SOILBUILD
BUSINESS SPACE REIT

2Q & 1H FY2015 Results Presentation

14 July 2015



Disclaimer

This presentation should be read in conjunction with the financial statements of Soilbuild Business Space REIT for the second quarter from 1 April 2015 to 30 June 2015 (hereinafter referred to 2Q FY2015) and half year ended 30 June 2015 (hereinafter referred to 1H FY2015).

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The past performance of Soilbuild REIT is not indicative of the future performance of Soilbuild REIT. Similarly, the past performance of SB REIT Management Pte. Ltd. ("Manager") is not indicative of the future performance of the Manager.

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Key Highlights

Key Highlights of 2Q FY2015 and 1H FY2015

2Q FY2015 Results	• Gross revenue increased 17.2% year on year ("y-o-y") to S$19.6 million and net property income ("NPI") grew 19.0% to S$16.7 million. • Distribution per Unit increased by 7.7% y-o-y to SGD 1.615 cents in 2Q FY2015 from SGD 1.500 cents in 2Q FY2014.
1H FY2015 Results	• Gross revenue increased 13.9% y-o-y to S$38.2 million and NPI grew 15.1% to S$32.5 million. • Distribution per Unit increased by 6.1% y-o-y to SGD 3.248 cents in 1H FY2015 from SGD 3.062 cents in 1H FY2014.
Capital Management	• Private placement of new units in May 2015 raised S$90 million at a tight discount with strong support from institutional investors. This was the first S-REIT equity fund raising so far in 2015. • Maiden MTN issuance of $100 million 3 year notes at 3.45% p.a. also well supported. • Average all-in interest cost of 3.49% with 97.9% of interest bearing borrowings fixed as at 30 June 2015.
Portfolio Update	• Portfolio occupancy rate of 99.8% as at 30 June 2015. • Completed acquisition of Technics, mostly funded by the proceeds from the private placement, bringing the total portfolio size to S$1.2 billion.

Financial Performance

2Q FY2015 & 1H FY2015

Distribution per Unit

2Q FY2015 vs 2Q FY2014

	2Q FY2015	2Q FY2014	Variance
Distributable Income (S$'000)	14,304	12,134	17.9%
Distribution per Unit ("DPU") (cents)	1.615[1]	1.500	7.7%

1H FY2015 vs 1H FY2014

	1H FY2015	1H FY2014	Variance
Distributable Income (S$'000)	**27,629**	**24,740**	11.7%
Distribution per Unit ("DPU") (cents)	3.248[1]	3.062	6.1%
Annualised DPU (cents)	6.496	6.193[2]	4.9%
Annualised Distribution Yield	7.6%[3]	7.8%[4]	(2.6%)

Note:
(1) Advanced Distribution of SGD 0.628 cents for the period from 1 April 2015 to 4 May 2015 was computed based on 815,750,896 Units in issue whereas DPU of SGD 0.987 cents for the period from 5 May 2015 to 30 June 2015 was computed based on 929,729,790 Units in issue.
(2) Actual FY2014 DPU.
(3) Based on the closing price of S$0.850 as at 30 June 2015.
(4) Based on the closing price of S$0.790 as at 31 December 2014.

2Q FY2015 Financial Results

For the period from 1 April 2015 to 30 June 2015 (S$'000)	2Q FY2015	2Q FY2014	Variance
Gross Revenue	19,590	16,708	17.2%
Less Property Expenses	(2,878)	(2,666)	(8.0%)
Net Property Income	**16,712**	**14,042**	**19.0%**
Interest Income	210	-	n.m.[3]
Finance Expenses[(1)]	(3,496)	(2,312)	(51.2%)
Manager's Fees	(1,431)	(1,214)	(17.9%)
Trustee's Fees	(48)	(53)	9.4%
Other Trust Expenses	(334)	(191)	(74.9%)
Total Return before Distribution	**11,613**	**10,272**	**13.1%**
Add back Non-Tax Deductible Items[(2)]	2,691	1,862	44.5%
Distributable Income	**14,304**	**12,134**	**17.9%**

