

Proposed Acquisition of 25 Grenfell Street, Adelaide and the Preferential Offering

21 August 2019

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Acquisition Highlights



Transaction Overview

2nd Acquisition in Adelaide, Australia



- ✓ Proposed acquisition of 25 Grenfell Street, a Grade A office tower with strong and stable cash flow and potential upside through asset enhancement initiatives
- ✓ Iconic asset in prime location within Adelaide's commercial core
- ✓ Opportunity to increase exposure to the growing Adelaide office market with attractive and positive outlook
- ✓ Landmark building home to strong key tenants: Government of South Australia, law firms Minter Ellison and Lipman Karas, as well as Jones Lang Lasalle
- ✓ Transaction improves portfolio metrics such as portfolio yield and Soilbuild REIT's WALE (by NLA and by GRI)
- ✓ Proposed acquisition diversifies Soilbuild REIT's income, reducing reliance on any single property, trade sector or tenant

Acquisition Highlights



Grenfell Centre, Adelaide

Address	25 Grenfell Street, Adelaide
Description	24-storey freehold Grade A multi-tenanted office building located in Adelaide's core CBD
Purchase Price	A\$134.22 million (S\$127.51 million) ⁽¹⁾
Total Acquisition Cost	A\$142.01 million (S\$134.91 million) ⁽¹⁾
Valuation⁽²⁾	A\$134.25 million (S\$127.54 million) ⁽¹⁾
Net Lettable Area	24,969 sqm
Committed Occupancy	88.4% ⁽³⁾
WALE (by GRI)	5.0 years ⁽³⁾
Net Property Income	A\$10.3 million ⁽⁴⁾ (S\$9.83 million) ⁽¹⁾
Initial NPI Yield	7.67%
Annual Rent Escalation	3.50% - 3.75%
Key Tenants	<ul style="list-style-type: none">• Government of South Australia• Minter Ellison Lawyers• Lipman Karas Lawyers• Jones Lang Lasalle• Aurecon• Regus

(1) Based on the exchange rate of A\$1:00:S\$0.95, net of outstanding incentives.

(2) The valuation was carried out by Colliers International Valuation & Advisory Services as at 1 November 2019 (expected completion date)

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

25 Grenfell Street, Adelaide



Located in Adelaide's Commercial Core

Grenfell Centre is situated within the Core Business District



25 GRENFELL STREET

Core Business District

Medical & Education Precinct

ROYAL ADELAIDE HOSPITAL
BIO-MED PRECINCT

CONVENTION CENTRE

RAILWAY STATION

PARLIAMENT HOUSE

CASINO

FESTIVAL CENTRE

GOVERNMENT HOUSE

RUNDLE MALL

Retail Precinct

Acquisition Rationale & Benefits



Rationale and Benefits of the Proposed Acquisition

- 1 Deepens Soilbuild REIT's Presence in the Attractive Australia Office Market**
- 2 Opportunity to Acquire a High-Quality Building in Prime Location**
- 3 Increases Resilience from Size and Diversification**
- 4 Strengthens Soilbuild REIT's Portfolio**
- 5 Increases Portfolio Yield**

① Deepens Soilbuild REIT's Presence in the Attractive Australia Office Market

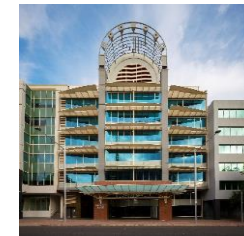
- Further enables Soilbuild REIT to capitalise on the mature Australian real estate market

Proposed Acquisition



25 Grenfell Street, Adelaide

NLA: 268,766 sq ft.
Valuation: S\$127.5m⁽²⁾



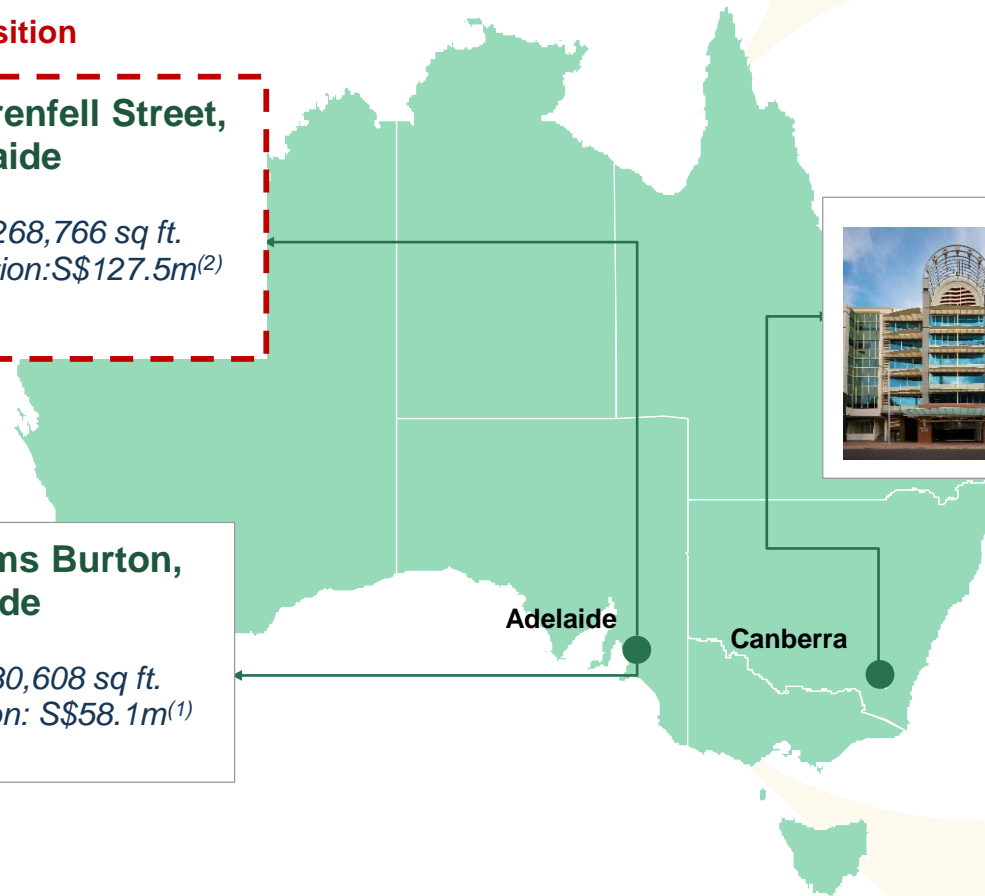
14 Mort Street, Canberra

NLA: 101,004 sq ft.
Valuation: S\$48.4m⁽¹⁾



Inghams Burton, Adelaide

NLA: 230,608 sq ft.
Valuation: S\$58.1m⁽¹⁾



Notes:

(1) Based on Colliers' valuations dated 31 August 2018 and on the exchange rate of A\$1:00:S\$0.95.

