(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 FY2018") AND FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 SEPTEMBER 2018 ("YTD FY2018")

TABLE OF CONTENTS

Item No.	Description	Page No.
-	Summary Results of Soilbuild Business Space REIT	**2**
-	Introduction	**3**
1(a)	Statement of Total Return and Distribution Statement	**4**
1(b)(i)	Statement of Financial Position	**5**
1(b)(ii)	Aggregate Amount of Borrowings	**7**
1(c)	Statement of Cash Flows	**9**
1(d)(i)	Statement of Changes in Unitholders' Funds	**10**
1(d)(ii)	Details of Any Change in Units	**11**
1(d)(iii)	Total Number of Issued Units	**12**
1(d)(iv)	Treasury Shares	**12**
2 & 3	Audit Statement	**12**
4 & 5	Changes in Accounting Policies	**12**
6	Earnings Per Unit ("EPU") and Distribution Per Unit ("DPU")	**12**
7	Net Asset Value ("NAV") Per Unit	**13**
8	Review of the Performance	**13**
9	Variance from the Prospect Statement	**14**
10	Outlook and Prospects	**14**
11 & 12	Distributions	**15**
13	Interested Person Transaction ("IPT") Mandate	**16**
14	Confirmation Pursuant to Rule 705(5) of the Listing Manual	**16**
15	Confirmation Pursuant to Rule 720(1) of the Listing Manual	**16**

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE THIRD QUARTER ("3Q FY2018") AND FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 SEPTEMBER 2018 ("YTD FY2018")

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

	YTD FY2018[1]	YTD FY2017[2]	Variance (%)	3Q FY2018[3]	3Q FY2017[4]	Variance (%)
Gross revenue (S$'000)	57,982	64,070	(9.5)	19,800	20,535	(3.6)
Net property income (S$'000)	49,457	55,729	(11.3)	16,222	17,789	(8.8)
Income attributable to perpetual securities holders (S$'000)	43	-	Nm	43	-	Nm
Income attributable to Unitholders (S$'000)	40,504	45,368	(10.7)	13,186	14,432	(8.6)
DPU (cents)	3.833	4.329	(11.5)	1.245	1.374	(9.4)

Footnotes:

1 Financial period from 1 January 2018 to 30 September 2018, hereinafter referred to as YTD FY2018.

2 Financial period from 1 January 2017 to 30 September 2017, hereinafter referred to as YTD FY2017.

3 Financial period from 1 July 2018 to 30 September 2018, hereinafter referred to as 3Q FY2018.

4 Financial period from 1 July 2017 to 30 September 2017, hereinafter referred to as 3Q FY2017.

5 Nm denotes not meaningful.

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE THIRD QUARTER ("3Q FY2018") AND FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 SEPTEMBER 2018 ("YTD FY2018")

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 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 and Australia as well as real estate-related assets.

The divestment of KTL Offshore was completed in February 2018. The current portfolio of Soilbuild REIT comprises 11 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) 39 Senoko Way;
(9) Speedy-Tech;
(10) 72 Loyang Way; and
(11) Bukit Batok Connection

On 5 October 2018, Soilbuild REIT completed the acquisitions of two properties in Australia as follows.

(1) 14 Mort St, Canberra
(2) Inghams Burton, Adelaide

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 FY2018") AND FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 SEPTEMBER 2018 ("YTD FY2018")

1(a) Statement of Total Return and Distribution Statement for 3Q FY2018 & 3Q FY2017 and YTD FY2018 & YTD FY2017

	YTD FY2018 S$'000	YTD FY2017 S$'000	Variance %	3Q FY2018 S$'000	3Q FY2017 S$'000	Variance %
Gross revenue	57,982	64,070	(9.5)	19,800	20,535	(3.6)
Property operating expenses	(8,525)	(8,341)	(2.2)	(3,578)	(2,746)	(30.3)
Net property income	**49,457**	**55,729**	**(11.3)**	**16,222**	**17,789**	**(8.8)**
Interest Income	1,301	1,297	0.3	255	435	(41.4)
Gain on divestment of a property held for sale	1,740	-	Nm	-	-	Nm
Expenses:						
Finance expenses	(11,179)	(11,867)	5.8	(3,637)	(3,969)	8.4
Manager's management fees	(4,055)	(4,537)	10.6	(1,323)	(1,443)	8.3
Trustee's fees	(146)	(155)	5.8	(49)	(52)	5.8
Other trust expenses	(397)	(779)	49.0	(132)	(297)	55.6
Total return before distribution	**36,721**	**39,688**	**(7.5)**	**11,336**	**12,463**	**(9.0)**

