

2Q & 1H FY2016 Results Presentation

13 July 2016



Disclaimer

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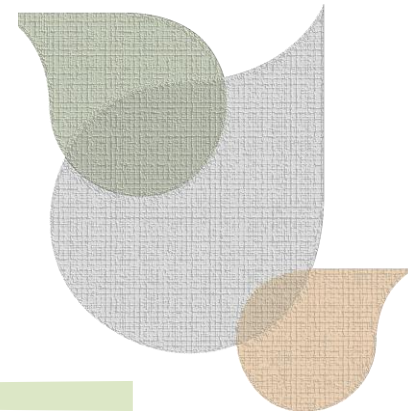
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Key Highlights



Key Highlights of 2Q FY2016 and 1H FY2016

2Q FY2016 Results

- Year-on-year gross revenue is stable at S\$19.6 million and net property income (“NPI”) grew 3.7% to S\$17.3 million.
- Distributable income rose 3.0% y-o-y to S\$14.7 million from S\$14.3 million in 2Q FY2015.
- Distribution per Unit (“DPU”) fell 3.1% y-o-y to 1.565 cents in 2Q FY2016 from 1.615 cents in 2Q FY2015.

1H FY2016 Results

- Gross revenue grew 3.9% year on year (“y-o-y”) to S\$39.7 million and net property income (“NPI”) grew 6.2% to S\$34.5 million.
- Distributable income rose 6.2% y-o-y to S\$29.3 million from S\$27.6 million in 1H FY2015.
- DPU fell 3.9% y-o-y to 3.122 cents in 1H FY2016 from 3.248 cents in 1H FY2015.

Corporate and Capital Management

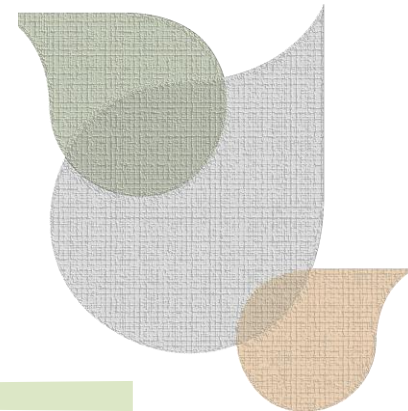
- Issued S\$100 million 5 year 3.60% fixed rate notes in April 2016.
- Weighted average all-in cost of debt is 3.44% as at 30 June 2016.
- Weighted average debt maturity stands at 3.4 years.
- Interest rate exposure is 100% for a weighted average term of 2.3 years.
- Unencumbered investment properties in excess of S\$830 million (70% of total investment properties).

Portfolio Update

- Portfolio occupancy rate of 92.0% as at 30 June 2016.
- Weighted average lease expiry (by gross rental income) stands at 4.6 years.
- Over 380,000 sq ft of renewals and new leases signed as at 30 June 2016.

2Q FY2016 & 1H FY2016

Financial Performance



2Q FY2016 Financial Results

For the period from 1 April 2016 to 30 June 2016 (S\$'000)	2Q FY2016	2Q FY2015	Variance
Gross Revenue	19,570	19,590	(0.1%)
Less Property Expenses	(2,245)	(2,878)	22.0%
Net Property Income	17,325	16,712	3.7%
Interest Income	419	210	99.5%
Finance Expenses ⁽¹⁾	(3,588)	(3,496)	(2.6%)
Manager's Fees ⁽²⁾	(1,473)	(1,431)	(2.9%)
Trustee's Fees	(50)	(48)	(4.2%)
Other Trust Expenses	(212)	(334)	36.5%
Total Return before Distribution	12,421	11,613	7.0%
Add back Non-Tax Deductible Items ⁽³⁾	2,306	2,691	(14.3%)
Distributable Income	14,727	14,304	3.0%

Note:

(1) Finance Expenses comprise interest expense, amortisation of debt arrangement and prepayment fees.

(2) Manager's Fees comprise base fees.

(3) Non-tax deductible Items comprise the Manager's management fees, property management and lease management fees paid or payable in Units, rent free amortisation, Trustee's fees, amortisation of debt arrangement and prepayment fees.

1H FY2016 Financial Results

For the period from 1 January 2016 to 30 June 2016 (S\$'000)	1H FY2016	1H FY2015	Variance
Gross Revenue	39,712	38,205	3.9%
Less Property Expenses	(5,194)	(5,695)	8.8%
Net Property Income	34,518	32,510	6.2%
Interest Income	655	257	154.9%
Finance Expenses ⁽¹⁾	(6,884)	(6,489)	(6.1%)
Manager's Fees ⁽²⁾	(2,934)	(2,763)	(6.2%)
Trustee's Fees	(100)	(95)	(5.3%)
Other Trust Expenses	(466)	(781)	40.3%
Total Return before Distribution	24,789	22,639	9.5%
Add back Non-Tax Deductible Items ⁽³⁾	4,547	4,990	(8.9%)
Distributable Income	29,336	27,629	6.2%

- Note:
- (1) Finance Expenses comprise interest expense, amortisation of debt arrangement and prepayment fees and bank commitment fees.
 - (2) Manager's Fees comprise base fees.
 - (3) Non-tax deductible Items comprise the Manager's management fees, property management and lease management fees paid or payable in Units, rent free amortisation, Trustee's fees, amortisation of debt arrangement and prepayment fees and bank commitment fees.

Distribution per Unit

2Q FY2016 vs 2Q FY2015

	2Q FY2016	2Q FY2015	Variance
Distributable Income (S\$'000)	14,727	14,304	3.0%
Distribution per Unit ("DPU") (cents)	1.565	1.615	(3.1%)

1H FY2016 vs 1H FY2015

	1H FY2016	1H FY2015	Variance
Distributable Income (S\$'000)	29,336	27,629	6.2%
Distribution per Unit ("DPU") (cents)	3.122	3.248	(3.9%)
Annualised DPU (cents)	6.244	6.487 ⁽²⁾	(3.7%)
Annualised Distribution Yield	9.1% ⁽¹⁾	8.4% ⁽³⁾	8.3%
Units in Issue ⁽⁴⁾	940,678,444	929,729,790	

Note:

- (1) Based on the closing price of S\$0.685 as at 30 June 2016.
- (2) Actual FY2015 DPU
- (3) Based on the closing price of S\$0.77 as at 31 December 2015
- (4) Based on units in issue as at 30 June.