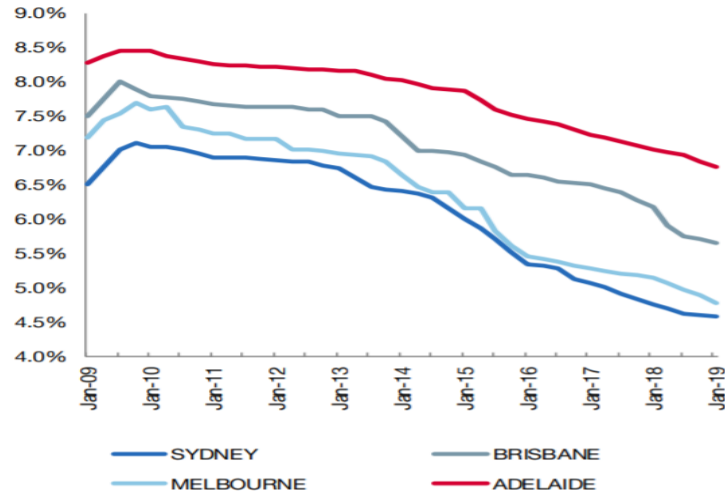
(2) Based on Colliers' valuation as at 1 November 2019 (expected completion date) and on the exchange rate of A\$1:00:S\$0.95. Assumes all outstanding incentives will be borne by the purchaser and rental guarantee will be paid by the Vendor for an incoming tenant.

1

Deepens Soilbuild REIT's Presence in the Attractive Australia Office Market

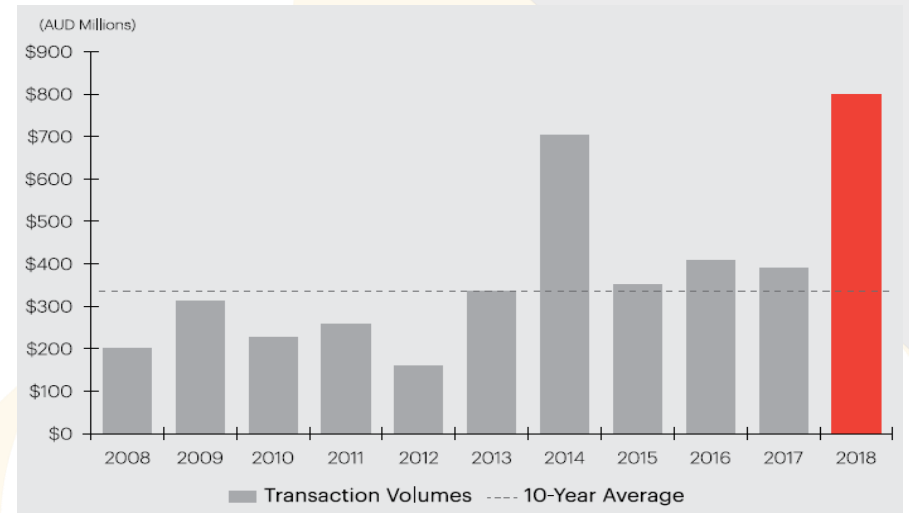


Australia's Prime Core Market Yields



Source: KF Research

Adelaide CBD Annual Transaction Volume



Source: JLL Research

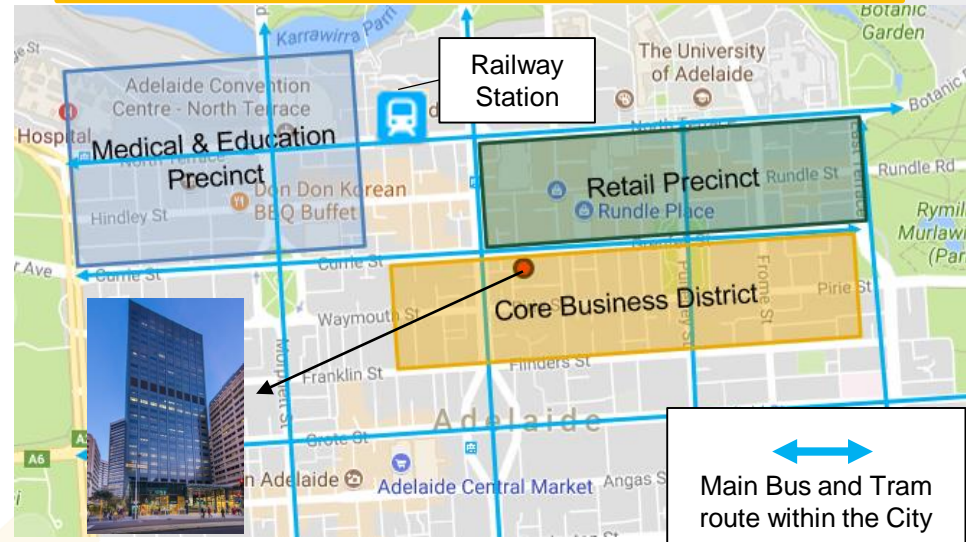
- ✓ Adelaide is the second most liquid CBD Office Market in Australia between 2000 and 2018.
- ✓ Significant infrastructure investments flowing into the Adelaide CBD in defense, medical, technology and renewable energy that is expected to generate significant employment.
- ✓ No stamp duty for all commercial property transactions.
- ✓ Adelaide's 10 Gigabit City Project aims to offer the fastest data speeds in the world which will in turn create employment through the retention, growth and attraction of new businesses.

2 Opportunity to Acquire a High-Quality Building in Prime Location

Opportunity overview

- ✓ Iconic asset in prime location within Adelaide's commercial core
- ✓ Within walking distance from transport nodes and amenities
- ✓ A-Grade office building with secured cash flow and value-adding enhancement potentials through active asset management initiatives
- ✓ Attractive and positive outlook for Adelaide Office Market

Located within core of Adelaide CBD

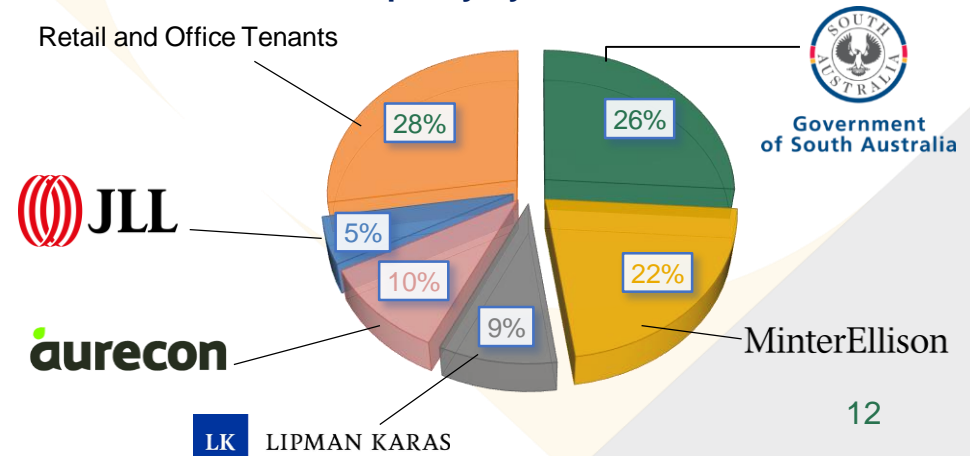


Favourable Property Strengths

- | | |
|-----------------------------|--|
| Building layout | <ul style="list-style-type: none"> ✓ Ground floor retail podium, elevated lobby, plaza level and modern end-of-trip facilities providing secure bicycle storage, showers with towel service and lockers at the lower ground level and basement, easily accessible by ramps or stairs. ✓ Well-designed floor plates with good levels of natural light to upper floors |
| Construction specifications | <ul style="list-style-type: none"> ✓ Steel frame construction with reinforced concrete floors and double-glazed aluminium framed curtain wall facade |

