



(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 FY2019”) AND FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 SEPTEMBER 2019 (“YTD FY2019”)

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Summary of Soilbuild Business Space REIT Group Results

	YTD FY2019 ¹	YTD FY2018 ²	Variance (%)	3Q FY2019 ³	3Q FY2018 ⁴	Variance (%)
Gross revenue (S\$'000)	66,242	57,982	14.2	21,194	19,800	7.0
Net property income (S\$'000)	53,573	49,457	8.3	16,952	16,222	4.5
Income attributable to perpetual securities holders (S\$'000)	2,917	43	Nm	983	43	Nm
Total amount available for distribution to Unitholders (S\$'000)	36,873	40,504	(9.0)	11,573	13,186	(12.2)
- From operations	35,809	40,504	(11.6)	11,181	13,186	(15.2)
- From capital	1,064	-	Nm	392	-	Nm
DPU (cents)	3.295	3.833	(14.0)	0.918	1.245	(26.3)
- From operations	3.201	3.833	(16.5)	0.887	1.245	(28.8)
- From capital	0.094	-	Nm	0.031	-	Nm

Footnotes:

- 1 Financial period from 1 January 2019 to 30 September 2019, hereinafter referred to as YTD FY2019.
- 2 Financial period from 1 January 2018 to 30 September 2018, hereinafter referred to as YTD FY2018.
- 3 Financial period from 1 July 2019 to 30 September 2019, hereinafter referred to as 3Q FY2019.
- 4 Financial period from 1 July 2018 to 30 September 2018, hereinafter referred to as 3Q FY2018.
- 5 Nm 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.

The divestment of KTL Offshore was completed in February 2018 and in October 2018, the Group had completed the acquisitions of two properties in Australia. The current portfolio of the Group comprises 11 properties located in Singapore and 2 properties located in Australia as follows:

Singapore

- (1) Eightrium;
- (2) Solaris;
- (3) Tuas Connection;
- (4) West Park BizCentral;
- (5) NK Ingredients (“**NKI**”);
- (6) COS Printers;
- (7) Beng Kuang Marine;
- (8) 39 Senoko Way;
- (9) Speedy-Tech;
- (10) 72 Loyang Way; and
- (11) Bukit Batok Connection

Australia

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

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, Adelaide (“**Acquisition**”). The Acquisition is expected to be completed in the fourth quarter of 2019.

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 3Q FY2019 & 3Q FY2018 and YTD FY2019 & YTD FY2018

	YTD FY2019 S\$'000	YTD FY2018 S\$'000	Variance %	3Q FY2019 S\$'000	3Q FY2018 S\$'000	Variance %
Gross revenue	66,242	57,982	14.2	21,194	19,800	7.0
Property operating expenses	(12,669)	(8,525)	(48.6)	(4,242)	(3,578)	(18.6)
Net property income	53,573	49,457	8.3	16,952	16,222	4.5
Interest Income	185	1,301	(85.8)	103	255	(59.6)
Foreign exchange loss	(343)	-	Nm	(176)	-	Nm
Loss on derivative financial instruments	(217)	-	Nm	(216)	-	Nm
Gain on divestment of a property held for sale	-	1,740	Nm	-	-	Nm
Expenses:						
Finance expenses	(12,848)	(11,179)	(14.9)	(4,385)	(3,637)	(20.6)
Finance expenses on leases (FRS 116)	(1,459)	-	Nm	(457)	-	Nm
Manager's management fees	(3,687)	(4,055)	9.1	(1,157)	(1,323)	12.5
Trustee's fees	(190)	(146)	(30.1)	(65)	(49)	(32.7)
Other trust expenses	(667)	(397)	(68.0)	(202)	(132)	(53.0)
Net income before tax	34,347	36,721	(6.5)	10,397	11,336	(8.3)
Less: Tax expense	(226)	-	Nm	(76)	-	Nm
Total return before distribution	34,121	36,721	(7.1)	10,321	11,336	(9.0)
Distribution Statement						
Total return before distribution	34,121	36,721	(7.1)	10,321	11,336	(9.0)
Less: Amount reserved for distribution to perpetual securities holders	(2,917)	(43)	Nm	(983)	(43)	Nm
Net effect of non-tax deductible items ¹	4,605	3,826	20.4	1,843	1,893	(2.6)
Income available for distribution	35,809	40,504	(11.6)	11,181	13,186	(15.2)
Total amount available for distribution comprising:						
- Taxable income	35,809	40,504	(11.6)	11,181	13,186	(15.2)
- Distribution from capital ²	1,064	-	Nm	392	-	Nm
Total amount available for distribution	36,873	40,504	(9.0)	11,573	13,186	(12.2)

