

**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2017”) AND HALF YEAR (“1H FY2017”) ENDED 30 JUNE 2017 (“YTD FY2017”)**

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**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2017”) AND HALF YEAR (“1H FY2017”) ENDED 30 JUNE 2017 (“YTD FY2017”)**

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

	<b>1H FY2017<sup>1</sup></b>	<b>1H FY2016<sup>2</sup></b>	<b>Variance (%)</b>	<b>2Q FY2017<sup>3</sup></b>	<b>2Q FY2016<sup>4</sup></b>	<b>Variance (%)</b>
Gross revenue (S\$'000)	43,535	39,712	9.6	21,550	19,570	10.1
Net property income (S\$'000)	37,940	34,518	9.9	18,727	17,325	8.1
Distributable income (S\$'000)	30,936	29,336	5.5	15,363	14,727	4.3
DPU (cents)	2.955	3.122	(5.3)	1.466	1.565	(6.3)

**Footnotes:**

- 1 Financial period from 1 January 2017 to 30 June 2017, hereinafter referred to as 1H FY2017.
- 2 Financial period from 1 January 2016 to 30 June 2016, hereinafter referred to as 1H FY2016.
- 3 Financial period from 1 April 2017 to 30 June 2017, hereinafter referred to as 2Q FY2017.
- 4 Financial period from 1 April 2016 to 30 June 2016, hereinafter referred to as 2Q FY2016.

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**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2017”) AND HALF YEAR (“1H FY2017”) ENDED 30 JUNE 2017 (“YTD FY2017”)**

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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 SECOND QUARTER ("2Q FY2017") AND HALF YEAR ("1H FY2017") ENDED 30 JUNE 2017 ("YTD FY2017")**

**1(a) Statement of Total Return and Distribution Statement for 2Q FY2017 & 2Q FY2016 and 1H FY2017 & 1H FY2016**

	<b>1H FY2017</b>	<b>1H FY2016</b>	<b>Variance</b>	<b>2Q FY2017</b>	<b>2Q FY2016</b>	<b>Variance</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Gross revenue	43,535	39,712	9.6	21,550	19,570	10.1
Property operating expenses	(5,595)	(5,194)	(7.7)	(2,823)	(2,245)	(25.7)
<b>Net property income</b>	<b>37,940</b>	<b>34,518</b>	<b>9.9</b>	<b>18,727</b>	<b>17,325</b>	<b>8.1</b>
Interest Income	862	655	31.6	428	419	2.1
<u>Expenses:</u>						
Finance expenses	(7,898)	(6,884)	(14.7)	(3,972)	(3,588)	(10.7)
Manager's management fees	(3,094)	(2,934)	(5.5)	(1,537)	(1,473)	(4.3)
Trustee's fees	(103)	(100)	(3.0)	(52)	(50)	(4.0)
Other trust expenses	(482)	(466)	(3.4)	(225)	(212)	(6.1)
<b>Total return before distribution</b>	<b>27,225</b>	<b>24,789</b>	<b>9.8</b>	<b>13,369</b>	<b>12,421</b>	<b>7.6</b>

<b>Distribution Statement</b>	<b>1H FY2017</b>	<b>1H FY2016</b>	<b>Variance</b>	<b>2Q FY2017</b>	<b>2Q FY2016</b>	<b>Variance</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Total return before distribution</b>	<b>27,225</b>	<b>24,789</b>	<b>9.8</b>	<b>13,369</b>	<b>12,421</b>	<b>7.6</b>
Net effect of non-tax deductible items <sup>1</sup>	3,711	4,547	(18.4)	1,994	2,306	(13.5)
<b>Income available for distribution to Unitholders</b>	<b>30,936</b>	<b>29,336</b>	<b>5.5</b>	<b>15,363</b>	<b>14,727</b>	<b>4.3</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 and prepayment fees. (1HFY2016 and 2QFY2016: 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 1HFY2017 and 2QFY2017.)

Assuming the 1H FY2017 property management fees and lease management fees were payable in Units, non-tax deductible items would have been S\$4,740k and income available for distribution to Unitholders would have been S\$31,965k.

