



(a real estate investment trust constituted on 13 December 2012 under the laws of the Republic of Singapore)

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE THIRD QUARTER (“3Q FY2016”) AND FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 30 SEPTEMBER 2016 (“YTD FY2016”)

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Summary Results of Soilbuild Business Space REIT ("Soilbuild REIT")

	YTD FY2016¹	YTD FY2015²	Variance (%)	3Q FY2016³	3Q FY2015⁴	Variance (%)
Gross revenue (S\$'000)	59,443	58,906	0.9%	19,731	20,701	(4.7%)
Net property income (S\$'000)	51,782	50,287	3.0%	17,264	17,777	(2.9%)
Distributable income (S\$'000)	43,887	42,776	2.6%	14,551	15,147	(3.9%)
DPU (cents) ⁵	4.521	4.873	(7.2%)	1.399	1.625	(13.9%)

Footnotes:

- 1 Financial period from 1 January 2016 to 30 September 2016, hereinafter referred to as YTD FY2016.
- 2 Financial period from 1 January 2015 to 30 September 2015, hereinafter referred to as YTD FY2015.
- 3 Financial period from 1 July 2016 to 30 September 2016, hereinafter referred to as 3Q FY2016.
- 4 Financial period from 1 July 2015 to 30 September 2015, hereinafter referred to as 3Q FY2015.
- 5 94,353,672 new Units were issued on 26 September 2016 at an issue price of S\$0.630 per new Unit pursuant to the preferential offering to partially fund the acquisition of Bukit Batok Connection ("Preferential Offering"). 1,528,571 new Units were issued on 27 September 2016 at an issue price of S\$0.630 per Unit in relation to the acquisition fee paid to the Manager for the abovesaid acquisition. Excluding the effect of the abovementioned unit issuances, as well as revenue and associated borrowing costs for the Bukit Batok Connection acquisition which was completed on 27 September 2016, 3Q FY2016 DPU would have been 1.533 cents and YTD FY2016 DPU would have been 4.655 cents.

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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, 27 May 2015 and 27 September 2016, Soilbuild REIT completed the acquisitions of Tellus Marine, KTL Offshore, Speedy-Tech, Technics and Bukit Batok Connection respectively.

The current portfolio of Soilbuild REIT comprises 12 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;
- (11) Technics; and
- (12) Bukit Batok Connection

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 THIRD QUARTER ("3Q FY2016") AND FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 30 SEPTEMBER 2016 ("YTD FY2016")

1(a) Statement of Total Return and Distribution Statement for 3Q FY2016 & 3Q FY2015 and YTD FY2016 & YTD FY2015

	YTD FY2016	YTD FY2015	Variance	3Q FY2016	3Q FY2015	Variance
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	59,443	58,906	0.9%	19,731	20,701	(4.7%)
Property operating expenses	(7,661)	(8,619)	11.1%	(2,467)	(2,924)	15.6%
Net property income	51,782	50,287	3.0%	17,264	17,777	(2.9%)
Interest Income	1,077	447	140.9%	422	190	122.1%
<u>Expenses:</u>						
Finance expenses	(10,682)	(10,165)	(5.1%)	(3,798)	(3,676)	(3.3%)
Manager's management fees	(4,389)	(4,278)	(2.6%)	(1,455)	(1,515)	4.0%
Trustee's fees	(152)	(146)	(4.1%)	(52)	(51)	(2.0%)
Other trust expenses	(763)	(1,004)	24.0%	(297)	(223)	(33.2%)
Total return before distribution	36,873	35,141	4.9%	12,084	12,502	(3.3%)

Distribution Statement	YTD FY2016	YTD FY2015	Variance	3Q FY2016	3Q FY2015	Variance
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return before distribution	36,873	35,141	4.9%	12,084	12,502	(3.3%)
Net effect of non-tax deductible items ¹	7,014	7,635	(8.1%)	2,467	2,645	(6.7%)
Income available for distribution to Unitholders	43,887	42,776	2.6%	14,551	15,147	(3.9%)

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 and prepayment fees and bank commitment fees.

