



(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 FIRST QUARTER (“1Q FY2020”) AND FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 31 MARCH 2020 (“YTD FY2020”)

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Summary of Soilbuild Business Space REIT Group Results

	1Q FY2020¹	1Q FY2019²	Variance (%)
Gross revenue (S\$'000)	23,498	22,684	3.6
Net property income (S\$'000)	17,361	18,293	(5.1)
Income attributable to perpetual securities holders (S\$'000)	972	962	1.0
Total amount available for distribution to Unitholders (S\$'000)	11,165	12,740	(12.4)
- From operations	9,765	12,362	(21.0)
- From capital	1,400	378	270.4
DPU (cents)	0.883 ³	1.198	(26.3)
- From operations	0.773	1.163	(33.5)
- From capital	0.110 ³	0.035	214.3

Footnotes:

- 1 Financial period from 1 January 2020 to 31 March 2020, hereinafter referred to as 1Q FY2020.
- 2 Financial period from 1 January 2019 to 31 March 2019, hereinafter referred to as 1Q FY2019.
- 3 In view of the COVID-19 situation, the Manager excluded the following capital distributions to conserve Soilbuild REIT's capital:
 - (i) S\$0.5 million relating to reimbursement received from vendors in relation to outstanding incentives that were subsisting at the point of completion of acquisition of properties; and
 - (ii) S\$0.3 million relating to rental guarantee provided by the vendor of 25 Grenfell Street.

Had the above capital distributions been included, 1Q FY2020 DPU would have been 0.950 cents and DPU from capital would have been 0.177 cents.
- 4 n.m denotes not meaningful.

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Introduction

Soilbuild Business Space REIT (“**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 and its subsidiaries (the “**Group**”) were 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.

In October 2018, the Group completed the acquisitions of two properties in Australia and in November 2019, the Group completed its third acquisition in Australia. As at 31 March 2020, the portfolio of the Group comprised 11 properties located in Singapore and 3 properties located in Australia as follows:

Singapore

- (1) Eightrium;
- (2) Solaris;
- (3) Tuas Connection;
- (4) West Park BizCentral;
- (5) 2 Pioneer Sector 1;
- (6) COS Printers;
- (7) Beng Kuang Marine;
- (8) 39 Senoko Way;
- (9) Speedy-Tech;
- (10) 72 Loyang Way (divested on 14 April 2020); and
- (11) Bukit Batok Connection

Australia

- (1) 14 Mort Street, Canberra (“**14 Mort Street**”);
- (2) Inghams Burton, Adelaide (“**Inghams Burton**”); and
- (3) 25 Grenfell Street, Adelaide (“**25 Grenfell Street**”)

Pursuant to a fully underwritten, pro-rata and non-renounceable preferential offering of new units in Soilbuild REIT (the “**New Units**”) on the basis of 18 New Units for every 100 existing units in Soilbuild REIT (the “**Preferential Offering**”), 192,135,040 New Units have been issued at the issue price of S\$0.53 per New Unit on 19 September 2019 to partially fund the acquisition of 25 Grenfell Street (“**Acquisition**”).

The Group’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.

The Group’s results include the consolidation of subsidiaries. The commentaries provided are based on the consolidated Group results unless otherwise stated.

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1(a) Statement of Total Return and Distribution Statement for 1Q FY2020 & 1Q FY2019