Distribution Statement	YTD FY2018 S$'000	YTD FY2017 S$'000	Variance %	3Q FY2018 S$'000	3Q FY2017 S$'000	Variance %
Total return before distribution	**36,721**	**39,688**	**(7.5)**	**11,336**	**12,463**	**(9.0)**
Less: Amount reserved for distribution to perpetual securities holders	(43)	-	Nm	(43)	-	Nm
Net effect of non-tax deductible items[1]	3,826	5,680	(32.6)	1,893	1,969	(3.9)
Income attributable to Unitholders	**40,504**	**45,368**	**(10.7)**	**13,186**	**14,432**	**(8.6)**

Footnotes:

1 Non-tax deductible items comprise mainly the Manager's management fees payable in Units, the Trustee's fees and amortisation of debt arrangement, structuring and prepayment fees and is partially offset by non-taxable gain on divestment of a property held for sale.

2 nm denotes not meaningful.

1(b)(i) Statement of Financial Position

	Notes	30 September 2018 (S$'000)	31 December 2017 (S$'000)
Current assets			
Cash and cash equivalents	a	75,275	11,740
Trade and other receivables	b	3,030	3,938
Other current assets	c	5,978	289
Deferred expenditure	d	2,222	784
Property held for sale	e	-	53,000
Total current assets		86,505	69,751
Non-current assets			
Investment properties	f	1,112,600	1,110,600
Derivative financial instruments	g	1,273	1
Deferred expenditure	d	1,466	1,251
Total non-current assets		1,115,339	1,111,852
Total Assets		1,201,844	1,181,603
Current liabilities			
Trade and other payables	h	11,160	10,628
Derivative financial instruments	g	-	102
Rental deposits	i	22,859	21,841
Borrowings	j	39,882	147,420
Total current liabilities		73,901	179,991
Non-current liabilities			
Rental deposits	i	13,465	6,035
Borrowings	j	382,065	326,939
Total non-current liabilities		395,530	332,974
Total Liabilities		469,431	512,965
Net assets attributable to Unitholders		732,413	668,638
Represented by:			
Unitholders' funds		667,723	668,638
Perpetual securities holders		64,690	-
		732,413	668,638
NAV per Unit (S$)		0.63	0.64

Notes:

(a) Cash and cash equivalents as at 30 September 2018 were S$63.5 million higher than the balance as at 31 December 2017 mainly due to the proceeds from the issuance of S$65 million 6.00% perpetual securities in September 2018.

(b) The decrease in trade and other receivables of S$0.9 million was mainly due to S$1.0 million lower trade receivables and was partially offset by S$0.1 million higher other receivables.

(c) Other current assets as at 30 September 2018 comprised mainly the deposit paid for the acquisition of two properties in Australia.

(d) Deferred expenditure comprises mainly property tax for the period from October 2018 to December 2018 and the unamortised portion of marketing commissions paid to the Property Manager, Manager and external agents for securing new leases and renewing expiring leases. The increase in deferred expenditure of S$1.7 million was mainly due to the abovementioned property tax.

(e) The property held for sale was divested in February 2018.

(f) Investment properties as at 30 September 2018 were accounted for at fair value based on the valuations undertaken by independent valuers, Knight Frank Pte. Ltd. and Savills Valuation and Professional Services (S) Pte Ltd ("**Savills**") as at 31 December 2017[1]. The increase in investment properties of S$2.0 million was due to an asset enhancement initiative undertaken at Eightrium.

