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BUSINESS SPACE REIT

The Proposed Acquisition of Bukit Batok Connection and Entry into the Master Lease Agreement

Extraordinary General Meeting

18 August 2016









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

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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.

Agenda

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Soilbuild REIT Growth Strategy






Since IPO - Sponsor Right of First Refusal Properties

1 Acquisition of ROFR Properties

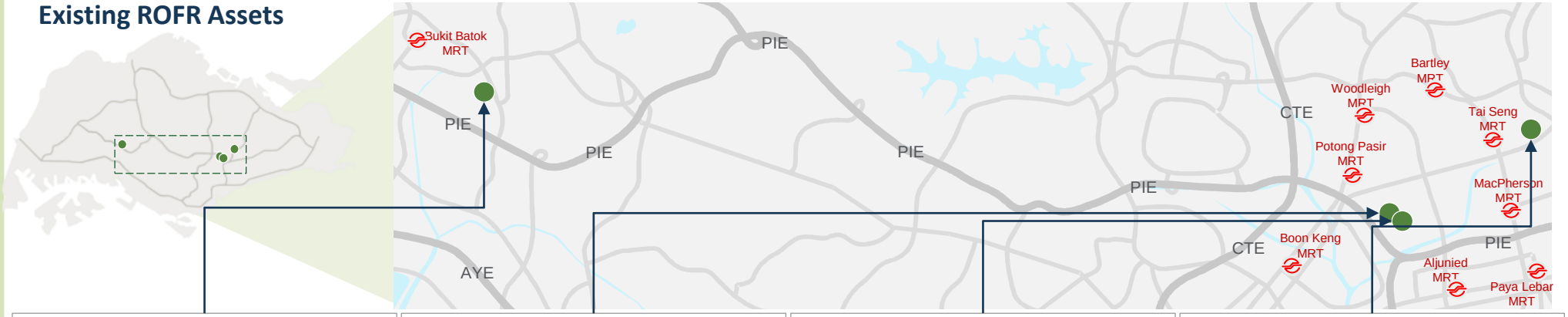
- Current ROFR pipeline of 4 industrial properties with maximum GFA[1] in excess of 2.3 million sq ft
- ROFR pipeline to continue growing as the Sponsor undertakes new development of business space properties

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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:
(1) GFA based on maximum allowable plot ratio
(2) Subject to the limit imposed by the Property Funds Appendix.

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Soilbuild REIT's Growth Story



Solaris



Eightrium



West Park BizCentral



Tuas Connection



NK Ingredients



COS Printers



BK Marine

IPO

Asset Value:
$0.94 billion



Tellus Marine



KTL Offshore



Speedy-Tech

2014

Asset Value:
$96 million



Technics Offshore

2015

Asset Value:
$97 million



Bukit Batok Connection

2016

Asset Value:
$96 million

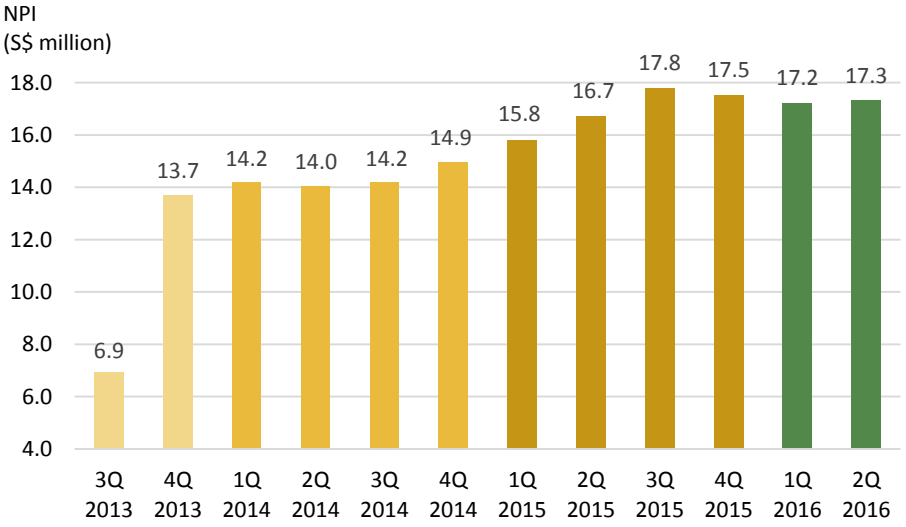
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Steady Growth since IPO

Net Property Income (NPI)