Strong Quality Anchor Tenants

Tenant Occupancy by Gross Rental Income



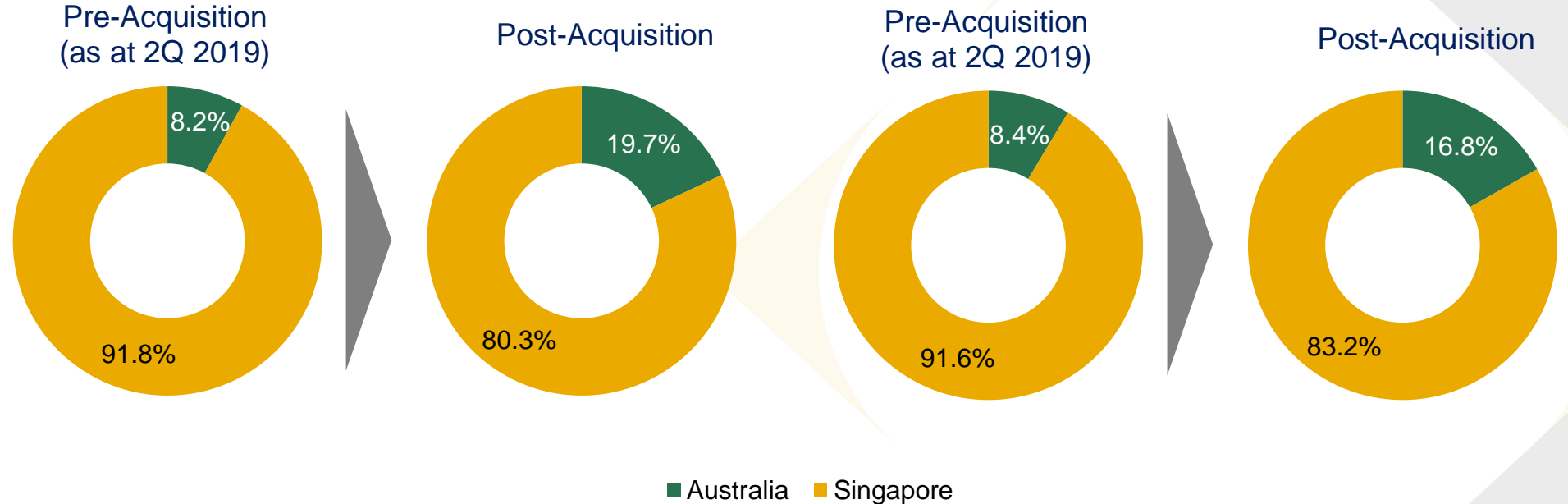
3 Increases Resilience from Size and Diversification

Increase exposure to Australia market

- Increases Soilbuild REIT's exposure to the Australian market from 8.2% to 19.7% by GRI, and 8.4% to 16.8% by asset value

Geographic Breakdown by GRI (%)

Geographic Breakdown by Asset Value (%)

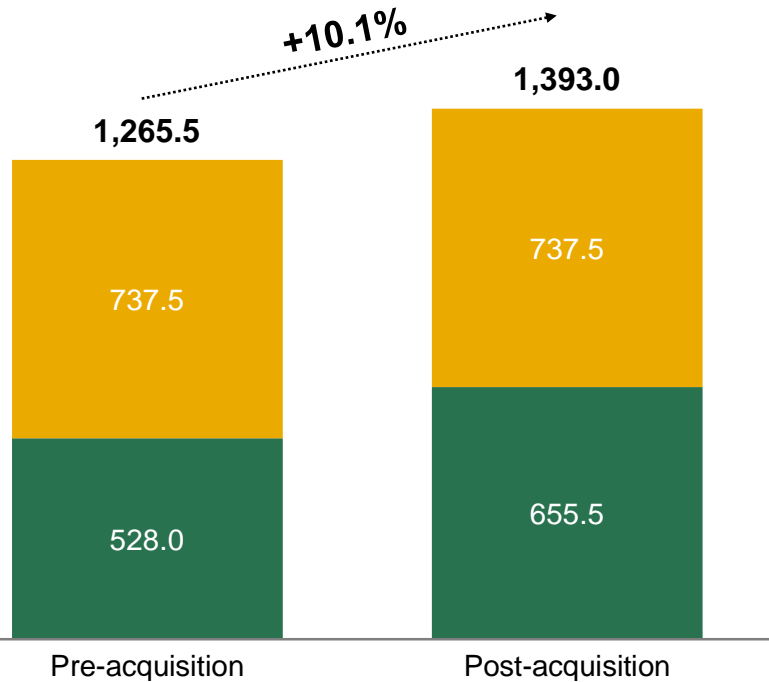


③ Increases Resilience from Size and Diversification

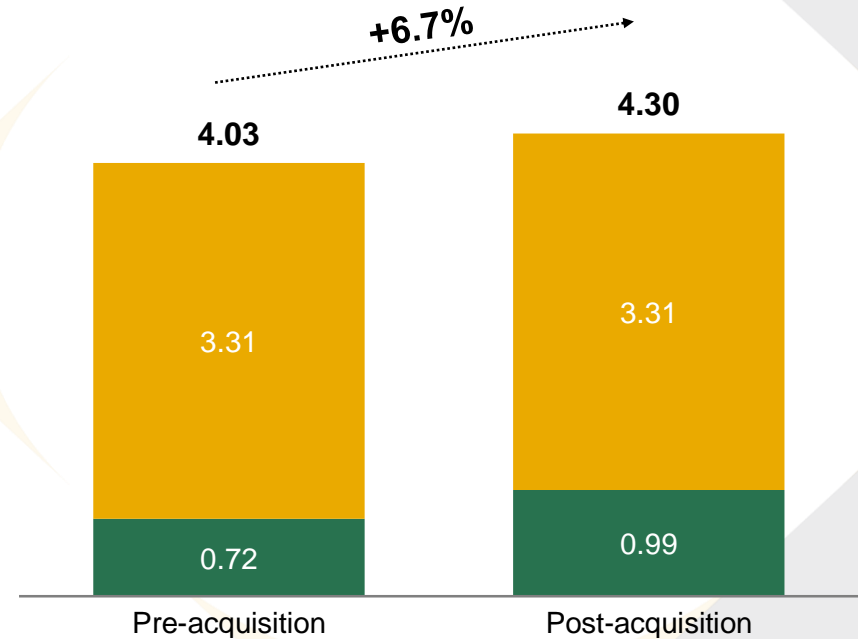
Increases Soilbuild REIT's portfolio asset value and NLA

- Increases the portfolio valuation of Soilbuild REIT by 10.1%, from S\$1,265.5 million to S\$1,393.0 million post-acquisition
- NLA will increase by 6.7% from 4.03 million sq ft to 4.30 million sq ft

Portfolio Asset Value (S\$ millions)



Net Lettable Area (sq ft in millions)