Assuming the 2Q FY2017 property management fees and lease management fees were payable in Units, non-tax deductible items would have been S\$2,499k and income available for distribution to Unitholders would have been S\$15,868k.

**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER ("2Q FY2017") AND HALF YEAR ("1H FY2017") ENDED 30 JUNE 2017 ("YTD FY2017")**

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

	<b>Notes</b>	<b>30 June 2017 (S\$'000)</b>	<b>31 Dec 2016 (S\$'000)</b>
<b>Current assets</b>			
Cash and cash equivalents	a	10,751	25,718
Trade and other receivables	b	6,622	4,291
Other current assets	c	282	310
Deferred expenditure	d	2,612	596
<b>Total current assets</b>		<b>20,267</b>	<b>30,915</b>
<b>Non-current assets</b>			
Investment properties	e	1,243,794	1,243,700
Deferred expenditure	d	1,146	876
<b>Total non-current assets</b>		<b>1,244,940</b>	<b>1,244,576</b>
<b>Total Assets</b>		<b>1,265,207</b>	<b>1,275,491</b>
<b>Current liabilities</b>			
Trade and other payables	f	12,765	12,008
Derivative financial instruments	g	431	181
Rental deposits	h	3,501	5,437
Borrowings	i	99,911	-
<b>Total current liabilities</b>		<b>116,608</b>	<b>17,626</b>
<b>Non-current liabilities</b>			
Trade and other payables	f	211	1,041
Derivative financial instruments	g	-	182
Rental deposits	h	23,753	32,590
Borrowings	i	373,998	472,349
<b>Total non-current liabilities</b>		<b>397,962</b>	<b>506,162</b>
<b>Total Liabilities</b>		<b>514,570</b>	<b>523,788</b>
<b>Net assets attributable to Unitholders</b>		<b>750,637</b>	<b>751,703</b>
<b>Represented by:</b>			
<b>Unitholders' funds</b>		<b>750,637</b>	<b>751,703</b>
<b>NAV per Unit (S\$)</b>		<b>0.72</b>	<b>0.72</b>

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**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2017”) AND HALF YEAR (“1H FY2017”) ENDED 30 JUNE 2017 (“YTD FY2017”)**

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**Notes:**

- (a) Cash and cash equivalents as at 30 June 2017 were S\$15.0 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) 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\$5.1 million, S\$1.1 million and S\$0.4 million respectively. The increase in trade and other receivables of S\$2.3 million was mainly due to S\$2.0 million higher trade debtors, S\$0.2 million higher unbilled debtors and S\$0.1 million higher other receivables.
- (c) Other current assets as at 30 June 2017 comprised mainly security deposits paid to vendors and prepayments.
- (d) Deferred expenditure comprises mainly property tax for the period from July 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 June 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 2016<sup>1</sup>. 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 June 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\$73k lower mainly due to the amortisation of deferred notional interest income amounting to S\$0.8 million, payment of property and lease management fees in cash, refund of retention to Tellus Marine Engineering Pte. Ltd. in connection with the completion of the annex block and lower interest payable due to a recent interest payment. The decrease in trade and other payables was partially offset by the accrual of property tax relating to the period from July 2017 to December 2017 amounting to S\$2.0 million.
- (g) Derivative financial instruments as at 30 June 2017 represented the fair value of interest rate swaps entered into to hedge interest rate risks on floating rate loans.
- (h) Rental deposits as at 30 June 2017 decreased by S\$10.8 million mainly due to refund of security deposit amounting to S\$8 million to SBWV and the utilisation of the security deposit for the 72 Loyang Way property.
- (i) Borrowings comprise a S\$185 million secured bank loan, S\$40 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.

Current liabilities have exceeded current assets due to the expiry of the S\$100 million unsecured MTN in May 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:**

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

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

	<b>30 June 2017 (S\$'000)</b>	<b>31 Dec 2016 (S\$'000)</b>
<b><u>Interest-bearing borrowings</u></b>		
Amount repayable within one year	100,000	-
Less: Debt arrangement fees	(89)	-
<b>Total borrowings repayable within one year</b>	<b>99,911</b>	<b>-</b>
Amount repayable after one year	325,000	425,000
Less: Debt arrangement fees <sup>1</sup>	(3,784)	(4,578)
Less: Prepayment fees <sup>1</sup>	(345)	(394)
	320,871	420,028
<b><u>Interest-free borrowings</u></b>		
Amount repayable after one year	55,000	55,000
Less: Deferred amortisation <sup>2</sup>	(1,873)	(2,679)
	53,127	52,321
<b>Total borrowings repayable after one year</b>	<b>373,998</b>	<b>472,349</b>
<b>Total borrowings</b>	<b>473,909</b>	<b>472,349</b>

**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 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 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.

