

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FOURTH QUARTER (“4Q FY2015”) AND FINANCIAL YEAR FROM 1 JANUARY 2015 TO 31 DECEMBER 2015 (“YTD FY2015”)

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**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND
DISTRIBUTION ANNOUNCEMENT FOR THE FOURTH QUARTER (“4Q FY2015”) AND
FINANCIAL YEAR FROM 1 JANUARY 2015 TO 31 DECEMBER 2015 (“YTD FY2015”)**

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

	YTD FY2015¹	YTD FY2014²	Variance (%)	4Q FY2015³	4Q FY2014⁴	Variance (%)
Gross revenue (S\$'000)	79,340	68,145	16.4	20,434	17,682	15.6
Net property income (S\$'000)	67,777	57,362	18.2	17,490	14,932	17.1
Distributable income (S\$'000)	57,867	50,169	15.3	15,091	12,892	17.1
DPU (cents)	6.487	6.193	4.7	1.614	1.585	1.8

Footnotes:

- 1 Period from 1 January 2015 to 31 December 2015, hereinafter referred to as YTD FY2015.
- 2 Period from 1 January 2014 to 31 December 2014, hereinafter referred to as YTD FY2014.
- 3 Period from 1 October 2015 to 31 December 2015, hereinafter referred to as 4Q FY2015.
- 4 Period from 1 October 2014 to 31 December 2014, hereinafter referred to as 4Q FY2014.

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FOURTH QUARTER (“4Q FY2015”) AND FINANCIAL YEAR FROM 1 JANUARY 2015 TO 31 DECEMBER 2015 (“YTD FY2015”)

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”) as trustee of the trust. 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 FOURTH QUARTER ("4Q FY2015") AND FINANCIAL YEAR FROM 1 JANUARY 2015 TO 31 DECEMBER 2015 ("YTD FY2015")

1(a) Statement of Total Return and Distribution Statement for 4Q FY2015 & 4Q FY2014

	YTD FY2015 S\$'000	YTD FY2014 S\$'000	Variance %	4Q FY2015 S\$'000	4Q FY2014 S\$'000	Variance %
Gross revenue	79,340	68,145	16.4	20,434	17,682	15.6
Property operating expenses	(11,563)	(10,783)	(7.2)	(2,944)	(2,750)	(7.1)
Net property income	67,777	57,362	18.2	17,490	14,932	17.1
Interest Income	643	18	3,472.2	196	8	2,350.0
<u>Expenses:</u>						
Finance expenses	(13,490)	(9,676)	(39.4)	(3,325)	(2,748)	(21.0)
Manager's management fees	(6,442)	(5,477)	(17.6)	(2,164)	(1,748)	(23.8)
Trustee's fees	(196)	(185)	(5.9)	(50)	(45)	(11.1)
Other trust expenses	(1,168)	(883)	(32.3)	(164)	(145)	(13.1)
Net income	47,124	41,159	14.5	11,983	10,254	16.9
Net change in fair value of investment properties	4,535	901	403.3	4,535	901	403.3
Total return before distribution	51,659	42,060	22.8	16,518	11,155	48.1

Distribution Statement	YTD FY2015 S\$'000	YTD FY2014 S\$'000	Variance %	4Q FY2015 S\$'000	4Q FY2014 S\$'000	Variance (%)
Total return before distribution	51,659	42,060	22.8	16,518	11,155	48.1
Net effect of non-tax deductible/(chargeable) items ¹	6,208	8,109	(23.4)	(1,427)	1,737	(182.2)
Income available for distribution to Unitholders	57,867	50,169	15.3	15,091	12,892	17.1

Footnotes:

- 1 Non-tax deductible/(chargeable) 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, security trustee and agency fees, bank commitment fees and net change in fair value of investment properties.

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FOURTH QUARTER ("4Q FY2015") AND FINANCIAL YEAR FROM 1 JANUARY 2015 TO 31 DECEMBER 2015 ("YTD FY2015")