2Q FY2016 Distribution

Distribution Details

2Q FY2016

Distribution Period	1 April 2016 – 30 June 2016
Distribution Amount	SGD 1.565 cents per unit

Distribution Timetable

2Q FY2016

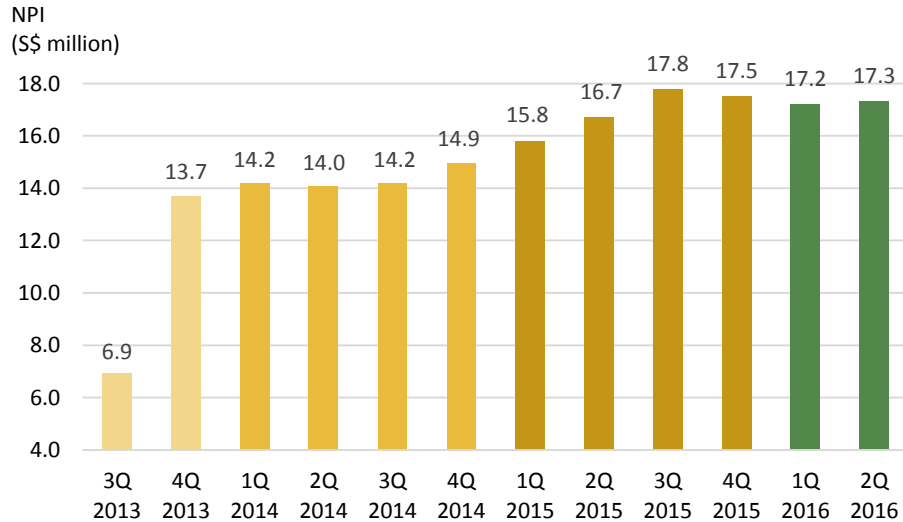
Last Day of Trading on “cum” Basis	Monday, 18 July 2016
Ex-Date	Tuesday, 19 July 2016
Books Closure Date	Thursday, 21 July 2016
Distribution Payment Date	Tuesday, 16 August 2016

Steady Growth since IPO

Net Property Income (NPI)

2Q FY2016

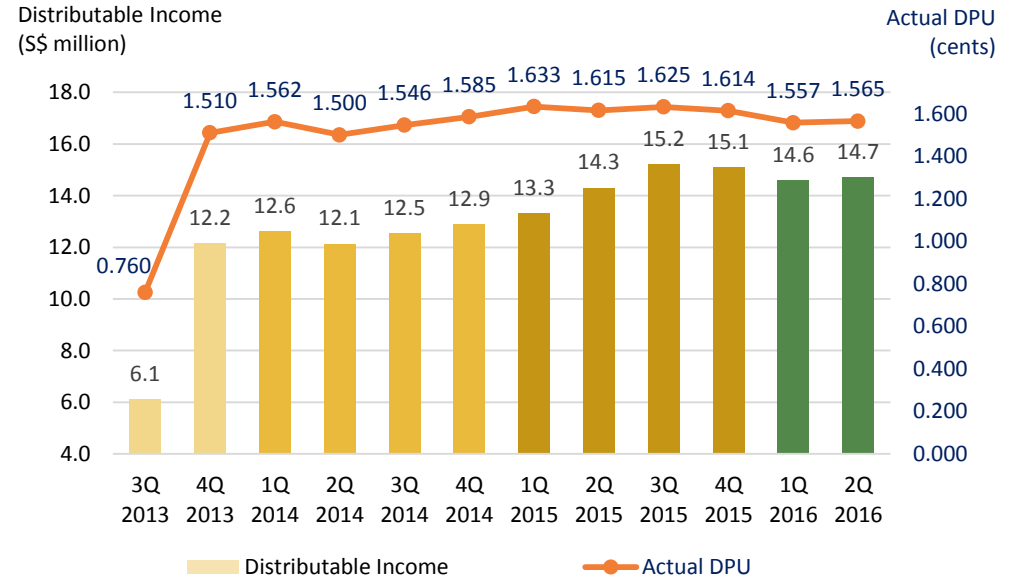
S\$ 17.3 million  3.7% y-o-y



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;

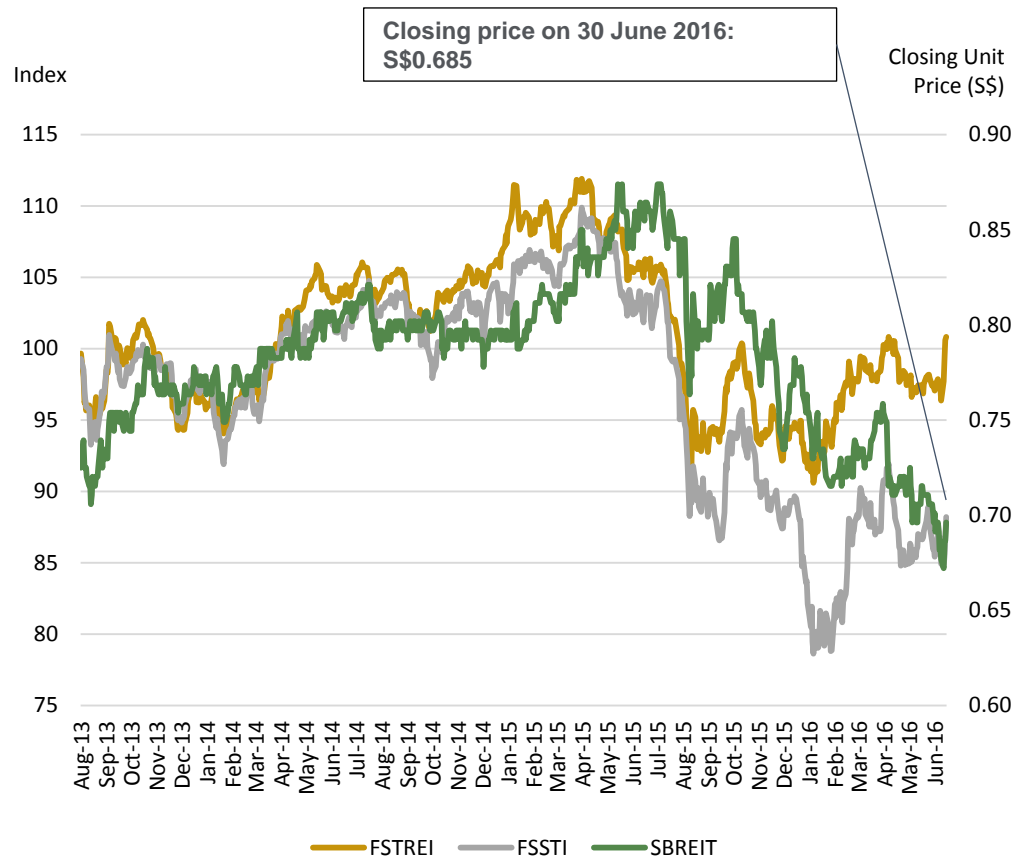
(2) Based on cumulative distribution per unit against IPO price of S\$0.78.

