



# 3Q FY2014 Results Presentation

21 October 2014



# Disclaimer

---

This presentation should be read in conjunction with the financial statements of Soilbuild Business Space REIT for the third quarter from 1 July 2014 to 30 September 2014 (hereinafter referred to 3Q FY2014).

This presentation is for information only and does not constitute an offer or solicitation of an offer to subscribe for, acquire, purchase, dispose of or sell any units in Soilbuild Business Space REIT (“Soilbuild REIT”, and units in Soilbuild REIT, “Units”) or any other securities or investment.

Nothing in this presentation should be construed as financial, investment, business, legal or tax advice and you should consult your own independent professional advisors.

This presentation may contain forward-looking statements that involve risks, uncertainties and assumptions. Future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management of future events.

The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

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.

**Citigroup Global Markets Singapore Pte. Ltd., DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited are the joint global coordinators, issue managers, bookrunners & underwriters of the initial public offering of Soilbuild REIT.**

Key Highlights	4
3Q FY2014 Financial Performance	6
Financial Position / Capital Management	10
Portfolio Update	13
Recently Announced Acquisitions	20
Market Update and Outlook	22



# Key Highlights

---

# Key Highlights of 3Q FY2014

## 3Q FY2014 Results

- Distribution per Unit for 3Q FY2014 at SGD 1.546 cents – 2.0% above the Forecast<sup>(1)</sup>
- Net Property Income outperformance driven by new acquisition income and continued cost management on existing properties.

## Capital Management

- 95% of debt hedged. Average all-in interest cost of 3.08%<sup>(2)</sup> p.a. as at 30 September 2014.
- Conservative gearing at 30.3% as at 30 September 2014 provides debt headroom for future acquisitions.
- Healthy interest cover ratio of 5.1 times.

## Portfolio Update

- Portfolio occupancy rate of 99.9% as at 30 September 2014.
- Only 8.4% of FY2014 lease expiries are outstanding.
- Two acquisitions announced, which will both complete in 4Q FY2014, bringing the total portfolio size to in excess of S\$1 billion.

Notes:

- 1) The Forecast is derived from the Forecast Year 2014 figures disclosed in the Prospectus dated 7 August 2013 (the “Prospectus”).
- 2) Excluding debt arrangement fees relating to undrawn loans on the new \$100 million facility.

# Financial Performance

---

3Q FY2014

# Distribution per Unit

## 3Q FY2014 Actual vs Forecast

	Actual	Forecast <sup>(1)</sup>	Variance
Distributable Income (S\$'000)	<b>12,539</b>	<b>12,283</b>	2.1%
Distribution per Unit ("DPU") <sup>(2)</sup> (cents)	1.546	1.515	2.0%
Annualised DPU (cents)	6.184		
Annualised Distribution Yield <sup>(3)</sup>	7.8%		

## 3Q FY2014 vs 3Q FY2013

	3Q FY2014 1 Jul 14 – 30 Sep 14	3Q FY2013 <sup>(4)</sup> 16 Aug 13 – 30 Sep 13	Variance
Distributable Income (S\$'000)	<b>12,539</b>	<b>6,113</b>	n.m.
Distribution per Unit ("DPU") (cents)	1.546 <sup>(2)</sup>	0.760 <sup>(5)</sup>	n.m.
Annualised DPU (cents)	6.184	6.030	2.6%

Note:

(1) The Forecast figures are derived from the Forecast Year 2014 figures disclosed in the Prospectus.

(2) Based on 810.9 million units in issue as at 30 September 2014.

(3) Based on the closing price of S\$0.795 as at 30 September 2014.

(4) 3Q FY2013 refers to the period from Listing Date to 30 September 2013.

(5) Based on 803.5 million units in issue as at 30 September 2013.

# 3Q FY2014 Financial Results – P&L

For the period from 1 July 2014 to 30 September 2014 (S\$'000)	Actual	Forecast <sup>(1)</sup>	Variance
<b>Gross Revenue</b>	16,916	16,770	0.9%
Less Property Expenses	(2,723)	(2,817)	3.3%
<b>Net Property Income</b>	<b>14,193</b>	<b>13,953</b>	<b>1.7%</b>
Manager's Fees	(1,254)	(1,228)	(2.1%)
Trustee's Fees	(45)	(39)	(15.4%)
Interest Income	10	-	n.m.
Other Trust Expenses	(350)	(183)	(91.3%)
Finance Expenses <sup>(2)</sup>	(2,454)	(2,302)	(6.6%)
<b>Total return for the period</b>	<b>10,100</b>	<b>10,201</b>	<b>(1.0%)</b>
Add back Non-Tax Deductible Items <sup>(3)</sup>	2,439	2,082	17.1%
<b>Distributable Income</b>	<b>12,539</b>	<b>12,283</b>	<b>2.1%</b>

Note:

(1) The Forecast figures are derived from the Forecast Year 2014 figures disclosed in the Prospectus.

(2) Finance Expenses comprise net interest expense, security trustee and agency fees, and amortisation of debt arrangement 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, security trustee and agency fees, amortisation of debt arrangement fees and professional fees.



