
SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2016”) AND HALF YEAR (“1H FY2016”) ENDED 30 JUNE 2016 (“YTD FY2016”)

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

	1H FY2016¹	1H FY2015²	Variance (%)	2Q FY2016³	2Q FY2015⁴	Variance (%)
Gross revenue (S\$'000)	39,712	38,205	3.9%	19,570	19,590	(0.1%)
Net property income (S\$'000)	34,518	32,510	6.2%	17,325	16,712	3.7%
Distributable income (S\$'000)	29,336	27,629	6.2%	14,727	14,304	3.0%
DPU (cents)	3.122	3.248	(3.9%)	1.565	1.615	(3.1%)

Footnotes:

- 1 Financial period from 1 January 2016 to 30 June 2016, hereinafter referred to as 1H FY2016.
- 2 Financial period from 1 January 2015 to 30 June 2015, hereinafter referred to as 1H FY2015.
- 3 Financial period from 1 April 2016 to 30 June 2016, hereinafter referred to as 2Q FY2016.
- 4 Financial period from 1 April 2015 to 30 June 2015, hereinafter referred to as 2Q FY2015.

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Introduction

Soilbuild REIT was constituted as a private trust on 13 December 2012 under a trust deed, which was entered into between SB REIT Management Pte. Ltd. (“SBRM” or the “Manager”), as manager of the private trust, and DBS Trustee Limited (“Trustee”) as trustee of the trust. Soilbuild REIT initially acquired three properties on a sale and leaseback structure prior to its IPO, NK Ingredients, COS Printers and Beng Kuang Marine, with the intention that these properties, together with properties acquired from Soilbuild Group Holdings Ltd., would eventually form the initial portfolio of the listed real estate investment trust (“REIT”).

On 16 August 2013 (the “Listing Date”), Soilbuild REIT completed the acquisition of Eightrium @ Changi Business Park (“Eightrium”), Solaris, Tuas Connection and West Park BizCentral, and was listed on SGX-ST as a REIT, pursuant to the Prospectus dated 7 August 2013.

Soilbuild REIT was established with the principal investment strategy of investing on a long-term basis, directly or indirectly, in a portfolio of income-producing real estate used primarily for business space purposes in Singapore as well as real estate-related assets.

On 26 May 2014, 31 October 2014, 23 December 2014 and 27 May 2015, Soilbuild REIT completed the acquisitions of Tellus Marine, KTL Offshore, Speedy-Tech and Technics respectively.

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) Tellus Marine;
- (9) KTL Offshore;
- (10) Speedy-Tech; and
- (11) Technics

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.

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1(a) Statement of Total Return and Distribution Statement for 2Q FY2016 & 2Q FY2015 and 1H FY2016 & 1H FY2015

	1H FY2016	1H FY2015	Variance	2Q FY2016	2Q FY2015	Variance
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	39,712	38,205	3.9%	19,570	19,590	(0.1%)
Property operating expenses	(5,194)	(5,695)	8.8%	(2,245)	(2,878)	22.0%
Net property income	34,518	32,510	6.2%	17,325	16,712	3.7%
Interest Income	655	257	154.9%	419	210	99.5%
<u>Expenses:</u>						
Finance expenses	(6,884)	(6,489)	(6.1%)	(3,588)	(3,496)	(2.6%)
Manager's management fees	(2,934)	(2,763)	(6.2%)	(1,473)	(1,431)	(2.9%)
Trustee's fees	(100)	(95)	(5.3%)	(50)	(48)	(4.2%)
Other trust expenses	(466)	(781)	40.3%	(212)	(334)	36.5%
Total return before distribution	24,789	22,639	9.5%	12,421	11,613	7.0%

Distribution Statement	1H FY2016	1H FY2015	Variance	2Q FY2016	2Q FY2015	Variance
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return before distribution	24,789	22,639	9.5%	12,421	11,613	7.0%
Net effect of non-tax deductible items ¹	4,547	4,990	(8.9%)	2,306	2,691	(14.3%)
Income available for distribution to Unitholders	29,336	27,629	6.2%	14,727	14,304	3.0%

Footnotes:

- 1 Non-tax deductible items comprise the Manager's management fees, property management fees and lease management fees paid or payable in Units, rent free amortisation, the Trustee's fees, amortisation of debt arrangement and prepayment fees and bank commitment fees.

