



(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 FY2017”) AND FINANCIAL PERIOD FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017 (“YTD FY2017”)

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

| | YTD FY2017¹ | YTD FY2016² | Variance (%) | 3Q FY2017³ | 3Q FY2016⁴ | Variance (%) |
|--------------------------------|-----------------------------------|-----------------------------------|-------------------------|----------------------------------|----------------------------------|-------------------------|
| Gross revenue (S\$'000) | 64,070 | 59,443 | 7.8 | 20,535 | 19,731 | 4.1 |
| Net property income (S\$'000) | 55,729 | 51,782 | 7.6 | 17,789 | 17,264 | 3.0 |
| Distributable income (S\$'000) | 45,368 | 43,887 | 3.4 | 14,432 | 14,551 | (0.8) |
| DPU (cents) | 4.329 | 4.521 | (4.2) | 1.374 | 1.399 | (1.8) |

Footnotes:

- 1 Financial period from 1 January 2017 to 30 September 2017, hereinafter referred to as YTD FY2017.
- 2 Financial period from 1 January 2016 to 30 September 2016, hereinafter referred to as YTD FY2016.
- 3 Financial period from 1 July 2017 to 30 September 2017, hereinafter referred to as 3Q FY2017.
- 4 Financial period from 1 July 2016 to 30 September 2016, hereinafter referred to as 3Q 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 THIRD QUARTER ("3Q FY2017") AND FINANCIAL PERIOD FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017 ("YTD FY2017")

1(a) Statement of Total Return and Distribution Statement for 3Q FY2017 & 3Q FY2016 and YTD FY2017 & YTD FY2016

| | YTD FY2017 S\$'000 | YTD FY2016 S\$'000 | Variance % | 3Q FY2017 S\$'000 | 3Q FY2016 S\$'000 | Variance % |
|---|--------------------------|--------------------------|---------------|-------------------------|-------------------------|---------------|
| Gross revenue | 64,070 | 59,443 | 7.8 | 20,535 | 19,731 | 4.1 |
| Property operating expenses | (8,341) | (7,661) | (8.9) | (2,746) | (2,467) | (11.3) |
| Net property income | 55,729 | 51,782 | 7.6 | 17,789 | 17,264 | 3.0 |
| Interest Income | 1,297 | 1,077 | 20.4 | 435 | 422 | 3.1 |
| <u>Expenses:</u> | | | | | | |
| Finance expenses | (11,867) | (10,682) | (11.1) | (3,969) | (3,798) | (4.5) |
| Manager's management fees | (4,537) | (4,389) | (3.4) | (1,443) | (1,455) | 0.8 |
| Trustee's fees | (155) | (152) | (2.0) | (52) | (52) | - |
| Other trust expenses | (779) | (763) | (2.1) | (297) | (297) | - |
| Total return before distribution | 39,688 | 36,873 | 7.6 | 12,463 | 12,084 | 3.1 |

| Distribution Statement | YTD FY2017 S\$'000 | YTD FY2016 S\$'000 | Variance % | 3Q FY2017 S\$'000 | 3Q FY2016 S\$'000 | Variance % |
|---|--------------------------|--------------------------|---------------|-------------------------|-------------------------|---------------|
| Total return before distribution | 39,688 | 36,873 | 7.6 | 12,463 | 12,084 | 3.1 |
| Net effect of non-tax deductible items ¹ | 5,680 | 7,014 | (19.0) | 1,969 | 2,467 | (20.2) |
| Income available for distribution to Unitholders | 45,368 | 43,887 | 3.4 | 14,432 | 14,551 | (0.8) |

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 3QFY2016: 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 3QFY2017.)

Assuming the YTD FY2017 property management fees and lease management fees were payable in Units, non-tax deductible items would have been S\$7,185k and income available for distribution to Unitholders would have been S\$46,873k.

Assuming the 3Q FY2017 property management fees and lease management fees were payable in Units, non-tax deductible items would have been S\$2,445k and income available for distribution to Unitholders would have been S\$14,908k.