1(b)(i) Balance Sheet

	Notes	31 Dec 2015 (S\$'000)	31 Dec 2014 (S\$'000)
Current assets			
Cash and cash equivalents	a	16,751	20,951
Trade and other receivables	b	2,436	816
Derivative financial instruments	c	484	-
Other current assets	d	247	234
Deferred expenditure	e	505	315
Total current assets		20,423	22,316
Non-current assets			
Investment properties	f	1,190,700	1,030,700
Derivative financial instruments	c	2,405	213
Deferred expenditure	e	1,002	743
Total non-current assets		1,194,107	1,031,656
Total Assets		1,214,530	1,053,972
Current liabilities			
Trade and other payables	g	10,115	8,684
Derivative financial instruments	c	-	65
Rental deposits	h	2,719	2,510
Borrowings	i	-	94,634
Total current liabilities		12,834	105,893
Non-current liabilities			
Trade and other payables	g	33,009	-
Rental deposits	h	24,212	23,009
Borrowings	i	398,502	274,290
Total non-current liabilities		455,723	297,299
Total Liabilities		468,557	403,192
Net assets attributable to Unitholders		745,973	650,780
Represented by:			
Unitholders' funds		745,973	650,780
NAV per Unit (S\$)		0.80	0.80

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FOURTH QUARTER (“4Q FY2015”) AND FINANCIAL YEAR FROM 1 JANUARY 2015 TO 31 DECEMBER 2015 (“YTD FY2015”)

Notes:

- (a) Cash and cash equivalents as at 31 December 2015 were S\$4.2 million lower than the balance as at 31 December 2014 mainly due to payment of debt arrangement fees amounting to S\$2.7 million in FY2015.
- (b) Trade and other receivables comprised mainly unbilled debtors of S\$0.8 million and trade receivables amounting to S\$1.4 million. The increase in trade and other receivables is mainly due to S\$1.2 million higher trade debtors and S\$0.3 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) Derivative financial instruments as at 31 December 2015 represented the fair value of interest rate swaps entered into to hedge interest rate risks on floating rate loans.
- (d) Other current assets as at 31 December 2015 comprised mainly of security deposits paid to vendors.
- (e) Deferred expenditure relates to the unamortised portion of marketing commissions paid to the Property Manager and Manager for securing new leases and renewing expiring leases. The increase in deferred expenditure was due to the increase in new and renewed leases.
- (f) Investment properties as at 31 December 2015 were accounted for at fair value based on the valuations undertaken by independent valuers, Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“Colliers”) and CBRE Pte Ltd as at 31 December 2015¹. The increase in investment properties amounting to S\$160 million was due to the acquisition of Technics amounting to S\$98.1 million (including acquisition related cost) in May 2015, capitalisation of the upfront land premium and stamp duty amounting to S\$57.2 million for Solaris, revaluation gains of S\$4.5 million and capital expenditure of S\$0.2 million.
- (g) Trade and other payables as at 31 December 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 amount due to Jurong Town Corporation for the second tranche of the Solaris upfront land premium amounting to S\$31.9 million, higher GST and property tax payable amounting to S\$0.5 million and higher amount due to the manager and property manager amounting to S\$0.3 million.
- (h) Rental deposits as at 31 December 2015 were higher than 31 December 2014 by S\$1.4 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..

Footnotes:

¹ The business park properties were valued by CBRE Pte Ltd whereas the industrial properties were valued by Colliers.

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1(b)(ii) Aggregate Amount of Borrowings

	31 Dec 2015 (S\$'000)	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	(5,215)	(4,210)
Less: Prepayment fees ¹	(107)	-
	377,178	274,290
<u>Interest-free borrowings</u>		
Amount repayable after one year	23,117	-
Less: Deferred amortisation ²	(1,793)	-
	21,324	-
Total borrowings repayable after one year	398,502	274,290
Total borrowings	398,502	368,924

Footnotes:

1. Debt arrangement and prepayment 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\$100.0 Million

On 20 May 2014, Soilbuild REIT entered into a senior term loan facility amounting to S\$100.0 million ("TLF 1") 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 1 was drawn down to finance the acquisition of Tellus Marine, KTL Offshore, Speedy-Tech and Technics on May 2014, October 2014, December 2014 and May 2015 ("TLF 1 Drawdown") respectively.

TLF 1 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 1 is secured against West Park BizCentral.

- Senior Term Loan Facility of S\$185.0 Million

On 25 September 2015, Soilbuild REIT entered into a senior term loan facility amounting to S\$185.0 million ("TLF 2") obtained from DBS Bank Ltd., The Hong Kong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited, United Overseas Bank Limited, the Bank of East Asia, Limited, Singapore Branch and RHB Bank Berhad, Singapore Branch.

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TLF 2 was fully drawn down in September 2015 to refinance the loan drawn down from the original S\$285 million facility on Listing Date.

TLF 2 is secured against Solaris and is repayable in March 2020.

