

Citi-REITAS-SGX C-Suite Singapore REITS and Sponsors Forum 2019



22nd August 2019

Disclaimer

This presentation should be read in conjunction with the financial statements of Soilbuild Business Space REIT for the second quarter from 1 April 2019 to 30 June 2019 (hereinafter referred to 2Q FY2019) and half year ended 30 June 2019 (hereinafter referred to 1H FY2019).

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.

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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.

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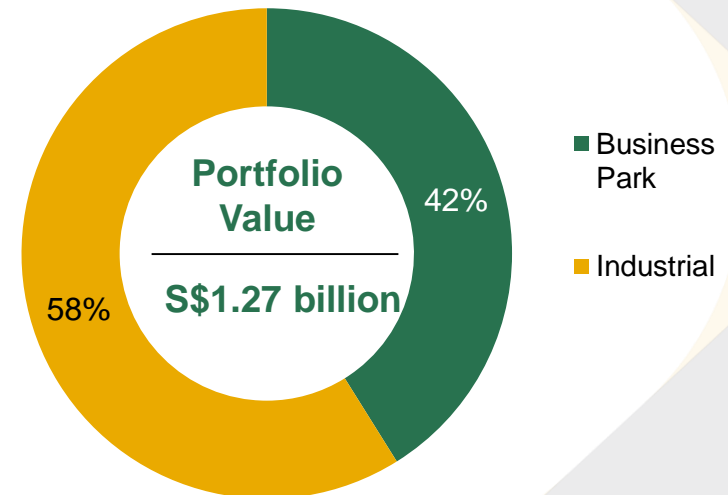
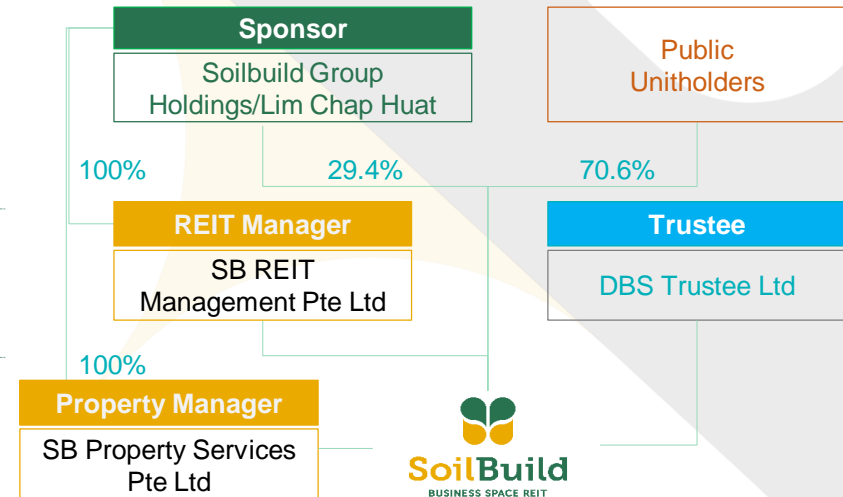
Overview of Soilbuild Business Space REIT



Overview of Soilbuild Business Space REIT



Sponsor	<ul style="list-style-type: none"> Soilbuild Group Holdings Ltd. (“SGHL”) <ul style="list-style-type: none"> Leading integrated property group in Singapore with 40 years of experience
REIT Manager	<ul style="list-style-type: none"> SB REIT Management Pte. Ltd. (wholly-owned subsidiary of SGHL)
Property Manager	<ul style="list-style-type: none"> SB Property Services Pte. Ltd. (wholly-owned subsidiary of SGHL)
Trustee	<ul style="list-style-type: none"> DBS Trustee Limited (Singapore), Perpetual Corporate Trust Ltd (Australia)
Investment Mandate	<ul style="list-style-type: none"> Investing on a long-term basis, directly or indirectly, in a portfolio of income-producing real estate used primarily for business space purposes in Singapore and Australia as well as real estate-related assets.
Portfolio	<ul style="list-style-type: none"> 11 properties in Singapore (2 business parks, 9 industrial properties) 2 properties in Australia (1 office asset, 1 industrial asset)



Portfolio Asset Value by Geography		
Singapore	91.6%	5
Australia	8.4%	

Notes:
 (1) Information as at 30 June 2019.

Milestones since Listing

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



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

27 Sep 2016:
Completed Acquisition of Bukit Batok Connection ("BBC") and Entry into of The Master Lease Agreement in relation to BBC



29 Jun 2017:
Ranked joint-2nd in the Inaugural Governance Index For Trusts ("GIFT")

28 Feb 2018:
Completed divestment of KTL Offshore

27 Sep 2018:
Issued S\$65 million 6.00% subordinated perpetual securities

21 Mar 2019:
Signed SPA to divest 72 Loyang Way

21 Aug 2019:
Announced proposed acquisition of 25 Grenfell Street, Adelaide

27 Nov 2017:
Expanded investment mandate to cover Australia

16 Aug 2013:
Listed on SGX-ST



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

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

26 Aug 2016:
Launched preferential offering to raise gross proceeds of S\$59.4 million



25 Nov 2016:
Completion of a New Annex Block at Tellus Marine (Phase 2)

4 Aug 2017:
Awarded Sliver in the Asia Pacific Best of the Breeds REITs Awards 2017

21 May 2018:
Redeemed on maturity first issuance of S\$100 million Fixed Rate Notes

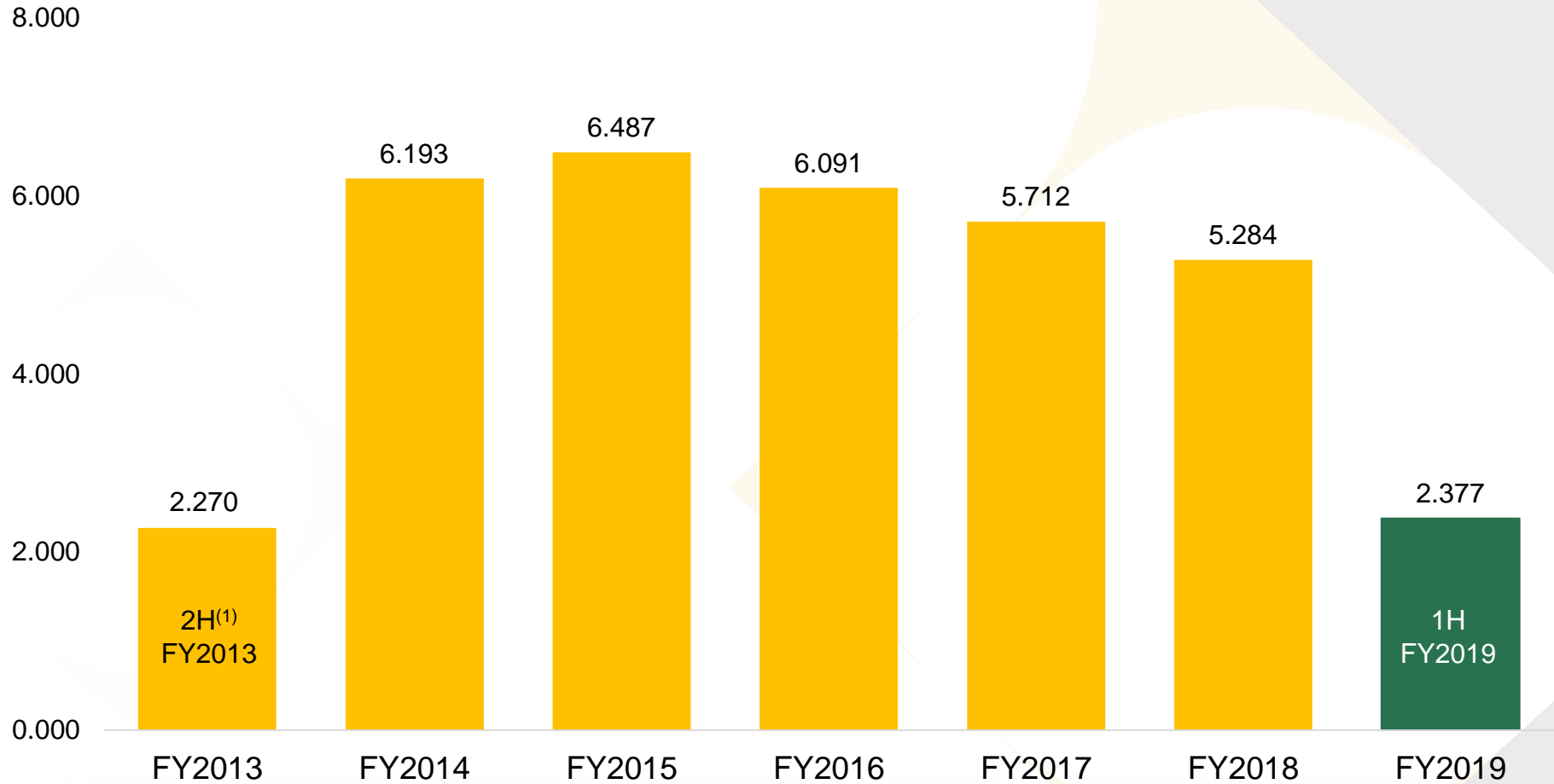
5 Oct 2018:
Completed maiden acquisition of 2 properties in Australia

30 May 2019:
Solaris wins BCA Green Mark Platinum Award 2019

21 Aug 2019:
Announced launch of fully underwritten preferential offering of S\$101.8 million

Distributions Since IPO

Distribution per Unit (cents)

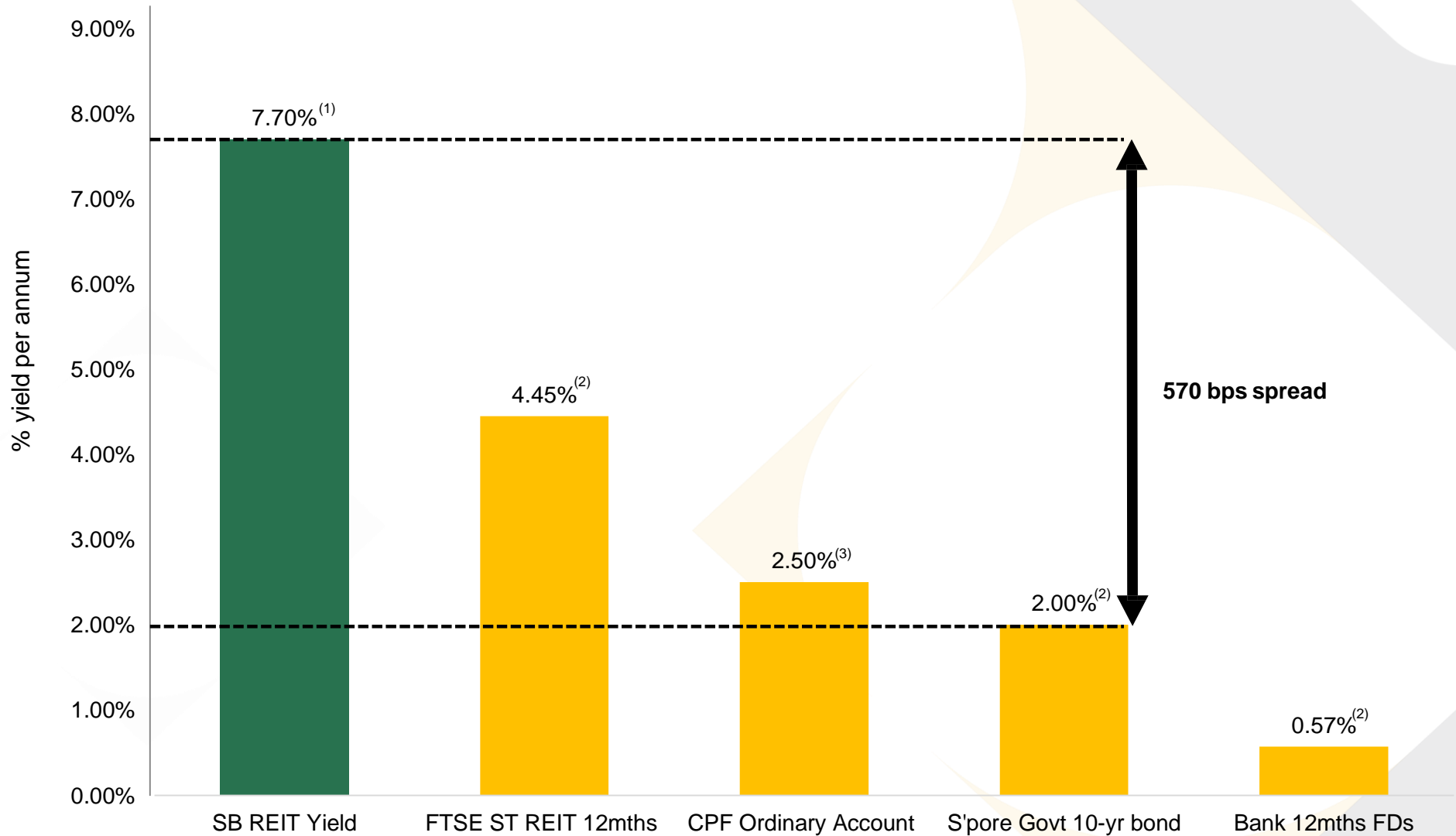


Cumulative DPU of 34.414 cents

Note:

(1) From 16 August 2013 to 31 December 2013.