	1Q FY2020	1Q FY2019	Variance
	S\$'000	S\$'000	%
Gross revenue	23,498	22,684	3.6
Property operating expenses	(6,137)	(4,391)	(39.8)
Net property income	17,361	18,293	(5.1)
Interest Income	25	41	(39.0)
Foreign exchange (loss)/gain	(7,347)	20	Nm
Gain/(loss) on derivative financial instruments	38	(5)	860.0
Expenses:			
Finance expenses	(4,562)	(4,171)	(9.4)
Finance expenses on leases (FRS 116)	(481)	(489)	1.6
Manager's management fees	(1,116)	(1,274)	12.4
Trustee's fees	(68)	(62)	(9.7)
Other trust expenses	(359)	(240)	(49.6)
Net income before tax	3,491	12,113	(71.2)
Less: Tax expense	(190)	(75)	(153.3)
Total return before distribution	3,301	12,038	(72.6)
<u>Distribution Statement</u>			
Total return before distribution	3,301	12,038	(72.6)
Less: Amount reserved for distribution to perpetual securities holders	(972)	(962)	(1.0)
Net effect of non-tax deductible items ¹	7,436	1,286	478.2
Income available for distribution	9,765	12,362	(21.0)
Total amount available for distribution comprising:			
- Taxable income	9,765	12,362	(21.0)
- Distribution from capital ²	1,400	378	270.4
Total amount available for distribution	11,165	12,740	(12.4)

Footnotes:

- 1 Includes manager's fees in units, unrealised/capital foreign exchange gains/losses, unrealised gains/losses on derivative financial instruments, amortised debt arrangement, prepayment and structuring fees, non-tax deductible financing expenses, trustee fees, non-tax deductible funding cost for the Australia acquisitions, foreign subsidiaries' income not yet remitted to Singapore, etc.
- 2 This relates to the distribution of income repatriated from Australia by way of tax deferred distributions. Such distribution is deemed to be capital distribution from a tax perspective and is not taxable in the hands of Unitholders, except for Unitholders who are holding the Units as trading assets.

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1(b)(i) Statement of Financial Position

	Notes	Group		Trust	
		31/3/20 (S\$'000)	31/12/19 (S\$'000)	31/3/20 (S\$'000)	31/12/19 (S\$'000)
Current assets					
Cash and bank balances	a	12,526	16,244	5,822	8,986
Trade and other receivables	b	4,387	4,191	4,778	4,638
Other current assets	c	867	1,143	365	186
Property held for sale	d	34,836	34,531	34,836	34,531
Derivative financial instruments	e	41	3	41	3
Total current assets		52,657	56,112	45,842	48,344
Non-current assets					
Investment properties	f	1,335,191	1,350,360	1,112,138	1,111,370
Derivative financial instruments	e	2,560	668	2,560	668
Interest in subsidiaries	g	-	-	99,862	99,862
Loans to a subsidiary	h	-	-	135,483	146,272
Deferred tax assets	i	237	237	-	-
Total non-current assets		1,337,988	1,351,265	1,350,043	1,358,172
Total Assets		1,390,645	1,407,377	1,395,885	1,406,516
Current liabilities					
Derivative financial instruments	e	470	312	470	312
Trade and other payables	j	16,540	16,172	14,650	14,419
Rental deposits	k	7,270	6,429	7,270	6,429
Borrowings	l	58,406	-	58,406	-
Lease liabilities (FRS 116)	m	771	751	771	751
Total current liabilities		83,457	23,664	81,567	21,911
Non-current liabilities					
Derivative financial instruments	e	6,324	3,690	6,324	3,690
Rental deposits	k	8,086	9,452	8,086	9,452
Borrowings	l	462,623	521,364	462,623	521,364
Lease liabilities (FRS 116)	m	35,293	35,250	35,293	35,250
Deferred tax liabilities	n	1,460	1,460	-	-
Total non-current liabilities		513,786	571,216	512,326	569,756
Total Liabilities		597,243	594,880	593,893	591,667
Net assets		793,402	812,497	801,992	814,849
Represented by:					
Unitholders' funds		728,714	746,836	737,304	749,188
Perpetual securities holders		64,688	65,661	64,688	65,661
		793,402	812,497	801,992	814,849
NAV per Unit (S\$)		0.58	0.59	0.58	0.59

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Notes:

- (a) Cash and bank balances as at 31 March 2020 were S\$3.7 million lower than the balance as at 31 December 2019 mainly due to capital expenditure of S\$2.7 million in 1Q FY2020 and revaluation losses on Australian dollar bank balances.
- (b) The increase in trade and other receivables of S\$0.2 million was mainly attributed to higher trade receivables due from SB (Solaris) Investment Pte. Ltd., SB (Westview) Investment Pte. Ltd. and a third party master lessee relating to recharge of prior years’ GST on property tax amounting to S\$0.5 million, S\$0.2 million and S\$0.1 million respectively. The above increase was partially offset by allowance for doubtful receivables for third party trade receivables amounting to S\$0.6 million.
- (c) Other current assets as at 31 March 2020 comprised largely deposits paid to utilities service providers and prepayments. The decrease in other current assets of S\$0.3 million was mainly due to the amortisation of prepaid property expenses for 25 Grenfell Street.
- (d) The property held for sale relates to the proposed divestment of 72 Loyang Way including its right-of-use assets relating to future waterfrontage fees payable to JTC.
- (e) Derivative financial instruments as at 31 March 2020 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 as well as currency forward contracts to hedge Australian dollar denominated distributions and unitholder loan interest income from Soilbuild Australia Trust. The increase in net derivative financial liabilities is due to the decline in Singapore swap offer rate and Australia bank bill swap rate.
- (f) Investment properties as at 31 March 2020 were accounted for at fair value based on the valuations undertaken by independent valuers, Savills Valuation and Professional Services (S) Pte Ltd (“**Savills**”) and Colliers International Consultancy & Valuation (S) Pte Ltd (“**Colliers**”) for the Singapore portfolio as at 31 December 2019 and valuations undertaken by independent valuers, CIVAS (ACT) Pty Limited and CIVAS (SA) Pty Limited, both in the Colliers International Group for 14 Mort Street and Inghams Burton on 31 December 2019 and 25 Grenfell Street as at 1 November 2019¹.
- The decrease in investment properties of S\$15.2 million was mainly due to foreign exchange translation loss as the Australian dollar had weakened against the Singapore dollar in 1Q FY2020 and was partially offset by capital expenditure.
- (g) Interest in subsidiaries comprises investment in Soilbuild Australia Trust and Soilbuild Business Space Holdings Pte. Ltd.
- (h) Loans to a subsidiary relates to interest-bearing loans to Soilbuild Australia Trust.
- (i) Deferred tax assets relate to 25 Grenfell Street.
- (j) Trade and other payables as at 31 March 2020 comprised GST payable, trade creditors, interest payable, advance rental received, fees payable to Manager/Trustee, deferred income and accrual of professional fees. The increase in trade and other payables of S\$0.4 million was mainly attributed to higher interest payable.
- (k) Rental deposits as at 31 March 2020 decreased by S\$0.5 million mainly due to the release of excess security deposits withheld.
- (l) Borrowings comprise a S\$200 million secured bank loan, S\$235.8 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.

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- (m) Lease liabilities arose from the adoption of FRS 116 Leases with effect from 1 January 2019. The lease liabilities relate to the present value of future lease payments due to JTC. The increase in lease liabilities is due to increase in rental rates.
- (n) Deferred tax liabilities relate to deferred tax provision for 14 Mort Street and Inghams Burton.
- (o) Current liabilities have exceeded current assets due to the expiry of S\$58.5 million unsecured bank loans in 1Q FY2021. The Manager is confident that the expiring bank loans can be refinanced by its due date which will result in the reclassification of the current liability to non-current liability.

Footnotes:

¹ Singapore portfolio: The business park properties were valued by Savills whereas the industrial properties were valued by Colliers. Australia portfolio: 14 Mort Street was valued by CIVAS (ACT) Pty Limited. Inghams Burton and 25 Grenfell Street were valued by CIVAS (SA) Pty Limited.