(g) Derivative financial instruments as at 30 September 2018 represented the fair value of interest rate and cross-currency swaps entered into to hedge interest rate risks on floating rate loans and a United States Dollar denominated loan.

(h) Trade and other payables as at 30 September 2018 comprised GST payable, trade creditors, interest payable, advance rental received, fees payable to Manager/Trustee and accrual of professional fees. Trade and other payables were S$0.5 million higher mainly due to higher accrued interest payable.

(i) Rental deposits as at 30 September 2018 increased by S$8.4 million mainly due to the transfer of security deposits from SB (Solaris) Investment Pte. Ltd. and top-up of security deposit by NK Ingredients Pte. Ltd.

(j) Borrowings comprise a S$200 million secured bank loan, S$137 million unsecured bank loans and S$88 million medium term notes ("**MTN**") issued under Soilbuild REIT's S$500 million multicurrency debt issuance programme. Borrowings are net of unamortised debt arrangement fees.

Footnotes:

[1] 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

	30 September 2018 (S$'000)	31 December 2017 (S$'000)
Interest-bearing borrowings		
Amount repayable within one year	40,000	93,500
Less: Debt arrangement fees[1]	(118)	(38)
	39,882	93,462
Interest-free borrowings		
Amount repayable within one year	-	55,000
Less: Deferred amortisation[2]	-	(1,042)
	-	53,958
Total borrowings repayable within one year	39,882	147,420
Interest-bearing borrowings		
Amount repayable after one year[3]	386,291	331,500
Less: Debt arrangement fees[1]	(3,993)	(4,264)
Less: Prepayment fees[1]	(233)	(297)
Total borrowings repayable after one year	382,065	326,939
Total borrowings	**421,947**	**474,359**

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.
3. Includes the effect of unrealised exchange loss of S$1,291k upon revaluation of a United States Dollar denominated borrowing. Soilbuild REIT has entered into a cross currency swap to hedge the currency exposure and is not exposed to fluctuation in the United States Dollar.

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. On 18 May 2018, S$8.5 million was drawn down for the redemption of medium term notes due in May 2018. On 15 August 2018, S$6.5 million was drawn down for the repayment of interest-free loan from the Sponsor.

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

On 21 September 2016, Soilbuild REIT entered into an unsecured term loan facility amounting to S$40.0 million ("**TLF 2**") obtained from The Bank of East Asia, Limited, Singapore Branch. 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. TLF 2 is unsecured and is repayable in September 2019.

- **MTN of S$100.0 Million issued in 2016 (S$88.0 million as at 30 September 2018)**

On 8 April 2016, Soilbuild REIT issued S$100.0 million of unsecured MTN which bears interest at 3.60% p.a. and matures on 8 April 2021 ("the **Notes**") for the purpose of refinancing a S$100 million bank loan. On 12 September 2017, Soilbuild REIT redeemed the 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 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 2018, the principal amount of the Notes in issuance amounted to S$88.0 million.

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

On 30 June 2017, Soilbuild REIT entered into a S$200 million unsecured 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 September 2017, S$18.5 million was drawn down from TLF 3 for the redemption of 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.

- **Term Loan Facility of S$30.0 million**

On 15 May 2018, Soilbuild REIT entered into a S$30 million equivalent, 5-year unsecured term loan facility agreement with HSBC ("**TLF 4**") for the redemption of notes due in May 2018. TLF 4 is denominated in United States Dollar and was fully drawn down on 18 May 2018. Soilbuild REIT has entered into a cross currency swap to hedge the currency exposure and is not exposed to fluctuation in the United States Dollar arising from the United States Dollar denominated loan.

- **Term Loan Facility of S$70.0 million**

On 18 July 2018, Soilbuild REIT entered into a S$70 million, 5-year unsecured term loan facility agreement with United Overseas Bank Limited ("**TLF 5**") mainly for the repayment of interest-free loan from Sponsor and the refund of net security deposits due to SB (Solaris) Investment Pte. Ltd. On 15 August 2018, S$48.5 million was drawn down for the repayment of interest-free loan from the Sponsor. The committed facility available for draw down amounts to S$21.5 million.

