



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

For Immediate Release

SOILBUILD REIT'S THIRD ACQUISITION IN AUSTRALIA

Unless otherwise stated, the S\$ equivalent of the A\$ figures in this announcement have been arrived at based on illustrative assumed exchange rate of A\$1:00:S\$0.95.

Singapore, 21 August 2019 - SB REIT Management Pte. Ltd. (the “**Manager**”), the Manager of Soilbuild Business Space Real Estate Investment Trust (“**Soilbuild REIT**”), is pleased to announce the proposed acquisition of a multi-tenanted freehold Grade A office located at 25 Grenfell Street, Adelaide, Australia (“**25 Grenfell Street**” or the “**Property**”) for a purchase price of A\$134.22 million¹ (S\$127.51 million) (the “**Proposed Acquisition**”). The Proposed Acquisition is expected to complete in the fourth quarter of 2019.

Mr Roy Teo, Chief Executive Officer of the Manager said, “We are delighted to expand our footprint in Australia with the acquisition of 25 Grenfell Street, an iconic Grade A freehold office building situated in the heart of Adelaide’s Central Business District (“**CBD**”). Underpinned by a strong cashflow of high-quality office tenants, the acquisition will further enhance the quality of Soilbuild REIT’s portfolio and provide income and geographical diversification.”

Details of the Proposed Acquisition

The Trust Company (Australia) Limited, as trustee of Soilbuild Australia Sub-Trust No.3 (“**Sub Trustee**”) has entered into an acquisition contract (the “**Sale and Purchase Agreement**”) with 25 Grenfell Street Adelaide Real Estate Netherlands B.V. (the “**Vendor**”) to acquire the Property.

The total cost of the Proposed Acquisition is estimated to be approximately A\$142.01 million (S\$134.91 million), comprising:

- (i) the purchase consideration of A\$134.22 million¹ (S\$127.51 million);
- (ii) the acquisition fee payable in cash to the Manager of A\$1.34 million (S\$1.28 million);
- (iii) the professional and other fees and expenses in connection with the acquisition of the Property of A\$1.37 million (S\$1.31 million); and
- (iv) the rental incentives payable to an incoming tenant amounting to A\$5.07 million (S\$4.82 million²).

¹ After adjustment of outstanding tenant incentives and rental guarantee of A\$7,224,770 (S\$6,863,531) and A\$633,900 (S\$602,205) respectively. As the rental guarantee is calculated based on market rents, the board of directors of the Manager is of the view that the rental guarantee is on normal commercial terms and is not prejudicial to the interests of Soilbuild REIT and its minority unitholders.

² The rental incentives payable to an incoming tenant will be placed in a trust account on settlement date to be paid to the incoming tenant in accordance with the lease agreement.

Following the Proposed Acquisition, Soilbuild REIT will own 11 properties in Singapore and 3 properties in Australia with the total portfolio asset value of Soilbuild REIT expected to increase from S\$1,266 million³ to S\$1,393 million⁴.

Method of Financing

The Manager intends to fund the Proposed Acquisitions with a combination of:

- (a) loan drawn from debt facilities⁵
- (b) proceeds of the issuance of new Soilbuild REIT units (“**New Units**”) pursuant to a preferential offering⁶ (the “**Preferential Offering**”).

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 For and Key Benefits of The Proposed Acquisition

- **The Proposed Acquisition is in line with Soilbuild REIT’s Investment Strategy**

The Proposed Acquisition is in line with the Manager’s aims to deliver stable 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 and mandate. The Proposed Acquisition is 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.

- **Deepens Soilbuild REIT’s presence in the attractive Australia office market**

Australia has a growing and mature real estate market coupled with resilient economic fundamentals underpinned by positive drivers in its key markets. South Australia, where Adelaide is located in, is currently in the early stages of some of the largest infrastructure investments in the country, with billions of dollars being invested in defence, medical, road networks, technology and renewable energy that is expected to generate significant employment in the long term. Adelaide is the second most liquid CBD office market in Australia between 2000 and 2018 and enjoys vacancy rates of less than 5% in comparable Grade A office towers located in Adelaide’s CBD⁷.

- **Opportunity to acquire a high-quality building in a prime location**

The Proposed Acquisition will add a high-quality asset to Soilbuild REIT’s portfolio, in an attractive market with positive outlook. Positioned ‘front and centre’ in the core of Adelaide’s office precinct, the Property is one of Adelaide’s most prestigious and iconic Grade A office towers. The Property commands a key position at the crossroads of all activities in the CBD with direct access to the business community, Adelaide’s primary retail precinct and major hotel and leisure facilities. The Property has well-designed floor plates with good levels of natural light to upper floors and includes end-of-trip facilities.

³ As at 30 June 2019.

⁴ Including Purchase Consideration of 25 Grenfell Street amounting to A\$134.2 million.

⁵ A cross-currency swap will be entered into to convert a Singapore Dollar denominated loan into Australian Dollar denominated liabilities.

⁶ See announcement dated 21 August 2019 titled “Launch of fully underwritten preferential offering to raise gross proceeds of approximately S\$101.8 million” for further details of the Preferential Offering.