- **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. The loan matures 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

	YTD FY2015	YTD FY2014	4Q FY2015	4Q FY2014
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Operating activities:				
Net income	47,124	41,159	11,983	10,254
Adjustments for				
- Amortised debt arrangement fees	2,052	2,093	381	575
- Amortised prepayment fees	6	-	6	-
- Finance expenses	11,295	7,433	2,936	2,108
- Loan facility commitment fees	12	65	2	65
- Security trustee and agency fees	125	85	-	-
- Management fees paid and payable in Units	8,296	7,012	2,644	2,152
Changes in working capital				
- Trade and other receivables	(1,620)	(623)	(558)	(250)
- Other current assets	(13)	(159)	1,032	1,569
- Deferred expenditure	(449)	(986)	(242)	(509)
- Trade and other payables	209	2,408	(972)	62
- Rental deposits	1,412	2,766	(27)	1,392
Cash flows from operations	68,449	61,253	17,185	17,418
Finance expense paid	(11,371)	(7,384)	(3,338)	(2,068)
Net cash generated from operating activities	57,078	53,869	13,847	15,350
Investing activities:				
Purchase of investment properties	(98,092)	(94,636)	-	(79,844)
Capital expenditure on investment properties	(25,490)	(163)	(6)	(10)
Net cash used in investing activities	(123,582)	(94,799)	(6)	(79,854)
Financing activities:				
Proceeds from borrowings	127,117	93,500	-	78,500
Repayment of borrowings	(95,000)	-	-	-
Payment of upfront debt arrangement costs	(2,691)	(2,000)	-	-
Payment of prepayment fees	(113)	-	(113)	-
Issuance of new Units (Private Placement)	89,999	-	-	-
Issue expenses	(1,358)	(148)	244	-
Distributions paid	(55,650)	(49,423)	(15,144)	(12,537)
Net cash generated from/(used in) financing activities	62,304	41,929	(15,013)	65,963
Net (decrease)/increase in cash and cash equivalents	(4,200)	999	(1,172)	1,459
Cash and cash equivalents at beginning of the financial year/period	20,951	19,952	17,923	19,492
Cash and cash equivalents at end of the financial year/period	16,751	20,951	16,751	20,951

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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
Total return for the period	12,502	-	-	12,502
Distribution to Unitholders	(9,176)	-	-	(9,176)
Movement in hedging reserve	-	-	1,683	1,683
Issue of Units in lieu of Manager's management fees, property management fees and lease management fees	-	1,885	-	1,885
Balance as at 30 September 2015	25,901	713,562	2,622	742,085
Total return for the period	16,518	-	-	16,518
Distribution to Unitholders	(15,144)	-	-	(15,144)
Movement in hedging reserve	-	-	267	267
Issuance costs unutilised	-	244	-	244
Issue of Units in lieu of Manager's management fees, property management fees and lease management fees	-	2,003	-	2,003
Balance as at 31 December 2015	27,275	715,809	2,889	745,973

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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
Total return for the period	10,100	-	-	10,100
Distribution to Unitholders	(12,134)	-	-	(12,134)
Movement in hedging reserve	-	-	676	676
Issue of Units in lieu of Manager's management fees, property management fees and lease management fees	-	1,586	-	1,586
Balance as at 30 September 2014	32,648	617,735	(1,247)	649,136
Total return for the period	11,155	-	-	11,155
Distribution to Unitholders	(12,537)	-	-	(12,537)
Movement in hedging reserve	-	-	1,395	1,395
Issuance costs utilised	-	(2)	-	(2)
Issue of Units in lieu of Manager's management fees, property management fees and lease management fees	-	1,633	-	1,633
Balance as at 31 December 2014	31,266	619,366	148	650,780

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

	YTD FY2015 ('000)	4Q FY2015 ('000)
Balance as at beginning of year/period	812,993	931,947
Movements during the period		
- Units issued in lieu of Manager’s management fees, property management fees and lease management fees	9,649	2,495
- Units issued pursuant to the Private Placement ¹	111,800	-
Total issued Units as at end of year/period	934,442	934,442

	YTD FY2014 ('000)	4Q FY2014 ('000)
Balance as at beginning of year/period	804,541	810,933
Movements during the period		
- Units issued in lieu of Manager’s management fees, property management fees and lease management fees	8,452	2,060
Total issued Units as at end of year/period	812,993	812,993

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 31 December 2015, Soilbuild REIT had 934,441,690 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 nor reviewed by the auditors.

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

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Not applicable.