Note:
(1) Finance Expenses comprise interest expense, amortisation of debt arrangement fees and bank commitment fees
(2) Non-tax Deductible Items comprise the Manager's management fees, property management and lease management fees paid or payable in Units, rent free amortisation, Trustee's fees, amortisation of debt arrangement fees, fixed asset expenses, bank commitment fees and Multicurrency Debt Issuance Programme related expenses.
(3) n.m. denotes not meaningful

1H FY2015 Financial Results

For the period from 1 January 2015 to 30 June 2015 (S$'000)	1H FY2015	1H FY2014	Variance
Gross Revenue	38,205	33,547	13.9%
Less Property Expenses	(5,695)	(5,310)	(7.3%)
Net Property Income	**32,510**	**28,237**	**15.1%**
Interest Income	257	-	n.m.
Finance Expenses[1]	(6,489)	(4,474)	(45.0%)
Manager's Fees	(2,763)	(2,475)	(11.6%)
Trustee's Fees	(95)	(95)	-
Other Trust Expenses	(781)	(386)	(102.3%)
Total Return before Distribution	**22,639**	**20,807**	**8.8%**
Add back Non-Tax Deductible Items[2]	4,990	3,933	26.9%
Distributable Income	**27,629**	**24,740**	**11.7%**

Note:
(1) Finance Expenses comprise interest expense, amortisation of debt arrangement fees and bank commitment fees
(2) Non-tax Deductible Items comprise the Manager's management fees, property management and lease management fees paid or payable in Units, rent free amortisation, Trustee's fees, amortisation of debt arrangement fees, fixed asset expenses, bank commitment fees and Multicurrency Debt Issuance Programme related expenses.

2Q FY2015 Distribution

Distribution Details
2Q FY2015

Distribution Period	**5 May 2015 – 30 June 2015**
Distribution Amount	**SGD 0.987[1] cents per unit**

Distribution Timetable
2Q FY2015

Last Day of Trading on "cum" Basis	Monday, 20 July 2015
Ex-Date	Tuesday, 21 July 2015
Books Closure Date	Thursday, 23 July 2015
Distribution Payment Date	**Tuesday, 18 August 2015**

[1] 2Q FY2015 DPU of SGD1.615 cents less Advanced Distribution of SGD 0.628 cents for the period from 1 April 2015 to 4 May 2015. The Advanced Distribution was paid on 28 May 2015.

Financial Position / Capital Management

2Q FY2015 Financial Results – Balance Sheet

All figures S$'000 unless otherwise stated	Unaudited Actual as at 30 June 2015	Audited Actual as at 31 December 2014
Investment Properties	1,186,047	1,030,700
Other Assets	20,337	23,272
Total Assets	**1,206,384**	**1,053,972**
Borrowings	399,833	368,924
Other Liabilities	71,360	34,268
Net Assets	**735,191**	**650,780**
Units in Issue ('000)	929,730	812,993
Net Asset Value per Unit (S$)	0.79	0.80

Prudent Capital Management

1) Aggregate leverage allows headroom of S$75 million

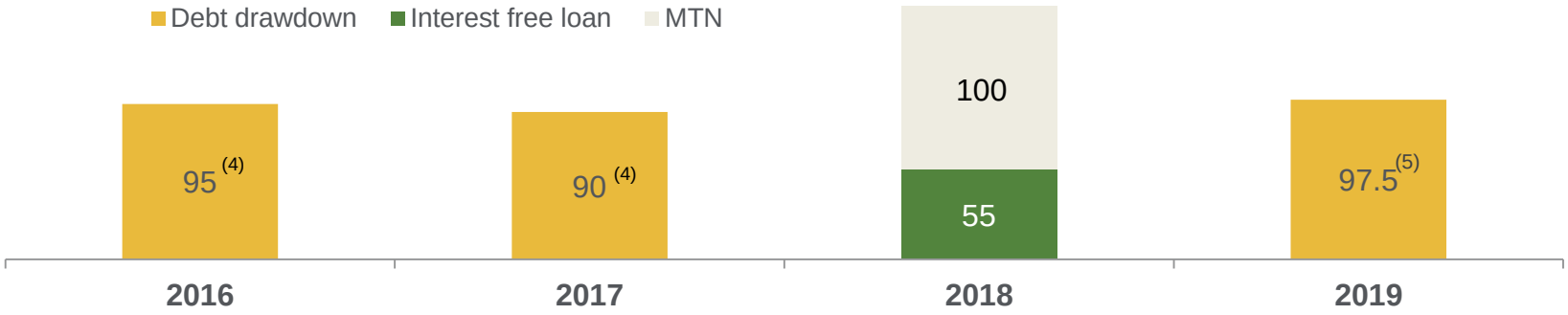
Total Bank Financing Facilities Available	S$190 million
Total Bank Debt Drawn Down	S$185 million
Multicurrency Debt Issuance Programme drawn down	S$100 million
Total Assets	S$1,206 million
Debt headroom(1)	S$75 million

