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BUSINESS SPACE REIT

# Proposed Acquisition of Bukit Batok Connection

**14 June 2016**














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# Key Highlights of Proposed Acquisition






# Key Highlights of Proposed Acquisition

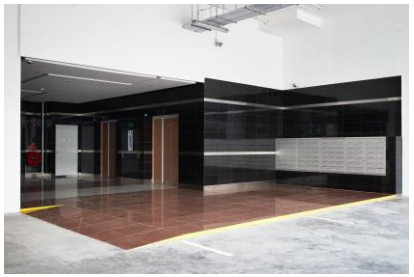














## Bukit Batok Connection

| | |
|---|---|
| **Location** | 2 Bukit Batok Street 23 |
| **Description** | 9 storey ramp-up light industrial development |
| **Land Tenure** | 30 years with effect from 26 November 2012 (balance 26.5 years) |
| **Land Area** | 161,577 sqft |
| **Plot Ratio / Zoning** | 2.5 / Business 1 |
| **Gross Floor Area** | 403,591 sqft |
| **Net Lettable Area** | 377,776 sqft |
| **Car Park Lots** | 306 Car lots<br>190 Lorry lots |

# Key Highlights of Proposed Acquisition

| Total Acquisition Cost | |
|---|---|
| Purchase Consideration | S$96.30 million |
| Acquisition Fee[1] | S$0.96 million |
| Stamp duty, professional fees and other expenses | S$3.23 million |
| **Total Cost** | **S$100.49 million** |

Note:
(1) Acquisition fee is computed based on 1.0% of the property value. As the acquisition will constitute an 'interested party transaction' under Appendix 6 of the Code on Collective Investment Schemes (the 'Property Funds Appendix') issued by the Monetary Authority of Singapore ('MAS'), the acquisition fee units, shall not be sold within one year from the date of issuance in accordance with Paragraph 5.6 of the Property Funds Appendix.

## Market Valuation by Independent Valuer

| Valuer | Valuation (S$ m) | Capital value GFA (S$ psf) |
|---|---|---|
| Knight Frank Pte Ltd | 96.6 | 239.4 |
| CBRE Pte Ltd | 96.0 | 237.9 |
| **Average** | **96.3** | **238.6** |

# Key Highlights of Proposed Acquisition

## Master Lease Details

| | |
|---|---|
| **Master Lessee** | SB (Westview) Investment Pte Ltd |
| **Master Lease Tenure** | 7 Years |
| **Initial Annual Rental** | S$8.0 million per annum |
| **Rent Structure** | Double-net<br>Lessee shall be responsible for: (i) property tax and (ii) day-to-day maintenance and upkeep of property and insurance |
| **Annual Rental Escalation** | Up to 2.0% annually |









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# Rationale and Benefits of the Proposed Acquisition






# Rationale and Benefits of the Proposed Acquisition

1. In-line with Soilbuild REIT's investment strategy
2. Competitive strengths of the Property
3. Revenue diversification for Soilbuild REIT
4. Increases distribution income to Unitholders
5. Increase in portfolio size
6. Rental stability from seven years Master Lease arrangement



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# In-line with Soilbuild REIT's investment strategy