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2016”) AND HALF YEAR (“1H FY2016”) ENDED 30 JUNE 2016 (“YTD FY2016”)

1(b)(i) Statement of Financial Position

	Notes	30 June 2016 (S\$'000)	31 Dec 2015 (S\$'000)
Current assets			
Cash and cash equivalents	a	23,291	16,751
Trade and other receivables	b	6,384	2,436
Derivative financial instruments	c	37	484
Other current assets	d	2,217	247
Deferred expenditure	e	3,521	505
Total current assets		35,450	20,423
Non-current assets			
Investment properties	f	1,190,732	1,190,700
Derivative financial instruments	c	-	2,405
Deferred expenditure	e	997	1,002
Total non-current assets		1,191,729	1,194,107
Total Assets		1,227,179	1,214,530
Current liabilities			
Trade and other payables	g	12,575	10,115
Rental deposits	h	1,937	2,719
Total current liabilities		14,512	12,834
Non-current liabilities			
Trade and other payables	g	1,873	33,009
Derivative financial instruments	c	480	-
Rental deposits	h	36,787	24,212
Borrowings	i	431,164	398,502
Total non-current liabilities		470,304	455,723
Total Liabilities		484,816	468,557
Net assets attributable to Unitholders		742,363	745,973
Represented by:			
Unitholders' funds		742,363	745,973
NAV per Unit (S\$)		0.79	0.80

SOILBUILD BUSINESS SPACE REIT UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2016”) AND HALF YEAR (“1H FY2016”) ENDED 30 JUNE 2016 (“YTD FY2016”)

Notes:

- (a) Cash and cash equivalents as at 30 June 2016 were S\$6.5 million higher than the balance as at 31 December 2015 mainly due to the receipt of a claim on a bank guarantee amounting to S\$11.8 million relating to the lease of the 72 Loyang Way property and S\$2.5 million additional proceeds from the issuance of medium term notes for refinancing of a bank loan, and partially offset by S\$3.9 million higher trade and other receivables and S\$2.9 million stamp duty paid upon the signing of the Bukit Batok Connection sale and purchase agreement.
- (b) Trade and other receivables comprised mainly trade receivables, unbilled debtors and other debtors amounting to S\$5.0 million, S\$1.1 million and S\$0.3 million respectively. The increase in trade and other receivables of S\$3.9 million is mainly due to S\$3.5 million higher trade debtors, S\$0.2 million higher unbilled debtors and S\$0.2 million higher other receivables.
- (c) Derivative financial instruments as at 30 June 2016 represented the fair value of interest rate swaps entered into to hedge interest rate risks on floating rate loans.
- (d) Other current assets as at 30 June 2016 comprised mainly prepayment of property tax and security deposits paid to vendors.
- (e) Deferred expenditure relates to the unamortised portion of marketing commissions paid to the Property Manager and Manager for securing new leases and renewing expiring leases as well as the S\$2.9 million stamp duty paid upon the signing of the Bukit Batok sale and purchase agreement. The increase in deferred expenditure was due to the abovesaid stamp duty and the increase in new and renewed leases.
- (f) Investment properties as at 30 June 2016 were accounted for at fair value based on the valuations undertaken by independent valuers, Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“Colliers”) and CBRE Pte Ltd as at 31 December 2015¹. The increase in investment properties amounting to S\$32k is due to capital expenditure for Eightrium @ Changi Business Park and West Park BizCentral.
- (g) Trade and other payables as at 30 June 2016 comprised trade creditors, interest payable, advance rental received, fees payable to Manager/Trustee and accrual of professional fees. The decrease in trade and other payables of S\$28.7 million was mainly attributed to the payment of the second tranche for the Solaris upfront land premium amounting to S\$31.9 million and partially offset by S\$1.8 million higher accrued operating expenses (comprising mainly property tax payable), S\$0.5 million higher accrued interest payable and S\$0.3 million higher other payables.
- (h) Rental deposits as at 30 June 2016 increased by S\$11.8 million mainly due to the receipt of the claim on a bank guarantee amounting to S\$11.8 million relating to the lease of the 72 Loyang Way property.
- (i) Borrowings comprise a S\$185 million bank loan, S\$200 million medium term notes (“MTN”) issued under Soilbuild REIT’s S\$500 million multicurrency debt issuance programme and an interest-free loan amounting to S\$55 million from SB (Solaris) Investment Pte. Ltd. (“SB Solaris”), a wholly-owned subsidiary of Soilbuild Group Holdings Ltd.. Borrowings are net of unamortised debt arrangement fees.