- **Term Loan Facility of A$50.0 million**

On 1 October 2018, Soilbuild REIT entered into a A$50 million, 5-year unsecured term loan facility agreement with HSBC ("**TLF 6**") for the acquisition of two properties in Australia. On 3 October 2018, A$45 million was drawn down for the completion of the acquisitions. The committed facility available for draw down amounts to A$5.0 million.

1(c) Statement of Cash Flows

	YTD FY2018 (S$'000)	YTD FY2017 (S$'000)	3Q FY2018 (S$'000)	3Q FY2017 (S$'000)
Operating activities:				
Net income	36,721	39,688	11,336	12,463
Adjustments for				
- Amortised debt arrangement and prepayment fees	1,006	1,140	341	384
- Finance expenses	10,173	10,724	3,296	3,582
- Gain on divestment of a property held for sale	(1,740)	-	-	-
- Management fees paid and payable in Units	4,055	4,537	1,323	1,443
- Security trustee and agency fees	-	3	-	3
Changes in working capital				
- Trade and other receivables	908	(4,169)	(995)	(1,838)
- Other current assets	(109)	23	(97)	(5)
- Deferred expenditure	(1,653)	(1,413)	3	873
- Trade and other payables	1,229	2,552	518	1,122
- Rental deposits	8,448	(10,976)	5,159	(203)
Cash flows from operations	59,038	42,109	20,884	17,824
Finance expense paid	(9,696)	(9,486)	(2,380)	(2,259)
Net cash generated from operating activities	49,342	32,623	18,504	15,565
Investing activities:				
Capital expenditure on investment properties	(2,000)	(245)	(462)	(151)
Payment of deposit for acquisition of investment properties	(5,580)	-	(5,580)	-
Proceeds from divestment of a property held for sale	55,000	-	-	-
Payment of property divestment related costs	(260)	-	-	-
Net cash generated from/(used in) investing activities	47,160	(245)	(6,042)	(151)
Financing activities:				
Proceeds from borrowings	93,500	18,500	55,000	18,500
Repayment of borrowings	(148,500)	(18,500)	(55,000)	(18,500)
Payment of debt arrangement fees	(750)	(283)	(525)	(283)
Distributions paid	(41,864)	(47,293)	(13,354)	(15,362)
Proceeds from issuance of perpetual securities	65,000	-	65,000	-
Payment of perpetual securities issuance cost	(353)	-	(353)	-
Net cash (used in)/generated from financing activities	(32,967)	(47,576)	50,768	(15,645)
Net increase/(decrease) in cash and cash equivalents	63,535	(15,198)	63,230	(231)
Cash and cash equivalents at beginning of the financial period	11,740	25,718	12,045	10,751
Cash and cash equivalents at end of the financial period	75,275	10,520	75,275	10,520

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

FY2018	**Operations (S$'000)**	**Unitholders' Contribution (S$'000)**	**Perpetual securities holders' funds (S$'000)**	**Hedging Reserve (S$'000)**	**Total (S$'000)**
Balance as at 31 December 2017	**(122,266)**	**791,005**	**-**	**(101)**	**668,638**
Total return for the financial period	13,888	-	-	-	13,888
Distribution to Unitholders	(14,551)	-	-	-	(14,551)
Movement in hedging reserve	-	-	-	231	231
Issue of Units in lieu of Manager's management fees	-	1,456	-	-	1,456
Balance as at 31 March 2018	**(122,929)**	**792,461**	**-**	**130**	**669,662**
Total return for the financial period	11,497	-	-	-	11,497
Distribution to Unitholders	(13,959)	-	-	-	(13,959)
Movement in hedging reserve	-	-	-	(162)	(162)
Issue of Units in lieu of Manager's management fees	-	1,396	-	-	1,396
Balance as at 30 June 2018	**(125,391)**	**793,857**	**-**	**(32)**	**668,434**
Total return for the financial period	11,336	-	-	-	11,336
Distribution to Unitholders	(13,354)	-	-	-	(13,354)
Movement in hedging reserve	-	-	-	14	14
Issue of Units in lieu of Manager's management fees	-	1,336	-	-	1,336
Issuance of perpetual securities	-	-	65,000	-	65,000
Perpetual securities issuance cost	-	-	(353)	-	(353)
Amount reserved for distribution to perpetual securities holders	(43)	-	43	-	-
Balance as at 30 September 2018	**(127,452)**	**795,193**	**64,690**	**(18)**	**732,413**

