

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2015”) AND HALF YEAR (“1H FY2015”) ENDED 30 JUNE 2015

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Citigroup Global Markets Singapore Pte. Ltd., DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited are the joint global coordinators, issue managers, bookrunners & underwriters of the Initial Public Offering (“IPO”) of Soilbuild Business Space REIT.

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2015”) AND HALF YEAR (“1H FY2015”) ENDED 30 JUNE 2015

Summary Results of Soilbuild Business Space REIT (“Soilbuild REIT”)

	For the half year ended 30 June			For the quarter ended 30 June		
	1H FY2015 ¹	1H FY2014 ²	Variance (%)	2Q FY2015 ³	2Q FY2014 ⁴	Variance (%)
Gross revenue (S\$'000)	38,205	33,547	13.9	19,590	16,708	17.2
Net property income (S\$'000)	32,510	28,237	15.1	16,712	14,042	19.0
Distributable income (S\$'000)	27,629	24,740	11.7	14,304	12,134	17.9
DPU (cents)	3.248	3.062	6.1	1.615 ⁵	1.500	7.7

Footnotes:

- 1 Period from 1 January 2015 to 30 June 2015, hereinafter referred to as 1H FY2015.
- 2 Period from 1 January 2014 to 30 June 2014, hereinafter referred to as 1H FY2014.
- 3 Period from 1 April 2015 to 30 June 2015, hereinafter referred to as 2Q FY2015.
- 4 Period from 1 April 2014 to 30 June 2014, hereinafter referred to as 2Q FY2014.
- 5 An advanced distribution of SGD 0.628 cents per Unit for the period from 1 April 2015 to 4 May 2015 was paid on 28 May 2015. The balance distribution of SGD 0.987 cents for the period from 5 May 2015 to 30 June 2015 will be paid on 18 August 2015.

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2015”) AND HALF YEAR (“1H FY2015”) ENDED 30 JUNE 2015

Introduction

Soilbuild REIT was constituted as a private trust on 13 December 2012 under a trust deed, which was entered into between SB REIT Management Pte. Ltd. (“SBRM” or the “Manager”), as manager of the private trust, and DBS Trustee Limited (“Trustee”). Soilbuild REIT initially acquired three properties on a sale and leaseback structure prior to its IPO, NK Ingredients, COS Printers and Beng Kuang Marine, with the intention that these properties, together with properties acquired from Soilbuild Group Holdings Ltd., would eventually form the initial portfolio of the listed real estate investment trust (“REIT”).

On 16 August 2013 (the “Listing Date”), Soilbuild REIT completed the acquisition of Eightrium @ Changi Business Park (“Eightrium”), Solaris, Tuas Connection and West Park BizCentral, and was listed on SGX-ST as a REIT, pursuant to the Prospectus dated 7 August 2013.

Soilbuild REIT was established with the principal investment strategy of 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 as well as real estate-related assets.

On 26 May 2014, 31 October 2014, 23 December 2014 and 27 May 2015, Soilbuild REIT completed the acquisitions of Tellus Marine, KTL Offshore, Speedy-Tech and Technics respectively.

The current portfolio of Soilbuild REIT comprises 11 properties located in Singapore:

- (1) Eightrium;
- (2) Solaris;
- (3) Tuas Connection;
- (4) West Park BizCentral;
- (5) NK Ingredients;
- (6) COS Printers;
- (7) Beng Kuang Marine;
- (8) Tellus Marine;
- (9) KTL Offshore;
- (10) Speedy-Tech; and
- (11) Technics

Soilbuild REIT’s distribution policy is to distribute at least 90.0% of its annual distributable income. Annual distributable income comprises income from the leasing of its properties and related property services income after deduction of allowable expenses.