**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND
DISTRIBUTION ANNOUNCEMENT FOR THE THIRD QUARTER (“3Q FY2016”) AND
FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 30 SEPTEMBER 2016 (“YTD FY2016”)**

1(b)(i) Statement of Financial Position

	Notes	30 September 2016 (S\$'000)	31 December 2015 (S\$'000)
Current assets			
Cash and cash equivalents	a	22,078	16,751
Trade and other receivables	b	9,955	2,436
Derivative financial instruments	c	-	484
Other current assets	d	1,253	247
Deferred expenditure	e	576	505
Total current assets		33,862	20,423
Non-current assets			
Investment properties	f	1,291,093	1,190,700
Derivative financial instruments	c	-	2,405
Deferred expenditure	e	894	1,002
Total non-current assets		1,291,987	1,194,107
Total Assets		1,325,849	1,214,530
Current liabilities			
Trade and other payables	g	14,938	10,115
Derivative financial instruments	c	307	-
Rental deposits	h	2,603	2,719
Total current liabilities		17,848	12,834
Non-current liabilities			
Trade and other payables	g	1,459	33,009
Derivative financial instruments	c	365	-
Rental deposits	h	44,151	24,212
Borrowings	i	460,560	398,502
Total non-current liabilities		506,535	455,723
Total Liabilities		524,383	468,557
Net assets attributable to Unitholders		801,466	745,973
Represented by:			
Unitholders' funds		801,466	745,973
NAV per Unit (S\$)		0.77	0.80

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE THIRD QUARTER (“3Q FY2016”) AND FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 30 SEPTEMBER 2016 (“YTD FY2016”)

Notes:

- (a) Cash and cash equivalents as at 30 September 2016 were S\$5.3 million higher than the balance as at 31 December 2015 mainly due to the receipt of a claim on a bank guarantee amounting to S\$11.8 million relating to the lease of the 72 Loyang Way property and partially offset by S\$7.5 million higher trade and other receivables.
- (b) Trade and other receivables comprised mainly trade receivables, unbilled debtors and other debtors amounting to S\$8.0 million, S\$1.0 million and S\$0.9 million respectively. The increase in trade and other receivables of S\$7.5 million is mainly due to S\$6.6 million higher trade debtors, S\$0.7 million higher other receivables and S\$0.2 million higher unbilled debtors.
- (c) Derivative financial instruments as at 30 September 2016 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 30 September 2016 comprised mainly prepayment of property tax and 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 reduction in deferred expenditure was due to the amortisation of marketing commissions over the lease term.
- (f) Investment properties as at 30 September 2016 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\$100.4 million was mainly due to the acquisition of Bukit Batok Connection in September 2016.
- (g) Trade and other payables as at 30 September 2016 comprised trade creditors, interest payable, advance rental received, fees payable to Manager/Trustee and accrual of professional fees. The decrease in trade and other payables of S\$26.7 million was mainly attributed to the payment of the third tranche for the Solaris upfront land premium amounting to S\$31.9 million and partially offset by S\$2.3 million higher accrued interest payable, \$1.4 million higher accrued operating expenses (comprising mainly property tax payable) and S\$1.1 million higher other payables.
- (h) Rental deposits as at 30 September 2016 increased by S\$19.8 million mainly due to the receipt of the claim on a bank guarantee amounting to S\$11.8 million relating to the lease of the 72 Loyang Way property and S\$8 million rental deposit relating to the Bukit Batok Connection lease.
- (i) Borrowings comprise a S\$185 million club bank loan, S\$29 million unsecured bank loan, S\$200 million medium term notes (“MTN”) issued under Soilbuild REIT’s S\$500 million multicurrency debt issuance programme and an interest-free loan amounting to S\$55 million from SB (Solaris) Investment Pte. Ltd. (“SB Solaris”), a wholly-owned subsidiary of Soilbuild Group Holdings Ltd. Borrowings are net of unamortised debt arrangement fees.

