1Q FY2018 Results Presentation

16 April 2018



Disclaimer

This presentation should be read in conjunction with the financial statements of Soilbuild Business Space REIT for the first quarter from 1 January 2018 to 31 March 2018 (hereinafter referred to 1Q FY2018)

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Agenda

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SoilBuild
BUSINESS SPACE REIT

Key Highlights



Key Highlights of 1Q FY2018

1Q FY2018 Results

- Year-on-year ("y-o-y") gross revenue fell by 11.5% to S$19.4 million and net property income ("NPI") fell by 11.6% to S$17.0 million.
- Distributable income fell to S$14.0 million in 1Q FY2018 from S$15.6 million in 1Q FY2017.
- Distribution per Unit ("DPU") was 1.324 cents in 1Q FY2018 compared to 1.489 cents in 1Q FY2017
- Decline was largely due to lower revenue from 72 Loyang, divestment of KTL Offshore and lower occupancies at West Park BizCentral and Eightrium.

Corporate and Capital Management

- Weighted average all-in cost of debt is 3.21% p.a. for 1Q FY2018.
- Weighted average debt maturity stands at 2.4 years.
- Interest rate exposure is 70.1% fixed for a weighted average term of 1.1 years.
- Unencumbered investment properties in excess of S$751 million (68% of investment properties).

Portfolio Update

- Portfolio occupancy rate of 87.5% as at 31 March 2018.
- Weighted average lease expiry (by gross rental income) stands at 3.0 years.
- More than 302,000 sq ft of renewals, forward renewals and new leases signed in 1Q FY2018.
- Terminated Tellus Marine's lease at 39 Senoko Way and 34.2% of the property has been leased to other tenants.

Financial Performance 1Q FY2018



1Q FY2018 Financial Results Y-o-Y

For the period from 1 January to 31 March (S$'000)	1Q FY2018	1Q FY2017	Variance ('000)	Variance (%)
Gross Revenue	**19,447**	**21,985**	**(2,538)**	**(11.5)**
Less Property Expenses	(2,458)	(2,772)	314	11.3
Net Property Income	**16,989**	**19,213**	**(2,224)**	**(11.6)**
Interest Income	502	434	68	15.7
Gain on divestment of a property held for sale	1,740	-	1,740	n.m.
Finance Expenses	(3,778)	(3,926)	148	3.8
Manager's Fees	(1,396)	(1,557)	161	10.3
Trustee's Fees	(49)	(51)	2	3.9
Other Trust Expenses	(120)	(257)	137	53.3
Net Income	**13,888**	**13,856**	**32**	**0.2**
Add back Non-Tax Deductible Items [(1)]	72	1,717	(1,645)	(95.8)
Distributable Income	**13,960**	**15,573**	**(1,613)**	**(10.4)**

Note:
(1) Non-Tax Deductible Items comprise the Manager's management fees payable in units, amortisation of debt arrangement and prepayment fees, trustee's fee, rent free adjustments and non-taxable gain on divestment of a property held for sale.

1Q FY2018 Financial Results Q-o-Q

For the period (S$'000)	1Q FY2018	4Q FY2017	Variance ('000)	Variance (%)
Gross Revenue	**19,447**	**20,747**	**(1,300)**	**(6.3)**
Less Property Expenses	(2,458)	(2,995)	537	17.9
Net Property Income	**16,989**	**17,752**	**(763)**	**(4.3)**
Interest Income	502	436	66	15.1
Gain on divestment of a property held for sale	1,740	-	1,740	n.m.
Finance Expenses	(3,778)	(3,868)	90	2.3
Manager's Fees	(1,396)	(1,456)	60	4.1
Trustee's Fees	(49)	(51)	2	3.9
Other Trust Expenses	(120)	(280)	160	57.1
Net Income	**13,888**	**12,533**	**1,355**	**10.8**
Net Change in Fair Value of Investment Properties	-	(80,515)	80,515	n.m.
Total Return before Distribution	**13,888**	**(67,982)**	**81,870**	**120.4**
Add back Non-Tax Deductible Items (1)	72	82,541	(82,469)	(99.9)
Distributable Income	**13,960**	**14,559**	**(599)**	**(4.1)**

Note:
(1) Non-Tax Deductible Items comprise the Manager's management fees payable in units, amortisation of debt arrangement and prepayment fees, trustee's fee, rent free adjustments and non-taxable gain on divestment of a property held for sale.

Distribution per Unit

1Q FY2018 vs 1Q FY2017 vs 4Q FY2017

	1Q FY2018	1Q FY2017	Y-o-Y Variance (%)	4Q FY2017	Q-o-Q Variance (%)
Distributable Income (S$'000)	13,960	15,573	(10.4)	14,559	(4.1)
Distribution per Unit ("DPU") (cents)	1.324	1.489	(11.1)	1.383	(4.3)
Annualised Distribution Yield	8.1%(1)	8.8%(2)	(0.7)	8.5%(3)	(0.4)
Units in Issue(4)	1,054,314,217	1,045,532,628	0.8	1,052,111,365	0.2

Note:
(1) Based on the closing price of S$0.650 as at 31 March 2018.
(2) Based on the closing price of S$0.675 as at 31 March 2017.
(3) Based on the full year DPU of 5.712 cents and closing price of S$0.670 as at 31 December 2017.
(4) Based on Units in issue as at 31 March for 1Q and 31 December for 4Q.

1Q FY2018 Distribution

Distribution Details
1Q FY2018

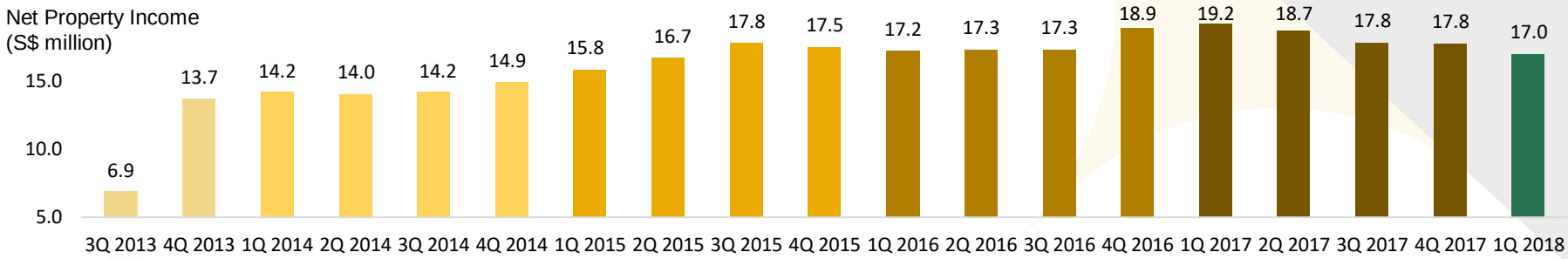
Distribution Period	**1 January 2018 – 31 March 2018**
Distribution Amount	**SGD 1.324 cents per unit**

Distribution Timetable
1Q FY2018

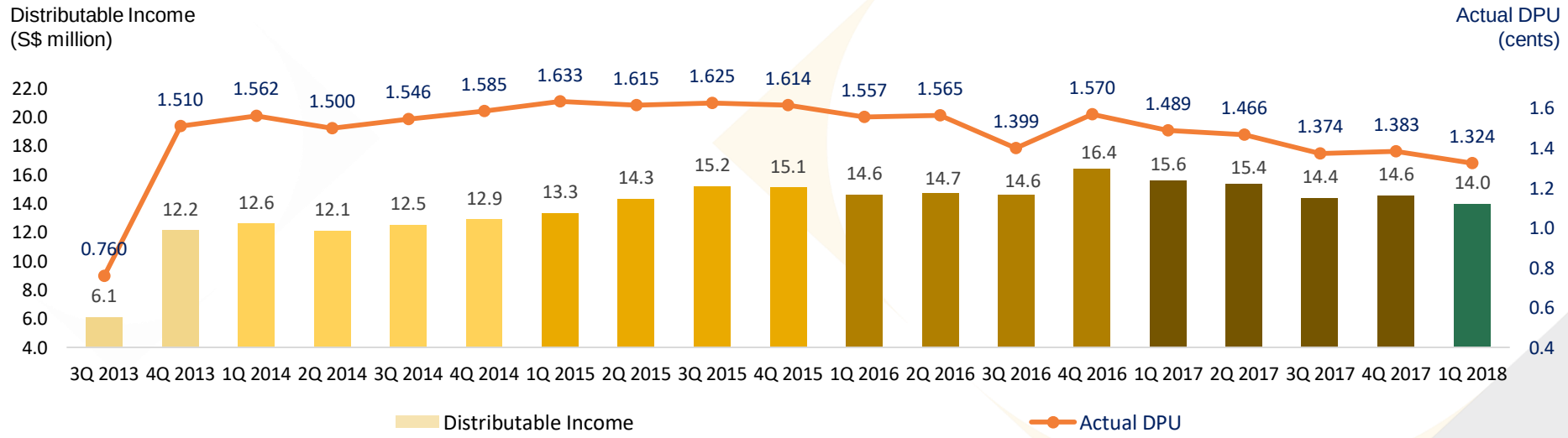
Last Day of Trading on “cum” Basis	Thursday, 19 April 2018
Ex-Date	Friday, 20 April 2018
Books Closure Date	Tuesday, 24 April 2018
Distribution Payment Date	**Monday, 21 May 2018**