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER ("2Q FY2015") AND HALF YEAR ("1H FY2015") ENDED 30 JUNE 2015

1(a) Statement of Total Return and Distribution Statement for 2Q FY2015 & 2Q FY2014

Statement of Total Return	For the half year ended 30 June			For the quarter ended 30 June		
	1H FY2015	1H FY2014	Variance	2Q FY2015	2Q FY2014	Variance
	S\$'000	S\$'000	%	S'000	S\$'000	%
Gross revenue	38,205	33,547	13.9	19,590	16,708	17.2
Property operating expenses	(5,695)	(5,310)	(7.3)	(2,878)	(2,666)	(8.0)
Net property income	32,510	28,237	15.1	16,712	14,042	19.0
Interest Income	257	-	Nm ²	210	-	Nm
<u>Expenses:</u>						
Finance expenses	(6,489)	(4,474)	(45.0)	(3,496)	(2,312)	(51.2)
Manager's management fees	(2,763)	(2,475)	(11.6)	(1,431)	(1,214)	(17.9)
Trustee's fees	(95)	(95)	-	(48)	(53)	9.4
Other trust expenses	(781)	(386)	(102.3)	(334)	(191)	(74.9)
	(10,128)	(7,430)	(36.3)	(5,309)	(3,770)	40.8
Total return before distribution	22,639	20,807	8.8	11,613	10,272	13.1

<u>Distribution Statement</u>	For the half year ended 30 June			For the quarter ended 30 June		
	1H FY2015	1H FY2014	Variance	2Q FY2015	2Q FY2014	Variance
	S\$'000	S\$'000	%	S\$'000	S\$'000	(%)
Total return before distribution	22,639	20,807	8.8	11,613	10,272	13.1
Net effect of non-tax deductible items ¹	4,990	3,933	26.9	2,691	1,862	44.5
Income available for distribution to Unitholders	27,629	24,740	11.7	14,304	12,134	17.9

Footnotes:

- 1 Non-tax deductible items comprise the Manager's management fees, property management fees and lease management fees paid or payable in Units, rent free amortisation, the Trustee's fees, amortisation of debt arrangement fees, fixed assets expenses and bank commitment fees.
- 2 Nm denotes not meaningful.

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER ("2Q FY2015") AND HALF YEAR ("1H FY2015") ENDED 30 JUNE 2015

1(b)(i) Balance Sheet

	Notes	Actual 30 June 2015 (S\$'000)	Actual 31 Dec 2014 (S\$'000)
Current assets			
Cash and cash equivalents	a	14,223	20,951
Trade and other receivables	b	1,706	816
Other current assets	c	2,313	234
Deferred expenditure	d	403	315
Total current assets		18,645	22,316
Non-current assets			
Investment properties	e	1,186,047	1,030,700
Derivative financial instruments	f	939	213
Deferred expenditure	d	753	743
Total non-current assets		1,187,739	1,031,656
Total Assets		1,206,384	1,053,972
Current liabilities			
Trade and other payables	g	42,698	8,684
Derivative financial instruments	f	-	65
Rental deposits	h	4,419	2,510
Borrowings	i	-	94,634
Total current liabilities		47,117	105,893
Non-current liabilities			
Trade and other payables	g	1,465	-
Rental deposits	h	22,778	23,009
Borrowings	i	399,833	274,290
Total non-current liabilities		424,076	297,299
Total Liabilities		471,193	403,192
Net assets attributable to Unitholders		735,191	650,780
Represented by:			
Unitholders' funds		735,191	650,780
NAV per Unit (S\$)		0.79	0.80

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2015”) AND HALF YEAR (“1H FY2015”) ENDED 30 JUNE 2015

Notes:

- (a) Cash and cash equivalents as at 30 June 2015 were S\$6.7 million lower than the balance as at 31 December 2014 mainly due to payment of advanced distribution in May 2015 for the period 1 April 2015 to 4 May 2015 amounting to S\$5.1 million and payment of stamp duty amounting to S\$2.2 million in relation to the Solaris upfront land premium in 1QFY2015.
- (b) Trade and other receivables comprised mainly unbilled debtors of S\$0.8 million and trade receivables amounting to S\$0.7 million. The increase in trade and other receivables is mainly due to S\$0.4 million higher trade debtors and S\$0.2 million higher unbilled debtors for new tenancies arising from the accounting of revenue on a straight-line basis over the lease term including the rent-free period.
- (c) Other current assets as at 30 June 2015 comprised mainly property tax of S\$2.1 million included in prepayments.
- (d) Deferred expenditure relates to the unamortised portion of marketing commissions paid to the Property and REIT manager for securing new leases and renewing expiring leases. The increase in deferred expenditure was due to the increase in new and renewed leases.
- (e) Investment properties as at 30 June 2015 were accounted for at fair value based on the valuations undertaken by independent valuers, Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“Colliers”) and Savills Valuation and Professional Services (Pte) Ltd as at 31 December 2014¹. The increase in investment properties was mainly due to the acquisition of Technics amounting to S\$98.1 million (including acquisition related cost) in May 2015 and capitalisation of the upfront land premium and stamp duty amounting to S\$57.2 million for Solaris.
- (f) Derivative financial instruments as at 30 June 2015 represented the fair value of interest rate swaps entered into to hedge interest rate risks on floating rate loans.
- (g) Trade and other payables as at 30 June 2015 comprised trade creditors, interest payable, advance rental received, fees payable to Manager/Trustee and accrual of professional fees. The increase in trade and other payables was mainly attributed to the accrual for payment for the second tranche of the Solaris upfront land premium amounting to S\$31.9 million.
- (h) Rental deposits as at 30 June 2015 were higher than 31 December 2014 by S\$1.7 million mainly due to higher rental deposits collected from tenants.
- (i) Borrowings are made up of loan facilities drawn down of S\$282.5 million less unamortised debt arrangement fees, S\$100 million MTN issued and an interest-free loan amounting to S\$23.1 million from SB (Solaris) Investment Pte. Ltd. (“SB Solaris”), a wholly-owned subsidiary of Soilbuild Group Holdings Ltd..

Although current liabilities exceed current assets, it is explained by the following:

- Accrual of the balance upfront land premium for Solaris amounting to S\$31.9 million. Soilbuild REIT has entered into an interest-free loan agreement with SB Solaris, pursuant to which SB Solaris will extend an interest-free loan to Soilbuild REIT in March 2016 for the 2nd payment to JTC Corporation. The payment of the balance upfront land premium to JTC will result in a reclassification of current other payables to non-current borrowing.

Footnotes:

- ¹ Acquisition costs of newly acquired properties are capitalised in investment properties. The carrying value of Solaris is based on the valuation report dated 17 February 2015 by Colliers plus stamp duty on the Solaris upfront land premium incurred.

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1(b)(ii) Aggregate Amount of Borrowings

	Actual 30 June 2015 (S\$'000)	Actual 31 Dec 2014 (S\$'000)
<u>Interest-bearing borrowings</u>		
Amount repayable within one year	-	95,000
Less: Debt arrangement fees ¹	-	(366)
	-	94,634
<u>Interest-bearing borrowings</u>		
Amount repayable after one year	382,500	278,500
Less: Debt arrangement fees ¹	(3,662)	(4,210)
	378,838	274,290
<u>Interest-free borrowings</u>		
Amount repayable after one year	23,117	-
Less: Deferred amortisation ²	(2,122)	-
	20,995	-
Total borrowings repayable after one year	399,833	274,290
Total borrowings	399,833	368,924

Footnotes:

1. Debt arrangement fees are amortised over the life of the loan facilities.
2. Relates to the deferred amortisation of notional interest on interest-free loan.

Details of borrowings

- Senior Term Loan Facility of S\$285.0 Million

Soilbuild REIT has a senior term loan facility amounting to S\$285.0 million (“TLF 1”) obtained from Citibank N.A. Singapore Branch, DBS Bank Ltd., The Hong Kong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited, United Overseas Bank Limited and RHB Bank Berhad Singapore Branch.