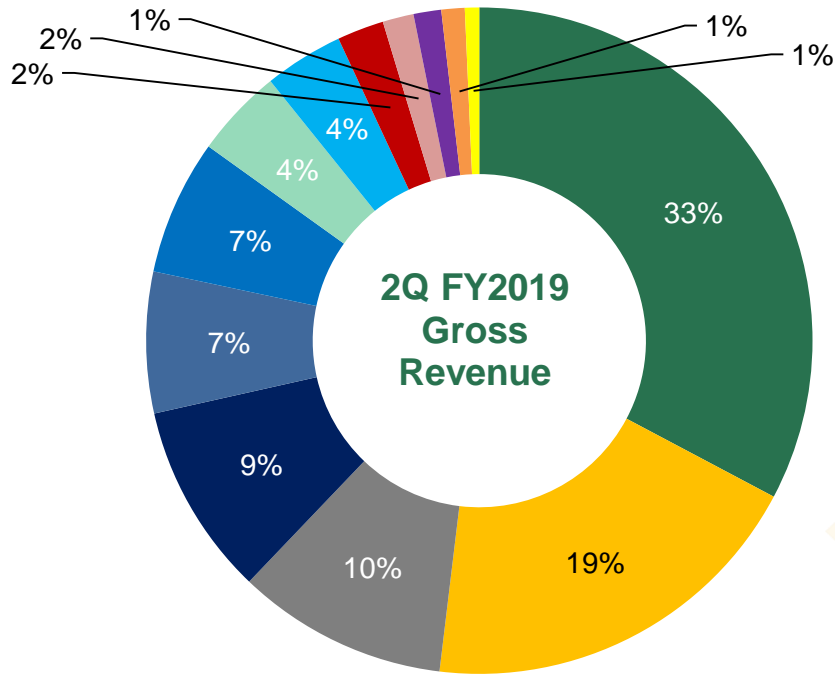
■ Industrial

■ Business Park

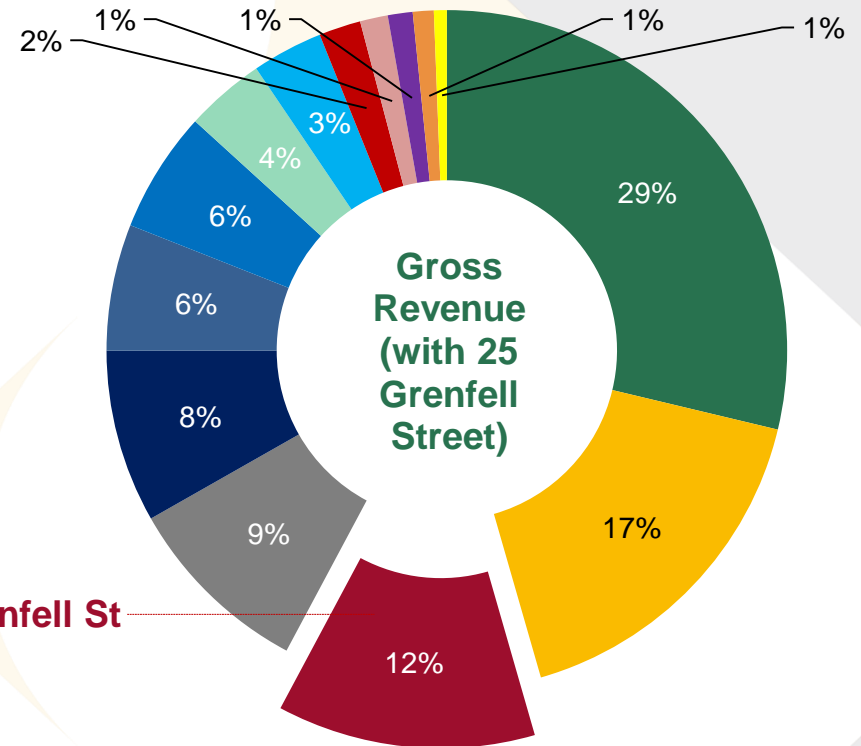
③ Increases Resilience from Size and Diversification

Greater income diversification by property

Pre-Acquisition (as at 2Q 2019)



Post-Acquisition



25 Grenfell St

- Solaris
- West Park BizCentral
- Bukit Batok Connection
- NK Ingredients
- 14 Mort Street
- Speedy-Tech
- COS Printers
- 39 Senoko Way

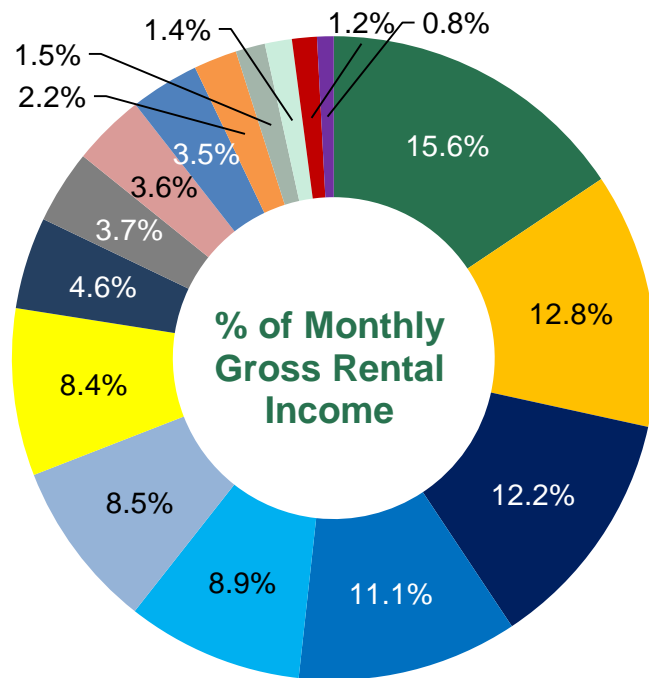
- 25 Grenfell St
- Eightrium @ Changi Business Park
- Inghams Burton
- Tuas Connection
- 72 Loyang Way
- Beng Kuang Marine

③ Increases Resilience from Size and Diversification

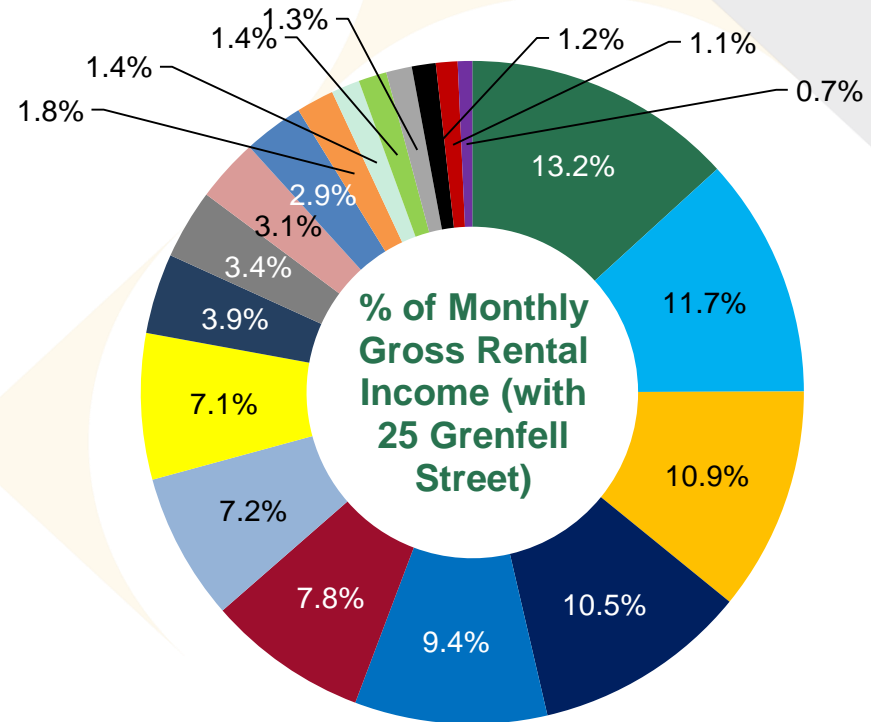
Greater income diversification by trade sector