⁷ Source: JLL and KF Research

- **Increases resilience from size and diversification**

The Proposed Acquisition will increase Soilbuild REIT's total portfolio asset value to approximately S\$1,393 million⁸, with the three Australia properties accounting for 16.8% of the enlarged portfolio by asset value. The Proposed Acquisition is expected to benefit Unitholders by improving diversification and reducing the reliance of Soilbuild REIT's income stream on any single property, tenant or trade sector. The Property has a quality tenant base comprising government agencies, commercial service providers and co-working space operators, which improves the overall trade sector diversification of Soilbuild REIT's portfolio. Following the completion of the Proposed Acquisition, the Government of South Australia and international law firm Minter Ellison will be included in Soilbuild REIT's top 10 tenants by gross rental income ("GRI"), where the contribution from the top 10 tenants will decrease from 47.0% to 43.1%.

- **Strengthens Soilbuild REIT's portfolio**

The Property has a weighted average lease expiry ("WALE") of 5.0 years by GRI and is on a freehold tenure. Following the completion of the Proposed Acquisition, Soilbuild REIT's portfolio WALE by GRI will increase from 3.8 years to 3.9 years while the portfolio balance land lease term by valuation will rise from 46.4 years to 51.2⁹ years.

- **Increases portfolio yield**

The Proposed Acquisition is expected to be Net Property Income ("NPI") yield accretive for Soilbuild REIT. In the first year, the Property is expected to generate a NPI yield of approximately 7.67% (before taking into account the transaction costs) and 7.25% (after taking into account the transaction costs). This will lift Soilbuild REIT's portfolio NPI yield from 5.79%¹⁰ to 5.93%. Soilbuild REIT's Australia portfolio NPI yield will also increase from 6.14%¹⁰ to 7.00% following the Proposed Acquisition.

Information On The Property

25 Grenfell Street, Adelaide

25 Grenfell Street is an iconic multi-tenanted freehold Grade A office building centrally located within the core of Adelaide's CBD. The Property has a site area of 1,968 square metres ("sqm") and net lettable area ("NLA") of 24,969 sqm comprising of 22 levels of office floors on top of 2 levels of retail floors together with 30 car park spaces and end-of-trip facilities. The committed occupancy of 25 Grenfell Street is 88.4%¹¹ with a WALE of approximately 5.0 years¹¹ by GRI. Key tenants of the building include the Government of South Australia, law firms Minter Ellison and Lipman Karas and Jones Lang Lasalle.

The Property is located on the southern side of Grenfell Street, east of King William Street and directly opposite the City Cross Arcade which links directly to Rundle Mall, the longest and one of the busiest malls¹² in Australia. The historic Stock Exchange building to the rear of the Property has been long regarded as the centre of the Adelaide core business precinct, surrounded by office towers and close to the Adelaide Town Hall and General Post Office.

⁸ Including Purchase Consideration of 25 Grenfell Street amounting to A\$134.2 million.

⁹ For the calculation of average land lease tenure by valuation, 25 Grenfell Street has been assumed as a 99-year leasehold interest.

¹⁰ As at 30 June 2019.

¹¹ As at 1 November 2019 (being the expected completion date), inclusive of a committed lease which commences in May 2020.

¹² Source: Rundle Mall official website: <https://rundlemall.com/about/about-rundle-mall/>

Completed in 1975 with refurbishments carried out in the 1990s and 2007, the building currently has a 3-star NABERS¹³ Energy Rating.

Summary of Acquisition

Address	25 Grenfell Street, Adelaide
Description	24-storey Grade A multi-tenanted office tower in Adelaide's core CBD
NLA	24,969 sqm
Tenure	Freehold
Purchase Consideration	A\$134.22 million (S\$127.51 million)
Valuation ¹⁴	A\$134.25 million (S\$127.54 million)
WALE (by GRI)	5.0 years ¹⁵
Initial NPI Yield	7.67%
Committed Occupancy	88.4% ¹⁵
Annual Rent Escalation	3.50% - 3.75%
Key Tenants	<ul style="list-style-type: none"> • Government of South Australia • Minter Ellison • Lipman Karas • Jones Lang Lasalle

¹³ NABERS stands for the National Australian Built Environmental Rating System that measures the environmental performance of Australian buildings.

¹⁴ The valuation was carried out by Colliers International Valuation & Advisory Services as at 1 November 2019 (expected completion date). Assumes all outstanding incentives will be borne by the purchaser and rental guarantee will be paid by the Vendor for an incoming tenant.

¹⁵ As at 1 November 2019 (being the expected completion date), inclusive of a committed lease which commences in May 2020.



25 Grenfell Street, Adelaide

About Soilbuild Business Space REIT

Soilbuild Business Space REIT (“**Soilbuild REIT**”) is a Singapore and Australia-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. Major tenants of the REIT include Dyson Operations, Ubisoft Singapore, Nestle Singapore and John Wiley & Sons. Its Singapore portfolio of properties include Solaris, a landmark development in one-north, Eightrium @ Changi Business Park, Tuas Connection, West Park BizCentral and Bukit Batok Connection. Its Australia portfolio includes an office building at 14 Mort Street in Canberra and a poultry production and processing facility known as Inghams Burton in Adelaide. Soilbuild REIT’s portfolio comprises 11 properties in Singapore and 2 properties in Australia with a total net lettable area of 4.03 million square feet and an occupancy rate of 88.6% as at 30 June 2019. Soilbuild REIT was listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 16 August 2013 (“**Listing Date**”).

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