Stable Distributable Income since IPO

Stable NPI



Stable DPU

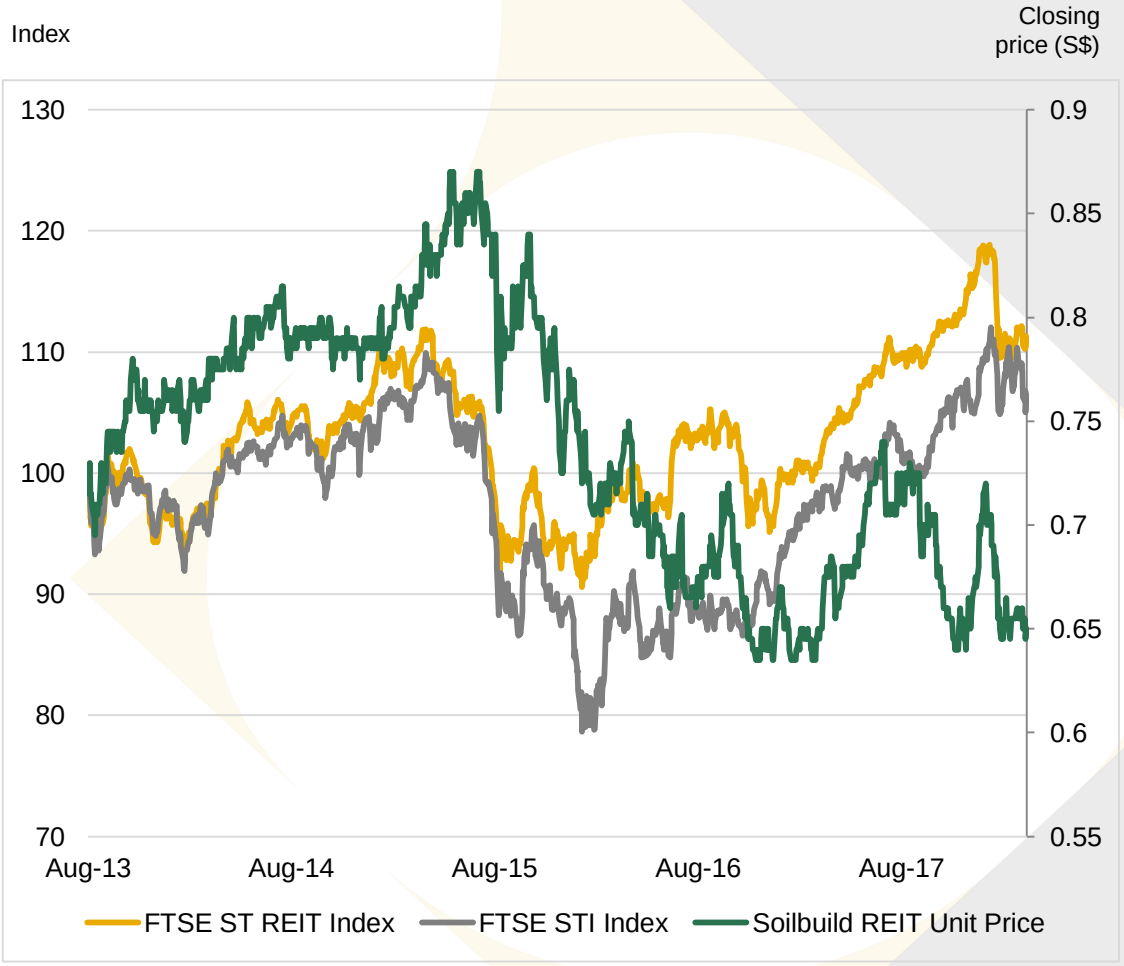


Stable Distributions since IPO

Cumulative DPU of 28.1 cents

	Price[1] (S$)	Cumulative DPU (cents)	Cumulative Distribution Returns[2] (%)
3Q 2013	0.745	0.760	0.97
4Q 2013	0.770	2.270	2.91
1Q 2014	0.780	3.832	4.91
2Q 2014	0.800	5.332	6.84
3Q 2014	0.795	6.878	8.82
4Q 2014	0.790	8.463	10.85
1Q 2015	0.810	10.096	12.94
2Q 2015	0.850	11.711	15.01
3Q 2015	0.805	13.336	17.10
4Q 2015	0.770	14.950	19.17
1Q 2016	0.730	16.507	21.16
2Q 2016	0.685	18.072	23.17
3Q 2016	0.700	19.471	24.96
4Q 2016	0.640	21.041	26.98
1Q 2017	0.675	22.530	28.88
2Q 2017	0.720	23.996	30.76
3Q 2017	0.700	25.370	32.53
4Q 2017	0.670	26.753	34.30
1Q 2018	**0.650**	**28.077**	**36.00**

Distribution Yield = 8.1%[3]



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;
(3) Based on Annualised FY2018 DPU of 5.296 cents and Unit price of $0.650 as at 31 March 2018.
Source: Bloomberg

Financial Position / Capital Management

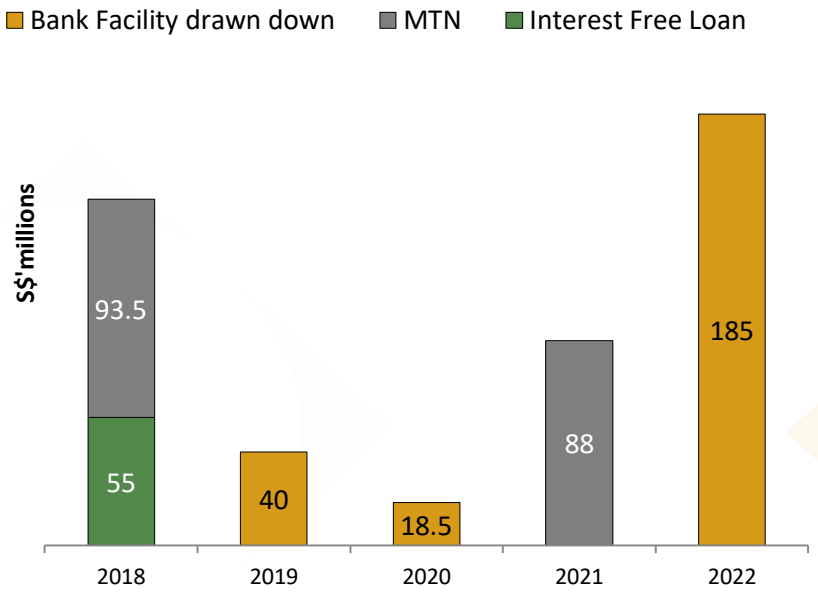


1Q FY2017 Financial Results – Statement of Financial Position

(S$'000)	31 March 2018	31 December 2017
Investment Properties	1,111,296	1,110,600
Property held for sale	-	53,000
Other Assets	81,979	18,003
Total Assets	**1,193,275**	**1,181,603**
Borrowings	475,104	474,359
Other Liabilities	48,509	38,606
Net Assets	**669,662**	**668,638**
Units in Issue ('000)	1,054,314	1,052,111
Net Asset Value per Unit (S$)	0.64	0.64

Prudent Capital Management

1) Fixed interest rate for 70.1% of borrowings for a weighted average term of 1.1 years[1].



