SoilBuild
BUSINESS SPACE REIT

Business Space Inspired by You

Annual Report 2017

CONTENTS

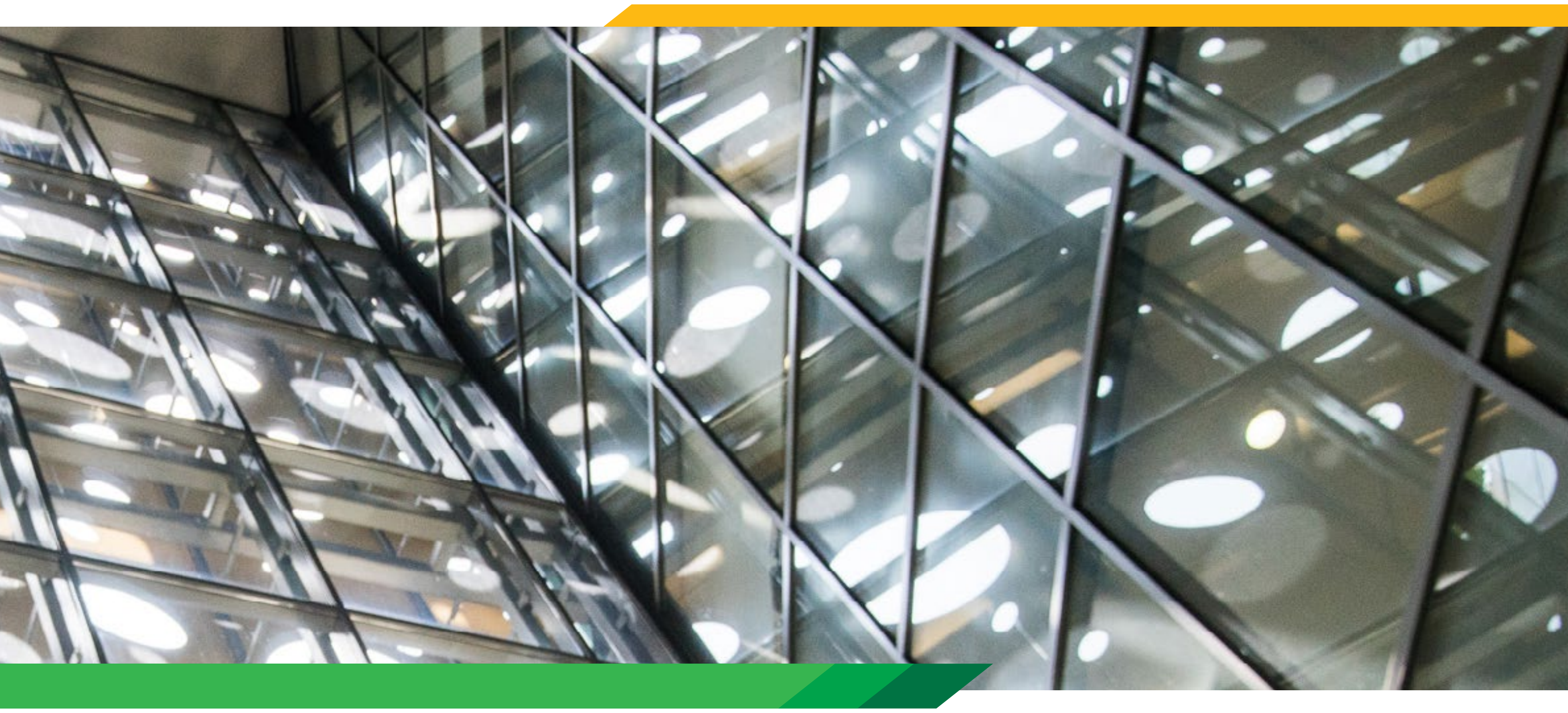
VISION

Soilbuild REIT aims to be a successful business space real estate investment trust with a portfolio of quality assets to deliver stability and growth.

MISSION

To deliver stable and growing returns to Unitholders by actively managing our assets and expanding our portfolio.

Corporate Profile



KEY FIGURES

12
Total Business Space Properties

4.21mil sq ft
Total Gross Floor Area

S$1.16 billion
Total Asset Valuation

ABOUT SOILBUILD REIT

Soilbuild REIT is a Singapore real estate investment trust 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. Soilbuild REIT was listed on the Main Board of the SGX-ST on 16 August 2013.

"**Business space**" refers to (i) all properties zoned as business park (which includes business space used primarily for high technology, research and development, high value-added and knowledge-intensive activities, including any ancillary usage, so long as such usage is permitted under the relevant regulations) and (ii) industrial properties (including, but not limited to, ramp-up facilities, flatted factories and light industrial properties) which are used primarily for, among others, manufacturing, engineering, logistics, warehousing, electronics, marine, oil & gas, research and development and value added knowledge-based activities.

Soilbuild REIT's portfolio comprises 12 business space properties – two business park properties and ten industrial properties. They are strategically located across industrial clusters in Singapore with a total GFA of approximately 4.21 million sq ft and a valuation of S$1.16 billion as at 31 December 2017.

Soilbuild REIT is managed by an external manager, SB REIT Management Pte. Ltd., which is a wholly-owned subsidiary of Soilbuild Group Holdings Ltd., a leading integrated property group based in Singapore.

Our Sponsor

SOILBUILD GROUP

Established in 1976, the Sponsor is a leading integrated property group based in Singapore with operations covering the full spectrum of the real estate value chain, ranging from end-to-end construction[1], design and development, to fund management.

Integrated Real Estate Platform

CONSTRUCTION[1]

- End-to-End Construction
- BCA 'A1' grading for general building
- Multi-Disciplined Team
- Public & Private Sectors
- Range of Asset Classes

DEVELOPMENT

- Balance Sheet
- Focus on End Users
- Innovative Designs
- Quality Location

LEASE MANAGEMENT

- Tenant Retention
- Relationship with Brokers
- Dedicated Team

ASSET/PROPERTY MANAGEMENT

- Asset Enhancements
- Income Optimisation
- Established Relationships with Government Agencies

FUND MANAGEMENT

- Capital Management
- Relationship with Vendors
- Experienced Management Team

OPERATIONS COVER FULL SPECTRUM OF VALUE CHAIN

Given its intimate knowledge of the Singapore industrial market, the Sponsor has been successful in securing a number of development projects from JTC; in particular the Concept and Fixed Price Tender Scheme which was a land allocation mechanism by JTC which evaluated bids based on submitted proposals rather than price. Eightrium @ Changi Business Park, Solaris, Tuas Connection, West Park BizCentral and Bukit Batok Connection amounting to approximately 81.5% (by valuation) of Soilbuild REIT's portfolio were conceptualised, designed and developed by the Sponsor, demonstrating its strong design and development capabilities.

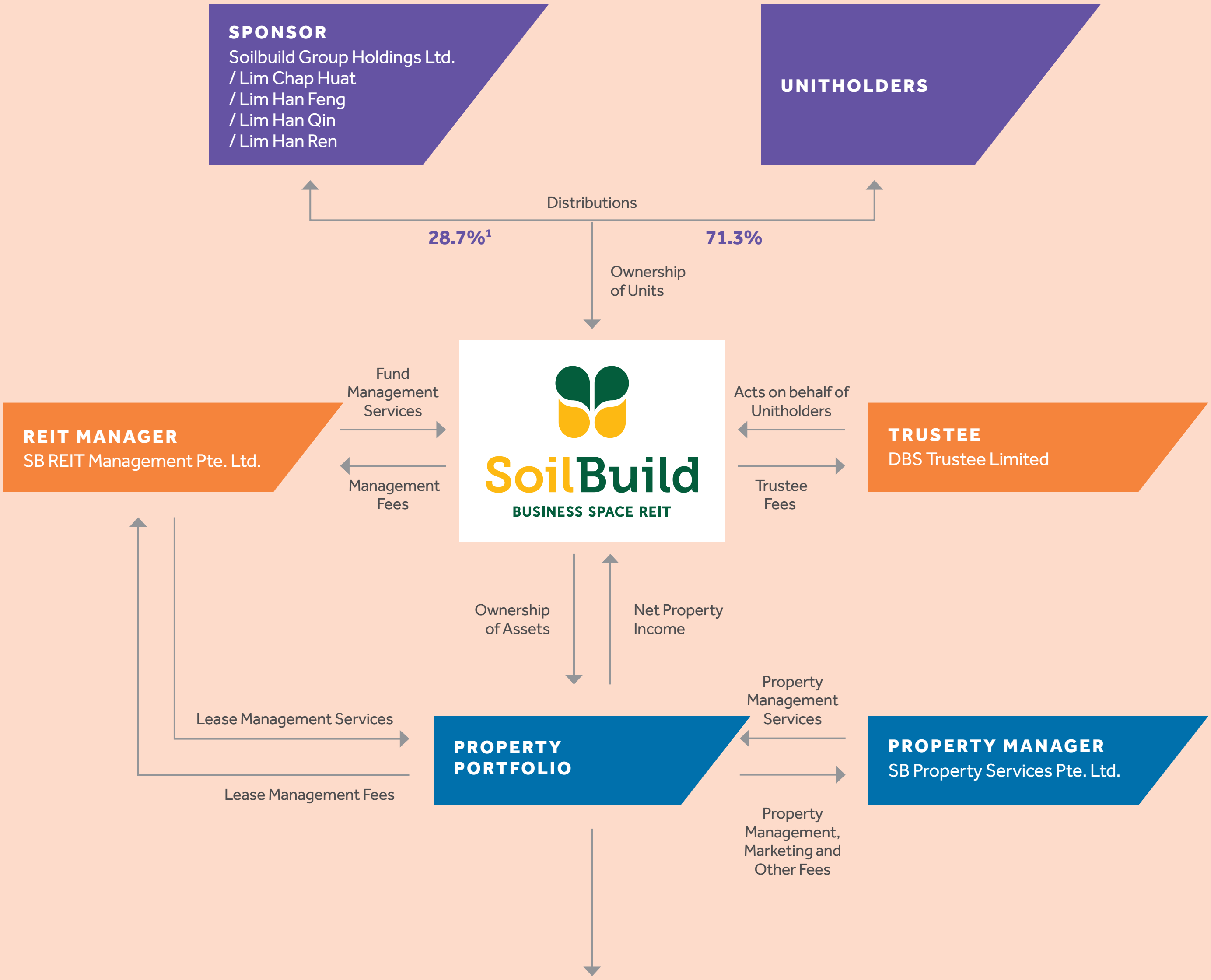
The Sponsor is committed to support Soilbuild REIT over the long term. The Sponsor, Mr Lim Chap Huat and his immediate family members hold an aggregate of 28.7% of the total number of units outstanding as at 19 February 2018, demonstrating an alignment of interests with Unitholders. The Sponsor is wholly-owned by Mr Lim Chap Huat.