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**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2017”) AND HALF YEAR (“1H FY2017”) ENDED 30 JUNE 2017 (“YTD FY2017”)**

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**- 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.

**- 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 a S\$100 million bank loan facility entered into on 20 May 2014.

**- 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.

**Term Loan Facility obtained but not drawn down**

**- Term Loan Facility of S\$200 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.



**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER ("2Q FY2017") AND HALF YEAR ("1H FY2017") ENDED 30 JUNE 2017 ("YTD FY2017")**

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

	1H FY2017	1H FY2016	2Q FY2017	2Q FY2016
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
<b>Operating activities:</b>				
Net income	27,225	24,789	13,369	12,421
Adjustments for				
- Amortised debt arrangement and prepayment fees	756	735	381	352
- Finance expenses	7,142	6,147	3,591	3,236
- Loan facility commitment fees	-	2	-	-
- Management fees paid and payable in Units	3,094	3,858	1,537	1,925
Changes in working capital				
- Trade and other receivables	(2,331)	(3,948)	(1,253)	(2,351)
- Other current assets	28	(1,970)	34	1,362
- Deferred expenditure	(2,286)	(3,011)	992	(2,920)
- Trade and other payables	1,430	1,721	(2,106)	(1,715)
- Rental deposits	(10,773)	11,793	(9,164)	11,482
<b>Cash flows from operations</b>	24,285	40,116	7,381	23,792
Finance expense paid	(7,227)	(5,633)	(5,362)	(3,655)
<b>Net cash generated from operating activities</b>	17,058	34,483	2,019	20,137
<b>Investing activities:</b>				
Capital expenditure on investment properties (Note A)	(94)	(31,915)	(29)	-
<b>Net cash used in investing activities</b>	(94)	(31,915)	(29)	-
<b>Financing activities:</b>				
Proceeds from borrowings	-	131,883	-	100,000
Repayment of borrowings	-	(97,500)	-	(97,500)
Payment of debt arrangement fees	-	(400)	-	(400)
Payment of prepayment fees	-	(366)	-	(366)
Issue expenses	-	41	-	41
Distributions paid	(31,931)	(29,686)	(15,568)	(14,604)
<b>Net cash (used in)/generated from financing activities</b>	(31,931)	3,972	(15,568)	(12,829)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(14,967)	6,540	(13,578)	7,308
Cash and cash equivalents at beginning of the financial period	25,718	16,751	24,329	15,983
<b>Cash and cash equivalents at end of the financial period</b>	10,751	23,291	10,751	23,291

**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) Investment Pte. Ltd. ("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.

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

<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>
<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>

<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>

**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER ("2Q FY2017") AND HALF YEAR ("1H FY2017") ENDED 30 JUNE 2017 ("YTD FY2017")**

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

	<b>1H FY2017 ('000)</b>	<b>2Q FY2017 ('000)</b>
<b>Balance as at beginning of financial period</b>	1,042,174	1,045,533
Movements during the financial period		
- Units issued in lieu of Manager's management fees, property management fees and lease management fees (2Q FY2017: Manager's management fees only)	5,723	2,364
<b>Total issued Units as at end of financial period</b>	<b>1,047,897</b>	<b>1,047,897</b>

	<b>1H FY2016 ('000)</b>	<b>2Q FY2016 ('000)</b>
<b>Balance as at beginning of financial period</b>	934,442	938,010
Movements during the financial period		
- Units issued in lieu of Manager's management fees, property management fees and lease management fees	6,236	2,668
<b>Total issued Units as at end of financial period</b>	<b>940,678</b>	<b>940,678</b>

**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 June 2017, Soilbuild REIT had 1,047,897,262 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.