Attractive Distribution Yield



Note:

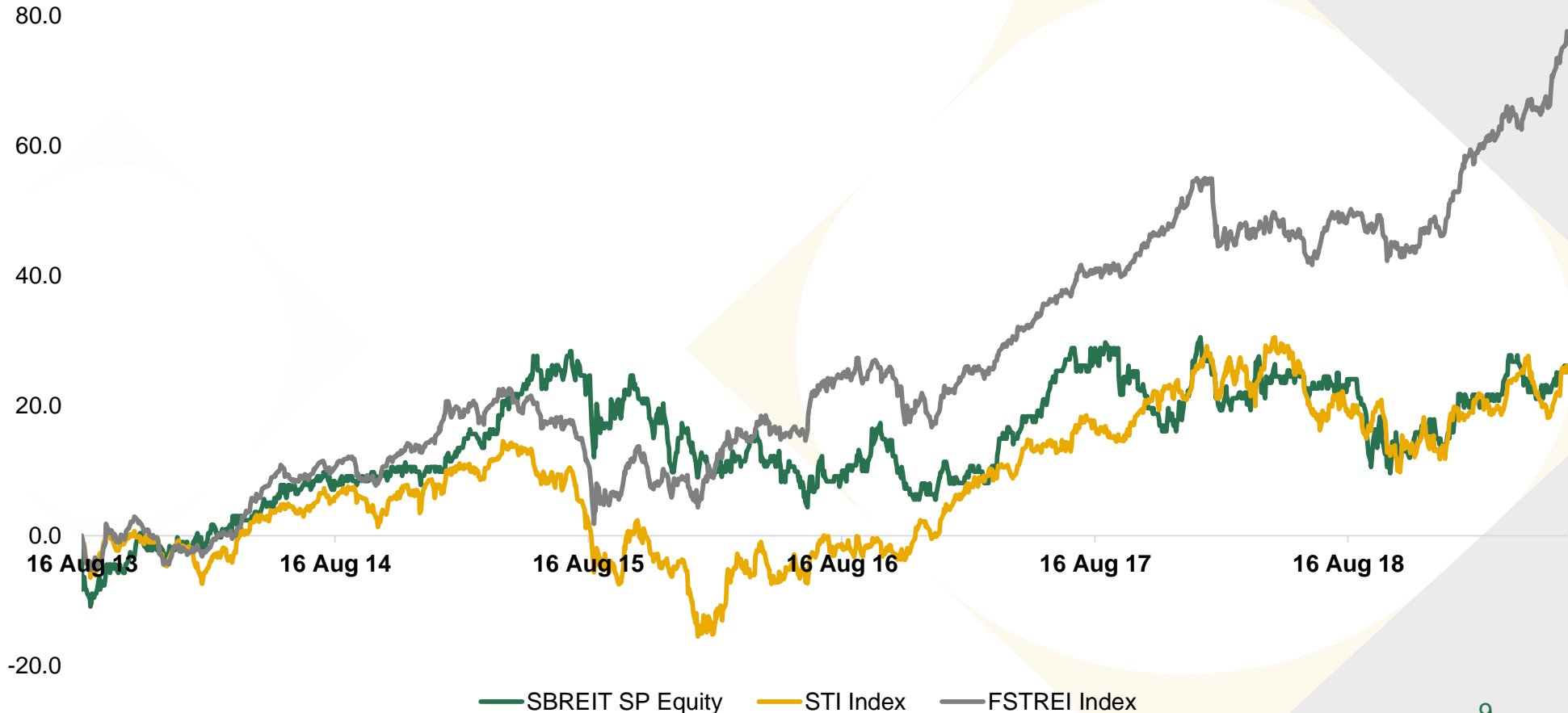
- (1) Based on Annualised FY2019 DPU of 4.754 cents and Unit price of \$0.615 as at 28 June 2019.
- (2) Source: Bloomberg data.
- (3) Prevailing CPF Ordinary Account interest rate

Performance of SB REIT Since IPO

Performance Since August 2013
SB REIT: +26.15%⁽¹⁾
STI: +25.85%
FTSE REIT: +77.55%

Cumulative DPU of 34.414 cents
Distribution Yield = 7.7%⁽²⁾

Total Returns (%)



Note:

(1) Total Return assuming distributions reinvested.

(2) Based on Annualised FY2019 DPU of 4.754 cents and Unit price of \$0.615 as at 28 June 2019.

(3) Source: Bloomberg data.

Strong Support from Sponsor

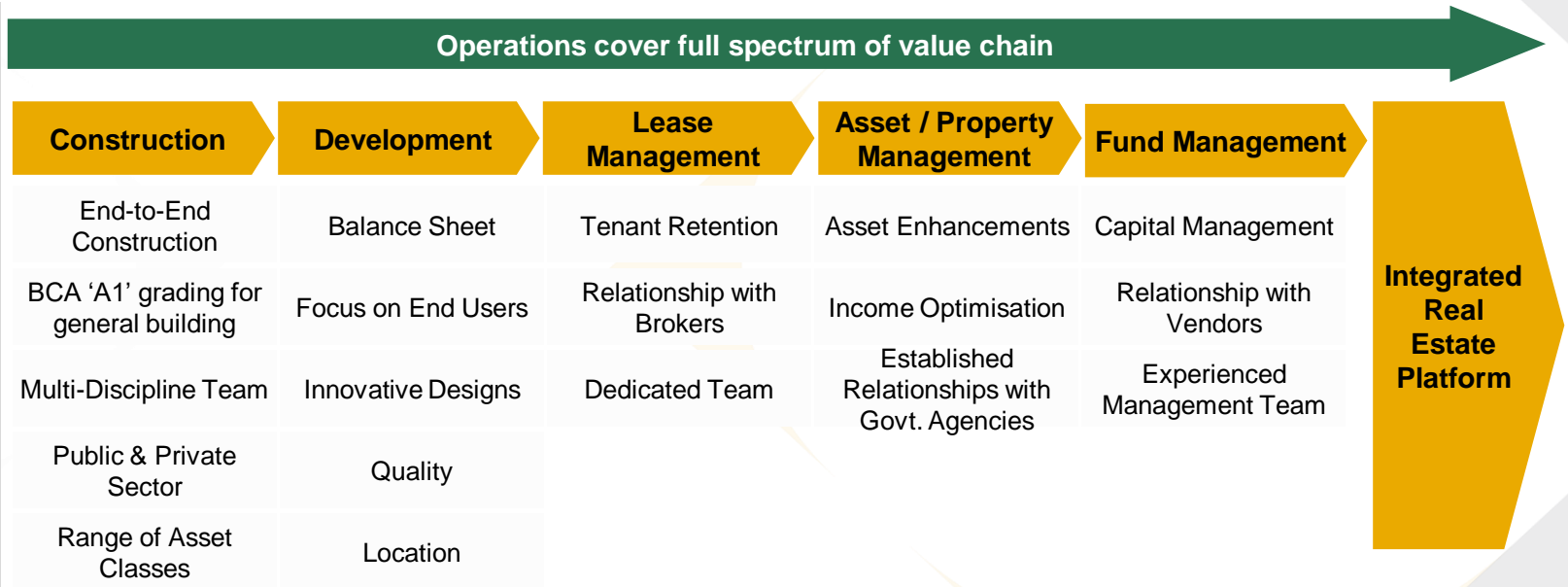
A

Strong Sponsor Provides Benefits to Soilbuild REIT

- Integrated property group with more than 40 years track record in end-to-end construction and development
- Single focus – Soilbuild REIT is the Sponsor’s first and only REIT vehicle
- Committed to support Soilbuild REIT over the long term with Sponsor stake of 29.4%
- Sponsor pipeline of three ROFR assets with maximum potential GFA of 2.1 million sq ft

B

Only Industrial REIT Sponsor with End-to-End Integrated Capabilities



Notes:

(1) Information as at 30 June 2019.

Best-in-Class Portfolio Assets



Portfolio Highlights

13

Total No. of
Properties

3.8 yrs

WALE
(by GRI)

4.03M
sqft

Portfolio NLA

S\$1.27B

Portfolio Asset
Value

46.4 yrs⁽²⁾
Weighted Average
Land Lease
(by valuation)

88.6%
Portfolio
Occupancy

113
Total no. of
tenants

10 yrs
Weighted
Average
Portfolio Age
(by valuation)

Note:

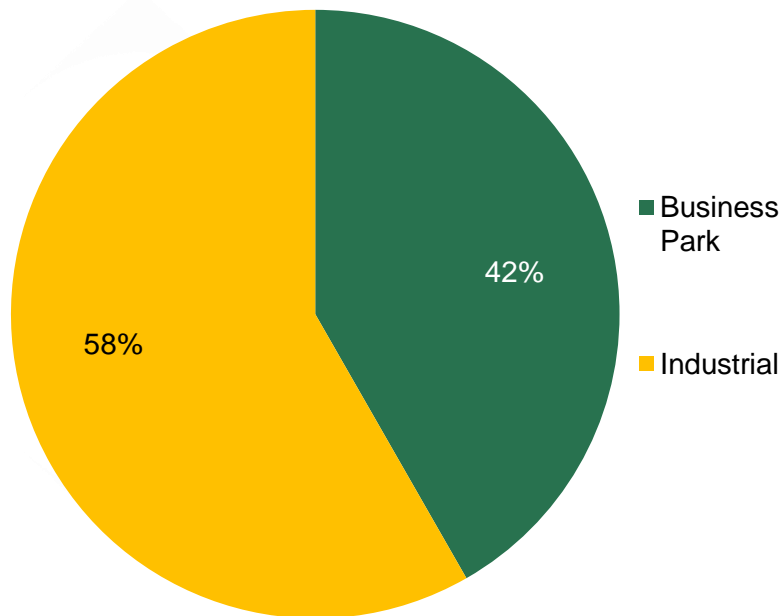
(1) Information as at 30th June 2019.