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 (i) income repatriated from Australia by way of tax deferred distributions, (ii) reimbursement received from a vendor in relation to outstanding incentives that were subsisting at the point of the completion of the acquisition of a property in Australia. Such distributions are deemed to be capital distribution from a tax perspective and are 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	
		30/9/19 (S\$'000)	31/12/18 (S\$'000)	30/9/19 (S\$'000)	31/12/18 (S\$'000)
Current assets					
Cash and cash equivalents	a	109,314	15,132	107,530	11,691
Trade and other receivables	b	5,610	2,584	12,179	3,287
Other current assets	c	6,938	421	226	381
Property held for sale	d	35,573	-	35,573	-
Derivative financial instruments	e	53	151	53	151
Total current assets		157,488	18,288	155,561	15,510
Non-current assets					
Investment properties	f	1,229,015	1,229,671	1,124,193	1,121,750
Derivative financial instruments	e	1,472	-	1,472	-
Interest in subsidiaries	g	-	-	46,671	46,671
Loan to a subsidiary	h	-	-	65,328	67,300
Total non-current assets		1,230,487	1,229,671	1,237,664	1,235,721
Total Assets		1,387,975	1,247,959	1,393,225	1,251,231
Current liabilities					
Derivative financial instruments	e	395	-	395	-
Trade and other payables	i	15,972	13,996	14,901	12,005
Rental deposits	j	4,336	22,158	4,336	22,158
Borrowings	k	-	39,912	-	39,912
Lease liabilities (FRS 116)	l	741	-	741	-
Total current liabilities		21,444	76,066	20,373	74,075
Non-current liabilities					
Derivative financial instruments	e	3,643	543	3,643	543
Rental deposits	j	13,956	13,886	13,956	13,886
Borrowings	k	491,492	425,224	491,492	425,224
Lease liabilities (FRS 116)	l	35,442	-	35,442	-
Total non-current liabilities		544,533	439,653	544,533	439,653
Total Liabilities		565,977	515,719	564,906	513,728
Net assets		821,998	732,240	828,319	737,503
Represented by:					
Unitholders' funds		757,319	666,575	763,640	671,838
Perpetual securities holders		64,679	65,665	64,679	65,665
		821,998	732,240	828,319	737,503
NAV per Unit (S\$)		0.60	0.63	0.61	0.63

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Notes:

- (a) Cash and cash equivalents as at 30 September 2019 were S\$94.2 million higher than the balance as at 31 December 2018 mainly due to the receipt of net Preferential Offering proceeds in September 2019.
- (b) The increase in trade and other receivables of S\$3.0 million was mainly due to higher trade receivables due from NK Ingredients Pte. Ltd. (“**NKI**”). The Manager has continued billing NKI as the lease has not been terminated and has credited the deferred income account instead of revenue due to the uncertainty of recoverability of arrears.
- (c) Other current assets as at 30 September 2019 comprised largely the deposit paid to the vendor for the proposed acquisition of 25 Grenfell Street amounting to S\$6.7 million, as well as deposits paid to utilities service providers and prepayments.
- (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 30 September 2019 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 the purchase consideration of 25 Grenfell Street and Australian dollar denominated distributions from Soilbuild Australia Trust.
- (f) Investment properties as at 30 September 2019 were accounted for at fair value based on the valuations undertaken by independent valuers, CBRE Pte. Ltd. (“**CBRE**”) and Colliers International Consultancy & Valuation (S) Pte Ltd (“**Colliers**”) for the Singapore portfolio as at 31 December 2018 and valuations undertaken by independent valuers, CIVAS (ACT) Pty Limited and CIVAS (SA) Pty Limited, both in the Colliers International Group for the Australia portfolio on 31 August 2018¹.