1(b)(ii) Aggregate Amount of Borrowings

	Group and Trust	
	31/3/20 (S\$'000)	31/12/19 (S\$'000)
<u>Interest-bearing borrowings</u>		
Amount repayable within one year	58,500	-
Less: Debt arrangement fees ¹	(94)	-
Total borrowings repayable within one year	58,406	-
<u>Interest-bearing borrowings</u>		
Amount repayable after one year ²	465,301	524,497
Less: Debt arrangement fees ¹	(2,575)	(3,009)
Less: Prepayment fees ¹	(103)	(124)
Total borrowings repayable after one year	462,623	521,364
Total borrowings	521,029	521,364

Footnotes:

- Debt arrangement and prepayment fees are amortised over the life of the loan facilities.
- Includes the effect of unrealised exchange gain upon revaluation of Australian denominated borrowing and partially offset by unrealised exchange loss upon revaluation of a United States Dollar denominated borrowing. Soilbuild REIT has entered into a cross currency swap to hedge the United States Dollar 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

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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 (“**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. On 6 March 2019, Soilbuild REIT entered into an amendment and restatement agreement with BEA. TLF 2 is repayable on 5 March 2021.

- **MTN of S\$100.0 Million issued in 2016 (S\$88.0 million as at 31 March 2020)**

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 31 March 2020, the principal amount of the Notes in issuance amounted to S\$88.0 million.

- **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 The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) (“**TLF 3**”) for the redemption of notes due in May 2018. TLF 3 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. TLF 3 is repayable on 18 May 2023.

- **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 4**”) mainly for the repayment of interest-free loan from Sponsor and the refund of the Sponsor Security Deposit. On 15 August 2018, S\$48.5 million was drawn down for the repayment of interest-free loan from the Sponsor. On 12 February 2019 and 17 May 2019, S\$10 million and S\$1.5 million respectively were drawn down for the partial refund of security deposit to the Sponsor. On 15 July 2019, S\$10 million was drawn down for the payment of deposit for the proposed acquisition of 25 Grenfell Street, Adelaide and for the partial refund of security deposit to the Sponsor. TLF 4 is repayable on 15 August 2023.

- **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 5**”) for the acquisition of two properties in Australia. On 3 October 2018, A\$45 million was drawn down for the completion of the acquisitions. On 29 March 2019, A\$5 million was drawn down. TLF 5 is repayable on 2 October 2023.

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

On 24 January 2019, Soilbuild REIT entered into a S\$18.5 million unsecured 2-year term loan facility agreement with CTBC Bank Co., Ltd., acting through its Singapore Branch (“**CTBC**”) (“**TLF 6**”). On 28 January 2019, the facility was fully drawn down for the repayment of existing borrowings. TLF 6 is repayable on 23 January 2021.

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- Term Loan Facility of S\$45.0 million

On 16 October 2019, Soilbuild REIT entered into a S\$45.0 million unsecured 4-year term revolving credit facility agreement with CIMB Bank Berhad, Singapore Branch (“**CIMB**”) (“**TLF 7**”). On 29 October 2019, S\$30.0 million was drawn down to partly fund the acquisition of 25 Grenfell Street. On 19 March 2020, S\$1.0 million was drawn down for working capital purpose. TLF 7 is repayable on 31 December 2023.