Aggregate Leverage(2)	36.3%
Average All-in Interest Cost(3)	3.49%
Interest Coverage Ratio	4.6x
Weighted Average Debt Maturity (2)	2.4 years

2) No more than 36% of debt expires in any 1-year

(S$ Million)

To mitigate interest rate risk, over 90% of total debt hedged with interest rate swaps/MTN(3)



	2016	2017	2018	2019
% of Debt Maturing	21.7%	20.6%	35.4%	22.3%

3) Standard & Poor's has assigned Soilbuild REIT an investment grade credit rating of BBB- on 22 January 2014

Notes:
(1) Based on target aggregate leverage of 40% (2) Includes interest free loan & deferred payment in relation to the Solaris upfront land premium (3) Excluding interest-free loan. (4) Management is in advanced discussions with banks to re-finance the loans due in 2016 and 2017 in order to benefit from lower margins and extend the debt maturity to 2020. (5) Management is in discussions with the bank group to extend the expiry date to FY 2019.

Portfolio Update

Portfolio Overview



NK Ingredients
NLA: 312,375 sq ft
Valuation: S$62.0 million



COS Printers
NLA: 58,752 sq ft
Valuation: S$11.2 million



Tellus Marine
NLA: 77,162 sq ft (2)
Valuation: S$15.0 million (2)



Tuas Connection
NLA: 651,072 sq ft
Valuation: S$126.0 million



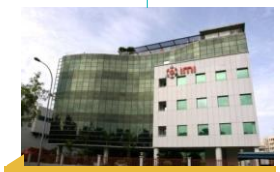
Technics Offshore
NLA: 203,459 sq ft
Valuation: S$98.1 million



KTL Offshore
NLA: 208,057 sq ft
Valuation: S$56.0 million



BK Marine
NLA: 73,737 sq ft
Valuation: S$15.3 million



Speedy-Tech
NLA: 93,767 sq ft
Valuation: S$24.2 million



West Park BizCentral
NLA: 1,240,583 sq ft
Valuation: S$319.0 million



Solaris
NLA: 441,533 sq ft
Valuation: S$357.2 million



Eightrium
NLA: 177,286 sq ft
Valuation: S$102.0 million

Portfolio Summary

Valuation(1)	S$1,186.0 million
Total NLA	3.53 million sq ft
WALE (by GRI)	4.9 years
Occupancy	99.8%

- Industrial Properties
- Business Park Properties

Notes:
(1) Based on Savills' & Colliers' valuations dated 31 December 2014. KTL Offshore and Speedy-Tech based on valuations carried out at the time of acquisition. The carrying value of Solaris is based on valuation report dated 17 February 2015 by Colliers plus stamp duty on the upfront land premium incurred. The carrying value of Technics is based on valuation report dated 11 March 2015 plus acquisition related cost.
(2) NLA and Valuation excludes the construction of a new annex to Tellus Marine.

Leasing Update – 2Q FY2015

	No. of Leases	Area (sqft)	Avg. Gross Rent before Renewal ($ psf)	Avg. Gross Rent after Renewal ($ psf)	Rental Reversion
Renewal Leases[1]	6	56,543	1.81	1.90	5.0%
New leases[2]	6	155,767	1.32	1.34	1.6%