Footnotes:

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

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1(b)(ii) Aggregate Amount of Borrowings

	30 June 2016 (S\$'000)	31 Dec 2015 (S\$'000)
<u>Interest-bearing borrowings</u>		
Amount repayable after one year	385,000	382,500
Less: Debt arrangement fees ¹	(4,908)	(5,215)
Less: Prepayment fees ¹	(443)	(107)
	379,649	377,178
<u>Interest-free borrowings</u>		
Amount repayable after one year	55,000	23,117
Less: Deferred amortisation ²	(3,485)	(1,793)
	51,515	21,324
Total borrowings repayable after one year	431,164	398,502
Total borrowings	431,164	398,502

Footnotes:

1. Debt arrangement and prepayment fees are amortised over the life of the loan facilities.
2. Relates to the deferred amortisation of notional interest on interest-free loan.

Details of borrowings

- Senior Term Loan Facility of S\$185.0 Million

On 25 September 2015, Soilbuild REIT entered into a senior term loan facility amounting to S\$185.0 million (“TLF 1”) obtained from DBS Bank Ltd., The Hong Kong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited, United Overseas Bank Limited, the Bank of East Asia, Limited, Singapore Branch and RHB Bank Berhad, Singapore Branch.

TLF 1 which was fully drawn down in September 2015, is secured against Solaris and is repayable in March 2020.

- MTN of S\$100.0 Million issued in 2015

On 21 May 2015, Soilbuild REIT issued S\$100.0 million of unsecured MTN which bear interest at 3.45% p.a. and mature on 21 May 2018.

- MTN of S\$100.0 Million issued in 2016

On 8 April 2016, Soilbuild REIT issued S\$100.0 million of unsecured MTN which bear interest at 3.60% p.a. and mature on 8 April 2021 for the purpose of refinancing the S\$100 million bank loan facility entered into on 20 May 2014 (“TLF 2”).

Post-refinancing of TLF 2, 100% of the interest-bearing loans are either fixed rate borrowings or swapped to fixed rates with interest rate swaps.

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- Interest-free loan from SB Solaris

On 17 March 2015, the Manager announced that an agreement had been entered into whereby the Trustee in its capacity as Trustee of Soilbuild REIT and JTC had agreed to the conversion of the annual land rental payment scheme under the Solaris land lease to an upfront land premium payment scheme. On the same date, the Trustee entered into an interest-free loan agreement with SB Solaris amounting to S\$55 million to fund the payment of this Solaris upfront land premium. The loan matures in August 2018.

SB Solaris extended the first and second tranche of the loan amounting to S\$23.1 million and S\$31.9 million to Soilbuild REIT on 17 March 2015 and 18 March 2016 respectively.

