

HSBC ASEAN & India Conference 2016

Soilbuild Business Space REIT

30 June 2016



Disclaimer

This presentation should be read in conjunction with the financial statements of Soilbuild Business Space REIT for the first quarter from 1 January 2016 to 31 March 2016 (hereinafter referred to 1Q FY2016).

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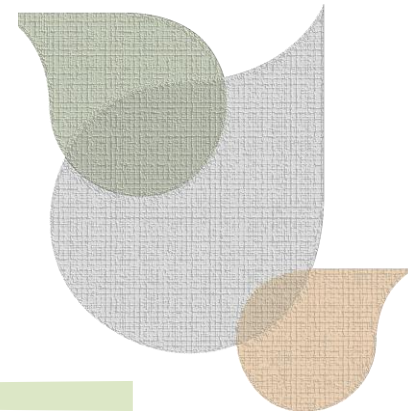
Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on Singapore Exchange Securities Trading Limited (the “SGX-ST”). It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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.

Content

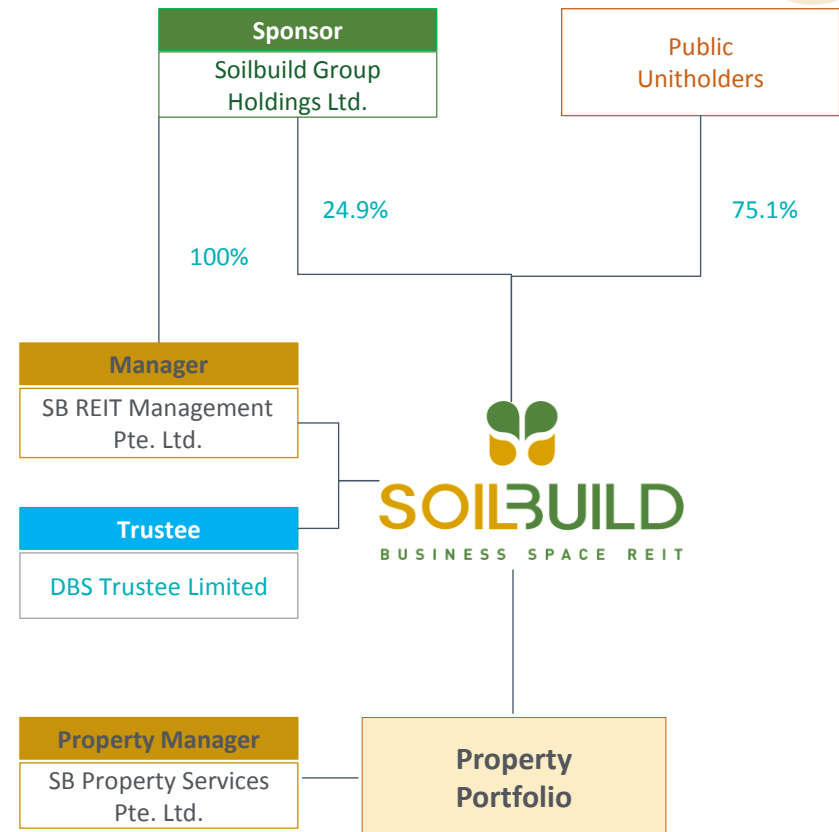
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About Soilbuild Business Space REIT



Overview of Soilbuild REIT

Investment Mandate	<ul style="list-style-type: none"> Primarily in business space assets located in Singapore
Portfolio	<ul style="list-style-type: none"> 11 properties valued at S\$1.19 billion⁽¹⁾ NLA of 3.53 million sq ft
Sponsor	<ul style="list-style-type: none"> Soilbuild Group Holdings Ltd. <ul style="list-style-type: none"> Leading integrated property group based in Singapore with 40 years of experience NAV of c.S\$600 million as of 31 December 2015
Sponsor Stake	<ul style="list-style-type: none"> 24.9%⁽²⁾
Manager	<ul style="list-style-type: none"> SB REIT Management Pte. Ltd.
Credit Rating	<ul style="list-style-type: none"> Baa3 (Moody's)



Note:

(1) As at 31 December 2015

(2) As at 30 April 2016

Soilbuild REIT Roadmap



16 Jul 2014:
Awarded "Best Investor Relations" and "Best Annual Report"



23 Dec 2014:
Completed Speedy-Tech acquisition for S\$24.3 million

22 Apr 2015:
Soilbuild REIT's first equity fund raising of S\$90 million via private placement

21 May 2015:
First issuance of S\$100 million 3.45% Fixed Rate Notes Due 2018 under the MTN Programme

25 Sep 2015:
Completed refinancing of S\$185 million Club Loan to March 2020

14 June 2016:
Proposed Acquisition and Entry into of The Master Lease Agreement in relation to Bukit Batok Connection

STANDARD & POOR'S

22 Jan 2014:
Assigned BBB-corporate investment grade credit rating

8 April 2016:
Second issuance of S\$100 million 3.60% Fixed Rate Notes Due 2021 under the MTN Programme

16 Aug 2013:
Listed on SGX-ST



26 May 2014:
Completed maiden acquisition of Tellus Marine for S\$18.2 million



31 Oct 2014:
Completed KTL Offshore acquisition for S\$55.7 million



11 Feb 2015:
Solaris Greenmark Platinum award renewed

25 Apr 2015:
Established a S\$500 million Medium Term Notes ("MTN") Programme



27 May 2015:
Completed Technics acquisition for S\$98.1 million

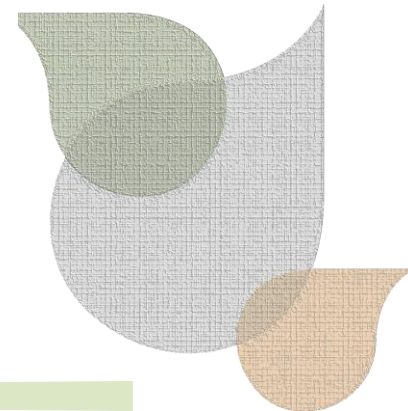
MOODY'S

22 Mar 2016:
Assigned Baa3 investment grade issuer rating

27 May 2016:
Withdrawal of S&P corporate credit rating. S&P reaffirmed the final "BBB-" long term corporate credit rating with a stable outlook

1Q FY2016


Financial Performance

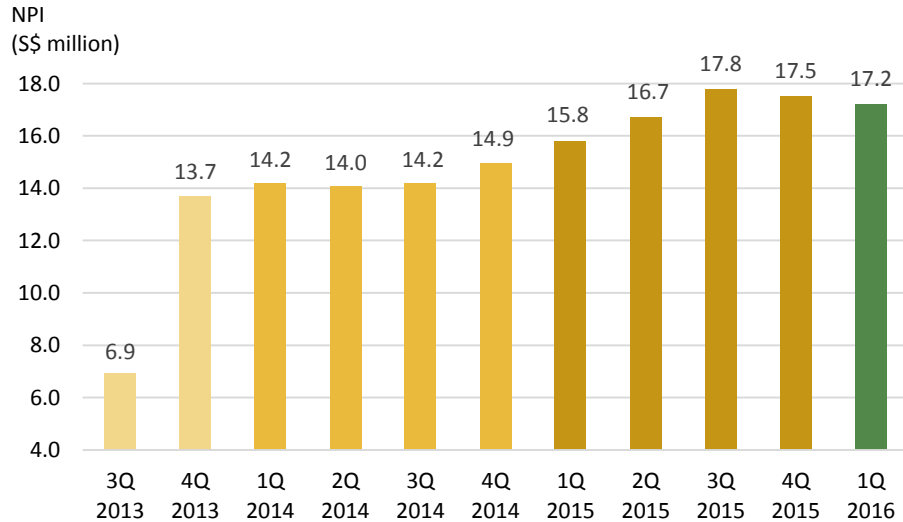


Steady Growth since IPO

Net Property Income (NPI)