The Sponsor's experience and track record have been recognised through the various awards and accolades it has received through the years, including being a five-time winner of both the Singapore SME Enterprise 50 Awards and the Singapore SME 500 and 1000 Awards.

Note:

1 Mr Lim Chap Huat is a controlling shareholder of Soilbuild Construction Group Ltd. which undertakes construction activities.

Soilbuild REIT Structure



Soilbuild Master Leases
Solaris
Bukit Batok Connection

Multi-Tenanted Leases
Eightrium @ Changi Business Park
Tuas Connection
West Park BizCentral
72 Loyang Way

Third Party Master Leases
NK Ingredients
COS Printers
Beng Kuang Marine
Tellus Marine
KTL Offshore
Speedy-Tech

Note:
1 Information as at 19 February 2018.

Developing Potential With You

Eightrium @ Changi Business Park

COMMENTARY BY ASUS GLOBAL PTE. LTD.

> “Asus Global Pte. Ltd. is engaged in marketing and distributing computer and computer peripherals. Our company offers products including phones, notebook and 2-in-1 PCs, table, motherboards, graphic cards, desktop and all-in-one PCs, display, peripherals and gaming items. Our business requires a space that evolves with the dynamic, changing environment. Over the past ten years, Soilbuild has provided us with scalability and flexibility as demanded by our ever-changing dynamic business. We hope to continue this longstanding landlord-tenant relationship with Soilbuild as we both strive to stay on top of market trends.”

Emma Ou
Country Manager
ASUS Global Pte Ltd

Significant Events

2018

17 January 2018

Distribution of 1.383 cents per Unit was declared for the financial period from 1 October 2017 to 31 December 2017.

2017

28 December 2017

Proposed divestment of KTL Offshore to SB (Pioneer) Investment Pte. Ltd.

27 November 2017

Soilbuild REIT expands Investment Mandate to explore overseas investment opportunities.

13 November 2017

Soilbuild REIT was a Highly Commended Winner for Best Funding Solution at the Treasury Today Adam Smith Awards Asia 2017.

19 October 2017

Soilbuild REIT obtained a secured loan facility of S$200 million from OCBC and RHB.

13 October 2017

Distribution of 1.374 cents per Unit was declared for the financial period from 1 July 2017 to 30 September 2017.

4 August 2017

Soilbuild REIT clinched Silver award in the Asia Pacific Best of the Breeds REITs Awards 2017 (Industrial REIT Category).

13 July 2017

Distribution of 1.466 cents per Unit was declared for the financial period from 1 April 2017 to 30 June 2017.

30 June 2017

Soilbuild REIT obtained an unsecured loan facility of S$200 million from HSBC.

29 June 2017

Soilbuild REIT was ranked joint 2nd in the inaugural governance index for trusts.

20 April 2017

The 4th Annual General Meeting of Soilbuild REIT was held and all resolutions proposed were duly passed.

12 April 2017

Distribution of 1.489 cents per Unit was declared for the financial period from 1 January 2017 to 31 March 2017.

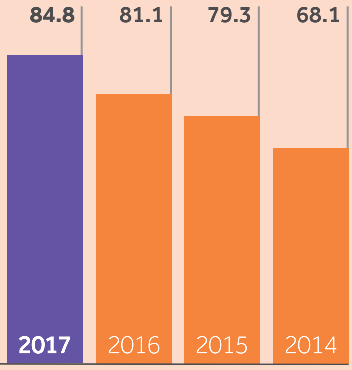
23 January 2017

Distribution of 1.570 cents per Unit was declared for the financial period from 1 October 2016 to 31 December 2016.

Key Highlights in FY2017

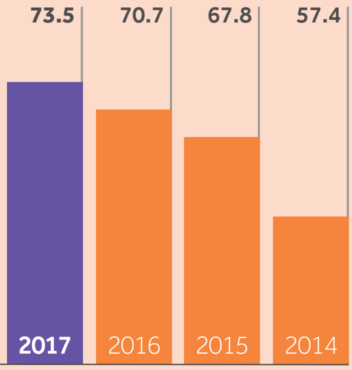
Gross Revenue
(S$'million)

4.5%



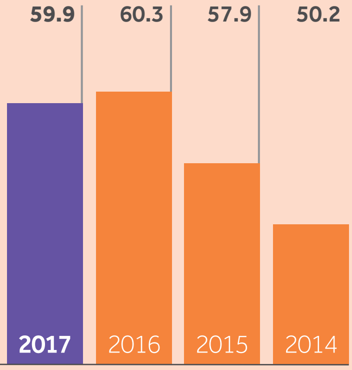
Net Property Income
(S$'million)

4.0%



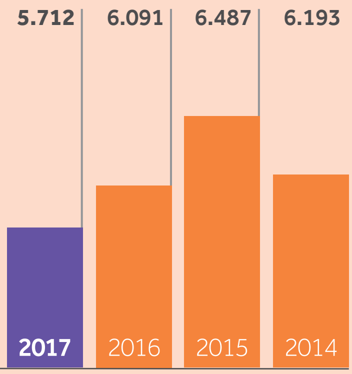
Income Available for Distribution
(S$'million)

0.5%



Distribution per Unit
(Singapore Cents)

6.2%



Portfolio Occupancy

Investment Properties and Property held for sale
(in Singapore Dollars)

2017	2016	2015	2014
$1,164 million	$1,244 million	$1,191 million	$1,031 million

No. of Properties

2017	2016	2015	2014
12	12	11	10

NLA (sq ft)

2017	2016	2015	2014
3.90 million	3.90 million	3.53 million	3.33 million

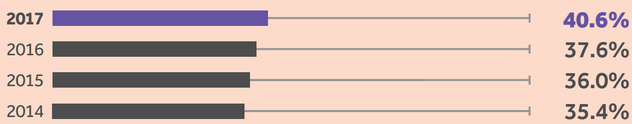
No. of Tenants

2017	2016	2015	2014
115	108	113	111

Weighted Average Lease Expiry (by Gross Rental Income)

2017	2016	2015	2014
3.0 years	3.4 years	4.8 years	3.9 years

Average Leverage



Financial Highlights

Summary of Results

	FY2017	FY2016	FY2015	FY2014
Gross Revenue (S$'000)	**84,817**	81,130	79,340	68,145
Net Property Income (S$'000)	**73,481**	70,674	67,777	57,362
Income Available for Distribution (S$'000)	**59,927**	60,252	57,867	50,173
Distribution per Unit (Singapore cents)	**5.712**	6.091	6.487	6.193
Annualised Distribution Yield (%) – Based on closing price on 31 December	**8.5%**[1]	9.5%[2]	8.4%[3]	7.8%[4]

Balance Sheet (As At 31 December)

	FY2017	FY2016	FY2015	FY2014
Total Assets (S$'000)	**1,181,603**	1,275,491	1,214,530	1,053,972
Total Liabilities (S$'000)	**512,965**	523,788	468,557	403,192
Net Assets Attributable to Unitholders (S$'000)	**668,638**	751,703	745,973	650,780
Total Units in Issue ('000)	**1,052,111**	1,042,174	934,442	812,993
Market Capitalisation (S$'000)	**704,915**[1]	666,991[2]	719,520[3]	642,265[4]

Key Financial Ratios

	FY2017	FY2016	FY2015	FY2014
Net Asset Value per Unit (S$)	**0.64**	0.72	0.80	0.80
Aggregate Leverage (%)	**40.6**[5]	37.6[5]	36.0[5]	35.4
Average All-in Interest Costs (%)	**3.20**[6]	3.37[6]	3.21[6]	3.19
Weighted Average Tenor of Debt (years)	**2.7**[5]	2.8[5]	3.2[5]	2.1
Interest Cover Ratio (times)	**4.7**[7]	4.8[7]	4.7[7]	5.3

Notes:
1 Based on closing unit price of S$0.67 as at 31 December 2017.
2 Based on closing unit price of S$0.64 as at 31 December 2016.
3 Based on closing unit price of S$0.77 as at 31 December 2015.
4 Based on closing unit price of S$0.79 as at 31 December 2014.
5 Includes interest-free loan (FY2015: interest-free loan and deferred payment) in relation to the Solaris upfront land premium.
6 Refers to weighted average borrowing cost for 4Q. Weighted average borrowing cost for FY2017 was 3.31% p.a.. Computation excludes interest-free loan.
7 Interest coverage is computed based on EBITDA/net interest expense (interest expense – interest income) as interest expense included notional interest expense on the interest-free loan from SB (Solaris) Investment Pte. Ltd. which has been correspondingly recognised as interest income.

