

(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 FOURTH QUARTER (“4Q FY2017”) AND FINANCIAL YEAR FROM 1 JANUARY 2017 TO 31 DECEMBER 2017 (“YTD FY2017”)**

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

	<b>YTD FY2017<sup>1</sup></b>	<b>YTD FY2016<sup>2</sup></b>	<b>Variance (%)</b>	<b>4Q FY2017<sup>3</sup></b>	<b>4Q FY2016<sup>4</sup></b>	<b>Variance (%)</b>
Gross revenue (S\$'000)	84,817	81,130	4.5	20,747	21,687	(4.3)
Net property income (S\$'000)	73,481	70,674	4.0	17,752	18,892	(6.0)
Distributable income (S\$'000)	59,927	60,252	(0.5)	14,559	16,365	(11.0)
DPU (cents)	5.712	6.091	(6.2)	1.383	1.570	(11.9)

**Footnotes:**

- 1 Financial period from 1 January 2017 to 31 December 2017, hereinafter referred to as YTD FY2017.
- 2 Financial period from 1 January 2016 to 31 December 2016, hereinafter referred to as YTD FY2016.
- 3 Financial period from 1 October 2017 to 31 December 2017, hereinafter referred to as 4Q FY2017.
- 4 Financial period from 1 October 2016 to 31 December 2016, hereinafter referred to as 4Q FY2016.

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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.

Since Listing, Soilbuild REIT completed the acquisitions of Tellus Marine, KTL Offshore, Speedy-Tech, 72 Loyang Way and Bukit Batok Connection.

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) 72 Loyang Way; 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 FOURTH QUARTER ("4Q FY2017") AND FINANCIAL YEAR FROM 1 JANUARY 2017 TO 31 DECEMBER 2017 ("YTD FY2017")**

**1(a) Statement of Total Return and Distribution Statement for 4Q FY2017 & 4Q FY2016 and YTD FY2017 & YTD FY2016**

	YTD FY2017 S\$'000	YTD FY2016 S\$'000	Variance %	4Q FY2017 S\$'000	4Q FY2016 S\$'000	Variance %
Gross revenue	84,817	81,130	4.5	20,747	21,687	(4.3)
Property operating expenses	(11,336)	(10,456)	(8.4)	(2,995)	(2,795)	(7.2)
<b>Net property income</b>	<b>73,481</b>	<b>70,674</b>	<b>4.0</b>	<b>17,752</b>	<b>18,892</b>	<b>(6.0)</b>
Interest Income	1,733	1,505	15.1	436	428	1.9
<u>Expenses:</u>						
Finance expenses	(15,735)	(14,637)	(7.5)	(3,868)	(3,955)	2.2
Manager's management fees	(5,993)	(6,025)	0.5	(1,456)	(1,636)	11.0
Trustee's fees	(206)	(206)	-	(51)	(54)	5.6
Other trust expenses	(1,059)	(1,033)	(2.5)	(280)	(270)	(3.7)
<b>Net income</b>	<b>52,221</b>	<b>50,278</b>	<b>3.9</b>	<b>12,533</b>	<b>13,405</b>	<b>(6.5)</b>
Net change in fair value of investment properties	(80,515)	(50,855)	(58.3)	(80,515)	(50,855)	(58.3)
<b>Total return before distribution</b>	<b>(28,294)</b>	<b>(577)</b>	<b>nm</b>	<b>(67,982)</b>	<b>(37,450)</b>	<b>(81.5)</b>

Distribution Statement	YTD FY2017 S\$'000	YTD FY2016 S\$'000	Variance %	4Q FY2017 S\$'000	4Q FY2016 S\$'000	Variance %
<b>Total return before distribution</b>	<b>(28,294)</b>	<b>(577)</b>	<b>nm</b>	<b>(67,982)</b>	<b>(37,450)</b>	<b>(81.5)</b>
Net effect of non-tax deductible items <sup>1</sup>	88,221	60,829	45.0	82,541	53,815	53.4
<b>Income available for distribution to Unitholders</b>	<b>59,927</b>	<b>60,252</b>	<b>(0.5)</b>	<b>14,559</b>	<b>16,365</b>	<b>(11.0)</b>

**Footnotes:**

- 1 Non-tax deductible items comprise mainly the Manager's management fees payable in Units, rent-free amortisation, the Trustee's fees, amortisation of debt arrangement, structuring and prepayment fees and tax roll-over adjustments. (YTD FY2016 and 4QFY2016: Included property management and lease management fees paid in Units. Property management and lease management fees were not included in non-tax deductible items in YTD FY2017 and 4QFY2017.)