2Q FY2016

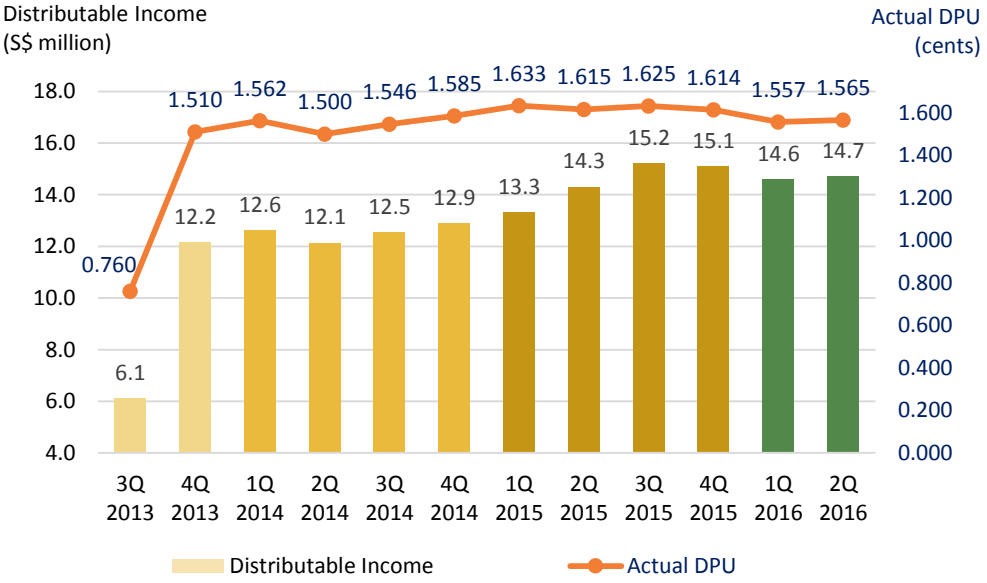
S$ 17.3 million ↑ 3.7% y-o-y



Distributable Income and DPU

2Q FY2016

S$ 14.7 million ↑ 3.0% 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	**2Q 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	**0.685**
Cumulative DPU (cents)	0.760	2.270	3.832	5.332	6.878	8.463	10.096	11.711	13.336	14.950	16.507	**18.072**
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	**23.17**

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

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Key Highlights of the Proposed Acquisition





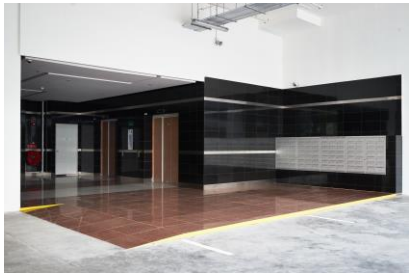

Key Highlights of Proposed Acquisition















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 26.3 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**

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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	Double-net 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







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Rationale and Benefits of the Proposed Acquisition






Rationale and Benefits of the Proposed Acquisition

1. In-line with Soilbuild REIT's investment strategy
2. Competitive strengths of the Property
3. Revenue diversification for Soilbuild REIT
4. Increases distribution income to Unitholders
5. Increase in portfolio size
6. Improve Lease Expiry Profile
7. Rental stability from seven years Master Lease arrangement

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In-line with Soilbuild REIT's investment strategy

1 Acquisition of ROFR Properties

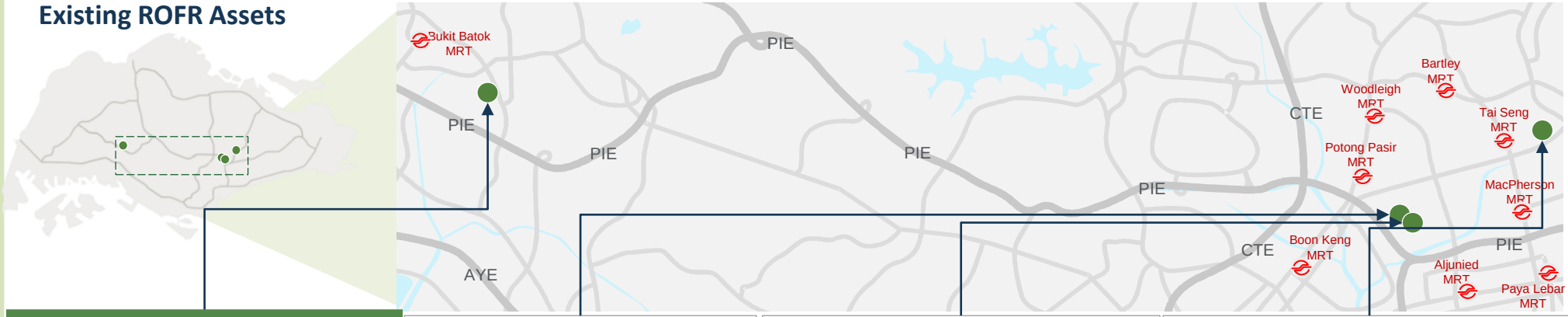
- Bukit Batok Connection is one of the 4 industrial properties under the ROFR pipeline.
- ROFR pipeline to continue growing as the Sponsor undertakes new development of business space properties

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2 Acquisition / Development of Business Space Properties

- Actively seeks to undertake developments[(1)] 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 (Proposed Acquisition)

GFA: 403,591 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:
(1) Subject to the limit imposed by the Property Funds Appendix.