Soilbuild Portfolio Overview

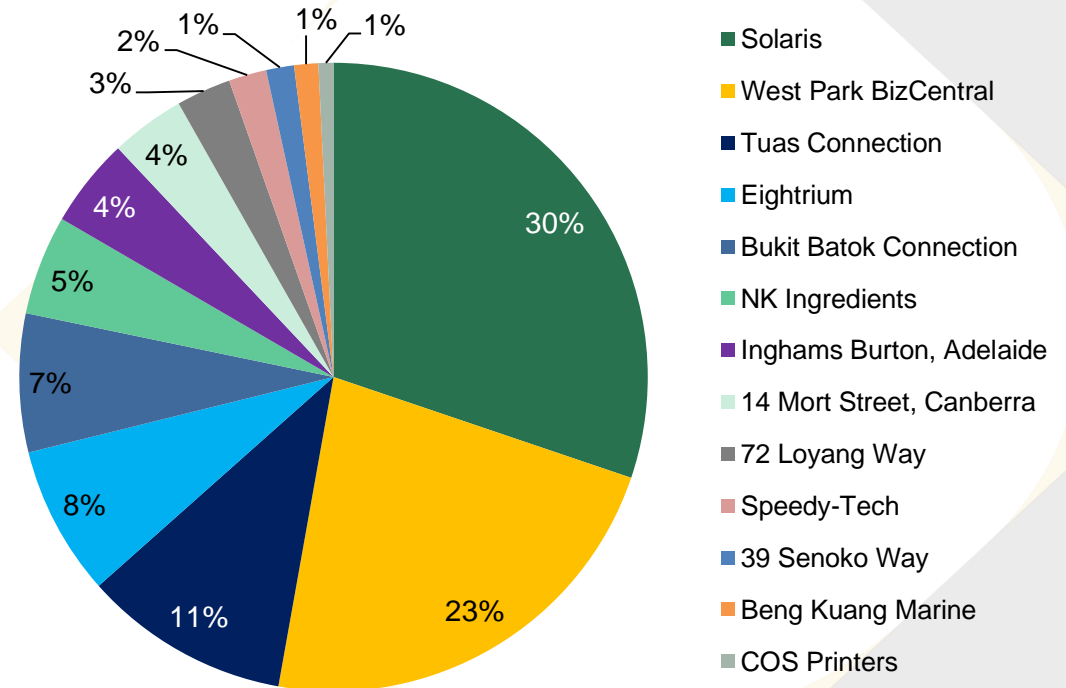
Portfolio Asset Value		
Singapore ⁽²⁾	S\$1,159.0 million	91.6%
Australia ⁽³⁾	S\$106.5 million	8.4%
Total	S\$1,265.5 million	100.0%

Portfolio Summary	
Total NLA	4.03 million sq ft
WALE (by GRI)	3.8 years
Occupancy	88.6%

Portfolio Asset Value by Asset Class



Portfolio Property By Asset Value



Notes:

- (1) Information as at 2Q 2019.
- (2) Based on CBRE & Colliers' valuations dated 31 December 2018 for business park properties and industrial properties respectively. Includes right-of-use assets arising from the adoption of FRS 116 Leases.
- (3) Based on Colliers' valuations dated 31 August 2018 and on the exchange rate of A\$1:00:S\$0.95.

Singapore Portfolio

- Business Park Properties
- Industrial Properties



Tuas Connection

NLA: 651,072 sq ft
Valuation: S\$134.4 million



BK Marine

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



NK Ingredients

NLA: 312,375 sq ft
Valuation: S\$64.9 million



COS Printers

NLA: 58,752 sq ft
Valuation: S\$9.8 million



Senoko Way

NLA: 95,250 sq ft
Valuation: S\$18.1 million



Loyang Way

NLA: 171,293 sq ft
Valuation: S\$35.6 million



Eightrium

NLA: 177,285 sq ft
Valuation: S\$97.5 million



Solaris

NLA: 442,755 sq ft
Valuation: S\$382.1 million



Bukit Batok Connection

NLA: 377,776 sq ft
Valuation: S\$90.1 million



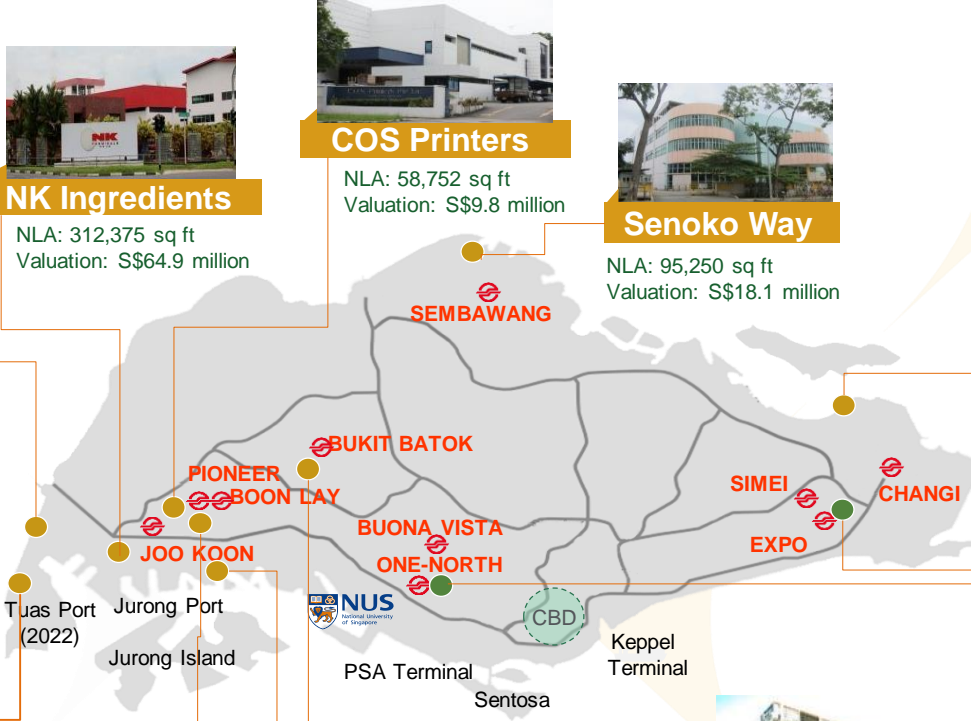
West Park BizCentral

NLA: 1,240,583 sq ft
Valuation: S\$286.2 million



Speedy-Tech

NLA: 93,767 sq ft
Valuation: S\$24.6 million



Singapore Portfolio Summary	
Total NLA	3.69 million sq ft
Occupancy	87.6%
WALE (by GRI)	3.0 years

Notes:

- (1) Information as at 2Q 2019.
- (2) Based on CBRE & Colliers' valuations dated 31 December 2018 for business park properties and industrial properties respectively. Includes right-of-use assets arising from the adoption of FRS 116 Leases.

Australia Portfolio

- Office
- Industrial



**Inghams Burton,
Adelaide**

NLA: 230,608 sq ft
Valuation: S\$58.1 million

Australia Portfolio Summary

Total NLA	331,612 sq ft
Occupancy	100.0%
WALE (by GRI)	11.0 years



**14 Mort Street,
Canberra**

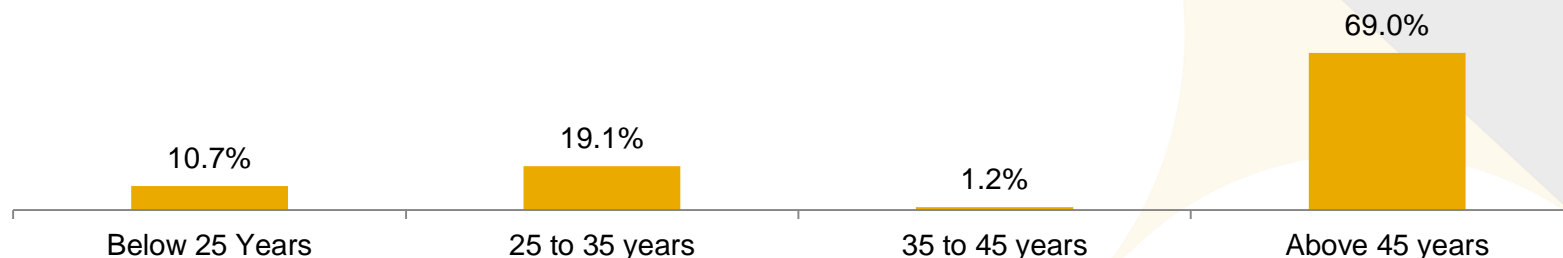
NLA: 101,004 sq ft
Valuation: S\$48.4 million

Notes:
(1) Based on Colliers' valuations dated 31 August 2018 and on the exchange rate of A\$1:00:S\$0.95, before adjustment of outstanding incentives.

Long Land Lease Expiry

Percentage of Unexpired Land Lease Term

By Valuation



Long Average Land Lease Tenure of 46.4 Years ⁽³⁾ (by valuation)

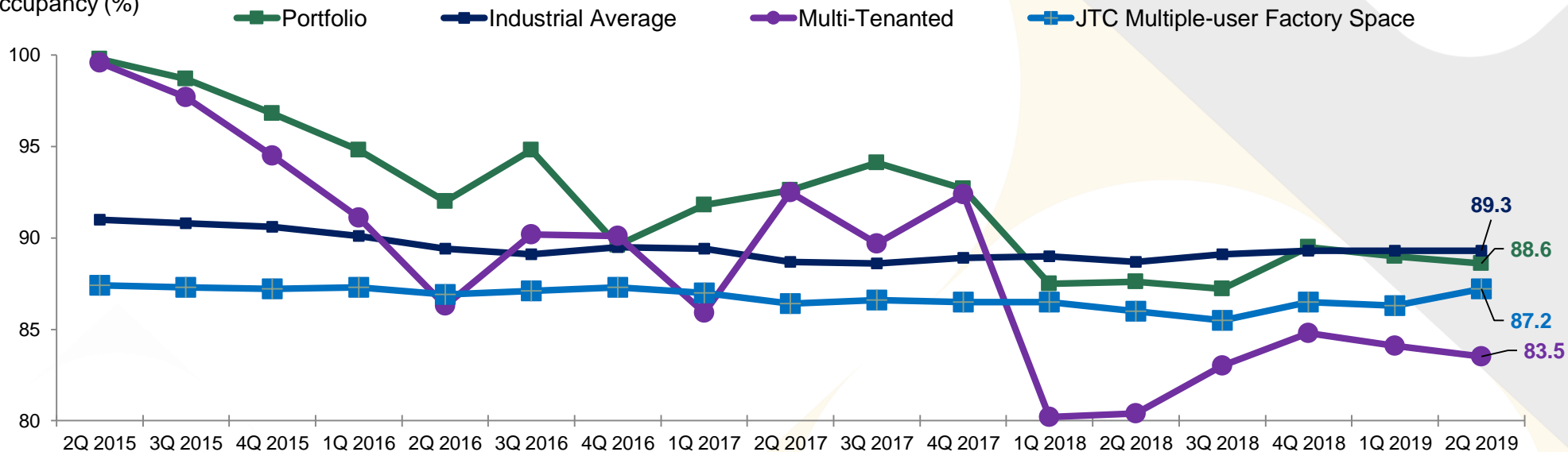
Property	Acquisition Date	Land Lease Expiry Date	Valuation (S\$m) ⁽¹⁾
Solaris	16-Aug-13	31-May-68	382.1
Eightrium	16-Aug-13	15-Feb-66	97.5
West Park BizCentral	16-Aug-13	31-Jul-68	286.2
Tuas Connection	16-Aug-13	30-Sep-50	134.4
NK Ingredients	15-Feb-13	30-Sep-46	64.9
COS Printers	19-Mar-13	31-Jul-42	9.8
Beng Kuang Marine	10-May-13	29-Oct-56	15.7
39 Senoko Way (Phase 1)	26-May-14	15-Feb-54	18.1
39 Senoko Way (Phase 2)	25-Nov-16		
Speedy-Tech	23-Dec-14	30-Apr-50	24.6
72 Loyang Way	27-May-15	20-Mar-38	35.6
Bukit Batok Connection	27-Sep-16	25-Nov-42	90.1
14 Mort Street, Canberra ⁽²⁾	5-Oct-18	6-Feb-2118	48.4
Inghams Burton, Adelaide	5-Oct-18	Freehold	58.1

Notes:

- (1) Based on CBRE & Colliers' valuations of Singapore assets dated 31 December 2018 and Colliers' valuation of Australia assets as at 31 August 2018, based on the exchange rate of A\$1:00:S\$0.95. Includes right-of-use assets arising from the adoption of FRS 116 Leases.
- (2) Crown leasehold title - If neither the state nor the federal government needs the land for a public purpose, it can request for an additional term not exceeding 99 years.
- (3) For the calculation of average land lease tenure by valuation, Inghams Burton has been assumed as a 99-year leasehold interest.