The decrease in investment properties of S\$0.7 million was mainly due to the transfer of 72 Loyang Way to property held for sale, foreign currency revaluation loss of the Australia properties and was partially offset by the inclusion of right-of-use assets relating to future land rent payable to JTC in investment properties and capital expenditure.
- (g) Interest in subsidiaries comprises investment in Soilbuild Australia Trust and Soilbuild Business Space Holdings Ltd.
- (h) Loan to a subsidiary relates to an interest-bearing loan to Soilbuild Australia Trust.
- (i) Trade and other payables as at 30 September 2019 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\$2.0 million higher mainly due to higher accrued interest payable.
- (j) Rental deposits as at 30 September 2019 decreased by S\$17.8 million mainly due to repayment of S\$19.1 million security deposit to SB (Solaris) Investment Pte. Ltd.
- (k) Borrowings comprise a S\$200 million secured bank loan, S\$203.5 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.
- (l) 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.

Footnotes:

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

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1(b)(ii) Aggregate Amount of Borrowings

	Group and Trust	
	30/9/19 (S\$'000)	31/12/18 (S\$'000)
<u>Interest-bearing borrowings</u>		
Amount repayable within one year	-	40,000
Less: Debt arrangement fees ¹	-	(88)
Total borrowings repayable within one year	-	39,912
<u>Interest-bearing borrowings</u>		
Amount repayable after one year ²	494,808	429,480
Less: Debt arrangement fees ¹	(3,170)	(4,045)
Less: Prepayment fees ¹	(146)	(211)
Total borrowings repayable after one year	491,492	425,224
Total borrowings	491,492	465,136

Footnotes:

1. Debt arrangement and prepayment fees are amortised over the life of the loan facilities.
2. 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

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 30 September 2019)

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

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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 2019, 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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1(c) Statement of Cash Flows