FY2017	**Operations (S$'000)**	**Unitholders' Contribution (S$'000)**	**Perpetual securities holders' funds (S$'000)**	**Hedging Reserve (S$'000)**	**Total (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

FY2017	**Operations (S$'000)**	**Unitholders' Contribution (S$'000)**	**Perpetual securities holders' funds (S$'000)**	**Hedging Reserve (S$'000)**	**Total (S$'000)**
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**
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**

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

	YTD FY2018 ('000)	**3Q FY2018 ('000)**
Balance as at beginning of financial period	1,052,111	1,056,453
Movements during the financial period		
- Units issued in lieu of Manager's management fees	6,405	2,063
Total issued Units as at end of financial period	1,058,516	1,058,516

	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 (2Q 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

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 2018, Soilbuild REIT had 1,058,515,676 Units (31 December 2017: 1,052,111,365 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 2017 except in the current financial year, the Trust has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2018. The adoption of these new and revised standards did not have any effect on the financial performance or position of Soilbuild REIT.

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 FY2018	YTD FY2017	3Q FY2018	3Q FY2017
Weighted average number of Units	1,055,770,464	1,048,813,120	1,057,842,948	1,049,387,956
EPU – Basic and Diluted[1] Based on the weighted average number of Units in issue (cents)	3.478	3.791	1.072	1.188
- Basic and diluted Number of Units in issue at end of the financial period	1,058,515,676	1,050,040,135	1,058,515,676	1,050,040,135

	YTD FY2018	YTD FY2017	3Q FY2018	3Q FY2017
DPU Based on the number of Units in issue at end of each distribution period (cents)	3.833	4.329	1.245	1.374

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 2018	31 December 2017
NAV per Unit[1] (S$)	0.63	0.64

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 FY2018 compared to YTD FY2017

Gross revenue was S$58.0 million in YTD FY2018, S$6.1 million or 9.5% lower than the gross revenue in YTD FY2017. The decrease in revenue was largely attributed to lower contribution from 72 Loyang Way, West Park BizCentral and Eightrium amounting to S$2.6 million, S$2.1 million and S$1.1 million respectively, the divestment of KTL Offshore on 28 February 2018 resulting in S$2.1 million lower revenue and was partially offset by S$1.9 million higher revenue from Solaris. Solaris was converted into a multi-tenanted property on 15 August 2018.

Property operating expenses were S$8.5 million in YTD FY2018, S$0.2 million higher than YTD FY2017 mainly due to higher property expenses incurred for Solaris and was partially offset by lower property expenses for Eightrium and 72 Loyang Way.

Net property income was 11.3% lower at S$49.5 million in YTD FY2018 from S$55.7 million in YTD FY2017 mainly due to the abovementioned reasons.

Gain on divestment of a property held for sale relates to the divestment of KTL Offshore.

The decrease in finance expenses amounting to S$0.7 million was mainly attributed to lower gross borrowings following the redemption of notes due in May 2018.

The decrease in Manager's management fees of S$0.5 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. The reduction in other trust expenses of S$0.4 million was due to the absence of credit rating fee in FY2018 after Soilbuild REIT's withdrawal of the credit rating, as well as lower professional fees.

Total return before distribution was S$3.0 million lower due to S$6.3 million lower net property income and was partially offset by the gain on divestment of KTL Offshore amounting to S$1.7 million, lower finance expenses, manager's management fees and other trust expenses.

Non-tax deductible items were S$1.9 million lower largely due to non-taxable gain on divestment of KTL Offshore.

Income available for distribution to Unitholders was S$40.5 million in YTD FY2018, 10.7% lower than YTD FY2017 largely due to lower net property income.