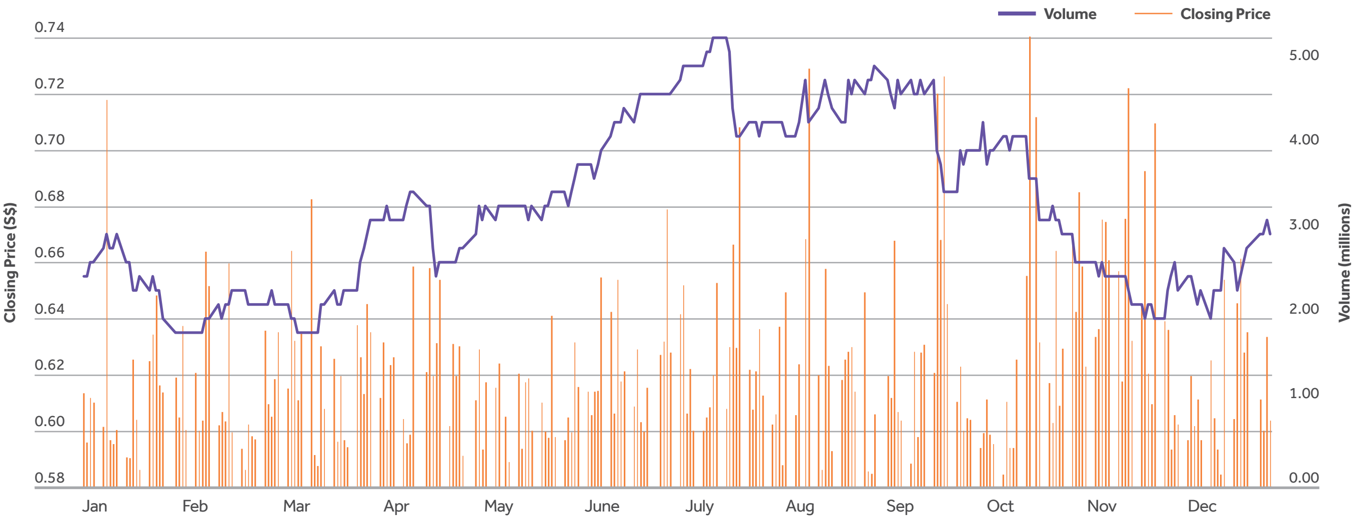
Trading Performance

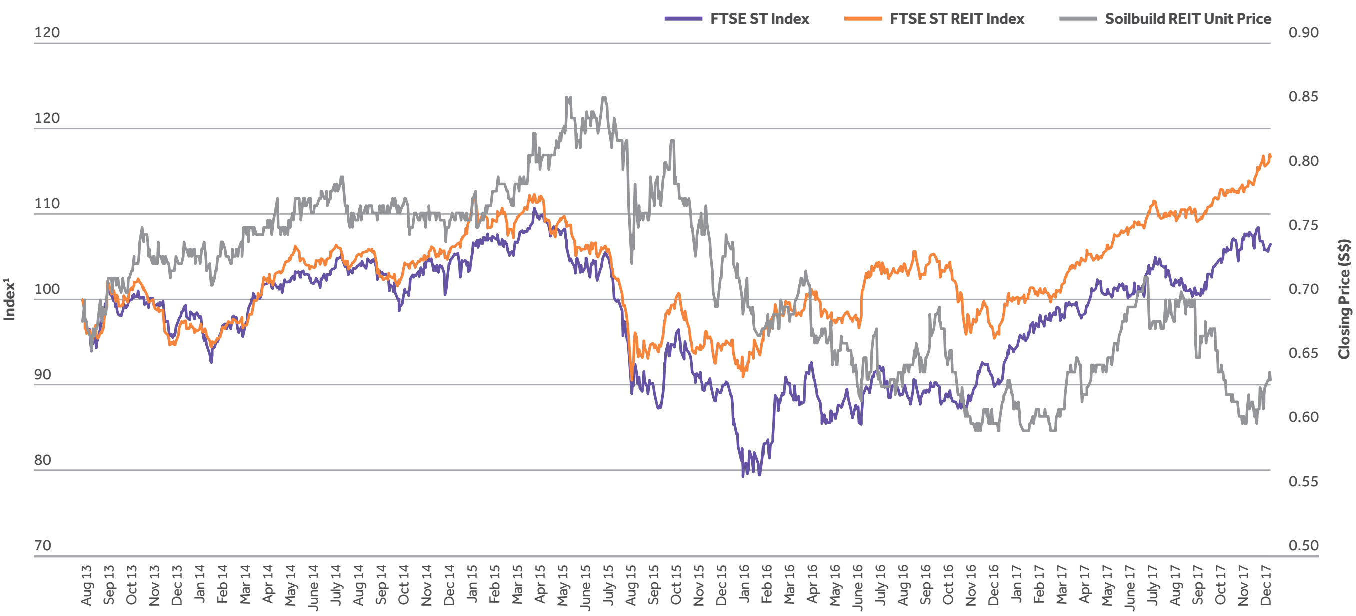
Unit Price Performance

	FY2017	FY2016	FY2015	FY2014
Highest closing price (S$)	**0.740**	0.770	0.870	0.815
Lowest closing price (S$)	**0.635**	0.635	0.725	0.740
Average closing price (S$)	**0.679**	0.694	0.811	0.783
Closing price on 31 December (S$)	**0.670**	0.640	0.770	0.790
Average daily trading volume (No. of Units)	**1,445,237**	1,447,466	1,242,439	1,137,996

Soilbuild REIT Trading Performance

(1 January 2017 to 31 December 2017)





Note:

1 Soilbuild REIT Unit Price rebased to 100% using IPO issue price of S$0.78.

Letter to Unitholders

Soilbuild REIT's gross revenue and net property income improved by 4.5% and 4.0% respectively, lifted by the addition of Bukit Batok Connection in September 2016.

Left: **Mr Roy Teo Seng Wah**
Right: **Mr Chong Kie Cheong**

DEAR UNITHOLDERS

On behalf of the Board of Directors of SB REIT Management Pte. Ltd., we are pleased to present Soilbuild REIT's FY2017 Annual Report for the year ended 31 December 2017.

FY2017 YEAR IN REVIEW

In FY2017, despite a prolonged weak industrial market, we have met our targets to achieve higher occupancy and increase portfolio diversification. Portfolio occupancy rose from 89.6% in December 2016 to 92.7% in December 2017 and our exposure to the marine offshore and oil and gas sectors is expected to fall from 13.2% a year ago to 9.0% post completion of the divestment of a property known as KTL Offshore.

Soilbuild REIT's gross revenue and net property income improved by 4.5% and 4.0% respectively, lifted by the addition of Bukit Batok Connection in September 2016.

Distributable income was S$59.9 million, 0.5% lower year-on-year ("**y-o-y**") largely due to lower revenue contributed by 72 Loyang Way following the conversion of the master lease property into a multi-tenanted property and the full utilisation of the security deposit from the previous tenant.

FY2017 DPU was 5.712 cents, a 6.2% y-o-y decline. DPU would have fallen by just 3.1% y-o-y had the Manager continued paying property and lease management fees in units. Soilbuild REIT's distribution yield was 8.5% and 9.5% respectively on the last trading day in FY2017 and FY2016 respectively.

Letter to Unitholders

We are exploring investment opportunities in Australia in order to increase Soilbuild REIT's pool of investment targets, provide access to assets with longer lease tenures, allow greater diversification of the tenant base, thereby strengthening Soilbuild REIT's portfolio for long-term growth.

FY2017 INDUSTRIAL PROPERTY SECTOR

The Ministry of Trade and Industry ("**MTI**") announced that the Singapore economy grew 3.6% y-o-y both in 4Q 2017 and for the full year. The growth was primarily driven by manufacturing which grew 10.1% y-o-y, supported mainly by robust output expansions in the electronics and precision engineering clusters.

Despite the growth in the manufacturing sector and a significant increase in net new demand, Singapore's industrial property sector continued to remain weak and rents remained pressured by the ample net new supply which was growing at a faster pace than the net new demand.

The business parks' sectoral performance remains mixed geographically. We see strong demand and limited supply in one-north which is expected to benefit Soilbuild REIT upon the expiry of the Solaris master lease whereas rents in the Changi Business Park vicinity face downward pressure with increasing supply.

UNLOCKING CAPITAL & PORTFOLIO DIVERSIFICATION

In December 2017, we announced that we are exploring investment opportunities in Australia in order to increase Soilbuild REIT's pool of investment targets, provide access to assets with longer lease tenures, allow greater diversification of the tenant base, thereby strengthening Soilbuild REIT's portfolio for long-term growth. The Manager is still actively seeking suitable acquisitions in Australia to further improve the quality of Soilbuild REIT's portfolio.

In the same month, we have entered into a put and call option agreement with SB (Pioneer) Investment Pte. Ltd. in relation to the proposed divestment of KTL Offshore for $55.0 million. The divestment was subsequently approved by Unitholders during the EGM held on 21 February 2018. This transaction will unlock capital and provide financial flexibility for us to pursue other growth opportunities while reducing our exposure to the marine offshore and oil & gas sectors.

OPERATIONAL PERFORMANCE

In FY2017, approximately 540,000 sq ft of space was due for renewal. We have completed close to 925,000 sq ft of lease renewals, forward renewals and new take up/re-let of space, a commendable effort by our asset management and leasing team.

Despite the nation's optimistic economic data, the surge in industrial property supply kept rents low. As we recalibrate our rental rates to respond to market conditions, our portfolio registered a negative rental reversion of 9.2%.

As at 31 December 2017, the portfolio WALE stands at 3.0 years by Gross Rental Income.

BUSINESS SPACE INSPIRED BY YOU

As part of the Manager's portfolio rejuvenation strategy, Soilbuild REIT has rolled out asset enhancement initiatives ("**AEI**") at Eightrium @ Changi Business Park. The AEI involves upgrading of the lifts, lobbies, washrooms and addition of a modern end-of-trip facility, which seeks to enhance the overall user experience. We constantly review and evaluate asset enhancement opportunities to stay relevant, increase the value and marketability of our assets.

VALUATION

As at 31 December 2017, Soilbuild REIT's investment properties and a property held for sale were valued at S$1.16 billion. Revaluation losses amounted to S$80.5 million generally due to lower market rentals and higher vacancies mainly attributed by 72 Loyang Way, West Park BizCentral, Eightrium, NK Ingredients and Tuas Connection.

PRUDENT AND PROACTIVE CAPITAL MANAGEMENT

In November 2017, we emerged as a highly commended winner at the Adam Smith Awards Asia 2017 (Best Funding Solution Category) for demonstrating innovativeness in our response towards both a change of control event and a withdrawal of Soilbuild REIT's credit rating.

We had obtained a S$200 million unsecured credit facility which was utilised for a notes redemption exercise upon the occurrence of a change of control event. Soilbuild REIT had earlier withdrawn both its issuer rating and the Baa3 rating on its S$100 million notes due 2021. The exercise had provided noteholders, particularly those who had bought investment grade notes, an option for redemption at par value and concurrently delivered significant cost savings for Soilbuild REIT in terms of consent, solicitation and professional fees.

In-line with our proactive capital management strategy, we have also secured a S$200 million secured loan facility to refinance a S$185 million secured loan in October 2017, ahead of its original expiry when the opportunity arose for refinancing with cost savings and extension of debt maturity. The Manager is committed to continuously improving Soilbuild REIT's debt profile with the help of its valued banking partners.

Soilbuild REIT's aggregate leverage remains healthy at 40.6%, within the maximum allowable gearing of 45.0% as specified in the Property Funds Appendix with a low secured leverage of 15.7%. The weighted average all-in cost of debt in 4QFY2017 was 3.20% p.a. and weighted average debt expiry at 2.7 years as at 31 December 2017. Borrowing costs were largely insulated against interest rate hikes with 70.1% of the interest rate exposure fixed for a weighted average term of 1.4 years.

CORPORATE GOVERNANCE

Soilbuild REIT was ranked joint second in the first governance ranking for Singapore listed real estate investment trusts and business trusts in June 2017. We are delighted to be recognised for our efforts and will continue striving towards achieving the best practices in corporate governance.

THE YEAR AHEAD

The Singapore economy is forecast to grow moderately between 1.5% and 3.5% in FY2018. Based on MTI's forecast announced on 14 February 2018, downside risks continue in the global economy partly due to the US administration's trade policies. An upside surprise in inflation could cause monetary policy in the US to normalise faster than expected, potentially causing global financial conditions to tighten more than expected.