# 3Q FY2014 Distribution

## Distribution Details

3Q FY2014

<b>Distribution Period</b>	<b>1 July 2014 – 30 September 2014</b>
<b>Distribution Amount</b>	<b>1.546 cents per unit</b>

## Distribution Timetable

3Q FY2014

<b>Last Day of Trading on “cum” Basis</b>	<b>Monday, 27 October 2014</b>
<b>Ex-Date</b>	<b>Tuesday, 28 October 2014</b>
<b>Books Closure Date</b>	<b>Thursday, 30 October 2014</b>
<b>Distribution Payment Date</b>	<b>Thursday, 20 November 2014</b>

# Financial Position / Capital Management

---

# 3Q FY2014 Financial Results – Balance Sheet

All figures S\$'000 unless otherwise stated	Unaudited Actual as at 30 September 2014	Audited Actual as at 31 December 2013 <sup>(1)</sup>
Investment Properties	949,944	935,000
Other Assets	22,412	20,292
<b>Total Assets</b>	<b>972,356</b>	<b>955,292</b>
Bank Borrowings	289,849	275,331
Other Liabilities	33,371	32,663
<b>Net Assets</b>	<b>649,136</b>	<b>647,298</b>
Units in Issue ('000)	810,933	804,541
Net Asset Value per Unit (S\$)	0.80	0.80

Note:

(1) The balance sheet as at 31 December 2013 excludes minor private trust balances as disclosed in Soilbuild REIT's FY2013 annual report which were attributable to the private trust unitholder prior to the Listing Date.

# Prudent Capital Management

## 1. Modest aggregate leverage allows significant headroom

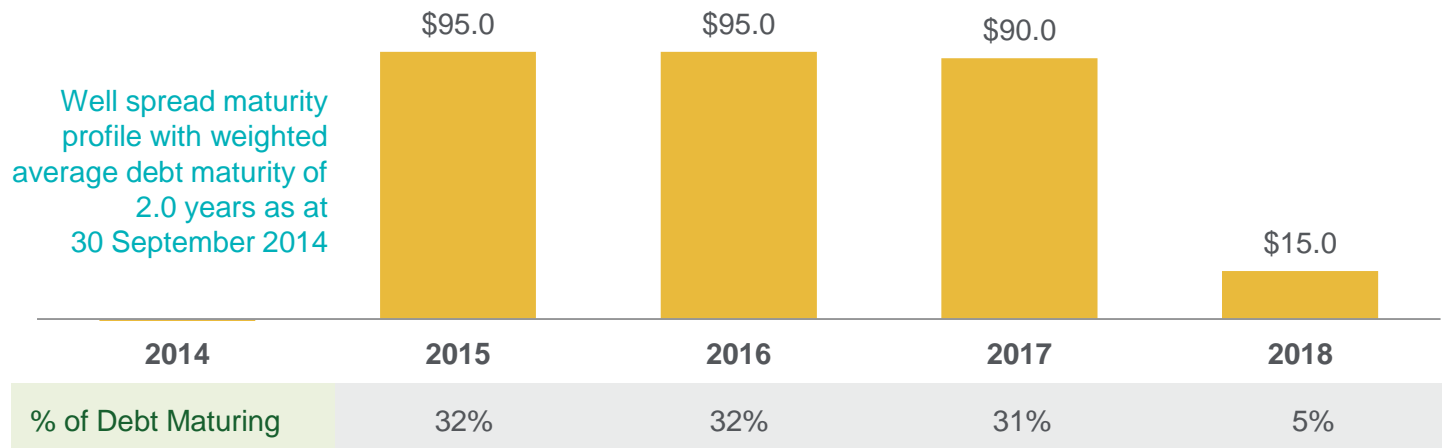
Total Financing Facilities Available	🌿 S\$385 million	Aggregate Leverage <sup>(2)</sup>	🌿 30.3%
Total Debt Drawn Down	🌿 S\$295 million	Average All-in Interest Costs <sup>(3)</sup>	🌿 3.08%
Total Assets	🌿 S\$972 million	Weighted Average Debt Maturity	🌿 2.0 years
Debt headroom <sup>(1)</sup>	🌿 S\$157 million	Interest Coverage Ratio	🌿 5.1x

## 2. 95% of Debt hedged

🌿 Interest Rate Swaps of 1 to 4 years duration used to fix interest rates

## 3. No more than 32% Debt expires in any 1-year

(S\$ Million)



## 4. Standard & Poor's assigned a BBB- investment grade credit rating on 22 January 2014, only 5-months after IPO.

Note:

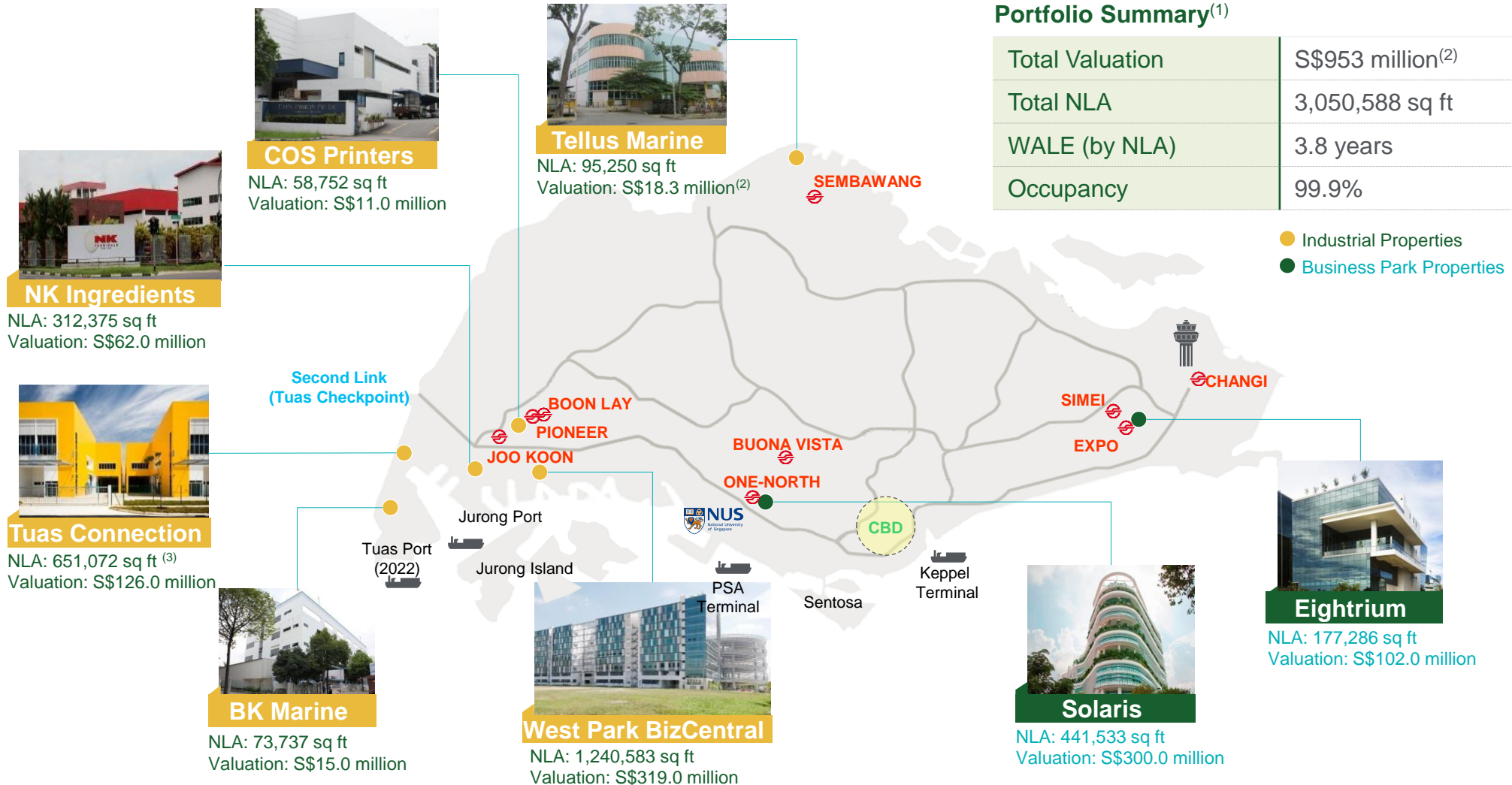
(1) Based on aggregate leverage of up to 40%, (2) Ratio of Debt over Deposited Properties under the Property Funds Appendix, (3) Excluding debt arrangement fees relating to undrawn loans.

# Portfolio Update

---

# Portfolio Overview

Soilbuild REIT Properties are located in key technology, media and back office hubs and logistics clusters, which are near air and sea transportation ports such as Changi Airport, Jurong Port and the planned mega container port at Tuas expected to be operational around 2022.



Note:

















(1) As at 30 September 2014.

(2) Valuation assumes the completion of construction of a new annex to Tellus Marine.

(3) NLA includes some dedicated common areas within tenants' compounds but does not constitute GFA.

# Portfolio Summary

Long underlying land leases, with an average of 49 years by valuation

Property	Type	Lease Arrangement	Property Age <sup>(1)</sup> (Years)	Remaining Land Lease (Years)	Occupancy Rate as at 30 Sep 2014	Valuation (\$\$ Million)	
Solaris	 	Business Park	Master Lease	3.0	54	100.0%	300.0
West Park BizCentral	 	Multi-User Ramp-up Factory	Multi Tenanted	2.0	54	99.8%	319.0
Eightrium @ CBP	 	Business Park	Multi Tenanted	7.0	51	100.0%	102.0
Tuas Connection	 	Multi-User Land Based Factory	Multi Tenanted	4.2	36	100.0%	126.0
NK Ingredients	 	Single-User Factory	Master Lease	Ph1: 23.2 Ph2: 7.2 <sup>(2)</sup>	32	100.0%	62.0
COS Printers	 	Single-User Factory	Master Lease	17.7	28	100.0%	11.0
Beng Kuang Marine	 	Single-User Factory	Master Lease	14.4	42	100.0%	15.0
Tellus Marine	 	Single-User Factory	Master Lease	16.0	39	100.0%	18.3 <sup>(4)</sup>
Portfolio			5.0	49 <sup>(3)</sup>	99.9%	953.3 <sup>(4)</sup>	