	YTD FY2019 (S\$'000)	YTD FY2018 (S\$'000)	3Q FY2019 (S\$'000)	3Q FY2018 (S\$'000)
Operating activities:				
Net income before tax	34,347	36,721	10,397	11,336
Adjustments for				
- Amortised debt arrangement, structuring and prepayment fees	1,064	1,006	354	341
- Finance expenses	13,243	10,173	4,488	3,296
- Unrealised foreign exchange loss	347	-	190	-
- Gain on divestment of a property held for sale	-	(1,740)	-	-
- Net change in fair value of derivative financial instruments	217	-	216	-
- Management fees paid/payable in Units	3,636	4,055	1,143	1,323
Changes in working capital				
- Trade and other receivables	(2,982)	908	(834)	(995)
- Other current assets	179	(109)	5	(97)
- Deferred expenditure	-	(1,653)	-	3
- Trade and other payables	(653)	1,229	(1,634)	518
- Rental deposits	(17,752)	8,448	(7,394)	5,159
Cash flows from operations	31,646	59,038	6,931	20,884
Finance expense paid	(12,299)	(9,696)	(2,753)	(2,380)
Tax expense paid	(226)	-	(76)	-
Net cash generated from operating activities	19,121	49,342	4,102	18,504
Investing activities:				
Capital expenditure on investment properties	(983)	(2,000)	(616)	(462)
Decrease in restricted cash	1,442	-	1,442	-
Payment of deposit for acquisition of investment properties	(6,690)	(5,580)	(6,690)	(5,580)
Deposit from the proposed divestment of a property held for sale	1,704	-	-	-
Proceeds from divestment of a property held for sale	-	55,000	-	-
Payment of property divestment related costs	-	(260)	-	-
Net cash (used in)/generated from investing activities	(4,527)	47,160	(5,864)	(6,042)
Financing activities:				
Proceeds from borrowings	44,816	93,500	10,000	55,000
Repayment of borrowings	(18,500)	(148,500)	-	(55,000)
Payment of debt arrangement and structuring fees	(57)	(750)	-	(525)
Distributions to Unitholders	(40,692)	(41,864)	(12,561)	(13,354)
Proceeds from issuance of perpetual securities	-	65,000	-	65,000
Distributions to perpetual securities holders	(3,900)	-	(1,966)	-
Payment of perpetual securities issuance cost	(3)	(353)	-	(353)
Issuance of new Units under a Preferential Offering	101,832	-	101,832	-
Issuance cost	(1,866)	-	(1,866)	-
Repayment of lease liabilities	(532)	-	(205)	-
Net cash generated from/(used in) financing activities	81,098	(32,967)	95,234	50,768
Net increase in cash and cash equivalents	95,692	63,535	93,472	63,230
Cash and cash equivalents at beginning of the financial period (excluding restricted cash) (Note 1)	13,690	11,740	15,901	12,045
Effect of exchange rate changes on cash balances	(68)	-	(59)	-
Cash and cash equivalents at end of the financial period	109,314	75,275	109,314	75,275

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Note 1: As at 31 December 2018, the restricted cash of S\$1,442k pertains to retention sum held in trust accounts in relation to the acquisition of 14 Mort Street and Inghams Burton. There is no restricted cash as at 30 September 2019.

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

	Group		Trust	
	3Q FY2019	3Q FY2018	3Q FY2019	3Q FY2018
Note	S\$'000	S\$'000	S\$'000	S\$'000
Unitholders' Funds				
Balance at beginning of the financial period	660,637	668,434	666,353	668,434
Operations				
Total return for the financial period attributable to Unitholders	10,321	11,336	10,156	11,336
Less: Amount reserved for distribution to perpetual securities holders	(983)	(43)	(983)	(43)
Net increase in net assets from operations	9,338	11,293	9,173	11,293
Movement in foreign currency translation reserve	(770)	-	-	-
Movement in hedging reserve	(536)	14	(536)	14
Unitholders' transactions				
Manager's management fees paid/payable in Units	1,245	1,336	1,245	1,336
Distributions to Unitholders	(12,561)	(13,354)	(12,561)	(13,354)
Issue of Units under Preferential Offering	101,832	-	101,832	-
Issuance cost	(1,866)	-	(1,866)	-
Net increase/(decrease) in net assets from Unitholders' transactions	88,650	(12,018)	88,650	(12,018)
Balance at end of the financial period	757,319	667,723	763,640	667,723
Perpetual Securities Holders' Funds				
Balance at beginning of the financial period	65,662	-	65,662	-
Distributions to perpetual securities holders	(1,966)	-	(1,966)	-
Issuance of perpetual securities	-	65,000	-	65,000
Perpetual securities issuance cost	-	(353)	-	(353)
Amount reserved for distribution to perpetual securities holders	983	43	983	43
Balance as at end of the financial period	64,679	64,690	64,679	64,690
Total	821,998	732,413	828,319	732,413

