interest, direct or indirect, in the Proposed Transaction and Soilbuild REIT does not have any controlling Unitholders.

## **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the SPA, Lease Agreement and valuation certificate in respect of the Property may be inspected, by prior appointment, at the registered office of the Manager during normal business hours for a period of three months from the date of this announcement.

## **BY ORDER OF THE BOARD**

SB REIT Management Pte Ltd  
As Manager of Soilbuild Business Space REIT  
(Company Registration No. 201224644N)

Shane Hagan  
Chief Executive Officer  
Dated: 14 March 2014

## **About Soilbuild Business Space REIT**

Soilbuild REIT is a Singapore-focused real estate investment trust (“REIT”) with 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 and West Park BizCentral. Soilbuild REIT’s portfolio had a net lettable area of 2,955,338 square feet and an occupancy rate of 99.9% as at 31 December 2013.

### **For media queries, please contact:**

Mr. Shane Hagan  
Chief Executive Officer  
DID: +65 6415 5980  
Email: [shane.hagan@soilbuild.com](mailto:shane.hagan@soilbuild.com)  
Website: [www.soilbuildreit.com](http://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 Singapore Exchange Securities Trading Limited (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.

Citigroup Global Markets Singapore Pte. Ltd., DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited were the joint global coordinators, issue managers, bookrunners & underwriters of the initial public offering of Soilbuild Business Space REIT.
---