

Press Release
13 July 2016

Soilbuild REIT's 1st Half and 2nd Quarter FY2016 Distributable Income grew 6.2% and 3.0% year-on-year to S\$29.3 million and S\$14.7 million respectively

Highlights

- 1H and 2Q FY2016 DPU was 3.122 cents and 1.565 cents respectively
- Issued S\$100 million 5 year 3.60% fixed rate notes on 8 April 2016
- Portfolio occupancy of 92.0% as at 30 June 2016
- Over 380K sq ft of renewals and new leases signed as at YTD 1H FY2016

Summary of Financial Results:

	1H FY2016	1H FY2015	Variance	2Q FY2016	2Q FY2015	Variance
Gross revenue (S\$'000)	39,712	38,205	3.9%	19,570	19,590	(0.1%)
Net property income (S\$'000)	34,518	32,510	6.2%	17,325	16,712	3.7%
Distributable income (S\$'000)	29,336	27,629	6.2%	14,727	14,304	3.0%
DPU (in cents)	3.122	3.248	(3.9%)	1.565	1.615	(3.1%)
Units in Issued ('000)	940,678	929,730	1.2%	940,678	929,730	1.2%

Singapore, 13 July 2016 – SB REIT Management Pte. Ltd. (“**Manager**”), the Manager of Soilbuild Business Space REIT (“**Soilbuild REIT**”), today announced a distribution per unit (“**DPU**”) of 1.565 cents for the second quarter ended 30 June 2016 (“**2Q FY2016**”). Gross revenue is stable at S\$19.6 million while net property income (“**NPI**”) grew 3.7% to S\$17.3 million on the back of lower property tax expenses.

Operational performance

Occupancy rate was 92.0% as at 30 June 2016. Despite the soft industrial outlook, over 100K sq ft of renewals and new leases were signed in 2Q FY2016. Weighted average lease expiry by gross rental income stands at 4.6 years.

Prudent and Pro-active Capital Management

In April 2016, Soilbuild REIT issued S\$100 million fixed rate notes due 2021 at a competitive coupon of 3.60%. As at 30 June 2016, Soilbuild REIT's weighted average borrowing cost is 3.44%, its debt expiry stands at 3.4 years and interest rate exposure is 100% fixed for a weighted average term of 2.3 years. Soilbuild REIT's unencumbered investment properties are in excess of S\$830 million, representing approximately 70% of investment properties by value.

Outlook

Ministry of Trade and Industry ("MTI") reported that the Singapore economy grew by 1.8% on a year-on-year ("y-o-y") basis in the first quarter of 2016, unchanged from the previous quarter. On a quarter-on-quarter ("q-o-q") seasonally-adjusted annualised basis, the economy expanded by 0.2% in contrast to the 6.2% growth in the preceding quarter. The manufacturing sector contracted by 1.0% y-o-y, following the 6.7% decline in the previous quarter. On a q-o-q seasonally-adjusted annualised basis, the manufacturing sector rebounded to post growth of 23.3%, compared to the 4.9% contraction in the preceding quarter.

The purchasing managers' index for June 2016 was 49.6. Factory activity has contracted for the 12th month since June 2015.

With the slowdown in the manufacturing sector, rentals of all industrial properties softened by 2.7% in 1Q 2016 over the preceding quarter. Across the respective industrial segments, indices for multi-user, single-user factories, business park and warehouse contracted by 3.7%, 1.9%, 1.0% and 0.8% from the previous quarter respectively.

Mr Roy Teo, CEO of the Manager, said: "With the slowdown in the manufacturing sector which resulted in a soft leasing environment, the portfolio occupancy has dipped to 92.0% at end of 2Q FY2016 as compared to the industrial average of 90.1%⁽¹⁾ as at 1st Quarter FY2016. 86.0% of FY2016 lease expiries were due for renewal in the 1st Half of 2016. The challenge remains to re-let the vacant space and to renew the multi-tenanted leases that are expiring for the rest of the year which makes up 2.0% of the portfolio's net lettable area.

Notes:

(1) Based on JTC Statistics as at 1Q 2016



On capital management, we are pleased to have been assigned a Baa3 investment grade rating by Moody's for our second medium term notes issuance in April 2016. We will continue to focus on active asset management while maintaining our prudent approach in capital management."

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About Soilbuild Business Space REIT

Soilbuild REIT is a Singapore-focused real estate investment trust ("REIT") with a portfolio of business parks and industrial properties used by industries engaging in manufacturing, engineering, logistic, warehousing, electronics, marine, oil & gas, research and development and value-added knowledge-based activities. Its portfolio of properties includes Solaris, a landmark development in one-north, Eightrium @ Changi Business Park, Tuas Connection and West Park BizCentral. Soilbuild REIT's portfolio has a net lettable area of 3.53 million square feet and an occupancy rate of 92.0% as at 30 June 2016.

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