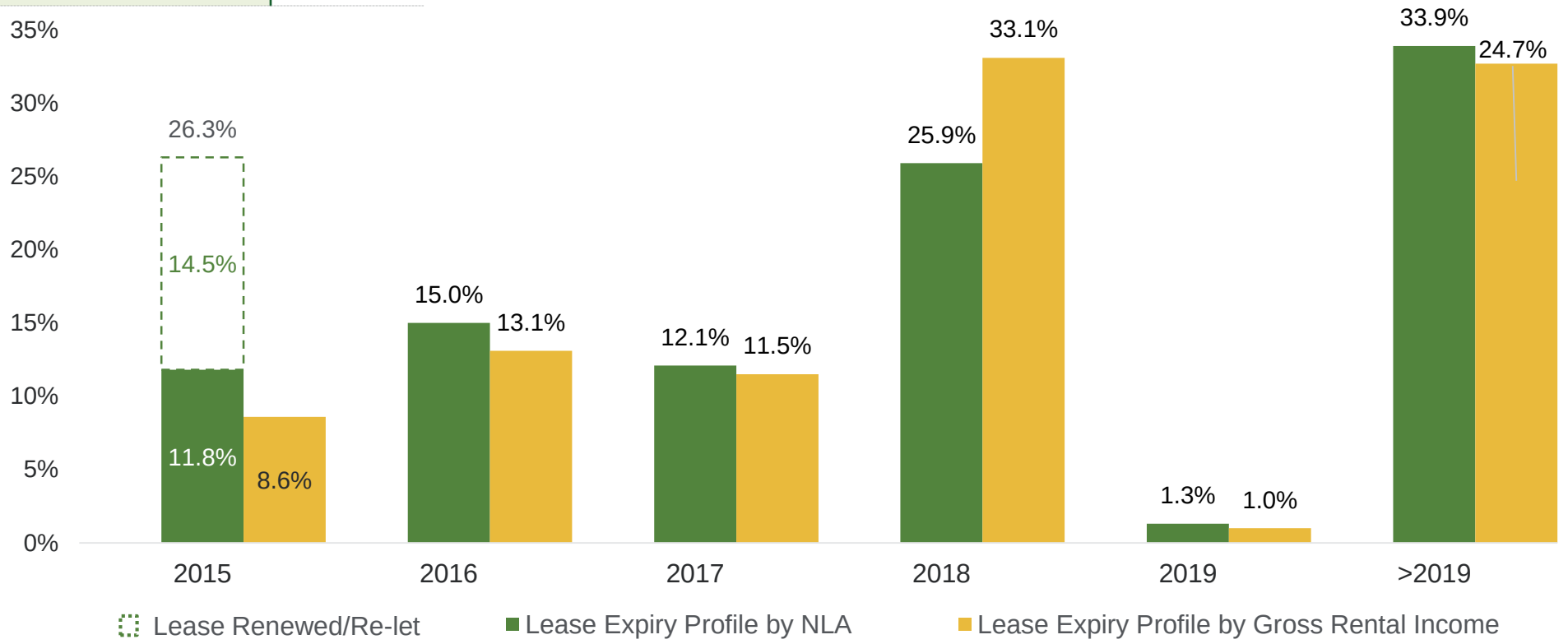
[1] Renewal leases includes forward renewals of 12,938 sqft
[2] New leases includes 36,468 sqft of new take-up

Well Staggered Lease Expiry Profile

Portfolio Lease Expiry Profile

By % of NLA & % of Rental Income

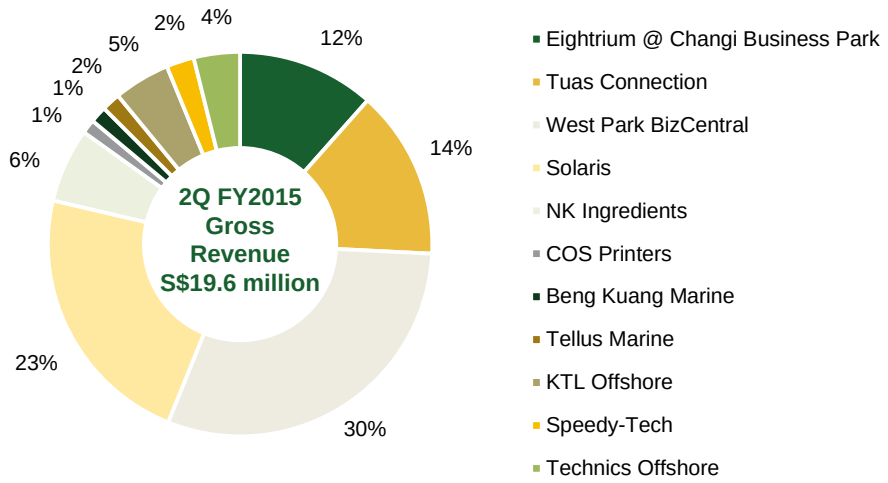
WALE (by NLA)	4.5 years
WALE (by Gross Rental Income)	4.9 years