Source: Bloomberg

Attractive Return on Investment since IPO

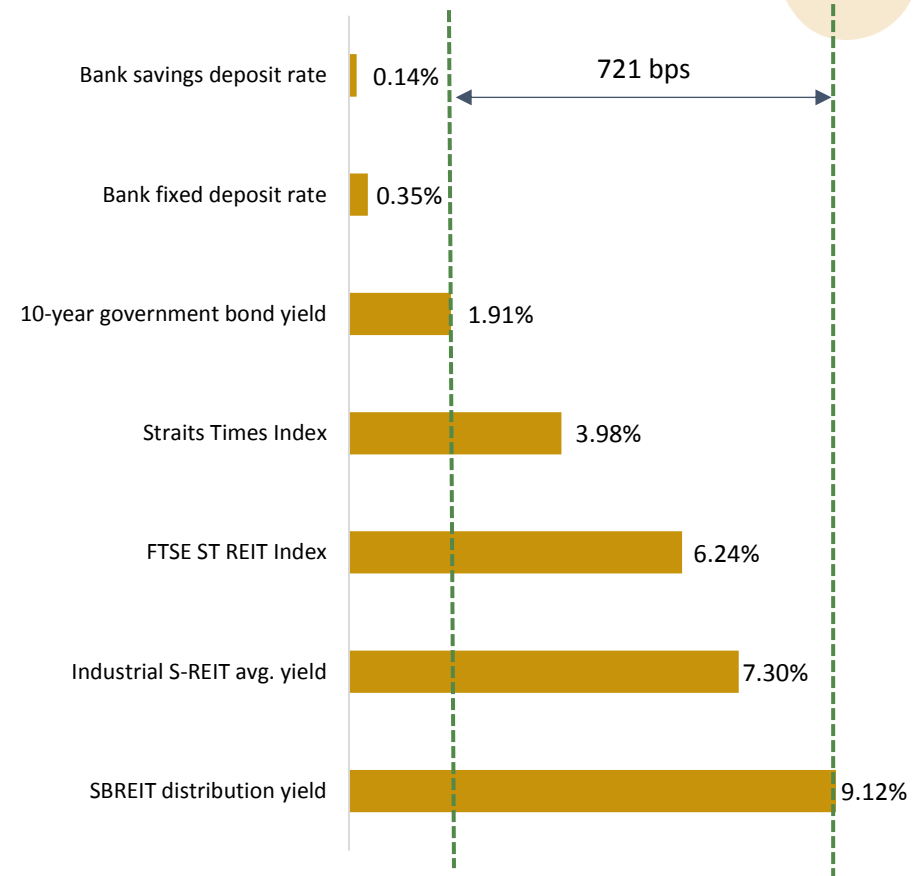
Total Annualised Return of 3.70%⁽¹⁾ since listing

Distribution Yield = 9.12%⁽²⁾



Unit trading at 721 bps risk premium⁽³⁾

above 10-year government bond yield



Notes:

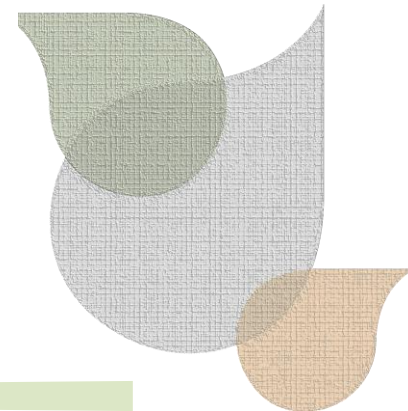
(1) Sum of cumulative distribution return and capital appreciation based on closing price of \$0.685 as at 30 June 2016;

(2) Based on 1H FY2016 DPU of 3.122 cents (annualised of 6.244 cents) and Unit price of \$0.685 as at 30 June 2016;

(3) Information as at 30 June 2016 except for Industrial S-REIT average yield as at 13 May 2016 according to KGI Fraser Report

Source: Bloomberg, FTSE Russell, KGI Fraser Securities

Financial Position / Capital Management



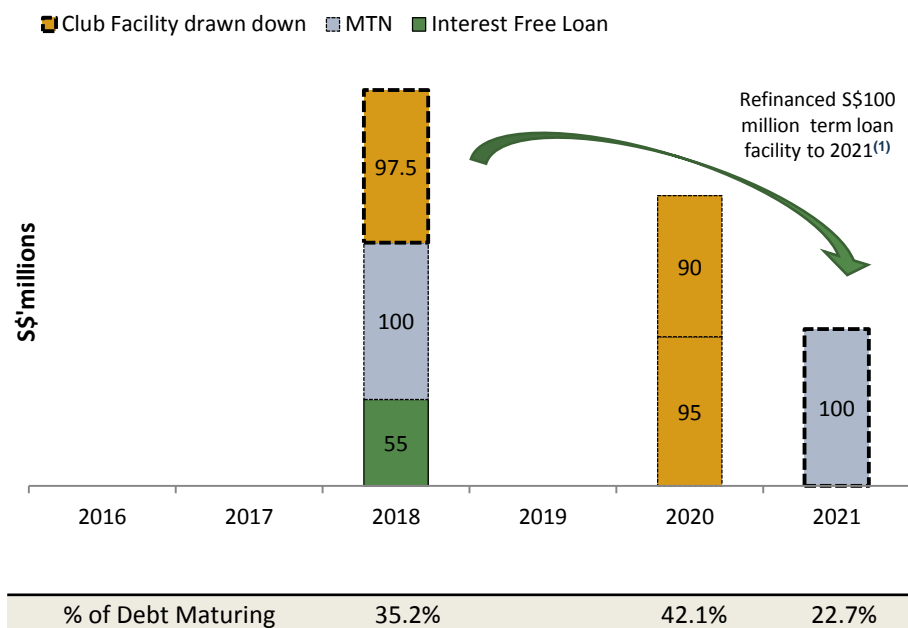
2Q FY2016 Financial Results – Statement of Financial Position

All figures S\$'000 unless otherwise stated	30 June 2016	31 December 2015
Investment Properties	1,190,732	1,190,700
Other Assets	36,447	23,830
Total Assets	1,227,179	1,214,530
Borrowings	431,164	398,502
Other Liabilities	53,652	70,055
Net Assets	742,363	745,973
Units in Issue ('000)	940,678	934,442
Net Asset Value per Unit (S\$)	0.79	0.80

Prudent Capital Management

- 1) Soilbuild REIT is rated Baa3/stable by Moody's on 22 March 2016.
- 2) Lengthened weighted average debt maturity and fixed the interest rate for 100% of borrowings for a weighted average term of 2.3 years with the latest MTN issuance.

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



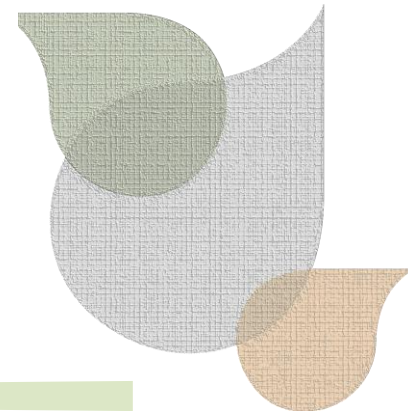
- 3) Aggregate leverage of 35.9%⁽¹⁾ allows headroom of S\$84 million⁽²⁾

	Post Refinancing
Total Bank Financing Facilities	S\$185 million
Total Bank Debt Drawn Down	S\$185 million
Multicurrency Debt Issuance Programme drawn down	S\$200 million
Interest-free Loan	S\$55 million
Unencumbered Investment Properties	S\$830 million
Secured leverage ⁽³⁾	15%
Average All-in Interest Cost ⁽⁴⁾	3.44%
Interest Coverage Ratio ⁽⁵⁾	5.0x
Weighted Average Debt Maturity ⁽²⁾	3.4 years

Notes:

- (1) Includes interest free loan in relation to the Solaris upfront land premium.
- (2) Based on target aggregate leverage of 40%.
- (3) Secured Debt/Total Assets.
- (4) Excludes interest-free loan.
- (5) Computed based on EBITDA/Net interest expense (Finance expense – Interest income).