**1 Acquisition of ROFR Properties**

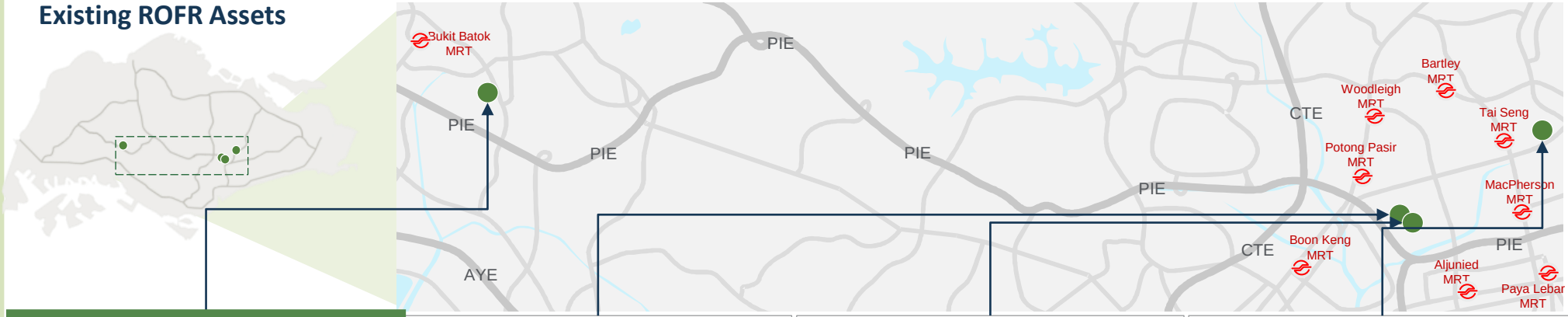
- Bukit Batok Connection is one of the 4 industrial properties under the ROFR pipeline.
- ROFR pipeline to continue growing as the Sponsor undertakes new development of business space properties

+

**2 Acquisition / Development of Business Space Properties**

- Actively seeks to undertake developments[(1)] that will enhance the value of Soilbuild REIT
- Ability to leverage on the Sponsor's experience and expertise in designing and executing of construction projects
- Ability to capitalize on the Sponsor's extensive network to source 3rd party acquisition opportunities

## Existing ROFR Assets






**Bukit Batok Connection**
*9-storey light industrial ramp-up building (Proposed Acquisition)*

*GFA: 403,591 sq ft*



**Waterfront**
*5-storey light industrial building (target redevelopment in 2016)*

*Max GFA: 326,000 sq ft*



**Waterview**
*7-storey light industrial building and a single-storey amenity (target redevelopment in 2016)*

*Max GFA: 575,000 sq ft*



**iPark**
*3 blocks of 7-storey flatted factory and a single-storey amenity centre (target redevelopment in 2018)*

*Max GFA: 1,031,000 sq ft*

Notes:
(1) Subject to the limit imposed by the Property Funds Appendix.



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# Competitive strengths of the Property

## Strategic location and good connectivity

- ✓ Surrounded by mix of residential, industrial and retail developments
- ✓ Bukit Batok Central and West Mall offers wide range of retail and F&B amenities
- ✓ Close proximity to transport nodes such as Bukit Batok MRT
- ✓ Well served by major expressways such as PIE and AYE

## High property specifications

| | |
|---|---|
| Unit sizes | 2,000 sq ft – 8,000 sq ft |
| Floor to ceiling height | 6.0 metres |
| Heavy floor loading | 15 kN/$m^2$ |
| Ramp up facility | 20 footer truck access |

## Large pool of residents

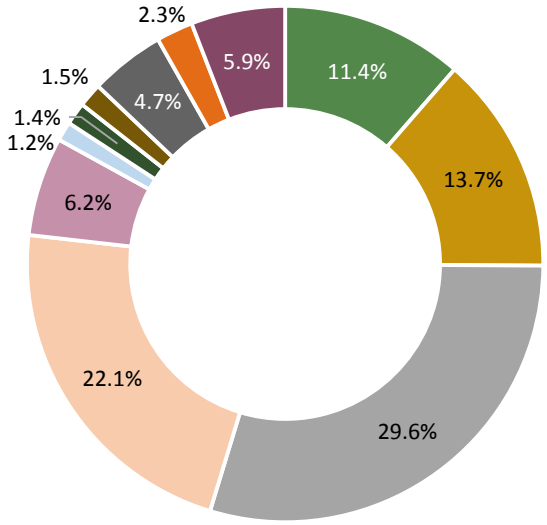
- ✓ Immediate access to labour supply within Bukit Batok residential precinct