1Q FY2016

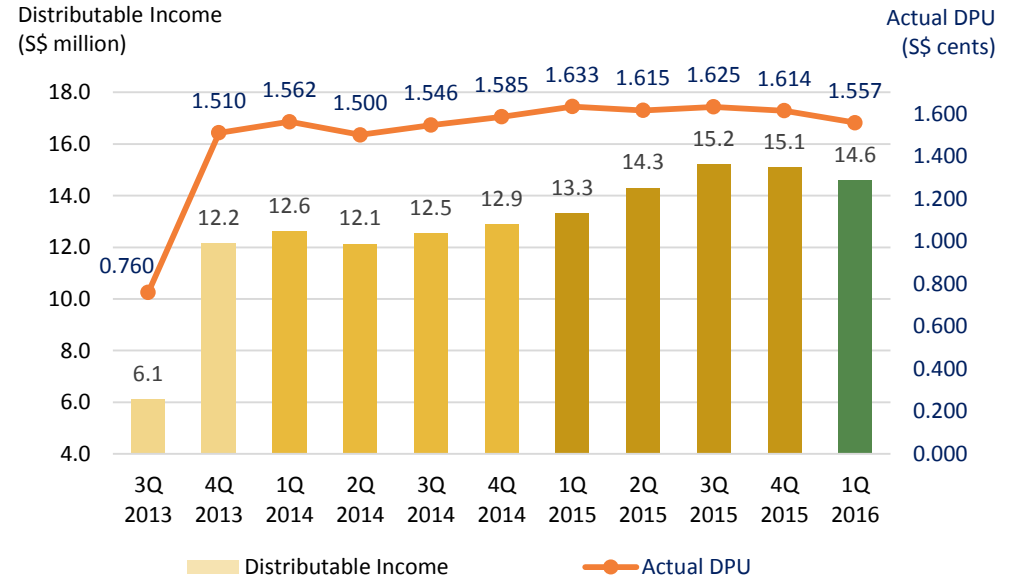
S\$ 17.2 million  8.8% y-o-y



Distributable Income

1Q FY2016

S\$ 14.6 million  9.6% y-o-y



	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016
Price ⁽¹⁾ (S\$)	0.745	0.770	0.780	0.800	0.795	0.790	0.810	0.850	0.805	0.770	0.730
Cumulative DPS (S\$ cents)	0.760	2.270	3.832	5.332	6.878	8.463	10.096	11.711	13.336	14.950	16.507
Cumulative Distribution Returns ⁽²⁾ (%)	0.97	2.91	4.91	6.84	8.82	10.85	12.94	15.01	17.10	19.17	21.16

Note:

(1) Based on closing price on last day of each quarter;

(2) Based on cumulative distribution per unit against IPO price of S\$0.78.

Source: Bloomberg

1Q FY2016 Financial Results

For the period from 1 January 2016 to 31 March 2016	1Q FY2016	1Q FY2015	Variance
(S\$'000)			
Gross Revenue	20,142	18,615	8.2%
Less Property Expenses	(2,949)	(2,817)	(4.7%)
Net Property Income	17,193	15,798	8.8%
Interest Income	236	47	402.1%
Finance Expenses ⁽¹⁾	(3,296)	(2,993)	(10.1%)
Manager's Fees ⁽²⁾	(1,461)	(1,332)	(9.7%)
Trustee's Fees	(50)	(47)	(6.4%)
Other Trust Expenses	(254)	(447)	43.2%
Total Return before Distribution	12,368	11,026	12.2%
Add back Non-Tax Deductible Items ⁽³⁾	2,241	2,299	(2.5%)
Distributable Income	14,609	13,325	9.6%

Note:

- (1) Finance Expenses comprise interest expense, amortisation of debt arrangement and prepayment fees and bank commitment fees.
- (2) Manager's Fees comprise base fees.
- (3) 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 and prepayment fees and bank commitment fees.

Distribution per Unit

1Q FY2016 vs 1Q FY2015

	1Q FY2016	1Q FY2015	Variance
Distributable Income (S\$'000)	14,609	13,325	9.6%
Distribution per Unit ("DPU") (cents)	1.557	1.633	(4.7%)
Annualised DPU (cents)	6.228	6.487 ⁽²⁾	(4.0%)
Annualised Distribution Yield	8.5% ⁽¹⁾	8.4% ⁽³⁾	1.2%
Number of Units issued	938,010,400	815,750,896	15.0%

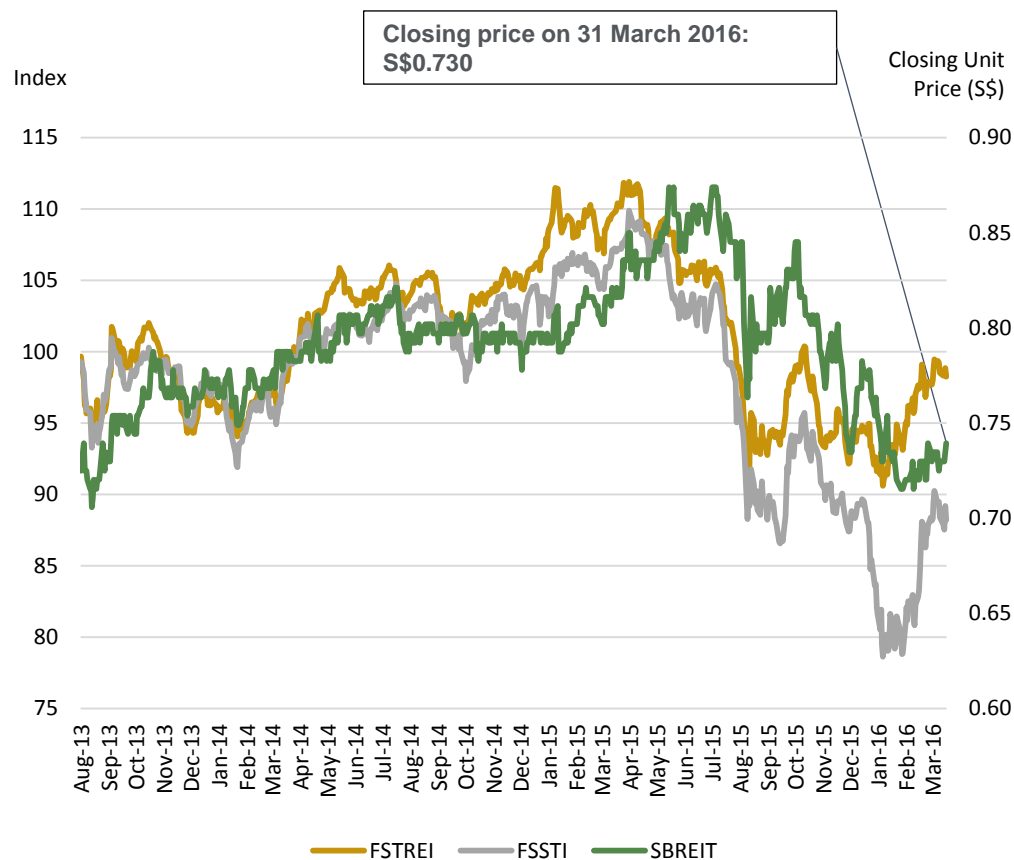
Note:

- (1) Based on the closing price of S\$0.73 as at 31 March 2016.
- (2) Actual FY2015 DPU
- (3) Based on the closing price of S\$0.77 as at 31 December 2015.

Attractive Return on Investment since IPO

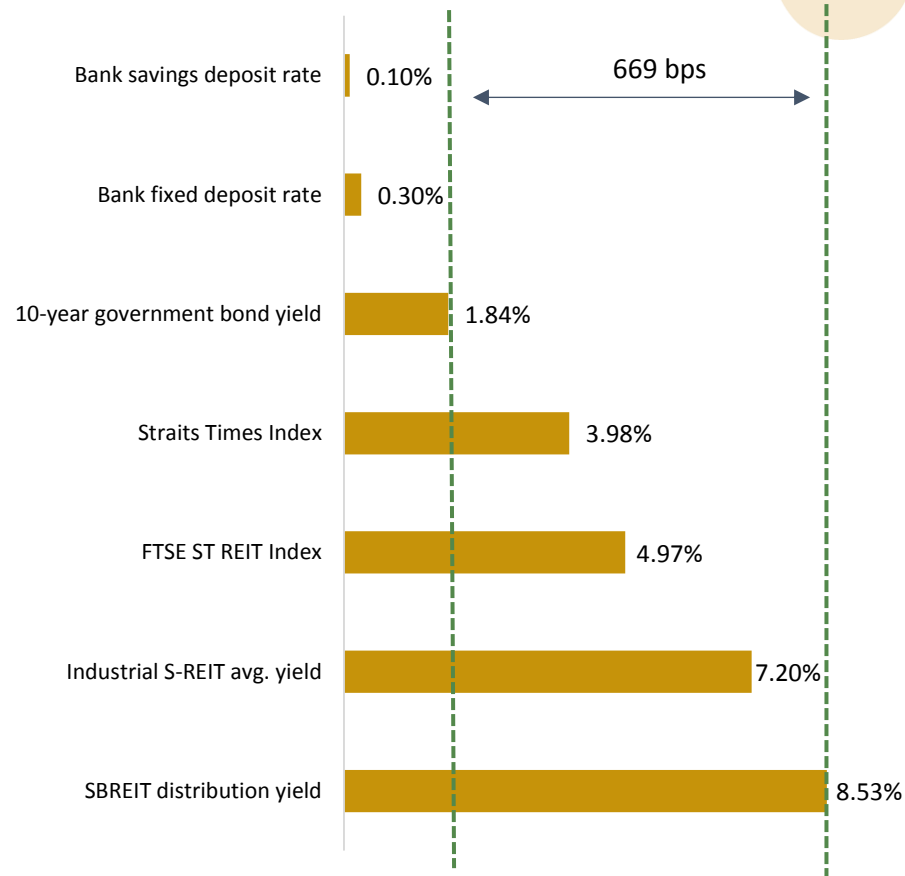
Total Annualised Return of 5.38%⁽¹⁾ since listing