Well-Diversified Portfolio

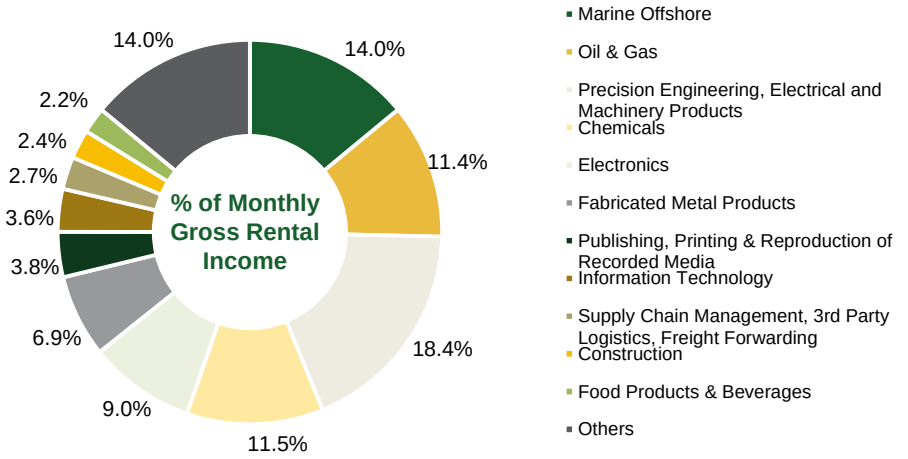
1. Portfolio Income Spread

By Property



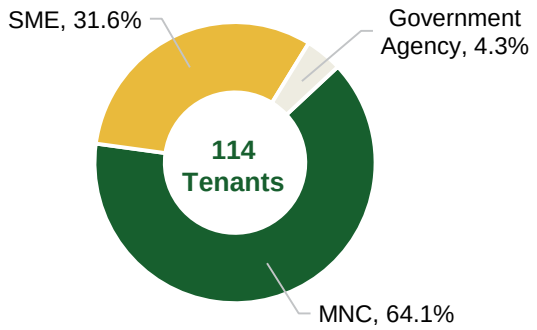
2. Well-spread Trade Sectors(1)

