



FOR IMMEDIATE RELEASE

Soilbuild REIT 3Q FY2015 DPU increased by 5.1% over prior corresponding period

- 3Q FY2015 DPU of 1.625 cents, an increase of 5.1% year-on-year
- Portfolio occupancy 98.7% as at 30 September 2015
- Over 250,000 sq ft of renewals and new leases signed in 3Q FY2015
- Refinanced S\$185 million club loan facility ("Club Loan"), increased the portfolio unencumbered assets to over S\$0.5 billion and reduced the weighted average all-in cost of debt from 3.49% to 3.20% p.a.
- Lengthened weighted average debt expiry to 3.5 years with no major refinancing requirements until FY2018.

Singapore, 14 October 2015 – SB REIT Management Pte. Ltd. ("Manager"), the Manager of Soilbuild Business Space REIT ("Soilbuild REIT"), is pleased to announce that Soilbuild REIT has delivered a Distribution per Unit ("DPU") of 1.625 cents for the three months from 1 July 2015 to 30 September 2015 ("3Q FY2015"), which is 5.1% above the corresponding period last year ("3Q FY2014") of 1.546 cents.

Mr Roy Teo, Acting CEO of the Manager, said: "I am pleased to report that DPU exceeded the prior corresponding period as a result of stable performance from the existing portfolio as well as contribution from the Technics acquisition that was completed in May 2015. Despite the challenging operating environment, Soilbuild REIT achieved over 250,000 sq ft of renewals and new leases in 3Q FY2015. In addition, we have successfully refinanced our Club Loan, having no major refinancing requirements until FY2018. This has increased Soilbuild REIT's unencumbered assets to over S\$0.5 billion, reflecting lenders' confidence in Soilbuild REIT."

	3Q FY15	3Q FY14	Variance	9 months ended 30 September 2015	9 months ended 30 September 2014	Variance
	S\$'000	S\$'000	(%)	S\$'000	S\$'000	(%)
Gross revenue	20,701	16,916	22.4	58,906	50,463	16.7
Property operating expenses	(2,924)	(2,723)	(7.4)	(8,619)	(8,033)	(7.3)
Net property income	17,777	14,193	25.3	50,287	42,430	18.5
Net finance expenses	(3,486)	(2,444)	(42.6)	(9,718)	(6,918)	(40.5)
Manager's fees	(1,515)	(1,254)	(20.8)	(4,278)	(3,729)	(14.7)
Trust expenses	(274)	(395)	30.6	(1,150)	(876)	(31.3)
Total trust expense	(5,275)	(4,093)	(28.9)	(15,146)	(11,523)	(31.4)
Net income	12,502	10,100	23.8	35,141	30,907	13.7
Non-tax deductible items	2,645	2,439	8.4	7,635	6,372	19.8
Distributable income	15,147	12,539	20.8	42,776	37,279	14.7
DPU (cents)	1.625	1.546	5.1	4.873	4.608	5.8

3Q FY2015 gross revenue and property operating expenses were 22.4% and 7.4% higher than 3Q FY2014 respectively, mostly due to the acquisitions completed in 2014 and 2015. The increase in net property income is partially offset by higher net finance costs due to additional borrowings to fund the new acquisitions as well as a higher average all-in interest rate. As a result, distributable income is S\$2.6 million higher than last year.

Prudent and Pro-active Capital Management

In September 2015, Soilbuild REIT announced the successful refinancing of its S\$185 million Club Loan Facility. As a result of the refinancing, Soilbuild REIT's weighted average debt expiry has lengthened to 3.5 years and the all-in cost of debt has reduced to 3.20% p.a.. Borrowing costs are significantly insulated against interest rate hikes, with 97.9% of the interest rate exposure fixed for the next 2.1 years. Soilbuild REIT's unencumbered assets are now in excess of S\$0.5 billion, representing approximately 43% of investment properties by value. The refinancing is in-line with the Manager's strategy of increasing unencumbered assets.

Portfolio Update

During the quarter, renewals and new leases were signed for over 250,000 sq ft, bringing the total for nine months ended FY2015 to in excess of 780,000 sq ft. Occupancy rates remained high at 98.7%.

Outlook

The global economy remains weak in 2015 and the pace of growth is expected to be slow and uneven across the economies. According to Ministry of Trade and Industry, Singapore's economy in 3Q 2015 advanced marginally by 0.1% over the preceding quarter and grew 1.4% year-on-year. The subdued growth was mainly dragged by the manufacturing industries.

The industrial property market in Singapore continues to face a challenging operating environment with the supply of industrial space set to outstrip demand growth in the next 12 to 18 months. Manufacturing sector continued to reflect persistent weakness as Purchasing Managers' Index dropped for three consecutive months in 3Q 2015, to 48.6 in September 2015. Industrialists are expected to remain cost sensitive especially with the weak macro-economic outlook. In addition to the ongoing downturn of the oil and gas industry, the challenging position of the manufacturing sector places further downward pressure on industrial rents and occupancy.

However, the progress of leasing activities in 3Q FY2015 affirms the attractiveness of our properties. The Manager will now focus on the leases expiring in 4Q FY2015 and FY2016. Barring any unforeseen events and subject to renewing and re-leasing 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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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 98.7% as at 30 September 2015.

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