Distribution Yield = 8.53%⁽²⁾



Unit trading at 669 bps risk premium⁽³⁾

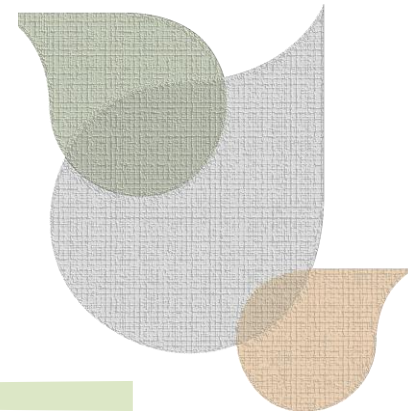
above 10-year government bond yield



Notes:

- (1) Sum of cumulative distribution return and capital appreciation based on closing price of \$0.730 as at 31 March 2016;
 - (2) Based on 1Q FY2016 DPU of 1.557 cents and Unit price of \$0.730 as at 31 March 2016;
 - (3) Information as at 31 March 2016 except for Straits Times Index and FTSE ST REIT Index as at 24 March 2016.
- Source: Bloomberg

Financial Position / Capital Management



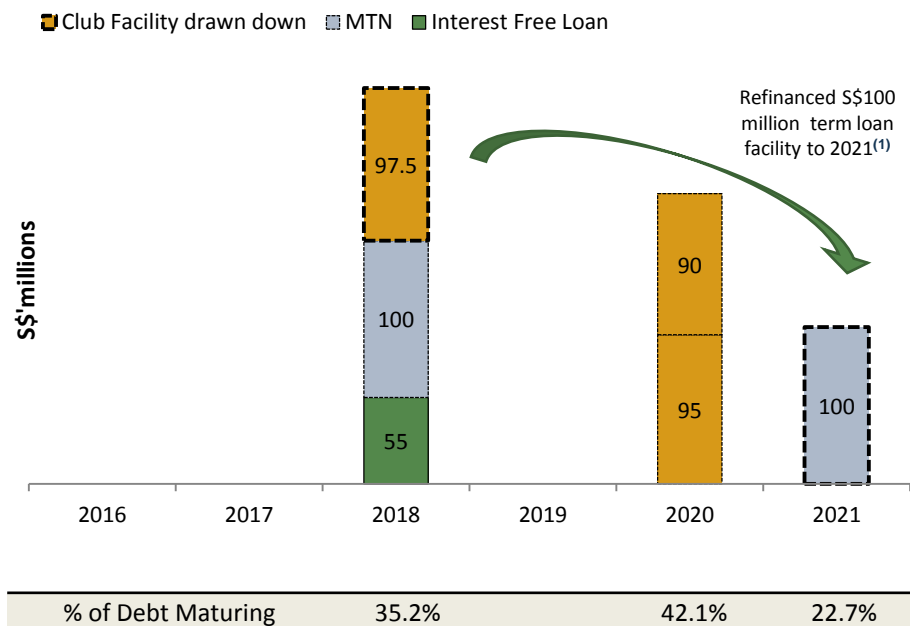
1Q FY2016 Financial Results – Statement of Financial Position

All figures S\$'000 unless otherwise stated	31 March 2016	31 December 2015
Investment Properties	1,190,732	1,190,700
Other Assets	25,614	23,830
Total Assets	1,216,346	1,214,530
Borrowings	428,683	398,502
Other Liabilities	44,227	70,055
Net Assets	743,436	745,973
Units in Issue ('000)	938,010	934,442
Net Asset Value per Unit (S\$)	0.79	0.80

Prudent Capital Management

- 1) Soilbuild REIT is rated Baa3 by Moody's.
- 2) Lengthened weighted average debt maturity and fixed the interest rate for 100% of borrowings with the latest MTN issuance.

To mitigate interest rate risk, 100%⁽¹⁾ of total debt hedged with interest rate swaps/MTN



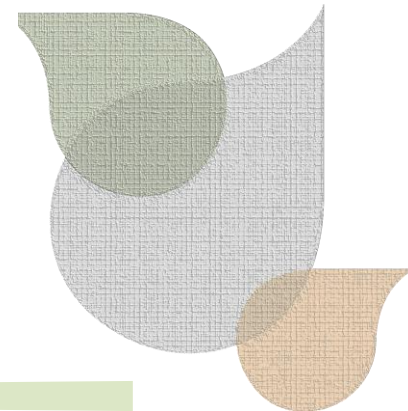
- 3) Aggregate leverage of 36.0%⁽²⁾ allows headroom of S\$81 million⁽³⁾

	Post Refinancing
Total Bank Financing Facilities	S\$185 million
Total Bank Debt Drawn Down	S\$185 million
Multicurrency Debt Issuance Programme drawn down	S\$200 million
Interest-free Loan	S\$55 million
Unencumbered Investment Properties	S\$830 million
Secured leverage ⁽⁴⁾	15%
Average All-in Interest Cost ⁽⁵⁾	3.36%
Weighted Average Debt Maturity ⁽²⁾	3.6 years
Weighted Average Term of Fixed Rate Borrowings	2.3 years

Notes:

- (1) Post refinancing of S\$100 million term loan facility on 8 April 2016.
- (2) Includes interest free loan in relation to the Solaris upfront land premium.
- (3) Based on target aggregate leverage of 40%.
- (4) Secured Debt/Total Assets.
- (5) Excludes interest-free loan.

Portfolio Update



Portfolio Overview



Tuas Connection

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



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\$15.7 million ⁽²⁾

SEMBAWANG

Portfolio Summary

Valuation ⁽¹⁾	S\$1,190.7 million
Total NLA	3.53 million sq ft
WALE (by GRI)	4.7 years
Occupancy	94.8%



KTL Offshore

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

Second Link
(Tuas Checkpoint)



Technics Offshore

NLA: 203,468 sq ft
Valuation: S\$97.0 million

PIONEER
BOON LAY

JOO KOON

BUONA VISTA

ONE-NORTH

SIMEI
EXPO

CHANGI

Tuas Port
(2022)

Jurong Port

Jurong Island



PSA
Terminal

Sentosa

Keppel
Terminal



BK Marine

NLA: 73,737 sq ft
Valuation: S\$16.5 million



Speedy-Tech

NLA: 93,767 sq ft
Valuation: S\$24.5 million



West Park BizCentral

NLA: 1,240,583 sq ft
Valuation: S\$319.0 million



Solaris

NLA: 441,533 sq ft
Valuation: S\$360.0 million



Eightrium

NLA: 177,286 sq ft
Valuation: S\$102.8 million

Notes:

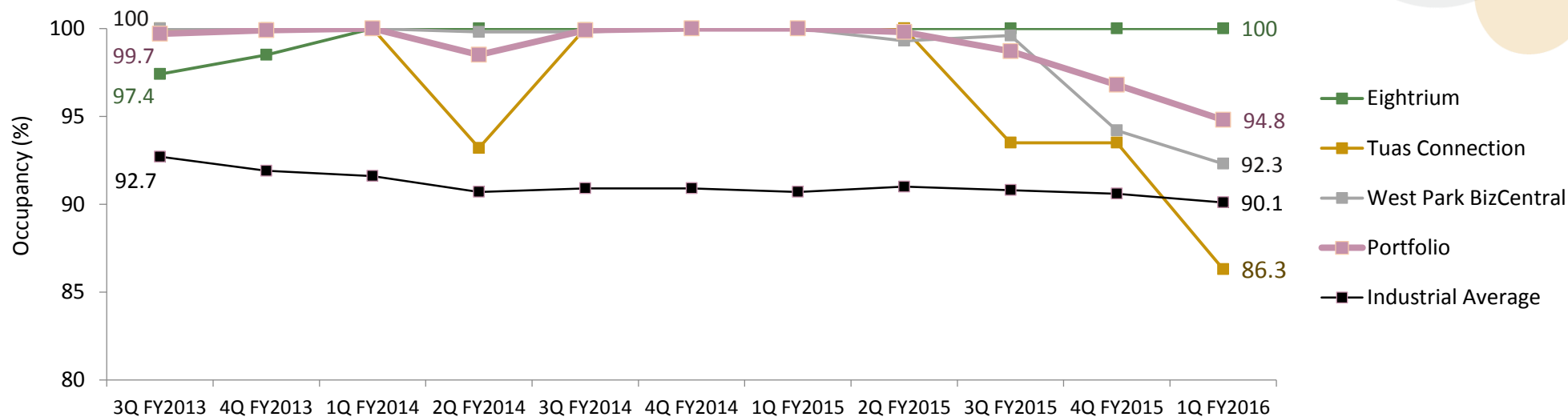
- (1) Based on CBRE's & Colliers' valuations dated 31 December 2015.
- (2) NLA and Valuation excludes the construction of a new annex to Tellus Marine.

● Industrial Properties ● Business Park Properties

Occupancy From Multi-tenanted Properties

Portfolio Occupancy

As at end of each quarter



	3Q FY2013	4Q FY2013	1Q FY2014	2Q FY2014	3Q FY2014	4Q FY2014	1Q FY2015	2Q FY2015	3Q FY2015	4Q FY2015	1Q FY2016
Eightrium	97.4%	98.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Tuas Connection	100.0%	100.0%	100.0%	93.2%	100.0%	100.0%	100.0%	100.0%	93.5%	93.5%	86.3%
West Park BizCentral	100.0%	100.0%	100.0%	99.8%	99.8%	100.0%	100.0%	99.3%	99.6%	94.2%	92.3%
Portfolio	99.8%	99.9%	100.0%	98.5%	99.9%	100.0%	100.0%	99.8%	98.7%	96.8%	94.8%
Industrial Average⁽¹⁾	92.7%	91.9%	91.6%	90.7%	90.9%	90.9%	90.7%	91.0%	90.8%	90.6%	90.1%

Notes:

(1) Source: JTC (1Q 2016)

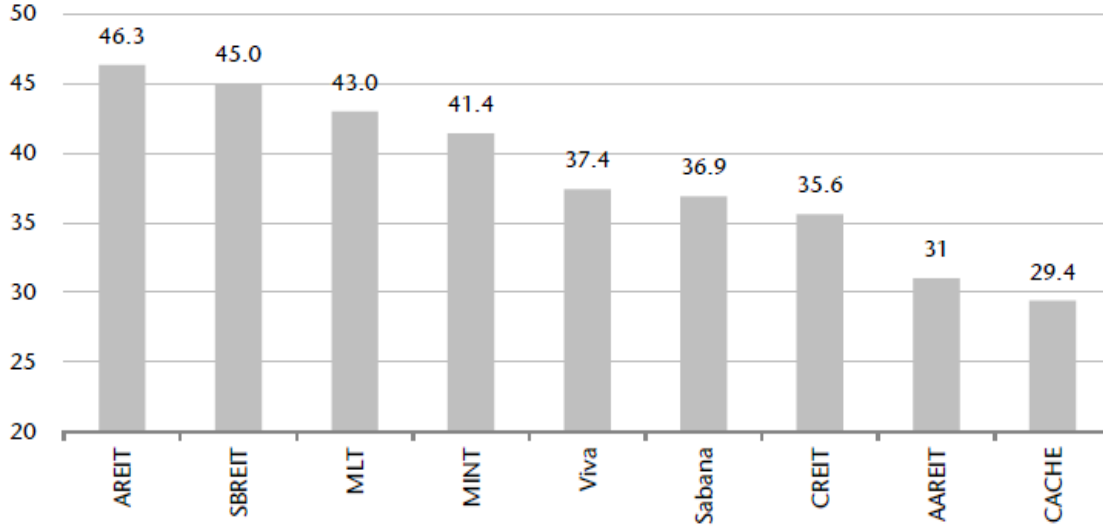
Excellence above our peers...

Weighted Average Land Lease Expiry

Weighted by Valuation⁽¹⁾

One of the Youngest Portfolios of Business Space Properties

🌱 Long Balance Land Lease Expiry of 45.0 years

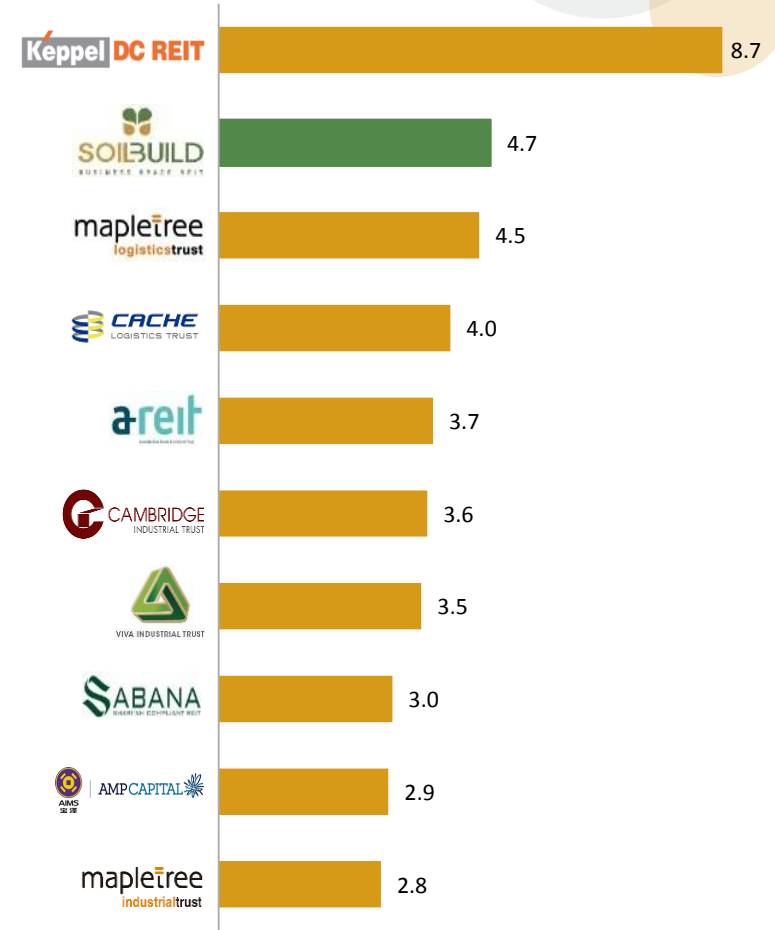


Source: Jefferies estimates, company data; excludes freehold properties

Note:
 (1) Source: Jefferies report dated 6 June 2016
 (2) Source: Various REITs; Except for Mapletree Logistics Trust and Keppel DC REIT by Net Lettable Area as at 31 March 2016.