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Competitive strengths of the Property

Strategic location and good connectivity

- ✓ Surrounded by mix of residential, industrial and retail developments
- ✓ Bukit Batok Central and West Mall offers wide range of retail and F&B amenities
- ✓ Close proximity to transport nodes such as Bukit Batok MRT
- ✓ Well served by major expressways such as PIE and AYE

High property specifications

Unit sizes	2,000 sq ft – 8,000 sq ft
Floor to ceiling height	6.0 metres
Heavy floor loading	15 kN/m^2
Ramp up facility	20 footer truck access

Large pool of residents

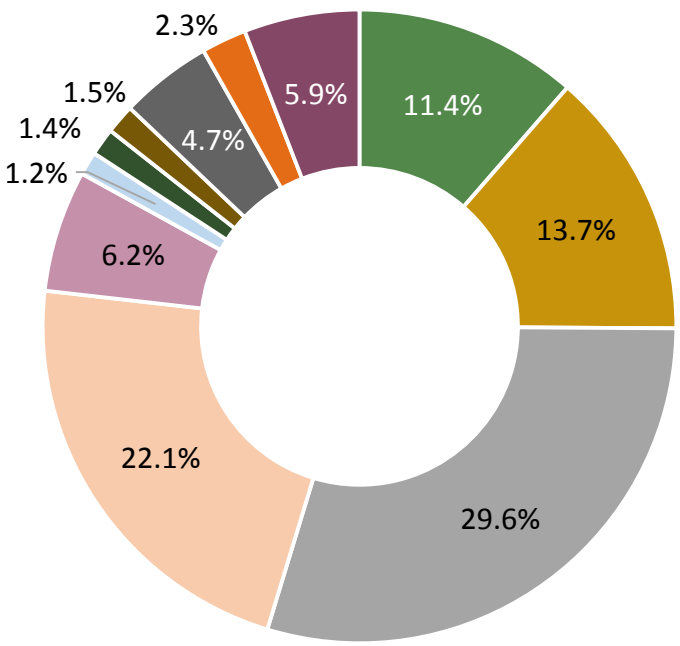
- ✓ Immediate access to labour supply within Bukit Batok residential precinct

Revenue Contribution by property

Revenue Contribution

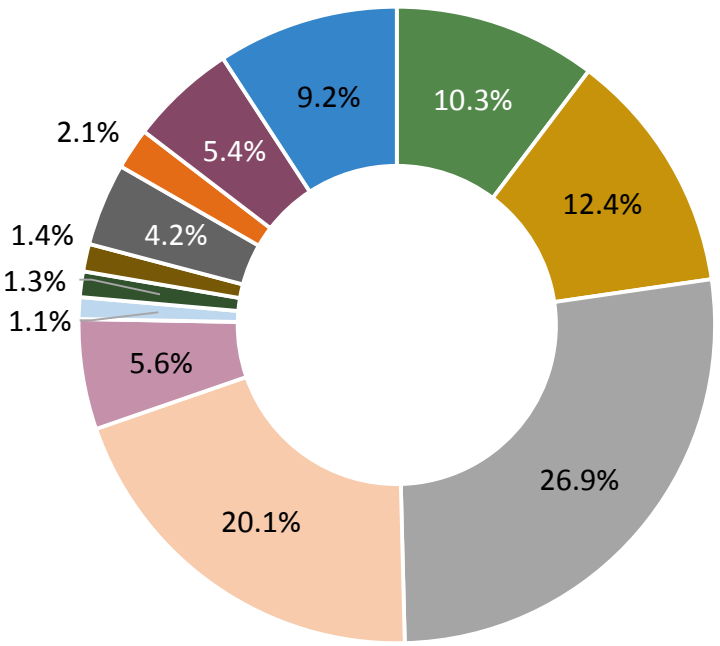
By % of FY2015 Gross Revenue

Pre-Acquisition



- Eightrium @ Changi Business Park
- Tuas Connection
- West Park BizCentral
- Solaris
- NK Ingredients
- COS Printers
- Beng Kuang Marine
- Tellus Marine
- KTL Offshore
- Speedy-Tech
- Technics Offshore

Post-Acquisition (1)



- Eightrium @ Changi Business Park
- Tuas Connection
- West Park BizCentral
- Solaris
- NK Ingredients
- COS Printers
- Beng Kuang Marine
- Tellus Marine
- KTL Offshore
- Speedy-Tech
- Technics Offshore
- Bukit Batok Connection

Notes:

(1) Assuming Bukit Batok Connection acquisition was completed on 1 January 2015 and Soilbuild REIT held and operated the Property through to 31 December 2015.