- Further diversification into the sought after financial, commercial services and co-working space trade sectors which are new to Soilbuild REIT

Pre-Acquisition (as at 2Q 2019)



Post-Acquisition



- Precision Engineering, Electrical and Machinery Products
 - Others
 - Chemicals
 - Food Products & Beverages
 - Supply Chain Management, 3rd Party Logistics, Freight Forwarding
 - Telecommunication & Datacentre
 - Oil & Gas
 - Government Agency
 - Real Estate and Construction
 - Information Technology
 - Commercial Services
 - Fabricated Metal Products
 - Marine Offshore
 - Co-Working Space
 - Pharmaceutical & Biological
- New Trade Sectors** (highlighted in a dashed box): Commercial Services, Co-Working Space, Financial

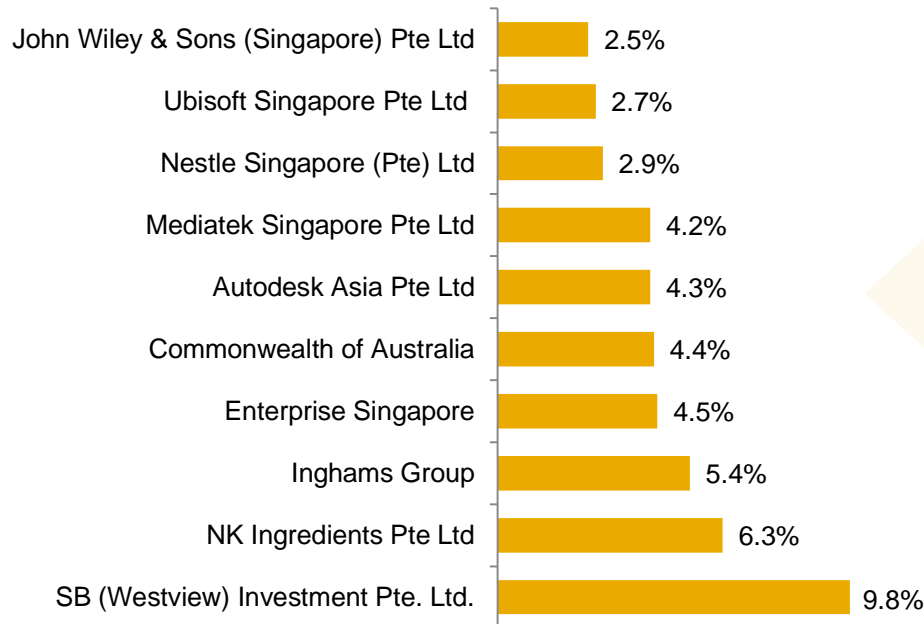
3 Increases Resilience from Size and Diversification

Exposure to Top 10 tenants will decrease from 47.0% to 43.1% of GRI

- Improve quality of portfolio tenant base with inclusion of blue-chip tenants such as the Government of South Australia and Minter Ellison
- Rental income contribution from Top 10 tenants decreases from 47.0% to 43.1%

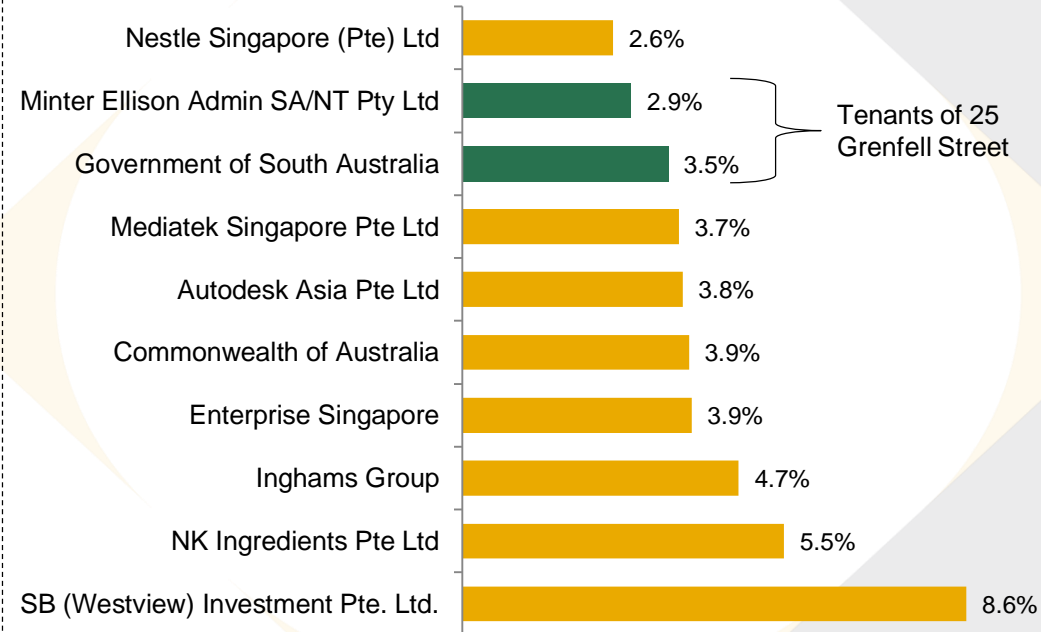
Top 10 tenants by Gross Rental Income (%)

Pre-Acquisition (as at 2Q 2019)