Weighted Average Lease Expiry

By Gross Rental Income⁽²⁾

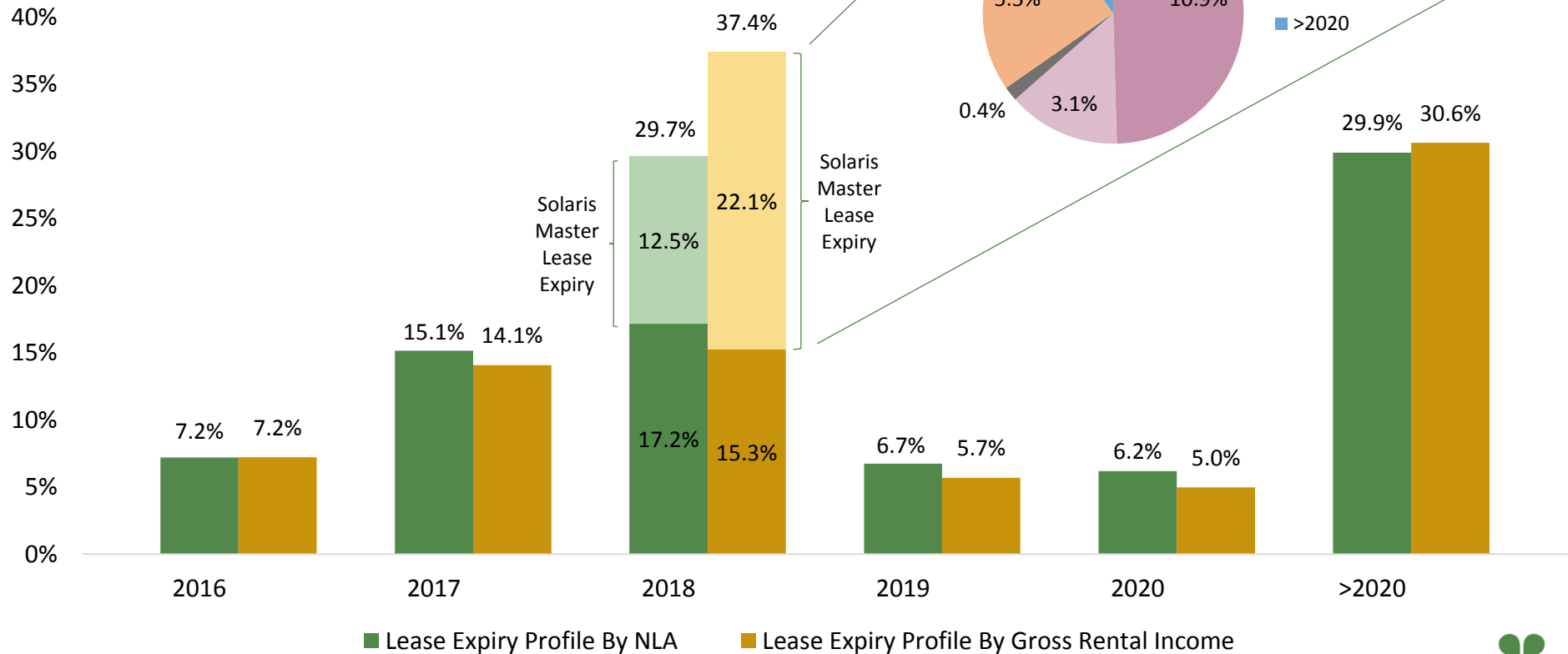


Well Staggered Lease Expiry Profile

Portfolio Lease Expiry Profile

By % of NLA & % of Rental Income

WALE (by NLA)	4.3 years
WALE (by Gross Rental Income)	4.7 years



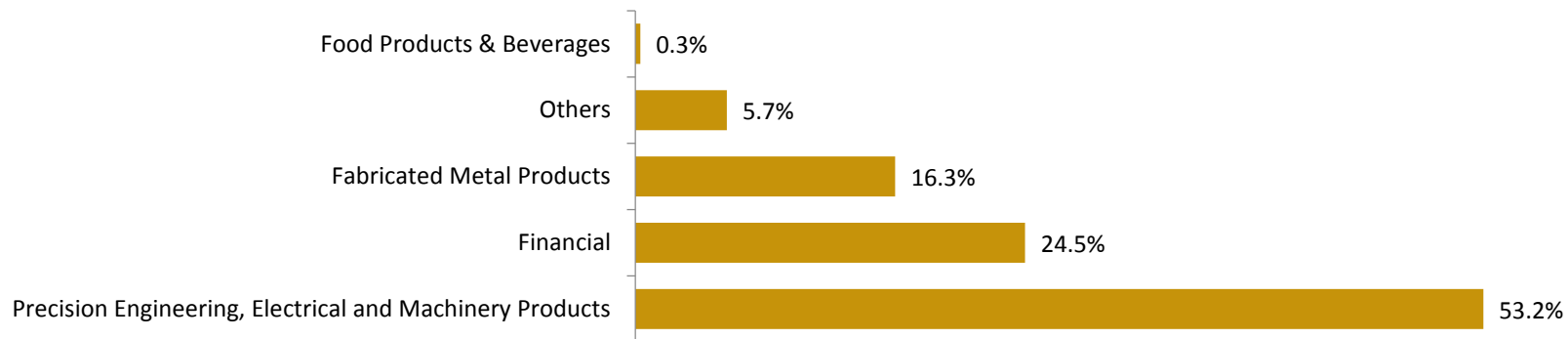
Leasing Update

1Q FY2016

	No. of Leases	Area (sqft)	Avg. Gross Rent before Renewal (\$ psf)	Avg. Gross Rent after Renewal (\$ psf)	Rental Reversion
Renewal Leases	7	152,534	\$1.83 ⁽¹⁾	\$1.95 ⁽¹⁾	6.6%
New leases	2	86,563	-	\$1.18 ⁽²⁾	-
Forward Renewal Leases	2	43,823	\$1.64 ⁽²⁾	\$1.63 ⁽²⁾	-0.6%
Total	11	282,920			

Trade sector of leases signed as at 1Q FY2016

By Gross Rental Income



Note:

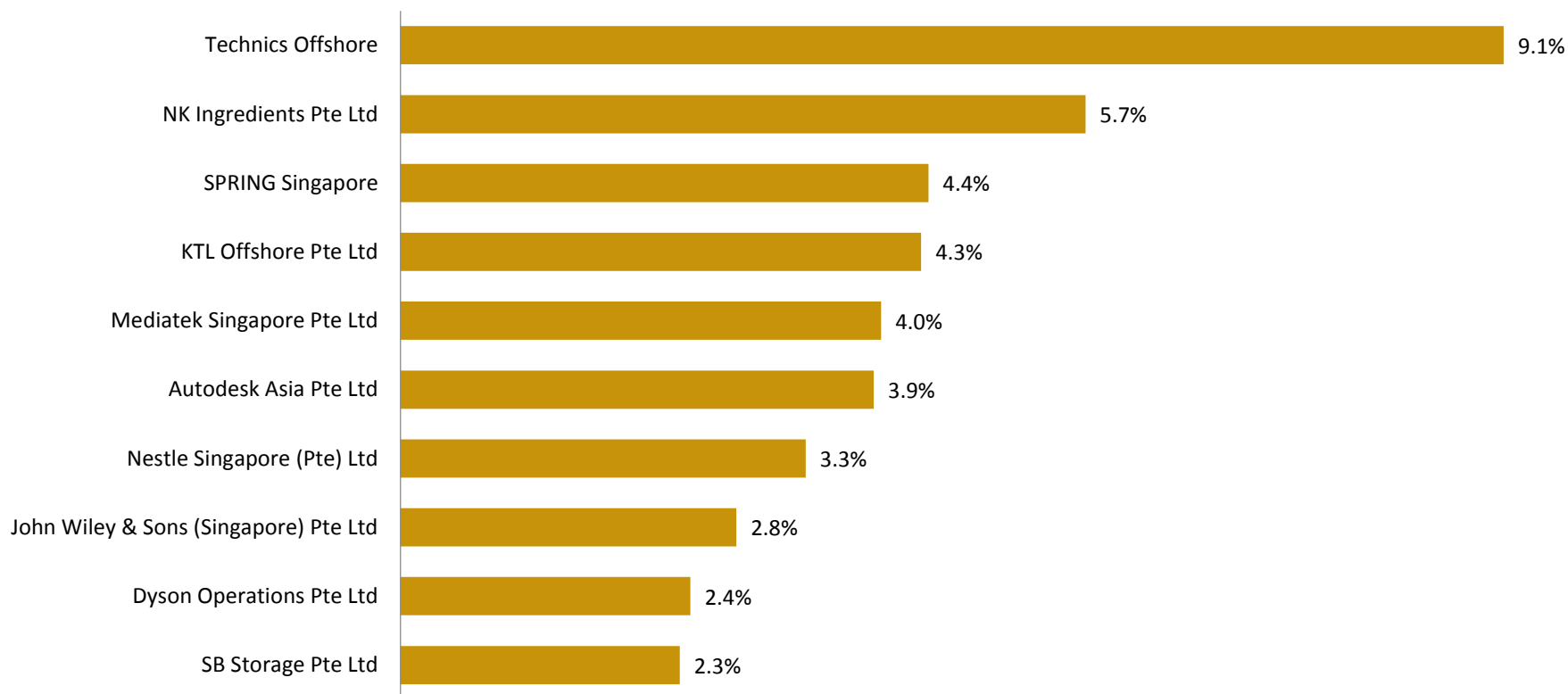
- (1) The average gross rent include both industrial and business park properties;
- (2) The average gross rent includes solely industrial properties.