Assuming the YTD FY2017 property management fees and lease management fees were payable in Units, non-tax deductible items would have been S\$90,207k and income available for distribution to Unitholders would have been S\$61,913k.

Assuming the 4Q FY2017 property management fees and lease management fees were payable in Units, non-tax deductible items would have been S\$83,022k and income available for distribution to Unitholders would have been S\$15,041k.

- 2 nm denotes not meaningful.

**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FOURTH QUARTER (“4Q FY2017”) AND FINANCIAL YEAR FROM 1 JANUARY 2017 TO 31 DECEMBER 2017 (“YTD FY2017”)**

**1(b)(i) Statement of Financial Position**

	<b>Notes</b>	<b>31 December 2017 (S\$'000)</b>	<b>31 December 2016 (S\$'000)</b>
<b>Current assets</b>			
Cash and cash equivalents	a	11,740	25,718
Trade and other receivables	b	3,938	4,291
Other current assets	c	289	310
Deferred expenditure	d	784	596
Property held for sale	e	53,000	-
<b>Total current assets</b>		<b>69,751</b>	<b>30,915</b>
<b>Non-current assets</b>			
Investment properties	f	1,110,600	1,243,700
Derivative financial instruments		1	-
Deferred expenditure	d	1,251	876
<b>Total non-current assets</b>		<b>1,111,852</b>	<b>1,244,576</b>
<b>Total Assets</b>		<b>1,181,603</b>	<b>1,275,491</b>
<b>Current liabilities</b>			
Trade and other payables	g	10,628	12,008
Derivative financial instruments	h	102	181
Rental deposits	i	21,841	5,437
Borrowings	j	147,420	-
<b>Total current liabilities</b>		<b>179,991</b>	<b>17,626</b>
<b>Non-current liabilities</b>			
Trade and other payables	g	-	1,041
Derivative financial instruments	h	-	182
Rental deposits	i	6,035	32,590
Borrowings	j	326,939	472,349
<b>Total non-current liabilities</b>		<b>332,974</b>	<b>506,162</b>
<b>Total Liabilities</b>		<b>512,965</b>	<b>523,788</b>
<b>Net assets attributable to Unitholders</b>		<b>668,638</b>	<b>751,703</b>
<b>Represented by:</b>			
<b>Unitholders' funds</b>		<b>668,638</b>	<b>751,703</b>
<b>NAV per Unit (S\$)</b>		<b>0.64</b>	<b>0.72</b>

**Notes:**

- (a) Cash and cash equivalents as at 31 December 2017 were S\$14.0 million lower than the balance as at 31 December 2016 mainly due to the refund of S\$8 million cash security deposit to SB (Westview)

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**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FOURTH QUARTER (“4Q FY2017”) AND FINANCIAL YEAR FROM 1 JANUARY 2017 TO 31 DECEMBER 2017 (“YTD FY2017”)**

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Investment Pte. Ltd. (“**SBWV**”) upon the receipt of an insurance bond and the utilisation of the security deposit relating to the 72 Loyang Way lease.

- (b) Trade and other receivables comprised mainly trade receivables, unbilled debtors and other debtors amounting to S\$2.6 million, S\$1.1 million and S\$0.2 million respectively. The decrease in trade and other receivables of S\$0.4 million was mainly due to S\$0.5 million lower trade debtors and is partially offset by S\$0.1 million higher unbilled debtors.

Trade receivables consisted mainly S\$2.0 million due from KTL Offshore Pte. Ltd. (“**KTL**”) comprising approximately 6 months of rent and other charges.

On 28 December 2017, Soilbuild REIT entered into a put and call option agreement with SB (Pioneer) Investment Pte. Ltd. (“**SBPI**”) in relation to the proposed divestment of the KTL property (“**Proposed Divestment**”). On completion of the Proposed Divestment (“**Completion**”), Soilbuild REIT will enter into a deed of novation with SBPI and KTL to novate the lease agreement to SBPI (“**Novation Deed**”). On Completion and upon entering into of the Novation Deed, SBPI shall pay over to Soilbuild REIT the rent, licence fees, service charge, and all other moneys due to Soilbuild REIT by KTL. Pursuant to the terms of the Novation Deed, from the Completion, Soilbuild REIT will assign all its rights and benefits arising out of the insurance guarantee amounting to S\$5.3 million to SBPI.