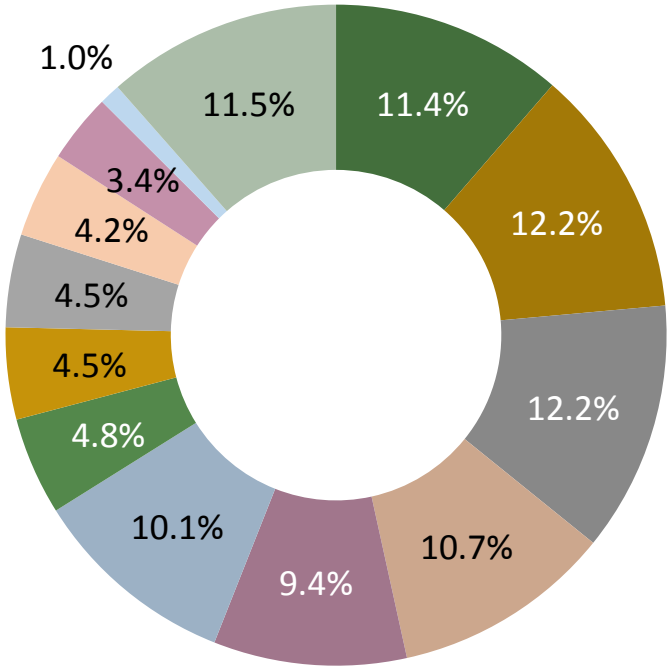
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Trade Sector Revenue Contribution

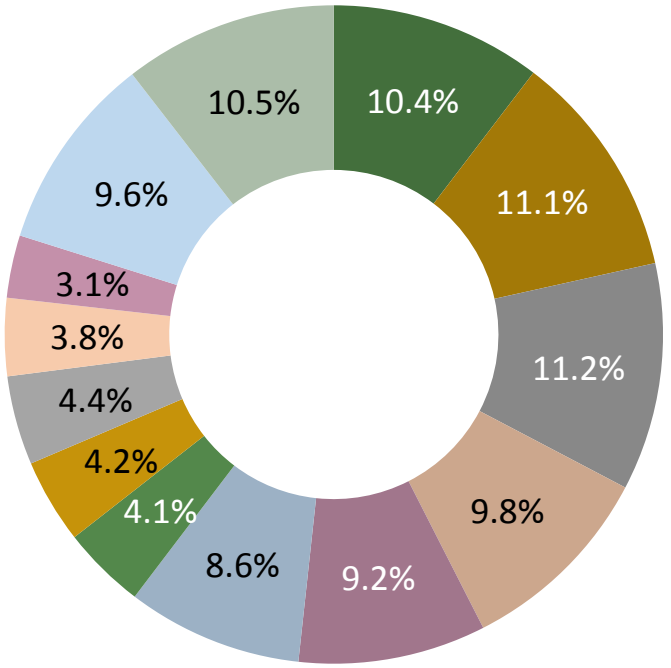
Trade Sector Diversification

By % of Monthly Gross Revenue as at 30 June 2016

Pre-Acquisition



Post-Acquisition[(1)]



- Marine Offshore
- Oil & Gas
- Precision Engineering, Electrical and Machinery Products
- Information Technology
- Chemicals
- Electronics
- Fabricated Metal Products
- Government Agency
- Publishing, Printing & Reproduction of Recorded Media
- Food Products & Beverages
- Supply Chain Management, 3rd Party Logistics, Freight Forwarding
- Real Estate & Construction
- Others

Note:

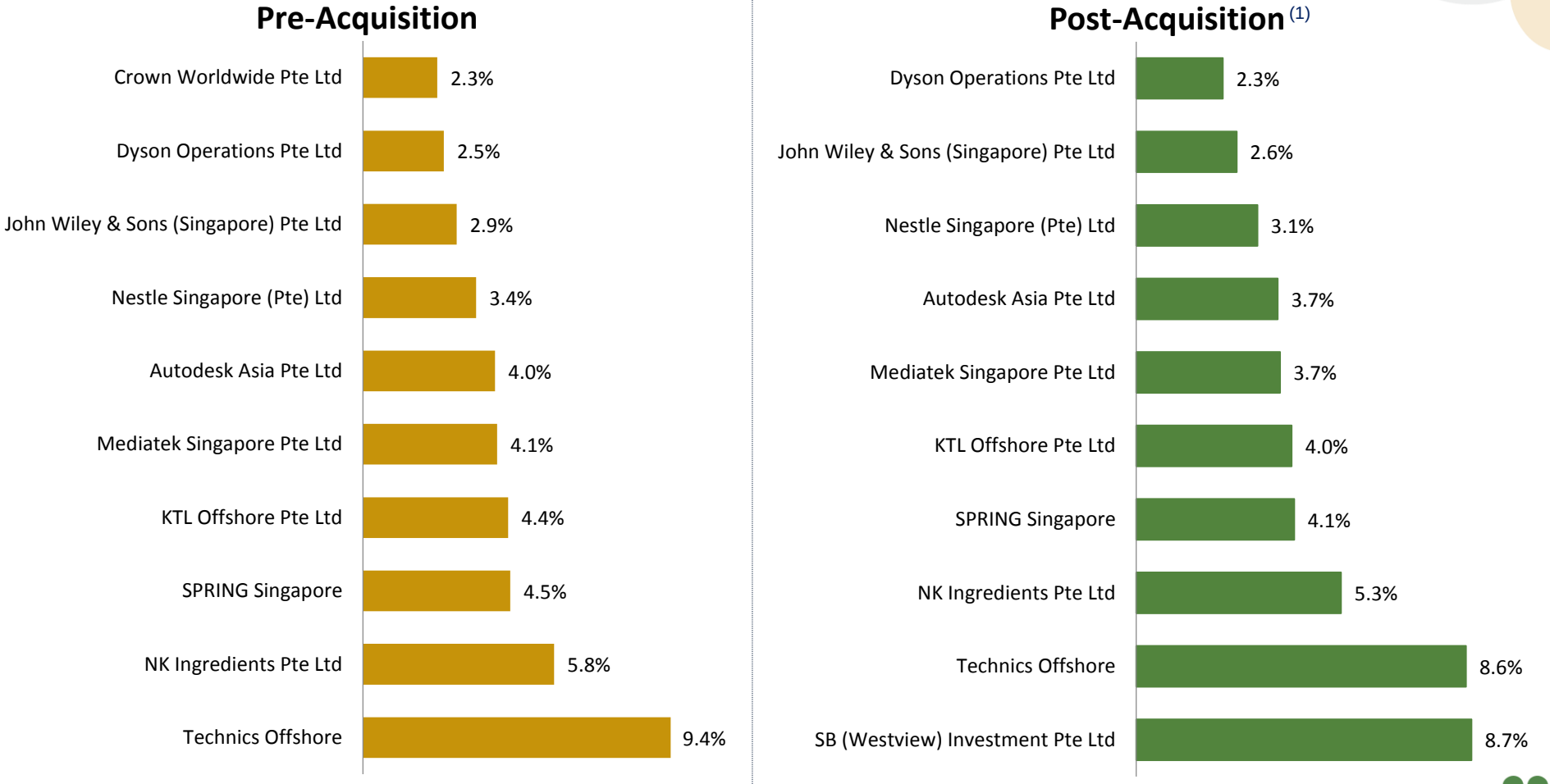
(1) Assuming Bukit Batok Connection acquisition was completed as at 30 June 2016 and Inclusive of underlying tenants at Solaris .

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Top 10 Tenants

Top 10 Tenants

By Gross Rental Income as at 30 June 2016



Note:

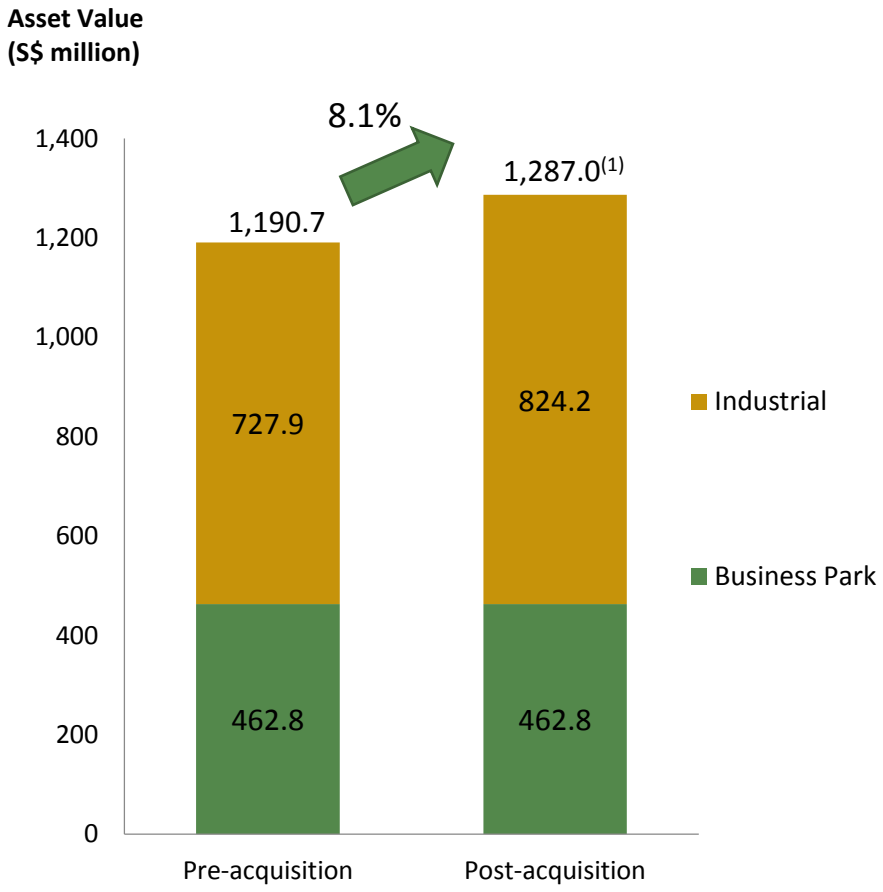
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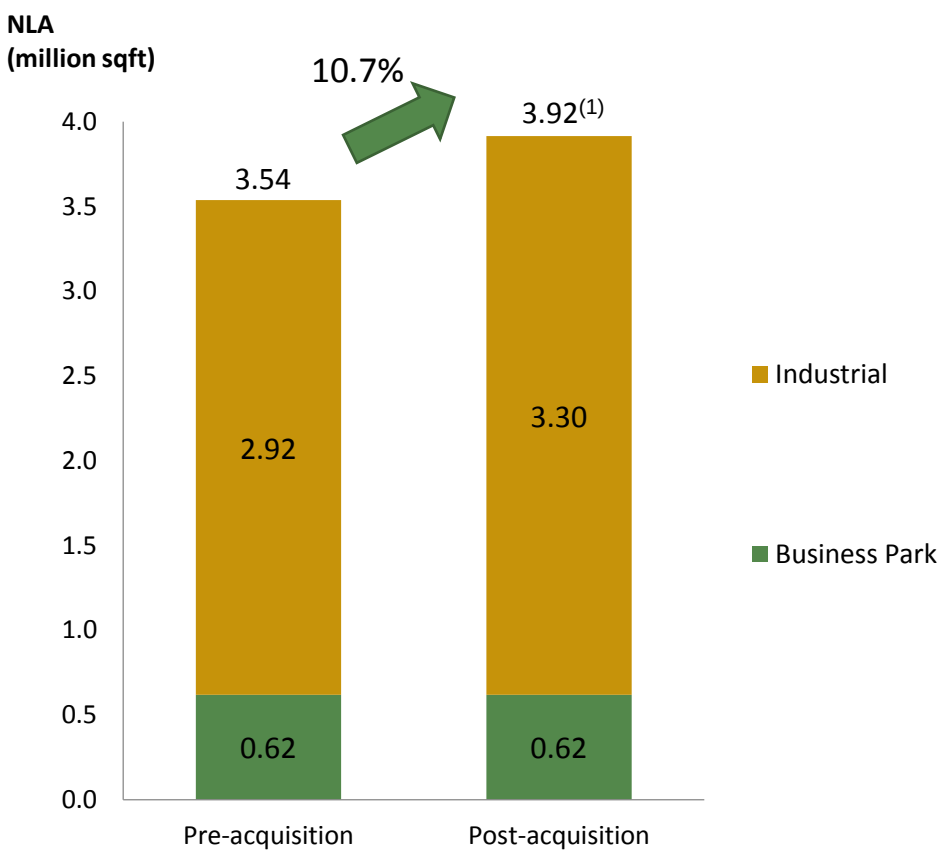
Increase in Portfolio Size