Portfolio Update



Portfolio Overview



Tuas Connection

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



NK Ingredients

NLA: 312,375 sq ft
Valuation: S\$62.0 million



COS Printers

NLA: 58,752 sq ft
Valuation: S\$11.2 million



Tellus Marine

NLA: 77,162 sq ft ⁽²⁾
Valuation: S\$15.7 million ⁽²⁾

SEMBAWANG

Portfolio Summary

Valuation ⁽¹⁾	S\$1,190.7 million
Total NLA	3.53 million sq ft
WALE (by GRI)	4.6 years
Occupancy	92.0%



KTL Offshore

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

Second Link
(Tuas Checkpoint)



Technics Offshore

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

PIONEER
BOON LAY

JOO KOON

BUONA VISTA

ONE-NORTH

SIMEI
EXPO

CHANGI

Jurong Port
Jurong Island



PSA
Terminal

Sentosa

Keppel
Terminal



BK Marine

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



Speedy-Tech

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



West Park BizCentral

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



Solaris

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



Eightrium

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

Notes:

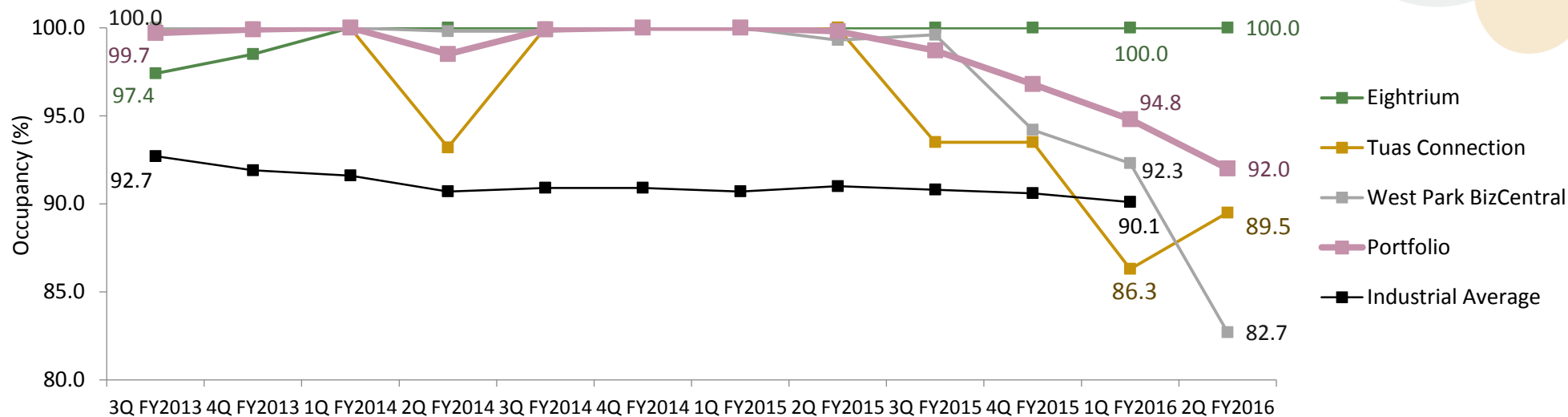
- (1) Based on CBRE's & Colliers' valuations dated 31 December 2015.
- (2) NLA and Valuation excludes the construction of a new annex to Tellus Marine.

● Industrial Properties ● Business Park Properties

Occupancy From Multi-tenanted Properties

Portfolio Occupancy

As at end of each quarter

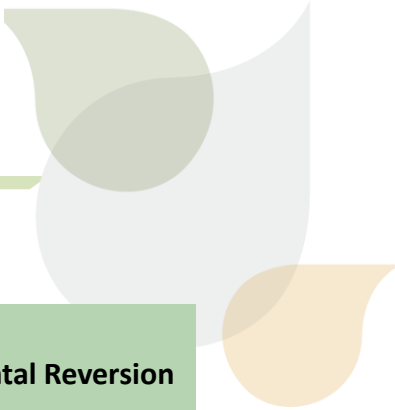


	3Q FY2013	4Q FY2013	1Q FY2014	2Q FY2014	3Q FY2014	4Q FY2014	1Q FY2015	2Q FY2015	3Q FY2015	4Q FY2015	1Q FY2016	2Q FY2016
Eightrium	97.4%	98.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Tuas Connection	100.0%	100.0%	100.0%	93.2%	100.0%	100.0%	100.0%	100.0%	93.5%	93.5%	86.3%	89.5%
West Park BizCentral	100.0%	100.0%	100.0%	99.8%	99.8%	100.0%	100.0%	99.3%	99.6%	94.2%	92.3%	82.7%
Portfolio	99.8%	99.9%	100.0%	98.5%	99.9%	100.0%	100.0%	99.8%	98.7%	96.8%	94.8%	92.0%
Industrial Average⁽¹⁾	92.7%	91.9%	91.6%	90.7%	90.9%	90.9%	90.7%	91.0%	90.8%	90.6%	90.1%	N.A.

Notes:

(1) Source: JTC statistics as at 1Q 2016

Leasing Update

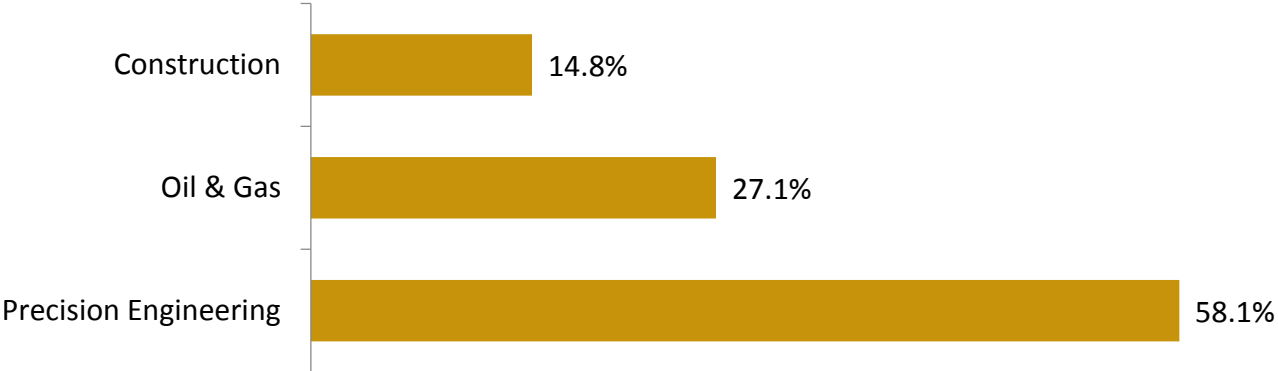


2Q FY2016

	No. of Leases	Area (sqft)	Avg. Gross Rent before Renewal (\$ psf)	Avg. Gross Rent after Renewal (\$ psf)	Rental Reversion
Renewal Leases	3	42,819	\$1.58 ⁽¹⁾	\$1.49 ⁽¹⁾	(5.7%)
New leases	3	62,324	-	\$1.27 ⁽¹⁾	-
Total	6	105,143			

Trade sector of leases signed in 2Q FY2016

By Gross Rental Income



Note:
 (1) The average gross rent includes solely industrial properties.

