



**Soilbuild REIT announces 4Q FY2020 DPU of 1.194 cents and
FY2020 DPU of 3.922 cents**

Summary of Financial Results:

	4Q FY2020	4Q FY2019	Variance (%)	3Q FY2020	Variance (%)	YTD FY2020	YTD FY2019	Variance (%)
Gross revenue (S\$'000)	24,053	22,827	5.4	22,880	5.1	93,440	89,069	4.9
Net property income (S\$'000)	19,218	17,448	10.1	19,744	(2.7)	72,493	71,021	2.1
Income attributable to perpetual securities holders (S\$'000)	983	983	-	983	-	3,911	3,900	0.3
Income attributable to Unitholders (S\$'000)	15,212	11,680	30.2	13,979	8.8	49,815	48,553	2.6
Total DPU (in cents)	1.194	0.925	29.1	1.100	8.5	3.922	4.220	(7.1)
From operations	0.921	0.807	14.1	1.009	(8.7)	3.448	4.008	(14.0)
From capital	0.273	0.118	131.4	0.091	200.0	0.474	0.212	123.6
Units Issued ('000)	1,273,196	1,261,711	0.9	1,270,430	0.2	1,273,196	1,261,711	0.9

Singapore, 21 January 2021 –

Financial performance

SB REIT Management Pte. Ltd. (“**Manager**”), the Manager of Soilbuild Business Space REIT (“**Soilbuild REIT**”), today announced a distribution per unit (“**DPU**”) of 1.194 cents and 3.922 cents for the fourth quarter (“**4Q FY2020**”) and the financial year (“**YTD FY2020**”) ended 31 December 2020 respectively.

In 4Q FY2020, gross revenue rose S\$1.2 million or 5.4% year-on-year (“**y-o-y**”) mainly due to a full quarter of revenue contribution from 25 Grenfell Street and higher occupancy for West Park BizCentral and was partially offset by lower revenue contribution from 2 Pioneer Sector



1 and 72 Loyang Way. 2 Pioneer Sector 1 is undergoing redevelopment and 72 Loyang Way has been divested in April 2020.

Net property income (“**NPI**”) grew 10.1% y-o-y to S\$19.2 million largely due to the increase in NPI from 25 Grenfell Street and West Park BizCentral of S\$1.1 million and S\$0.4 million respectively.

4Q FY2020 total amount available for distribution rose 30.2% y-o-y to S\$15.2 million. This includes 2Q FY2020 tax-deferred distribution from our Australian portfolio previously withheld but excludes reimbursements for rental incentives received from vendors at the point of the completion of the respective acquisitions.

Quarter-on-Quarter (“**q-o-q**”) gross revenue rose 5.1% mainly due to lesser net rent rebates extended to tenants in 4Q FY2020 as compared to 3Q FY2020.

NPI fell 2.7% q-o-q in 4Q FY2020 as the 3Q FY2020 NPI was positively impacted by the reversal of excess provision for net rent waivers.

Operational performance

Portfolio occupancy rose 1.4 percentage points q-o-q to 94.3% in 4Q FY2020. The Manager successfully completed more than 191,000 sqft of renewals and new leases for the quarter. Year-to-date, the Manager completed more than 772,000 sq ft of renewals and new leases. In FY2021, 21.5% or approximately 817,000 sqft of the portfolio’s net lettable area is due for renewal.

In 4Q FY2020, negative rental reversion of 24.5% was recorded for new leases which was attributed mainly to the signing of a lease with an anchor tenant at 39 Senoko Way and positive rental reversion of 1.3% was recorded for lease renewals. Weighted average lease expiry by net lettable area and gross rental income stood at 2.8 and 3.2 years respectively.

Asset valuation

Soilbuild REIT recorded a revaluation loss of S\$58.1 million on its investment properties, attributed primarily to revaluation losses for 2 Pioneer Sector 1, Solaris, West Park BizCentral, Eightrium, Bukit Batok Connection and was partially offset by revaluation gain for Inghams Burton.



The Manager is in the process of obtaining regulatory approvals for the increase in plot ratio of 2 Pioneer Sector 1 to 1.32 and has adopted the lower valuation of S\$30.3 million based on a plot ratio of 1.0. The valuation of 2 Pioneer Sector 1 based on a plot ratio of 1.32 is S\$46.8 million.

As the COVID-19 pandemic has brought uncertainty to property markets, the assessed portfolio valuations may change more rapidly than usual.

Update on 2 Pioneer Sector 1

At an extraordinary general meeting held on 25 June 2020, Soilbuild REIT obtained Unitholders' approval to award a design and build contract to an interested person, Soil-Build (Pte.) Ltd. The development cost is estimated to be S\$82.1 million and S\$91.4 million based on plot ratios of 1.0 and 1.32 respectively. Construction commenced on 9 October 2020 and is expected to be completed in 1Q FY2022.

Prudent and Pro-active Capital Management

In 4Q FY2020, Soilbuild REIT's weighted average borrowing cost fell marginally to 3.12% p.a. Weighted average debt maturity was 1.5 years with a fixed interest rate for 78.7% of borrowings.

Soilbuild REIT has approximately S\$29 million committed undrawn loan facilities. The Manager is in advanced discussions with various lenders on refinancing of debt due in the next one year. Soilbuild REIT's unencumbered investment properties were in excess of S\$960 million, representing approximately 72% of its portfolio by value. Aggregate leverage stood at 38.9% as at 31 December 2020.