Post Acquisition portfolio value of S$1.29 billion and NLA of 3.9 million sqft

Asset Value



Net Lettable Area



Note:
(1) Assuming Bukit Batok Connection acquisition was completed as at 30 June 2016

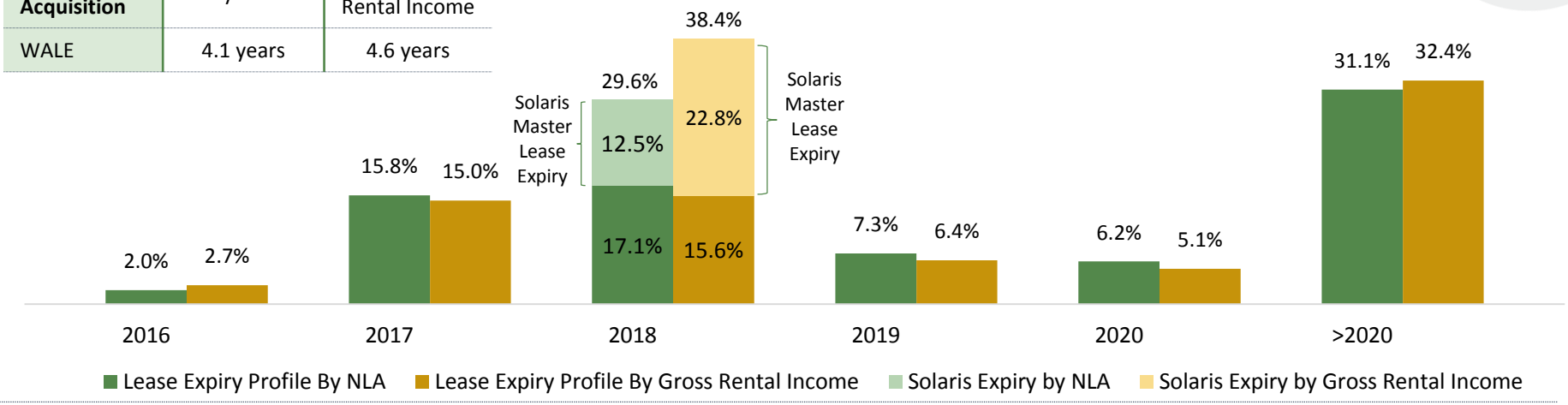
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Improve Lease Expiry Profile