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

	30 September 2016 (S\$'000)	31 December 2015 (S\$'000)
<u>Interest-bearing borrowings</u>		
Amount repayable after one year	414,000	382,500
Less: Debt arrangement fees ¹	(4,938)	(5,215)
Less: Prepayment fees ¹	(418)	(107)
	408,644	377,178
<u>Interest-free borrowings</u>		
Amount repayable after one year	55,000	23,117
Less: Deferred amortisation ²	(3,084)	(1,793)
	51,916	21,324
Total borrowings repayable after one year	460,560	398,502
Total borrowings	460,560	398,502

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\$185.0 Million

On 25 September 2015, Soilbuild REIT entered into a senior term loan facility amounting to S\$185.0 million (“TLF 1”) 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 (“BEA”), Singapore Branch and RHB Bank Berhad, Singapore Branch.

TLF 1 which was fully drawn down in September 2015, is secured against Solaris and is repayable in March 2020.

- Term Loan Facility of S\$40 million

On 21 September 2016, Soilbuild REIT entered into a term loan facility amounting to S\$40 million (“TLF 2”) and obtained a S\$5 million uncommitted loan facility (“ULF”) from BEA. On 27 September 2016, S\$29 million was drawn down from TLF 2 for the payment of the acquisition of Bukit Batok Connection. TLF2 and the ULF are unsecured. TLF2 is repayable in September 2019.

- MTN of S\$100.0 Million issued in 2015

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.

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- MTN of S\$100.0 Million issued in 2016

On 8 April 2016, Soilbuild REIT issued S\$100.0 million of unsecured MTN which bear interest at 3.60% p.a. and mature on 8 April 2021 for the purpose of refinancing the S\$100 million bank loan facility entered into on 20 May 2014 (“TLF 3”).

- 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 extended the first and second tranche of the loan amounting to S\$23.1 million and S\$31.9 million to Soilbuild REIT on 17 March 2015 and 18 March 2016 respectively.

Borrowings repaid in YTD FY2016

- 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 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 loan 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 respectively.

The loan has a four year maturity term from the date of the facility agreement.

On 8 April 2016, the loan was fully repaid and the mortgage over West Park BizCentral was released.

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1(c) Statement of Cash Flows

	YTD FY2016	YTD FY2015	3Q FY2016	3Q FY2015
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Operating activities:				
Net income	36,873	35,141	12,084	12,502
Adjustments for				
- Amortised debt arrangement and prepayment fees	1,091	1,671	356	457
- Finance expenses	9,549	8,359	3,402	3,132
- Loan facility commitment fees	2	10	-	2
- Management fees paid and payable in Units	5,767	5,652	1,909	2,004
- Acquisition fee paid in Units	963	-	963	-
- Security trustee and agency fees	40	125	40	85
Changes in working capital				
- Trade and other receivables	(7,519)	(1,062)	(3,571)	(172)
- Other current assets	(1,006)	(1,045)	964	1,034
- Deferred expenditure	37	(207)	3,048	(109)
- Trade and other payables	2,297	1,181	576	(434)
- Rental deposits	19,823	1,439	8,030	(239)
Cash flows from operations	67,917	51,264	27,801	18,262
Finance expense paid	(7,288)	(8,033)	(1,655)	(2,883)
Net cash generated from operating activities	60,629	43,231	26,146	15,379
Investing activities:				
Purchase of investment properties	(100,402)	(98,092)	(100,402)	-
Capital expenditure on investment properties	(31,915)	(25,484)	-	(112)
Remission of stamp duty	41	-	41	-
Net cash used in investing activities	(132,276)	(123,576)	(100,361)	(112)
Financing activities:				
Proceeds from borrowings	160,883	127,117	29,000	-
Repayment of borrowings	(97,500)	(95,000)	-	-
Payment of debt arrangement fees	(760)	(2,691)	(360)	(2,391)
Payment of prepayment fees	(366)	-	-	-
Issuance of new Units	59,443	89,999	59,443	-
Issue expenses	(318)	(1,602)	(359)	-
Distributions paid	(44,408)	(40,506)	(14,722)	(9,176)
Net cash generated from/(used in) financing activities	76,974	77,317	73,002	(11,567)
Net increase/(decrease) in cash and cash equivalents	5,327	(3,028)	(1,213)	3,700
Cash and cash equivalents at beginning of the financial period	16,751	20,951	23,291	14,223
Cash and cash equivalents at end of the financial period	22,078	17,923	22,078	17,923