1(c) Statement of Cash Flows

	1Q FY2020	1Q FY2019
	(S\$'000)	(S\$'000)
Operating activities:		
Net income before tax	3,491	12,113
Adjustments for		
- Amortised debt arrangement, structuring and prepayment fees	361	360
- Finance expenses	4,682	4,300
- Unrealised foreign exchange loss/(gain)	7,298	(20)
- Net change in fair value of derivative financial instruments	(38)	5
- Management fees paid/payable in Units	1,101	1,248
Changes in working capital		
- Trade and other receivables	(196)	(2,096)
- Other current assets	276	274
- Trade and other payables	407	656
- Rental deposits	(525)	(8,174)
Cash flows from operations	16,857	8,666
Finance expense paid	(4,232)	(3,567)
Tax expense paid	(190)	(75)
Net cash generated from operating activities	12,435	5,024
Investing activities:		
Capital expenditure on investment properties	(2,744)	(40)
Deposit from the proposed divestment of an investment property	-	1,704
Decrease in restricted cash	2,105	-
Net cash (used in)/generated from investing activities	(639)	1,664
Financing activities:		
Proceeds from borrowings	1,000	33,310
Repayment of borrowings	-	(18,500)
Payment of debt arrangement and structuring fees	-	(57)
Reversal of Issuance cost	9	-
Distributions to Unitholders	(11,671)	(15,392)
Distributions to perpetual securities holders	(1,945)	(1,934)
Payment of perpetual securities issuance cost	-	(3)
Repayment of lease liabilities	(184)	(170)
Net cash used in financing activities	(12,791)	(2,746)
Net decrease/(increase) in cash and cash equivalents	(995)	3,942
Cash and cash equivalents at beginning of the financial period	11,458	13,690
Effect of exchange rate changes on cash balances	(618)	(159)

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	1Q FY2020 (S\$'000)	1Q FY2019 (S\$'000)
Cash and cash equivalents at end of the financial period	9,845	17,473
Cash and cash equivalents comprise:		
Cash and bank balances	9,845	17,473
Restricted cash (Note 1)	2,681	1,443
	12,526	18,916

Note 1: As at 31 March 2020 and 31 December 2019, the restricted cash of S\$2,681k and S\$4,786k respectively relates to incentives for a tenant placed in a trust account.

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

	Group		Trust	
	1Q FY2020 S\$'000	1Q FY2019 S\$'000	1Q FY2020 S\$'000	1Q FY2019 S\$'000
Unitholders' Funds	746,836	666,575	749,188	671,838
Balance at beginning of the financial period				
Operations				
Total return for the financial period attributable to Unitholders	3,301	12,038	2,285	11,877
Less: Amount reserved for distribution to perpetual securities holders	(972)	(962)	(972)	(962)
Net increase in net assets from operations	2,329	11,076	1,313	10,915
Movement in foreign currency translation reserve	(7,254)	19	-	-
Movement in hedging reserve	(2,684)	(186)	(2,684)	(186)
Unitholders' transactions				
Manager's management fees paid/payable in Units	1,149	1,512	1,149	1,512
Reversal of Issuance cost	9	-	9	-
Distributions to Unitholders	(11,671)	(15,392)	(11,671)	(15,392)
Net decrease in net assets from Unitholders' transactions	(10,513)	(13,880)	(10,513)	(13,880)
Balance at end of the financial period	728,714	663,604	737,304	668,687
Perpetual Securities Holders' Funds				
Balance at beginning of the financial period	65,661	65,665	65,661	65,665
Distributions to perpetual securities holders	(1,945)	(1,934)	(1,945)	(1,934)
Perpetual securities issuance cost	-	(3)	-	(3)

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	Note	Group		Trust	
		1Q FY2020 S\$'000	1Q FY2019 S\$'000	1Q FY2020 S\$'000	1Q FY2019 S\$'000
Amount reserved for distribution to perpetual securities holders		972	962	972	962
Balance as at end of the financial period		64,688	64,690	64,688	64,690
Total		793,402	728,294	801,992	733,377

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

<u>Group and Trust</u>	1Q FY2020 (’000)	1Q FY2019 (’000)
Balance as at beginning of financial period	1,261,711	1,060,763
Movements during the financial period		
- Units issued in lieu of Manager’s management fees	2,192	2,572
Total issued Units as at end of financial period	1,263,903	1,063,335

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 31 March 2020, Soilbuild REIT had 1,263,903,222 Units (31 December 2019: 1,261,711,055 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

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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 2019.