Borrowings repaid in 2Q FY2016

- Senior Term Loan Facility of S\$100.0 Million (“TLF 2”)

On 20 May 2014, Soilbuild REIT entered into a senior term loan facility amounting to S\$100.0 million (“TLF 2”) obtained from DBS Bank Ltd., The Hong Kong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited.

S\$15.0 million, S\$55.0 million, S\$23.5 million and S\$4.0 million of the TLF 2 was drawn down to finance the acquisition of Tellus Marine, KTL Offshore, Speedy-Tech and Technics on May 2014, October 2014, December 2014 and May 2015 (“TLF 2 Drawdown”) respectively.

TLF 2 Drawdown has a four year maturity term from the date of the facility agreement.

On 8 April 2016, TLF 2 was fully repaid and the mortgage over West Park BizCentral was released.

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1(c) Statement of Cash Flows

	1H FY2016	1H FY2015	2Q FY2016	2Q FY2015
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Operating activities:				
Net income	24,789	22,639	12,421	11,613
Adjustments for				
- Amortised debt arrangement and prepayment fees	735	1,214	352	651
- Finance expenses	6,147	5,227	3,236	2,802
- Loan facility commitment fees	2	8	-	3
- Management fees paid and payable in Units	3,858	3,648	1,925	1,886
- Security trustee and agency fees	-	40	-	40
Changes in working capital				
- Trade and other receivables	(3,948)	(890)	(2,351)	2,949
- Other current assets	(1,970)	(2,079)	1,362	1,060
- Deferred expenditure	(3,011)	(98)	(2,920)	(59)
- Trade and other payables	1,721	1,615	(1,715)	(348)
- Rental deposits	11,793	1,678	11,482	397
Cash flows from operations	40,116	33,002	23,792	20,994
Finance expense paid	(5,633)	(5,150)	(3,655)	(2,648)
Net cash generated from operating activities	34,483	27,852	20,137	18,346
Investing activities:				
Deposit for an investment property refunded	-	-	-	970
Purchase of investment properties	-	(98,092)	-	(98,092)
Capital expenditure on investment properties	(31,915)	(25,372)	-	-
Net cash used in investing activities	(31,915)	(123,464)	-	(97,122)
Financing activities:				
Proceeds from borrowings	131,883	127,117	100,000	104,000
Repayment of borrowings	(97,500)	(95,000)	(97,500)	(95,000)
Payment of debt arrangement fees	(400)	(300)	(400)	(300)
Payment of prepayment fees	(366)	-	(366)	-
Issuance of new Units (Private Placement)	-	89,999	-	89,999
Issue expenses	41	(1,602)	41	(1,602)
Distributions paid	(29,686)	(31,330)	(14,604)	(18,444)
Net cash generated from/(used in) financing activities	3,972	88,884	(12,829)	78,653
Net increase/(decrease) in cash and cash equivalents	6,540	(6,728)	7,308	(123)
Cash and cash equivalents at beginning of the financial period	16,751	20,951	15,983	14,346
Cash and cash equivalents at end of the financial period	23,291	14,223	23,291	14,223

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

FY2016	Operations (S\$’000)	Unitholders’ Contribution (S\$’000)	Hedging Reserve (S\$’000)	Total (S\$’000)
Balance as at 31 December 2015	27,275	715,809	2,889	745,973
Total return for the financial period	12,368	-	-	12,368
Distribution to Unitholders	(15,082)	-	-	(15,082)
Movement in hedging reserve	-	-	(2,468)	(2,468)
Issue of Units in lieu of Manager’s management fees, property management fees and lease management fees	-	2,645	-	2,645
Balance as at 31 March 2016	24,561	718,454	421	743,436
Total return for the financial period	12,421	-	-	12,421
Distribution to Unitholders	(14,604)	-	-	(14,604)
Movement in hedging reserve	-	-	(864)	(864)
Issue of Units in lieu of Manager’s management fees, property management fees and lease management fees	-	1,933	-	1,933
Issuance cost written-back	-	41	-	41
Balance as at 30 June 2016	22,378	720,428	(443)	742,363