S\$280.0 million of TLF 1 was initially drawn down on the Listing Date (“TLF 1 Drawdown”) to finance the acquisition of the Sponsor Properties as well as to repay private trust unitholder loans that financed the acquisition of the third parties properties prior to Listing Date.

The remaining S\$5.0 million loan facility is intended for potential capital expenditure in relation to the properties as well as general working capital purposes.

TLF 1 is secured against Eightrium, Solaris, Tuas Connection and NK Ingredients.

On 21 May 2015, the first tranche amounting to S\$95.0 million was repaid with the MTN proceeds.

TLF 1 Drawdown has remaining staggered loan maturities as described below:

S\$95.0 million is repayable in August 2016; and
S\$90.0 million is repayable in August 2017.

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- Senior Term Loan Facility of S\$100.0 Million

On 20 May 2014, Soilbuild REIT entered into second senior term loan facility amounting to S\$100.0 million (“TLF 2”) obtained from DBS Bank Ltd., The Hong Kong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited.

S\$15.0 million, S\$55.0 million, S\$23.5 million and S\$4.0 million of the TLF 2 was drawn down on floating interest rates to finance the acquisition of Tellus Marine, KTL Offshore, Speedy-Tech and Technics on May 2014, October 2014, December 2014 and May 2015 (“TLF 2 Drawdown”) respectively.

TLF 2 Drawdown has a four year maturity term from the date of the facility agreement.

The remaining S\$2.5 million loan facility will be used to finance future acquisitions. TLF 2 is secured against West Park BizCentral.

- Medium Term Notes (“MTN”) of S\$100.0 Million issued

On 21 May 2015, Soilbuild REIT issued S\$100.0 million of unsecured MTN which bear interest at 3.45% p.a. and mature on 21 May 2018.

97.9% of the interest-bearing loans are either fixed rate borrowings or swapped to fixed rates with interest rate swaps.

- Interest-free loan from SB Solaris

On 17 March 2015, the Manager announced that an agreement had been entered into whereby the Trustee in its capacity as Trustee of Soilbuild REIT and JTC had agreed to the conversion of the annual land rental payment scheme under the Solaris land lease to an upfront land premium payment scheme. On the same date, the Trustee entered into an interest-free loan agreement with SB Solaris amounting to S\$55 million to fund the payment of this Solaris upfront land premium. Repayment of this loan will be required when the Solaris master lease expires in August 2018.

SB Solaris has extended the first tranche of the loan amounting to S\$23.1 million to Soilbuild REIT on 17 March 2015 and will extend the balance S\$31.9 million to Soilbuild REIT on 17 March 2016.

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1(c) Statement of Cash Flows

	For the first half ended 30 June		For the second quarter ended 30 June	
	1H FY2015	1H FY2014	2Q FY2015	2Q FY2014
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Operating activities:				
Net income	22,639	20,807	11,613	10,272
Adjustments for				
- Finance expenses	5,227	3,492	2,802	1,770
- Security trustee and agency fees	40	40	40	40
- Loan facility commitment fees	8	-	3	-
- Amortised debt arrangement fees	1,214	942	651	502
- Management fees paid and payable in Units	3,648	3,227	1,886	1,586
Changes in working capital				
- Trade and other receivables	(890)	(98)	2,949	903
- Other current assets	(2,079)	(1,953)	1,060	939
- Deferred expenditure	(98)	(524)	(59)	(155)
- Trade and other payables	1,615	3,434	(348)	(1,399)
- Rental deposits	1,678	1,152	397	160
Cash flows from operations	33,002	30,519	20,994	14,618
Finance expense paid	(5,150)	(3,483)	(2,648)	(1,722)
Net cash generated from operating activities	27,852	27,036	18,346	12,896
Investing activities:				
Deposits refunded/(paid)	-	-	970	1,050
Purchase of investment properties	(98,092)	(14,792)	(98,092)	(14,792)
Capital expenditure on investment properties	(25,372)	(66)	-	(54)
Net cash used in investing activities	(123,464)	(14,858)	(97,122)	(13,796)
Financing activities:				
Proceeds from borrowings	127,117	15,000	104,000	15,000
Repayment of borrowings	(95,000)	-	(95,000)	-
Debt arrangement fees	(300)	(2,000)	(300)	(2,000)
Issuance of new Units (Private Placement)	89,999	-	89,999	-
Issue expenses	(1,602)	(148)	(1,602)	5
Distributions paid	(31,330)	(24,752)	(18,444)	(12,603)
Net cash generated from/(used in) financing activities	88,884	(11,900)	78,653	402
Net (decrease)/increase in cash and cash equivalents	(6,728)	278	(123)	(498)
Cash and cash equivalents at beginning of the financial period	20,951	19,952	14,346	20,728
Cash and cash equivalents at end of the financial period	14,223	20,230	14,223	20,230