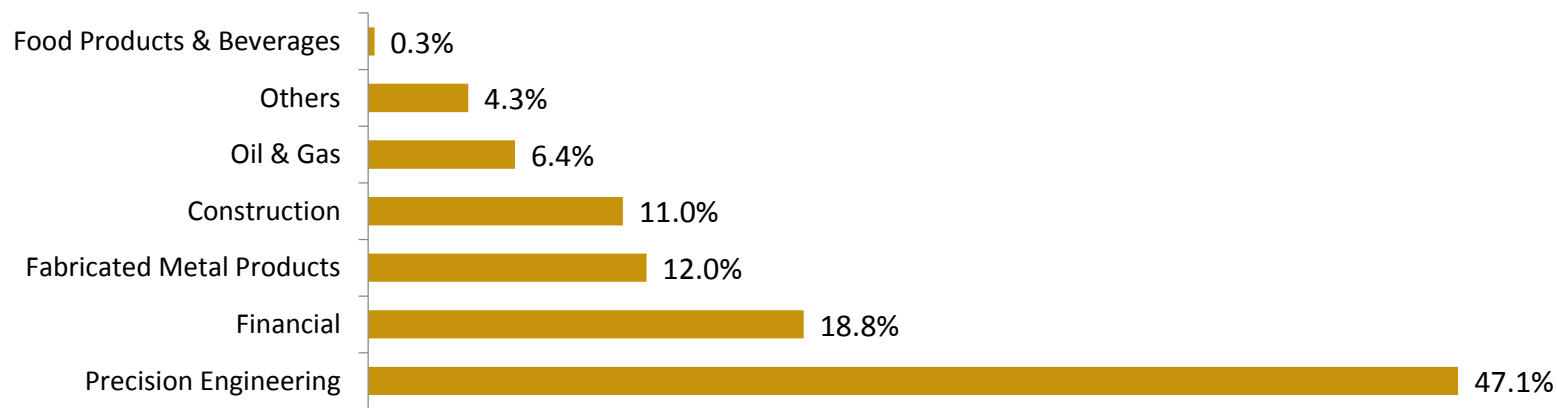
Leasing Update

1H FY2016 as at 30 June 2016

	No. of Leases	Area (sqft)	Avg. Gross Rent before Renewal (\$ psf)	Avg. Gross Rent after Renewal (\$ psf)	Rental Reversion
Renewal Leases	11	195,603	\$1.78 ⁽¹⁾	\$1.86 ⁽¹⁾	4.5%
New leases	5	148,887	-	\$1.19 ⁽²⁾	-
Forward Renewal Leases	1	43,573	\$1.62 ⁽²⁾	\$1.60 ⁽²⁾	(1.2%)
Total	17	388,063			

Trade sector of leases signed as at 1H FY2016

By Gross Rental Income



Note:

(1) The average gross rent includes both industrial and business park properties;

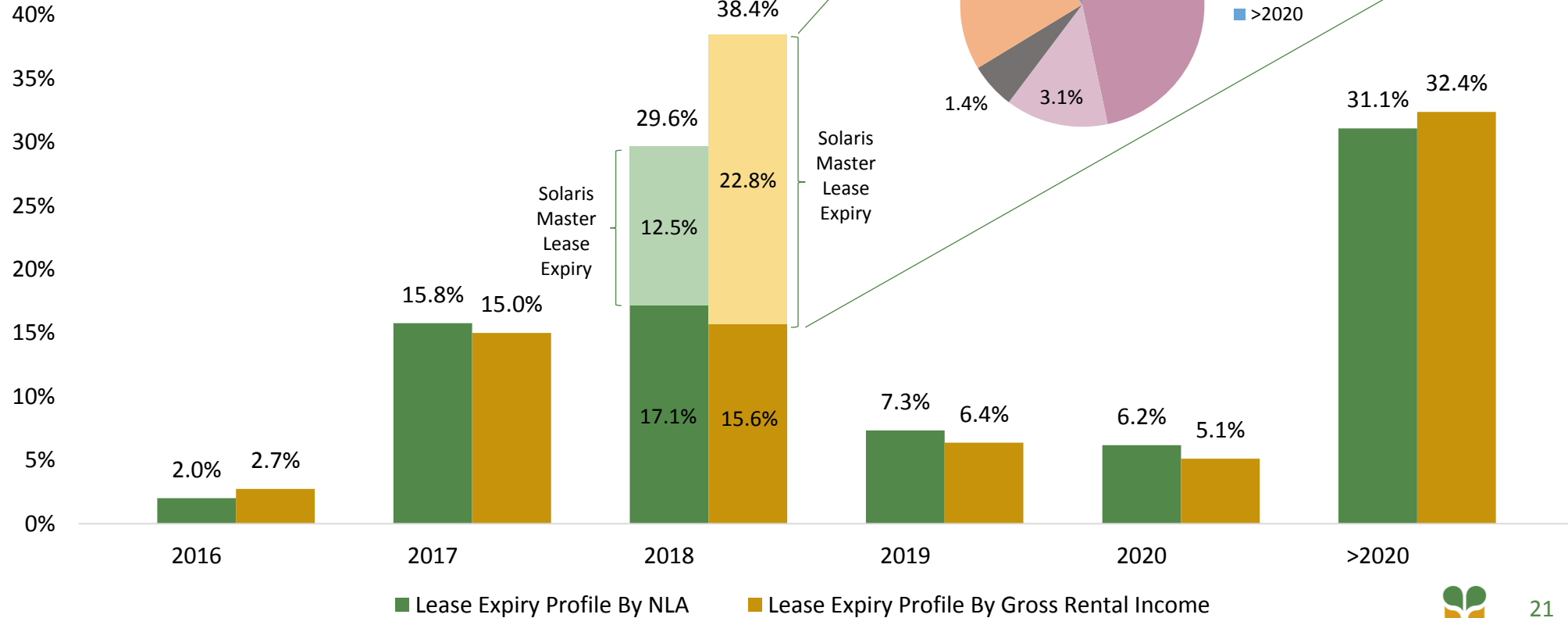
(2) The average gross rent includes solely industrial properties.

Well Staggered Lease Expiry Profile

Portfolio Lease Expiry Profile

By % of NLA & % of Rental Income

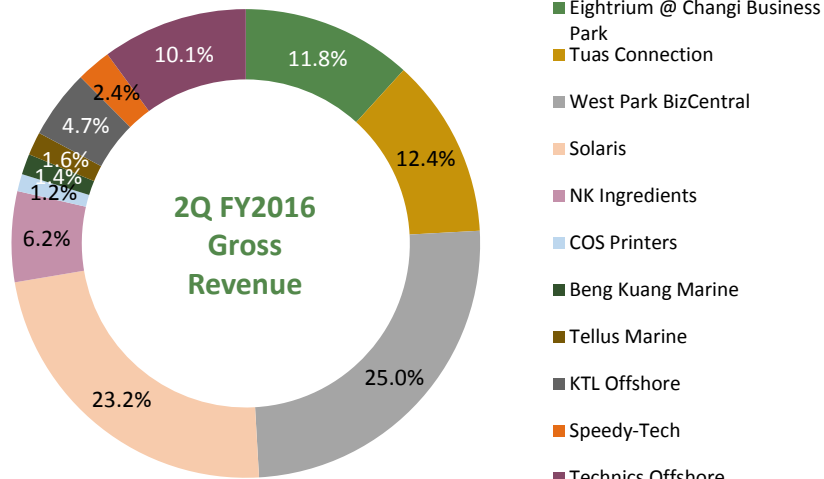
WALE (by NLA)	4.1 years
WALE (by Gross Rental Income)	4.6 years