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")

	YTD FY2015	YTD FY2014	4Q FY2015	4Q FY2014
Weighted average number of Units	891,845,578	808,886,749	933,302,996	812,052,644
EPU – Basic and Diluted¹ Based on the weighted average number of Units in issue (cents)	5.283	5.088	1.277	1.263
- Basic and diluted Number of Units in issue at end of the financial year/period	934,441,690	812,993,184	934,441,690	812,993,184
DPU Based on the number of Units in issue at end of each distribution period (cents)	6.487	6.193	1.614	1.585

Footnotes:

- 1 The EPU has been calculated using total return before distribution 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.

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

	31 Dec 2015	31 Dec 2014
NAV per Unit ¹ (S\$)	0.80	0.80

Footnote:

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

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8. Review of the Performance

Review of the Performance on YTD FY2015 compared to YTD FY2014

Gross revenue was S\$79.3 million in YTD FY2015, S\$11.2 million or 16.4% higher than the gross revenue in YTD FY2014, and was mainly due to additional rental revenue from Technics, KTL Offshore, Speedy-Tech and Tellus Marine amounting to S\$4.7 million, S\$3.1 million, S\$1.8 million and S\$0.5 million respectively. Technics, KTL, Speedy-Tech and Tellus Marine were acquired in May 2015, October 2014, December 2014 and May 2014 respectively.

Property operating expenses were S\$11.6 million in YTD FY2015 which was S\$0.8 million higher than YTD FY2014 mainly due to higher property tax and lease commissions for West Park Biz Central and property and lease management fees for newly acquired properties.

Net property income was 18.2% higher at S\$67.8 million in YTD FY2015 from S\$57.4 million in YTD FY2014 mainly due to the above reasons.

The increase in Manager’s management fees of S\$1.0 million was due to higher annual distributable income and DPU achieved which resulted in increase of base and performance fees amounting to S\$0.8 million and S\$0.2 million respectively. The increase in finance expenses is mainly due to loans drawn down to finance the acquisition of the 4 properties acquired after the Listing Date.

Total return before distribution amounting to S\$51.7 million is S\$9.6 million higher than YTD FY2014 mainly due to higher net property income (S\$10.4 million higher), partially offset by higher finance expenses, Manager’s management fees and other trust expenses.

Other trust expenses comprise mainly professional fees. The increase in other trust expenses from S\$0.9 million in YTD FY2014 to S\$1.2 million in YTD FY2015 is largely due to professional fees incurred on the establishment of the S\$500 million Multi-currency medium term notes programme.

Income available for distribution was S\$57.9 million in YTD FY2015, 15.3% higher than YTD FY2014 mainly due to higher total return before distribution and partially offset by higher non-taxable revaluation gains on investment properties.

Review of the Performance on 4Q FY2015 compared to 4Q FY2014

Gross revenue was S\$20.4 million in 4Q FY2015, S\$2.8 million or 15.6% higher than the gross revenue in 4Q FY2014, and was mainly due to additional rental revenue from Technics, Speedy-Tech and KTL Offshore amounting to S\$2.0 million, S\$0.4 million and S\$0.3 million respectively.

Property operating expenses were S\$2.9 million in 4Q FY2015 which was S\$0.2 million higher than 4Q FY2014 mainly due to property and lease management fees for newly acquired properties and higher property operating expenses incurred on West Park Biz Central.

Net property income was 17.1% higher at S\$17.5 million in 4Q FY2015 from S\$14.9 million in 4Q FY2014 mainly due to the above reasons.

The increase in Manager’s management fees of S\$0.4 million was due to higher annual distributable income and DPU achieved which resulted in higher base and performance

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fees each amounting to S\$0.2 million. The increase in finance expenses is mainly due to loans drawn down to finance the acquisition of KTL Offshore, Speedy-Tech and Technics.

Total return before distribution amounting to S\$16.5 million is S\$5.4 million higher than 4Q FY2014 mainly due to higher revaluation gains on investment properties amounting to S\$3.6 million, higher net property income amounting to S\$2.6 million, partially offset by higher finance expenses and Manager’s management fees.

Income available for distribution was S\$15.1 million in 4Q FY2015, 17.1% higher than 4Q FY2014 mainly due to higher total return before distribution and partially offset by non-taxable revaluation gains on investment properties.

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

Ministry of Trade and Industry reported that Singapore economy in 4Q 2015 grew by 2% year-on-year and 5.7% quarter-on-quarter. GDP grew by 2.1% in its entirety in 2015, in line with MTI’s forecast of “close to 2%”. Advancement was largely contributed by the Services Producing Industries such as wholesale & retail trade and financial & insurance sectors. Services sector grew by 3.2% year-on-year and 6.5% quarter-on-quarter in 4Q 2015. However, overall growth was impeded by the Manufacturing sector which contracted 6% year-on-year and 3.1% quarter-on-quarter in 4Q 2015. Goods producing Industries were primarily weighed down by electronics, transport engineering and precision engineering clusters.