- (c) Other current assets as at 31 December 2017 comprised mainly security deposits paid to vendors and prepayments.
- (d) Deferred expenditure comprises mainly 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 of S\$0.6 million was mainly due to the higher lease commissions paid to secure new and renewal leases.
- (e) Property held for sale comprised wholly KTL, reclassified from investment properties pursuant to the Proposed Divestment. The property held for sale as at 31 December 2017 was accounted for at fair value based on the valuation undertaken by independent valuer, Savills Valuation And Professional Services (S) Pte Ltd (“**Savills**”) as at 31 December 2017<sup>1</sup>.
- (f) Investment properties as at 31 December 2017 were accounted for at fair value based on the valuations undertaken by independent valuers, Knight Frank Pte. Ltd. and Savills as at 31 December 2017<sup>1</sup>. The decrease in investment properties of S\$133.1 million was largely due to revaluation losses for 72 Loyang Way (S\$27.0 million), West Park BizCentral (S\$20.0 million), Eightrium (S\$13.2 million), NK Ingredients (S\$8.0 million), Tuas Connection (S\$4.3 million) and Bukit Batok Connection (S\$2.6 million) and the reclassification of KTL Offshore from investment properties to property held for sale.
- (g) Trade and other payables as at 31 December 2017 comprised trade creditors, interest payable, advance rental received, fees payable to Manager/Trustee and accrual of professional fees. Trade and other payables were S\$2.4 million lower mainly due to amortisation of deferred notional interest income amounting to S\$1.6 million and reduction in trade payables due to the Property Manager and the Manager amounting to S\$0.7 million as a result of payment of property and lease management fees in cash.
- (h) Derivative financial instruments as at 31 December 2017 represented the fair value of interest rate swaps entered into to hedge interest rate risks on floating rate loans.
- (i) Rental deposits as at 31 December 2017 decreased by S\$10.2 million mainly due to refund of security deposit amounting to S\$8.0 million to SBWV and the utilisation of the security deposit for the 72 Loyang Way property. As at 31 December 2017, security deposit due to SB (Solaris) Investment Pte. Ltd. (“**SB Solaris**”) amounting to S\$18.7 million has been reclassified from non-current liability to current liability due to the expiry of the master lease in August 2018.

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- (j) Borrowings comprise a S\$185 million secured bank loan, S\$58.5 million unsecured bank loans, S\$181.5 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, a wholly-owned subsidiary of Soilbuild Group Holdings Ltd.. Borrowings are net of unamortised debt arrangement fees.

Current liabilities have exceeded current assets due to the expiry of the S\$93.5 million unsecured MTN in May 2018 and S\$55.0 million interest-free loan in August 2018. The Manager is confident that the MTN and interest-free loan can be refinanced by its due date which will result in the reclassification of current liability to non-current liability.

**Footnotes:**

<sup>1</sup> The business park properties were valued by Knight Frank Pte. Ltd. whereas the industrial properties were valued by Savills.

**1(b)(ii) Aggregate Amount of Borrowings**

	<b>31 December 2017 (S\$'000)</b>	<b>31 December 2016 (S\$'000)</b>
<b><u>Interest-bearing borrowings</u></b>		
Amount repayable within one year	93,500	-
Less: Debt arrangement fees	(38)	-
	93,462	-
<b><u>Interest-free borrowings</u></b>		
Amount repayable within one year	55,000	-
Less: Deferred amortisation <sup>2</sup>	(1,042)	-
	53,958	-
<b>Total borrowings repayable within one year</b>	<b>147,420</b>	<b>-</b>
<b><u>Interest-bearing borrowings</u></b>		
Amount repayable after one year	331,500	425,000
Less: Debt arrangement fees <sup>1</sup>	(4,264)	(4,578)
Less: Prepayment fees <sup>1</sup>	(297)	(394)
	326,939	420,028
<b><u>Interest-free borrowings</u></b>		
Amount repayable after one year	-	55,000
Less: Deferred amortisation <sup>2</sup>	-	(2,679)
	-	52,321
<b>Total borrowings repayable after one year</b>	<b>326,939</b>	<b>472,349</b>
<b>Total borrowings</b>	<b>474,359</b>	<b>472,349</b>

**Footnotes:**

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

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**Details of borrowings**

**- Senior Term Loan Facility of S\$200.0 Million**

On 19 October 2017, Soilbuild REIT entered into a senior term loan facility amounting to S\$200.0 million (“**TLF 1**”) obtained from Oversea-Chinese Banking Corporation Limited and RHB Bank Berhad, Singapore Branch. The facility is secured against Solaris and is repayable in April 2022.