Portfolio Occupancy

Occupancy (%)



	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Multi-Tenanted Properties	99.6%	97.7%	94.5%	91.1%	86.3%	90.2%	90.1%	85.9%	92.5%	89.7%	92.4%	80.2%	80.4%	83.0%	84.8%	84.1%	83.5%
JTC Multiple-User Factory space ⁽¹⁾	87.4%	87.3%	87.2%	87.3%	86.9%	87.1%	87.3%	87.0%	86.4%	86.6%	86.5%	86.5%	86.0%	85.5%	86.5%	86.3%	87.2%
Portfolio	99.8%	98.7%	96.8%	94.8%	92.0%	94.8%	89.6%	91.8%	92.6%	94.1%	92.7%	87.5%	87.6%	87.2%	89.5%	89.0%	88.6%
JTC Industrial Average ⁽¹⁾	91.0%	90.8%	90.6%	90.1%	89.4%	89.1%	89.5%	89.4%	88.7%	88.6%	88.9%	89.0%	88.7%	89.1%	89.3%	89.3%	89.3%

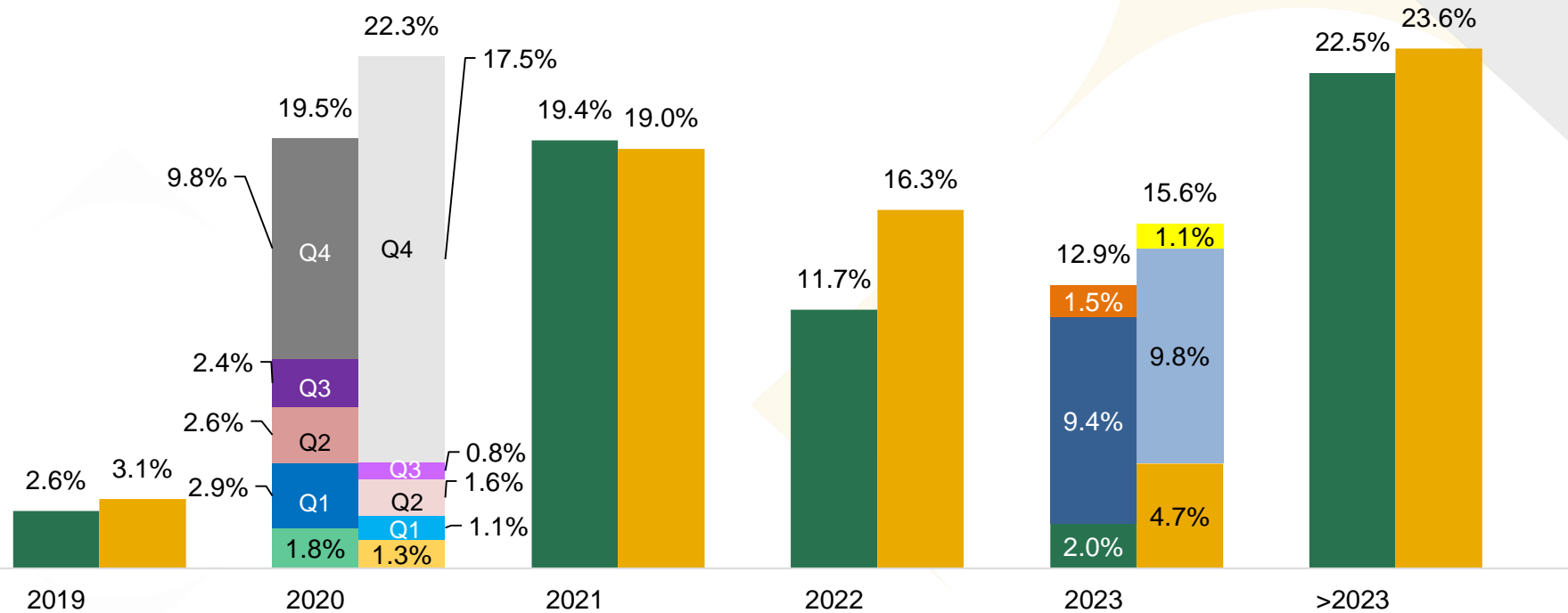
Notes:

(1) Source: JTC statistics as at 2Q 2019.

Well Staggered Lease Expiry Profile

WALE (by NLA)	3.5 years	WALE (by Gross Rental Income)	3.8 years
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WALE of leases signed in 2Q FY2019 was 3.0 years (by GRI)



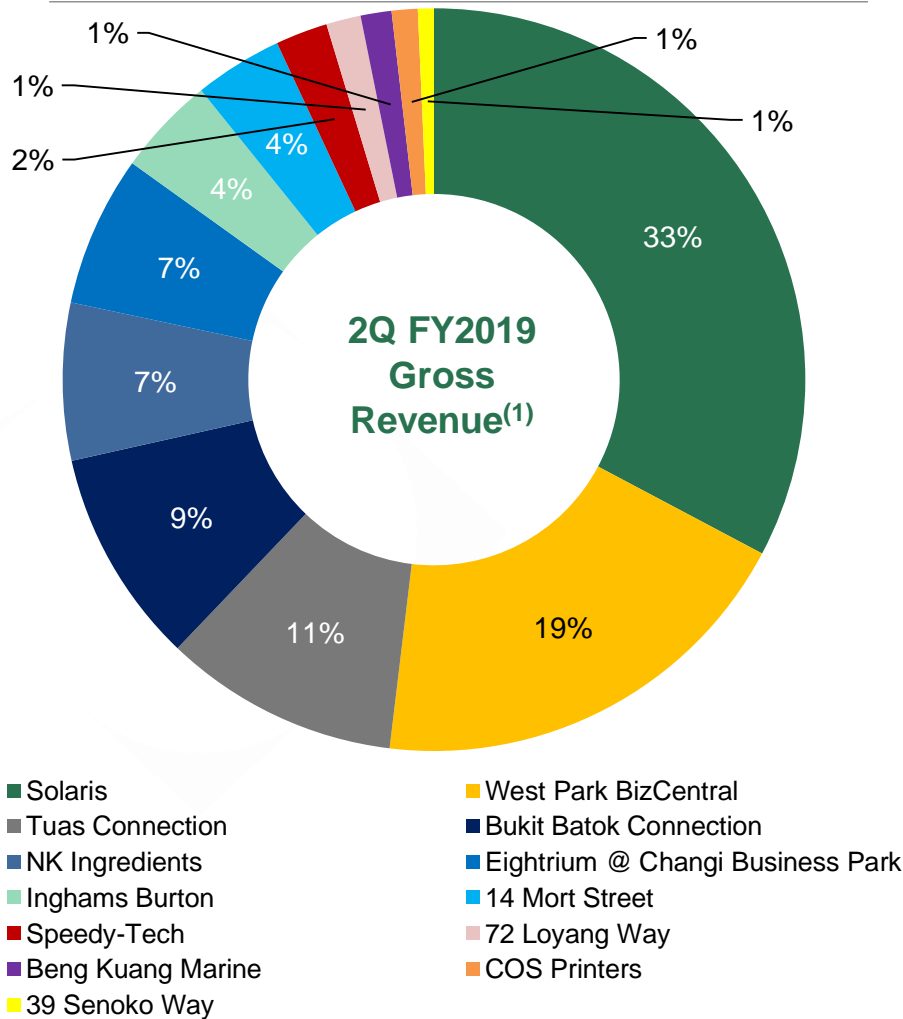
- Lease Expiry Profile By NLA
- Lease Expiry Profile By Gross Rental Income
- BBC Expiry by NLA
- BBC Expiry by Gross Rental Income
- COS Printers Expiry by NLA
- COS Printers Expiry by Gross Rental Income
- Beng Kuang Marine Expiry by NLA
- Beng Kuang Marine Expiry by Gross Rental Income

Note:
 (1) Information as at 30 June 2019.
 (2) Discrepancies between the figures in the chart are due to rounding.

Well diversified Portfolio

Portfolio Income Spread⁽¹⁾

By Property



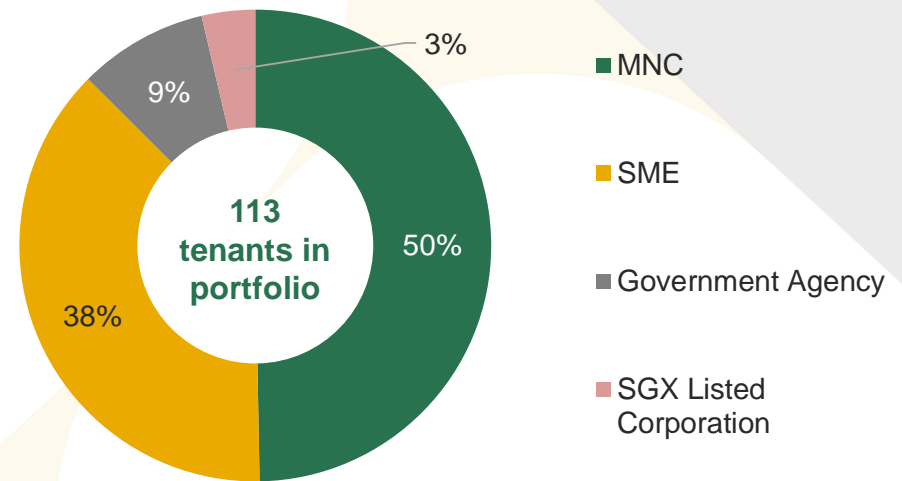
Note:

(1) Any discrepancies between the figures in the chart are due to rounding.

(2) Information as at 30 June 2019.