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1(d)(i) Statement of Changes in Unitholders' Funds

FY2015	Operations (S\$'000)	Unitholders' Contribution (S\$'000)	Hedging Reserve (S\$'000)	Total (S\$'000)
Balance as at 31 December 2014	31,266	619,366	148	650,780
Total return for the period	11,026	-	-	11,026
Distribution to Unitholders	(12,886)	-	-	(12,886)
Movement in hedging reserve	-	-	1,781	1,781
Issue of Units in lieu of Manager's management fees, property management fees and lease management fees	-	2,152	-	2,152
Balance as at 31 March 2015	29,406	621,518	1,929	652,853
Total return for the period	11,613	-	-	11,613
Distribution to Unitholders	(18,444)	-	-	(18,444)
Movement in hedging reserve	-	-	(990)	(990)
Issue of Units in lieu of Manager's management fees, property management fees and lease management fees	-	1,762	-	1,762
Issue of new Units under Private Placement	-	89,999	-	89,999
Issuance cost	-	(1,602)	-	(1,602)
Balance as at 30 June 2015	22,575	711,677	939	735,191

FY2014	Operations (S\$'000)	Unitholders' Contribution (S\$'000)	Hedging Reserve (S\$'000)	Total (S\$'000)
Balance as at 31 December 2013	38,629	610,274	(1,605)	647,298
Total return for the period	10,533	-	-	10,533
Distribution to Unitholders	(12,149)	-	-	(12,149)
Movement in hedging reserve	-	-	296	296
Issuance costs unutilised	-	2,500	-	2,500
Issue of Units in lieu of Manager's management fees, property management fees and lease management fees	-	1,729	-	1,729
Balance as at 31 March 2014	37,013	614,503	(1,309)	650,207
Total return for the period	10,272	-	-	10,272
Distribution to Unitholders	(12,603)	-	-	(12,603)
Movement in hedging reserve	-	-	(614)	(614)
Issuance costs unutilised	-	5	-	5
Issue of Units in lieu of Manager's management fees, property management fees and lease management fees	-	1,641	-	1,641
Balance as at 30 June 2014	34,682	616,149	(1,923)	648,908

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1(d)(ii) Details of Any Change in Units

	1H FY2015 ('000)	2Q FY2015 ('000)
Balance as at beginning of period	812,993	815,751
Movements during the period		
- Units issued in lieu of Manager's management fees, property management fees and lease management fees	4,937	2,179
- Units issued pursuant to the Private Placement ¹	111,800	111,800
Total issued Units as at end of period	929,730	929,730

	1H FY2014 ('000)	2Q FY2014 ('000)
Balance as at beginning of period	804,541	806,825
Movements during the period		
- Units issued in lieu of Manager's management fees, property management fees and lease management fees	4,402	2,118
Total issued Units as at end of period	808,943	808,943

Footnote:

¹ 111,800,000 new Units were issued on 5 May 2015 at an issue price of S\$0.805 per new Unit pursuant to the Private Placement.