On 25 October 2017, S\$185.0 million was drawn down for the repayment of a secured loan. The committed facility available for draw down up to October 2018 amounts to S\$15 million.

**- Term Loan Facility of S\$40.0 million**

On 21 September 2016, Soilbuild REIT entered into a term loan facility amounting to S\$40.0 million (“**TLF 2**”). On 27 September 2016 and 18 November 2016, S\$29 million and S\$11 million respectively were drawn down from TLF 2 mainly for the payment of the acquisition of Bukit Batok Connection. TLF2 is unsecured and is repayable in September 2019.

**- MTN of S\$100.0 Million issued in 2015 (S\$93.5 million as at 31 December 2017)**

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 (“**Series 1 notes**”). On 12 September 2017, Soilbuild REIT redeemed Series 1 notes amounting to S\$6.5 million pursuant to the exercise of a put option by noteholders upon the occurrence of a change of control event. As at 31 December 2017, the principal amount of Series 1 notes in issuance amounted to S\$93.5 million.

**- MTN of S\$100.0 Million issued in 2016 (S\$88.0 million as at 31 December 2017)**

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 (“**Series 2 notes**”) for the purpose of refinancing a S\$100 million bank loan facility entered into on 20 May 2014. On 12 September 2017, Soilbuild REIT redeemed Series 2 notes amounting to S\$12.0 million pursuant to the exercise of a put option by noteholders upon the occurrence of a change of control event.

The change of control event occurred when the sponsor of Soilbuild REIT, Mr Lim Chap Huat transferred part of his interests in Soilbuild REIT to Mr Lim Han Feng, Mr Lim Han Qin and Mr Lim Han Ren for estate planning purposes. The conditions of the Series 1 notes and Series 2 notes provide that a “change of control event” will occur when Mr Lim Chap Huat and Soilbuild Group Holdings Ltd. cease to own, directly or indirectly, in aggregate at least 20% of the units in Soilbuild REIT.

As at 31 December 2017, the principal amount of Series 2 notes in issuance amounted to S\$88.0 million.

**- 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\$55.0 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.



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**- Term Loan Facility of S\$18.5 million**

On 30 June 2017, Soilbuild REIT entered into a S\$200 million 3-year term loan facility agreement with The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) (“TLF 3”) for the repayment of its existing borrowings. On 11 June 2017, S\$18.5 million was drawn down from TLF 3 for the redemption of Series 1 notes and Series 2 notes put back by noteholders on 12 September 2017. As TLF 3 was granted by HSBC solely for the purpose of redemption of notes pursuant to the change of control event, the balance unutilised facility of S\$181.5 million has expired as at 31 December 2017.

**1(c) Statement of Cash Flows**

	<b>YTD FY2017</b>	<b>YTD FY2016</b>	<b>4Q FY2017</b>	<b>4Q FY2016</b>
	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>
<b>Operating activities:</b>				
Net income	52,221	50,278	12,533	13,405
Adjustments for				
- Amortised debt arrangement, structuring and prepayment fees	1,496	1,475	356	384
- Finance expenses	14,216	13,120	3,492	3,571
- Loan facility commitment fees	-	2	-	-
- Management fees paid and payable in Units	5,993	7,917	1,456	2,150
- Acquisition fee paid in Units	-	963	-	-
- Security trustee and agency fees	23	40	20	-
Changes in working capital				
- Trade and other receivables	353	(1,855)	4,522	5,664
- Other current assets	21	(63)	(2)	943
- Deferred expenditure	(563)	35	850	(2)
- Trade and other payables	(170)	852	(2,722)	(1,445)
- Rental deposits	(10,151)	11,095	825	(8,728)
<b>Cash flows from operations</b>	<b>63,439</b>	<b>83,859</b>	<b>21,330</b>	<b>15,942</b>
Finance expense paid	(14,158)	(12,596)	(4,672)	(5,308)
<b>Net cash generated from operating activities</b>	<b>49,281</b>	<b>71,263</b>	<b>16,658</b>	<b>10,634</b>
<b>Investing activities:</b>				
Purchase of investment properties	-	(103,864)	-	(3,462)
Capital expenditure on investment properties (Note A)	(415)	(31,915)	(170)	-
Remission of stamp duty	-	41	-	-
<b>Net cash used in investing activities</b>	<b>(415)</b>	<b>(135,738)</b>	<b>(170)</b>	<b>(3,462)</b>
<b>Financing activities:</b>				
Proceeds from borrowings	203,500	171,883	185,000	11,000
Repayment of borrowings	(203,500)	(97,500)	(185,000)	-
Payment of debt arrangement and structuring fees	(1,123)	(760)	(840)	-
Payment of prepayment fees	-	(366)	-	-
Issuance of new Units	-	59,443	-	-
Issue expenses	-	(309)	-	9
Distributions paid	(61,721)	(58,949)	(14,428)	(14,541)