Nonetheless, MTI expects the manufacturing sector to continue to expand in 2018 with the support of sustained expansion in the electronics and precision engineering clusters. Externally oriented sectors such as wholesale trade, transportation & storage and finance & insurance are also expected to benefit from the global economic recovery, albeit at a slower pace.

The operating environment is expected to remain challenging and supply of industrial space will continue to come on stream in 2018. We will continue building on our existing leasing strategy, diversifying our portfolio while maximising occupancy. We will also intensify efforts to explore growth opportunities outside Singapore to ensure a stable and sustainable growth for Unitholders in the longer term.

We are on the road to recovery as industrial rents show signs of bottoming out in FY2018. A rosier global economy and a better growth forecast for Singapore this year, coupled with tapering industrial property supply in 2019 should help stabilise rent in 2018 and post modest gains beyond that.

ACKNOWLEDGEMENTS

We wish to extend our gratitude to our fellow directors for their invaluable contributions and staff for their dedication and hard work in delivering these results. We would like to thank all business partners – tenants and service providers for their valued contribution to Soilbuild REIT.

Finally, we would like to thank you, our Unitholders, for your unwavering support during this challenging period.

Mr Chong Kie Cheong
Chairman

Mr Roy Teo Seng Wah
Chief Executive Officer

Board of Directors

MR CHONG KIE CHEONG

Chairman,
Independent Non-Executive Director

Date of Appointment as Director:
26 July 2013

Length of Service as Director:
4 years 5 months (as at 31 December 2017)

Board Committee served on:
Audit & Risk Committee (Member)

Other Listed Company Directorships:
Nil

Past Listed Company Directorships:
The Insurance Corporation of Singapore Ltd and Singapore Petroleum Ltd.

Academic & Professional Qualifications:
Bachelor of Social Science (Honours) in Economics from the National University of Singapore

Experience:
Mr Chong has more than 30 years of experience in the financial services industry, having held senior appointments in investment banking, wholesale banking, international banking and finance and directorships in banks in the region.

Previous Roles:
Managing Director and Head of Group Institutional Financial Services at United Overseas Bank Ltd and prior to this, Senior Executive Vice President of Investment Banking; Managing Director and Joint Head of Investment Banking; and various other senior roles at DBS Bank Ltd.

MR NG FOOK AI VICTOR

Independent Non-Executive Director

Date of Appointment as Director:
22 May 2015

Length of Service as Director:
2 years 7 months (as at 31 December 2017)

Board Committee served on:
Audit & Risk Committee (Chairman)
Nominating & Remuneration Committee (Member)

Other Listed Company Directorships:
Sunshine 100 China Holdings Ltd (listed on the Main Board of the Stock Exchange of Hong Kong Limited) and The Place Holdings Limited.

Past Listed Company Directorships:
Asia Power Corporation Limited, Devotion Energy Group Limited, SIIC Environment Holdings Ltd., SHC Capital Asia Limited (listed on the Catalist Board of SGX-ST), MY E.G. Services Berhad (listed on the Main Board of Bursa Malaysia Securities Berhad) and Cityneon Holdings Limited.

Academic & Professional Qualifications:
Mr Ng holds a Bachelor of Science (Honours) in Economics and Master of Science in Economics from Birkbeck College, University of London. He was awarded the University of London Convocation Book Prize (First) and the Lord Hailsham Scholarship in 1974.

Experience:
Mr Ng has more than 30 years of experience as a company director, including directorships in listed companies in Singapore, Hong Kong and Malaysia. He is the chairman of 1 Rockstead GIP Fund Limited.

Previous Roles:
Director at Asia Power Corporation Limited; Director at Devotion Energy Group Limited; Director at SIIC Environment Holdings Ltd; Director at SHC Capital Asia Limited; Director at MY E.G. Services Berhad; and Director at Cityneon Holdings Limited.

MR MICHAEL NG SENG TAT

Independent Non-Executive Director

Date of Appointment as Director:
26 July 2013

Length of Service as Director:
4 years and 5 months (as at 31 December 2017)

Board Committee served on:
Nominating & Remuneration Committee (Chairman)
Audit & Risk Committee (Member)

Other Listed Company Directorships:
Nil

Past Listed Company Directorships:
Nil

Academic & Professional Qualifications:
Bachelor of Science (Honours) in Estate Management from the National University of Singapore.

Experience:
Mr Ng has been in the real estate industry for over 30 years. He is currently the Executive Director of CEL Development Pte. Ltd., a subsidiary of mainboard listed Chip Eng Seng Corporation Ltd.. Mr Ng oversees CEL's regional property investment and development business which currently includes projects in Australia, Vietnam, Maldives and Singapore.

Previous Roles:
Group General Manager of United Industrial Corporation Limited and its subsidiaries; Managing Director at Savills Singapore; Managing Director at Hamptons International; founding shareholder of Huttons Real Estate, a successful local housing agency; and Head of the property arm of COSCO Singapore (a China state-owned maritime group).

MR LIM CHAP HUAT

Non-Executive Director

Date of Appointment as Director:
5 October 2012

Length of Service as Director:
5 years 3 months (as at 31 December 2017)

Board Committee served on:
Nil

Other Listed Company Directorships:
Soilbuild Construction Group Ltd.

Past Listed Company Directorships:
Soilbuild Group Holdings Ltd.

Academic & Professional Qualifications:
Technician Diploma (Civil Engineering) from the Singapore Polytechnic.

Experience:
Mr Lim is a co-founder of Soilbuild Group Holdings Ltd. with more than 39 years of experience in the construction and property development business and has been the Group Managing Director since 2001. He is now the Executive Chairman of Soilbuild Group Holdings Ltd. and Soilbuild Construction Group Ltd. and also serves on the board of all of its subsidiaries. He charts the sponsor's strategic direction, business planning and development and oversees its operations, management of projects and succession planning. Mr Lim is active in community service and was conferred the Pingat Bakti Masyarakat (Public Service Medal) and the Bintang Bakti Masyarakat (Public Service Star) by the President of the Republic of Singapore in 2003 and 2009 respectively.

MR HO TOON BAH

Non-Executive Director

Date of Appointment as Director:
13 March 2013

Length of Service as Director:
4 years and 9 months (as at 31 December 2017)

Board Committee served on:
Nil

Other Listed Company Directorships:
Soilbuild Construction Group Ltd. and IREIT Global

Past Listed Company Directorships:
Europtronic Group Ltd

Academic & Professional Qualifications:
Bachelor of Business Administration from the National University of Singapore and Chartered Financial Analyst.

Experience:
Mr Ho is currently Executive Director of Soilbuild Construction Group Ltd.. Prior to that, he was Executive Director of Soilbuild Group Holdings Ltd. supporting the strategic growth of its operations and driving the development of its business strategies. Mr Ho also has over 20 years of banking and finance experience, holding various Senior Management positions in banks such as Standard Chartered Bank, where his last held role was Head of Consumer Banking, Malaysia.

MS LIM CHENG HWA

Non-Executive Director

Date of Appointment as Director:
26 July 2013

Length of Service as Director:
4 years and 5 months (as at 31 December 2017)

Board Committee served on:
Nominating & Remuneration Committee (Member)

Other Listed Company Directorships:
Soilbuild Construction Group Ltd.

Past Listed Company Directorships:
Nil

Academic & Professional Qualifications:
Bachelor of Accountancy (Honours) from the Nanyang Technological University.

Experience:
Ms Lim joined Soilbuild Group Holdings Ltd. as the Group Financial Controller in 2007 and was promoted to Director of Capital and Investment Management in 2010. Ms Lim oversees the Capital and Investment Management Division handling all financial, accounting, tax and treasury matters, business and investment development, corporate communications, human resources and administration, as well as investor relations for Soilbuild Group. Ms Lim has more than 20 years of experience, having served in finance departments of various listed companies.

Management Team



ROY TEO SENG WAH

Chief Executive Officer

Experience:
More than 17 years of experience in the real estate industry and various related sectors including:

From August 2015 to January 2016
Acting Chief Executive Officer for the Manager of Soilbuild REIT;

From December 2012 to January 2016
Chief Operating Officer for the Manager of Soilbuild REIT;

From March 2005 to September 2012
Co-head of Business Development and Investment and Head of Logistics Portfolio for the Manager of Ascendas REIT;

From March 2000 to March 2005
Various positions in finance, tax and business development for Keppel Logistics Pte. Ltd.

Qualifications:
Mr Teo holds a Bachelor in Applied Science from the Oxford Brookes University and is a member of the Association of Chartered Certified Accountants.

MS LIM HUI HUA

Chief Financial Officer

Experience:
More than 14 years of auditing and accounting experience including:

From January 2013 to October 2014
Chief Financial Officer of Soilbuild Construction Group Ltd.;

From December 2009 to December 2012
Finance Manager of Soil-Build (Pte.) Ltd.;

From December 2003 to November 2009
Various positions ending as an Audit Manager with PricewaterhouseCoopers Singapore.

Qualifications:
Ms Lim holds a Bachelor of Accountancy from the Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants, and certified internal auditor under the Institute of Internal Auditors.

MS TEU LEE CHEN

Head, Portfolio Management

Experience:
More than 15 years of experience in Asset and Lease Management including:

From December 2014 to June 2015
Asset Performance and Project Assistant Director for Rockworth Capital Partners Pte Ltd.;

From July 2000 to August 2013
Project and Development Manager, as well as Asset and Lease Manager for Ascendas Services Pte Ltd, and Head of Business & Science Park Property Portfolio for the Manager of Ascendas REIT.

Qualifications:
Ms Teu holds a Bachelor of Science in Building and Master of Science in Project Management from the National University of Singapore and is a member of the Royal Institution of Chartered Surveyors.