1(d)(iii) To show the total number of issued units excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

As at 30 June 2015, Soilbuild REIT had 929,729,790 Units (31 December 2014: 812,993,184 units).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard, (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

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4. Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those stated in the audited financial statements for the financial year ended 31 December 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change

There is no change in the accounting policies and methods of computation adopted.

6. Earnings Per Unit ("EPU") and Distribution Per Unit ("DPU")

	For the first half ended 30 June		For the second quarter ended 30 June	
	1H FY2015	1H FY2014	2Q FY2015	2Q FY2014
Weighted average number of Units	836,421,989	806,732,291	887,096,381	807,895,626
EPU – Basic and Diluted¹ Based on the weighted average number of Units in issue (cents)	2.663	2.580	1.309	1.272
- Basic and diluted Number of Units in issue at end of period	929,729,790	808,942,812	929,729,790	808,942,812
DPU Based on the number of Units in issue at end of each distribution period (cents)	3.248	3.062	1.615 ²	1.500

Footnotes:

- 1 The EPU has been calculated using net income for the period and the weighted average number of Units at the end of the period. The calculation excludes net change in fair value of investment properties for the relevant period.
- 2 An advanced distribution of SGD 0.628 cents per Unit for the period from 1 April 2015 to 4 May 2015 was paid on 28 May 2015. The balance distribution of SGD 0.987 cents for the period from 5 May 2015 to 30 June 2015 will be paid on 18 August 2015.

7. Net Asset Value ("NAV") Per Unit

	Actual 30 June 2015	Actual 31 Dec 2014
NAV per Unit ¹ (S\$)	0.79	0.80

Footnote:

- 1 The NAV per unit was computed based on the number of Units in issue at the end of the financial period.

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2015”) AND HALF YEAR (“1H FY2015”) ENDED 30 JUNE 2015

8. Review of the Performance

Review of the Performance on 1H FY2015 compared to 1H FY2014

Gross revenue was S\$38.2 million in 1H FY2015, S\$4.7 million or 13.9% higher than the gross revenue in 1H FY2014, and was mainly due to additional rental revenue from KTL Offshore, Speedy-Tech, Technics, Tellus Marine, Tuas Connection and Solaris amounting to S\$1.9 million, S\$0.9 million, S\$0.8 million, S\$0.5 million, S\$0.3 million and S\$0.3 million respectively.

Property operating expenses were S\$5.7 million in 1H FY2015 which was S\$0.4 million higher than 1H FY2014 mainly due to higher property tax and lease commissions for West Park and property and lease management fees for newly acquired properties.

Net property income was 15.1% higher at S\$32.5 million in 1H FY2015 from S\$28.2 million in 1H FY2014 mainly due to the above reasons.

The increase in Manager’s management fees was due to higher annual distributable income achieved which resulted in higher base fees. The increase in finance expenses is mainly due to loans drawn down to finance the acquisition of the 3 new properties in FY2014 and higher weighted average interest rate.

Total return before distribution amounting to S\$22.6 million is S\$1.8 million higher than 1H FY2014 mainly due to higher net property income (S\$4.3 million higher), partially offset by higher finance expenses, Manager’s management fees and other trust expenses.

The increase in other trust expenses from S\$0.4 million in 1H FY2014 to S\$0.8 million in 1H FY2015 is mainly due to professional fees incurred on the establishment of the S\$500 million Multicurrency Debt Issuance Programme and accrual of legal fees for the re-financing of bank borrowings.

Income available for distribution was S\$27.6 million in 1H FY2015, 11.7% higher than 1H FY2014 mainly due to higher total return before distribution and non-tax deductible items, such as manager’s base fees, property management fees, lease management fees paid/payable in Units, amortisation of debt arrangement fees and MTN related expenses.

