

Press Release
14 April 2016

Soilbuild REIT Distributable Income for 1Q FY2016 grew 9.6% year-on-year to S\$14.6m

Highlights

- 1Q 2016 DPU was 1.557 cents
- Priced S\$100 million 5 year 3.60% medium term notes on 30 March 2016
- Portfolio occupancy of 94.8% as at 31 March 2016
- Over 280K sq ft of renewals and new leases signed as at end of 1Q FY2016

Summary of Financial Results:

	1Q FY2016	1Q FY2015	Variance
	S\$'000	S\$'000	(%)
Gross revenue	20,142	18,615	8.2
Net property income	17,193	15,798	8.8
Distributable income	14,609	13,325	9.6
DPU (cents)	1.557	1.633	(4.7)

Singapore, 14 April 2016 – SB REIT Management Pte. Ltd. (“**Manager**”), the Manager of Soilbuild Business Space REIT (“**Soilbuild REIT**”), today announced a distribution per unit (“**DPU**”) of 1.557 cents for the quarter ended 31 March 2016 (“**1Q FY2016**”). Gross revenue increased 8.2% year-on-year to S\$20.1 million while net property income (“**NPI**”) grew 8.8% to S\$17.2 million.

Operational performance

Occupancy rate was 94.8% as at 31 March 2016. Despite the soft industrial outlook, over 280K sq ft of renewals and new leases were signed in 1Q FY2016. The portfolio renewals achieved a positive rental uplift of 7.6%. Weighted average lease expiry by gross rental income stands at 4.7 years.

Prudent and Pro-active Capital Management

In March 2016, Moody’s Investors Services, Inc (“**Moody’s**”) assigned a Baa3 issuer rating to Soilbuild REIT. Soilbuild REIT is concurrently rated BBB- by Standard & Poor’s Rating Services. Capitalising on favourable market conditions, Soilbuild REIT successfully priced its



S\$100 million fixed rate notes due 2021 (the “Notes”) at a competitive coupon of 3.60% in the same month. The Notes which were rated Baa3 by Moody’s on 8 April 2016 saw strong demand from institutional investors.

The notes were issued to refinance the S\$100 million term loan facility secured by West Park BizCentral (“West Park”) due in 2018. As a result of the refinancing, Soilbuild REIT’s weighted average debt expiry has lengthened from 3.0 years to 3.6 years and its interest rate exposure is now 100% fixed for a weighted average term of 2.3 years compared to 1.6 years earlier.

With the release of the mortgage over West Park, Soilbuild REIT’s unencumbered investment properties are now in excess of S\$830 million, representing approximately 70% of investment properties by value. Soilbuild REIT further reduced its secured leverage from 23% to 15%, which provides for greater financial flexibility going forward.

Outlook

Ministry of Trade and Industry (“MTI”) reported that based on advance estimates, the Singapore economy grew by 1.8% on a year-on-year (“y-o-y”) basis in the first quarter of 2016, unchanged from the previous quarter. Growth was flat on a quarter-on-quarter (“q-o-q”) seasonally-adjusted basis, in contrast to the 6.2% expansion in the preceding quarter. The manufacturing sector contracted by 2.0% on a y-o-y basis in the first quarter, following the 6.7% decline in the previous quarter. On a q-o-q seasonally-adjusted annualised basis, the manufacturing sector rebounded to post growth of 18.2%, compared to the 4.9% contraction in the preceding quarter.

Factory activity continues to contract over nine consecutive months although new orders, exports, factory output and manufacturing employment have improved.

With the slowdown in the manufacturing sector, rentals of all industrial properties softened by 1.1% in 4Q 2015 over the preceding quarter. While business park rental index remained flat, the indices for multi-user and single-user factories both contracted 1.2% quarter-on-quarter, and warehouse contracted 1.5% over the previous quarter.

Mr Roy Teo, CEO of the Manager, said: “Soilbuild REIT has continued to deliver a resilient performance amid the challenging industrial market. For 1Q FY2016, the fall in occupancy is partially cushioned by a 6.6% positive rental reversion, despite several quarters of declining rental in various sub-industrial sectors. We are pleased to have Moody’s assigning us an investment grade Baa3 rating which affirms our credit standing. The challenge ahead is to re-



let the vacant space and renew 7.2% of the multi-tenanted leases that are expiring for the rest of the year.”

- End –

About Soilbuild Business Space REIT

Soilbuild REIT is a Singapore-focused real estate investment trust (“REIT”) with a portfolio of business parks and industrial properties used by industries engaging in manufacturing, engineering, logistic, warehousing, electronics, marine, oil & gas, research and development and value-added knowledge-based activities. Its portfolio of properties includes Solaris, a landmark development in one-north, Eightrium @ Changi Business Park, Tuas Connection and West Park BizCentral. Soilbuild REIT’s portfolio has a net lettable area of 3.53 million square feet and an occupancy rate of 94.8% as at 31 March 2016.

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