Creating Value For You

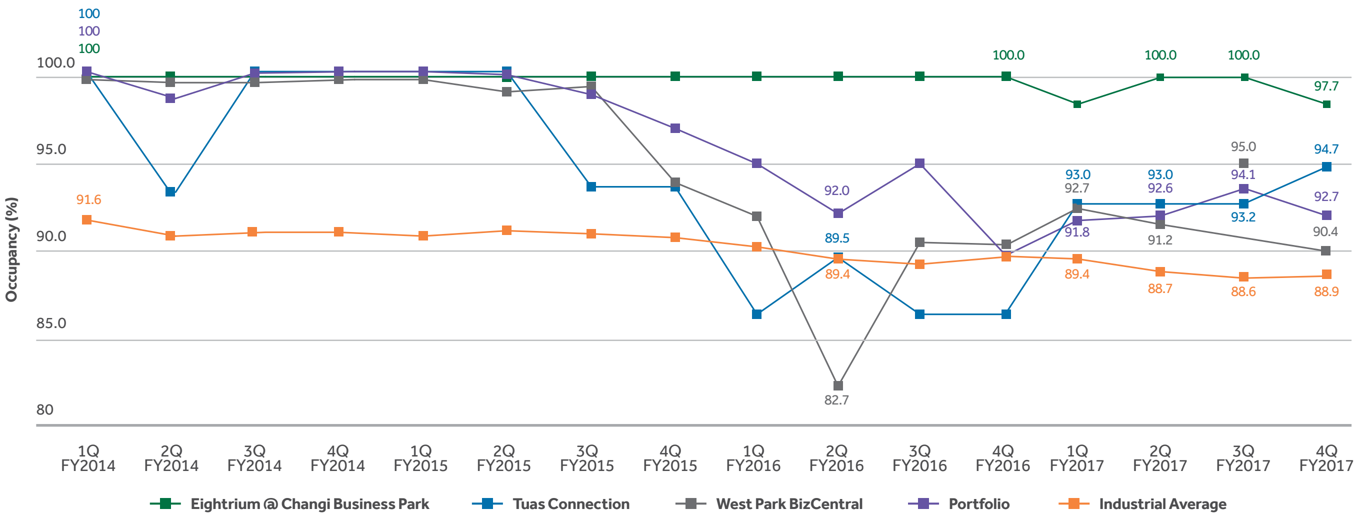
Solaris

COMMENTARY BY UBISOFT SINGAPORE PTE LTD

"At Ubisoft, we have a simple goal which is to work with inspiring and passionate people to deliver fun to players everywhere. In 2010, we moved into Solaris in pursuit of a more conducive environment for our creation work. Our stay at Solaris has been enjoyable. The eco-infrastructure of Solaris offers a social, interactive and creative environment for us to interact with other occupants in the building. Also, for the past seven years, Soilbuild has provided us with a holistic support ecosystem for us to better achieve our corporate objectives. Soilbuild is a dynamic and forward looking industrial space provider who understands the meaning of partnership and recognises the importance of building win-win platforms for occupiers. As we continue to progress, we hope to build towards a long-term, mutually beneficial relationship with Soilbuild."

Oliver de Rotalier
Managing Director
Ubisoft Singapore,
Chengdu and Philippines

Operations Review



OCCUPANCY RATE

Soilbuild REIT's portfolio of properties has demonstrated resilience amidst challenging market conditions. The portfolio occupancy rate stood at 92.7% as at 31 December 2017. The biggest challenge for the year was to lease out 72 Loyang Way which is largely subjected to JTC's leasing conditions imposed on the property. Over the years, the Manager has managed to obtain wavier from JTC to lease up to 30% of the gross floor area of 72 Loyang Way to non-marine offshore and oil & gas tenants. Since then, we have achieved 27% occupancy for 72 Loyang Way.

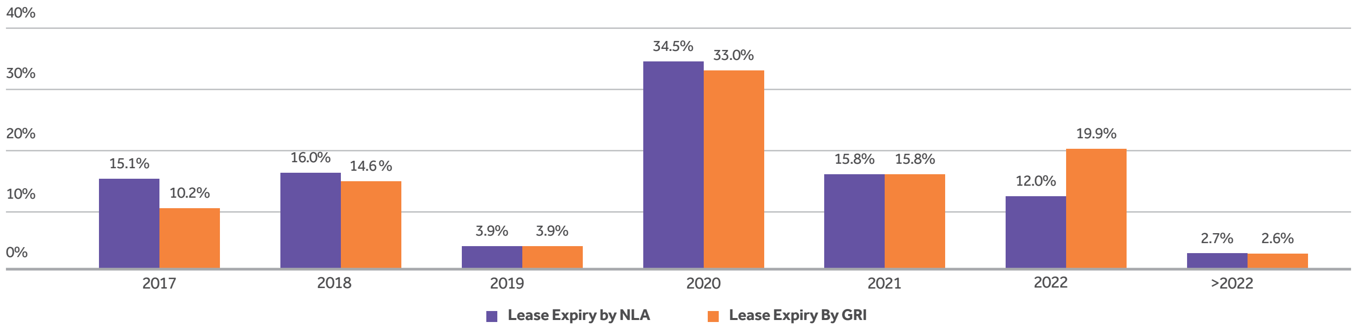
Despite the industrial market supply glut in FY2017, the occupancy rate for multi-tenanted buildings was at 92.4%. This was above the industrial average of 88.9%. The non-renewals at Tuas Connection and West Park BizCentral were largely due to downsizing or consolidation of tenants at their headquarters. Nonetheless, the Manager has secured over 920,000 sq ft of lease renewals, forward renewals and new take-up. This was accomplished through proactive leasing and marketing initiatives, and a series of asset enhancement plans implemented to enhance the competitiveness of our properties.

PORTFOLIO MANAGEMENT

Soilbuild REIT's portfolio weighted average lease expiry by GRI was 3.0 years as at 31 December 2017.

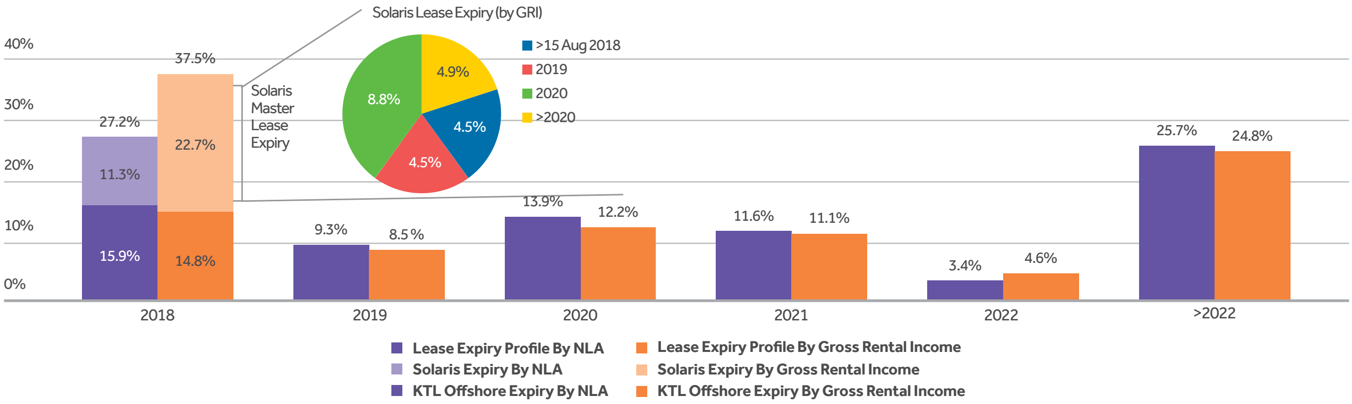
At the start of FY2017, approximately 540,000 sq ft of space was due for renewal and the Manager has proactively negotiated and secured over 920,000 sq ft of renewals and new leases. Of which, 102,150 sq ft were forward renewals for leases expiring in 2018. Tenant retention rate for FY2017 was 77.0% (by NLA) and the Manager has secured over 410,000 sq ft of new leases in FY2017. These reflect the effectiveness of our marketing strategies amid the supply glut and weak industrial leasing environment. The Manager also ensures regular engagement with tenants and seeks early renewal commitments to mitigate leasing risk. Customer care programme also remains a key strategy in providing an avenue to further improve our relationships with tenants.

LEASE EXPIRY OF LEASES ENTERED IN FY2017



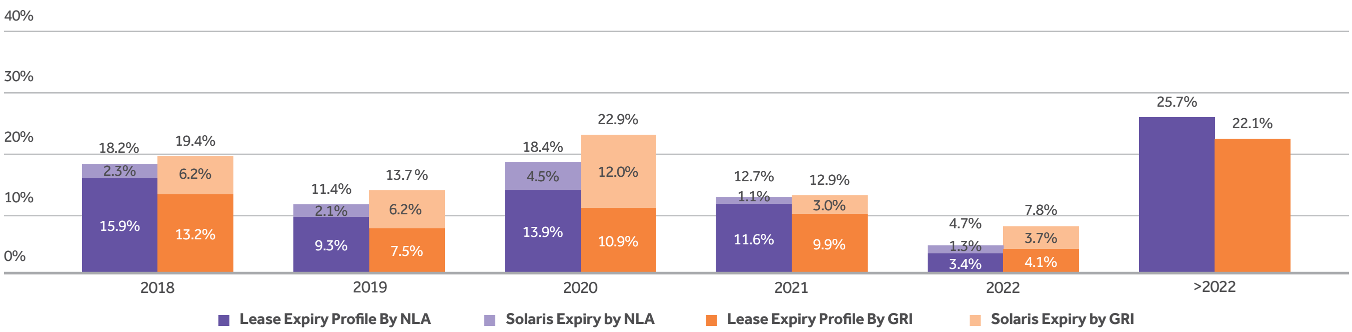
As at 31 December 2017, the WALE of the leases entered into in FY2017 is 2.5 years by Gross Rental Income and these leases contribute 18.7% of the monthly Gross Rental Income.

PORTFOLIO LEASE EXPIRY PROFILE[1]

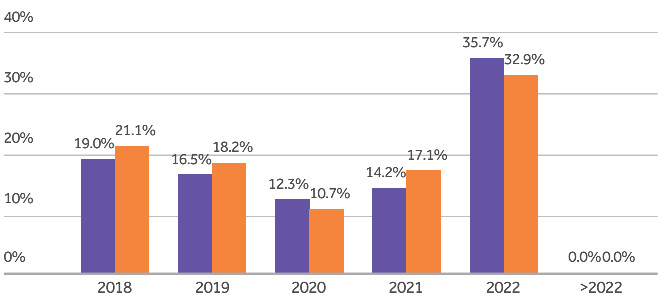


Moving ahead to FY2018, 1.06 million sq ft (27.2%) of the portfolio is due for renewal, of which 441,533 sqft of space relates to the expiry of the Solaris master lease. The underlying leases at Solaris will be novated to Soilbuild REIT upon expiry of the master lease. As at 31 December 2017, Solaris is 100% occupied and no lease expires within the remaining master lease period. The lease expiry profile based on Solaris' underlying leases below shows 18.2% or 710,000 sq ft by NLA of leases expiring in FY2018. Of the 710,000 sq ft of expiring leases, approximately 75% pertains to leases in West Park BizCentral and the lease expiries are mainly concentrated in the 1H FY2018 (63% by NLA).