% of Debt Maturing	30.9%	8.3%	3.9%	18.3%	38.6%

2) Aggregate leverage of 40.2%[1]

	31 March 2017
Total Bank Debt Drawn Down	S$243.5 million
Multicurrency Debt Issuance Programme drawn down	S$181.5 million
Committed facility available	S$15.0 million
Interest-free Loan	S$55 million
Unencumbered Investment Properties	S$751.3 million
Secured leverage[2]	15.5%
Average All-in Interest Cost[3]	3.21% p.a.
Interest Coverage Ratio[4]	5.2x
Weighted Average Debt Maturity	2.4 years

Notes:
(1) Includes interest free loan in relation to the Solaris upfront land premium;
(2) Secured Debt/Total Assets;
(3) Excludes interest-free loan;
(4) Computed based on 1Q FY2018 EBITDA/Net interest expense (Finance expense – Interest income).

Interest Rate Risk Management

Interest Rate Increase with effect from 1 April 2018	Increase in FY2018 finance expense (S$'000)	As a % of FY2017 Finance Expenses (%)	As a % of FY2017 Distributable Income (%)
0.25%	470	3.0	0.8
0.50%	939	6.0	1.6
0.75%	1,408	9.0	2.4

Portfolio Update



Portfolio Overview

Portfolio Summary[1]

Valuation[2]	S$1,111.3 million
Total NLA	3.69 million sq ft
WALE (by GRI)	3.0 years
Occupancy	87.5%



NK Ingredients
NLA: 312,375 sq ft
Valuation: S$54.0 million

COS Printers
NLA: 58,752 sq ft
Valuation: S$10.6 million

Senoko Way
NLA: 95,250 sq ft
Valuation: S$20.0 million

Tuas Connection
NLA: 651,072 sq ft
Valuation: S$117.8 million

Loyang Way
NLA: 171,293 sq ft
Valuation: S$38.0 million

Eightrium
NLA: 177,285 sq ft
Valuation: S$88.7 million

BK Marine
NLA: 73,737 sq ft
Valuation: S$15.7 million

Speedy-Tech
NLA: 93,767 sq ft
Valuation: S$24.1 million

West Park BizCentral
NLA: 1,240,583 sq ft
Valuation: S$286.0 million

Bukit Batok Connection
NLA: 377,776 sq ft
Valuation: S$96.4 million

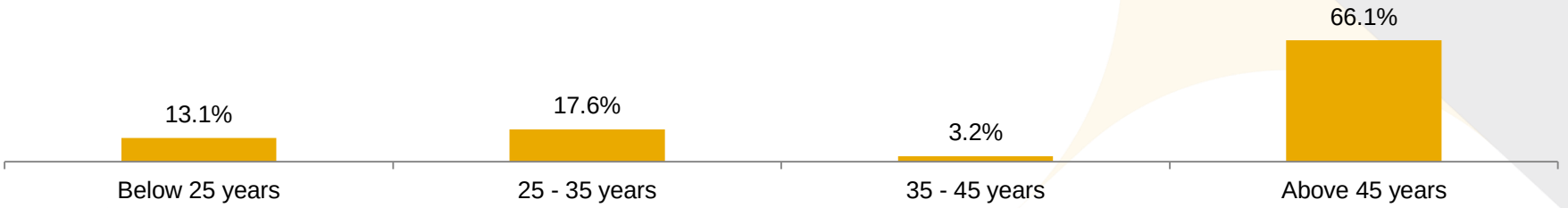
Solaris
NLA: 441,533 sq ft
Valuation: S$360.0 million

Notes:
(1) Information as at 31 March 2018;
(2) Based on Knight Frank's & Savills' valuations dated 31 December 2017 and capital expenditure incurred in 2018.

Long Land Lease Expiry

Percentage of Unexpired Land Lease Term

By Valuation

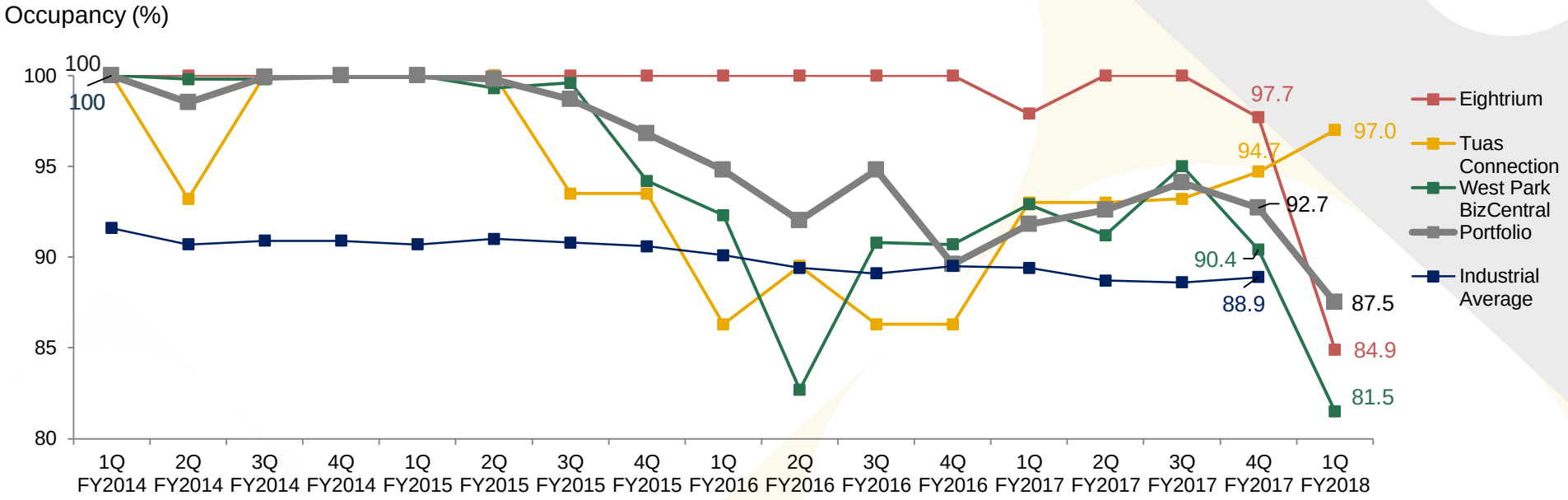


Long Average Land Lease Tenure of 42.8 Years (by valuation)

Property	Acquisition Date	Land Lease Expiry Date	Valuation (S$'m)[1]
Solaris	16-Aug-13	31-May-68	360.0
Eightrium	16-Aug-13	15-Feb-66	88.7
West Park BizCentral	16-Aug-13	31-Jul-68	286.0
Tuas Connection	16-Aug-13	30-Sep-50	117.8
NK Ingredients	15-Feb-13	30-Sep-46	54.0
COS Printers	19-Mar-13	31-Jul-42	10.6
Beng Kuang Marine	10-May-13	29-Oct-56	15.7
39 Senoko Way (Phase 1) 39 Senoko Way (Phase 2)	26-May-14 25-Nov-16	15-Feb-54	20.0
Speedy-Tech	23-Dec-14	30-Apr-50	24.1
72 Loyang Way	27-May-15	20-Mar-38	38.0
Bukit Batok Connection	27-Sep-16	25-Nov-42	96.4

Notes:
(1) Based on Knight Frank's & Savills' valuations dated 31 December 2017 and capital expenditure incurred in 2018
.