By Gross Rental Income



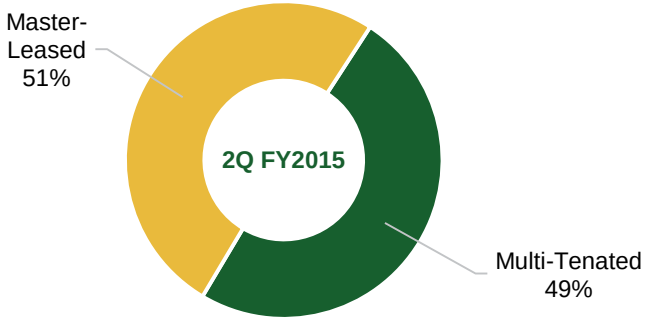
3. Diversified Tenant Base

By Gross Rental Income



4. Balanced Portfolio with Growth Upside

By Net Property Income

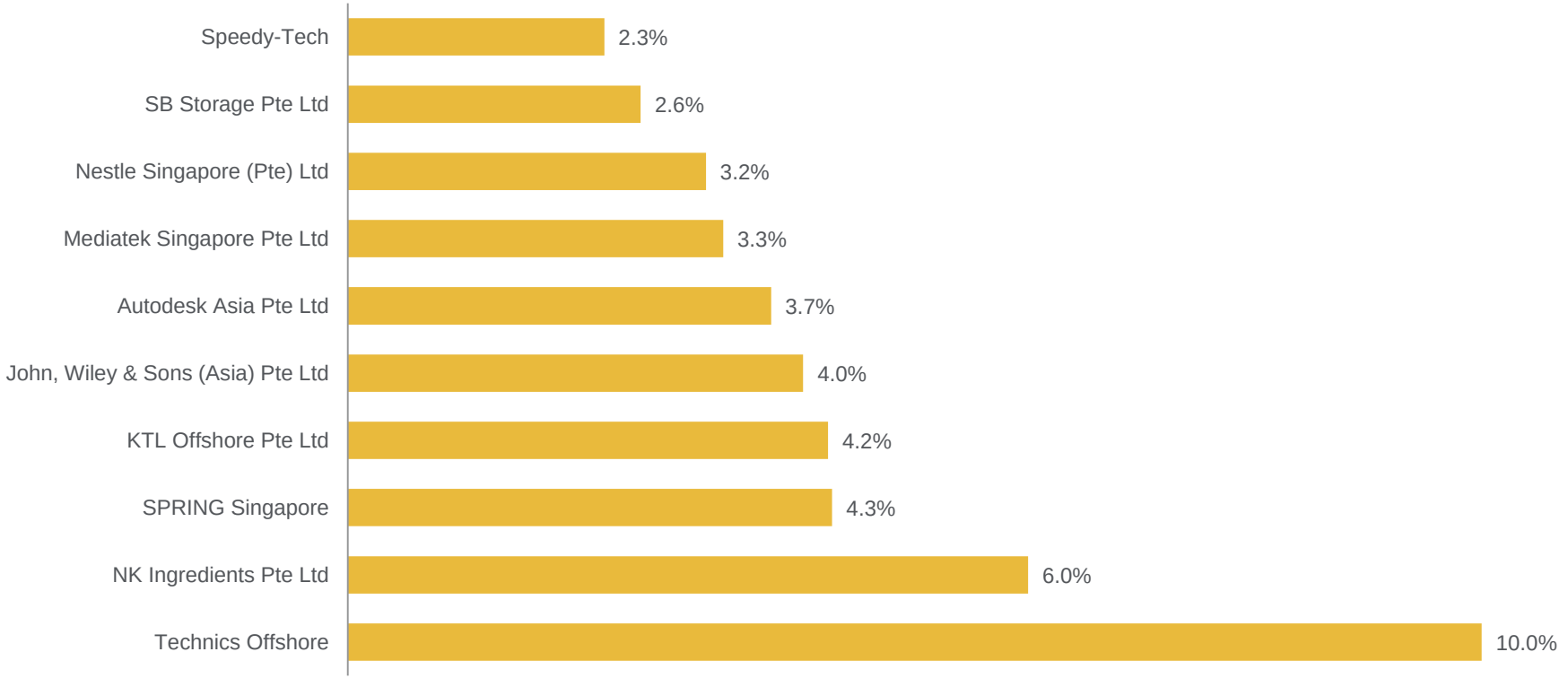


Note:
(1) Inclusive of underlying tenants at Solaris

Quality & Diverse Tenant Base

Top 10 Tenants

By Gross Rental Income [1]