FY2015	Operations (S\$’000)	Unitholders’ Contribution (S\$’000)	Hedging Reserve (S\$’000)	Total (S\$’000)
Balance as at 31 December 2014	31,266	619,366	148	650,780
Total return for the financial period	11,026	-	-	11,026
Distribution to Unitholders	(12,886)	-	-	(12,886)
Movement in hedging reserve	-	-	1,781	1,781
Issue of Units in lieu of Manager’s management fees, property management fees and lease management fees	-	2,152	-	2,152
Balance as at 31 March 2015	29,406	621,518	1,929	652,853
Total return for the financial period	11,613	-	-	11,613
Distribution to Unitholders	(18,444)	-	-	(18,444)
Movement in hedging reserve	-	-	(990)	(990)
Issue of Units in lieu of Manager’s management fees, property management fees and lease management fees	-	1,762	-	1,762
Issue of new Units under Private Placement	-	89,999	-	89,999
Issuance cost	-	(1,602)	-	(1,602)
Balance as at 30 June 2015	22,575	711,677	939	735,191

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

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

	1H FY2015 ('000)	2Q FY2015 ('000)
Balance as at beginning of financial period	812,993	815,751
Movements during the financial period		
- Units issued in lieu of Manager’s management fees, property management fees and lease management fees	4,937	2,179
- Units pursuant to the Private Placement ¹	111,800	111,800
Total issued Units as at end of financial period	929,730	929,730

Footnote:

¹111,800,000 new Units were issued on 5 May 2015 at an issue price of S\$0.805 per new Unit pursuant to the Private Placement.

1(d)(iii) To show the total number of issued units excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

As at 30 June 2016, Soilbuild REIT had 940,678,444 Units (31 December 2015: 934,441,690 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.

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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 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change

There is no change in the accounting policies and methods of computation adopted.

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

	1H FY2016	1H FY2015	2Q FY2016	2Q FY2015
Weighted average number of Units	938,933,954	836,421,989	939,857,507	887,096,381
EPU – Basic and Diluted¹ Based on the weighted average number of Units in issue (cents)	2.643	2.663	1.322	1.309
- Basic and diluted Number of Units in issue at end of the financial period	940,678,444	929,729,790	940,678,444	929,729,790
DPU Based on the number of Units in issue at end of each distribution period (cents)	3.122	3.248	1.565	1.615

Footnotes:

- 1 The EPU has been calculated using total return before distribution for the financial period and the weighted average number of Units at the end of the financial period. The calculation excludes net change in fair value of investment properties for the relevant financial period.

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

	30 June 2016	31 Dec 2015
NAV per Unit ¹ (S\$)	0.79	0.80

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 1H FY2016 compared to 1H FY2015

Gross revenue was S\$39.7 million in 1H FY2016, S\$1.5 million or 3.9% higher than the gross revenue in 1H FY2015. This was mainly due to additional rental revenue from Technics and Solaris amounting to S\$3.2 million and S\$0.3 million respectively and partially offset by a reduction in revenue from West Park BizCentral and Tuas Connection amounting to S\$1.4 million and S\$0.7 million respectively. The decline in revenue contributed by West Park BizCentral was partially attributed to property tax to be refunded to tenants amounting to S\$0.3 million.

Property operating expenses were S\$5.2 million in 1H FY2016 which was S\$0.5 million lower than 1H FY2015 mainly due to the reduction in property tax expense for West Park BizCentral arising from revision of FY2015 and FY2016 annual values by the tax authority.

Net property income was 6.2% higher at S\$34.5 million in 1H FY2016 from S\$32.5 million in 1H FY2015 mainly due to the above reasons.