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1(b)(i) Statement of Financial Position

| | Notes | 30 September 2017 (S\$'000) | 31 December 2016 (S\$'000) |
|---|--------------|--|---------------------------------------|
| Current assets | | | |
| Cash and cash equivalents | a | 10,520 | 25,718 |
| Trade and other receivables | b | 8,460 | 4,291 |
| Other current assets | c | 287 | 310 |
| Deferred expenditure | d | 1,685 | 596 |
| Total current assets | | 20,952 | 30,915 |
| Non-current assets | | | |
| Investment properties | e | 1,243,945 | 1,243,700 |
| Deferred expenditure | d | 1,200 | 876 |
| Total non-current assets | | 1,245,145 | 1,244,576 |
| Total Assets | | 1,266,097 | 1,275,491 |
| Current liabilities | | | |
| Trade and other payables | f | 14,915 | 12,008 |
| Derivative financial instruments | g | 192 | 181 |
| Rental deposits | h | 22,039 | 5,437 |
| Borrowings | i | 146,978 | - |
| Total current liabilities | | 184,124 | 17,626 |
| Non-current liabilities | | | |
| Trade and other payables | f | - | 1,041 |
| Derivative financial instruments | g | - | 182 |
| Rental deposits | h | 5,012 | 32,590 |
| Borrowings | i | 327,448 | 472,349 |
| Total non-current liabilities | | 332,460 | 506,162 |
| Total Liabilities | | 516,584 | 523,788 |
| Net assets attributable to Unitholders | | 749,513 | 751,703 |
| Represented by: | | | |
| Unitholders' funds | | 749,513 | 751,703 |
| NAV per Unit (S\$) | | 0.71 | 0.72 |

Notes:

- (a) Cash and cash equivalents as at 30 September 2017 were S\$15.2 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) 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.

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- (b) Trade and other receivables comprised mainly trade receivables, unbilled debtors and other debtors amounting to S\$6.9 million, S\$1.1 million and S\$0.4 million respectively. The increase in trade and other receivables of S\$4.2 million was mainly due to S\$3.8 million higher trade debtors, S\$0.2 million higher unbilled debtors and S\$0.2 million higher other receivables.

Included in trade receivables were S\$3.4 million and S\$2.7 million due from NK Ingredients Pte. Ltd. (“**NKI**”) and KTL Offshore Pte. Ltd. (“**KTL**”) respectively.

On 18 September 2017, Soilbuild REIT called upon the insurance guarantee from NKI amounting to S\$3,421,120.33 and received the payment from AXA Insurance Pte Ltd on 10 October 2017. The balance of the insurance guarantee of S\$1.7 million is equivalent to approximately four months of rent.

The trade receivable due from KTL comprised approximately seven months of rent and other charges. The Trustee and KTL entered into a supplemental deed to the KTL lease agreement on 28 August 2017 (“**Deed**”). Under the Deed, Soilbuild REIT has agreed to forbear from exercising its rights and remedies up till 24 August 2023 (“**Forbearance Period**”) with respect to a sum of S\$1.5 million (“**Specified Sum**”) due to Soilbuild REIT.

The conditions to forbearance include the provision of increasing the existing security deposit by S\$1.5 million (comprising approximately 4 months’ rent and other charges) from S\$3.8 million to S\$5.3 million and the delivery of a second insurance guarantee for the sum of S\$1.5 million for the period from 26 August 2021 to 24 August 2023 to Soilbuild REIT not later than 30 days before 25 August 2021.

KTL is required to pay interest at the rate of 6% p.a. on the Specified Sum. The lease with KTL expires on 25 August 2021. Soilbuild REIT shall be entitled to immediately terminate the Forbearance Period prior to 24 August 2023 in the event of a breach by KTL of any of its obligations under the Deed or the occurrence of any new breach or default under the lease. Soilbuild REIT has received an insurance bond from Etiqa Insurance amounting to S\$5.3 million.