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	Group		Trust	
	YTD	YTD	YTD	YTD
Note	FY2019	FY2018	FY2019	FY2018
	S\$'000	S\$'000	S\$'000	S\$'000
Unitholders' Funds				
Balance at beginning of the financial period	666,575	668,638	671,838	668,638
Operations				
Total return for the financial period attributable to Unitholders	34,121	36,721	33,775	36,721
Less: Amount reserved for distribution to perpetual securities holders	(2,917)	(43)	(2,917)	(43)
Net increase in net assets from operations	31,204	36,678	30,858	36,678
Movement in foreign currency translation reserve	(1,404)	-	-	-
Movement in hedging reserve	(2,335)	83	(2,335)	83
Unitholders' transactions				
Manager's management fees paid/payable in Units	4,005	4,188	4,005	4,188
Distributions to Unitholders	(40,692)	(41,864)	(40,692)	(41,864)
Issue of Units under Preferential Offering	101,832	-	101,832	-
Issuance cost	(1,866)	-	(1,866)	-
Net increase/(decrease) in net assets from Unitholders' transactions	63,279	(37,676)	63,279	(37,676)
Balance at end of the financial period	757,319	667,723	763,640	667,723
Perpetual Securities Holders' Funds				
Balance at beginning of the financial period	65,665	-	65,665	-
Issuance of perpetual securities	-	65,000	-	65,000
Distributions to perpetual securities holders	(3,900)	-	(3,900)	-
Perpetual securities issuance cost	(3)	(353)	(3)	(353)
Amount reserved for distribution to perpetual securities holders	2,917	43	2,917	43
Balance as at end of the financial period	64,679	64,690	64,679	64,690
Total	821,998	732,413	828,319	732,413

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

<u>Group and Trust</u>	YTD FY2019 (‘000)	3Q FY2019 (‘000)
Balance as at beginning of financial period	1,060,763	1,065,392
Movements during the financial period		
- Units issued in lieu of Manager’s management fees	6,654	2,025
- Units issued pursuant to the Preferential Offering ¹	192,135	192,135
Total issued Units as at end of financial period	1,259,552	1,259,552

Footnote:

¹ 192,135,040 new Units were issued on 19 September 2019 at an issue price of S\$0.53 per new Unit pursuant to the Preferential Offering.

<u>Group and Trust</u>	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

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 2019, Soilbuild REIT had 1,259,551,932 Units (31 December 2018: 1,060,763,142 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 2018 except in the current financial year, the Trust has adopted all the new

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and revised standards which are effective for annual periods beginning on or after 1 January 2019. The adoption of these new and revised standards did not have any effect on the financial performance or position of Soilbuild REIT save for the adoption of FRS 116 Leases which resulted in the recognition of right-of-use assets included in investment properties and lease liabilities, as well as interest expense in relation to the lease liabilities in place of land rent expenses.

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**

Please refer to paragraph 4 above.

6. **Earnings Per Unit ("EPU") and Distribution Per Unit ("DPU")**

	YTD FY2019	YTD FY2018	3Q FY2019	3Q FY2018
Weighted average number of Units ¹	1,074,575,968	1,057,277,750	1,093,340,616	1,059,353,193
EPU – Basic and Diluted ² Based on the weighted average number of Units in issue (cents)	3.175	3.473	0.944	1.070
- Basic and diluted Number of Units in issue at end of the financial period	1,259,551,932	1,058,515,676	1,259,551,932	1,058,515,676
DPU Based on the number of Units in issue at end of each distribution period (cents)	3.295	3.833	0.918	1.245

Footnotes:

¹ The YTD FY2018 and 3Q FY2018 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. YTD FY2018 and 3Q FY2018 EPU have been restated based on the Adjusted Weighted Average Number of Units.

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

	Group		Trust	
	30/9/19	31/12/18	30/9/19	31/12/18
NAV per Unit ¹ (\$)	0.60	0.63	0.61	0.63

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 FY2019 compared to YTD FY2018

Gross revenue was S\$66.2 million in YTD FY2019 which was S\$8.3 million or 14.2% higher year-on-year (“y-o-y”). The increase in revenue was largely attributed to higher contribution from Solaris, Inghams Burton and 14 Mort Street amounting to S\$5.8 million, S\$2.9 million and S\$2.7 million respectively. Higher revenue was partially offset by lower contribution from Eightrium amounting to S\$0.9 million, KTL Offshore of S\$0.7 million following the divestment of the property in February 2018 and lower revenue from 39 Senoko Way, West Park BizCentral and NK Ingredients amounting to S\$0.7 million, S\$0.4 million and S\$0.3 million respectively.