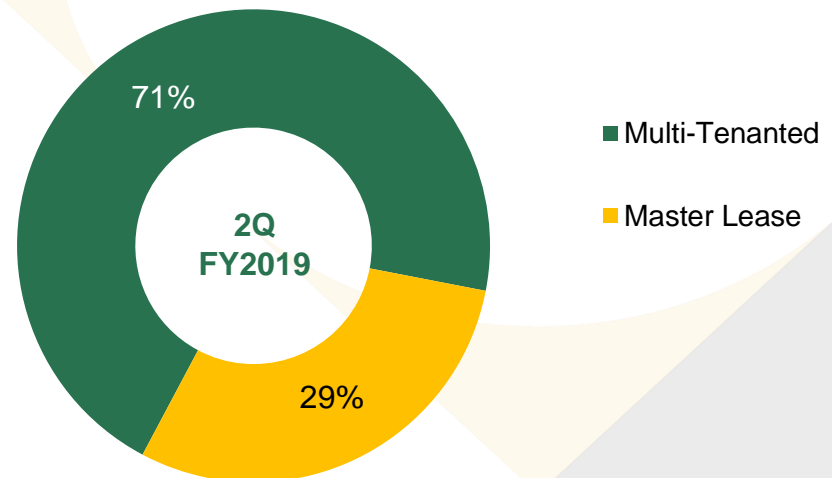
Diversified Tenant Base

By Gross Revenue



Portfolio of Multi-tenanted and Master Leases

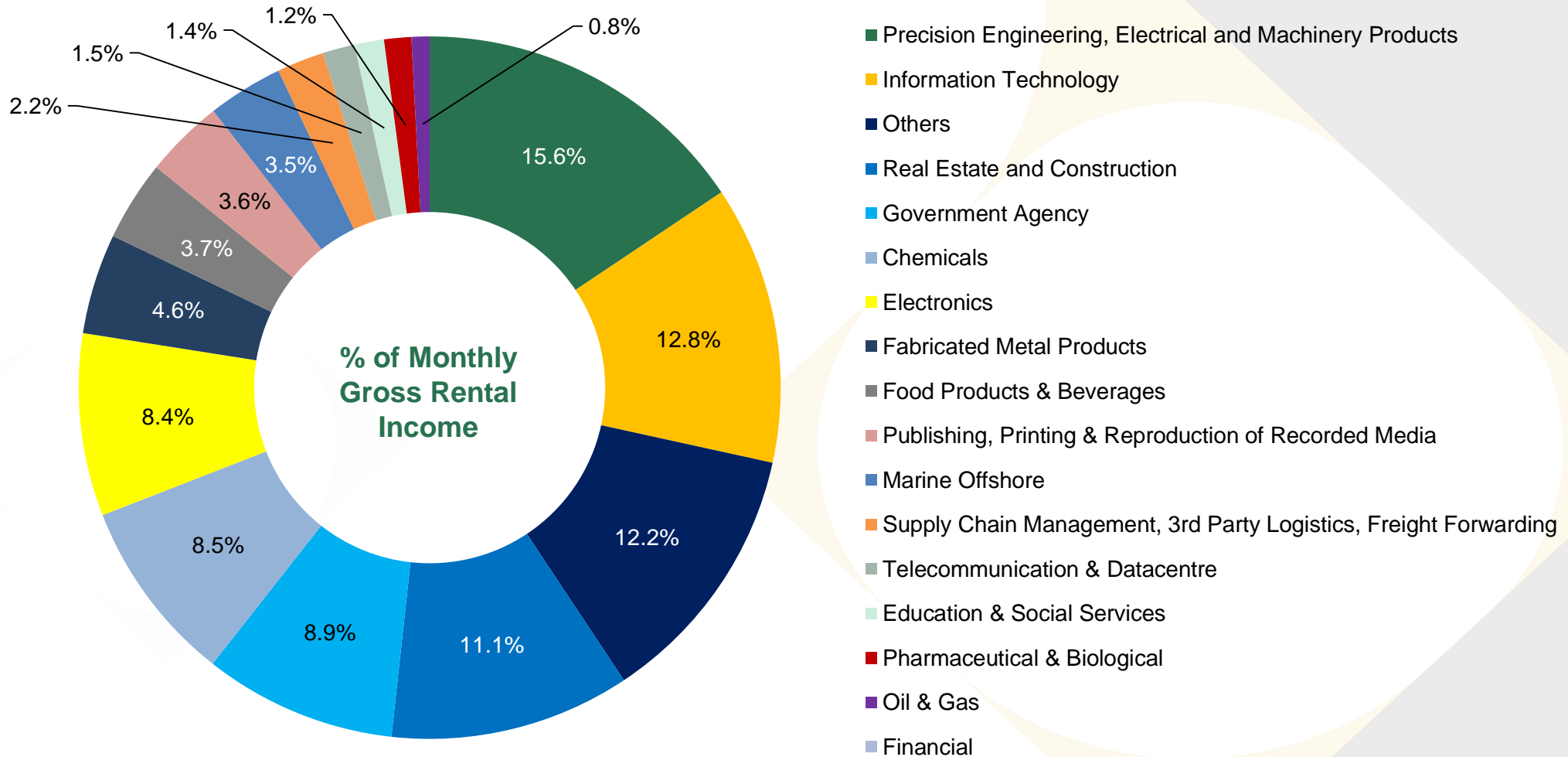
By Gross Revenue⁽¹⁾



Well diversified Portfolio

Well-spread Trade Sectors

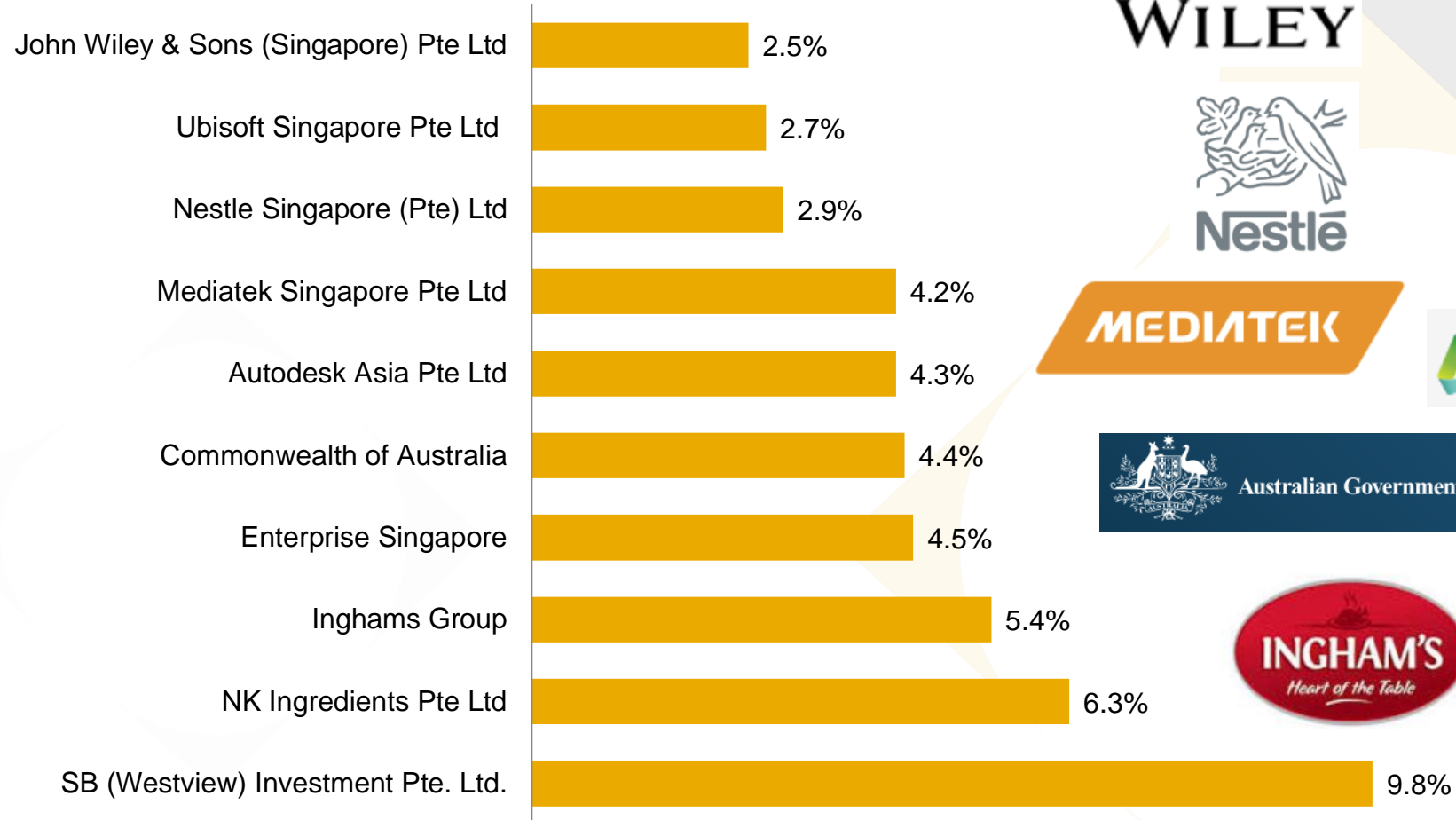
By Gross Rental Income



Note:

- (1) Any discrepancies between the figures in the chart are due to rounding.
- (2) Information as at 30 June 2019.

Diverse Tenant Base



WILEY



MEDIATEK



Top 10 tenants contribute 47.0% of monthly gross rental income.

Investment Management



Strengthening the portfolio for long-term growth

Yield- Accretive Acquisitions

- Expanded investment mandate to Australia in Nov 2017 to increase pool of investment targets
- Maiden entry into Australia with successful acquisition of 2 assets
- Sponsor pipeline of three ROFR assets with maximum potential GFA of 2.1 million sq ft



Divestment of non-core assets

- Divested KTL Offshore in 2018
- Signed SPA on divestment of 72 Loyang Way in March 2019
- Unlocked value
- Recycle capital for higher-yielding investments and other growth opportunities



Enhanced Portfolio positioned for further growth

- Geographical & Income Diversification
- Strong tenants from stable sectors
- Better access to debt and capital markets
- High quality assets offering growth potential

Australia Acquisitions in 2018

Acquisition Highlights

Properties	2
Purchase Consideration	A\$116.3m (S\$115.5m) ^{(1) (2)}
Acquisition Fee (to Manager)	A\$1.16m (S\$1.15m) ⁽¹⁾
Stamp Duty & Other Transactions Costs	A\$3.55m (S\$3.53m) ⁽¹⁾
Total Acquisition Costs	A\$121.1m (S\$120.2m) ^{(1) (2)}
Aggregate Valuation	A\$112.3m ⁽³⁾ (S\$107.9m)
Total Lettable Area	30,808 sqm
Occupancy	100%
WALE by Income	11.5 years ⁽⁴⁾
Initial NPI Yield	6.42% (6.17% post-cost yield)
Completion Date	5 October 2018

1

14 Mort Street – Office Building in Canberra City



2

Inghams Burton – Poultry Processing Facility in Adelaide



(1) Based on exchange rate of A\$1:00:S\$0.993.

(2) Before deduction of outstanding incentives reimbursed by the Vendor.

(3) The valuation for 14 Mort Street was carried out by Colliers International Valuation & Advisory Services (ACT) and valuation for Inghams Burton by Colliers International Valuation & Advisory Services (SA) as at 31 August 2018 based on exchange rate of A\$1:00:S\$0.96.

(4) As at 31 December 2018.

14 Mort Street – Office Building in Canberra City



1

14 Mort Street

The Property	An 8-storey commercial office building
Address	14 Mort Street, Canberra City, ACT
Location	Canberra City
Purchase Price	A\$55.0m (S\$54.6m) ⁽¹⁾⁽²⁾
Stamp Duty & Other Transaction Costs	A\$3.85m (S\$3.82m) ⁽¹⁾
Total Acquisition Cost	A\$58.9m (S\$58.5m) ⁽¹⁾⁽²⁾
Valuation	A\$51.0m (S\$49.0m) ⁽³⁾
Vendor	14 Mort Street Property CT Pty Ltd as trustee for Ascot Capital 14 Mort Street Property Trust
Land Area	1,533.0 sqm
Lettable Area	9,383.5 sqm
Land Tenure	Crown Leasehold ⁽⁴⁾ expiring on 6 February 2118
Key Tenant	100% leased to Commonwealth of Australia (S&P AAA Credit Rating)
Occupancy	100%
WALE by income ⁽⁵⁾	6.2 years
Initial NPI Yield ⁽⁶⁾	6.31% (5.90% post-cost yield)
Rental Escalation	3.75% per annum

(1) Based on exchange rate of A\$1:00:S\$0.993.

(2) Before deduction of incentives reimbursed by the Vendor.

(3) The valuation was carried out by Colliers International Valuation & Advisory Services (ACT) as at 31 August 2018 and based on exchange rate of A\$1:00:S\$0.96.

(4) If neither the state nor the federal government needs the land for a public purpose, it can request for an additional term not exceeding 99 years. Compensation under just terms will be made if the request is not granted.

(5) As at 31 December 2018.

(6) The NPI yield is derived using the estimated net property income expected and before deduction of outstanding incentives which are reimbursed by the Vendor.

Location of 14 Mort Street

Gungahlin is Canberra's youngest satellite town which is one of five satellites of Canberra

Civic Quarter – mixed-use office building to be completed in 2020, retail on ground floor is expected to bring vibrancy to Mort Precinct

Stage 1 of light rail will connect the City to the fast growing area of **Gungahlin**, through Dickson by 2018.