Portfolio Occupancy



	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	1Q 2018
Eightrium	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	97.9%	100%	100%	97.7%	84.9%
Tuas Connection	100%	93.2%	100%	100%	100%	100%	93.5%	93.5%	86.3%	89.5%	86.3%	86.3%	93.0%	93.0%	93.2%	94.7%	97.0%
West Park BizCentral	100%	99.8%	99.8%	100%	100%	99.3%	99.6%	94.2%	92.3%	82.7%	90.8%	90.7%	92.9%	91.2%	95.0%	90.4%	81.5%
Portfolio	**100%**	**98.5%**	**99.9%**	**100%**	**100%**	**99.8%**	**98.7%**	**96.8%**	**94.8%**	**92.0%**	**94.8%**	**89.6%**	**91.8%**	**92.6%**	**94.1%**	**92.7%(1)**	**87.5%**
Industrial Average(2)	**91.6%**	**90.7%**	**90.9%**	**90.9%**	**90.7%**	**91.0%**	**90.8%**	**90.6%**	**90.1%**	**89.4%**	**89.1%**	**89.5%**	**89.4%**	**88.7%**	**88.6%**	**88.9%**	**N.A.**

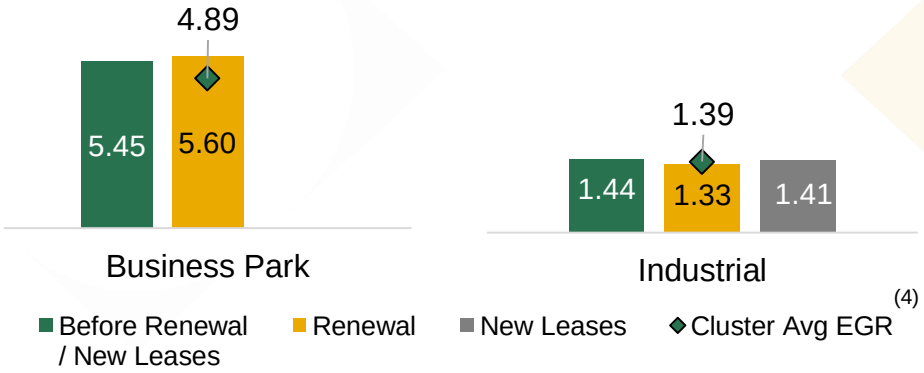
Notes:
(1) Inclusive of 27.0% occupancy at 72 Loyang Way and 34.2% at 39 Senoko Way.
(2) Source: JTC statistics as at 4Q 2017.

Leasing Update

	No. of Leases	Area (sq ft)	Avg. EGR before Renewal / New Leases ($ psf)	Avg. EGR after Renewal / New Leases ($ psf)	Rental Reversion
1Q FY2018					
Renewal / Forward Renewal	**13**	**250,997**[1]	1.52	1.41	(7.2%)
New Leases	**5**	**51,997**[2]	1.60	1.41	(11.9%)
Total	**18**	**302,994**	1.53	1.41	**(7.8%)**

Effective Gross Rent (psf/mth)

for leases signed in 1Q FY2018 by Cluster [3]



[4]

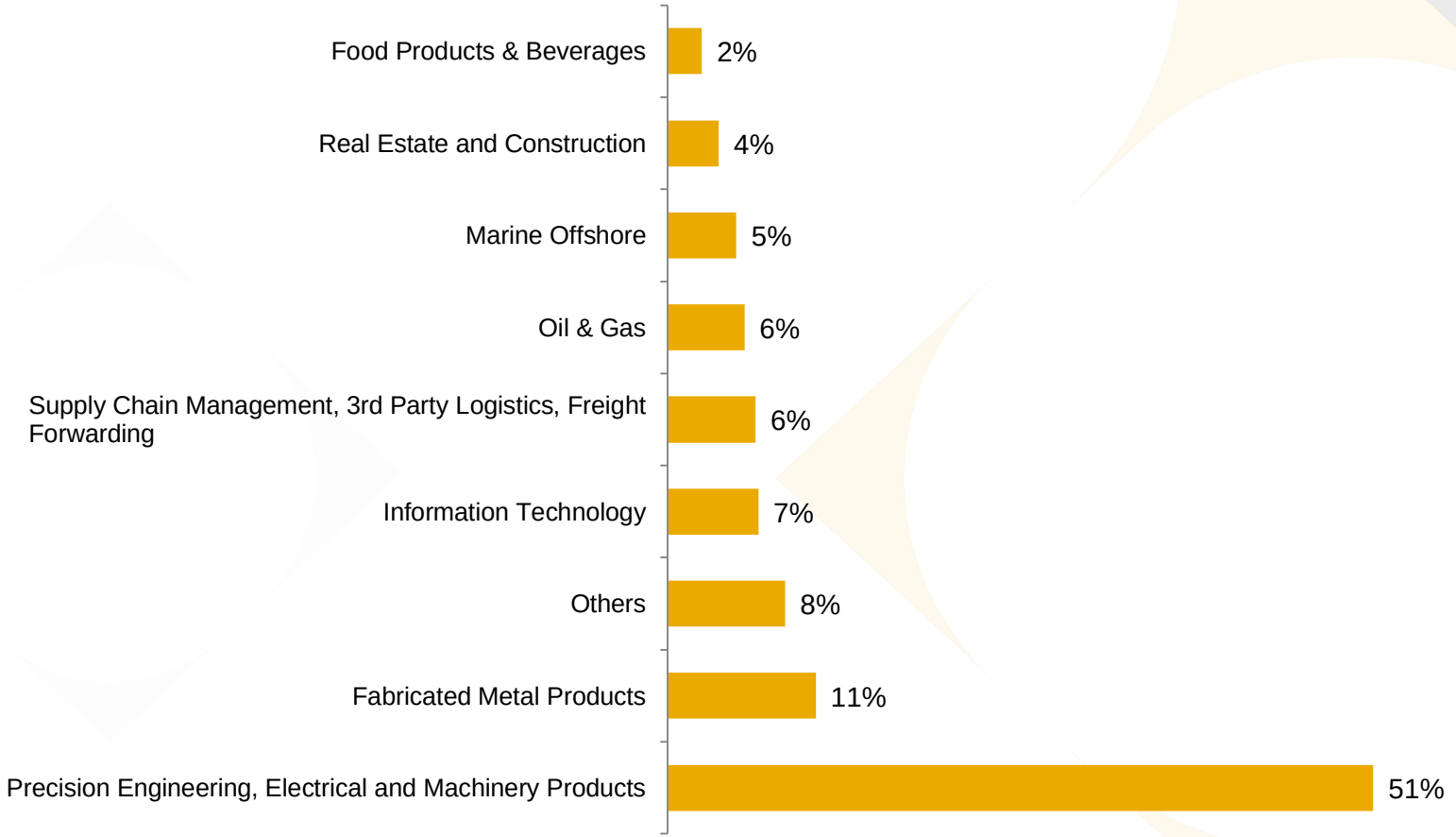
Business Park	Industrial
Renewal/ Forward Renewal Leases	
4,991 sqft (2 leases)	246,006 sqft (11 leases)
New Leases	
-	51,997 sqft (5 leases)

Note:
(1) Includes 2 forward renewal of 5k sqft of underlying leases at Solaris.
(2) Includes 3 new leases of 33k sqft at 39 Senoko Way. The EGR before new leases for 39 Senoko Way is $1.49 psf and EGR after new leases is $1.40 psf.
(3) Business Park cluster comprises Solaris and Eightrium and Industrial Cluster comprises Tuas Connection, West Park BizCentral, 72 Loyang Way and 39 Senoko Way
(4) Cluster Average EGR indicates the average EGR of leased area for the respective Cluster as at 31 March 2018.