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

FY2016	Operations (S\$'000)	Unitholders' Contribution (S\$'000)	Hedging Reserve (S\$'000)	Total (S\$'000)
Balance as at 31 December 2015	27,275	715,809	2,889	745,973
Total return for the financial period	12,368	-	-	12,368
Distribution to Unitholders	(15,082)	-	-	(15,082)
Movement in hedging reserve	-	-	(2,468)	(2,468)
Issue of Units in lieu of Manager's management fees, property management fees and lease management fees	-	2,645	-	2,645
Balance as at 31 March 2016	24,561	718,454	421	743,436
Total return for the financial period	12,421	-	-	12,421
Distribution to Unitholders	(14,604)	-	-	(14,604)
Movement in hedging reserve	-	-	(864)	(864)
Issue of Units in lieu of Manager's management fees, property management fees and lease management fees	-	1,933	-	1,933
Issuance cost written-back	-	41	-	41
Balance as at 30 June 2016	22,378	720,428	(443)	742,363
Total return for the period	12,084	-	-	12,084
Distribution to Unitholders	(14,722)	-	-	(14,722)
Movement in hedging reserve	-	-	(229)	(229)
Issue of Units in lieu of Manager's management fees, property management fees and lease management fees	-	1,923	-	1,923
Issue of Units in lieu of acquisition fee	-	963	-	963
Issue of Units under Preferential Offering	-	59,443	-	59,443
Issuance cost	-	(359)	-	(359)
Balance as at 30 September 2016	19,740	782,398	(672)	801,466

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 financial 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

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FY2015	Operations (S\$'000)	Unitholders' Contribution (S\$'000)	Hedging Reserve (S\$'000)	Total (S\$'000)
Total return for the financial 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

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

	YTD FY2016 ('000)	3Q FY2016 ('000)
Balance as at beginning of financial period	934,442	940,678
Movements during the financial period		
- Units issued in lieu of Manager's management fees, property management fees and lease management fees	9,094	2,858
- Units issued pursuant to the Preferential Offering ¹	94,354	94,354
- Units issued in lieu of acquisition fee ²	1,529	1,529
Total issued Units as at end of financial period	1,039,419	1,039,419

Footnote:

¹94,353,672 new Units were issued on 26 September 2016 at an issue price of S\$0.630 per new Unit pursuant to the Preferential Offering.

²1,528,571 new Units were issued on 27 September 2016 at an issue price of S\$0.630 per new Unit in relation to the acquisition fee paid to the Manager for the acquisition of Bukit Batok Connection.

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	YTD FY2015 ('000)	3Q FY2015 ('000)
Balance as at beginning of financial period	812,993	929,730
Movements during the financial period		
- Units issued in lieu of Manager’s management fees, property management fees and lease management fees	7,154	2,217
- Units pursuant to the Private Placement ¹	111,800	-
Total issued Units as at end of financial period	931,947	931,947

Footnote:

¹111,800,000 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 September 2016, Soilbuild REIT had 1,039,418,969 Units (31 December 2015: 934,441,690 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)

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 2015.

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.

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

	YTD FY2016	YTD FY2015	3Q FY2016	3Q FY2015
Weighted average number of Units	943,090,169	853,234,490	947,861,191	930,935,017
EPU – Basic and Diluted¹ Based on the weighted average number of Units in issue (cents)	3.918	4.006	1.275	1.343
- Basic and diluted Number of Units in issue at end of the financial period	1,039,418,969	931,947,408	1,039,418,969	931,947,408
DPU Based on the number of Units in issue at end of each distribution period (cents)	4.521	4.873	1.399	1.625

Footnotes:

- 1 The EPU has been calculated using total return before distribution for the financial period and the weighted average number of Units at the end of the financial period. The calculation excludes net change in fair value of investment properties for the relevant financial period.