Note:

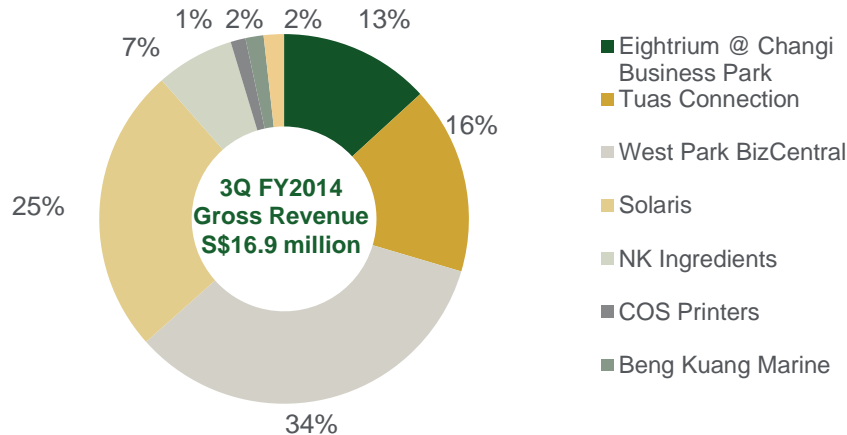
(1) Age from issue of CSC (as at 30 Sep 2014); (2) Phase 1 of development received CSC in July 1991 and Phase 2 of development received CSC in Aug 2007;

(3) As at 30 Sep 2014; (4) Valuation assumes the completion of construction of a new annex to Tellus Marine.

# Key Portfolio Metrics

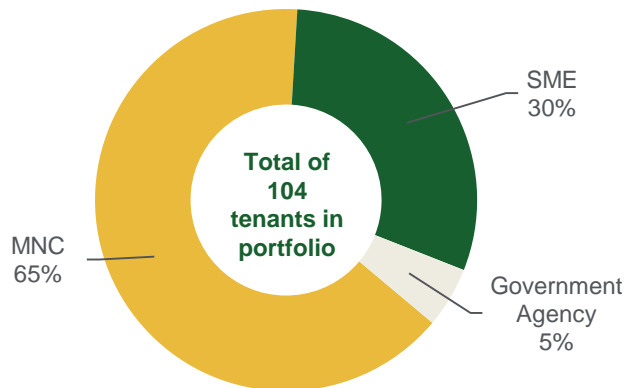
## 1. Portfolio Income Spread

By Property



## 3. Diversified Tenant Base<sup>(1)</sup>

By Gross Rental Income

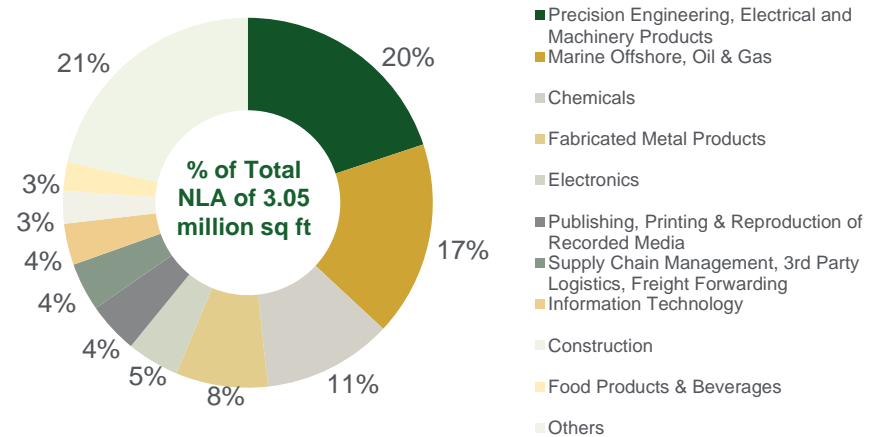


Notes:

(1) Inclusive of underlying tenants at Solaris

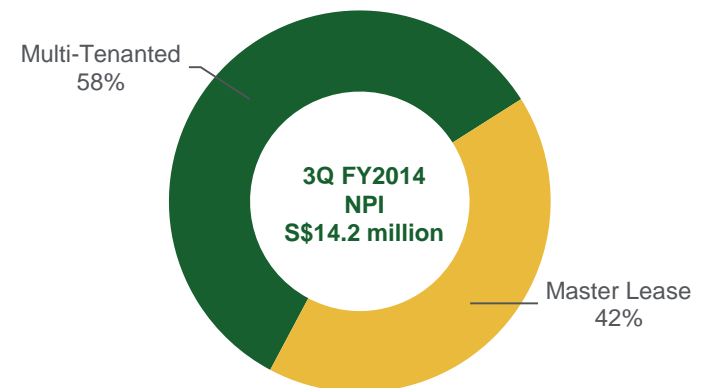
## 2. Well-spread trade sectors<sup>(1)</sup>