Trade Sector of Leases Signed

For leases signed in FY2018

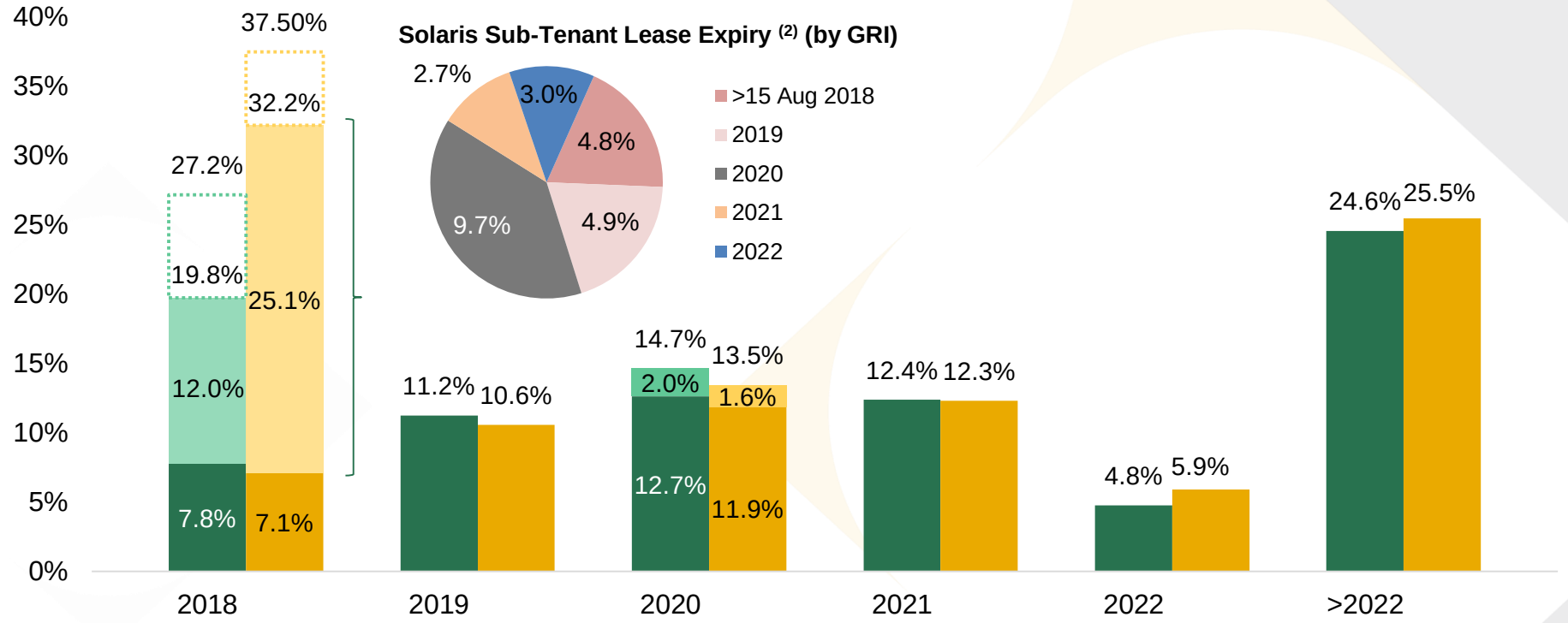
By Gross Rental Income



Well Staggered Lease Expiry

WALE (by NLA)	2.9 years	**WALE** (by Gross Rental Income)	3.0 years

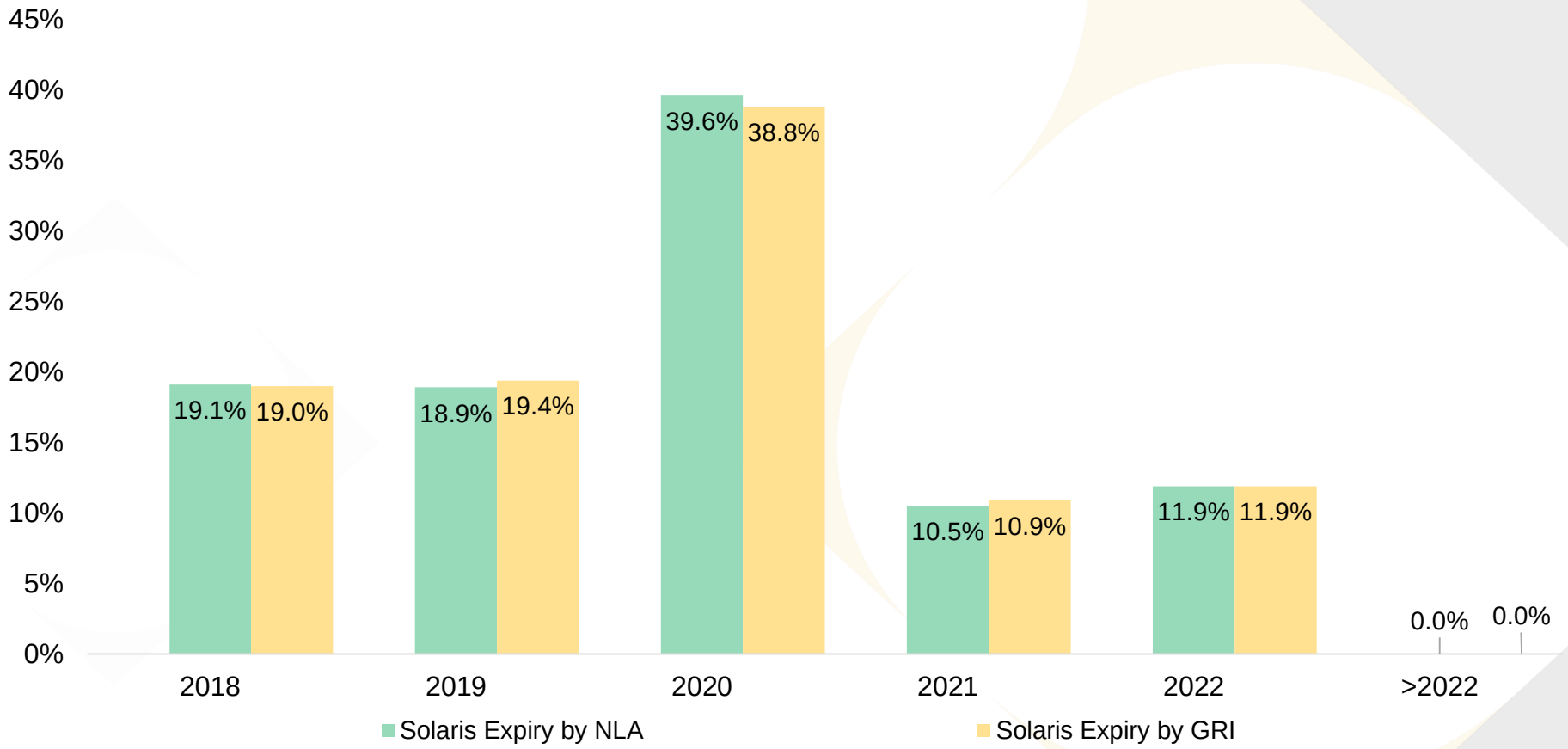
- WALE of leases signed in 1Q FY2018 was 3.4 years (by GRI)



Note:
(1) Information as at 31 March 2018
(2) No underlying lease expires within the master lease period

Solaris Lease Expiry Profile

WALE (by NLA)	2.3 years
WALE (by Gross Rental Income)	2.3 years



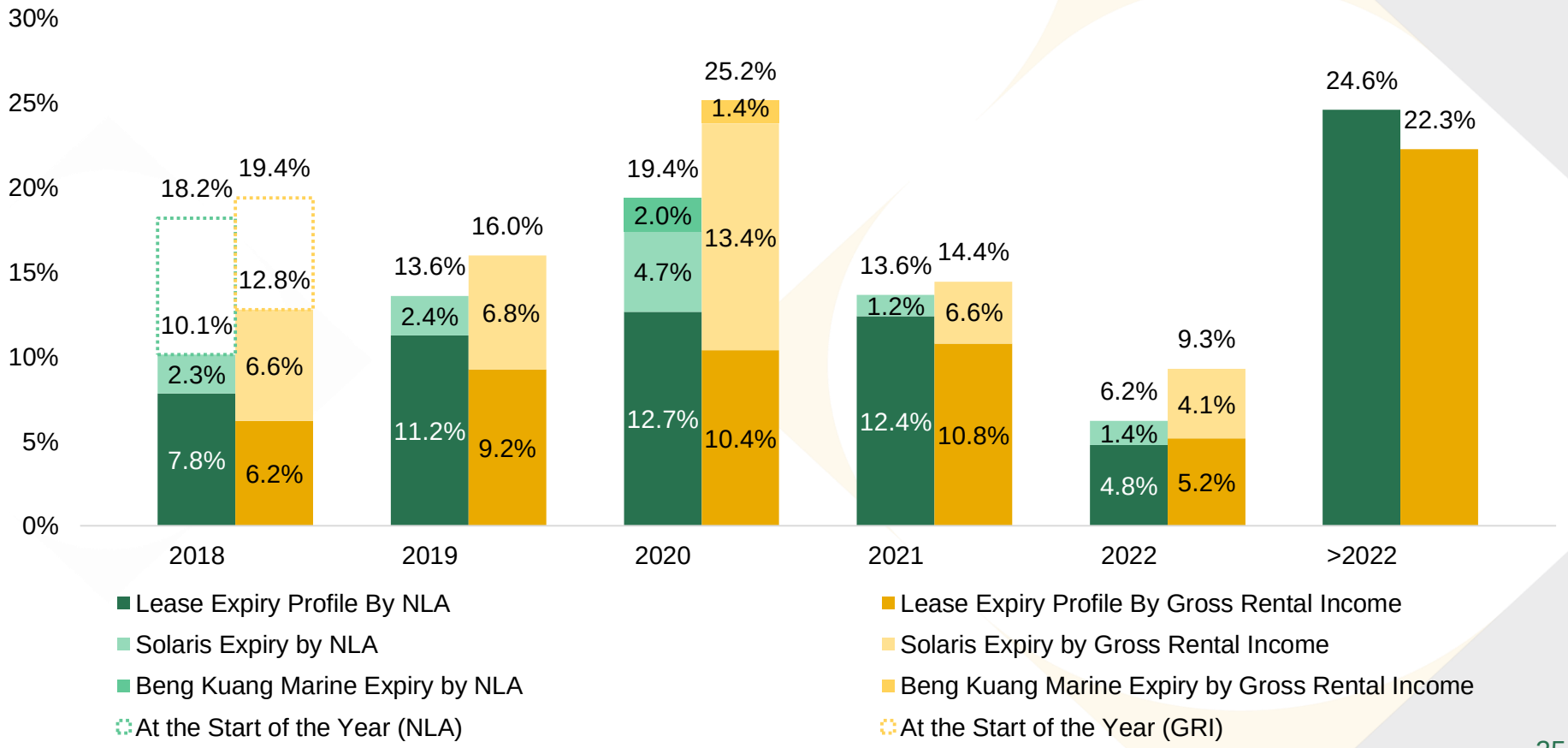
No underlying lease expires within the Master Lease Period