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")

	1Q FY2020	1Q FY2019
Weighted average number of Units ¹	1,262,915,542	1,063,966,284
EPU – Basic and Diluted ² Based on the weighted average number of Units in issue (cents)	0.261	1.131
- Basic and diluted Number of Units in issue at end of the financial period	1,263,903,222	1,063,335,495
DPU Based on the number of Units in issue at end of each distribution period (cents)	0.883	1.198

Footnotes:

¹ The 1Q FY2019 weighted average number of Units have been retrospectively adjusted for the proportionate change in the number of Units outstanding arising from the Preferential Offering. ("**Adjusted Weighted Average Number of Units**").

² 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. 1Q FY2019 EPU have been restated based on the Adjusted Weighted Average Number of Units.

7. Net Asset Value ("NAV") Per Unit

	Group		Trust	
	31/3/20	31/12/19	31/3/20	31/12/19
NAV per Unit ¹ (S\$)	0.58	0.59	0.58	0.59

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 1Q FY2020 compared to 1Q FY2019

Gross revenue was S\$23.5 million in 1Q FY2020 which was S\$0.8 million or 3.6% higher y-o-y. 25 Grenfell Street and West Park BizCentral contributed S\$2.5 million and S\$0.2 million higher revenue respectively. The increase in revenue was partially offset by lower contribution from 2 Pioneer Sector 1, Tuas Connection, Solaris, Eightrium and 39 Senoko Way amounting to S\$1.0 million, S\$0.5 million, S\$0.2 million, S\$0.1 million and S\$0.1 million respectively.

Property operating expenses were S\$6.1 million in 1Q FY2020 which was S\$1.7 million or 39.8% higher due to S\$1.0 million higher expenses for 25 Grenfell Street and an allowance for doubtful receivables of S\$0.6 million.

Net property income was 5.1% lower at S\$17.4 million in 1Q FY2020 from S\$18.3 million in 1Q FY2019 mainly due to higher property operating expenses and partially offset by higher revenue. Net property income margin was 73.9%. The reduction in net property income margin by 6.8 percentage points was mainly due to lower net property income margin for 2 Pioneer Sector 1 and the acquisition of the multi-tenanted 25 Grenfell Street.

The decrease in interest income of S\$16k was due to lower cash balance.

Foreign exchange loss of S\$7.3 million comprises largely unrealised foreign exchange losses relating to the revaluation of Australian dollar denominated monetary assets and liabilities. The Australian dollar weakened against the Singapore dollar at 31 March 2020 versus 31 December 2019.

Gain on derivative financial instruments relates mainly to unrealised gain on currency forward contracts entered into to fix the exchange rate for the Australian dollar denominated distributions from Soilbuild Australia Trust.

The increase in finance expenses (excluding finance expenses on leases) of S\$0.4 million was mainly attributed to higher loan principal in 1QFY2020. Finance expenses on leases (FRS 116) are in relation to the land rent expenses.

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

Other trust expenses comprised largely professional fees and on-going listing expenses. The increase in other trust expenses of S\$0.1 million was largely attributed to higher professional fees.

Tax expense relates to withholding tax on unitholder loan interest income. The increase in tax expense was due to a A\$85 million unitholder loan extended to Soilbuild Australia Trust by Soilbuild REIT in October 2019.

Non-tax deductible items rose S\$6.2 million mainly due to higher unrealised foreign exchange losses and partially offset by lower base fee in units.

Total amount available for distribution to Unitholders was S\$11.2 million in 1Q FY2020, 12.4% lower y-o-y as explained above.

9. Variance from Prospect Statement

No financial forecast has been disclosed to the market.

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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

Singapore

Based on advance estimates, the Singapore economy contracted by 2.2% on a year-on-year (“y-o-y”) basis in the first quarter of 2020, reversing the 1.0% growth in the preceding quarter. On a quarter-on-quarter (“q-o-q”) seasonally-adjusted annualised basis, the economy shrank by 10.6%, a sharp pullback from the 0.6% growth in the previous quarter.

Taking into account the weaker-than-expected performance of the Singapore economy in the first quarter, and the sharp deterioration in the external and domestic economic environment since February 2020, the GDP growth forecast for 2020 has been further downgraded to “-4.0% to -1.0%”¹.