- (c) Other current assets as at 30 September 2017 comprised mainly security deposits paid to vendors and prepayments.
- (d) Deferred expenditure comprises mainly property tax for the period from October 2017 to December 2017 and 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 mainly due to the abovementioned property tax.
- (e) Investment properties as at 30 September 2017 were accounted for at fair value based on the valuations undertaken by independent valuers, Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“**Colliers**”) and Knight Frank Pte. Ltd. as at 31 December 2016¹. The increase in investment properties was largely due to capital expenditure on Eightrium and West Park BizCentral.
- (f) Trade and other payables as at 30 September 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\$1.9 million higher mainly due to the increase in rental received in advance, accrued interest payable and property tax payable amounting to S\$1.5 million, S\$1.2 million and S\$1.0 million respectively and partially offset by amortisation of deferred notional interest income amounting to S\$1.2 million and reduction in trade payables due to the Property Manager and the Manager amounting to S\$0.8 million as a result of payment of property and lease management fees in cash.
- (g) Derivative financial instruments as at 30 September 2017 represented the fair value of interest rate swaps entered into to hedge interest rate risks on floating rate loans.

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- (h) Rental deposits as at 30 September 2017 decreased by S\$11.0 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 30 September 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.
- (i) 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 can be refinanced by its due date which will result in the reclassification of current liability to non-current liability.

Footnotes:

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

1(b)(ii) Aggregate Amount of Borrowings

| | 30 September 2017 (S\$’000) | 31 December 2016 (S\$’000) |
|---|--|---------------------------------------|
| <u>Interest-bearing borrowings</u> | | |
| Amount repayable within one year | 93,500 | - |
| Less: Debt arrangement fees | (63) | - |
| | 93,437 | - |
| <u>Interest-free borrowings</u> | | |
| Amount repayable within one year | 55,000 | - |
| Less: Deferred amortisation ² | (1,459) | - |
| | 53,541 | - |
| Total borrowings repayable within one year | 146,978 | - |
| <u>Interest-bearing borrowings</u> | | |
| Amount repayable after one year | 331,500 | 425,000 |
| Less: Debt arrangement fees ¹ | (3,732) | (4,578) |
| Less: Prepayment fees ¹ | (320) | (394) |
| | 327,448 | 420,028 |
| <u>Interest-free borrowings</u> | | |
| Amount repayable after one year | - | 55,000 |
| Less: Deferred amortisation ² | - | (2,679) |
| | - | 52,321 |
| Total borrowings repayable after one year | 327,448 | 472,349 |

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| | 30 September 2017 (S\$'000) | 31 December 2016 (S\$'000) |
|-------------------------|--|---------------------------------------|
| Total borrowings | 474,426 | 472,349 |

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 (“**HSBC**”), Oversea-Chinese Banking Corporation Limited, United Overseas Bank Limited, the Bank of East Asia, Limited, Singapore Branch (“**BEA**”) 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\$40.0 million

On 21 September 2016, Soilbuild REIT entered into a term loan facility amounting to S\$40.0 million (“**TLF 2**”) and obtained a S\$5 million uncommitted loan facility (“**ULF**”) from BEA. 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 and the ULF are unsecured. TLF2 is repayable in September 2019. As at 30 September 2017, the availability period for the unutilised ULF has expired.

- MTN of S\$100.0 Million issued in 2015 (S\$93.5 million as at 30 September 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 30 September 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 30 September 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 30 September 2017, the principal amount of Series 2 notes in issuance amounted to S\$88.0 million.

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- 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.

- Term Loan Facility of S\$200.0 million

On 30 June 2017, Soilbuild REIT entered into a S\$200 million 3 year term loan facility agreement with 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 30 September 2017.