Note:
(1) Solaris is leased to SB (Solaris) Investment Pte. Ltd. on a Master Lease Agreement. The underlying tenants in Solaris will be novated to Soilbuild REIT upon the master lease expiry on 15 August 2018.
(2) Information as at 31 March 2018.

Lease Expiry Profile

Based on Solaris Underlying Tenant(2)

WALE (by NLA)	3.1 years	**WALE** (by Gross Rental Income)	3.4 years

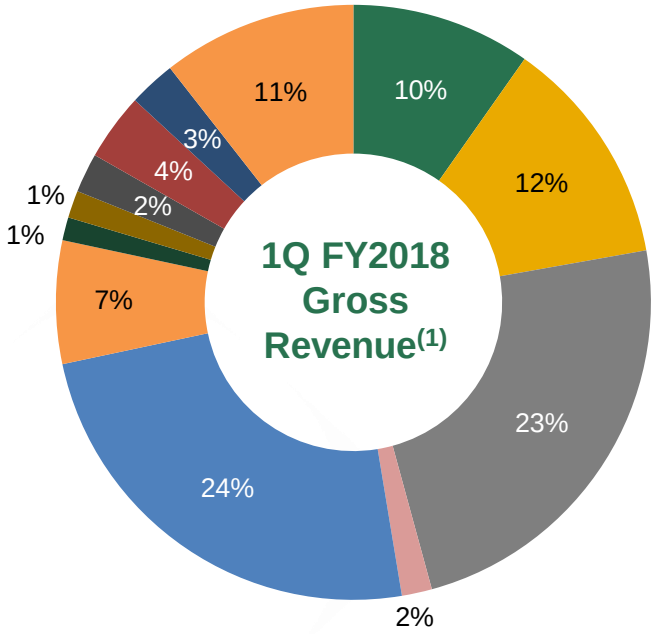


Note:
(1) Information as at 31 March 2018.
(2) No underlying leases expires within the master lease period.

Well diversified Portfolio

Portfolio Income Spread

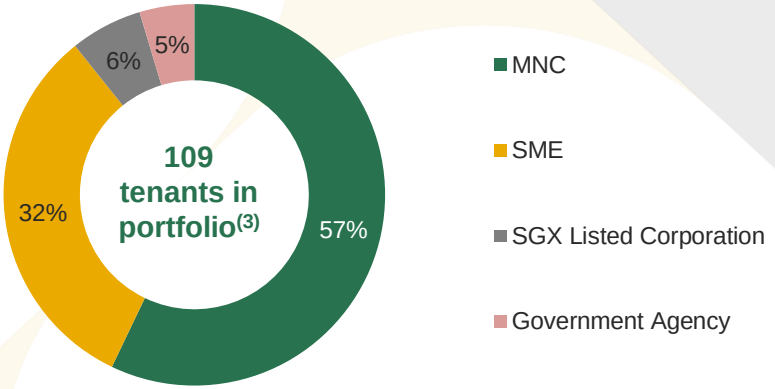
By Property



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

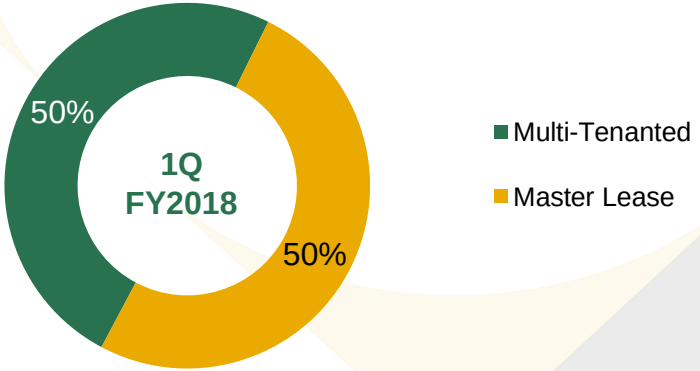
Diversified Tenant Base

By Gross Revenue



Balanced Portfolio with Growth Upside

By Gross Revenue

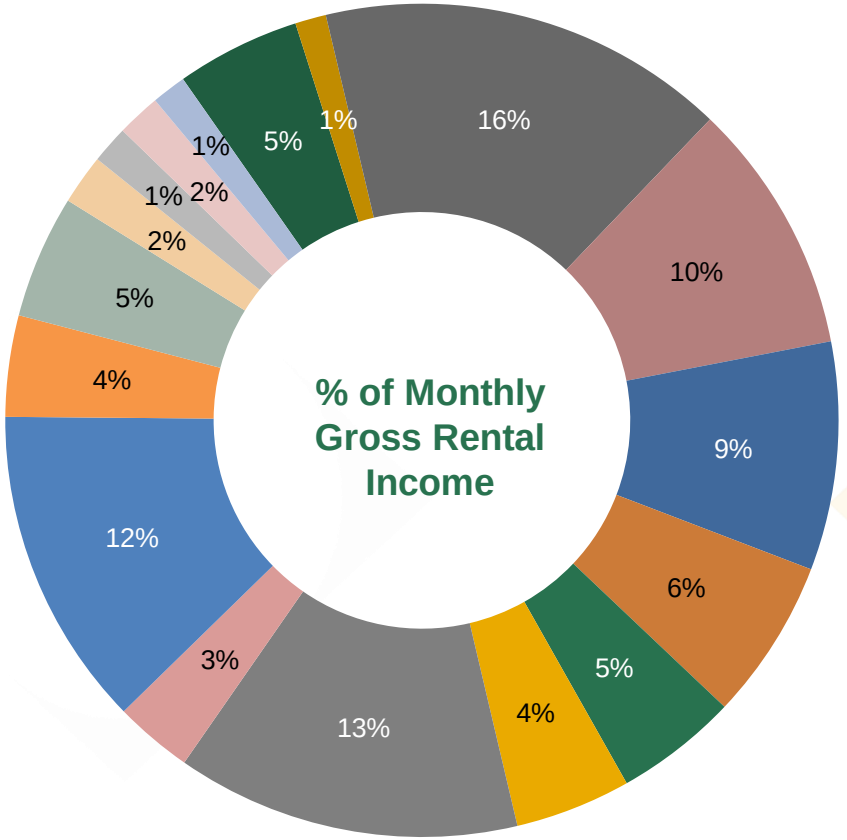


Note:
(1) Discrepancies between the figures in the chart are due to rounding;
(2) Information as at 31 March 2018
(3) Inclusive of underlying tenant at Solaris