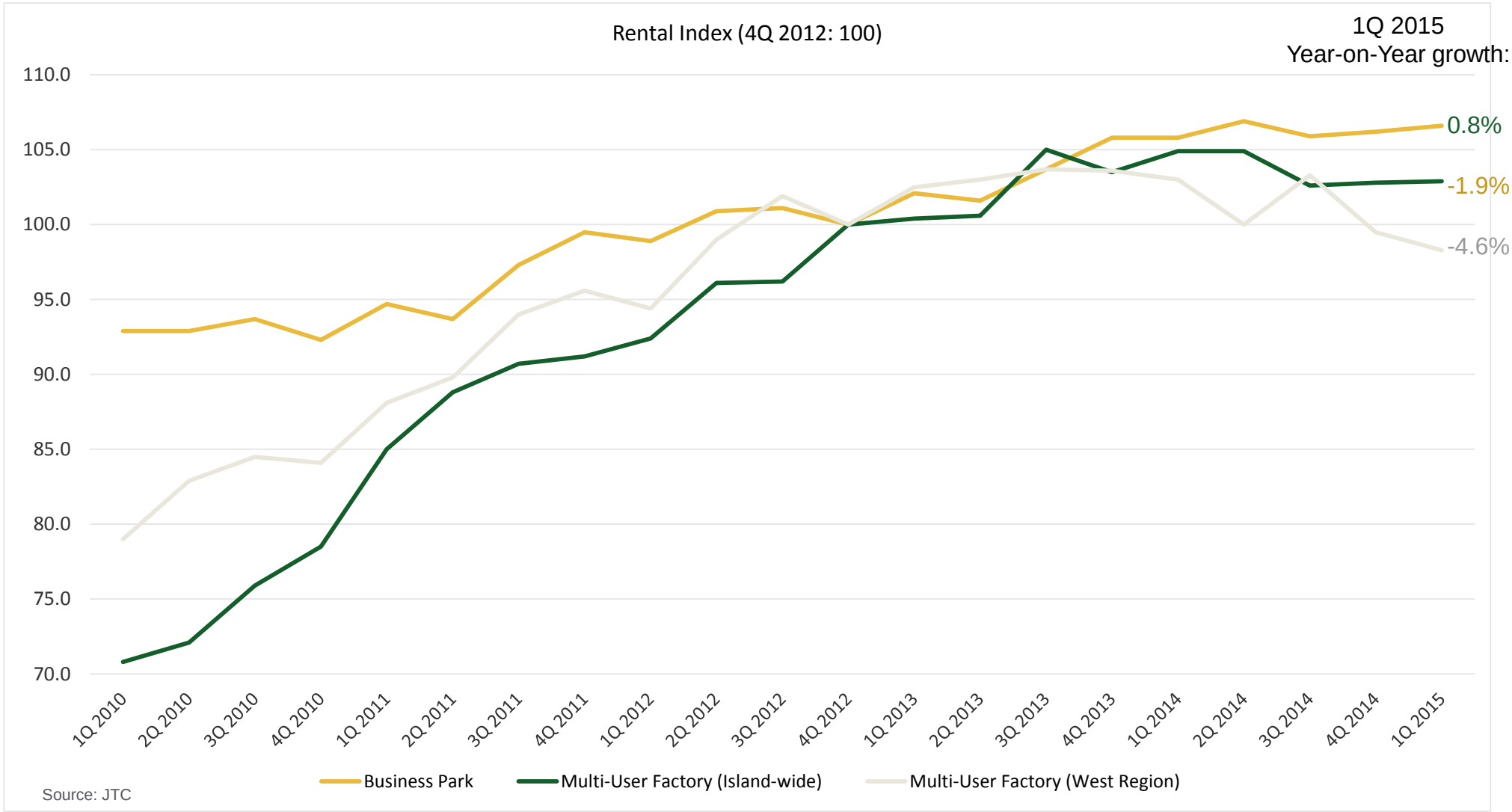


- **Top 10 tenants include well-established MNCs such as SPRING Singapore, Nestle, Mediatek, Autodesk and John Wiley**

Notes:
(1) Based on monthly gross rental and includes underlying tenants at Solaris.

Market Update and Outlook

Rental Index of Industrial Space



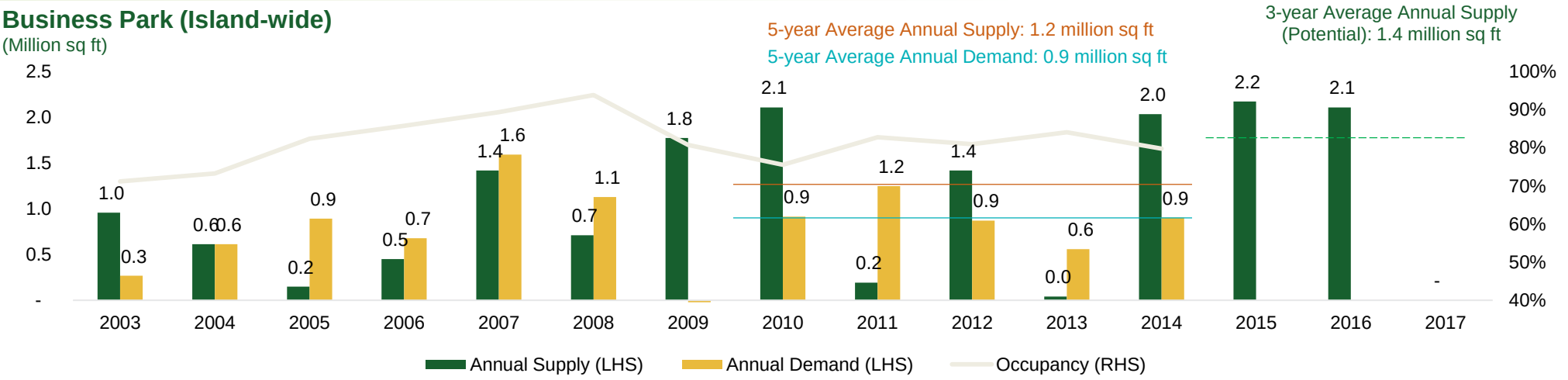
Source: JTC

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Supply, Demand and Occupancy