# Revenue Contribution by property

## Revenue Contribution

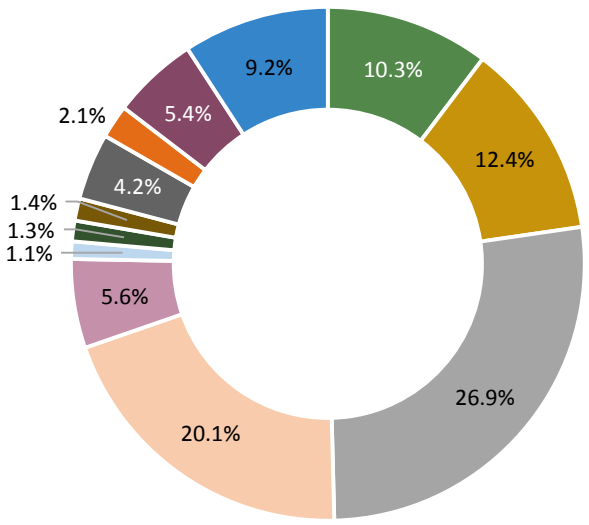
By % of FY2015 Gross Revenue

### Pre-Acquisition




- Eightrium @ Changi Business Park
- Tuas Connection
- West Park BizCentral
- Solaris
- NK Ingredients
- COS Printers
- Beng Kuang Marine
- Tellus Marine
- KTL Offshore
- Speedy-Tech
- Technics Offshore

### Post-Acquisition (1)




- Eightrium @ Changi Business Park
- Tuas Connection
- West Park BizCentral
- Solaris
- NK Ingredients
- COS Printers
- Beng Kuang Marine
- Tellus Marine
- KTL Offshore
- Speedy-Tech
- Technics Offshore
- Bukit Batok Connection

Notes:

(1) Assuming Bukit Batok Connection acquisition was completed on 1 January 2015 and Soilbuild REIT held and operated the Property through to 31 December 2015.



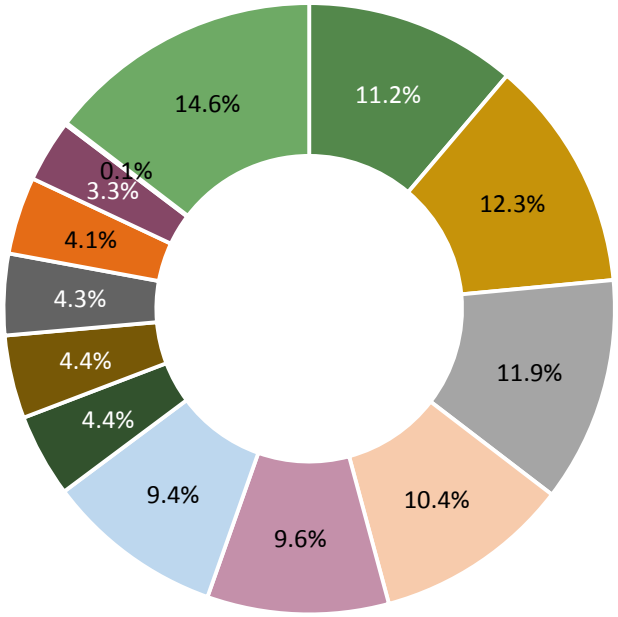
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# Trade Sector Revenue Contribution

## Trade Sector Diversification

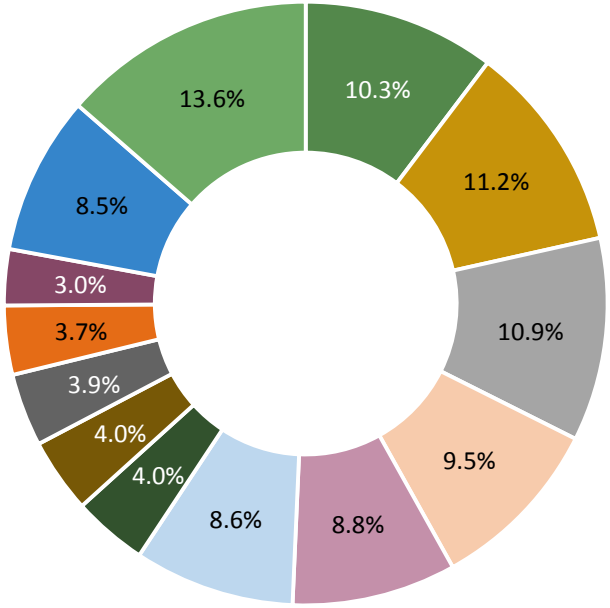
By % of Monthly Gross Revenue as at 31 March 2016