1(c) Statement of Cash Flows

| | YTD FY2017 | YTD FY2016 | 3Q FY2017 | 3Q FY2016 |
|---|-------------------|-------------------|------------------|------------------|
| | (S\$'000) | (S\$'000) | (S\$'000) | (S\$'000) |
| Operating activities: | | | | |
| Net income | 39,688 | 36,873 | 12,463 | 12,084 |
| Adjustments for | | | | |
| - Amortised debt arrangement, structuring and prepayment fees | 1,140 | 1,091 | 384 | 356 |
| - Finance expenses | 10,724 | 9,549 | 3,582 | 3,402 |
| - Loan facility commitment fees | - | 2 | - | - |
| - Management fees paid and payable in Units | 4,537 | 5,767 | 1,443 | 1,909 |
| - Acquisition fee paid in Units | - | 963 | - | 963 |
| - Security trustee and agency fees | 3 | 40 | 3 | 40 |
| Changes in working capital | | | | |
| - Trade and other receivables | (4,169) | (7,519) | (1,838) | (3,571) |
| - Other current assets | 23 | (1,006) | (5) | 964 |
| - Deferred expenditure | (1,413) | 37 | 873 | 3,048 |
| - Trade and other payables | 2,552 | 2,297 | 1,122 | 576 |
| - Rental deposits | (10,976) | 19,823 | (203) | 8,030 |
| Cash flows from operations | 42,109 | 67,917 | 17,824 | 27,801 |
| Finance expense paid | (9,486) | (7,288) | (2,259) | (1,655) |
| Net cash generated from operating activities | 32,623 | 60,629 | 15,565 | 26,146 |
| Investing activities: | | | | |
| Purchase of investment properties | - | (100,402) | - | (100,402) |
| Capital expenditure on investment properties (Note A) | (245) | (31,915) | (151) | - |
| Remission of stamp duty | - | 41 | - | 41 |
| Net cash used in investing activities | (245) | (132,276) | (151) | (100,361) |

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| | YTD FY2017 | YTD FY2016 | 3Q FY2017 | 3Q FY2016 |
|---|-----------------|---------------|-----------------|----------------|
| | (S\$'000) | (S\$'000) | (S\$'000) | (S\$'000) |
| Financing activities: | | | | |
| Proceeds from borrowings | 18,500 | 160,883 | 18,500 | 29,000 |
| Repayment of borrowings | (18,500) | (97,500) | (18,500) | - |
| Payment of debt arrangement and structuring fees | (283) | (760) | (283) | (360) |
| Payment of prepayment fees | - | (366) | - | - |
| Issuance of new Units | - | 59,443 | - | 59,443 |
| Issue expenses | - | (318) | - | (359) |
| Distributions paid | (47,293) | (44,408) | (15,362) | (14,722) |
| Net cash (used in)/generated from financing activities | (47,576) | 76,974 | (15,645) | 73,002 |
| Net (decrease)/increase in cash and cash equivalents | (15,198) | 5,327 | (231) | (1,213) |
| Cash and cash equivalents at beginning of the financial period | 25,718 | 16,751 | 10,751 | 23,291 |
| Cash and cash equivalents at end of the financial period | 10,520 | 22,078 | 10,520 | 22,078 |

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 | Unitholders’ Contribution | Hedging Reserve | Total |
|---|-----------------|---------------------------|-----------------|----------------|
| | (S\$'000) | (S\$'000) | (S\$'000) | (S\$'000) |
| Balance as at 31 December 2016 | (32,251) | 784,317 | (363) | 751,703 |
| 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 |
| Balance as at 31 March 2017 | (34,758) | 786,468 | (400) | 751,310 |
| 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 |
| Balance as at 30 June 2017 | (36,957) | 788,025 | (431) | 750,637 |

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| FY2017 | Operations (S\$'000) | Unitholders' Contribution (S\$'000) | Hedging Reserve (S\$'000) | Total (S\$'000) |
|---|---------------------------------|--|--|----------------------------|
| 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 |
| Balance as at 30 September 2017 | (39,856) | 789,561 | (192) | 749,513 |

| 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 |

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE THIRD QUARTER (“3Q FY2017”) AND FINANCIAL PERIOD FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017 (“YTD FY2017”)

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

| | YTD FY2017 ('000) | 3Q FY2017 ('000) |
|---|------------------------------|-----------------------------|
| Balance as at beginning of financial period | 1,042,174 | 1,047,897 |
| Movements during the financial period | | |
| - Units issued in lieu of Manager’s management fees, property management fees and lease management fees (3Q FY2017: Manager’s management fees only) | 7,866 | 2,143 |
| Total issued Units as at end of financial period | 1,050,040 | 1,050,040 |

| | 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.