The Singapore Purchasing Managers’ Index declined 3.3 points to 45.4 in March 2020.

The rental index of all industrial space rose 0.1% y-o-y in 4Q 2019 and was flat q-o-q. In 4Q 2019, the multiple-user factories and warehouse rental indices have receded 0.1% and 0.2% y-o-y respectively, whilst business park rentals expanded 1.3% y-o-y. In 4Q 2019, the all-industrial occupancy rate fell 0.1% y-o-y with multiple-user factory and business park recording 1.0% and 1.3% growth y-o-y respectively².

Australia

In the key economic indicators snapshot released by the Reserve Bank of Australia (“RBA”) dated 8 April 2020, the country’s economy and key indicators remain positive with economic growth at 2.2%, inflation at 1.8%, employment growth rate of 2.0% and wage growth of 2.2%. However, according to the Australia Treasury figures released on 14 April 2020, unemployment rate is expected to soar from 5.1% to 10% in the June quarter as the COVID-19 fallout hits the economy. The Australian government has earlier pledged A\$320 million in fiscal stimulus and the RBA has reduced the cash rate target to 0.25% to support the economy. In the weeks leading to 31 March 2020, the Australian Dollar was battered by plummeting global trade flows, depressed commodity prices and a sell-off in risk assets. Since early April 2020, the Australian Dollar started recovering as China emerges from a lockdown and several countries tentatively relax their COVID-19 containment measures.

Impact of COVID-19

The impact of COVID-19 on Soilbuild REIT’s portfolio and the actions we have taken are set out in the Appendix to the media release.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 28th distribution for the financial period from 1 January 2020 to 31 March 2020

Distribution Type	<u>Taxable</u>	<u>Capital</u>	<u>Total</u>
Distribution rate (cents per unit)	0.773	0.110	0.883

¹ Source: MTI’s press release dated 26 March 2020.

² Source: JTC quarterly rental index of industrial space.

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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%.

Capital distribution

Distributions out of capital are not taxable in the hands of all Unitholders provided that the Units are not held as trading assets. For Unitholders who hold the Units as trading or business assets and are liable to Singapore income tax on gains arising from disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain arising from a subsequent disposal of the Units. If the amount exceeds the cost of the Units, the excess will be subject to tax as trading income of such Unitholders.

Books closure date: The Transfer Books and Register of Unitholders of Soilbuild REIT will be closed at 5.00 p.m. Friday, 24 April 2020 for the purposes of determining each Unitholder’s entitlement to Soilbuild REIT’s distribution. The ex-dividend date will be on Thursday, 23 April 2020.

Date Payable: Friday, 22 May 2020

(b) Corresponding period of the preceding financial period

Name of distribution: 24th distribution for the financial period from 1 January 2019 to 31 March 2019

Distribution Type	<u>Taxable</u>	<u>Capital</u>	<u>Total</u>
Distribution rate (cents per unit)	1.163	0.035	1.198

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%.

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

Books closure date: Friday, 26 April 2019

Date Payable: Thursday, 23 May 2019

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. Certificate pursuant to Paragraph 7.3 of the Property Funds Guidelines

The Manager hereby certifies that, in relation to the distribution to the Unitholders of Soilbuild Reit for the period from 1 January 2020 to 31 March 2020, the Manager is satisfied on reasonable grounds that, immediately after making the distribution, Soilbuild Reit will be able to fulfil, from its deposited property, its liabilities as and when they fall due.

Soilbuild Reit currently distributes 100% of its distributable income to Unitholders, other than gains on the sale of properties and unrealised surplus on revaluation of investment properties on a quarterly basis at the discretion of the Manager. In the case of its overseas subsidiaries, income from these subsidiaries will be distributed, after relevant adjustments (if any) such as withholding tax, quarterly at the discretion of the Manager.

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

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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

16 April 2020