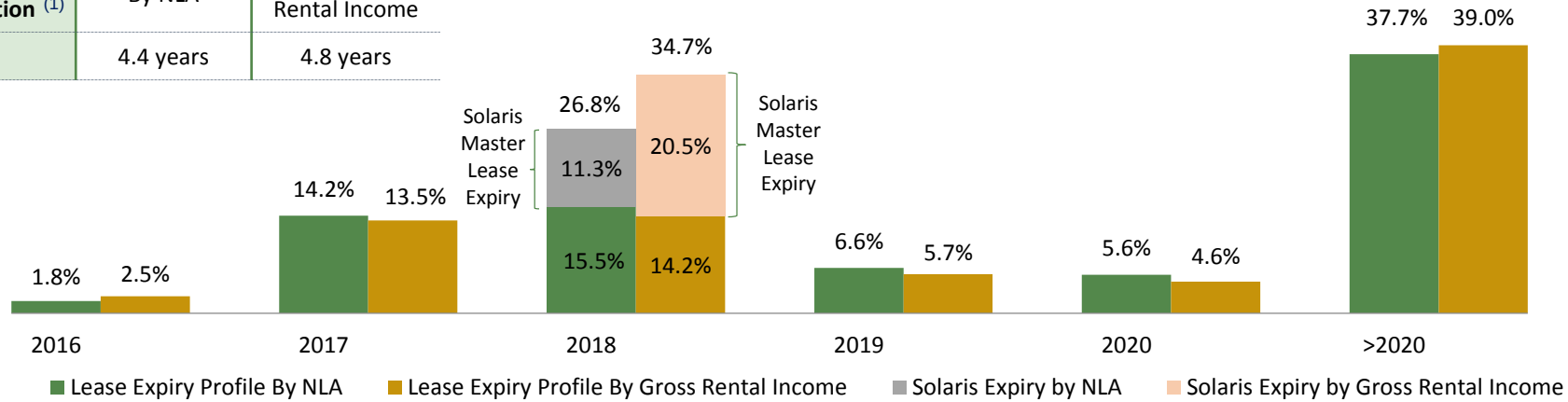
Portfolio Lease Expiry Profile

By % of Rental Income as at 30 June 2016

Pre-Acquisition	By NLA	By Gross Rental Income
WALE	4.1 years	4.6 years



Post-Acquisition (1)	By NLA	By Gross Rental Income
WALE	4.4 years	4.8 years



Note:

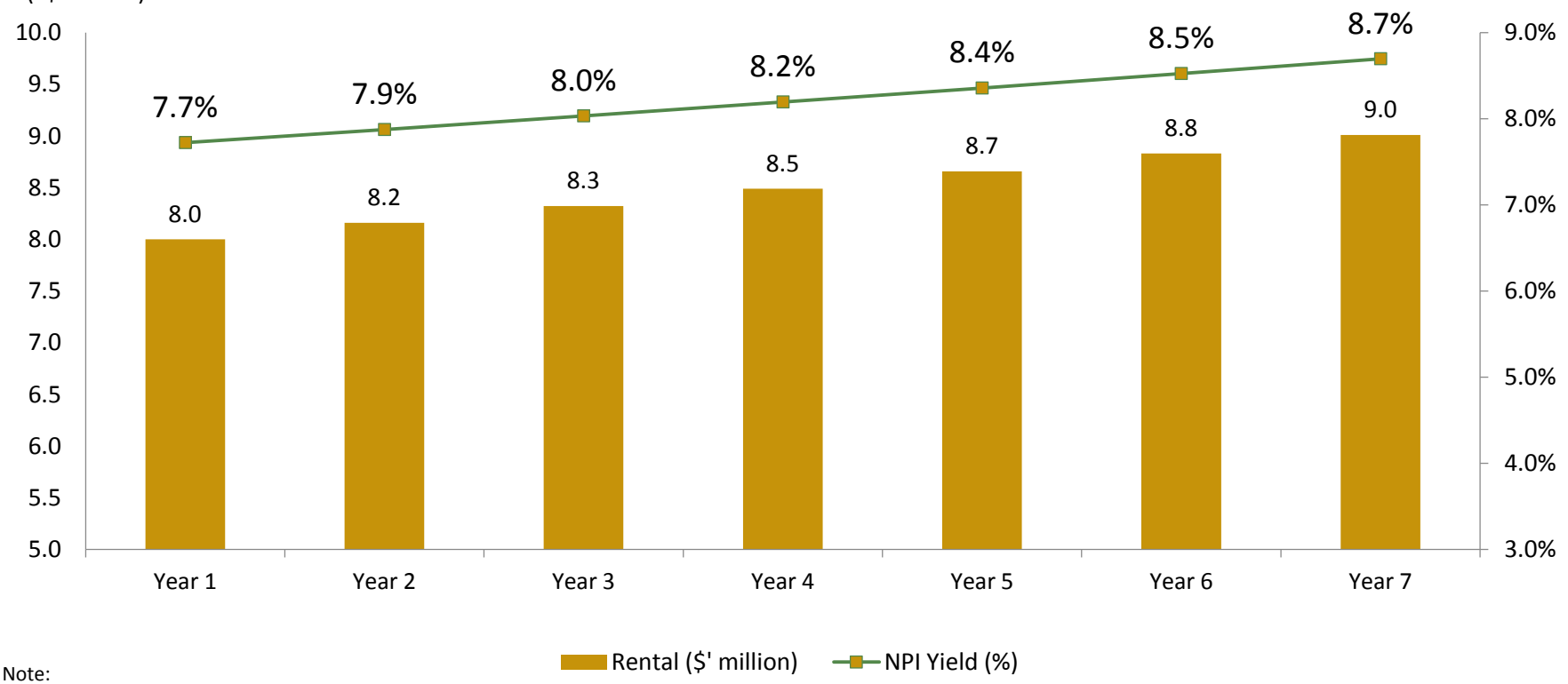
(1) Assuming Bukit Batok Connection acquisition was completed as at 30 June 2016