Subject Property

Canberra Centre, the largest shopping centre in Canberra

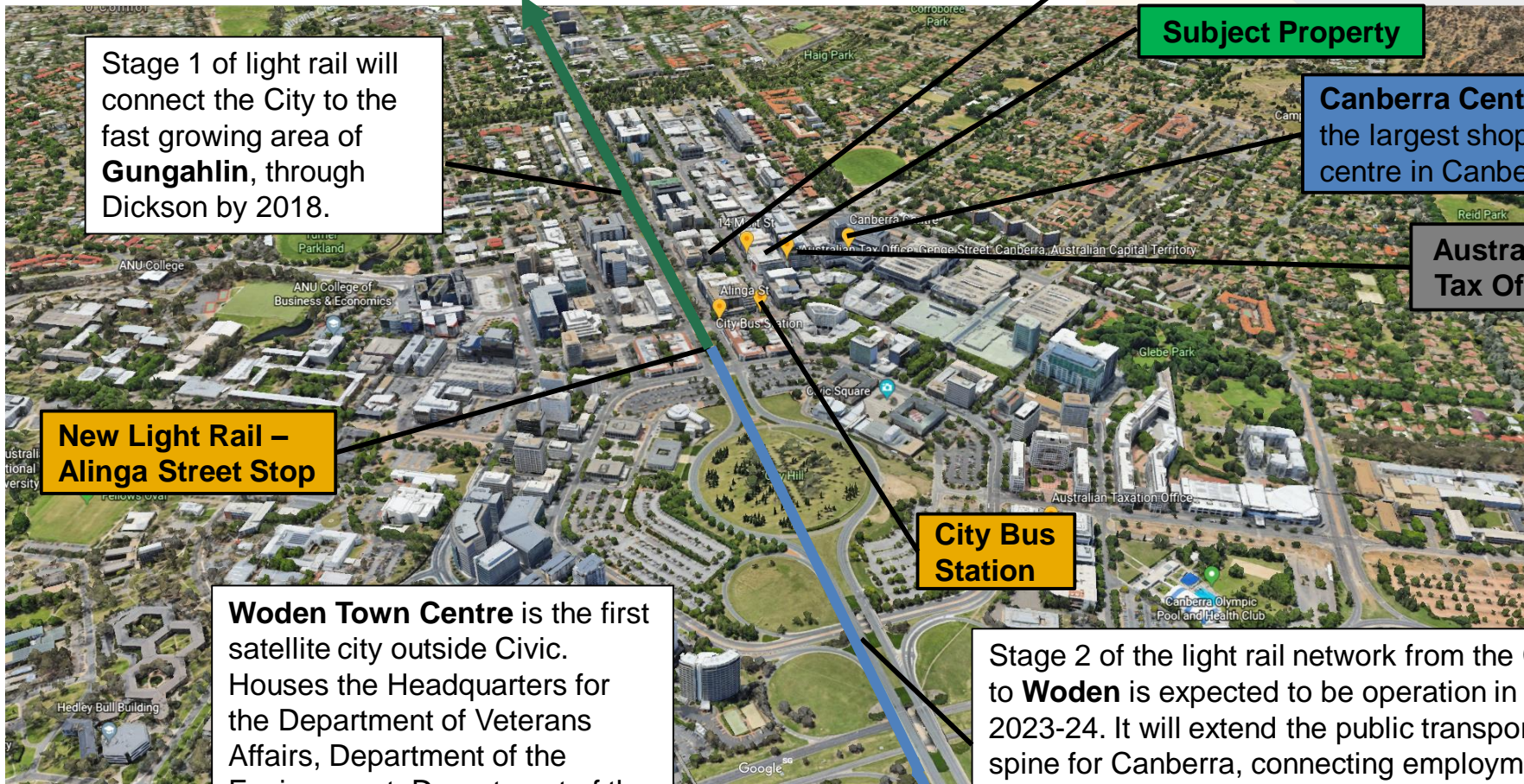
Australian Tax Office

New Light Rail – Alinga Street Stop

City Bus Station

Woden Town Centre is the first satellite city outside Civic. Houses the Headquarters for the Department of Veterans Affairs, Department of the Environment, Department of the Prime Minister and Cabinet. Has a variety of shops and amenities.

Stage 2 of the light rail network from the City to **Woden** is expected to be operation in 2023-24. It will extend the public transport spine for Canberra, connecting employment hubs, community services and commuters from south to north.



Inghams Burton – Poultry Processing Facility in Adelaide



2

Inghams Burton

The Property	Poultry Production and Processing Facility
Address	1118 – 1146 Port Wakefield Road, Burton SA
Location	28km north of Adelaide CBD
Purchase Price	A\$61.3m (S\$60.8m) ⁽¹⁾
Other Transaction Cost	A\$0.86m (S\$0.85m) ⁽¹⁾
Total Acquisition Cost	A\$62.2m (S\$61.7m) ⁽¹⁾
Valuation	A\$61.3m (S\$58.9m) ⁽²⁾
Vendor	Burton CT Pty Ltd as trustee for Ascot Capital Burton Property Trust
Land Area	61,424 sqm
Lettable Area	21,424 sqm
Land Tenure	Freehold
Key Tenant	Inghams Group – the largest vertically integrated poultry producer across Australia and New Zealand
Occupancy	100%
WALE by income ⁽³⁾	15.8 years
Initial NPI Yield ⁽⁴⁾	6.51% (6.42% post-cost yield)
Rental Escalation	Pegged to % change in Australia CPI ⁽⁵⁾

(1) Based on exchange rate of A\$1:00:S\$0.993.

(2) The valuation was carried out by Colliers International Valuation & Advisory Services (SA) as at 31 August 2018 and based on exchange rate of A\$1:00:S\$0.96.

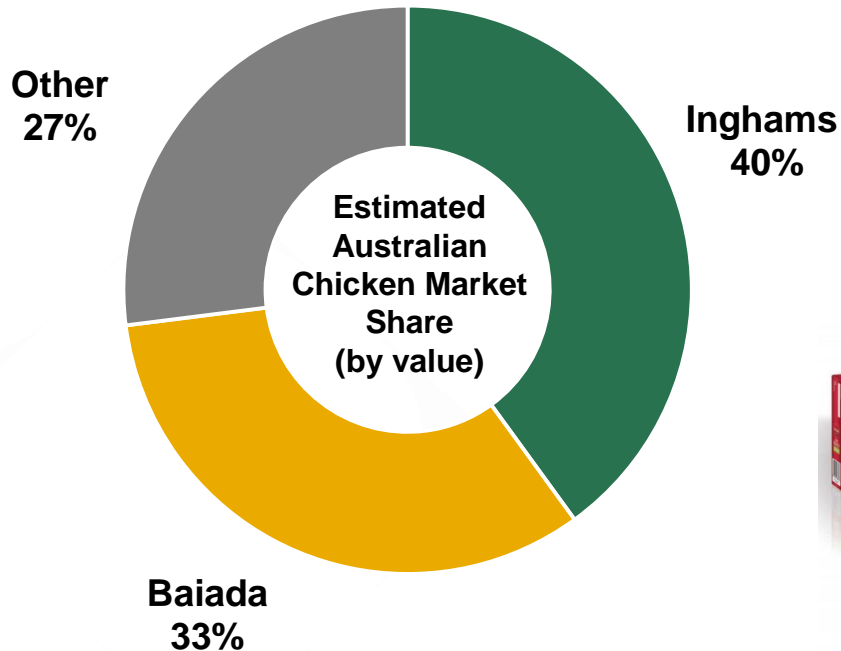
(3) As at 31 December 2018.

(4) Based on the Net Property Income upon factoring in the built-in escalation in Oct 2018.

(5) Rent reviews are structured as (i) the lesser of 2.5% and two times the Australia CPI growth on annual rent review dates from October 2018, 2019, 2025 to 2029; and (ii) based on CPI growth on annual rent review dates from October 2020 to 2024 and from October 2030 to 2033.

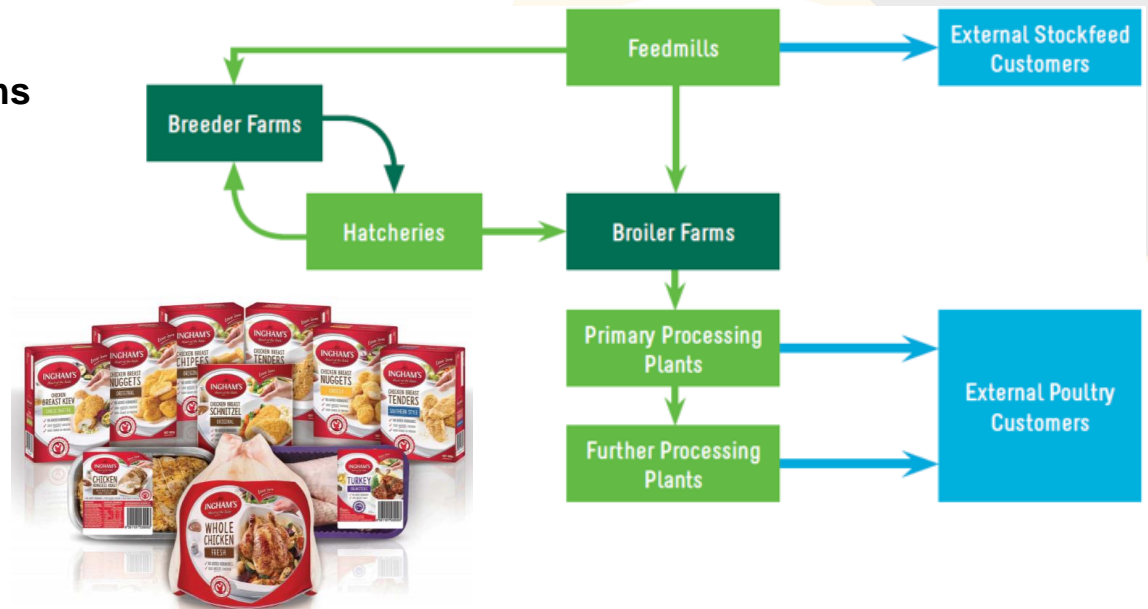
Inghams Enterprises - Strong Dominance in the Australia Poultry Market

Australia Market Structure



Market leader in Australian and New Zealand chicken market

High Level Poultry Processing Cycle



Only dual Australian and New Zealand chicken producer

Largest vertically integrated poultry producer in Australia and New Zealand

Divestment of 72 Loyang Way

72 Loyang Way

Address	72 Loyang Way, Singapore 508762
Acquisition Date	27 May 2015
Purchase Price	S\$97.0 million
Balance Land Lease Term (by valuation)	19 years ⁽¹⁾
Land Area (sq ft)	291,598
Net Lettable Area (sq ft)	171,293
WALE by Income	1.13 years ⁽¹⁾
FY2018 Valuation	S\$34.0 million ⁽²⁾
FY 2018 Gross Revenue	S\$1.4 million ⁽³⁾
Purchaser	Kim Hock Enterprise Pte. Ltd.
Selling Price	S\$34.08 million
Divestment Cost	Professional fees of S\$25,000 (The Manager has waived the divestment fee)
Divestment Gain	S\$55,000

Rationale and Benefits of the Divestment

1

Unlocks and releases capital for Soilbuild REIT

2

Prolonged weakness in marine offshore and oil & gas sectors resulting in low occupancy rate

3

Short balance land lease tenure of 19 years

4

Improvement of portfolio metrics

(1) As at 31 December 2018.

(2) Based on valuation performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers") as at 31 December 2018.

(3) Excludes liquidation proceeds amounting to S\$3.25 million from Technics Offshore Engineering Pte Ltd. ("TOE").