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	YTD FY2017 (S\$'000)	YTD FY2016 (S\$'000)	4Q FY2017 (S\$'000)	4Q FY2016 (S\$'000)
<b>Net cash (used in)/generated from financing activities</b>	(62,844)	73,442	(15,268)	(3,532)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(13,978)	8,967	1,220	3,640
Cash and cash equivalents at beginning of the financial year/period	25,718	16,751	10,520	22,078
<b>Cash and cash equivalents at end of the financial year/period</b>	11,740	25,718	11,740	25,718

**Note A – Capital expenditure on investment properties**

During the financial year ended 31 December 2015, upfront land premium amounting to S\$55 million was capitalised in investment properties upon payment of S\$23,117,000 to JTC Corporation (“**JTC**”) and the balance amounting to S\$31,883,000 relating to the second instalment due to JTC was recorded as other payables. The first instalment of S\$23,117,000 paid to JTC was funded by an interest-free loan from SB (Solaris) on 17 March 2015. The second instalment paid to JTC was funded by the second tranche of interest-free loan from SB Solaris on 18 March 2016.

**1(d)(i) Statement of Changes in Unitholders’ Funds**

FY2017	Operations (S\$'000)	Unitholders’ Contribution (S\$'000)	Hedging Reserve (S\$'000)	Total (S\$'000)
<b>Balance as at 31 December 2016</b>	<b>(32,251)</b>	<b>784,317</b>	<b>(363)</b>	<b>751,703</b>
Total return for the financial period	13,856	-	-	13,856
Distribution to Unitholders	(16,363)	-	-	(16,363)
Movement in hedging reserve	-	-	(37)	(37)
Issue of Units in lieu of Manager’s management fees, property management fees and lease management fees	-	2,151	-	2,151
<b>Balance as at 31 March 2017</b>	<b>(34,758)</b>	<b>786,468</b>	<b>(400)</b>	<b>751,310</b>
Total return for the financial period	13,369	-	-	13,369
Distribution to Unitholders	(15,568)	-	-	(15,568)
Movement in hedging reserve	-	-	(31)	(31)
Issue of Units in lieu of Manager’s management fees	-	1,557	-	1,557
<b>Balance as at 30 June 2017</b>	<b>(36,957)</b>	<b>788,025</b>	<b>(431)</b>	<b>750,637</b>
Total return for the financial period	12,463	-	-	12,463
Distribution to Unitholders	(15,362)	-	-	(15,362)
Movement in hedging reserve	-	-	239	239
Issue of Units in lieu of Manager’s management fees	-	1,536	-	1,536
<b>Balance as at 30 September 2017</b>	<b>(39,856)</b>	<b>789,561</b>	<b>(192)</b>	<b>749,513</b>
Total return for the financial period	(67,982)	-	-	(67,982)
Distribution to Unitholders	(14,428)	-	-	(14,428)

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<b>FY2017</b>	<b>Operations (S\$'000)</b>	<b>Unitholders' Contribution (S\$'000)</b>	<b>Hedging Reserve (S\$'000)</b>	<b>Total (S\$'000)</b>
Movement in hedging reserve	-	-	91	91
Issue of Units in lieu of Manager's management fees	-	1,444	-	1,444
<b>Balance as at 31 December 2017</b>	<b>(122,266)</b>	<b>791,005</b>	<b>(101)</b>	<b>668,638</b>