Purchasing Managers’ Index for December was 49.5, having contracted for 6 consecutive months previously. The compression was attributed to further decline in new orders and new exports orders as well as production output. Stockholdings of finished goods and imports continued to expand whilst input prices and employment contracted further.

Industrial property sector is adversely affected by the slowdown in the manufacturing sector. While single-user factory rentals improved by 0.6% in 3Q 2015 over the preceding quarter, multiple-user factory, warehouse and business parks softened quarter-on-quarter, contracting 1.1%, 0.6% and 1.3% respectively. In particular, the multiple-user factory and warehouse rental index has registered year-on-year decline over the past 5 consecutive quarters.

According to Knight Frank Research, the leasing market continues to face strong competition with industrialists being more cost conscious. Industrialists may possibly restructure their business operations such as to relocate to smaller premises for financial sustainability. Landlords are expected to accept a lower rental to retain building occupancy, or perform asset enhancements to increase its competitiveness and building quality.

In 2015, about 930,000 sq ft of leases (by NLA) were due to expire during the year. In spite of the soft market conditions, the Manager has proactively negotiated and secured renewals and new leases for over 880,000 sq ft of space in FY2015. Barring any unforeseen events and subject to renewing and re-leasing of approximately 500,000 sq ft of leases expiring this year, the Manager expects Soilbuild REIT’s portfolio to maintain a stable performance in FY2016.

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11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 11th distribution for the financial period from 1 October 2015 to 31 December 2015

Distribution type: Income

Distribution rate: 1.614 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 Friday, 29 January 2016 for the purposes of determining each Unitholder's entitlement to Soilbuild REIT's distribution. The ex-dividend date will be on Wednesday, 27 January 2016.

Date Payable: Tuesday, 23 February 2016

(b) Corresponding period of the preceding financial period

Name of distribution: 6th distribution for the financial period from 1 October 2014 to 31 December 2014

Distribution type: Income

Distribution rate: 1.585 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 will be closed at 5.00 p.m. on Thursday, 29 January 2015 for the purposes of determining each Unitholder’s entitlement to Soilbuild REIT’s distribution. The ex-dividend date will be on Tuesday, 27 January 2015.

Date Payable: Monday, 23 February 2015

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

Not applicable.

13. Segmented Revenue and Results

	YTD FY2015		YTD FY2014		4Q FY2015		4Q FY2014	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
<u>Gross Revenue</u>								
Business Park	26,574	33%	26,057	38%	6,666	33%	6,540	37%
Industrial	52,766	67%	42,088	62%	13,768	67%	11,142	63%
	79,340	100%	68,145	100%	20,434	100%	17,682	100%

	YTD FY2015		YTD FY2014		4Q FY2015		4Q FY2014	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
<u>Net Property Income</u>								
Business Park	22,978	34%	22,431	39%	5,796	33%	5,626	38%
Industrial	44,799	66%	34,931	61%	11,694	67%	9,306	62%
	67,777	100%	57,362	100%	17,490	100%	14,932	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 decrease in percentage contribution from business parks is mainly due to the acquisition of industrial properties in FY2014 and FY2015.

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14. Breakdown of Gross Revenue and Net Income

	YTD FY2015 (S\$'000)	YTD FY2014 (S\$'000)	Variance %
Revenue reported for the first half year	38,205	33,547	13.9
Net income for the first half year	22,639	20,807	8.8
Revenue reported for second half year	41,135	34,598	18.9
Net income for second half year	24,485	20,352	20.3

15. Breakdown of Total Distributions

	YTD FY2015 (S\$'000)	YTD FY2014 (S\$'000)
From 1 January to 31 March	13,321	12,603
From 1 April to 30 June	14,299	12,134
From 1 July to 30 September	15,144	12,537
From 1 October to 31 December	15,082	12,886 ¹
Total²	57,846	50,160

Footnote:

1 Restated from S\$12,892k to S\$12,886k due to rounding differences in the computation of actual distribution.

2 Differences between income available for distribution to unitholders and total distribution were mainly due to rounding differences in the computation of DPU.

16. 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.

17. Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of Singapore Exchange Securities Trading Limited, the Manager confirms that there is no person occupying a managerial position in the Manager who is a relative of a director, chief executive officer, substantial shareholder of the Manager or substantial Unitholder of Soilbuild REIT.

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

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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. Roy Teo
Chief Executive Officer

21 January 2016