Right of First Refusal Assets

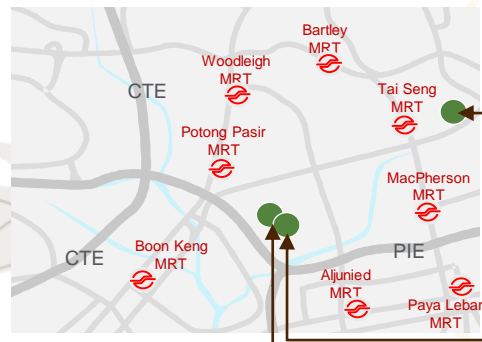
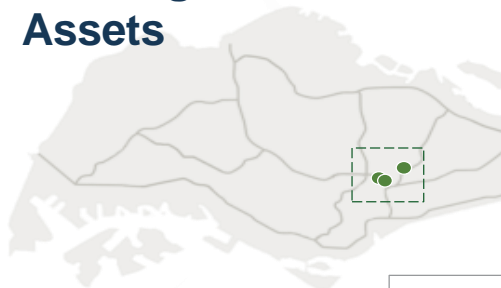
Acquisition of ROFR Properties

- Current ROFR pipeline of 3 industrial properties with maximum GFA⁽¹⁾ in excess of 2.1 million sq ft
- ROFR pipeline to continue growing as the Sponsor undertakes new development of business space properties

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

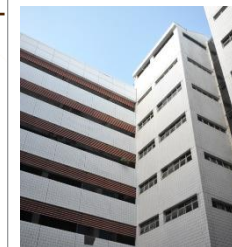
Existing ROFR Assets



iPark
3 blocks of 7-storey flatted factory and a single-storey amenity centre (target redevelopment in 2019)
Max GFA: 1,120,000 sq ft



9 Kallang Sector
5-storey light industrial building
Max GFA: 391,000 sq ft



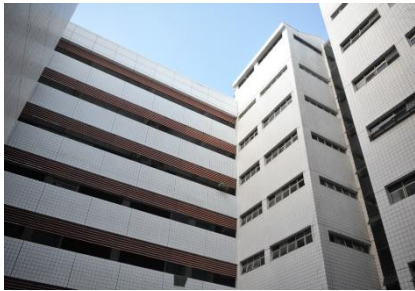
164 & 164A Kallang Way
7-storey light industrial building and a single-storey amenity
Max GFA: 587,000 sq ft

Notes:

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

Sponsor's Redevelopment Plan at 164 Kallang Way

OLD

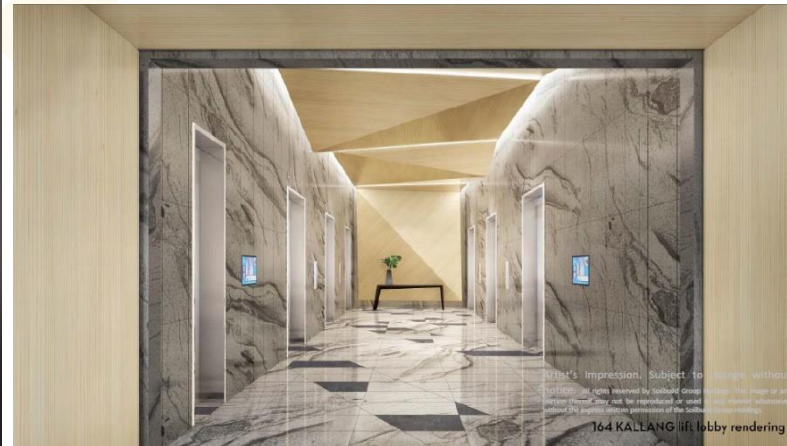


NEW



Sponsor's Redevelopment Plan at 164 Kallang Way

NEW



Sponsor's Redevelopment Plan at 9 Kallang Sector

- Built to suit facility to house **RF360**, a joint venture between **Qualcomm** and **TDK**
- Total GFA of more than 320,000 sq ft and will be used by RF360 for production, R&D, product testing and ancillary purposes.
- The Germany-headquartered RF360 will commit \$500 million for the development of the new customised facility.
- The building will have customised specifications such as vibration-controlled structural elements and enhanced floor loading for certain production floors.

NEW



THE STRAITS TIMES

🕒 PUBLISHED NOV 30, 2017, 5:00 AM SGT

New \$600m complex to make high-tech equipment

Qualcomm -TDK joint venture, RF360, will operate in Kallang complex built by Soilbuild

Solaris will house RF360's electronics production, research and development, product testing, laboratory and ancillary offices. Production will focus on surface acoustic wave (SAW) structured wafers, and state-of-the-art thin film acoustic packaging, which serves the module integration markets.



Refreshing Solaris for Sustainable Returns

Rejuvenation works expected to commence in 3Q 2019 and estimated to take 8 months



Main lobby



Corridors



Enhancement works to attract and retain quality tenants in Solaris

Refreshing Solaris for Sustainable Returns

Rejuvenation works expected to commence in 3Q 2019 and estimated to take 8 months



Feature Wall/
Reception

AEI



End-of Trip
Facilities

AEI



Refreshing and reinforcing Solaris' position in one-north business park

2Q & 1H FY2019

Financial Performance



2Q FY2019 Financial Results Q-o-Q

For the period from 1 April to 30 June (S\$'000)	2Q FY2019	1Q FY2019	Variance (‘000)	Variance (%)
Gross Revenue	22,364	22,684	(320)	(1.4)
Less Property Expenses	(4,036)	(4,391)	355	8.1
Net Property Income	18,328	18,293	35	0.2
Interest Income	41	41	-	-
Foreign exchange (loss)/gain	(187)	20	(207)	(1035.0)
Gain/(Loss) on derivative financial instruments	4	(5)	9	180.0
Finance Expenses	(4,292)	(4,171)	(121)	(2.9)
Finance expenses on leases (FRS 116)	(513)	(489)	(24)	(4.9)
Manager’s management fees	(1,256)	(1,274)	18	1.4
Trustee’s Fees	(63)	(62)	(1)	(1.6)
Other Trust Expenses	(225)	(240)	15	6.3
Net Income before Tax	11,837	12,113	(276)	(2.3)
Less: Tax expense	(75)	(75)	-	-
Total Return before distribution	11,762	12,038	(276)	(2.3)
Amount reserved for distribution to perpetual securities holders	(972)	(962)	(10)	(1.0)
Net effect of non-tax deductible items ⁽¹⁾	1,476	1,286	190	14.8
Distribution from capital ⁽²⁾	294	378	(84)	(22.2)
Total amount available for distribution	12,560	12,740	(180)	(1.4)

Note:

- (1) Includes manager’s fees in units, unrealised/capital foreign exchange gains/losses, unrealised gains/losses on derivative financial instruments, amortised debt arrangement, prepayment and structuring fees, non-tax deductible financing expenses, trustee fees, non-tax deductible funding cost for the Australia acquisitions, foreign subsidiaries’ income not yet remitted to Singapore, etc.
- (2) This relates to the distribution of (i) income repatriated from Australia by way of tax deferred distributions, (ii) reimbursement received from a vendor in relation to outstanding incentives that were subsisting at the point of the completion of the acquisition of a property in Australia. Such distributions are deemed to be capital distribution from a tax perspective and are not taxable in the hands of Unitholders, except for Unitholders who are holding the Units as trading assets.
- (3) N.m. denotes not meaningful.

2Q FY2019 Financial Results Y-o-Y

For the period from 1 April to 30 June (S\$'000)	2Q FY2019	2Q FY2018	Variance (‘000)	Variance (%)
Gross Revenue	22,364	18,735	3,629	19.4
Less Property Expenses	(4,036)	(2,489)	(1,547)	(62.2)
Net Property Income	18,328	16,246	2,082	12.8
Interest Income	41	544	(503)	(92.5)
Foreign exchange loss	(187)	-	(187)	n.m.
Gain on derivative financial instruments	4	-	4	n.m.
Finance expenses	(4,292)	(3,764)	(528)	(14.0)
Finance expenses on leases (FRS 116)	(513)	-	(513)	n.m.
Manager’s management fees	(1,256)	(1,336)	80	6.0
Trustee’s Fees	(63)	(48)	(15)	(31.3)
Other Trust Expenses	(225)	(145)	(80)	(55.2)
Net Income before Tax	11,837	11,497	340	3.0
Less: Tax expense	(75)	-	(75)	n.m.
Total Return before distribution	11,762	11,497	265	2.3
Amount reserved for distribution to perpetual securities holders	(972)	-	(972)	n.m.
Net effect of non-tax deductible items ⁽¹⁾	1,476	1,861	(385)	(20.7)
Distribution from capital ⁽²⁾	294	-	294	n.m.
Total amount available for distribution	12,560	13,358	(798)	(6.0)

Note:

- (1) Includes manager’s fees in units, unrealised/capital foreign exchange gains/losses, unrealised gains/losses on derivative financial instruments, amortised debt arrangement, prepayment and structuring fees, non-tax deductible financing expenses, trustee fees, non-tax deductible funding cost for the Australia acquisitions, foreign subsidiaries’ income not yet remitted to Singapore, etc.
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- (3) N.m. denotes not meaningful.

1H FY2019 Financial Results Y-o-Y

For the period from 1 January to 30 June (S\$'000)	1H FY2019	1H FY2018	Variance (‘000)	Variance (%)
Gross Revenue	45,048	38,182	6,866	18.0
Less Property Expenses	(8,427)	(4,947)	(3,480)	(70.3)
Net Property Income	36,621	33,235	3,386	10.2
Interest Income	82	1,046	(964)	(92.2)
Foreign exchange loss	(167)	-	(167)	n.m.
Loss on derivative financial instruments	(1)	-	(1)	n.m.
Gain on divestment of a property held for sale	-	1,740	(1,740)	n.m.
Finance expenses	(8,463)	(7,542)	(921)	(12.2)
Finance expenses on leases (FRS 116)	(1,002)	-	(1,002)	n.m.
Manager’s management fees	(2,530)	(2,732)	202	7.4
Trustee’s Fees	(125)	(97)	(28)	(28.9)
Other Trust Expenses	(465)	(265)	(200)	(75.5)
Net Income before Tax	23,950	25,385	(1,435)	(5.7)
Less: Tax expense	(150)	-	(150)	n.m.
Total Return before distribution	23,800	25,385	(1,585)	(6.2)
Amount reserved for distribution to perpetual securities holders	(1,934)	-	(1,934)	n.m.
Net effect of non-tax deductible items ⁽¹⁾	2,762	1,933	829	42.9
Distribution from capital ⁽²⁾	672	-	672	n.m.
Total amount available for distribution	25,300	27,318	(2,018)	(7.4)

Note:

- (1) Includes manager’s fees in units, unrealised/capital foreign exchange gains/losses, unrealised gains/losses on derivative financial instruments, amortised debt arrangement, prepayment and structuring fees, non-tax deductible financing expenses, trustee fees, non-tax deductible funding cost for the Australia acquisitions, foreign subsidiaries’ income not yet remitted to Singapore, etc.
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- (3) N.m. denotes not meaningful.

Financial Position / Capital Management



Healthy Financial Position



Aggregate Leverage⁽¹⁾
39.4%



Debt Headroom
S\$12.6 million⁽²⁾



Average All-in Interest Cost⁽³⁾
3.56%



Interest Coverage
3.8X⁽⁴⁾



Fixed interest rate of borrowings
94.9%



Weighted Tenure of Debt
2.9 years

Notes:

- (1) Post-acquisition gearing including deferred payment of S\$7.8 million due to SB (Solaris) Investment Pte. Ltd and insurance guarantees of S\$0.8 million issued to utility supply providers. Lease liabilities and right-of-use assets (included in investment properties and a property held for sale) are excluded from the computation of aggregate leverage.
- (2) Based on target aggregate leverage of 40%.
- (3) Computed based on 2Q FY2019 net income before tax/Net interest expense (Finance expense – Interest income). Net finance expenses exclude finance expenses on leases (FRS 116).