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 2017, Soilbuild REIT had 1,050,040,135 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.

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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 | 3Q FY2017 | 3Q FY2016 |
|--|---------------|---------------|---------------|---------------|
| Weighted average number of Units | 1,048,813,120 | 943,090,169 | 1,049,387,956 | 947,861,191 |
| EPU – Basic and Diluted¹ Based on the weighted average number of Units in issue (cents) | 3.791 | 3.918 | 1.188 | 1.275 |
| - Basic and diluted Number of Units in issue at end of the financial period | 1,050,040,135 | 1,039,418,969 | 1,050,040,135 | 1,039,418,969 |
| DPU Based on the number of Units in issue at end of each distribution period (cents) | 4.329 | 4.521 | 1.374 | 1.399 |

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 2017 | 31 December 2016 |
|--------------------------------|-------------------|------------------|
| NAV per Unit ¹ (\$) | 0.71 | 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.

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8. Review of the Performance

Review of the Performance on YTD FY2017 compared to YTD FY2016

Gross revenue was S\$64.1 million in YTD FY2017, S\$4.6 million or 7.8% higher than the gross revenue in YTD FY2016 mainly due to the increase in revenue from Bukit Batok Connection, Solaris, Tuas Connection and Tellus Marine amounting to S\$5.9 million, S\$0.4 million, S\$0.3 million and S\$0.2 million respectively. The revenue growth was partially offset by a reduction in revenue from 72 Loyang Way amounting to S\$2.3 million. Bukit Batok Connection was acquired in September 2016.

Property operating expenses were S\$8.3 million in YTD FY2017, S\$0.7 million higher than YTD FY2016 mainly due to S\$0.3 million, \$0.2 million and S\$0.2 million higher property expenses incurred for 72 Loyang Way, West Park BizCentral and Bukit Batok Connection respectively. The conversion from master lease to a multi-tenanted property resulted in higher property expenses for 72 Loyang Way. The increase in property expenses for West Park BizCentral was due to a one-off property tax reversal adjustment made in 2Q FY2016 arising from the revision of FY2015 and FY2016 annual values by the tax authority.

Net property income was 7.6% higher at S\$55.7 million in YTD FY2017 compared with S\$51.8 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\$1.2 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.

The increase in Manager’s management fees of S\$0.1 million was due to higher distributable income. Other trust expenses comprised mainly professional fees and on-going listing expenses.

Total return before distribution was S\$2.8 million higher than YTD FY2016 mainly due to higher net property income amounting to S\$3.9 million and partially offset by higher finance expense of S\$1.2 million.

The reduction of non-tax deductible items amounting to S\$1.3 million was largely due to the payment of property management and lease management fees in cash instead of units for YTD FY2017.

Income available for distribution was S\$45.4 million in YTD FY2017, 3.4% higher than YTD FY2016 largely due to higher total return before distribution and partially offset by lower non-tax deductible items.

Review of the Performance on 3Q FY2017 compared to 3Q FY2016

Gross revenue was S\$20.5 million in 3Q FY2017, S\$0.8 million or 4.1% higher than the gross revenue in 3Q FY2016. The increase in revenue was largely attributed to higher contribution from Bukit Batok Connection, West Park BizCentral, Solaris, Tuas Connection and Tellus Marine amounting to S\$1.9 million, S\$0.2 million, S\$0.1 million, S\$0.1 million and S\$0.1 million respectively. The revenue growth was partially offset by reduction in revenue from 72 Loyang Way amounting to S\$1.7 million.

Property operating expenses were S\$2.7 million in 3Q FY2017, S\$0.3 million higher than 3Q FY2016 mainly due to higher property expenses incurred for 72 Loyang Way and Bukit Batok Connection amounting to S\$0.2 million and S\$0.1 million respectively.

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Net property income was 3.0% higher at S\$17.8 million in 3Q FY2017 from S\$17.3 million in 3Q FY2016 mainly due to the abovementioned reasons.