Review of the Performance on 2Q FY2015 compared to 2Q FY2014

Gross revenue was S\$19.6 million in 2Q FY2015, S\$2.9 million or 17.2% higher than the gross revenue in 2Q FY2014, and was mainly due to additional rental revenue from KTL Offshore, Technics, Speedy-Tech, West Park, Tellus Marine, Tuas Connection and Solaris amounting to S\$0.9 million, S\$0.8 million, S\$0.5 million, S\$0.2 million, S\$0.2 million, S\$0.1 million and S\$0.1 million respectively.

Property operating expenses were S\$2.9 million in 2Q FY2015 which was S\$0.2 million higher than 2Q FY2014 mainly due to higher property operating expenses incurred on West Park and property and lease management fees for newly acquired properties.

Net property income was 19% higher at S\$16.7 million in 2Q FY2015 from S\$14.0 million in 2Q FY2014 mainly due to the above reasons.

The increase in Manager’s management fees was due to higher annual distributable income achieved which resulted in higher base fees. The increase in finance expenses is mainly due to loans drawn down to finance the acquisition of the 3 new properties in FY2014 and higher weighted average interest rate.

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Total return before distribution amounting to S\$11.6 million is S\$1.3 million higher than 2Q FY2014 mainly due to higher net property income (S\$2.7 million higher), partially offset by higher finance expenses, Manager’s management fees and other trust expenses.

The increase in other trust expenses from S\$0.2 million in 2Q FY2014 to S\$0.3 million in 2Q FY2015 is mainly due to professional fees incurred for the establishment of the S\$500 million Multicurrency Debt Issuance Programme and accrual of legal fees for the re-financing of bank borrowings.

Income available for distribution was S\$14.3 million in 2Q FY2015, 17.9% higher than 2Q FY2014 mainly due to higher total return before distribution and non-tax deductible items, such as manager’s base fees, property management fees, lease management fees paid or payable in Units, amortisation of debt arrangement fees and MTN related expenses.

9. Variance from Prospect Statement

No financial forecast has been disclosed to the market.

10. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting and the next 12 months

Singapore’s economy beat economists’ expectations and advanced 2.6% in 1Q 2015 over the same period a year ago in comparison to 2.1% in 4Q 2014 despite further contraction in the manufacturing sector. According to Ministry of Trade and Industry, Goods Producing Industries (inclusive of the Manufacturing and Construction sectors) dropped 1.4% in 1Q 2015. Singapore’s Purchasing Managers’ Index in June reads 50.4. This indicates a marginal expansion for the second ensuing month following five consecutive months of contraction.

The industrial property market in Singapore continues to face a challenging operating environment with issues such as historically high new supply and a weak macro-economic outlook putting pressure on rentals and occupancy. However, leasing activities in 2Q 2015 were seen to be picking up pace with increasing transactions mainly from data centres and businesses in the manufacturing chain of high-technology products. The prime conventional space rental index slipped 1% quarter-on-quarter while prime conventional warehouse space and business parks held steady.

According to Colliers, rents of prime multi-user industrial space are likely to ease further going forward while rental for business parks and independent high-specs industrial premises could register marginal increment as new supply has a high level of pre-commitment. Cushman & Wakefield noted that better quality business parks such as Mapletree Business City and one-north demonstrated greater resilience than some of the older business park locations. Rentals in MBC and one-north increased quarter on quarter whereas business park rentals in outlying locations suffered a drop in Q2 2015.

At the beginning of 2015, just over 26% of leases (by NLA) were due to expire during the year (adjusted for the inclusion of Technics in the portfolio). In spite of the soft market conditions, the Manager has proactively negotiated and secured renewals and new leases for over 500,000 sq ft of space in 1H FY2015. The Manager will now focus on the leases expiring in 2H FY2015 which amount to just over 400,000 sq ft. Barring any unforeseen events and subject to renewing and re-leasing a large portion of the remaining space that expires this year, the Manager expects Soilbuild REIT’s portfolio to maintain a stable performance in FY2015.