### Pre-Acquisition




- Marine Offshore
- Precision Engineering, Electrical and Machinery Products
- Electronics
- Government Agency
- Fabricated Metal Products
- Supply Chain Management, 3rd Party Logistics, Freight Forwarding
- Others

### Post-Acquisition[(1)]




- Oil & Gas
- Information Technology
- Chemicals
- Publishing, Printing & Reproduction of Recorded Media
- Food Products & Beverages
- Real Estate and Construction

Note:

(1) Assuming Bukit Batok Connection acquisition was completed as at 31 March 2016 and Inclusive of underlying tenants at Solaris .



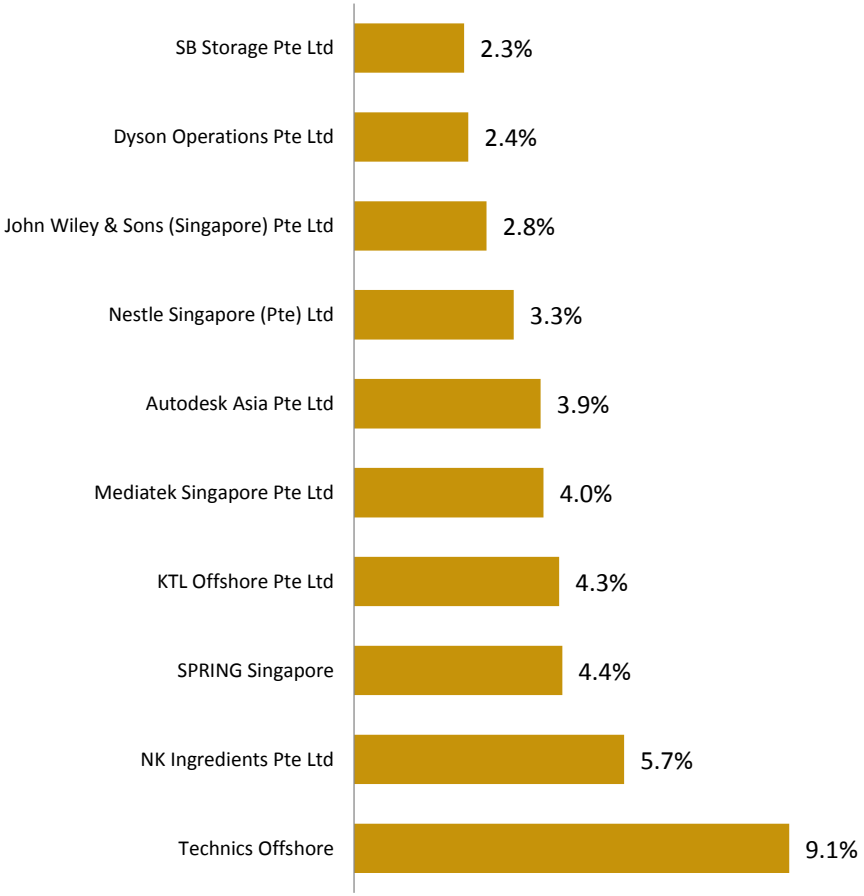
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# Top 10 Tenants