By NLA



## 4. Balanced Portfolio with Growth Upside

By Net Property Income



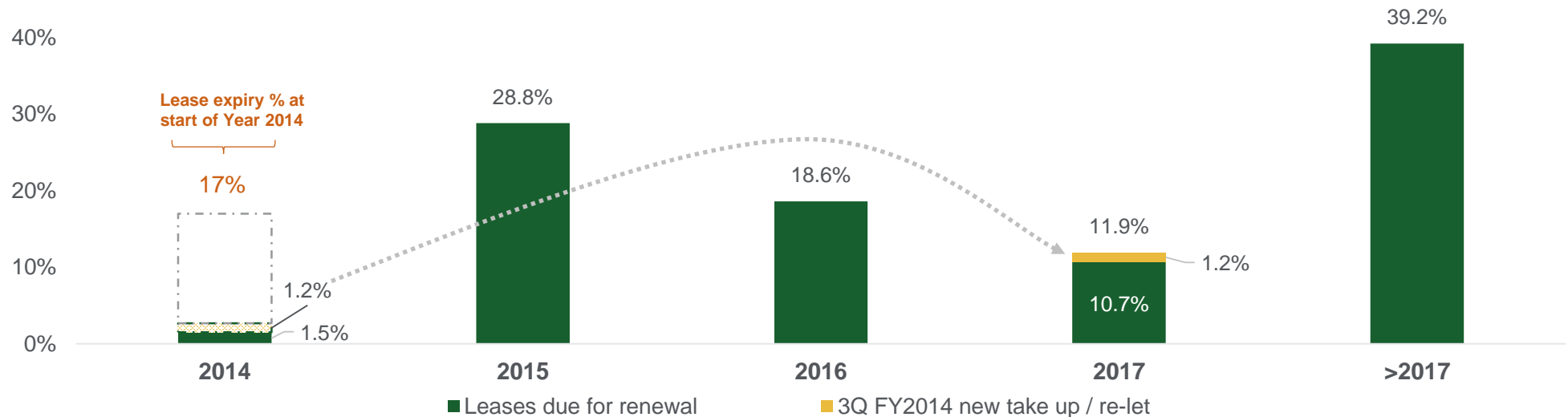


# Leasing Update – 3Q FY2014

## New Leases

	No. of Leases	Area (sqft)	Gross Rent before New Take Up / Re-let (\$ psf)	Gross Rent after New Take Up / Re-let (\$ psf)	Rental Reversion
New Take Up	1	44,477	-	1.68	-
Re-let	5	91,037	1.63	1.63	-
	6	135,514			

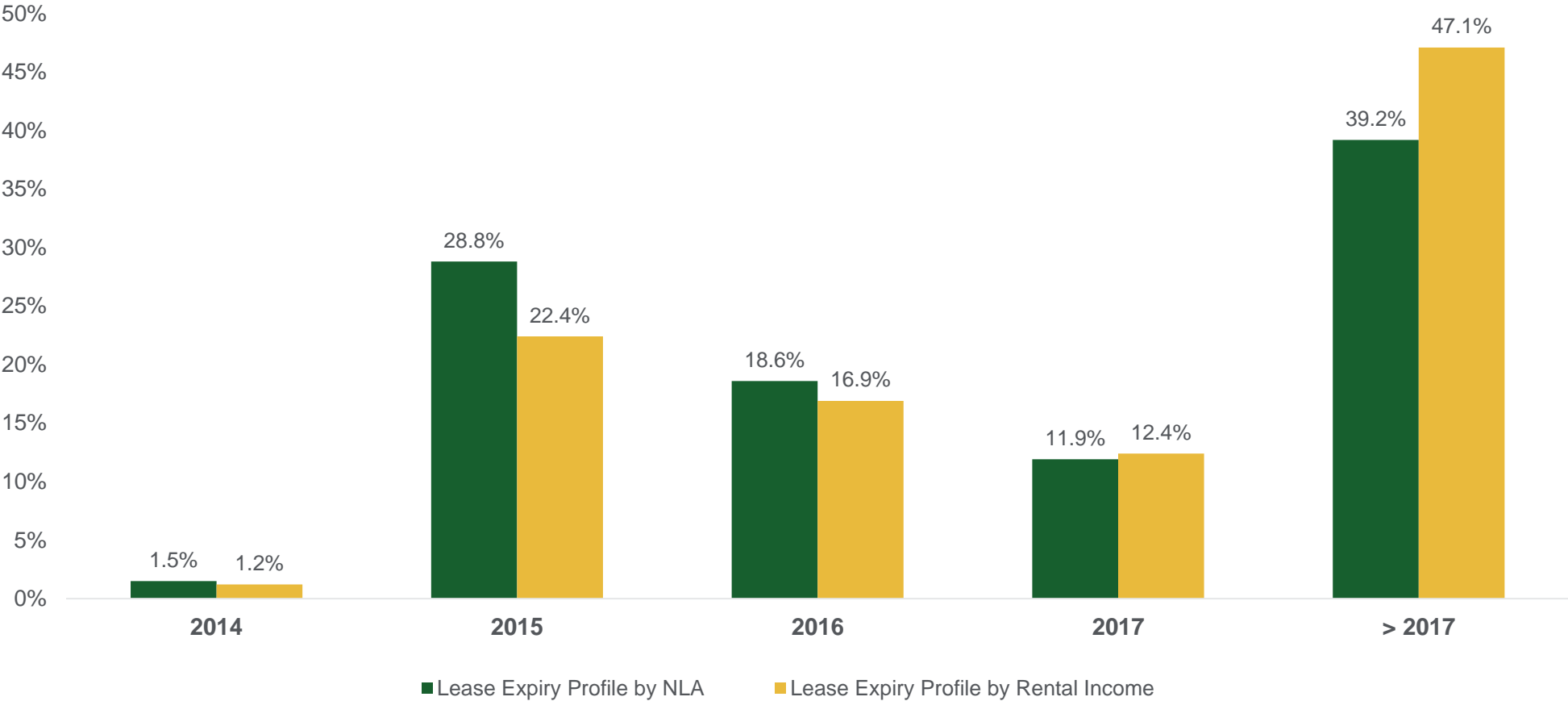
## Lease Expiry Profile post new take up / re-let (% of NLA)