<b>FY2016</b>	<b>Operations (S\$'000)</b>	<b>Unitholders' Contribution (S\$'000)</b>	<b>Hedging Reserve (S\$'000)</b>	<b>Total (S\$'000)</b>
<b>Balance as at 31 December 2015</b>	<b>27,275</b>	<b>715,809</b>	<b>2,889</b>	<b>745,973</b>
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
<b>Balance as at 31 March 2016</b>	<b>24,561</b>	<b>718,454</b>	<b>421</b>	<b>743,436</b>
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
<b>Balance as at 30 June 2016</b>	<b>22,378</b>	<b>720,428</b>	<b>(443)</b>	<b>742,363</b>
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)
<b>Balance as at 30 September 2016</b>	<b>19,740</b>	<b>782,398</b>	<b>(672)</b>	<b>801,466</b>
Total return for the financial period	(37,450)	-	-	(37,450)
Distribution to Unitholders	(14,541)	-	-	(14,541)
Movement in hedging reserve	-	-	309	309
Issue of Units in lieu of Manager's management fees, property	-	1,910	-	1,910

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<b>FY2016</b>	<b>Operations (S\$'000)</b>	<b>Unitholders' Contribution (S\$'000)</b>	<b>Hedging Reserve (S\$'000)</b>	<b>Total (S\$'000)</b>
management fees and lease management fees				
Issuance cost written-back	-	9	-	9
<b>Balance as at 31 December 2016</b>	<b>(32,251)</b>	<b>784,317</b>	<b>(363)</b>	<b>751,703</b>

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

	<b>YTD FY2017 (‘000)</b>	<b>4Q FY2017 (‘000)</b>
<b>Balance as at beginning of financial year/period</b>	1,042,174	1,050,040
Movements during the financial year/period		
- Units issued in lieu of Manager’s management fees, property management fees and lease management fees (4Q FY2017: Manager’s management fees only)	9,937	2,071
<b>Total issued Units as at end of financial year/period</b>	<b>1,052,111</b>	<b>1,052,111</b>

	<b>YTD FY2016 (‘000)</b>	<b>4Q FY2016 (‘000)</b>
<b>Balance as at beginning of financial year/period</b>	934,442	1,039,419
Movements during the financial year/period		
- Units issued in lieu of Manager’s management fees, property management fees and lease management fees	11,849	2,755
- Units issued pursuant to the Preferential Offering <sup>1</sup>	94,354	-
- Units issued in lieu of acquisition fee <sup>2</sup>	1,529	-
<b>Total issued Units as at end of financial year/period</b>	<b>1,042,174</b>	<b>1,042,174</b>

**Footnote:**

<sup>1</sup>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.

<sup>2</sup>1,528,571 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.

**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**

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As at 31 December 2017, Soilbuild REIT had 1,052,111,365 Units (31 December 2016: 1,042,173,741 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 2016.

**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 FY2017	YTD FY2016	4Q FY2017	4Q FY2016
Weighted average number of Units	1,050,414,659	1,039,908,204	1,051,526,017	1,041,365,275
<b>EPU – Basic and Diluted<sup>1</sup></b> Based on the weighted average number of Units in issue (cents)	4.983	5.205	1.192	1.287
<b>- Basic and diluted</b> Number of Units in issue at end of the financial year/period	1,052,111,365	1,042,173,741	1,052,111,365	1,042,173,741
<b>DPU</b> Based on the number of Units in issue at end of each distribution period (cents)	5.712	6.091	1.383	1.570

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**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**

	<b>31 December 2017</b>	<b>31 December 2016</b>
NAV per Unit <sup>1</sup> (S\$)	0.64	0.72

**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 FY2017 compared to YTD FY2016**

Gross revenue was S\$84.8 million in YTD FY2017, S\$3.7 million or 4.5% higher than the gross revenue in YTD FY2016 mainly due to the increase in revenue from Bukit Batok Connection (S\$6.0 million), Solaris (S\$0.5 million), NK Ingredients (S\$0.4 million), Tuas Connection (S\$0.3 million), KTL (S\$0.3 million) and is partially offset by reduction in revenue from 72 Loyang Way amounting to S\$4.0 million. Bukit Batok Connection was acquired in September 2016.