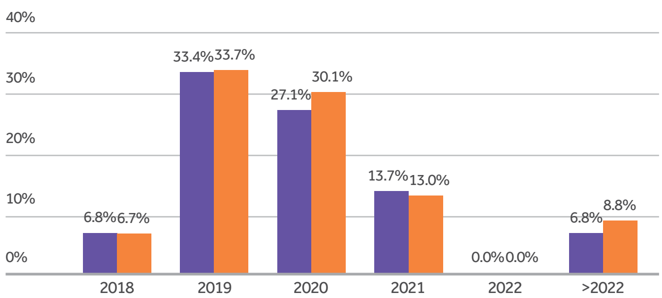
PORTFOLIO LEASE EXPIRY PROFILE[2]



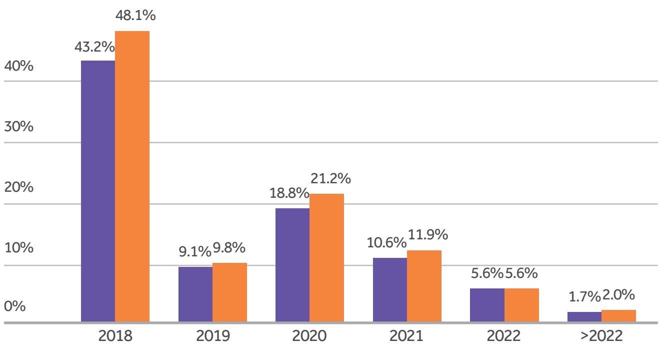
Eightrium



Tuas Connection[3]



West Park BizCentral[4]



Lease Expiry Profile By NLA   Lease Expiry Profile by Gross Rental Income

Notes:

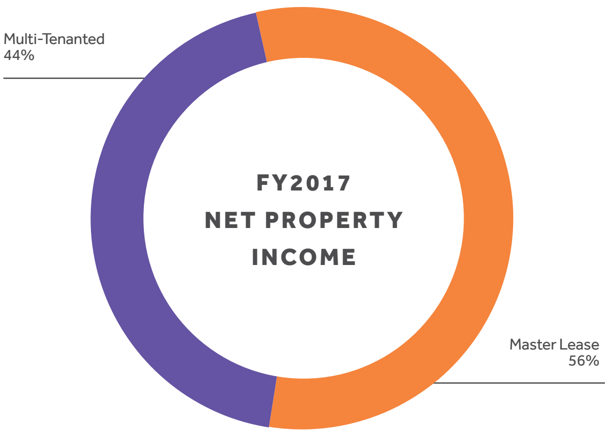
1 Portfolio occupancy was 92.7% as at 31 December 2017. 1.6% of leases (by NLA) expired on 31 December 2017.
2 Based on Solaris' underlying lease expiry profile.
3 6.8% of leases in Tuas Connection (by NLA) expire on 31 December 2017.
4 1.4% of leases in West Park BizCentral (by NLA) expire on 31 December 2017.

Operations Review

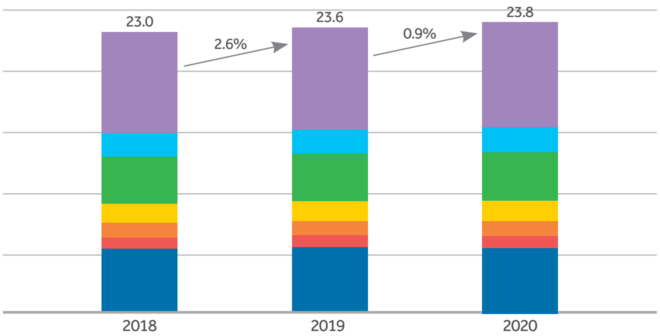
BALANCED PORTFOLIO

The Manager's portfolio strategy is based on optimising the overall portfolio rent and occupancy as well as striking a balance between Single/Master leases and MTBs. The portfolio breakdown by Net Property income was 56% for Single/Master leases and 44% for MTBs. While Single/Master leases generally comprise longer leases with built-in rental escalations that provide income stability, MTBs typically comprise a variety of unit sizes to suit tenants' requirements and shorter leases which have upside potential.

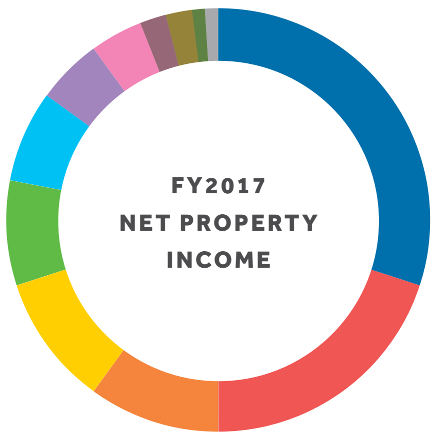
PROPERTIES UNDER MASTER LEASE VS MULTI-TENANTED PROPERTIES (AS A % OF NPI)



FIXED ANNUAL RENTAL ESCALATION OF MASTER LEASES (S$'MILLIONS)[5]



PORTFOLIO INCOME SPREAD (AS A % OF NPI)



25.3%	–	Solaris
22.7%	–	West Park BizCentral
10.6%	–	Bukit Batok Connection
10.0%	–	Tuas Connection
7.4%	–	Eightrium @ Changi Business Park
7.0%	–	NK Ingredients
5.3%	–	KTL Offshore
4.3%	–	72 Loyang Way
2.5%	–	Speedy-Tech
2.1%	–	Tellus Marine
1.5%	–	Beng Kuang Marine
1.3%	–	COS Printers

Note:

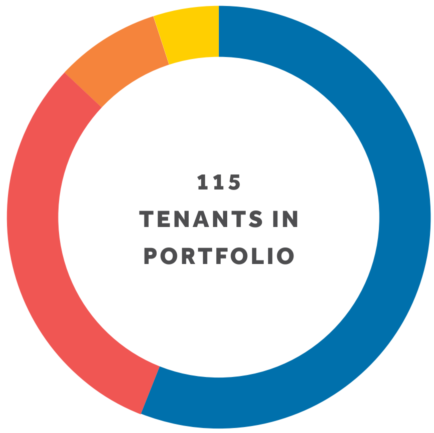
5 Excluding master lease rental from Solaris and annualisation of rental from Beng Kuang Marine in FY2020.

TOP 10 TENANTS AND TENANT/SUB-TENANT TYPE ANALYSIS

Soilbuild REIT's GRI is well-distributed among Multinational Corporations, SGX Listed Corporations, Small and Medium Enterprises and government agencies within its portfolio of 115 tenants[6]. The Manager conducts regular reviews on the credit risk profile of its tenants and receives an average of 3 to 5 months of rental income as security deposit to safeguard against tenants' default for leases in MTBs, and 6 to 18 months of rental income for single/master leases.

MNC	–	56%
SME	–	31%
SGX Listed Corporation	–	8%
Government Agency	–	5%

DIVERSIFIED TENANT BASE



The top 10 tenants contributed 61.2% of the portfolio's monthly GRI.

No.	Tenant	% of GRI	Property
1	**Soilbuild Group**	33.9%	Solaris and Bukit Batok Connection
2	**NK Ingredients Pte Ltd**	6.5%	NK Ingredients
3	**KTL Offshore Pte Ltd**	4.8%	KTL Offshore
4	**Nestle Singapore (Pte) Ltd**	3.4%	Eightrium
5	**Dyson Operations Pte Ltd**	2.6%	West Park BizCentral
6	**Speedy-Tech**	2.4%	Speedy Tech
7	**Crown Worldwide Pte Ltd**	2.3%	West Park BizCentral
8	**Tellus Marine Engineering Pte Ltd**	2.0%	Tellus Marine
9	**DBS Bank Ltd**	1.8%	Eightrium
10	**PICCO Enterprise Pte Ltd**	1.5%	Beng Kuang Marine

Including the underlying sub-tenants at Solaris, the top 10 tenants contributed approximately 42.2% of the total portfolio GRI (see table below). This further diversifies the sources of rental income for Soilbuild REIT's portfolio. Some of the top ten tenants in the portfolio include well-established multinational companies, government bodies and household names such as SPRING Singapore, Nestle, Dyson and John Wiley & Sons.

No.	Tenant	% of GRI	Property
1	**SB (Westview) Investment Pte. Ltd.**	9.1%	Bukit Batok Connection
2	**NK Ingredients Pte Ltd**	5.8%	NK Ingredients
3	**SPRING Singapore**	4.9%	Solaris
4	**KTL Offshore Pte Ltd**	4.3%	KTL Offshore
5	**Autodesk Asia Pte Ltd**	4.2%	Solaris
6	**Mediatek Singapore Pte Ltd**	3.9%	Solaris
7	**Nestle Singapore (Pte) Ltd**	3.0%	Eightrium
8	**John Wiley & Sons (Singapore) Pte Ltd**	2.5%	Solaris
9	**Dyson Operations Pte Ltd**	2.3%	West Park BizCentral
10	**Speedy-Tech**	2.2%	Speedy-Tech

Note:

6 Based on the 13, 14, 53 and 5 tenants at Eightrium, Tuas Connection, West Park BizCentral and 72 Loyang Way respectively, the underlying 23 tenants at Solaris and the 7 single tenant properties (NK Ingredients, COS Printers, Beng Kuang Marine, Tellus Marine, KTL Offshore, Speedy-Tech and Bukit Batok Connection).

Trade Sector Analysis

Soilbuild REIT's tenant diversification across trade sectors mitigates concentration risk and enhances its portfolio resilience. No single trade sector accounts for more than 15.3% of the portfolio's monthly GRI. The charts below provide an overview of the different trade sectors by NLA and GRI.

TRADE SECTOR DIVERSIFICATION BY NLA

20.1%	Precision Engineering, Electrical and Machinery Products
14.6%	Marine Offshore
13.4%	Real Estate and Construction
11.0%	Chemicals
10.1%	Others
6.1%	Fabricated Metal Products
5.2%	Supply Chain Management, 3rd Party Logistics, Freight Forwarding
4.9%	Electronics
4.8%	Information Technology
2.8%	Oil & Gas
2.8%	Publishing, Printing & Reproduction of Recorded Media
2.3%	Food Products & Beverages
1.9%	Government Agency

TRADE SECTOR DIVERSIFICATION BY GRI

15.3%	Precision Engineering, Electrical and Machinery Products
11.8%	Marine Offshore
11.6%	Information Technology
11.5%	Others
11.1%	Real Estate and Construction
8.9%	Chemicals
8.0%	Electronics
4.8%	Government Agency
4.1%	Publishing, Printing & Reproduction of Recorded Media
4.0%	Fabricated Metal Products
3.7%	Food Products & Beverages
3.4%	Supply Chain Management, 3rd Party Logistics, Freight Forwarding
1.8%	Oil & Gas

Achieving Excellene With You

Tuas Connection

COMMENTARY BY MERCK PTE LTD

> “Merck is a leading science and technology company in healthcare, life science and performance materials. Soilbuild has been a proactive Landlord, always willing to listen and ensure that our business requirements are met. The flexibility provided at Tuas Connection by the team is crucial in maintaining efficiency and accuracy in our distribution processes. Overall, Soilbuild's attention to details and accuracy plays a big part in the development of our strong partnership.”