Quality & Diverse Tenant Base

Top 10 Tenants

By Gross Rental Income ⁽¹⁾

Top 10 tenants contribute 42.2% of monthly gross rental income.



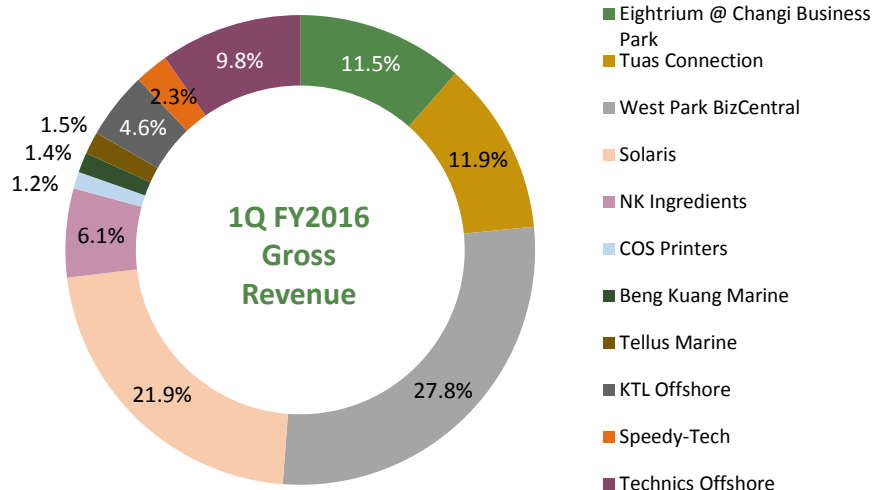
Notes:

(1) Based on monthly gross rental and includes underlying tenants at Solaris as at 31 March 2016.

Well-Diversified Portfolio

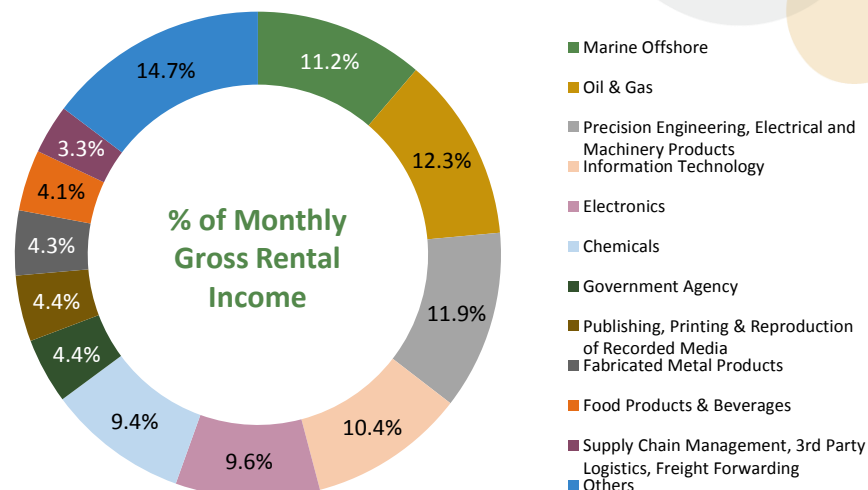
1. Portfolio Income Spread

By Property



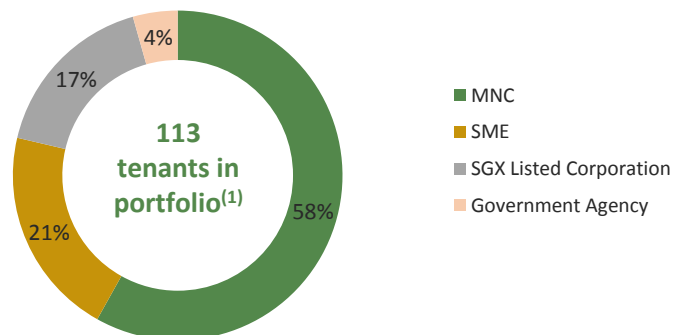
2. Well-spread Trade Sectors⁽¹⁾

By Gross Rental Income



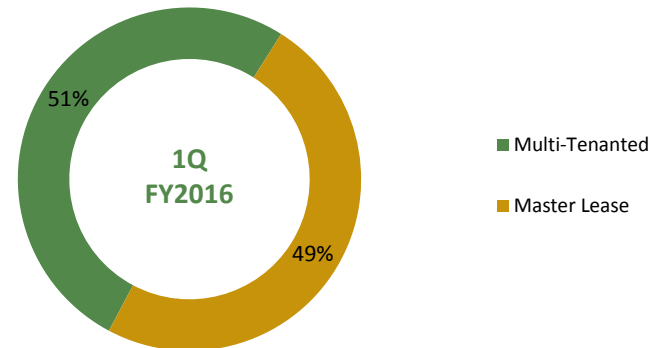
3. Diversified Tenant Base

By Gross Rental Income



4. Balanced Portfolio with Growth Upside

By Gross Rental Income



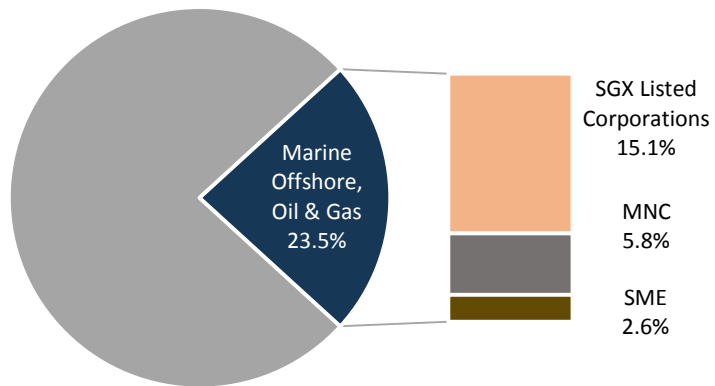
Note:

(1) Inclusive of underlying tenants at Solaris

Diversified Risk Exposure

Marine Offshore and Oil & Gas Tenants⁽¹⁾

By Gross Rental Income



Stress Test

Banking Facility Financial covenants	1Q FY2016	1Q FY2016 assuming no receipts from at-risk tenants ⁽²⁾
Ratio of total net cash available for debt servicing to total interest expense ⁽³⁾	6.3:1	4.6:1

Note:

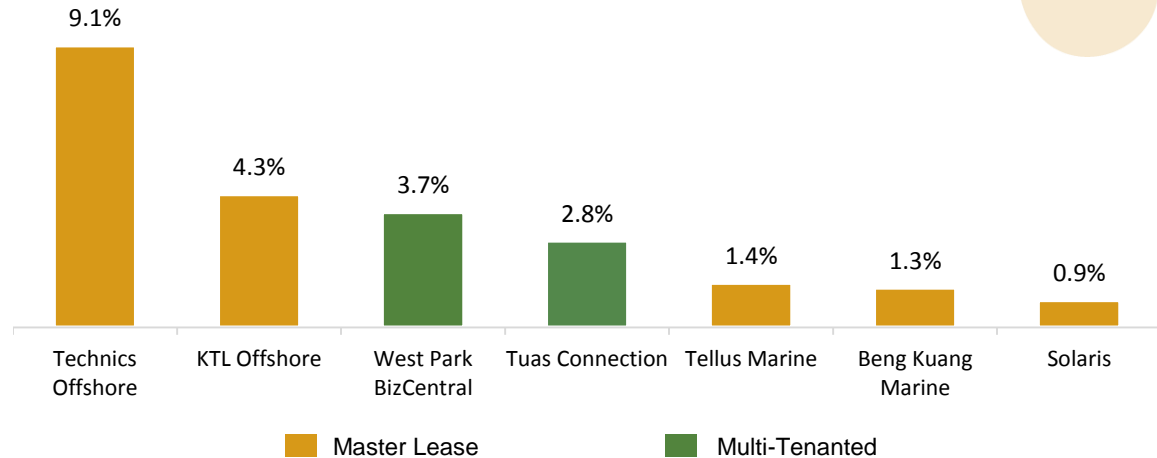
(1) Inclusive of underlying tenants at Solaris as at 31 March 2016.