Property operating expenses were S\$11.3 million in YTD FY2017, S\$0.9 million higher than YTD FY2016 mainly due to S\$0.5 million, \$0.2 million and S\$0.1 million higher property expenses incurred for 72 Loyang Way, Bukit Batok Connection and West Park BizCentral respectively. The conversion from master lease to a multi-tenanted property resulted in higher property expenses for 72 Loyang Way.

Net property income was 4.0% higher at S\$73.5 million in YTD FY2017 compared with S\$70.7 million in YTD FY2016 mainly due to the above reasons.

Higher interest income was largely attributable to notional interest income on the second tranche of the S\$55 million interest-free loan.

The increase in finance expenses amounting to S\$1.1 million was mainly due to S\$40 million unsecured loan drawn down in 2H FY2016 and higher notional interest expense on the S\$55 million interest-free loan.

Other trust expenses comprised largely professional fees and on-going listing expenses.

Net income was \$1.9 million higher due to higher net property income and partially offset by higher finance expenses.

Net change in fair value of investment properties relates largely to revaluation losses for 72 Loyang Way (S\$27.0 million), West Park BizCentral (S\$20.0 million), Eightrium (S\$13.2 million), NK Ingredients (S\$8.0 million), Tuas Connection (S\$4.3 million), KTL Offshore (S\$3.0 million) and Bukit Batok Connection (S\$2.6 million).

Total return before distribution was a deficit of S\$28.3 million, a S\$27.7 million higher deficit than YTD FY2016 mainly due to an increase in revaluation losses of S\$29.7 million in FY2017.

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**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FOURTH QUARTER (“4Q FY2017”) AND FINANCIAL YEAR FROM 1 JANUARY 2017 TO 31 DECEMBER 2017 (“YTD FY2017”)**

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The increase of non-tax deductible items amounting to S\$27.4 million was largely attributed to non-tax deductible revaluation losses on investment properties and partially offset by the absence of property and lease management fees in units amounting to S\$1.9 million.

Income available for distribution was S\$60.0 million in YTD FY2017, 0.5% lower than YTD FY2016 largely due to absence of property and lease management fees in units added back, higher finance expenses and is partially offset by higher net property income.

**Review of the Performance on 4Q FY2017 compared to 4Q FY2016**

Gross revenue was S\$20.7 million in 4Q FY2017, S\$0.9 million or 4.3% lower than the gross revenue in 4Q FY2016. The decrease in revenue was largely attributed to lower contribution from 72 Loyang Way amounting to S\$1.7 million. The revenue growth was partially offset by higher revenue from NK Ingredients, KTL, Solaris and West Park BizCentral amounting to S\$0.3 million, S\$0.2 million, S\$0.1 million and S\$0.1 million respectively.

Property operating expenses were S\$3.0 million in 4Q FY2017, S\$0.2 million higher than 4Q FY2016 mainly due to higher property expenses incurred for 72 Loyang Way.

Net property income was 6.0% lower at S\$17.8 million in 4Q FY2017 from S\$18.9 million in 4Q FY2016 mainly due to the abovementioned reasons.

The decrease in finance expenses amounting to S\$87k was mainly due to interest savings from the refinancing of TLF 1.

The decrease in Manager’s management fees of S\$0.2 million was due to lower distributable income which resulted in lower base fee.

Other trust expenses comprised largely professional fees and on-going listing expenses.

Net income was S\$0.9 million lower due to lower net property income and is partially offset by lower Manager’s management fee and finance expenses.

Net change in fair value of investment properties was covered in the YTD review above.

Total return before distribution was a deficit of S\$68.0 million, a S\$30.5 million higher deficit than 4QFY2016 due to an increase in revaluation losses of S\$29.7 million.

Non-tax deductible items were S\$28.7 million higher due to higher revaluation losses and is partially offset by the absence of property and lease management fees in units amounting to S\$0.5 million.

Income available for distribution was S\$14.6 million in 4Q FY2017, 11.0% lower than 4Q FY2016 due to lower net property income and absence of property and lease management fees in units added back.