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Rental Stability from Master Lease

Initial NPI Yield[1]	7.7%
Average Leaseback Yield[1]	8.2%

Total Rental Over 7 Years[2]: $59.5m



Note:
(1) Yield based on total acquisition cost
(2) Based on 2% escalation annually

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Financial Information for the Proposed Acquisition






Methods of Financing

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Scenario A	Scenario B	Scenario C
36.0% Debt Financing and 64.0% Equity Financing	50.0% Debt Financing and 50.0% Equity Financing	100.0% through Issuance of Perpetual Securities

Soilbuild REIT's Aggregate Leverage

	Scenario A	Scenario B	Scenario C
Before the Acquisition	36.0%	36.0%	36.0%
After the Acquisition	36.0%	37.1%	33.3%

The Manager has a long term target aggregate leverage range of:

35.0% to 40.0%

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Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY:

Effects of the Proposed Acquisition

	Before the Proposed Acquisition	**Scenario A:** 36.0% Debt & 64.0% Equity(1)	**Scenario B:** 50.0% Debt & 50.0% Equity (2)	**Scenario C:** 100.0% Perpetual Securities (3)
Distribution Income attributable to Unitholders (S$'000)	57,867	64,709	64,267	60,966
Issued Units ('000)	934,442	1,036,186	1,014,386	936,372
DPU based on underlying sub-tenants (cents) (4)	6.487	6.495	6.596	6.801
DPU based on actual Master Lease (cents)	6.487	6.514	6.615	6.823

Note:

(1) Based on an all-in interest cost of 3.32% per annum and 99,472,348 new Units issued at S$0.650 per new Unit.

(2) Based on an all-in interest cost of 3.32% per annum and 77,712,772 new Units issued at S$0.650 per new Unit.

(3) Based on issuance of Perpetual Securities at 4.87% per annum coupon rate.

(4) The "**DPU based on underlying sub-tenants**" is computed based on the underlying passing rentals rate of S$1.92 per square foot per month at an assumed stabilised occupancy rate of 90.1% (JTC Industrial average occupancy rate as at 1Q 2016) for the period from 1 January 2015 to 31 December 2015 (instead of the Master Lease rental).

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Thank you

Key Contacts:

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

Lim Hui Hua
Chief Financial Officer
Tel: (65) 6415 5985
Email: lim.huihua@soilbuild.com






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Ordinary Business






Ordinary Resolution 1

- Approval be and is hereby given for the proposed acquisition (the "**Proposed Acquisition**") of the property located at 2 Bukit Batok Street 23, Singapore 659554 and commonly known as Bukit Batok Connection (the "**Property**") from SB (Westview) Investment Pte. Ltd. ("**SB Westview**"), on the terms and conditions set out in the sale and purchase agreement dated 14 June 2016 (the "**Sale and Purchase Agreement**") entered into between DBS Trustee Ltd, in its capacity as trustee of Soilbuild REIT (the "**Trustee**") and SB Westview, and the entry into of the Sale and Purchase Agreement be and is hereby approved and/or ratified;

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Ordinary Resolution 1

- approval be and is hereby given for the payment of all fees and expenses relating to the Proposed Acquisition;
- approval be and is hereby given for the proposed entry into of the master lease agreement (the "Master Lease Agreement") between the Trustee and SB Westview, on the terms and conditions set out in form of the master lease agreement contained in the Sale and Purchase Agreement;
- approval be and is hereby given for the proposed entry into of the corporate guarantee between Soilbuild Group Holdings Ltd. and the Trustee, on the terms and conditions set out in form of the corporate guarantee contained in the form of the Master Lease Agreement; and

Ordinary Resolution 1

- SB REIT Management Pte. Ltd., as the manager of Soilbuild REIT, (the "**Manager**"), any director of the Manager, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Soilbuild REIT to give effect to the Proposed Acquisition and the entry into of the Master Lease Agreement and all transactions in connection therewith.

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Q & A

Resolution 1






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Tea Break






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Poll Results