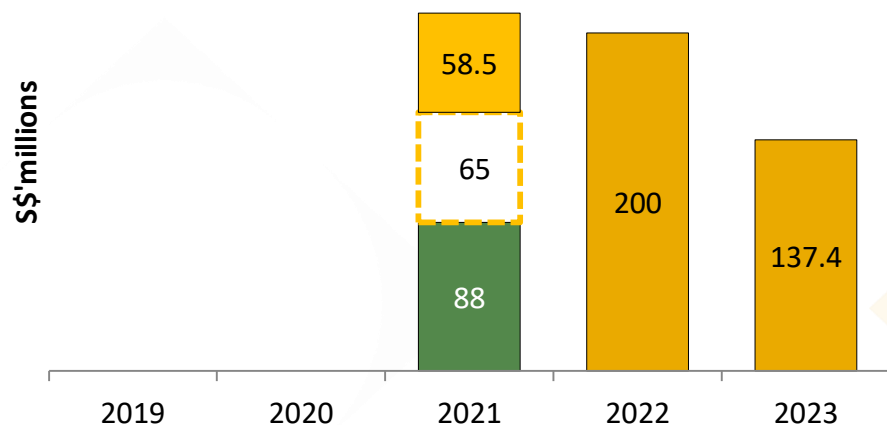
2Q FY2019 Financial Results – Statement of Financial Position

<u>Group</u> (S\$'000)	30 June 2019	31 December 2018
Investment Properties	1,229,878	1,229,671
Property held for sale	35,574	-
Other Assets	21,316	18,288
Total Assets	1,286,768	1,247,959
Borrowings	481,211	465,136
Lease Liabilities	36,388	-
Other Liabilities	42,870	50,583
Net Assets	726,299	732,240
Units in Issue	1,065,392	1,060,763
Represented by:		
Unitholders' funds	660,637	666,575
Perpetual securities holders	65,662	65,665
Net Asset Value per Unit (S\$)	0.62	0.63

Prudent Capital Management

1) Fixed interest rate for 94.9% of borrowings

■ MTN ■ Bank Facility drawn down ■ Perpetual Securities



% of Debt and Perpetual Securities Maturing	2019	2020	2021	2022	2023
	-	-	38.5%	36.5%	25.0%

2) Aggregate leverage of 39.4%⁽¹⁾ allows debt headroom of S\$12.6 million⁽²⁾

	30 June 2019
Total Bank Debt Drawn Down	S\$395.9 million
Multicurrency Debt Issuance Programme drawn down	S\$88.0 million
Committed facility available	S\$10.0 million
Unencumbered Investment Properties & a property held for sale	S\$883.3 million
Average All-in Interest Cost	3.56% p.a.
Interest Coverage Ratio ⁽³⁾	3.8x
Weighted Average Debt Maturity	2.9 years

Notes:

- (1) Post-acquisition gearing including deferred payment of S\$7.8 million due to SB (Solaris) Investment Pte. Ltd and insurance guarantees of S\$0.8 million issued to utility supply providers. Lease liabilities and right-of-use assets (included in investment properties and a property held for sale) are excluded from the computation of aggregate leverage.
- (2) Based on target aggregate leverage of 40%.
- (3) Computed based on 2Q FY2019 net income before tax/Net interest expense (Finance expense – Interest income). Net finance expenses exclude finance expenses on leases (FRS 116).

Market Update & Outlook

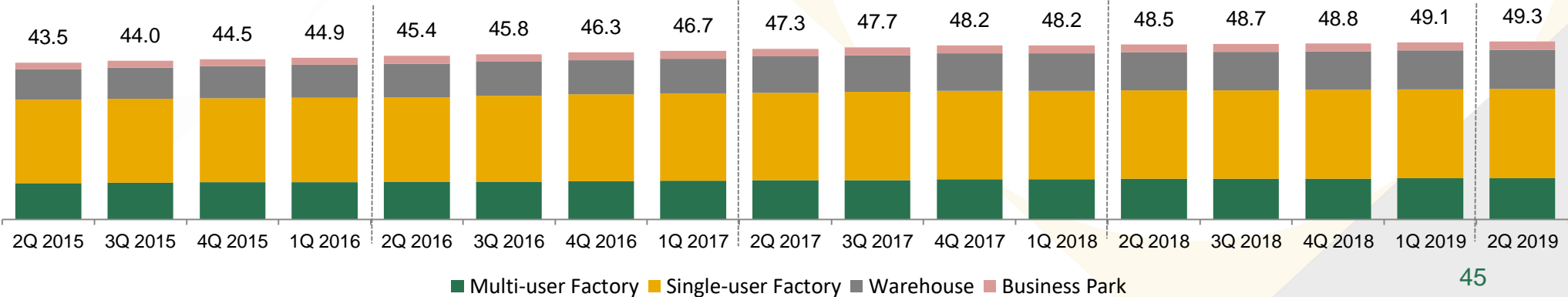


Industrial Properties Profile

	2Q 2015 vs 2Q 2016		2Q 2016 vs 2Q 2017		2Q 2017 vs 2Q 2018		2Q 2018 vs 2Q 2019	
Change y-o-y	Vacancy Rate ⁽¹⁾	Rental Index	Vacancy Rate ⁽¹⁾	Rental Index	Vacancy Rate ⁽¹⁾	Rental Index	Vacancy Rate ⁽¹⁾	Rental Index
Multi-user	↑ 0.5%	↓ 8.2%	↑ 0.5%	↓ 3.7%	↑ 0.4%	↓ 0.7%	↓ 1.2%	↓ 0.3%
Single-user	↑ 1.4%	↓ 4.3%	↑ 1.2%	↓ 3.8%	↓ 0.1%	↓ 4.2%	↓ 0.6%	↑ 0.4%
Warehouse	↑ 2.6%	↓ 3.9%	↑ 0.9%	↓ 7.2%	↓ 0.4%	↓ 3.8%	↓ 0.2%	↓ 0.2%
Business Park	↑ 4.3%	↓ 1.8%	↓ 4.7%	↑ 2.0%	↑ 0.7%	↑ 5.3%	↓ 1.0%	↑ 0.9%

Total Industrial Stock ('million sq m)

Increase y-o-y	2Q 2015 vs 2Q 2016	2Q 2016 vs 2Q 2017	2Q 2017 vs 2Q 2018	2Q 2018 vs 2Q 2019
Multi-user	2.8%	4.0%	4.6%	0.5%
Single-user	2.2%	3.4%	0.6%	1.7%
Warehouse	8.7%	8.0%	5.5%	2.2%
Business Park	18.8%	0.1%	0.3%	2.4%



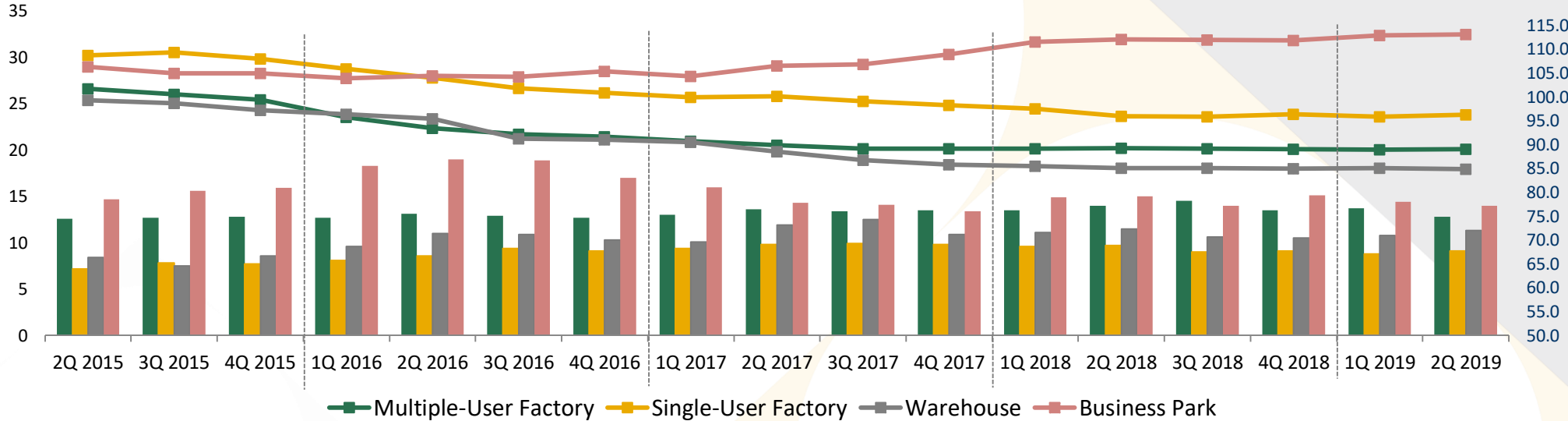
Source: JTC Statistics as at 2Q 2019

(1) In percentage point

Industrial Properties Profile

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

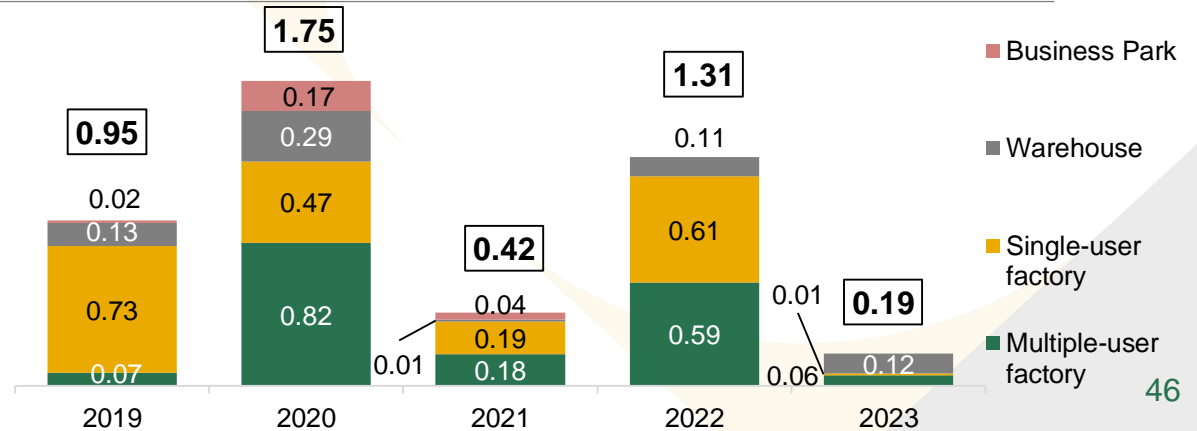
Vacancy rate (%)



Upcoming Supply in the Pipeline ('million sq m)

Property Type	Stock as at 2Q 2019 ('mil sq m)	Potential Supply in 2019
Multi-user	11.4	↑ 0.6%
Single-user	24.9	↑ 2.9%
Warehouse	10.8	↑ 1.2%
Business Park	2.2	↑ 0.8%

Total Potential Supply



The Year Ahead

Australia Economy

- Australia's economy and key indicators remain positive.
- Consumer and business confidence remain at or above long-term averages and the recent loosening of monetary policy is expected to stimulate the economy.
- Recent tax cuts passed by the Federal Government will provide additional stimulus over the medium term and will complement the significant amount of infrastructure spending occurring across the country.

Singapore Economy

- The Ministry of Trade and Industry ("**MTI**") forecasts Singapore's 2019 economic growth to fall within 1.5% - 2.5%, from an earlier 1.5% to 3.5%.
- Based on advance estimates, the Singapore economy grew by 0.1% on a y-o-y basis in 2Q 2019, slower than the 1.1% growth in the previous quarter.
- The manufacturing sector contracted by 3.8% y-o-y in 2Q 2019, extending the 0.4% decline in the previous quarter. The contraction was due to output declines in the electronics and precision engineering clusters.
- Singapore's manufacturing activity slipped to 49.6 in June 2019, 0.3 points lower than May 2019.

Industrial Property Sector

- Demand for industrial spaces is expected to remain soft on the back of an uncertain trade outlook (Knight Frank, 2019)
- Industrial-wide occupancy stood at 89.3% as at 2Q 2019 (JTC, 2019).
- Rentals of all industrial space was flat y-o-y in 2Q 2019 and fell by 0.1% y-o-y (JTC, 2019).

Soilbuild REIT

- Completed more than 384,000 sq ft of new leases and renewals in 2019 YTD.
- Balance 2.6% or approximately 104,600 sq ft of the portfolio's NLA is due for renewal for rest of 2019.
- The Manager remains committed to creating a sustainable portfolio through increasing exposure to freehold assets in Australia.

THANK YOU

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