Well-Diversified Portfolio

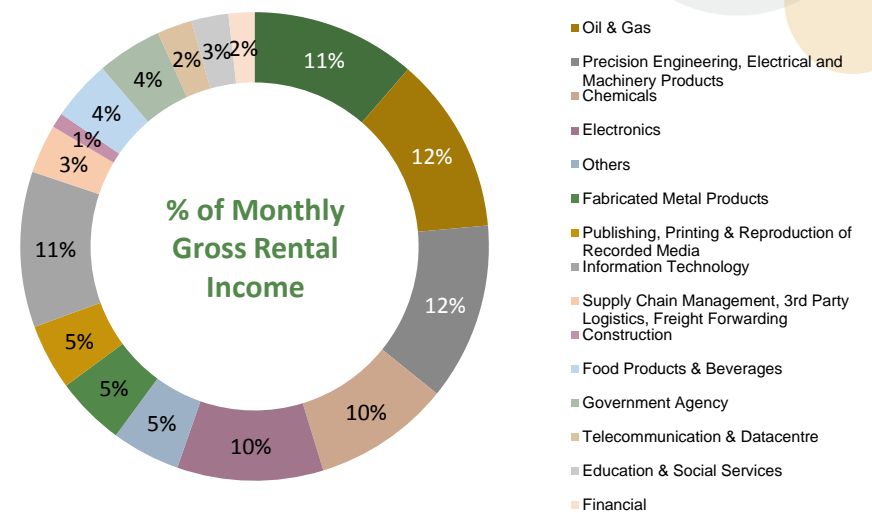
1. Portfolio Income Spread

By Property



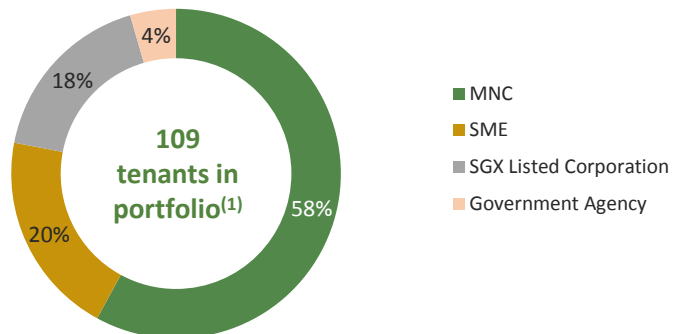
2. Well-spread Trade Sectors⁽¹⁾

By Gross Rental Income



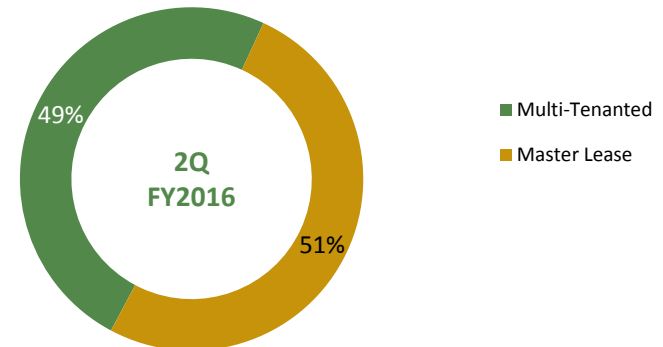
3. Diversified Tenant Base

By Gross Rental Income



4. Balanced Portfolio with Growth Upside

By Gross Rental Income



Note:

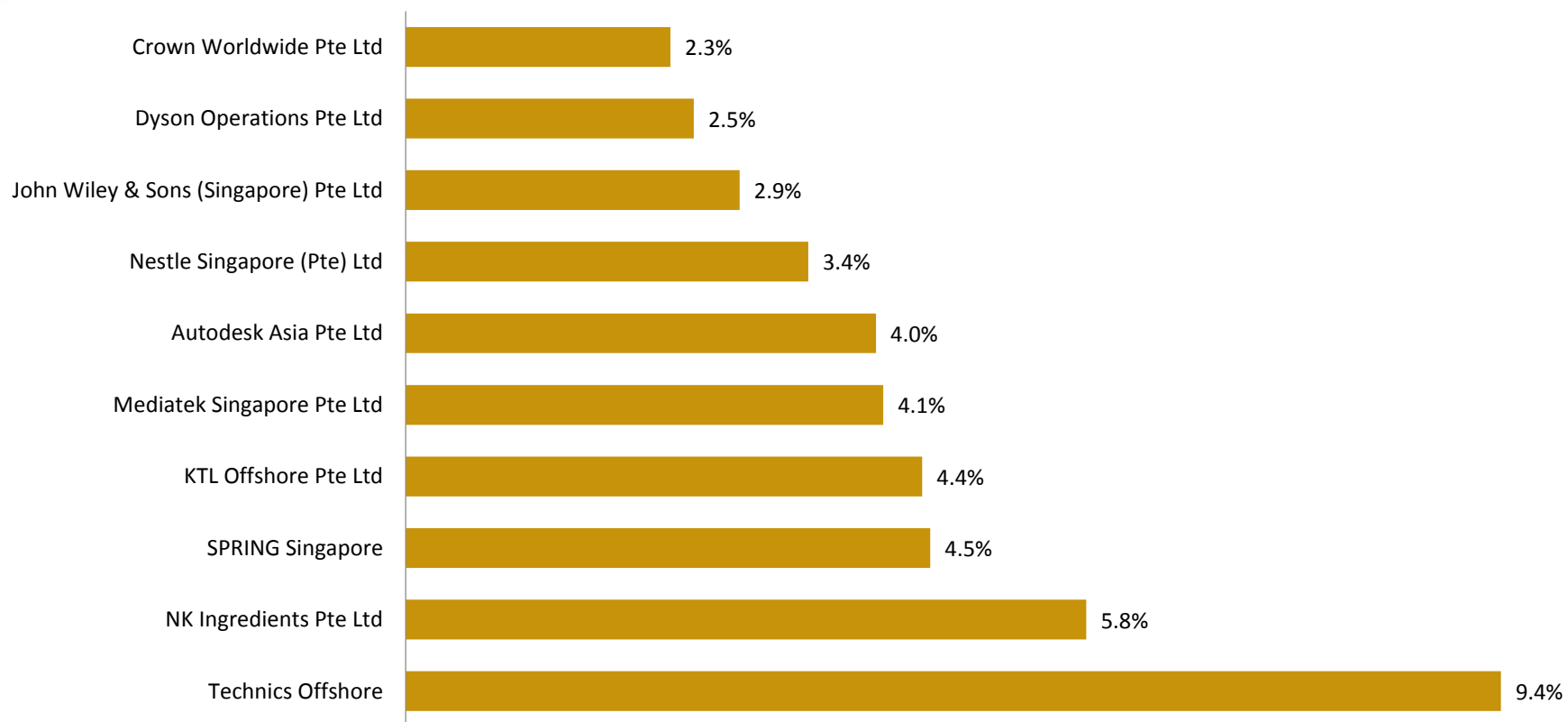
(1) Inclusive of underlying tenants at Solaris

Quality & Diverse Tenant Base

Top 10 Tenants

By Gross Rental Income ⁽¹⁾

Top 10 tenants contribute 43.3% of monthly gross rental income.



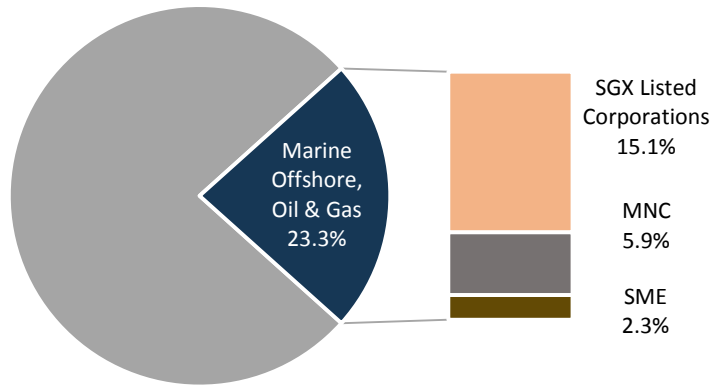
Notes:

(1) Based on monthly gross rental and includes underlying tenants at Solaris as at 30 June 2016.