Setho Cheong Meng

Head of Distribution, Life Science, Singapore

Merck Pte Ltd

Portfolio Overview

Soilbuild REIT's properties are strategically located and enjoy excellent accessibility to established infrastructure, facilities and amenities, including easy access to major expressways and major roads and close proximity to MRT stations.

The two business park properties – Solaris and Eightrium @ Changi Business Park, are strategically located in one-north and Changi Business Park respectively. One-north is located in close proximity to both one-north and Buona Vista MRT stations and was conceived to be a hub for the growth of information, communication technologies, media, physical sciences and engineering industries, while Changi Business Park is one of Singapore's most sought after business parks situated within walking distance to Expo MRT station and other amenities, including Changi City Point and Singapore EXPO Convention and Exhibition Centre. In addition, One-north and Changi Business Park also enjoy easy accessibility to road infrastructures, with one-north being located near the Ayer Rajah Expressway and Changi Business Park being located near the Pan Island Expressway and the East Coast Parkway.

Eight of Soilbuild REIT's industrial properties are located in the key industrial hub in the west region of Singapore where they have good accessibility to major expressways such as the Ayer Rajah Expressway, Pan Island Expressway and Tuas Checkpoint. These properties are also close to sea ports such as Jurong Port and the planned mega container port at Tuas which is expected to be operational by 2022. Tellus Marine is located in Woodlands, along Senoko Way. The property is accessible via several major expressways including Seletar Expressway and Bukit Timah Expressway. 72 Loyang Way is located within Loyang Industrial Estate. It is well served by major expressways such as Pan Island Expressway and Tampines Expressway. The property has a jetty and an open yard which serves as a fully integrated Offshore Supply Base approved by Maritime and Port Authority.

SECTION CONTENTS

2 Business Park Properties

P26


01 **EIGHTRIUM**
NLA: **177,285 sq ft**
Valuation: **S$88.0 million**

P28


02 **SOLARIS**
NLA: **441,533 sq ft**
Valuation: **S$360.0 million**

10 Industrial Properties

P32


03 **TUAS CONNECTION**
NLA: **651,072 sq ft**
Valuation: **S$117.8 million**

P34


04 **WEST PARK BIZCENTRAL**
NLA: **1,240,583 sq ft**
Valuation: **S$286.0 million**

P36


05 **NK INGREDIENTS**
NLA: **312,375 sq ft**
Valuation: **S$54.0 million**

P37


06 **COS PRINTERS**
NLA: **58,752 sq ft**
Valuation: **S$10.6 million**

P38


07 **BENG KUANG MARINE**
NLA: **73,737 sq ft**
Valuation: **S$15.7 million**

P39


08 **TELLUS MARINE**
NLA: **95,250 sq ft**
Valuation: **S$20.0 million**

P40


09 **KTL OFFSHORE**
NLA: **208,057 sq ft**
Valuation: **S$53.0 million**

P41


10 **SPEEDY-TECH**
NLA: **93,767 sq ft**
Valuation: **S$24.1 million**

P42


11 **72 LOYANG WAY**
NLA: **171,293 sq ft**
Valuation: **S$38.0 million**

P43


12 **BUKIT BATOK CONNECTION**
NLA: **377,776 sq ft**
Valuation: **S$96.4 million**

Portfolio Overview

Business Park Properties

Key Statistics (as at 31 December 2017)

SOLARIS AWARDS

2016
FIABCI World Prix d'Excellence Awards
(Gold, Sustainable Development Category)

2015
FIABCI-Singapore Property Awards
(Sustainable Development Category)

BCI Asia FuturArc Green Leadership Award
(Merit Award Certificate, Commercial Category)

Asia Pacific Property Awards
(Highly Commended Office Development Singapore)

BCA Green Mark Platinum Award
(Existing Building for Non-Residential Buildings)

2014
AIA Merit Award
(Excellent Architectural Design)

BEI Asia Green Building Awards
(Commercial Building)

Landscape Excellence Assessment Framework ("LEAF") Award
(Outstanding Project, Existing Developments)

2013
ASEAN Energy Awards
(Energy Efficient Building – New Existing Category)

2012
Royal Institute of British Architects International Awards

2011
Pertubuhan Akitek Malaysia Award
Gold (Overseas)

11th SIA Architectural Design Awards

2010
Green Good Design Award for Architecture

2009
First Prize (Unbuilt Category) in Skyrise Greenery Awards
BCA Green Mark Platinum Award
(New Buildings)

NUMBER OF PROPERTIES
2

GROSS FLOOR AREA
765,646 sq ft

NUMBER OF TENANTS
36

GROSS REVENUE (FY2017)
S$27.4 million

OCCUPANCY
99.3 %

VALUATION
S$448.0 million

% OF PORTFOLIO
38.5 %

TOP FIVE BUSINESS PARK TENANTS

	ONE	TWO	THREE	FOUR	FIVE
TENANT	Spring Singapore	Autodesk Asia Pte Ltd	Mediatek Singapore Pte Ltd	Nestle Singapore (Pte) Ltd	John Wiley & Sons (Singapore) Pte Ltd
PROPERTY	Solaris	Solaris	Solaris	Eightrium	Solaris
TRADE SECTOR	Government Agency	Information Technology	Electronics	Food Products & Beverages	Publishing, Printing & Reproduction of Recorded Media
% OF GRI	**4.9%**	**4.2%**	**3.9%**	**3.0%**	**2.5%**

TRADE SECTOR ANALYSIS IN BUSINESS PARK PROPERTIES

As at 31 December 2017

- 28.8% – Information Technology
- 14.5% – Electronics
- 12.1% – Government Agency
- 8.1% – Food Products & Beverages
- 7.5% – Publishing, Printing & Reproduction of Recorded Media
- 6.0% – Education & Social Services
- 5.0% – Precision Engineering, Electrical and Machinery Products
- 4.7% – Chemicals
- 4.3% – Telecommunication & Datacentre
- 3.9% – Financial
- 3.0% – Pharmaceutical & Biological
- 1.2% – Real Estate and Construction
- 0.9% – Marine Offshore

Portfolio Overview
Business Park Properties

PROFILE SNAPSHOT

ADDRESS
15A Changi Business Park Central 1, Singapore 486035

ACQUISITION DATE
16 August 2013

TERM OF LEASE [1]
60 years (From 16 February 2006)

LAND AREA (SQ FT)
85,640

LAND RENT
Annual Land Rental Scheme

GFA (SQ FT)
213,835

OCCUPANCY RATE
97.7%

NUMBER OF TENANTS
13

FY2017 GROSS REVENUE
S$8.8 million

VALUATION [2]
S$88.0 million

PURCHASE PRICE
S$ 91.4 million

LEASE TYPE
Multi-tenanted

Notes:
1 Tenure of underlying land;
2 Based on Knight Frank's valuation dated 31 December 2017.

01 Eightrium @Changi Business Park

ABOUT EIGHTRIUM @ CHANGI BUSINESS PARK

Eightrium @ Changi Business Park is a distinctive business park development suitable for both MNCs and SMEs in research development, high-technology and knowledge-intensive industries. It comprises an eight-storey east wing and a five-storey west wing interlinked by a five-storey atrium. Its east wing has a typical floor area of 17,000 sq ft and its west wing has a typical floor area of 9,000 sq ft.

Located within Changi Business Park, facilities and amenities such as banks, clinics, shopping malls, hotels, food and beverage outlets and convenience stores are readily available. It is situated within walking distance from Singapore Expo and is only 4.5 km from Changi Airport and 16.5 km from the CBD and is well served by major arterial roads and transport networks such as the nearby East Coast Parkway, Pan Island Expressway and Singapore Expo MRT Station.

A distinctive business park development suitable for MNCs and SMEs in research development, high-technology and knowledge-intensive industries

TRADE SECTOR ANALYSIS

The chart below provides a breakdown of the different trade sectors represented in Eightrium @ Changi Business Park (as at 31 December 2017) by GRI.

TRADE SECTOR ANALYSIS

34.9%	–	Food Products & Beverages
20.0%	–	Education & Social Services
17.9%	–	Financial
15.0%	–	Information Technology
5.6%	–	Real Estate and Construction
3.7%	–	Telecommunication & Datacentre
2.9%	–	Precision Engineering, Electrical and Machinery Products

Portfolio Overview
Business Park Properties

PROFILE SNAPSHOT

ADDRESS
1 Fusionopolis Walk,
Singapore 138628

ACQUISITION DATE
16 August 2013

TERM OF LEASE [1]
60 years
(From 1 June 2008)

LAND AREA (SQ FT)
83,258 (excluding subterranean space of 3,014 sq ft) [2]

LAND RENT
Land Premium paid upfront until 31 May 2038 [3]

GFA (SQ FT)
551,811

OCCUPANCY RATE
100.0% (for master lease)

NUMBER OF TENANTS
23

FY2017 GROSS REVENUE
S$18.6 million

VALUATION [4]
S$360.0 million

PURCHASE PRICE
S$293.4 million

LEASE TYPE
Master Lease

Notes:
1 Tenure of underlying land.
2 The subterranean space has been excluded in the calculation of the land area because the subterranean space does not contribute to the plot ratio calculation. The subterranean space is located underground and is solely for the purpose of underground vehicular connection between Fusionopolis phase 2A and Fusionopolis phase 2B.
3 Agreement with JTC dated 17 March 2015 to convert the annual land rental payment scheme to an upfront land premium payment scheme.
4 Based on Knight Frank's valuation dated 31 December 2017.

02 Solaris

ABOUT SOLARIS

Solaris is an iconic state-of-the-art business park development designed to house MNCs and large corporates from the info-communications, media and science, engineering and research and development industries. It comprises a nine- storey north tower and a 15-storey south tower and its unit sizes range from 1,500 sq ft to 25,000 sq ft.

Solaris is located at 1 Fusionopolis Walk in one-north, a burgeoning business park location rapidly developing into a pre-eminent location outside the CBD for business tenants. Solaris is located near one-north MRT station and Buona Vista MRT station and has easy accessibility to major expressways such as Ayer Rajah Expressway and Pan Island Expressway. It is also in close proximity to major research clusters and educational institutions such as the National University of Singapore, Nanyang Technological University, Biopolis and Science Parks I & II.