(2) At risk tenants include all tenants in oil & gas/offshore marine apart from underlying tenants in Solaris

(3) Computed based on the definition stated in the bank loan facility agreement.

Diversified Exposure by Property⁽¹⁾

By Gross Rental Income



Risk Management

- 🌿 **Active Engagement** with tenants on business directives
- 🌿 **12 to 18 months** rental deposits for Master Leases
- 🌿 **3 to 5 months** rental deposits for leases in Multi-Tenanted Buildings
- 🌿 **Risk Diversification** whereby Marine Offshore and Oil & Gas sectors consist of 20 tenants

Growing Cashflows from Master Leases

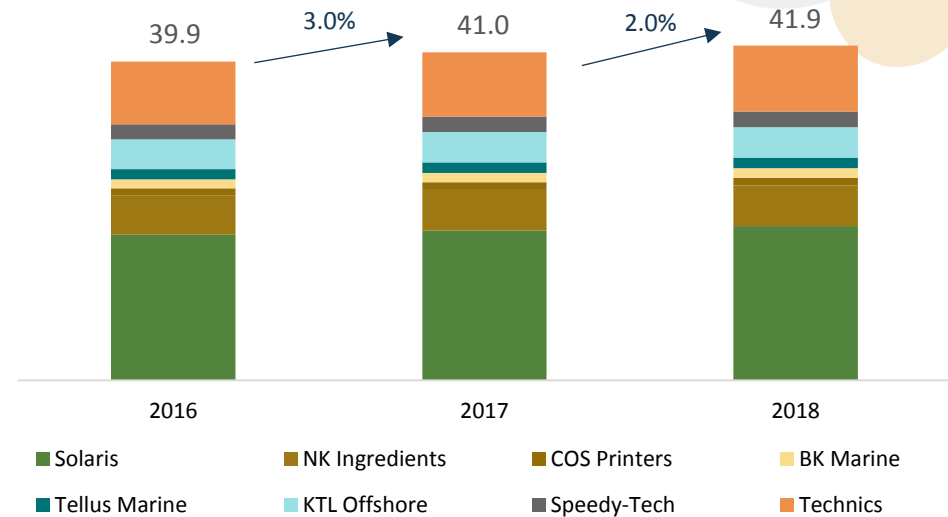
Long-term Master Leases

Lease Term from start of Master Lease Agreement

	Master Lease Property	Date of Acquisition	Lease Term
1	Technics Offshore	27 May 2015	15 Years
2	NK Ingredients	15 February 2013	15 Years
3	COS Printers	19 March 2013	10 Years
4	Tellus Marine	26 May 2014	10 Years
5	Speedy-Tech	23 December 2014	10 Years
6	Beng Kuang Marine	10 May 2013	7 Years
7	KTL Offshore	31 October 2014	7 Years
8	Solaris	16 August 2013	5 Years

Fixed Annual Rental Escalation of Master Leases

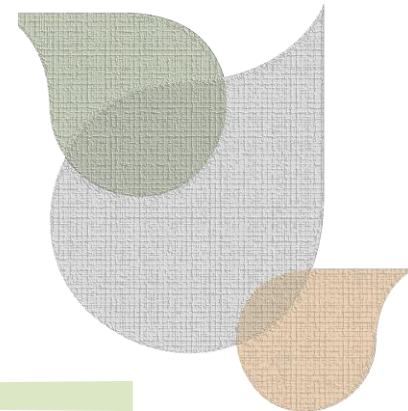
Rental Revenue (S\$ million)



Expected Stable and Growing Cash Flows from the Master Leases

- 1 Master Leases feature long term leases ranging from 5 to 15 years provides **stability**
- 2 Master Leases provide **organic growth** through annual or bi-annual rental escalations
- 3 Master Leases structured on a double and triple net lease basis, **minimising expenses** to Soilbuild REIT
- 4 **Risk mitigation** through 6-18 month rental deposits from Master Lessees and blue chip sub-tenant base

Right of First Refusal Properties



Sponsor Right of First Refusal Properties

1 Acquisition of ROFR Properties

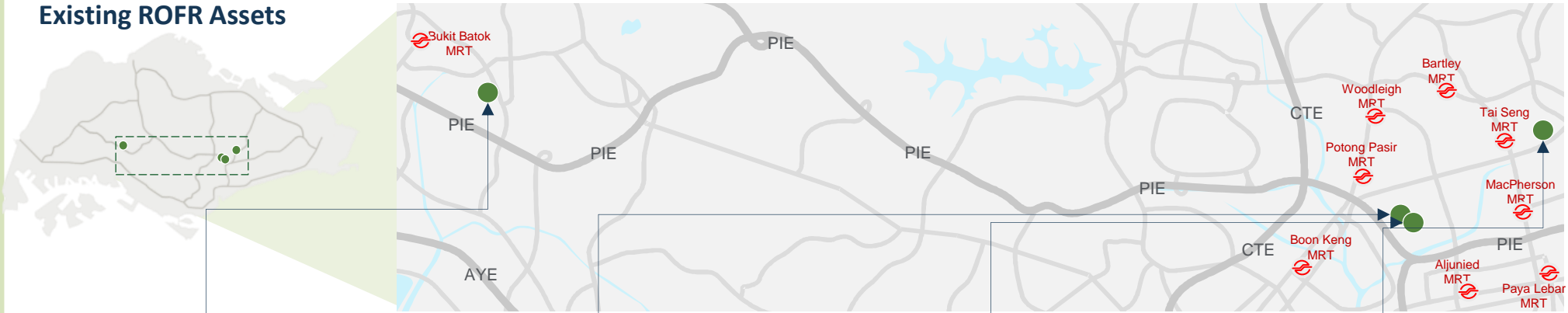
- Current ROFR pipeline of 4 industrial properties with maximum GFA⁽¹⁾ in excess of 2.3 million sq ft
- ROFR pipeline to continue growing as the Sponsor undertakes new development of business space properties

2 Acquisition / Development of Business Space Properties

- Actively seeks to undertake developments⁽²⁾ 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 (TOP received)
Max GFA: 404,000 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

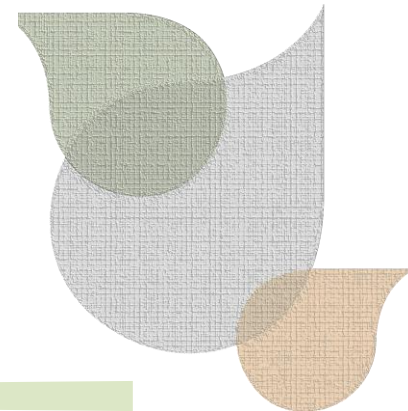


iPark
3 blocks of 7-storey flatted factory and a single-storey amenity centre (target redevelopment in 2018)
Max GFA: 1,031,000 sq ft

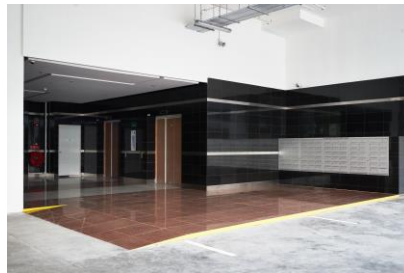
Notes:

- GFA based on maximum allowable plot ratio
- Subject to the limit imposed by the Property Funds Appendix.

