

Soilbuild Reit seeking to acquire 2 Australia properties in bid to enter Aussie market

By Vivien Shiao, The Business Times FRI, SEP 07, 2018 - 12:56 PM

SOILBUILD Reit (real estate investment trust) announced the proposed acquisitions of an office in Canberra, Australia for A\$55 million (S\$54.2 million) and an Australian poultry processing plant for A\$61.25 million, marking its maiden entry into the Australian market.

The former is a leasehold commercial office building at 14 Mort Street comprising ground-level office lobby and office accommodation, seven upper office levels and basement car parking for 62 vehicles. The total lettable floor area is 9,383.5 square metres.

The poultry processing plant, Inghams Burton, is a substantial production and processing facility which includes high clearance and cold room, modern office and workshop facilities and expansive hardstand areas. The purpose-built facility is used as a slaughter house for the processing of poultry, cold storage, distribution, administration and other associated uses. Inghams Group Limited occupies the facility on a triple net lease expiring on Oct 28, 2034 and five further 10-year option periods. The total gross lettable area of the building is 21,424 square metres, about 20 kilometres north of the Adelaide CBD.

Soilbuild Reit has established a wholly owned managed investment trust by the name of Soilbuild Australia Trust in Australia for the purposes of acquiring and holding the proposed acquisitions. They will be held through various wholly owned intermediate sub-trusts.

Following the proposed acquisitions, Soilbuild Reit will own 11 properties in Singapore and two properties in Australia with the valuation of Soilbuild Reit's portfolio expected to increase from S\$1.11 billion to S\$1.23 billion.

In a filing with the Singapore Exchange, the Reit manager said that Australia has a "growing and mature real estate market underpinned by strong domestic consumption and population growth".

"The proposed acquisitions will provide high-quality assets to anchor Soilbuild Reit's expansion into the Australia office and industrial markets, which offer growth potential and scalability," it said.

Roy Teo, CEO of the manager, added: "We are excited by this opportunity to gain entry into the Australia market with an acquisition of a portfolio of long tenure assets on leaseback arrangements with financially strong tenants. The proposed acquisitions are expected to be yield-accretive based on our intended funding scenario, enhance the quality of our portfolio and provide geographical diversification."