47.0% of monthly gross rental income

Post-Acquisition



43.1% of monthly gross rental income

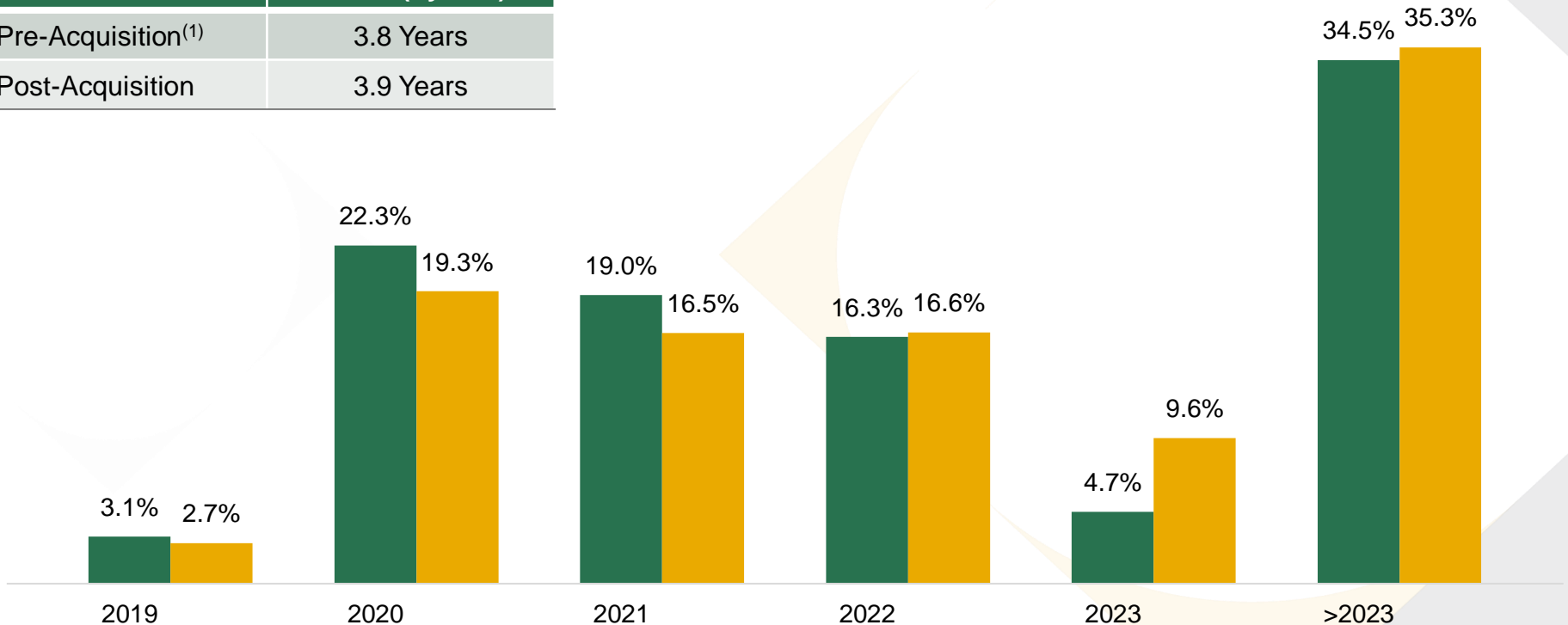
④ Strengthens Soilbuild REIT's Portfolio

Increases WALE (by GRI) from 3.8 Years to 3.9 Years

- 25 Grenfell Street has a healthy WALE of 5.0 years, which extends Soilbuild REIT's portfolio WALE from 3.8 years to 3.9 years
- Provides income stability with potential rental upside from increased occupancy and yearly rental escalation

Portfolio Lease Expiry Profile (by Gross Rental Income) (%)

	WALE (by GRI)
Pre-Acquisition ⁽¹⁾	3.8 Years
Post-Acquisition	3.9 Years



Note:

(1) As at 30 June 2019.

(2) Discrepancies between the figures in the chart are due to rounding.

■ Pre-Acquisition

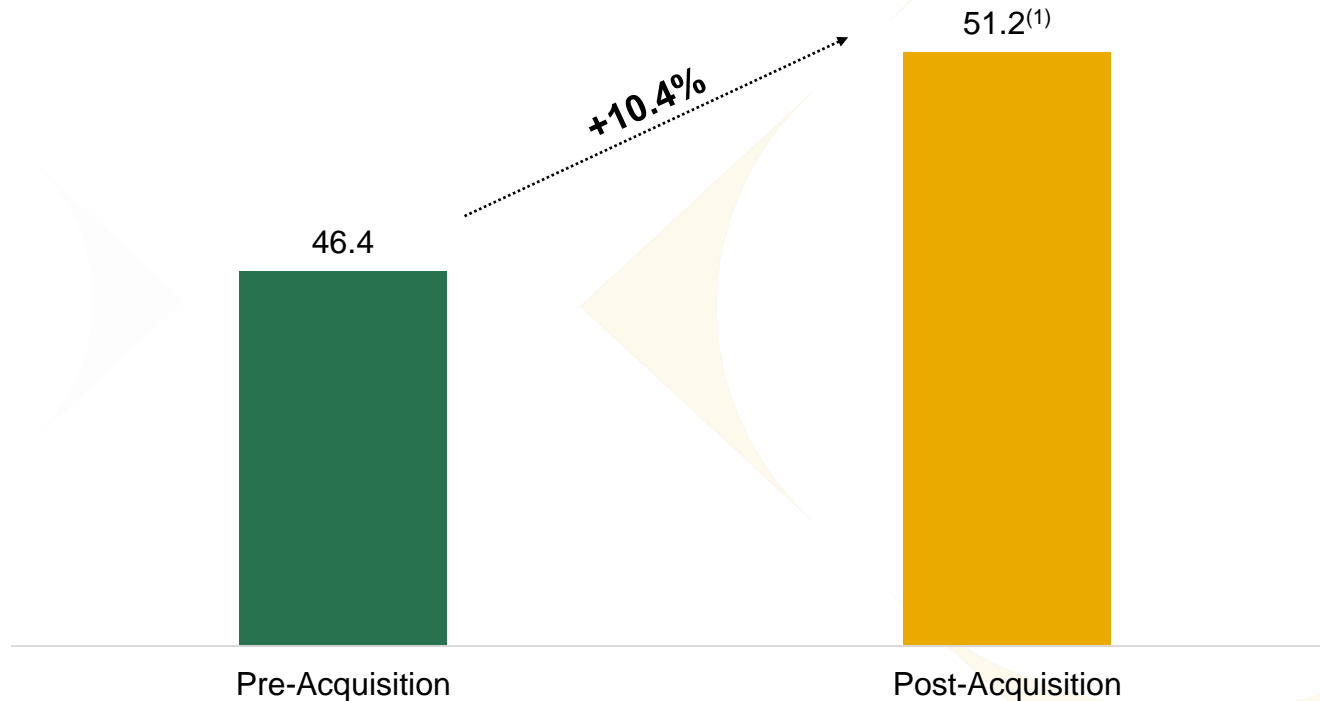
■ Post-Acquisition

④ Strengthens Soilbuild REIT's Portfolio

Balance Land Lease Term rises from 46.4 years to 51.2⁽¹⁾ years

- 25 Grenfell Street is on a freehold tenure compared to 30 years land lease terms for typical industrial properties in Singapore
- Acquisition increases the average land tenure of Soilbuild REIT's portfolio from 46.4 years to 51.2 years⁽¹⁾

Portfolio Balance Land Lease Term (Years)