Well diversified Portfolio

Well-spread Trade Sectors

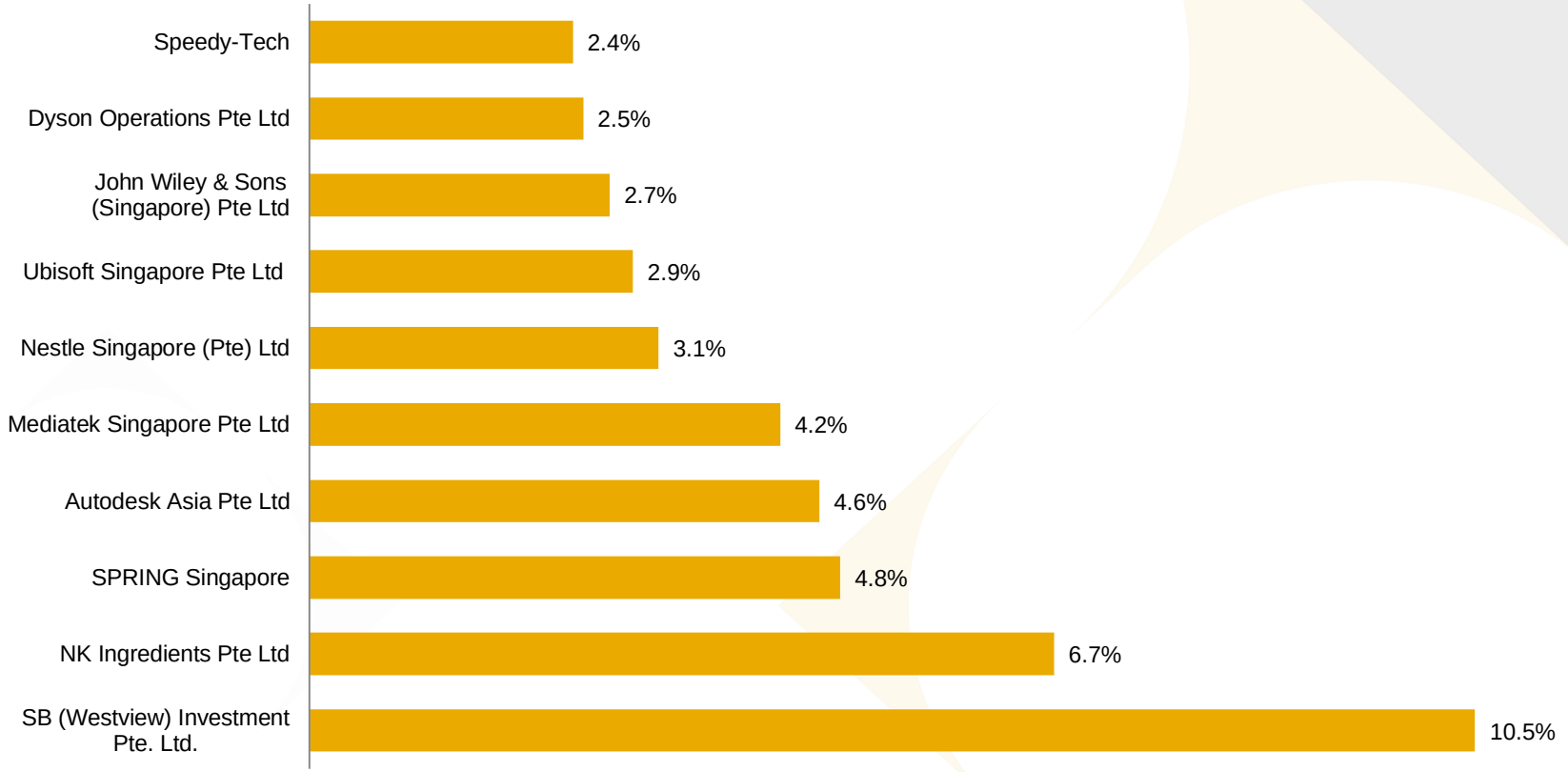
By Gross Rental Income



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

Note:
(1) Inclusive of underlying tenants in Solaris as at 31 March 2018.

Diverse Tenant Base



Top 10 tenants contribute 44.4%(1) of monthly gross rental income.

Note:
(1) Inclusive of underlying tenants in Solaris as at 31 March 2018.

Rental Growth from Master Leases

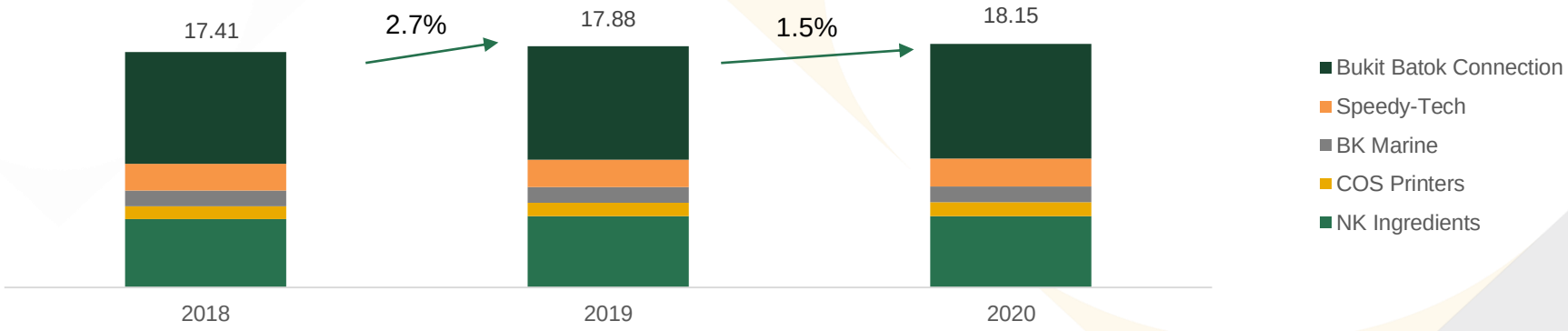
Long-term Master Leases

Lease Term from start of Master Lease Agreement

	Master Lease Property	Date of Acquisition	Lease Term	Lease Expiry
1	Solaris	16-Aug-13	5 Years	15-Aug-18
2	Beng Kuang Marine	10-May-13	7 Years	9-May-20
3	COS Printers	19-Mar-13	10 Years	18-Mar-23
4	Bukit Batok Connection	27-Sep-16	7 Years	26-Sep-23
5	Speedy-Tech	23-Dec-14	10 Years	22-Dec-24
6	NK Ingredients	15-Feb-13	15 Years	14-Feb-28

Fixed Annual Rental Escalation of Master Leases(1)

Rental Revenue (S$ million)



Note:
(1) Excluding Master Lease rental from Solaris and Beng Kuang Marine's rental annualised for FY2020.

Proposed Divestment of KTL Offshore



Unlocking Capital

Completion of Divestment of KTL Offshore

Address	61 & 71 Tuas Bay Drive
Description	Two adjacent detached purpose-built factories located along Tuas Bay Drive, off Tuas South Avenue 2
Remaining Land Tenure (as at 31 Dec 2017)	48.6 years
Gross Floor Area	208,057 sq ft
Acquisition Year/Price	2014 / $55.0 million
Book Value	$53.0 million
Sale Price	$55.0 million
FY2017 NPI	$3.9 million
Purchaser	SB (Pioneer) Investment Pte. Ltd.
Capital Gain	$1.7 million
Remarks	The Divestment of KTL Offshore is completed on 28 February 2018