Diversified Risk Exposure

Marine Offshore and Oil & Gas Tenants⁽¹⁾

By Gross Rental Income



Stress Test

Banking Facility Financial covenants	2Q FY2016	2Q FY2016 assuming no receipts from at-risk tenants ⁽²⁾
Ratio of total net cash available for debt servicing to total interest expense ⁽³⁾	6.2:1	4.5:1

Note:

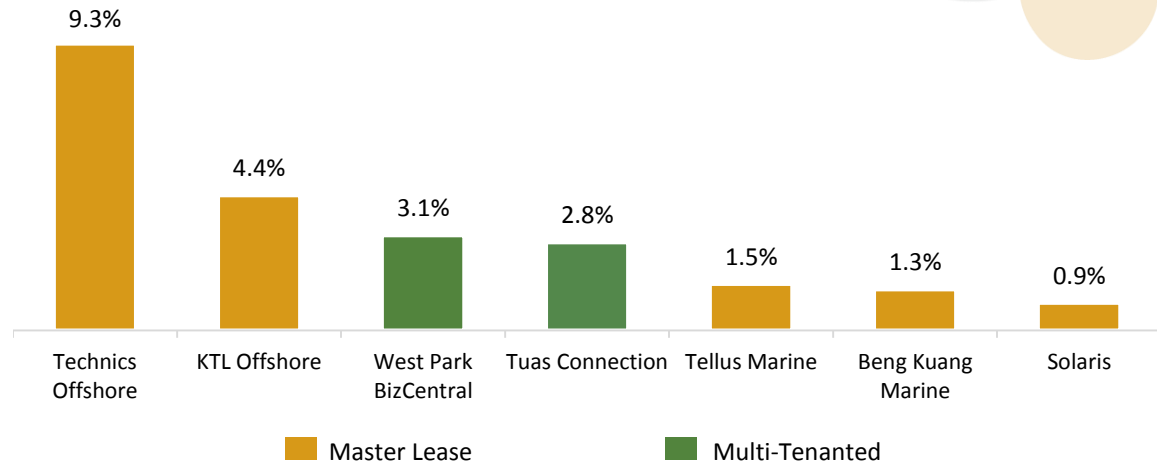
(1) Inclusive of underlying tenants at Solaris as at 30 June 2016

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

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

Diversified Exposure by Property⁽¹⁾

By Gross Rental Income



Risk Management

- 🌿 **Active Engagement** with tenants on business directives
- 🌿 **12 to 18 months** rental deposits for Master Leases
- 🌿 **3 to 5 months** rental deposits for leases in Multi-Tenanted Buildings
- 🌿 **Risk Diversifications** whereby Marine Offshore and Oil & Gas sectors consist of 17 tenants

Growing Cashflows from Master Leases

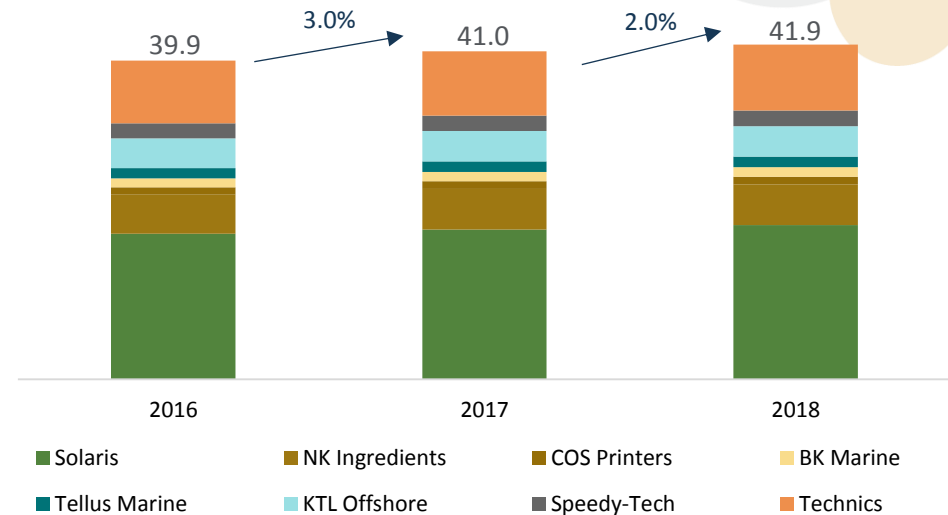
Long-term Master Leases

Lease Term from start of Master Lease Agreement

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

Fixed Annual Rental Escalation of Master Leases

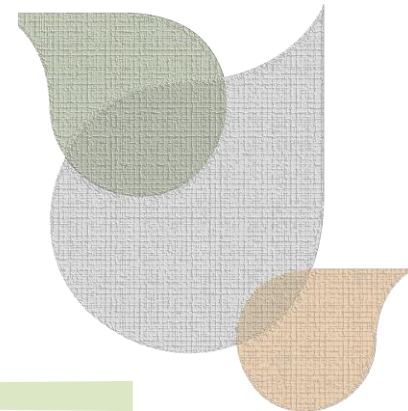
Rental Revenue (S\$ million)