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

	30 September 2016	31 December 2015
NAV per Unit ¹ (S\$)	0.77	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.

8. Review of the Performance

Review of the Performance on YTD FY2016 compared to YTD FY2015

Gross revenue was S\$59.4 million in YTD FY2016, S\$0.5 million or 0.9% higher than the gross revenue in YTD FY2015. This was mainly due to higher revenue contributed by Technics, Solaris, Eightrium and Bukit Batok Connection amounting to S\$3.2 million, S\$0.4 million, S\$0.1 million and S\$0.1 million respectively, which was partially offset by reduction in revenue from West Park BizCentral and Tuas Connection amounting to S\$2.3 million and S\$1.0 million respectively. The decline in revenue contributed by West Park BizCentral was partially attributed to property tax refunded to tenants.

Property operating expenses were S\$7.7 million in YTD FY2016 which was S\$1.0 million lower than YTD FY2015 mainly due to the reduction in property operating expenses for West Park BizCentral, Eightrium and Tuas Connection amounting to S\$0.6 million, S\$0.2 million and S\$0.1 million respectively. Lower property tax expense for West Park

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BizCentral was mainly attributed to the revision of FY2015 and FY2016 annual values by the tax authority.

Net property income was 3.0% higher at S\$51.8 million in YTD FY2016 from S\$50.3 million in YTD FY2015 mainly due to the above reasons.

The increase in Manager’s management fees of S\$0.1 million was due to higher distributable income which resulted in higher base fee. The increase in finance expenses was mainly due to higher notional interest expense on the S\$55 million interest-free loan. Other trust expenses were lower in YTD FY2016 as other trust expenses in YTD FY2015 included Multicurrency Debt Issuance Programme establishment cost amounting to S\$0.2 million.

Total return before distribution amounting to S\$36.9 million was S\$1.7 million higher than YTD FY2015 mainly due to higher net property income and interest income amounting to S\$1.5 million and S\$0.6 million respectively, S\$0.2 million decrease in other trust expenses, and partially offset by the increase in finance expenses and Manager’s management fees amounting to S\$0.5 million and S\$0.1 million respectively.

Income available for distribution was S\$43.9 million in YTD FY2016, 2.6% higher than YTD FY2015 mainly due to higher total return before distribution and partially offset by lower non-tax deductible items. The decrease in non-tax deductible items was mainly attributed to lower non-tax deductible debt arrangement fee.

Review of the Performance on 3Q FY2016 compared to 3Q FY2015

Gross revenue was S\$19.7 million in 3Q FY2016, S\$1.0 million or 4.7% lower than the gross revenue in 3Q FY2015. The reduction in revenue from West Park BizCentral and Tuas Connection of S\$0.9 million and S\$0.3 million respectively was partially offset by additional revenue from Solaris and Bukit Batok Connection amounting to S\$0.1 million each. The reduction in revenue was largely attributed to lower occupancy.

Property operating expenses were S\$2.5 million in 3Q FY2016 which was S\$0.5 million lower than 3Q FY2015 mainly due to a reduction of property operating expenses for West Park BizCentral and Eigthrium amounting to S\$0.2 million and S\$0.1 million respectively.

Net property income was 2.9% lower at S\$17.3 million in 3Q FY2016 from S\$17.8 million in 3Q FY2015 mainly due to the abovementioned reasons.

The decrease in Manager’s management fees of S\$60k was due to lower distributable income which resulted in lower base fee. The increase in finance expenses was mainly due to notional interest expense on the S\$55 million interest-free loan. Other trust expenses were S\$74k higher in 3Q FY2016 largely due to the recharge of internal audit fees to the Manager in 3Q FY2015.

Total return before distribution amounting to S\$12.1 million was S\$0.4 million lower than 3Q FY2015 mainly due to lower net property income and higher finance expenses and partially offset by higher interest income.

Income available for distribution was S\$14.6 million in 3Q FY2016, 3.9% lower than 3Q FY2015 mainly due to lower total return before distribution and non-tax deductible items. The decrease in non-tax deductible items was mainly attributed to lower non-tax deductible debt arrangement fee and management fees paid or payable in units.