Proposed Acquisition of Bukit Batok Connection



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
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	<u>Double-net</u> 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

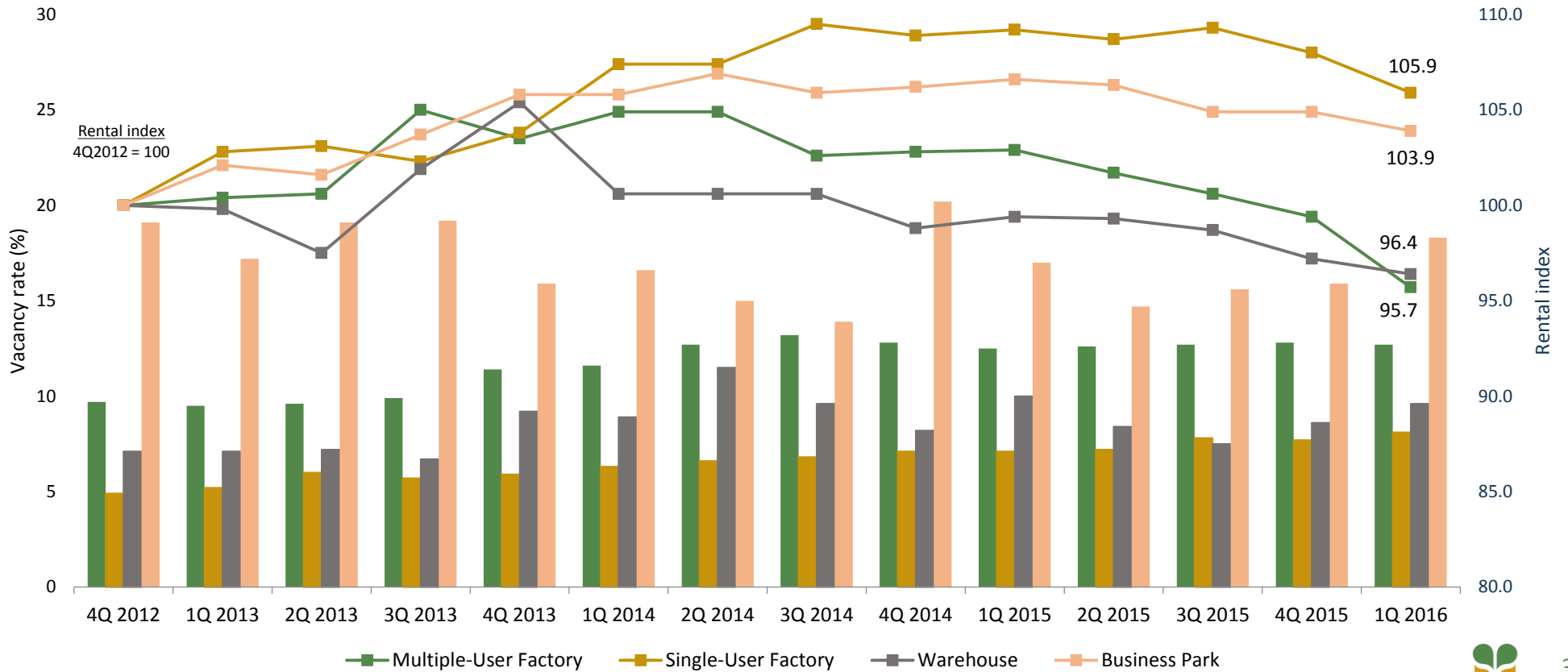


Market Update and Outlook



Industrial Properties Profile

(4Q 2012 vs 1Q 2016)	Multi-user	Single-user	Warehouse	Business Park
Vacancy Rate (%)	↑ 3.0%	↑ 3.2%	↑ 2.5%	↓ 0.8%
Rental Index	↓ 4.3%	↑ 5.9%	↓ 3.6%	↑ 3.9%



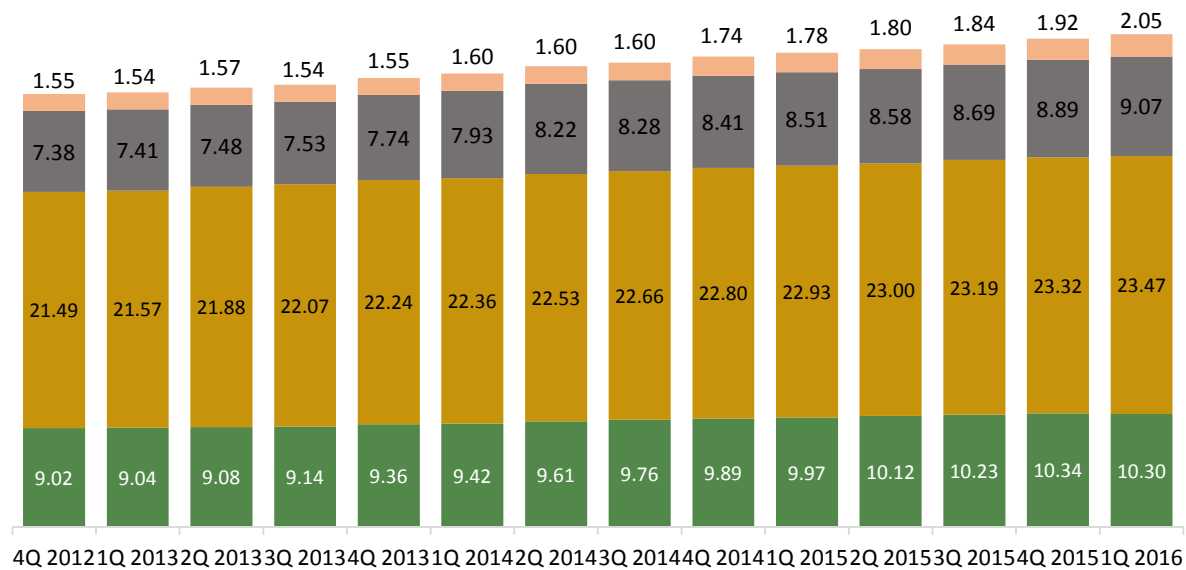
Source: JTC (1Q 2016)

Industrial Space Supply

Total Industrial Stock ('million sq m)

↑ **14.0%** since 4Q2012

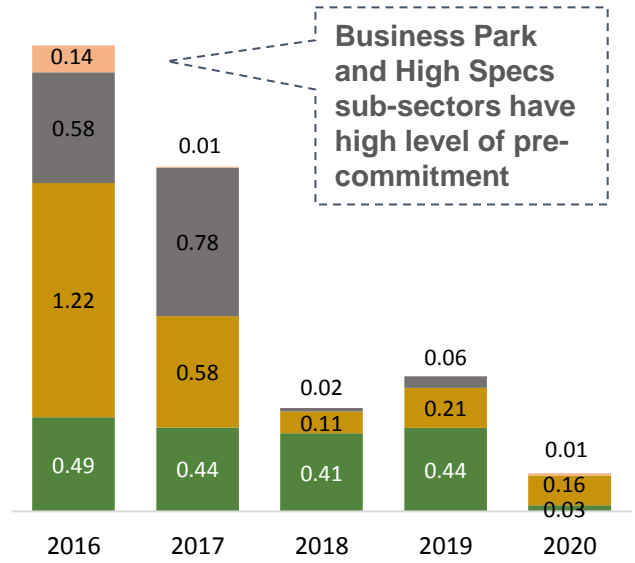
39.4	39.6	40.0	40.3	40.9	41.3	42.0	42.3	42.8	43.2	43.5	44.0	44.5	44.9
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■ Multiple-User Factory ■ Single-User Factory ■ Warehouse ■ Business Park
↑ **14.2%** ↑ **9.2%** ↑ **22.9%** ↑ **32.3%**

Total Industrial Supply in the Pipeline

2.43	1.81	0.54	0.71	0.20
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■ Multiple-user factory ■ Single-user factory
■ Warehouse ■ Business Park

Source: JTC (1Q 2016)

Market Update and Outlook

Singapore's Economy

- Based on advance estimates released by the Ministry of Trade and Industry, Singapore's economy in 1Q 2016 grew by 1.8% year-on-year, unchanged from the previous quarter. Growth was flat on a quarter-on-quarter seasonally-adjusted annualised basis, in contrast to the 6.2% expansion in the preceding quarter.
- Purchasing Managers' Index for May 2016 remained unchanged at 49.8 from the preceding month, registering the highest reading since December 2015.
- Factory activity continues to contract over eleven consecutive months although new orders, exports, factory output and manufacturing employment have improved.

Industrial Property Sector

- With the slowdown in the manufacturing sector, rentals of all industrial properties softened by 2.7% in 1Q 2016 over the preceding quarter.
- The largest contraction was attributed by Multiple-user factory registering a 3.7% decline in rental index over 4Q 2015. Single-user factory, Business Park and Warehouse contracted 1.9%, 1.0% and 0.8% respectively over the preceding quarter.

Soilbuild Business Space REIT

- Despite the slow market conditions, the Manager has proactively negotiated and secured renewals and new leases for over 280,000 sq ft of space as at 31 March 2016.
- The challenge ahead is to re-let the vacant space and renew 7.2% or 250,000 sq feet of leases that are expiring for the rest of the year.

Thank You

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