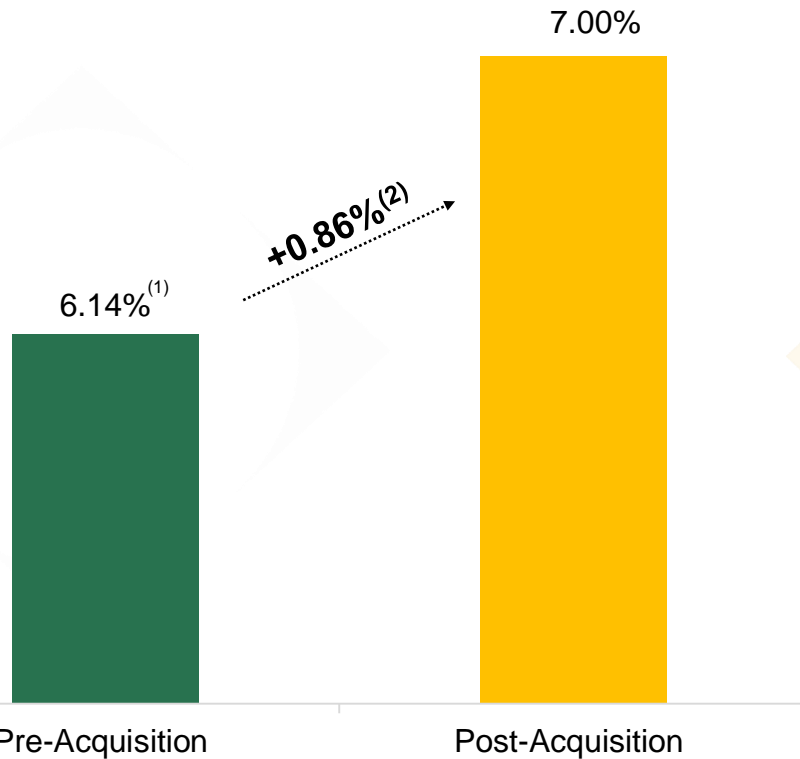
Note:

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

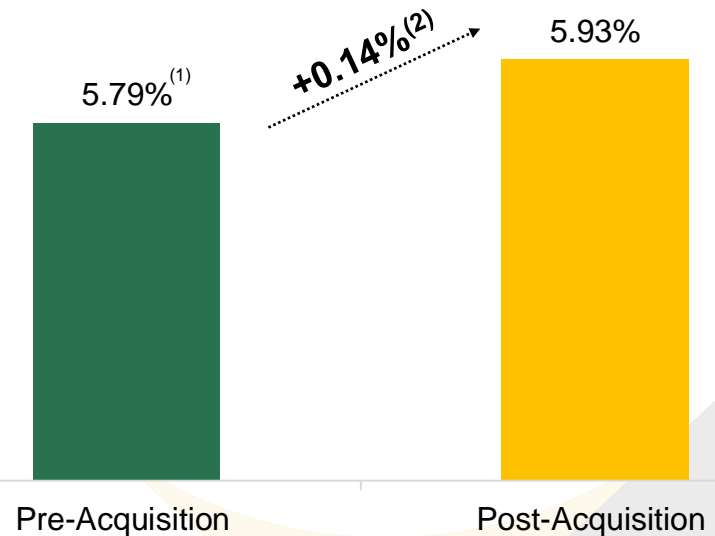
5 Increases Portfolio Yield

- 25 Grenfell Street is expected to generate a first year NPI yield of approximately 7.67%.
- Soilbuild REIT's Australia portfolio yield will increase from 6.14%⁽¹⁾ to 7.00% and overall portfolio yield will increase from 5.79%⁽¹⁾ to 5.93%

Australia Portfolio Yield (%)



Portfolio Yield (%)



Notes:
 (1) As at 30 June 2019.
 (2) In terms of percentage points.

Method of Financing and Pro Forma Impact



Method of Financing

Illustrative Uses

Cost of the Proposed Acquisition

Total Acquisition Cost: A\$142.01 million (S\$134.91 million)

- Total Purchase Consideration: A\$134.22 million (S\$127.51 million)
- Acquisition Fee: A\$1.34 million (S\$1.28 million)
- Rental Incentives⁽¹⁾: A\$5.07 million (S\$4.82 million)
- Other Transaction Costs: A\$1.37 million (S\$1.31 million)

Illustrative Sources

Debt Facilities

- Facility Amount: A\$37.14⁽²⁾ million (S\$35.28⁽²⁾ million)
- A cross currency swap will be entered into to convert a Singapore Dollar denominated loan into Australian Dollar denominated liabilities providing a natural hedge.

Preferential Offering

- Fully underwritten pro-rata and non-renounceable Preferential Offering of 192,135,040 new Units in Soilbuild REIT to raise gross proceeds of approximately S\$101.8 million⁽³⁾
- 18 New Units for every 100 existing units
- Each of Lim Chap Huat, Lim Han Ren, Lim Han Feng and Lim Han Qin has provided an irrevocable undertaking to subscribe for their allotment under the Preferential Offering

Notes:

(1) Rental incentives for an incoming tenant whose lease commences in May 2020.

(2) Including estimated preferential offering issuance cost of S\$2.2 million.

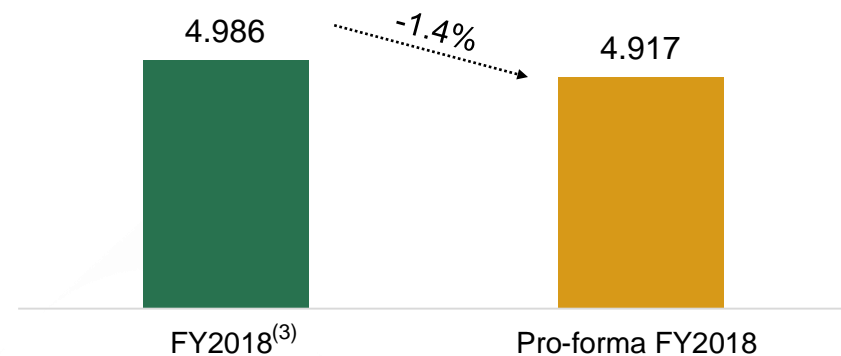
(3) Based on issuance price of S\$0.530 per share.

Pro-forma DPU Impact

FOR ILLUSTRATIVE PURPOSES ONLY

**Scenario A ⁽¹⁾: 60% Equity, 40% Debt
(Maintain similar gearing)**

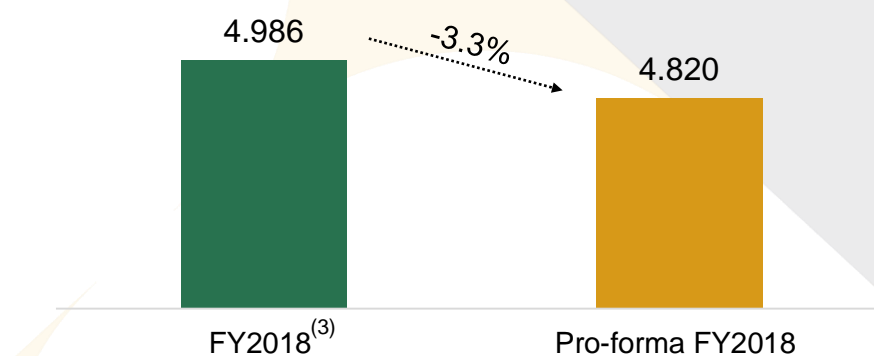
DPU (S\$ Cents)



Gearing increases to 39.7%

**Scenario B ⁽²⁾: 74% Equity, 26% Debt
(Preferential Offering of S\$102 million)**

DPU (S\$ Cents)