The decrease in Manager’s management fees of S\$12k was due to lower distributable income which resulted in lower base fee. The increase in finance expenses amounting to S\$0.2 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 mainly professional fees and on-going listing expenses.

Total return before distribution amounting to S\$12.5 million was S\$0.4 million higher than 3Q FY2016 mainly due to higher net property income amounting to S\$0.5 million and was partially offset by higher finance expense amounting to S\$0.2 million respectively.

Income available for distribution was S\$14.4 million in 3Q FY2017, 0.8% lower than 3Q FY2016 due to lower non-tax deductible items and partially offset by higher total return before distribution. The decrease in non-tax deductible items was mainly attributed to the absence of property and lease management fees payable in units.

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 4.6% year-on-year (“y-o-y”) in 3Q 2017. On a quarter-on-quarter (“q-o-q”) seasonally-adjusted annualised basis, the economy expanded by 6.3%. Manufacturing remained the largest contributor of growth at 15.5% y-o-y and 23.1% q-o-q. Growth was supported mainly by robust expansions in the electronics, biomedical manufacturing and precision engineering clusters.¹

Singapore’s factory activity rose for the 13th consecutive month with the Purchasing Managers’ Index (“PMI”) for September 2017 rising to 52.0. In particular, PMI for electronics sector rose to a seven-year high reading of 53.6.²

Rentals of all industrial properties fell by 4.1% and 0.8% in 2Q 2017 y-o-y and quarter-on-quarter respectively. The multi-user factories, single-user factories and warehouse rental indices have receded 3.7%, 3.8% and 7.2% y-o-y respectively, whilst business park rentals expanded 2.0% y-o-y.³

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 18th distribution for the financial period from 1 July 2017 to 30 September 2017

¹ Source: Ministry of Trade and Industry’s press release dated 13 October 2017.

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

³ Source: JTC quarterly rental index of industrial space.

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE THIRD QUARTER (“3Q FY2017”) AND FINANCIAL PERIOD FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017 (“YTD FY2017”)

Distribution type: Income

Distribution rate: 1.374 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, 24 October 2017 for the purposes of determining each Unitholder's entitlement to Soilbuild REIT's distribution. The ex-dividend date will be on Friday, 20 October 2017.

Date Payable: Monday, 20 November 2017

(b) Corresponding period of the preceding financial period

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

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, 20 October 2016

Date Payable: Monday, 14 November 2016

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE THIRD QUARTER (“3Q FY2017”) AND FINANCIAL PERIOD FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017 (“YTD FY2017”)

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

Not applicable.

13. **Segmented Revenue and Results**

| | YTD FY2017 | | YTD FY2016 | | 3Q FY2017 | | 3Q FY2016 | |
|----------------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
| | S\$'000 | % | S\$'000 | % | S\$'000 | % | S\$'000 | % |
| <u>Gross Revenue</u> | | | | | | | | |
| Business Park | 20,604 | 32% | 20,421 | 34% | 6,901 | 34% | 6,843 | 35% |
| Industrial | 43,466 | 68% | 39,022 | 66% | 13,634 | 66% | 12,888 | 65% |
| | 64,070 | 100% | 59,443 | 100% | 20,535 | 100% | 19,731 | 100% |

| | YTD FY2017 | | YTD FY2016 | | 3Q FY2017 | | 3Q FY2016 | |
|----------------------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
| | S\$'000 | % | S\$'000 | % | S\$'000 | % | S\$'000 | % |
| <u>Net Property Income</u> | | | | | | | | |
| Business Park | 18,079 | 32% | 17,897 | 35% | 6,100 | 34% | 6,082 | 35% |
| Industrial | 37,650 | 68% | 33,885 | 65% | 11,689 | 66% | 11,182 | 65% |
| | 55,729 | 100% | 51,782 | 100% | 17,789 | 100% | 17,264 | 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.

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE THIRD QUARTER (“3Q FY2017”) AND FINANCIAL PERIOD FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017 (“YTD FY2017”)

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

13 October 2017