# Well Staggered Lease Expiry Profile

Portfolio Lease Expiry Profile as at 30 Sep 2014  
(% of NLA & Rental Income)

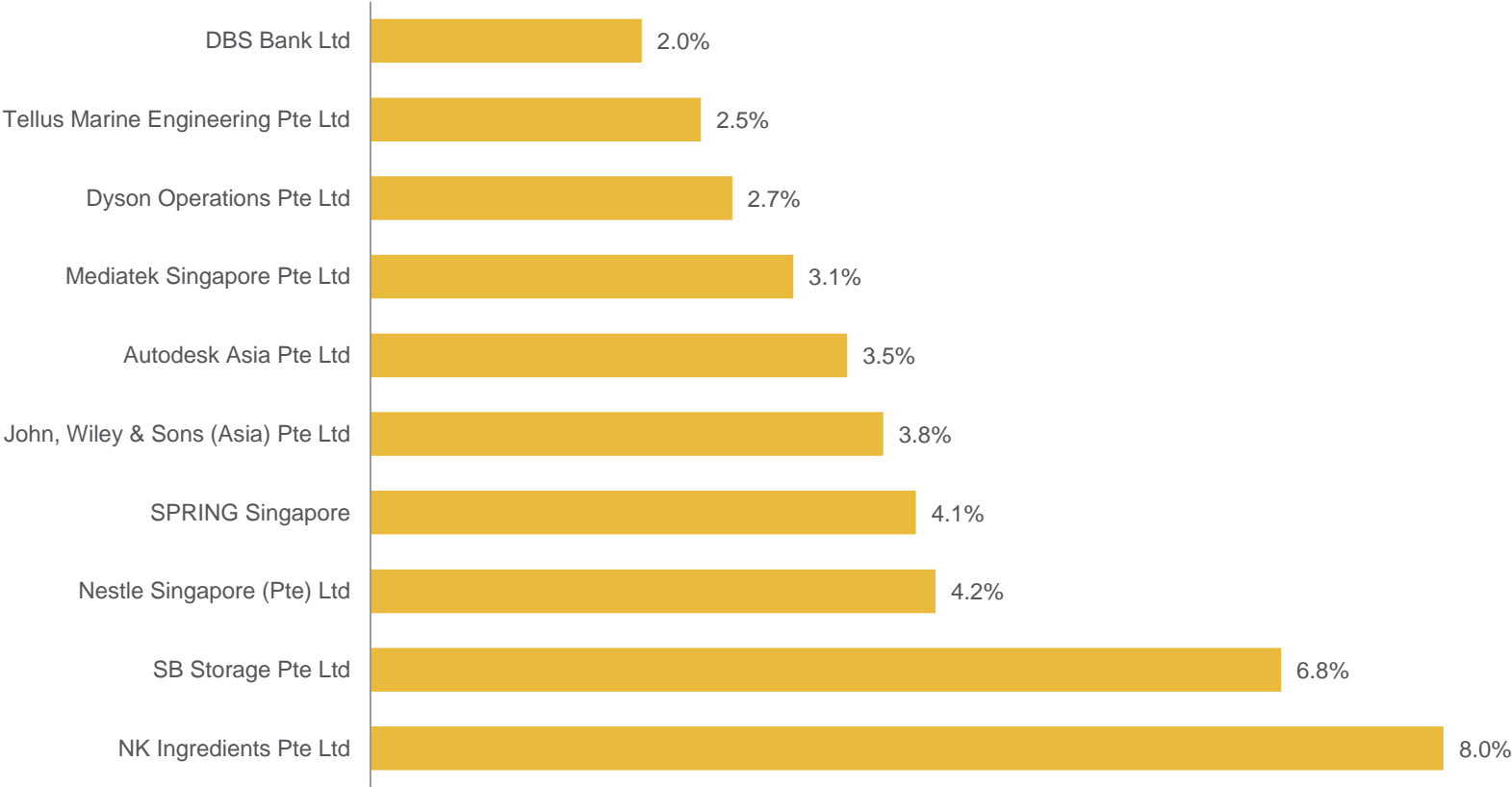
WALE (by NLA)	3.8 years
WALE (by Gross Rental Income)	3.7 years



# Quality and Diverse Tenant Base

## Top 10 Tenants

(By Gross Rental Income) <sup>(1)(2)</sup>



**The largest tenant accounts for 8% of gross rental income**  
**Top 10 tenants accounts for around 41% of gross rental income**

Note:

- (1) For the month of September 2014.
- (2) Inclusive of underlying tenants at Solaris.