Gearing reduced to 38.3%

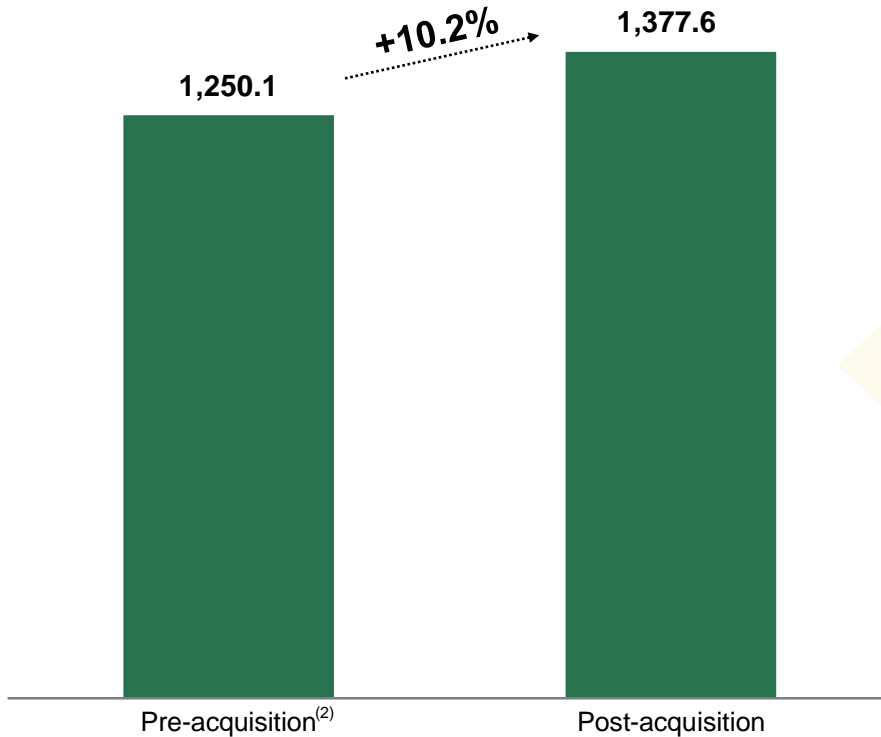
Notes:

- (1) Pro-forma for Scenario A assumes Soilbuild REIT issues 155.22 million New Units at a unit price of S\$0.530 per New Unit, raising gross proceeds of approximately S\$82.3 million.
- (2) Pro-forma for Scenario B assumes Soilbuild REIT issues 192.14 million New Units at a unit price of S\$0.530 per New Unit, raising gross proceeds of approximately S\$101.8 million.
- (3) DPU before the proposed acquisition excludes the one-off receipt of liquidation proceeds of S\$3.25 million from Technics Offshore Engineering Pte. Ltd. Including the one-off receipt of liquidation proceeds, DPU is 5.284 cents.

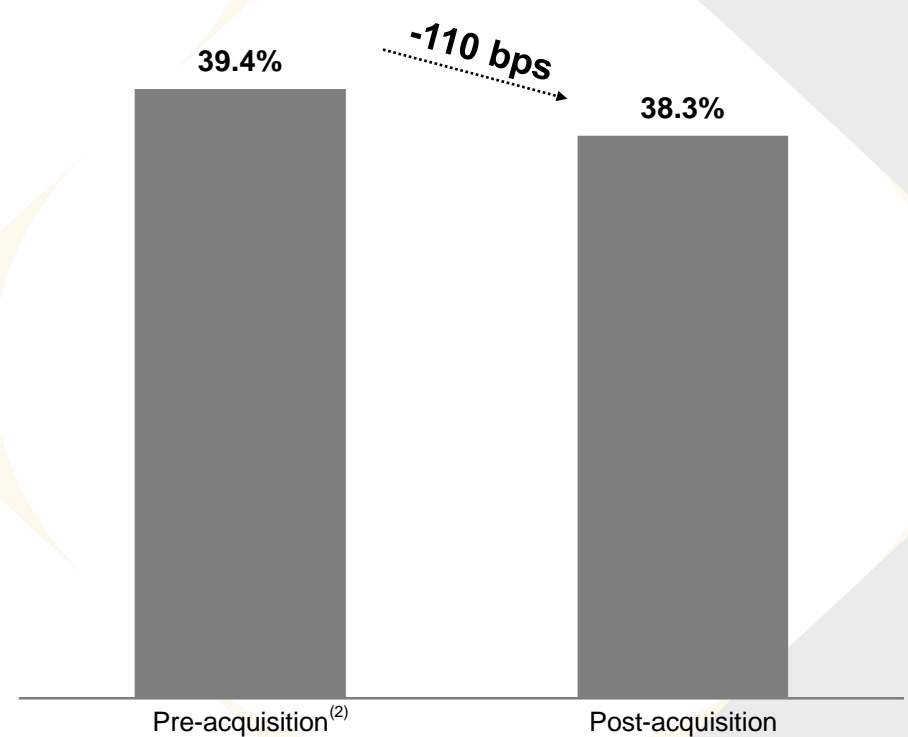
Pro-forma Balance Sheet Impact

Resetting Aggregate Leverage to 38.3%⁽¹⁾ creating debt headroom for future acquisitions

Total assets excluding right-of-use assets
(S\$ in millions)











Aggregate Leverage (%)



Notes:
(1) Acquisition funded by S\$102 million preferential offering and S\$35 million funded by debt including estimated preferential offering issuance cost of S\$2.2 million.
(2) As at 30 June 2019.

Pro-forma Portfolio Impact

AS AT 30 JUNE 2019	BEFORE ACQUISITION ⁽¹⁾	AFTER ACQUISITION
Portfolio NLA (sqft)	4,026,257	4,295,023 
Portfolio Asset Value (in million)	S\$1,266	S\$1,393 
Australia Portfolio Asset Value (%)	8.4%	16.8% 
Portfolio Yield (%)	5.79%	5.93% 
Australia Portfolio Yield (%)	6.14%	7.00% 
Occupancy (%)	88.6%	88.6%
WALE by NLA / GRI (years)	3.5 / 3.8 years	3.6 / 3.9 years 
Balance Land Lease Term by Valuation (years)	46.4 years	51.2 years ⁽²⁾ 
Top 10 Tenants by Income (%)	47.0%	43.1% 

(1) Information as at 30 June 2019.

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

Preferential Offering Timetable



Indicative Timeline for Preferential Offering

Timing	Events
29 August 2019 Thursday at 5.00 pm	Books Closure Date for the Preferential Offering
3 September 2019 Wednesday at 9.00 am 9.00 am for Electronic Applications	Opening Date and Time for the Preferential Offering
11 September 2019 Wednesday at 5.00 pm 9.30 pm for Electronic Applications	Last date and time for acceptance, application (if applicable) and payment for provisional allotments of New Units and Excess New Units
13 September 2019 Friday	Announcement on results of Preferential Offering
19 September 2019 Thursday	Expected date for crediting of New Units
19 September 2019 Thursday at 9.00 am	Expected date and time for commencement of trading of New Units

Please refer to instruction booklet for information on procedures for acceptance, payment and excess application for entitled depositors

THANK YOU

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