Outlook

Singapore

Based on advance estimates released by the Ministry of Trade and Industry on 4 January 2021, the Singapore economy contracted by 3.8% year-on-year ("**y-o-y**") and grew by 2.1% on a quarter-on-quarter ("**q-o-q**") seasonally-adjusted basis. For the whole of 2020, the Singapore economy contracted by 5.8%.

The manufacturing sector expanded by 9.5% y-o-y in the fourth quarter. Growth of the sector was supported primarily by output expansions in the electronics, biomedical manufacturing

and precision engineering clusters, which outweighed output declines in the transport engineering and general manufacturing clusters. On a q-o-q seasonally-adjusted basis, the manufacturing sector contracted by 2.6%.

The Singapore Purchasing Managers' Index rose to 50.5 in December 2020 from 50.4 in November 2020. This marks the sixth month of expansion for the overall manufacturing sector.

According to the JTC 3Q 2020 market report, the rental index of all industrial space receded 0.9% and 1.6% q-o-q and y-o-y respectively. In particular, the rental index of multiple-user factory fell 1.1% and 2.1% q-o-q and y-o-y respectively.

In 3Q 2020, the all-industrial occupancy rate rose 0.2% and 0.3% q-o-q and y-o-y respectively. The q-o-q occupancy uplift was mainly attributed to warehouses which recorded 0.8% and 1.0% growth q-o-q and y-o-y respectively.

The Government has introduced the Re-Align Framework with effect from 15 January 2021 for businesses with annual revenue not exceeding S\$30 million at a global group level and have experienced at least 70% y-o-y fall in monthly average gross income in the second half of 2020. The framework will allow selected contracts to be renegotiated by way of mutual agreement with the counterparties, failing which the contract may be terminated within the provided parameters. Businesses will remain liable for outstanding obligations but will not need to pay early termination penalties.

Australia

In the key economic indicators snapshot released by the Reserve Bank of Australia dated 7 January 2021, the country's economy and key indicators reported negative economic growth at 3.8%, inflation at 0.7%, unemployment rate of 6.8%, employment growth rate of negative 0.6% and wage growth of 1.4%. The nation's official cash rate remains at 0.10%.

Office vacant leasing and tenant demand are expected to be soft over the next 12 months, leading to protracted decision making by prospective tenants. Industrial properties, particularly fully leased assets with long weighted average lease to expiry and strong lease covenants have been the preferred asset class for many investors as such properties have shown resilience during the COVID-19 pandemic.



Proposed acquisition of all issued units in Soilbuild REIT by way of a trust scheme of arrangement

On 14 December 2020, the Manager and Clay Holdings III Limited (the “**Offeror**”) jointly announced the proposed acquisition (the “**Scheme Acquisition**”) of all the issued units of Soilbuild REIT by the Offeror to be effected by way of a trust scheme of arrangement (the “**Trust Scheme**”) in accordance with the Singapore Code on Take-overs and Mergers (the “**Joint Announcement**”).

In conjunction with the Trust Scheme, the Manager also announced on 14 December 2020 that DBS Trustee Limited (in its capacity as trustee of Soilbuild REIT) and a wholly-owned subsidiary of Soilbuild REIT, Soilbuild Business Space Holdings Pte. Ltd., entered into a unit sale agreement (the “**Australian Asset Disposal Agreement**”) with Clay SG Holdings II Pte. Ltd. and Clay SG Holdings III Pte. Ltd. (collectively, the “**Blackstone Purchasers**”) for the disposal of 104,100,000 units in Soilbuild Australia Trust, representing 100 per cent. of the entire issued and paid-up units of Soilbuild Australia Trust, to the Blackstone Purchasers, upon the terms and subject to the conditions of the Australian Asset Disposal Agreement (the “**Australian Asset Disposal**”) (the “**Australian Asset Disposal Announcement**”).

Subject to, among others, approvals by the unitholders of Soilbuild REIT, sanction of the Trust Scheme by the Singapore Court and the satisfaction of other regulatory approvals and conditions, the Scheme Acquisition and the Australian Asset Disposal are currently expected to be completed by end-March 2021/early April 2021. Further information on the Scheme Acquisition and the Australian Asset Disposal can be found in the Joint Announcement and the Australian Asset Disposal Announcement respectively which is available at <https://soilbuildreit.listedcompany.com/newsroom.html>.

Mr Roy Teo, CEO of the Manager, said: “Despite the difficult environment, we are pleased to report a 1.4 percentage point uplift in occupancy q-o-q after having obtained JTC’s approval in December 2020 for the lease of 39 Senoko Way to an anchor tenant. While the phased re-opening of the economy bodes well for landlords, it will take some time for the industrial manufacturing activities to achieve pre-COVID levels. Space demands from business park users remain uncertain as more employers adopt flexible work arrangements, in particular working from home to provide work-life balance for employees. We would like to emphasise that the 4Q FY2020 DPU is not indicative of the REIT’s future performance as it includes two quarters of contribution from our Australia



portfolio. In the year ahead, the Manager will continue to focus on building a more resilient portfolio through asset enhancements and tenant mix restructuring.”

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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, a poultry production and processing facility known as Inghams Burton in Adelaide and a Grade A freehold office building at 25 Grenfell Street in Adelaide. Soilbuild REIT’s portfolio comprises 10 properties in Singapore and 3 properties in Australia with a total net lettable area of 3.81 million square feet and an occupancy rate of 94.3% as at 31 December 2020. 2 Pioneer Sector 1 which is undergoing redevelopment will contribute NLA of 0.55 million square feet based on plot ratio of 1.0 with a further increase in NLA to 0.73 million square feet upon obtaining authorities’ approval for the increase in plot ratio. Soilbuild REIT was listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 16 August 2013 (“**Listing Date**”).

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