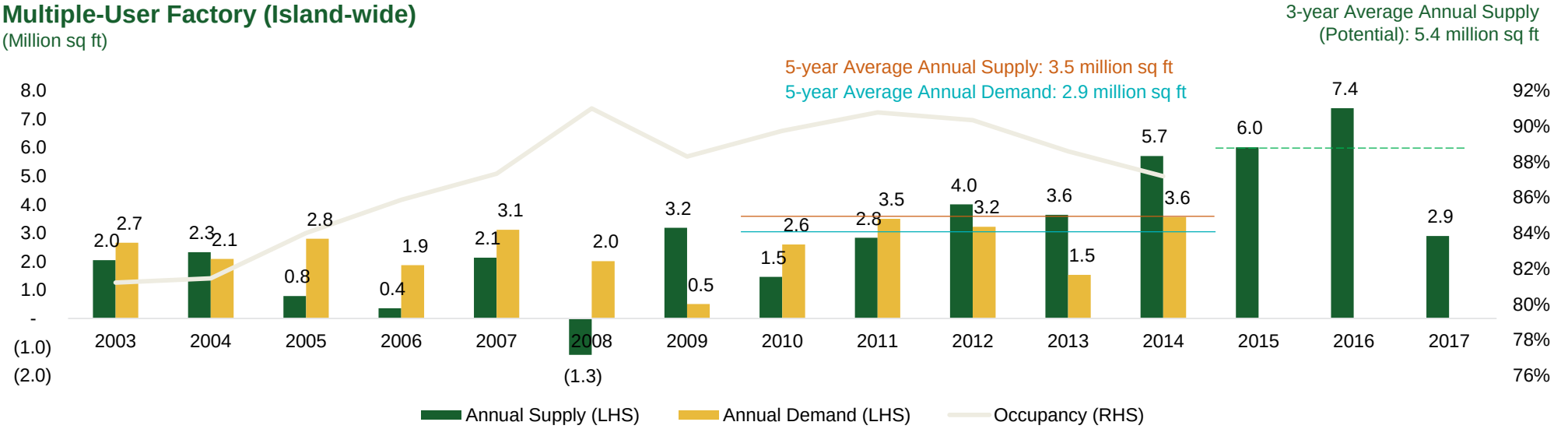
Business Park (Island-wide)

(Million sq ft)



Multiple-User Factory (Island-wide)

(Million sq ft)



Source: JTC, URA

Market Update and Outlook

Singapore's Economy

- Singapore's economy beat economists' expectations and advanced 2.6% in 1Q 2015 over the same period a year ago in comparison to 2.1% in 4Q 2014 despite contractions in the manufacturing sector.
- According to Ministry of Trade and Industry, Goods Producing Industries (inclusive of the Manufacturing and Construction sectors) dropped 1.4% in 1Q 2015. Singapore's Purchasing Managers' Index in June reads 50.4.

Industrial Property Sector

- Continues to face a challenging operating environment with issues such as historically high new supply and a weak macro-economic outlook putting pressure on rentals and occupancy.
- Rents of prime multi-user industrial space are likely to ease further going forward while rental for business parks and independent high-specs industrial premises could register marginal increment as new supply has a high level of pre-commitment.
- Rentals in Mapletree Business City and one-north increased quarter on quarter whereas business park rentals in outlying locations suffered a drop in 2Q 2015.

Soilbuild Business Space REIT

- In spite of the soft market conditions, the Manager has proactively negotiated and secured renewals and new leases for over 500,000 sq ft of space.
- Barring any unforeseen events and subject to renewing and re-leasing a large portion of the space that expires this year, Management expects Soilbuild REIT's portfolio to maintain a stable performance in FY2015.

Thank You











Key Contacts:

Shane Hagan
Chief Executive Officer
Tel: (65) 6415 5980
Email: shane.hagan@soilbuild.com

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