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11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 9th distribution for the financial period from 5 May 2015 to 30 June 2015

Distribution type: Income

Distribution rate: 0.987 cents

Tax rate: Taxable Income Distribution

Qualifying investors and individuals (other than those who hold their Units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual Unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Books closure date: The Transfer Books and Register of Unitholders of Soilbuild REIT will be closed at 5.00 p.m. on Thursday, 23 July 2015 for the purposes of determining each Unitholder's entitlement to Soilbuild REIT's distribution. The ex-dividend date will be on Tuesday, 21 July 2015.

Date Payable: Tuesday, 18 August 2015

(b) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 8th distribution for the financial period from 1 April 2015 to 4 May 2015n (Advanced Distribution that was paid prior to the issue of new units pursuant to the private placement on 5 May 2015).

Distribution type: Income

Distribution rate: 0.628 cents

Tax rate: Taxable Income Distribution

Qualifying investors and individuals (other than those who hold their Units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual

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Unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Books closure date: The Transfer Books and Register of Unitholders of Soilbuild REIT closed at 5.00 p.m. on Monday, 4 May 2015 for the purposes of determining each Unitholder’s entitlement to Soilbuild REIT’s distribution. The ex-dividend date was on Wednesday, 29 April 2015.

Date Paid: Thursday, 28 May 2015

(c) Corresponding period of the preceding financial period

Any distributions declared for the previous corresponding financial period? Yes

Name of distribution: 4th distribution for the financial period from 1 April 2014 to 30 June 2014

Distribution type: Income

Distribution rate: 1.500 cents

Tax rate: Taxable Income Distribution

Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Books closure date: The Transfer Books and Register of Unitholders of Soilbuild Business Space REIT (Soilbuild REIT) was closed at 5.00 p.m. on Wednesday, 6 August 2014 for the purposes of determining each unitholder’s entitlement to Soilbuild REIT’s distribution. The ex-dividend date was on Monday, 4 August 2014.

Date Paid: Monday, 1 September 2014

12. If no distribution has been declared/(recommended), a statement to that effect.

Not applicable.

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13. Segmented Revenue and Results

	For the first half ended 30 June				For the second quarter ended 30 June			
	1H FY2015		1H FY2014		2Q FY2015		2Q FY2014	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
<u>Gross Revenue</u>								
Business Park	13,220	35%	12,986	39%	6,680	34%	6,537	39%
Industrial	24,985	65%	20,561	61%	12,910	66%	10,171	61%
	38,205	100%	33,547	100%	19,590	100%	16,708	100%

	For the first half ended 30 June				For the second quarter ended 30 June			
	1H FY2015		1H FY2014		2Q FY2015		2Q FY2014	
	S\$'000	%	S\$'000	S\$'000	%	%	S\$'000	%
<u>Net Property Income</u>								
Business Park	11,388	35%	11,201	40%	5,748	34%	5,639	40%
Industrial	21,122	65%	17,036	60%	10,964	66%	8,403	60%
	32,510	100%	28,237	100%	16,712	100%	14,042	100%

In the review of performance, the factors leading to any material changes in contributions to revenue and net income by the business segments

The percentage contribution from business park fell marginally mainly due to the acquisition of industrial properties in FY2014 and FY2015.

- 14. If Soilbuild REIT has obtained a general mandate from shareholders for IPTs, the aggregate value of each transaction as required under Rule 920(i)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Soilbuild REIT has not obtained a general mandate from Unitholders for IPTs.

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15. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Manager has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material respect.

For and on behalf of the Board of Directors of SB REIT Management Pte. Ltd.

Mr Ng Fook Ai Victor
Director

Mr Chong Kie Cheong
Director

This release may contain forward-looking statements that involve risks and uncertainties. Future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/ distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management of future events.

By order of the Board of Directors of
SB REIT Management Pte. Ltd.
(Company Registration No. 201224644N)
As Manager for Soilbuild Business Space REIT

Mr. Shane Hagan
Chief Executive Officer

14 July 2015