The increase in Manager’s management fees of S\$0.2 million was due to higher annual distributable income which resulted in higher base fee. The increase in finance expenses was mainly due to higher notional interest expense on the S\$55 million interest-free loan. Other trust expenses were lower in 1H FY2016 as other trust expenses in 1H FY2015 included Multicurrency Debt Issuance Programme establishment cost amounting to S\$0.2 million.

Total return before distribution amounting to S\$24.8 million was S\$2.2 million higher than 1H FY2015 mainly due to higher net property income and interest income amounting to S\$2.0 million and S\$0.4 million respectively, S\$0.3 million decrease in other trust expenses, and partially offset by the increase in finance expenses and Manager management fees amounting to S\$0.4 million and S\$0.2 million respectively.

Income available for distribution was S\$29.3 million in 1H FY2016, 6.2% higher than 1H FY2015 mainly due to higher total return before distribution and partially offset by lower non-tax deductible items. The decrease in non-tax deductible items was mainly attributed to lower non-tax deductible debt arrangement fee.

Review of the Performance on 2Q FY2016 compared to 2Q FY2015

Gross revenue was S\$19.6 million in 2Q FY2016, S\$20k or 0.1% lower than the gross revenue in 2Q FY2015. The reduction in revenue from West Park BizCentral and Tuas Connection of S\$1.0 million and S\$0.4 million respectively was partially offset by additional revenue from Technics and Solaris amounting to S\$1.2 million and S\$0.1 million respectively. The decline in revenue contributed by West Park BizCentral was partially attributed to property tax to be refunded to tenants amounting to S\$0.3 million.

Property operating expenses were S\$2.2 million in 2Q FY2016 which was S\$0.6 million lower than 2Q FY2015 mainly due to reduction of property tax expense for West Park BizCentral.

Net property income was 3.7% higher at S\$17.3 million in 2Q FY2016 from S\$16.7 million in 2Q FY2015 mainly due to the abovementioned reasons.

The increase in Manager’s management fees of S\$42k was due to higher distributable income which resulted in higher base fee. The increase in finance expenses was mainly due to notional interest expense on the S\$55 million interest-free loan. Other trust

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expenses were lower in 2Q FY2016 as other trust expenses in 2Q FY2015 included Multicurrency Debt Issuance Programme establishment cost amounting to S\$0.2 million.

Total return before distribution amounting to S\$12.4 million was S\$0.8 million higher than 2Q FY2015 mainly due to higher net property income and interest income amounting to S\$0.6 million and S\$0.2 million respectively, S\$0.1 million decrease in other trust expense and partially offset by higher finance expenses amounting to S\$92k.

Income available for distribution was S\$14.7 million in 2Q FY2016, 3.0% higher than 2Q FY2015 mainly due to higher total return before distribution and partially offset by lower non-tax deductible items. The decrease in non-tax deductible items was mainly attributed to lower non-tax deductible debt arrangement fee.

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

Ministry of Trade and Industry (“MTI”) reported that the Singapore economy grew by 1.8% on a year-on-year (“y-o-y”) basis in the first quarter of 2016, unchanged from the previous quarter. On a quarter-on-quarter (“q-o-q”) seasonally-adjusted annualised basis, the economy expanded by 0.2% in contrast to the 6.2% growth in the preceding quarter. The manufacturing sector contracted by 1.0% y-o-y, following the 6.7% decline in the previous quarter. On a q-o-q seasonally-adjusted annualised basis, the manufacturing sector rebounded to post growth of 23.3%, compared to the 4.9% contraction in the preceding quarter.¹

The purchasing managers’ index for June 2016 was 49.6. Factory activity has contracted for the 12th month since June 2015.²

With the slowdown in the manufacturing sector, rentals of all industrial properties softened by 2.7% in 1Q 2016 over the preceding quarter. Indices for multi-user, single-user factories, business park and warehouse contracted by 3.7%, 2.1%, 1.0% and 0.8% from the previous quarter respectively.³

With the slowdown in the manufacturing sector which resulted in a soft leasing environment, the portfolio occupancy has dipped to 92.0%³ at end of 2Q FY2016 as compared to the industrial average of 90.1% as at 1st Quarter FY2016. 86.0% of FY2016 lease expiries were due for renewal in the 1st Half of 2016. The challenge remains to re-let the vacant space and to renew the multi-tenanted leases that are expiring for the rest of the year which makes up 2.0% of the portfolio’s net lettable area.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

¹ Source: Ministry of Trade and Industry’s press release dated 25 May 2016.