Expected Stable and Growing Cash Flows from the Master Leases

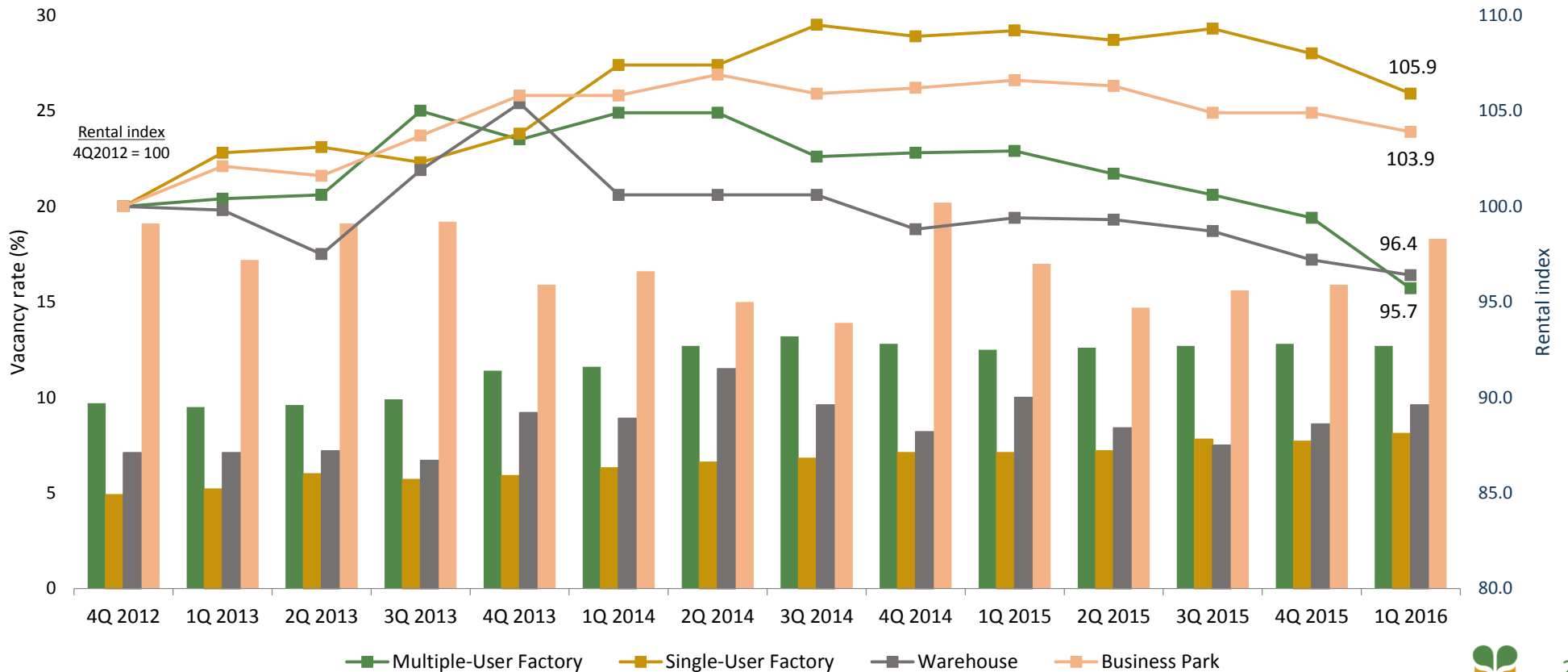
- 1 Master Leases feature long term leases ranging from 5 to 15 years provides **stability**
- 2 Master Leases provide **organic growth** through annual or bi-annual rental escalations
- 3 Master Leases structured on a double and triple net lease basis, **minimising expenses** to Soilbuild REIT
- 4 **Risk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

Market Update and Outlook



Industrial Properties Profile

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



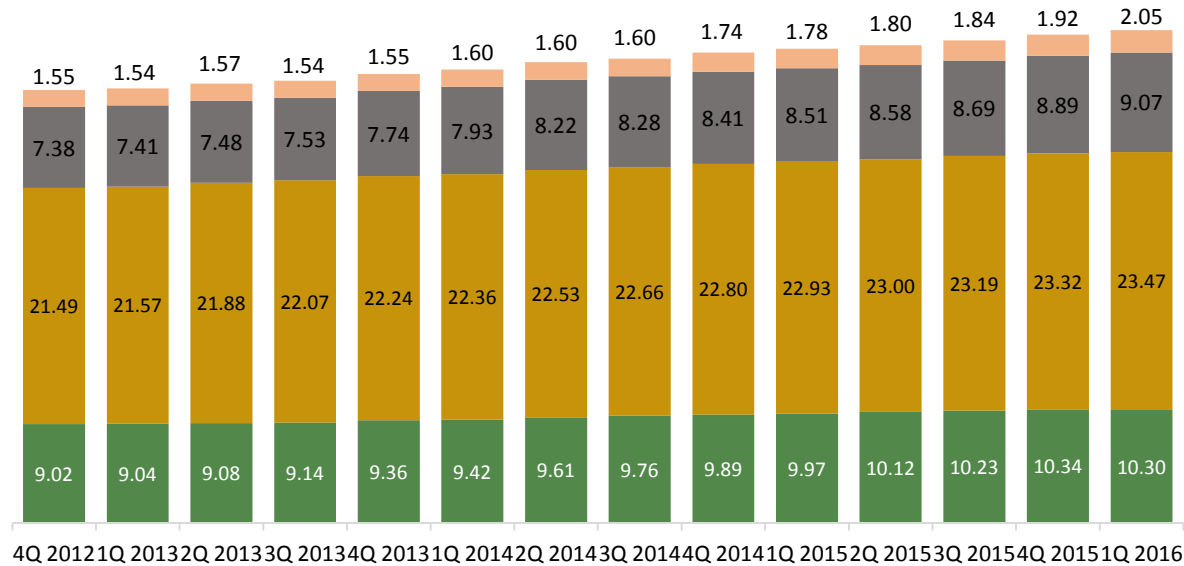
Source: JTC (1Q 2016)

Industrial Space Supply

Total Industrial Stock ('million sq m)

↑ **14.0%** since 4Q2012

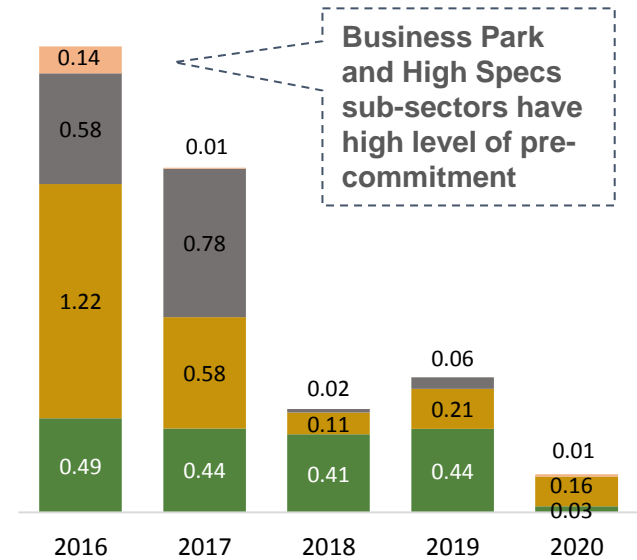
39.4	39.6	40.0	40.3	40.9	41.3	42.0	42.3	42.8	43.2	43.5	44.0	44.5	44.9
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■ Multiple-User Factory ■ Single-User Factory ■ Warehouse ■ Business Park
↑ **14.2%** ↑ **9.2%** ↑ **22.9%** ↑ **32.3%**

Total Industrial Supply in the Pipeline

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

Source: JTC (1Q 2016)

Market Update and Outlook

Singapore's Economy

- The Ministry of Trade and Industry reported that the Singapore economy in 1Q 2016 grew by 1.8% year-on-year, unchanged from the previous quarter. The economy expanded by 0.2% on a quarter-on-quarter seasonally-adjusted annualised basis, in contrast to the 6.2% growth in the preceding quarter.
- Purchasing Managers' Index for June 2016 was 49.6.
- Factory activity has contracted for 12 consecutive months since June 2015.

Industrial Property Sector

- With the slowdown in the manufacturing sector, rentals of all industrial properties softened by 2.7% in 1Q 2016 over the preceding quarter.
- Indices for multi-user factories reflected the greatest reduction of 3.7%, followed by single-user factories, Business Park and Warehouse contracting 1.9%, 1.0% and 0.8% quarter-on-quarter respectively.

Soilbuild Business Space REIT

- With the slowdown in the manufacturing sector which resulted in a soft leasing environment, the portfolio occupancy has dipped to 92.0% at end of 2Q FY2016 as compared to the industrial average of 90.1% as at 1st Quarter FY2016.
- The Manager has proactively negotiated and secured renewals and new leases for over 380,000 sq ft of space as at 30 June 2016.
- 86.0% of FY2016 lease expiries were due for renewal in the 1st Half of 2016. The challenge remains to re-let the vacant space and to renew the multi-tenanted leases that are expiring for the rest of the year which makes up 2.0% of the portfolio's net lettable area.

Thank You

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