Review of the Performance on 3Q FY2018 compared to 3Q FY2017

Gross revenue was S$19.8 million in 3Q FY2018, S$0.7 million or 3.6% lower than the gross revenue in 3Q FY2017. The decrease in revenue was largely attributed to the divestment of KTL Offshore resulting in S$1.0 million lower revenue and lower contributions from West Park BizCentral and Eightrium amounting to S$0.9 million and S$0.4 million respectively, partially offset by S$1.6 million higher revenue from Solaris.

Property operating expenses were S$3.6 million in 3Q FY2018, S$0.8 million higher than 3Q FY2017 mainly due to higher property expenses incurred for Solaris.

Net property income was 8.8% lower at S$16.2 million in 3Q FY2018 from S$17.8 million in 3Q FY2017 mainly due to the abovementioned reasons.

The decrease in interest income of S$0.2 million was related to the repayment of the S$55 million interest-free loan from the Sponsor.

The decrease in finance expenses of S$0.3 million was mainly attributed to lower gross borrowings following the redemption of notes due in May 2018.

The reduction in Manager's management fees of S$0.1 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. The reduction in other trust expenses of S$0.2 million was largely attributed to lower professional fees.

Total return before distribution was S$1.1 million lower due to lower net property income and was partially offset by lower finance expenses, other trust expenses and Manager's management fee.

Non-tax deductible items were S$0.1 million lower mainly due to lower Manager's management fee in units.

Income available for distribution to Unitholders was S$13.2 million in 3Q FY2018, 8.6% lower than 3Q FY2017 largely due to lower net property income.

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

Based on advance estimates, the Singapore economy grew by 2.6% on a year-on-year ("**y-o-y**") basis in the third quarter of 2018, easing from the 4.1% growth in the previous quarter. On a quarter-on-quarter ("**q-o-q**") seasonally-adjusted annualised basis, the economy expanded by 4.7%, faster than the 1.2% growth in the preceding quarter.

The manufacturing sector grew by 4.5% y-o-y in the third quarter of 2018, slower than the 10.6% growth in the previous quarter. Growth was supported mainly by output expansions in the electronics, biomedical manufacturing and transport engineering clusters. On a q-o-q seasonally-adjusted annualised basis, the manufacturing sector expanded at a faster pace of 7.6% compared to the 2.9% growth in the preceding quarter.[1]

Singapore's manufacturing activity continued to expand in September 2018 but at a slower pace, with the Purchasing Managers' Index ("**PMI**") falling to 52.4. PMI for the electronics sector posted a reading of 51.4.[2]

Rentals of all industrial properties fell by 1.4% and 0.1% in 2Q 2018 y-o-y and quarter-on-quarter respectively. The multi-user factories, single-user factories and warehouse rental indices have receded 0.7%, 4.2% and 3.8% y-o-y respectively, whilst business park rentals expanded 5.3% y-o-y. In 2Q 2018, vacancy rate for all industrial space rose 0.3 percentage points q-o-q largely due to a 0.5 and 0.4 percentage points increase in multiple-user and warehouse vacancy rates respectively[3].

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 22nd distribution for the financial period from 1 July 2018 to 30 September 2018

Distribution type: Income

Distribution rate: 1.245 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. Thursday, 25 October 2018 for the purposes of determining each

[1] Source: Ministry of Trade and Industry's press release dated 12 October 2018.
[2] Source: Singapore Institute of Purchasing & Materials Management publication.
[3] Source: JTC quarterly rental index of industrial space.

Unitholder's entitlement to Soilbuild REIT's distribution. The ex-dividend date will be on Tuesday, 23 October 2018.

Date Payable: Thursday, 22 November 2018

(b) Corresponding period of the preceding financial period

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

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: Tuesday, 24 October 2017

Date Payable: Monday, 20 November 2017

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

Not applicable.

13. 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.

14. 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.

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

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE THIRD QUARTER ("3Q FY2018") AND FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 30 SEPTEMBER 2018 ("YTD FY2018")

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	Mr Chong Kie Cheong
Director	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 October 2018