**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER ("2Q FY2017") AND HALF YEAR ("1H FY2017") ENDED 30 JUNE 2017 ("YTD FY2017")**

**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")**

	1H FY2017	1H FY2016	2Q FY2017	2Q FY2016
Weighted average number of Units	1,047,139,283	938,933,954	1,047,195,667	939,857,507
<b>EPU – Basic and Diluted<sup>1</sup></b> Based on the weighted average number of Units in issue (cents)	2.603	2.643	1.277	1.322
<b>- Basic and diluted</b> Number of Units in issue at end of the financial period	1,047,897,262	940,678,444	1,047,897,262	940,678,444
<b>DPU</b> Based on the number of Units in issue at end of each distribution period (cents)	2.955	3.122	1.466	1.565

**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 June 2017	31 Dec 2016
NAV per Unit <sup>1</sup> (S\$)	0.72	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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**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2017”) AND HALF YEAR (“1H FY2017”) ENDED 30 JUNE 2017 (“YTD FY2017”)**

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**8. Review of the Performance**

**Review of the Performance on 1H FY2017 compared to 1H FY2016**

Gross revenue was S\$43.5 million in 1H FY2017, S\$3.8 million or 9.6% higher than the gross revenue in 1H FY2016 mainly due to the increase in revenue from Bukit Batok Connection, Solaris, Tuas Connection and Tellus Marine amounting to S\$4.0 million, S\$0.3 million, S\$0.2 million and S\$0.2 million respectively. The revenue growth was partially offset by a reduction in revenue from 72 Loyang Way, West Park BizCentral and Eightrium amounting to S\$0.6 million, S\$0.2 million and S\$0.1 million respectively.

Property operating expenses were S\$5.6 million in 1H FY2017, S\$0.4 million higher than 1H FY2016 mainly due to S\$0.2 million, \$0.1 million and S\$0.1 million higher property expenses incurred for West Park BizCentral, 72 Loyang Way and Bukit Batok Connection respectively. The higher 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 9.9% higher at S\$37.9 million in 1H FY2017 compared with S\$34.5 million in 1H 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\$1.0 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\$0.2 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\$2.4 million higher than 1H FY2016 mainly due to higher net property income amounting to S\$3.4 million and partially offset by higher finance expense of S\$1.0 million.

The reduction of non-tax deductible items amounting to S\$0.8 million was largely due to the payment of property management and lease management fees in cash instead of units for 1H FY2017.

Income available for distribution was S\$30.9 million in 1H FY2017, 5.5% higher than 1H FY2016 largely due to higher total return before distribution and partially offset by lower non-tax deductible items.

**Review of the Performance on 2Q FY2017 compared to 2Q FY2016**

Gross revenue was S\$21.6 million in 2Q FY2017, S\$2.0 million or 10.1% higher than the gross revenue in 2Q 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\$2.0 million, S\$0.3 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\$0.6 million.

Property operating expenses were S\$2.8 million in 2Q FY2017, S\$0.6 million higher than 2Q FY2016 mainly due to higher property expenses incurred for West Park BizCentral, 72 Loyang Way and Bukit Batok Connection amounting to S\$0.4 million, S\$0.1 million and S\$0.1 million each. The higher property expenses for West Park BizCentral was due to a one-off property tax reversal

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**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2017”) AND HALF YEAR (“1H FY2017”) ENDED 30 JUNE 2017 (“YTD FY2017”)**

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adjustment made in 1H FY2016 arising from the revision of FY2015 and FY2016 annual values by the tax authority.

Net property income was 8.1% higher at S\$18.7 million in 2Q FY2017 from S\$17.3 million in 2Q FY2016 mainly due to the abovementioned reasons.

The increase in Manager’s management fees of S\$64k was due to higher distributable income which resulted in higher base fee. The increase in finance expenses amounting to S\$0.4 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\$13.4 million was S\$0.9 million higher than 2Q FY2016 mainly due to higher net property income amounting to S\$1.4 million and was partially offset by higher finance expense and Manager’s management fee amounting to S\$0.4 million and S\$0.1 million respectively.