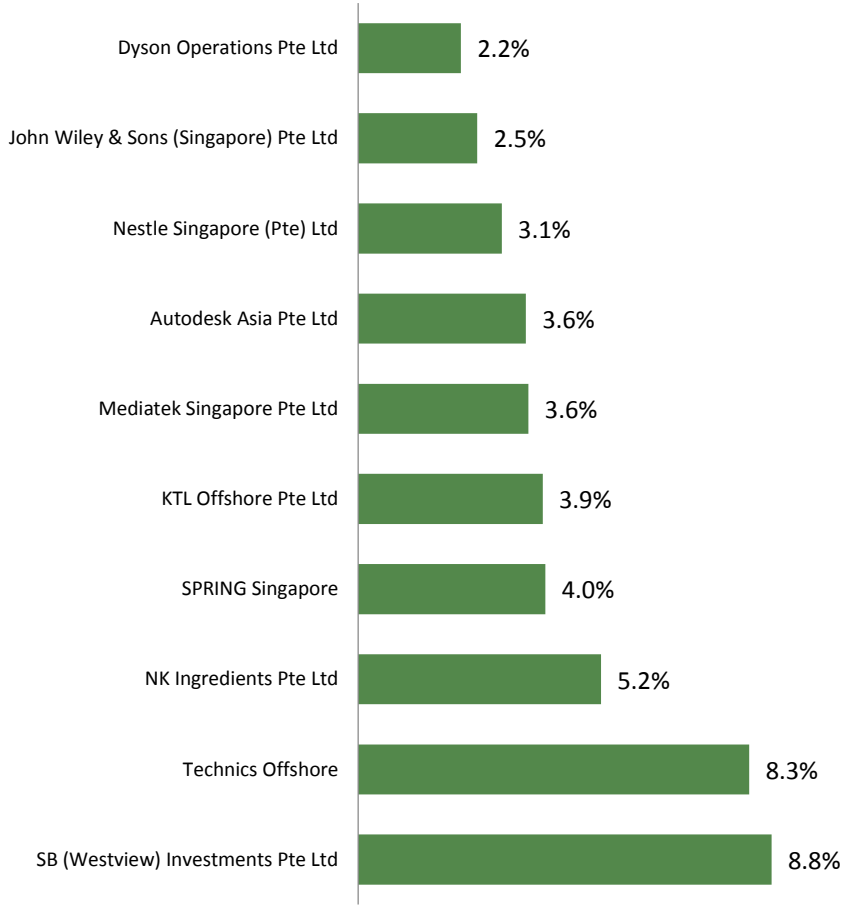
## Top 10 Tenants

By Gross Rental Income as at 31 March 2016

### Pre-Acquisition




### Post-Acquisition[(1)]




Note:

(1) Assuming Bukit Batok Connection acquisition was completed as at 31 March 2016 and Inclusive of underlying tenants at Solaris .