**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**

The Ministry of Trade and Industry (“MTI”) announced that based on advanced estimates, the Singapore economy grew by 3.1% year-on-year (“y-o-y”) in 4Q 2017, easing from the 5.4% growth

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**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FOURTH QUARTER (“4Q FY2017”) AND FINANCIAL YEAR FROM 1 JANUARY 2017 TO 31 DECEMBER 2017 (“YTD FY2017”)**

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in the previous quarter. On a quarter-on-quarter (“q-o-q”) seasonally-adjusted annualised basis, the economy expanded at a slower pace of 2.8% compared to 9.4% growth in the preceding quarter. For the whole of 2017, the economy grew by 3.5%. Manufacturing remained the largest contributor of growth at 6.2% and 10.5% y-o-y in 4Q17 and 2017 respectively. Growth was supported mainly by robust output expansions in the electronics and precision engineering clusters, which outweighed output declines in the biomedical manufacturing and transport engineering clusters.<sup>1</sup>

Singapore’s factory activity rose for the 16<sup>th</sup> consecutive month with the Purchasing Managers’ Index (“PMI”) for December 2017 rising to 52.8. PMI for the electronics sector posted a reading at 53.2.<sup>2</sup>

Rentals of all industrial properties fell by 3.0% and 1.1% in 3Q 2017 y-o-y and quarter-on-quarter respectively. The multi-user factories, single-user factories and warehouse rental indices have receded 3.0%, 2.7% and 4.5% y-o-y respectively, whilst business park rentals expanded 2.6% y-o-y. Occupancy rate across the industrial segments except for business park continued to decline.<sup>3</sup> With existing vacancies in the market and incoming supply, downward pressure on rentals is likely to continue.

## 11. Distributions

### (a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 19<sup>th</sup> distribution for the financial period from 1 October 2017 to 31 December 2017

Distribution type: Income

Distribution rate: 1.383 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. Tuesday, 30 January 2018 for the purposes of determining each Unitholder’s entitlement to Soilbuild REIT’s distribution. The ex-dividend date will be on Friday, 26 January 2018.

Date Payable: Wednesday, 28 February 2018

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<sup>1</sup> Source: Ministry of Trade and Industry’s press release dated 2 January 2018.

<sup>2</sup> Source: Singapore Institute of Purchasing & Materials Management publication.

<sup>3</sup> Source: JTC quarterly rental index of industrial space.



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(b) Corresponding period of the preceding financial period

Name of distribution: 15<sup>th</sup> distribution for the financial period from 1 October 2016 to 31 December 2016

Distribution type: Income

Distribution rate: 1.570 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: Wednesday, 1 February 2017

Date Payable: Monday, 27 February 2017

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

Not applicable.

**13. Segmented Revenue and Results**

	YTD FY2017		YTD FY2016		4Q FY2017		4Q FY2016	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
<u>Gross Revenue</u>								
Business Park	27,431	32%	27,243	34%	6,826	33%	6,822	31%
Industrial	57,386	68%	53,887	66%	13,921	67%	14,865	69%
	<b>84,817</b>	<b>100%</b>	<b>81,130</b>	<b>100%</b>	<b>20,747</b>	<b>100%</b>	<b>21,687</b>	<b>100%</b>

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	YTD FY2017		YTD FY2016		4Q FY2017		4Q FY2016	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
<u>Net Property Income</u>								
Business Park	24,030	33%	23,904	34%	5,952	34%	6,007	32%
Industrial	49,451	67%	46,770	66%	11,800	66%	12,885	68%
	<b>73,481</b>	<b>100%</b>	<b>70,674</b>	<b>100%</b>	<b>17,752</b>	<b>100%</b>	<b>18,892</b>	<b>100%</b>

**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. Breakdown of Gross Revenue and Net Income**

	YTD FY2017 (S\$'000)	YTD FY2016 (S\$'000)	Variance %
Revenue reported for the first half year	43,535	39,712	9.6
Net income for the first half year	27,225	24,789	9.8
Revenue reported for second half year	41,282	41,418	(0.3)
Net income for second half year	24,996	25,489	(1.9)

**15. Breakdown of Total Distributions**

	YTD FY2017 (S\$'000)	YTD FY2016 (S\$'000)
From 1 January to 31 March	15,568	14,604
From 1 April to 30 June	15,362	14,722
From 1 July to 30 September	14,428	14,541
From 1 October to 31 December	14,551	16,363
<b>Total</b>	<b>59,909</b>	<b>60,230</b>

**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**

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**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE FOURTH QUARTER (“4Q FY2017”) AND FINANCIAL YEAR FROM 1 JANUARY 2017 TO 31 DECEMBER 2017 (“YTD FY2017”)**

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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.

**18. 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.

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

17 January 2018