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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 (“MTI”) reported that the Singapore economy grew by 2.1% on a year-on-year (“y-o-y”) basis in the second quarter of 2016, a slight expansion from the first quarter. On a quarter-on-quarter (“q-o-q”) seasonally-adjusted annualised basis, the economy expanded by 0.3%, slightly faster than the 0.1% growth in the preceding quarter. The manufacturing sector expanded by 1.1% y-o-y, a reversal from the 0.5% decline in the previous quarter. On a q-o-q seasonally-adjusted annualised basis, the manufacturing sector grew by 1.0%, slower than the 18.7% growth in the preceding quarter.¹

The purchasing managers’ index for September 2016 was 50.1, an expansion of 0.3 point from the previous month.²

Rentals of all industrial properties softened by 1.7% in 2Q 2016 over the preceding quarter. Rental indices for multi-user, single-user factories and warehouse contracted by 2.4%, 1.8% and 1.0%, whereas the business park rental index rose 0.5% from the previous quarter respectively.³ All industrial occupancy rates also contracted by 0.7% in 2Q 2016 as compared to 1Q 2016. Warehouse space fell by the largest margin of 1.4%, followed by business park space (0.7%), single-user factory (0.5%) and multi-user factory (0.4%).

With the acquisition of Bukit Batok Connection in September 2016, the portfolio occupancy has risen to 94.8% at end of 3Q FY2016 as compared to the industrial average of 89.4%⁴ as at 2Q FY2016. Quarter-on-quarter, portfolio occupancy in 3Q FY2016 improved to 94.2% (excluding the acquisition of Bukit Batok Connection) compared to 92.0% in the previous quarter. For the rest of 2016, 3.0% of the portfolio’s net lettable area is due for renewal. Year-to-date, 2.3% out of the 15.3% of leases expiring in FY2017 had been forward renewed. The challenge remains to improve occupancy rate in this subdued market while maintaining existing leases.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 14th distribution for the financial period from 1 July 2016 to 30 September 2016

Distribution type: Income

Distribution rate: 1.399 cents

¹ Source: Ministry of Trade and Industry’s press release dated 11 August 2016.

² Source: Singapore Institute of Purchasing & Materials Management publication.

³Source: JTC quarterly rental index of industrial space.

⁴Source: JTC stock and vacancy statistics.

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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, 20 October 2016 for the purposes of determining each Unitholder's entitlement to Soilbuild REIT's distribution. The ex-dividend date will be on Tuesday, 18 October 2016.

Date Payable: Monday, 14 November 2016

(b) Corresponding period of the preceding financial period

Name of distribution: 10th distribution for the financial period from 1 July 2015 to 30 September 2015

Distribution type: Income

Distribution rate: 1.625 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: Thursday, 22 October 2015

Date Payable: Wednesday, 18 November 2015

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

Not applicable.

13. Segmented Revenue and Results

	YTD FY2016		YTD FY2015		3Q FY2016		3Q FY2015	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
<u>Gross Revenue</u>								
Business Park	20,421	34%	19,908	34%	6,843	35%	6,688	32%
Industrial	39,022	66%	38,998	66%	12,888	65%	14,013	68%
	59,443	100%	58,906	100%	19,731	100%	20,701	100%

	YTD FY2016		YTD FY2015		3Q FY2016		3Q FY2015	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
<u>Net Property Income</u>								
Business Park	17,897	35%	17,181	34%	6,082	35%	5,793	33%
Industrial	33,885	65%	33,106	66%	11,182	65%	11,984	67%
	51,782	100%	50,287	100%	17,264	100%	17,777	100%

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

There is no material change in contributions to revenue and net income by business segments.

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.

15. Confirmation 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.

16. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Board of Directors of the Manager hereby confirms that it has procured undertakings from all its Directors and Executive Officers in accordance with Rule 720(1) of the Listing Manual.

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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. Roy Teo
Chief Executive Officer

12 October 2016