Income available for distribution was S\$15.4 million in 2Q FY2017, 4.3% higher than 2Q FY2016 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 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 the Singapore economy grew by 2.7% in 1Q 2017, largely contributed by the continued strength in the manufacturing sector. The manufacturing sector’s growth was primarily driven by the electronics and precision engineering clusters, which expanded on the back of global demand for semiconductors. While information and communications sector remained resilient, the construction sector on the other hand, continued to contract.<sup>1</sup>

MTI expects growth for 2017 to be above 2%, maintaining its GDP growth estimates of 1.0% to 3.0%. MTI projects trade-related sectors such as manufacturing, transportation and storage to sustain the growth of the Singapore economy in 2017.

The Purchasing Managers’ Index for June 2017 was 50.9. The manufacturing sector has recorded its 10<sup>th</sup> consecutive month of expansion despite headwinds in the global market environment.<sup>2</sup>

Rentals of all industrial properties had fallen since 1Q 2015, with a 5.0% decline in 1Q 2017 over the preceding year. The multi-user factories, single-user factories and warehouse rental indices have receded 5.2% to 6.1% year-on-year, whilst business park rentals remained relatively resilient.<sup>3</sup>

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<sup>1</sup> Source: Ministry of Trade and Industry’s press release dated 25 May 2017.

<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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**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2017”) AND HALF YEAR (“1H FY2017”) ENDED 30 JUNE 2017 (“YTD FY2017”)**

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In 2Q FY2017, the Manager secured more than 110,000 sq ft of new leases and completed more than 200,000 sq ft of renewals and forward renewals, raising portfolio occupancy to 92.6%. With 7.6% of the portfolio NLA expiring in the second half of 2017, the key asset management focus remains to retain existing tenants and improve occupancy in the multi-tenanted buildings and 72 Loyang Way. With the full utilisation of the security deposit received for 72 Loyang Way, the distributable income will be negatively impacted until the Manager finds a suitable replacement anchor tenant.

**11. Distributions**

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 17<sup>th</sup> distribution for the financial period from 1 April 2017 to 30 June 2017

Distribution type: Income

Distribution rate: 1.466 cents

Tax rate: Taxable Income Distribution

Qualifying investors and individuals (other than those who hold their Units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Such individual Unitholders, i.e. to whom the exemption will not apply, must declare the distribution received as income in their tax returns.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Books closure date: The Transfer Books and Register of Unitholders of Soilbuild REIT will be closed at 5.00 p.m. on Friday, 21 July 2017 for the purposes of determining each Unitholder's entitlement to Soilbuild REIT's distribution. The ex-dividend date will be on Wednesday, 19 July 2017.

Date Payable: Friday, 18 August 2017

(b) Corresponding period of the preceding financial period

Name of distribution: 13<sup>th</sup> distribution for the financial period from 1 April 2016 to 30 June 2016

Distribution type: Income

Distribution rate: 1.565 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.

**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2017”) AND HALF YEAR (“1H FY2017”) ENDED 30 JUNE 2017 (“YTD FY2017”)**

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, 21 July 2016

Date Payable: Tuesday, 16 August 2016

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

Not applicable.

**13. Segmented Revenue and Results**

	1H FY2017		1H FY2016		2Q FY2017		2Q FY2016	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
<u>Gross Revenue</u>								
Business Park	13,704	31%	13,578	34%	6,867	32%	6,848	35%
Industrial	29,831	69%	26,134	66%	14,683	68%	12,722	65%
	<b>43,535</b>	<b>100%</b>	<b>39,712</b>	<b>100%</b>	<b>21,550</b>	<b>100%</b>	<b>19,570</b>	<b>100%</b>

	1H FY2017		1H FY2016		2Q FY2017		2Q FY2016	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
<u>Net Property Income</u>								
Business Park	11,978	32%	11,815	34%	5,999	32%	5,962	34%
Industrial	25,962	68%	22,703	66%	12,728	68%	11,363	66%
	<b>37,940</b>	<b>100%</b>	<b>34,518</b>	<b>100%</b>	<b>18,727</b>	<b>100%</b>	<b>17,325</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.



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**SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2017”) AND HALF YEAR (“1H FY2017”) ENDED 30 JUNE 2017 (“YTD FY2017”)**

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- 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.

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 July 2017