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

³Source: JTC quarterly rental index of industrial space.

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

Distribution type: Income

Distribution rate: 1.565 cents

Tax rate: Taxable Income Distribution

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

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

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

Books closure date: The Transfer Books and Register of Unitholders of Soilbuild REIT will be closed at 5.00 p.m. on Thursday, 21 July 2016 for the purposes of determining each Unitholder's entitlement to Soilbuild REIT's distribution. The ex-dividend date will be on Tuesday, 19 July 2016.

Date Payable: Tuesday, 16 August 2016

(b) Corresponding period of the preceding financial period

Name of distribution: 9th distribution for the financial period from 5 May 2015 to 30 June 2015

Distribution type: Income

Distribution rate: 0.987 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%.

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Books closure date: Thursday, 23 July 2015

Date Payable: Tuesday, 18 August 2015

(c) Corresponding period of the preceding financial period

Name of distribution: 8th distribution for the financial period from 1 April 2015 to 4 May 2015 (Advanced Distribution that was paid prior to the issue of new Units pursuant to the private placement on 5 May 2015).

Distribution type: Income

Distribution rate: 0.628 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: Monday, 4 May 2015

Date Payable: Thursday, 28 May 2015

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

Not applicable.

13. Segmented Revenue and Results

	1H FY2016		1H FY2015		2Q FY2016		2Q FY2015	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
<u>Gross Revenue</u>								
Business Park	13,578	34%	13,220	35%	6,848	35%	6,680	34%
Industrial	26,134	66%	24,985	65%	12,722	65%	12,910	66%
	39,712	100%	38,205	100%	19,570	100%	19,590	100%

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	1H FY2016		1H FY2015		2Q FY2016		2Q FY2015	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
<u>Net Property Income</u>								
Business Park	11,815	34%	11,388	35%	5,962	34%	5,748	34%
Industrial	22,703	66%	21,122	65%	11,363	66%	10,964	66%
	34,518	100%	32,510	100%	17,325	100%	16,712	100%

In the review of performance, the factors leading to any material changes in contributions to revenue and net income by the business segments

The increase in percentage contribution from industrial properties is mainly due to the acquisition of Technics in May 2015.

- 14. If Soilbuild REIT has obtained a general mandate from shareholders for IPTs, the aggregate value of each transaction as required under Rule 920(i)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Soilbuild REIT has not obtained a general mandate from Unitholders for IPTs.

- 15. Confirmation pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of the Manager has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material respect.

- 16. Confirmation pursuant to Rule 720(1) of the Listing Manual**

The Board of Directors of the Manager hereby confirms that it has procured undertakings from all its Directors and Executive Officers in accordance with Rule 720(1) of the Listing Manual.

For and on behalf of the Board of Directors of SB REIT Management Pte. Ltd.

Mr Ng Fook Ai Victor
Director

Mr Chong Kie Cheong
Director

This release may contain forward-looking statements that involve risks and uncertainties. Future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/ distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management of future events.

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DISTRIBUTION ANNOUNCEMENT FOR THE SECOND QUARTER (“2Q FY2016”) AND HALF
YEAR (“1H FY2016”) ENDED 30 JUNE 2016 (“YTD FY2016”)**

By order of the Board of Directors of
SB REIT Management Pte. Ltd.
(Company Registration No. 201224644N)
As Manager for Soilbuild Business Space REIT

Mr. Roy Teo
Chief Executive Officer

13 July 2016