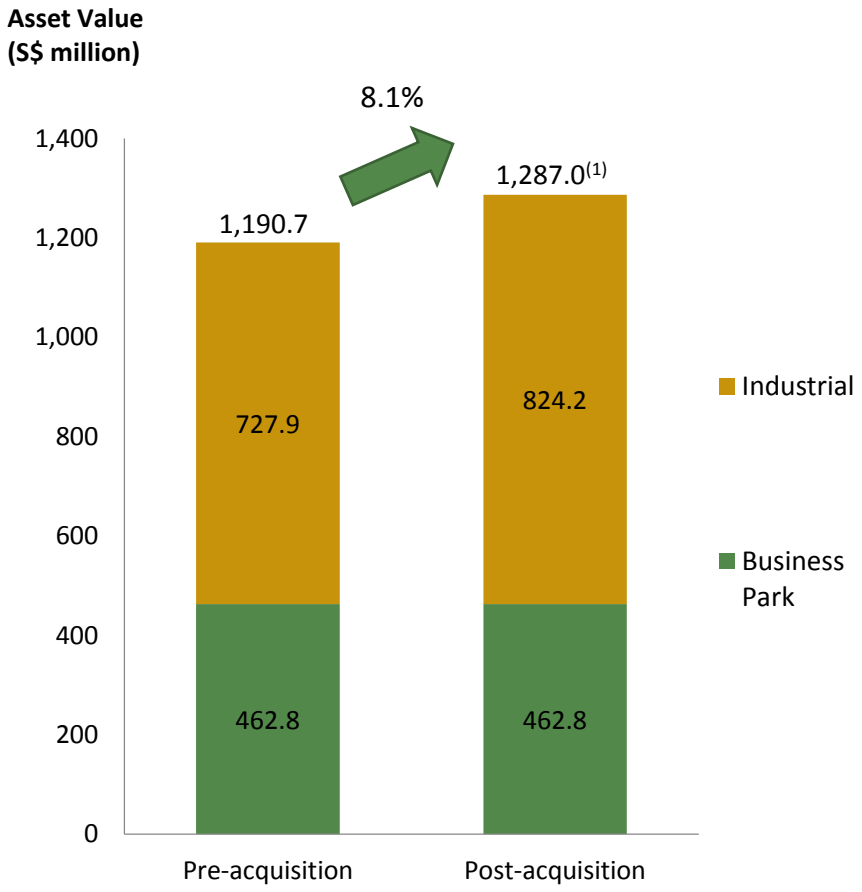


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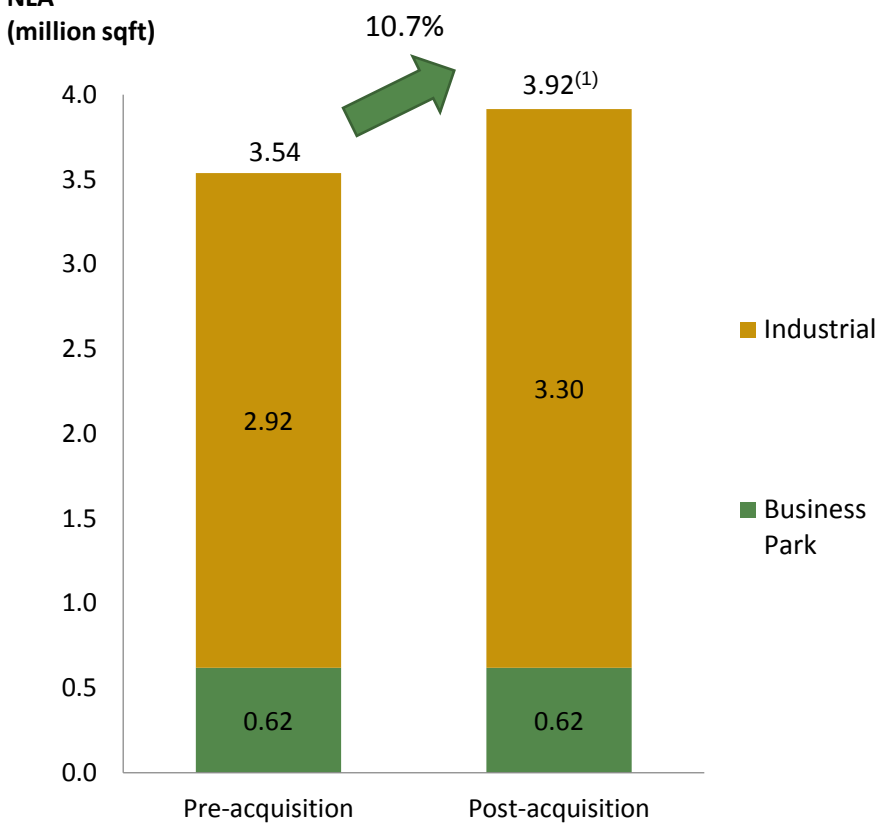
# Increase in Portfolio Size

## Post Acquisition portfolio value of S$1.29 billion and NLA of 3.9 million sqft

### Asset Value




### Net Lettable Area




Note:
(1) Assuming Bukit Batok Connection acquisition was completed as at 31 March 2016



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# Increase in Portfolio Size

## Portfolio Lease Expiry Profile

By % of Rental Income as at 31 March 2016

| Pre-Acquisition | By NLA | By Gross Rental Income |
|---|---|---|
| WALE | 4.3 years | 4.7 years |

| Post-Acquisition (1) | By NLA | By Gross Rental Income |
|---|---|---|
| WALE | 4.5 years | 4.9 years |




Note:

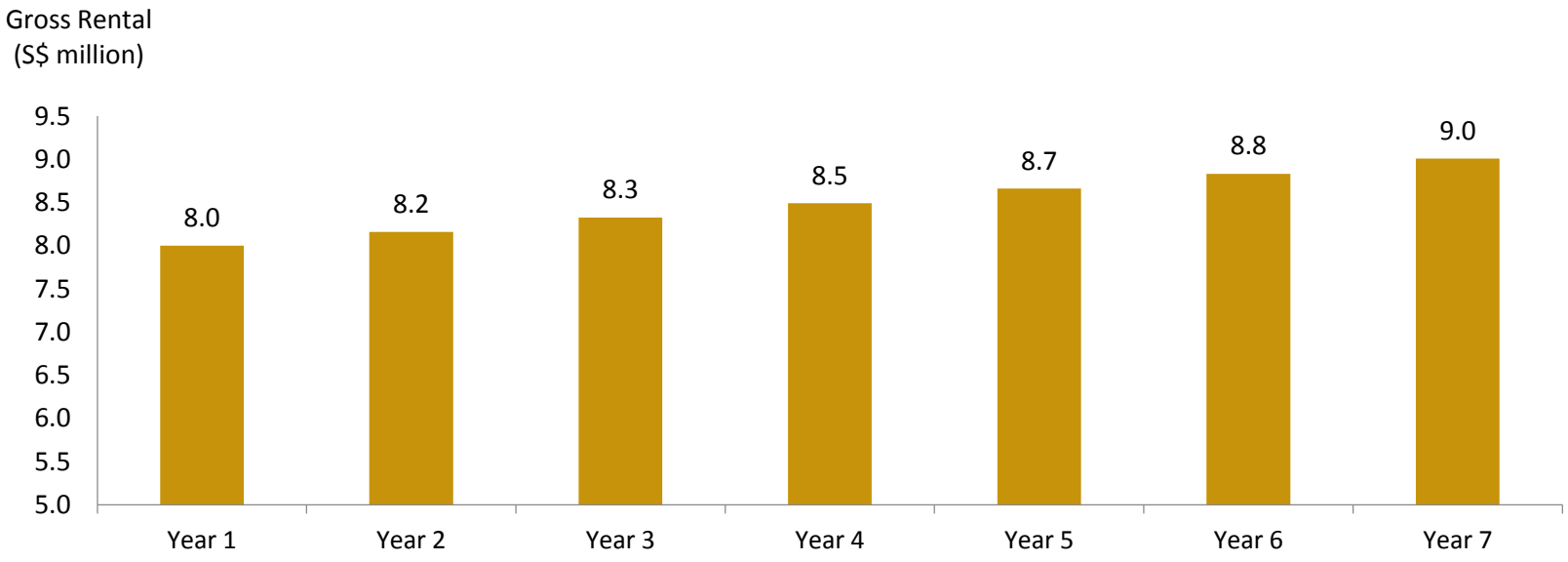
(1) Assuming Bukit Batok Connection acquisition was completed as at 31 March 2016



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# Rental Stability from Master Lease

| | |
|---|---|
| **Master Lessee** | SB (Westview) Investment Pte. Ltd. |
| **Lease Term** | 7 years |
| **Initial Year Rental** | S$8.0 million per annum |
| **Rental Escalation** | Up to 2.0% annually |
| **Security Deposit** | 12 months of the prevailing rent and a corporate guarantee from its parent company – Soilbuild Group Holdings Ltd |
| **Lease Structure** | Double-net lease<br>Lessee shall be responsible for: (i) property tax and (ii) day-to-day maintenance and upkeep of property and insurance |




Note: Assuming 2% escalation annually is applied.



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# Estimated Timeline






# Estimated Timeline

| Timeline | Milestone |
|---|---|
| 14 June 2016 | Announced Proposed Acquisition of Bukit Batok Connection |
| July 2016 | Dispatch of Circular to Unitholders |
| August 2016 | Convene an Extraordinary General Meeting to seek Unitholders' approval |

# Thank You

**Key Contacts:**


Roy Teo
*Chief Executive Officer*
Tel: (65) 6415 5983
Email: roy.teo@soilbuild.com

Lim Hui Hua
*Chief Financial Officer*
Tel: (65) 6415 5985
Email: lim.huihua@soilbuild.com