Market Update & Outlook

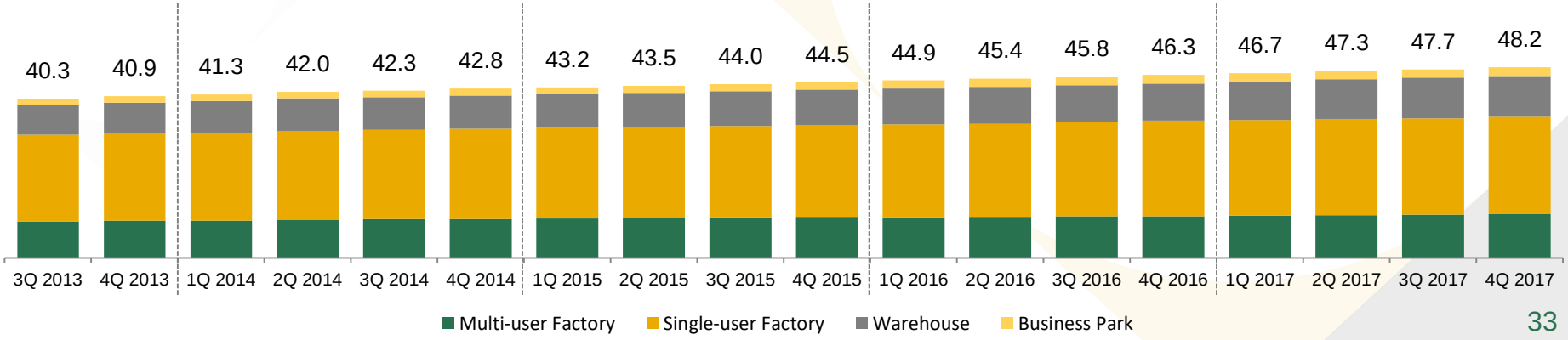


Industrial Properties Profile

Change y-o-y	4Q 2013 vs 4Q 2014		4Q 2014 vs 4Q 2015		4Q 2015 vs 4Q 2016		4Q 2016 vs 4Q 2017	
	Vacancy Rate	Rental Index	Vacancy Rate	Rental Index	Vacancy Rate	Rental Index	Vacancy Rate	Rental Index
Multi-user	↑ 1.4%	↓ 0.7	↓ 0.0%	↓ 3.4	↓ 0.1%	↓ 7.7	↑ 0.8%	↓ 2.6
Single-user	↑ 1.2%	↑ 5.1	↑ 0.6%	↓ 0.9	↑ 1.4%	↓ 7.1	↑ 0.7%	↓ 2.6
Warehouse	↓ 1.0%	↓ 6.6	↑ 0.4%	↓ 1.6	↑ 1.7%	↓ 6.2	↑ 0.6%	↓ 5.2
Business Park	↑ 4.3%	↑ 0.4	↓ 4.3%	↓ 1.3	↑ 1.1%	↑ 0.5	↓ 3.6%	↑ 3.5

Total Industrial Stock ('million sq m)

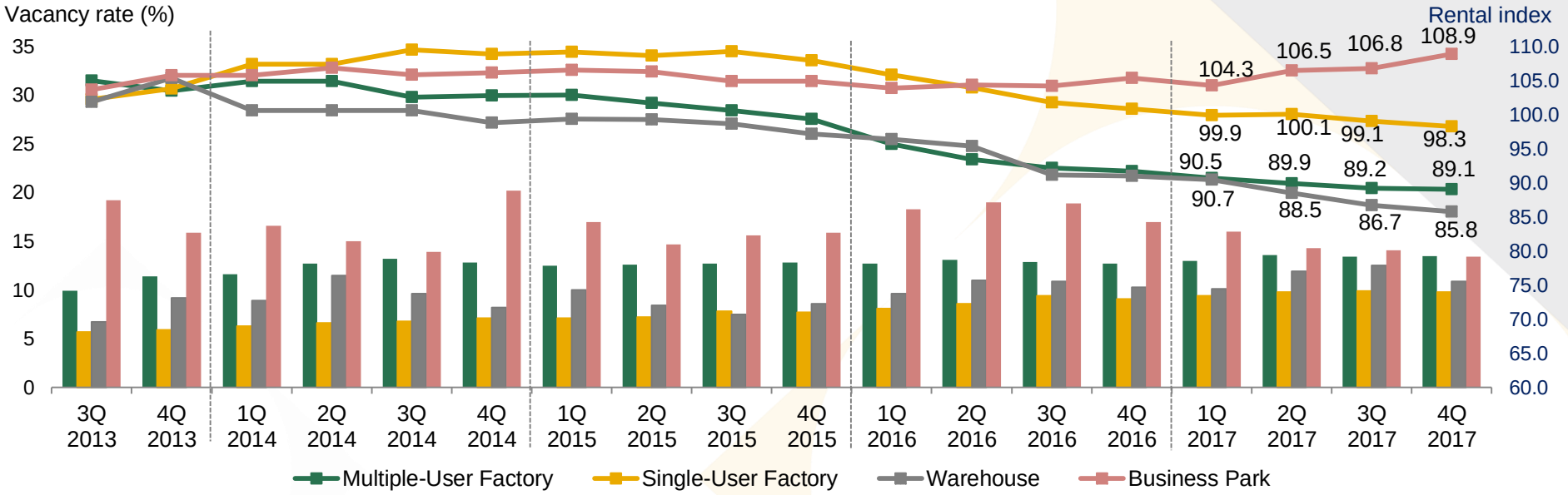
Increase y-o-y	4Q 2013 vs 4Q 2014	4Q 2014 vs 4Q 2015	4Q 2015 vs 4Q 2016	4Q 2016 vs 4Q 2017
Multi-user	5.7%	4.6%	2.2%	4.8%
Single-user	2.5%	2.3%	3.3%	1.9%
Warehouse	8.7%	5.6%	6.6%	10.2%
Business Park	12.2%	10.1%	11.6%	0.1%



Source: JTC Statistics as at 4Q 2017

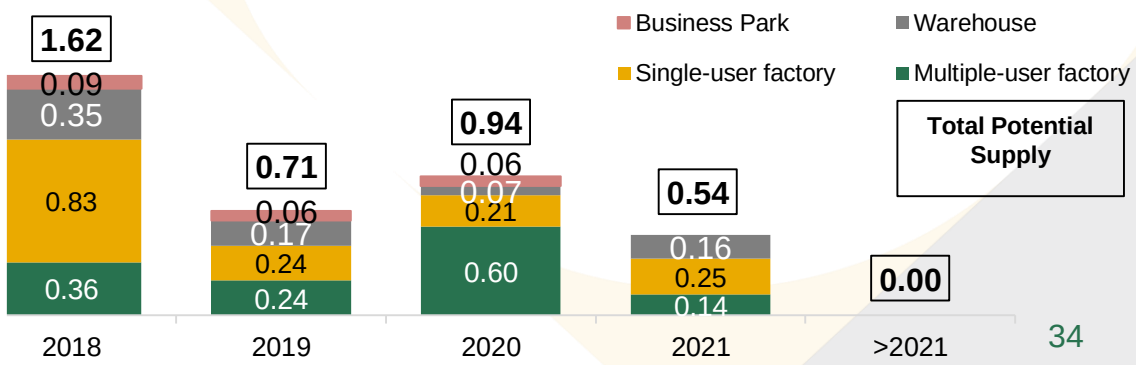
Industrial Properties Profile

Vacancy Rate and Rental Index (Base 4Q 2012 = 100)



Upcoming Supply in the Pipeline ('million sq m)

Change y-o-y	Stock as at 4Q 2017 ('mil sq m)	Potential Supply in FY2018
Multi-user	11.1	↑ 3.3%
Single-user	24.6	↑ 3.4%
Warehouse	10.4	↑ 3.3%
Business Park	2.1	↑ 4.0%



Source: JTC Statistics as at 4Q 2017

The Year Ahead

Singapore's Economy

- MTI announced based on advance estimates, Singapore economy grew 4.3% y-o-y and 1.4% q-o-q in 1Q 2018.
- The manufacturing sector expanded by 10.1% y-o-y in the 1Q 2018. All the clusters within the manufacturing sector expanded, with the electronics and precision engineering clusters contributing the most.
- Singapore's factory activity rose for the 19th consecutive month with the Purchasing Managers' Index for March 2018 rising to 53.0.

Industrial Property Sector

- Stronger leasing demand in tandem with the growth in Manufacturing GDP and export volume is expected (Colliers 2017 Industrial Research).
- Supply is expected to increase by 3% in 2018.
- Colliers expects rents to stabilise in 2018 and overall rents to recover 1-3% p.a. in 2019-2021F as supply eases.
- Industrial-wide occupancy stood at 88.9% as at 4Q 2017 (JTC, 2017).

Soilbuild REIT

- Completed close to 303,000 sq ft of new leases, renewals and forward renewals in FY2018.
- Balance 10.2%(1) or approximately 374,000(1) sq ft of the portfolio's NLA is due for renewal for rest 2018.
- The challenge remains to lease the entire space at 72 Loyang Way and 39 Senoko Way due to the subdued marine offshore and oil & gas sectors.

Note:
(1) Inclusive of underlying tenants at Solaris

THANK YOU



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