# Recently Announced Acquisitions

---

# Recently Announced Acquisitions



<b>Location</b>	20 Kian Teck Lane, Singapore 627854	61 & 71 Tuas Bay Drive, Singapore 637428 & 637430
<b>Land Area</b>	42,977 sqft	279,855 sqft (No. 61: 193,744 Sqft / No. 71: 86,111 Sqft)
<b>GFA</b>	93,767 sqft	208,057 Sqft (No. 61: 136,150 Sqft <sup>2</sup> / No. 71: 71,907 Sqft)
<b>Land Use Zoning</b>	Business 1	Business 2
<b>Land Tenure</b>	JTC land, 30 years + 20 years <sup>1</sup> from 1 May 2000	URA land, 60 years from 19 July 2006, land premium has been paid upfront for the balance of the lease term.
<b>Total Cost of Transaction</b>	\$24.4 million (includes purchase consideration of \$22.4 million and other acquisition-related costs including upfront land premium payable to JTC)	\$55.7 million (includes purchase consideration of \$55.0 million and \$0.7 million of acquisition-related costs)
<b>Structure</b>	Speedy-Tech Electronics Ltd. will undertake to commit 100% occupancy of the property on a 10 year triple-net lease arrangement.	KTL Offshore Pte Ltd will continue to lease the property for the remaining 6.8 years, subject to a rental escalation of 2.5% once every two years.
<b>Description</b>	A part 3 / part 6-storey light industrial building located at 20 Kian Teck Lane, off Kian Teck Way.	Two adjacent detached purpose-built factories located along Tuas Bay Drive, off Tuas South Avenue 1.
<b>Lessee</b>	Speedy-Tech Electronics Ltd. is primarily engaged in providing contract electronics manufacturing services mainly in Singapore and China.	KTL Offshore Pte. Ltd., a subsidiary of KTL Global Ltd. (listed on the SGX-ST), is one of Asia's major suppliers of rigging equipment and related services to the offshore oil and gas, marine and construction industries.
<b>Expected Completion Date</b>	4Q FY2014	4Q FY2014

Note:

1. Subject to certain terms and conditions, all of which have been fulfilled except for the payment of the extended 20 year lease term upfront land premium.
2. No. 61 Tuas Bay Drive comprises building GFA of 109,737 sq ft and non-building GFA of 26,413 sq ft.

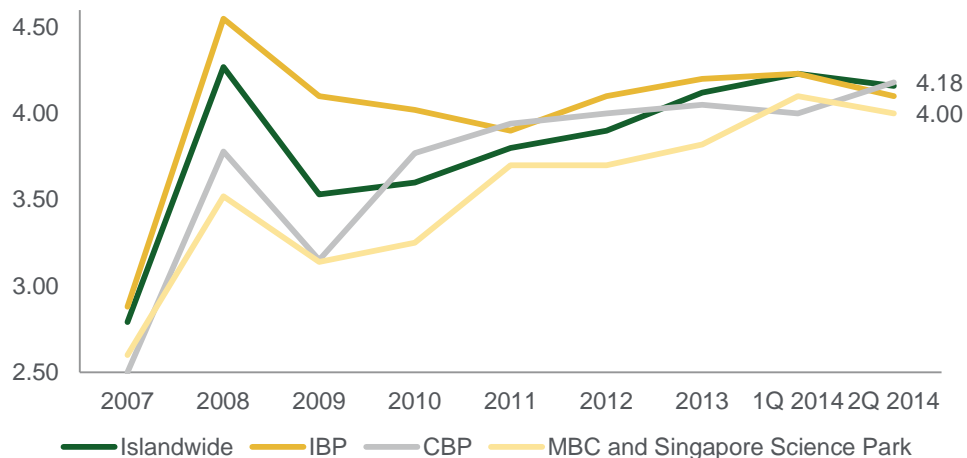
# Market Update and Outlook

---

# Median Rents of Business Space

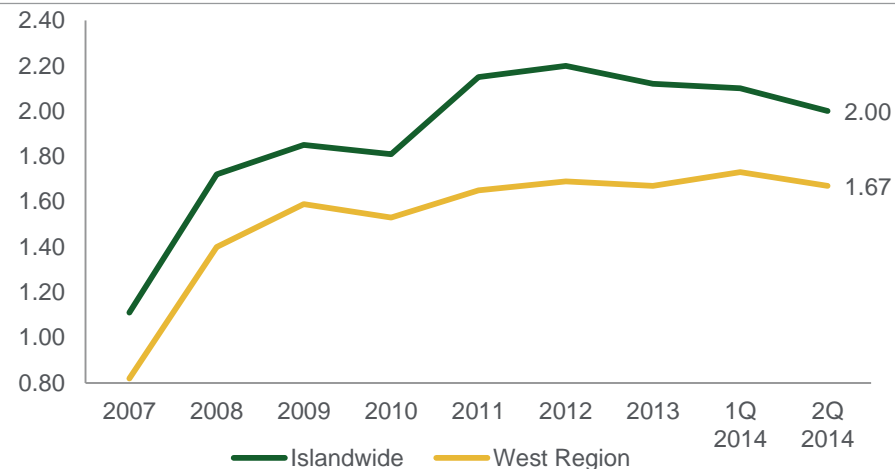
## 1. Median Rents for Private Business Park