Property operating expenses were S\$12.7 million in YTD FY2019, S\$4.1 million higher y-o-y mainly due to higher property expenses incurred for Solaris.

Net property income was 8.3% higher at S\$53.6 million in YTD FY2019 from S\$49.5 million in YTD FY2018 mainly due to higher revenue and partially offset by higher property operating expenses. Net property income margin was 80.9%. The reduction in net property income margin by 4.4 percentage points was mainly due to the conversion of Solaris into a multi-tenanted property.

The decrease in interest income of S\$1.1 million was related to the repayment of the S\$55 million interest-free loan from the Sponsor. Notional interest income and interest expenses were recognised for the interest-free loan.

The increase in finance expenses (excluding finance expenses on leases) of S\$1.7 million was mainly attributed to higher loan principal and higher weighted average borrowing costs in YTD FY2019. Finance expenses on leases (FRS 116) are in relation to the land rent expenses.

The decrease in Manager’s management fees of S\$0.4 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\$0.3 million was largely attributed to higher expenses with the expansion into Australia.

Total return before distribution was S\$2.6 million lower primarily due to the absence of a non-recurring gain on divestment of KTL Offshore.

Non-tax deductible items were S\$0.8 million higher mainly due to the absence of non-recurring non-taxable gain on divestment of KTL Offshore and partially offset by FRS 116 Leases adjustment, lower base fees in units and negative rent-free adjustments.

Total amount available for distribution to Unitholders was S\$36.9 million in YTD FY2019, 9.0% lower than YTD FY2018 as explained above.

Review of the Performance on 3Q FY2019 compared to 3Q FY2018

Gross revenue was S\$21.2 million in 3Q FY2019 which was S\$1.4 million or 7.0% higher y-o-y. Higher revenue was largely attributed to increased contribution from 14 Mort Street, Inghams Burton and Solaris amounting to S\$1.0 million, S\$1.0 million and S\$0.8 million respectively. Higher revenue was partially offset by lower contribution from NK Ingredients, Eightrium and 39 Senoko Way of S\$0.8 million, S\$0.3 million and S\$0.3 million respectively.

Property operating expenses were S\$4.2 million in 3Q FY2019, S\$0.7 million higher y-o-y mainly due to higher property expenses incurred for Solaris and Mort Street and was partially offset by lower property expenses for Eightrium.

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Net property income was 4.5% higher at S\$17.0 million in 3Q FY2019 from S\$16.2 million in 3Q FY2018 mainly due to higher revenue and partially offset by higher property operating expenses. Net property income margin was 80.0%. The reduction in net property income margin by 1.9 percentage points was mainly due to the conversion of Solaris into a multi-tenanted property and lower NPI margin for NK Ingredients.

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. Notional interest income and interest expenses were recognised for the interest-free loan.

The increase in finance expenses (excluding finance expenses on leases) of S\$0.7 million was mainly attributed to higher loan principal and higher weighted average borrowing costs in 3QFY2019. 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 expenses with the expansion into Australia.

Total return before distribution was S\$1.0 million lower primarily due to higher finance expenses.

Total amount available for distribution to Unitholders was S\$11.6 million in 3Q FY2019, 12.2% lower y-o-y as explained above.

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

Singapore

Based on advance estimates, the Singapore economy grew marginally by 0.1% on a year-on-year (“y-o-y”) basis in the third quarter of 2019, unchanged from the pace of growth in the previous quarter. On a quarter-on-quarter (“q-o-q”) seasonally-adjusted basis, the economy expanded by 0.6%, a turnaround from the 2.7% contraction in the preceding quarter.

The manufacturing sector contracted by 3.5% y-o-y in the third quarter, extending the 3.3% decline in the previous quarter. The contraction was due to output declines in the electronics, precision engineering and transport engineering clusters, which more than offset output expansions in the chemicals, biomedical manufacturing and general manufacturing clusters. On a q-o-q seasonally-adjusted annualised basis, the manufacturing sector shrank by 0.4%, moderating from the 4.2% contraction in the preceding quarter¹.

Singapore's manufacturing activity slipped to 49.5 in September 2019, 0.4 points lower than August 2019. The electronics sector purchasing manager's index shrank for an eleventh consecutive quarter, coming in at 49.1.

Rentals of all industrial space rose 0.1% q-o-q in 2Q 2019 and was flat y-o-y. The multi-user factories and warehouse rental indices have receded 0.3% and 0.2% y-o-y respectively, whilst business park

¹ Source: MTI's press release dated 14 October 2019.

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rentals expanded 0.9% y-o-y. In 2Q 2019, occupancy rate for all industrial space rose 0.6% year-on-year with higher occupancies across the various industrial space².

Australia

Australia’s economy and key indicators remain positive. However, GDP growth of 1.4% and inflation of 1.6% have been slightly below trend recently and were part of the catalyst for the Reserve Bank of Australia’s decision to lower cash rate to 0.75%. The recent loosening of monetary policy is expected to stimulate the economy. The recent tax cuts passed by the Federal Government will also provide an additional stimulus over the medium term and will complement the significant amount of infrastructure spending occurring across the country. Unemployment remains low at 5.3% with employment and wages growth delivering a positive 2.5% and 2.3% annual growth rate respectively.

Canberra

Canberra’s positive economic fundamentals continue to support the office market. The Canberra office market’s vacancy rate remains stable at 11% as at July 2019. Prime vacancy has declined to 5.0% with the withdrawal of stock for refurbishment. Over the next 18 months, 60,000 square metres of new supply will come to market, all of which is fully pre-committed. Transactional investment volumes for YTD July 2019 are almost on par with 2018 full year volumes. The strong appetite for assets has continued to place downward pressure on yields.³

Adelaide

The South Australian Government recently abolished stamp duty on commercial transactions, demonstrating strong support for future investment in real estate. Adelaide and more broadly South Australia are benefitting from an unprecedented infrastructure and defence spending programme which will continue to drive economic growth in the medium to longer term. Office vacancy has declined to 12.8%. Minimal net new supply is forecast to come on-line over the next three years and strong positive absorption, particularly within the prime grade space will support better quality buildings in the CBD.⁴

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 26th distribution for the financial period from 1 July 2019 to 30 September 2019

Distribution Type	<u>Taxable</u>	<u>Capital</u>	<u>Total</u>
Distribution rate (cents per unit)	0.887	0.031	0.918

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

² Source: JTC quarterly rental index of industrial space.

³ Source: Knight Frank Canberra Office Market Brief September 2019

⁴ Source: Colliers CBD Office Second Half 2019

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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. Thursday, 24 October 2019 for the purposes of determining each Unitholder's entitlement to Soilbuild REIT's distribution. The ex-dividend date will be on Wednesday, 23 October 2019.

Date Payable: Thursday, 21 November 2019

(b) Corresponding period of the preceding financial period

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

Distribution Type	<u>Taxable</u>
Distribution rate (cents per unit)	1.245

Tax rate: Taxable Income Distribution

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

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

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

Books closure date: Thursday, 25 October 2018

Date Payable: Thursday, 22 November 2018

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- 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 2019 to 30 September 2019, 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

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.

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PERIOD FROM 1 JANUARY 2019 TO 30 SEPTEMBER 2019 (“YTD FY2019”)**

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 October 2019