\$ psf per month



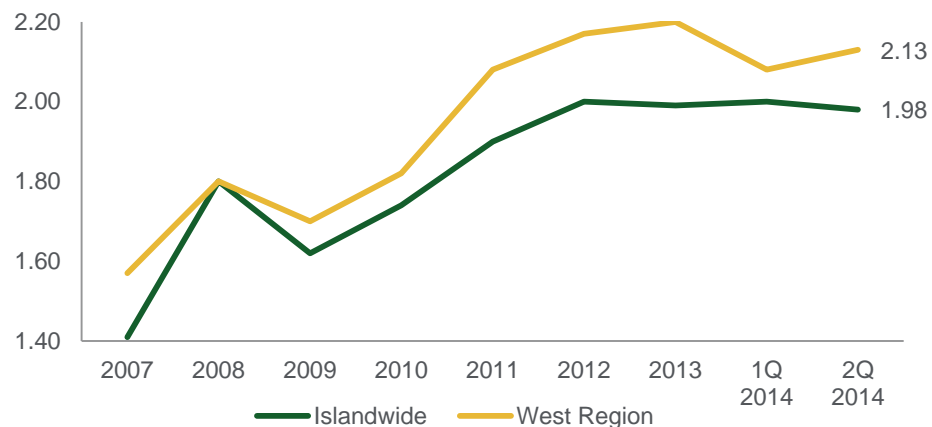
## 2. Median Rents for Private Single-user Factory

\$ psf per month



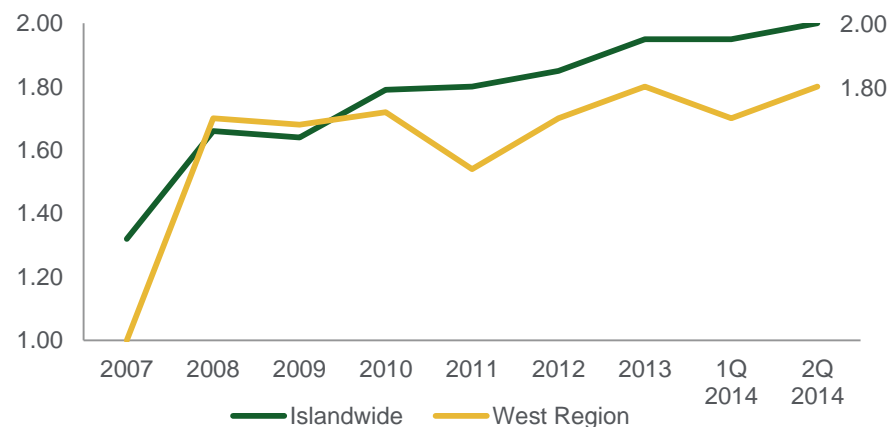
## 3. Median Rents for Private Multiple-user Factory

\$ psf per month



## 4. Median Rents for Private Warehouse

\$ psf per month



Source: URA

# Market Update and Outlook

## Singapore's Economy

- Singapore's economy grew by 2.4% on a year-on-year basis in the third quarter of 2014, the same pace of growth as in the previous quarter. On a quarter-on-quarter basis, the economy expanded by 1.2%, a reversal from the 0.1% contraction in the previous quarter.
- The Singapore's Purchasing Managers' Index ("PMI") posted a reading of 50.5 in September 2014, which was an increase of 0.8 point over the previous month.

## Industrial Property Sector

- For 2Q FY2014, the JTC All Industrial Properties Price Index rose marginally by 0.7% on a quarter-on-quarter basis. On a year-on-year basis, prices of all industrial space rose by 3.9%.
- During the same period, the JTC All Industrial Properties Rental Index moderated by falling 0.1% on a quarter-on-quarter basis. On a year-on-year basis, the index rose by 5.0%.
- According to DTZ, both average capital and rental values of conventional industrial space will continue to see downward pressure as a result of the high future supply. Business park upcoming supply is modest, however, with demand expected to remain healthy, particularly in newer and more centrally located parks with better quality specifications.

## Soilbuild Business Space REIT

- Only 8.4% of FY2014 lease expiries are outstanding and Management will pro-actively focus on the upcoming lease expiries in FY2015.
- Barring any unexpected non-renewals, Management believes that Soilbuild REIT is well placed to deliver on its forecast distribution for 2014 financial year.

*Source: Ministry of Trade & Industry, SIPMM, JTC Corporation.*



---

# Thank You

## Key Contacts:

Shane Hagan

*Chief Executive Officer*

Tel: (65) 6415 5980

Email: [shane.hagan@soilbuild.com](mailto:shane.hagan@soilbuild.com)

Roy Teo

*Chief Operating Officer*

Tel: (65) 6415 5983

Email: [roy.teo@soilbuild.com](mailto:roy.teo@soilbuild.com)