Solaris has won multiple accolades for its integrated green design, including the BCA Green Mark Platinum Award in 2009 as well as top honours at the Skyrise Greenery Awards held by the Singapore Institute of Architects and National Parks Singapore. It also clinched a Green Good Design Award for Architecture in 2010 – part of a series of globally recognised awards from the Chicago Athenaeum: Museum of Architecture & Design and the European Centre for Architecture Art Design, Gold (Overseas) in the Pertubuhan Akitek Malaysia Award 2011, the Royal Institute of British Architects International Award 2012, and the ASEAN Energy Awards in 2013. Solaris continues to excel, being awarded the Landscape Excellence Assessment Framework and Asia Green Building Awards in 2014, the Asia Pacific Property Awards and Singapore Property Awards in 2015, and the FIABCI World d'Excellence Award in 2016.

An iconic state-of-the-art business park development designed to house MNCs and large corporates from the info-communications, media, science, engineering and research and development industries.

TRADE SECTOR ANALYSIS

The chart below provides a breakdown of the different trade sectors of the underlying tenants represented in Solaris (as at 31 December 2017) by GRI.

TRADE SECTOR ANALYSIS

32.6%	–	Information Technology
18.5%	–	Electronics
15.4%	–	Government Agency
9.5%	–	Publishing, Printing & Reproduction of Recorded Media
6.0%	–	Chemicals
5.6%	–	Precision Engineering, Electrical and Machinery Products
4.5%	–	Telecommunication & Datacentre
3.8%	–	Pharmaceutical & Biological
2.1%	–	Education & Social Services
1.2%	–	Marine Offshore
0.8%	–	Food Products & Beverages

MASTER LESSEE

Solaris is leased to SB (Solaris) Investment Pte. Ltd., a subsidiary of the Sponsor as the Master Lessee. This was a requirement in the assignment of the land lease. The initial lease term is five years from the acquisition date with 3.0% annual rental escalation. A security deposit in the form of cash equivalent to 12 months' prevailing rent is held by Soilbuild REIT.

As the Master Lease is structured as a triple net lease, the Master Lessee is further responsible for the property-related expenses including the annual land rent, property tax, insurance and maintenance costs.

Portfolio Overview

Industrial Properties

Key Statistics (as at 31 December 2017)

NUMBER OF PROPERTIES
10

GROSS FLOOR AREA
3,439,416 sq ft

NUMBER OF TENANTS[1]
79

GROSS REVENUE (FY2017)
S$57.4 million

OCCUPANCY
91.5 %

VALUATION
S$715.6 million

% OF PORTFOLIO
61.5 %

Note:
1 Excluding underlying tenants in Bukit Batok Connection

WEST PARK BIZCENTRAL AWARDS

2016
FIABCI World Prix d'Excellence Awards
(Silver, Industrial Category)

2015
FIABCI-Singapore Property Awards
(Industrial Development Category)

Asia Pacific Property Awards
(Best Industrial Development Singapore)

2010
BCA Green Mark Gold Award
(Gold, Non-Residential Building)

2009
BCA Green Mark Award
(Gold, New Buildings)

TOP FIVE INDUSTRIAL TENANTS

	ONE	TWO	THREE	FOUR	FIVE
TENANT	SB (Westview) Investment Pte. Ltd.	NK Ingredients Pte Ltd	KTL Offshore Pte Ltd	Dyson Operations Pte Ltd	Speedy-Tech Electronics Ltd.
PROPERTY	Bukit Batok Connection	NK Ingredients	KTL Offshore	West Park BizCentral	Speedy-Tech
TRADE SECTOR	Real Estate and Construction	Chemicals	Marine Offshore	Precision Engineering, Electrical and Machinery Products	Electronics
% OF GRI1	9.1%	5.8%	4.3%	2.3%	2.2%

TRADE SECTOR ANALYSIS IN INDUSTRIAL PROPERTIES

As at 31 December 2017

- 22.2% – Precision Engineering, Electrical and Machinery Products
- 19.0% – Marine Offshore, Oil & Gas
- 17.7% – Real Estate and Construction
- 11.7% – Chemicals
- 7.7% – Others
- 6.8% – Fabricated Metal Products
- 5.7% – Supply Chain Management, 3rd Party Logistics, Freight Forwarding
- 3.6% – Electronics
- 3.1% – Oil & Gas
- 1.8% – Publishing, Printing & Reproduction of Recorded Media
- 0.7% – Food Products & Beverages

Portfolio Overview
Industrial Properties

PROFILE SNAPSHOT

ADDRESS
1 to 10, 12, 14, 16, 18 & 20
Tuas Loop,
Singapore 637336 to 637350

ACQUISITION DATE
16 August 2013

TERM OF LEASE [1]
43 years
(From 1 October 2007)

LAND AREA (SQ FT)
741,829

LAND RENT
Annual Land Rental Scheme

GFA (SQ FT)
607,994

OCCUPANCY RATE
94.7%

NUMBER OF TENANTS
14

FY2017 GROSS REVENUE
S$10.0 million

VALUATION [2]
S$117.8 million

PURCHASE PRICE
S$122.7 million

LEASE TYPE
Multi-tenanted

Notes:
1 Tenure of underlying land;
2 Based on Savills's valuation dated 31 December 2017.

03 Tuas Connection

ABOUT TUAS CONNECTION

Tuas Connection is an enclave of two-storey detached and semi-detached modern factory units with dedicated private compounds designed for heavy engineering, offshore oil & gas and marine industries, petrochemical and energy sectors. The functional layout and specifications of the factories feature wide production spaces that span 20 to 30 metres, floor to ceiling height of 12 metres with ample headroom for overhead cranes, a production floor loading capacity of 20.0kN/m2 and electrical power supply provisions of up to 1,500 KVA. The factories also have office space on the second storey and are equipped with their own dedicated driveways and parking facilities.

It is strategically located near key offshore marine, oil & gas and other heavy industrial zones. It is also near facilities such as Raffles Marina, Raffles Country Club and Tuas Amenity Centre. Tuas Connection is well served by major arterial roads and transport networks such as the nearby Ayer Rajah Expressway, Pan Island Expressway and Tuas Checkpoint.

An enclave of two-storey detached and semi-detached modern factory units with dedicated private compounds designed for heavy engineering, offshore oil & gas and marine industries, petrochemical and energy sectors

TRADE SECTOR ANALYSIS

The chart below provides a breakdown of the different trade sectors represented in Tuas Connection (as at 31 December 2017) by GRI.

TRADE SECTOR ANALYSIS

- 29.0% – Precision Engineering, Electrical and Machinery Products
- 20.6% – Fabricated Metal Products
- 17.8% – Marine Offshore
- 10.8% – Real Estate and Construction
- 8.6% – Chemicals
- 7.5% – Oil & Gas
- 5.7% – Others

Portfolio Overview
Industrial Properties

PROFILE SNAPSHOT

ADDRESS
20 to 32 (Even No.)
Pioneer Crescent,
Singapore 628555 to 628561

ACQUISITION DATE
16 August 2013

TERM OF LEASE [1]
60 years
(From 1 August 2008)

LAND AREA (SQ FT)
565,790

LAND RENT
Land Premium paid upfront by Vendor until 31 July 2038

GFA (SQ FT)
1,414,600

OCCUPANCY RATE
90.4%

NUMBER OF TENANTS
53

FY2017 GROSS REVENUE
S$20.5 million

VALUATION [2]
S$286.0 million

PURCHASE PRICE
S$313.0 million

LEASE TYPE
Multi-tenanted

Notes:
1 Tenure of underlying land.
2 Based on Savills's valuation dated 31 December 2017.

04 West Park Bizcentral

ABOUT WEST PARK BIZCENTRAL

West Park BizCentral is a high-tech ramp-up industrial development home to major marine engineering, hi-tech manufacturing and assembly, energy and petrochemical-related industries. It comprises a six-storey ramp-up factory and an 11-storey air-conditioned high-tech facility. The flexible layout of the ramp-up factory and the air-conditioned high-tech facility feature a wide range of unit sizes ranging from 15,000 sq ft to 45,000 sq ft and 1,300 sq ft to 7,200 sq ft, respectively. Both the ramp-up factory and the air-conditioned high-tech facility feature high ceiling height (floor to floor) of up to 9.1 metres and 5.0 metres, respectively. Each ramp-up factory has direct access to its own dedicated parking lot, facilitating convenient loading and unloading. Furthermore, the 18 metre wide driveway runs through the entire development ensuring smooth traffic flow. Its roof gardens reduce heat gain and the expansive greenery and central courtyard help create an abundance of natural light.

West Park BizCentral won a Gold Award in 2009 from Singapore's BCA under its Green Mark scheme. In 2015, it clinched the Asia Pacific Property Awards and the Singapore Property Awards under the best Industrial Development category.

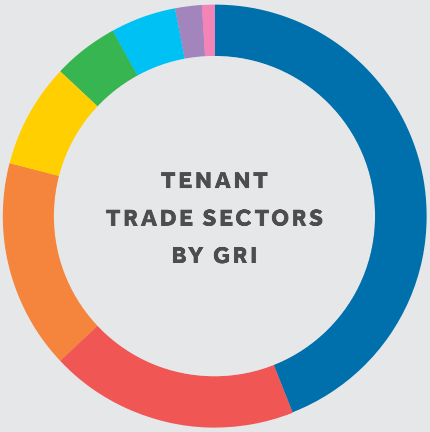
West Park BizCentral is located along Pioneer Crescent in an area specifically designed for industrial usage with established infrastructure, facilities and amenities located nearby. It is in close proximity to Pioneer, Boon Lay and Joo Koon MRT stations. It is easily accessible via major expressway and transport hubs via Ayer Rajah Expressway, Pan Island Expressway and Tuas Checkpoint and has road frontages from both Pioneer Road and Tanjong Kling, the main arterial roads within the Jurong industrial precinct.

A high-tech ramp-up industrial development home to major marine engineering, hi-tech manufacturing and assembly, energy and petrochemical-related industries

TRADE SECTOR ANALYSIS

The chart below provides a breakdown of the different trade sectors represented in West Park BizCentral (as at 31 December 2017) by GRI.

TRADE SECTOR ANALYSIS



- 43.7% – Precision Engineering, Electrical and Machinery Products
- 18.5% – Others
- 15.9% – Supply Chain Management, 3rd Party Logistics, Freight Forwarding
- 8.2% – Fabricated Metal Products
- 5.0% – Marine Offshore
- 4.8% – Oil & Gas
- 2.0% – Food Products & Beverages
- 1.6% – Chemicals
- 0.3% – Real Estate and Construction

Portfolio Overview
Industrial Properties

05 NK Ingredients

A property consisting of seven blocks of office, laboratory, warehouse and production facilities and associated structures

ABOUT NK INGREDIENTS

NK Ingredients is a property consisting of seven blocks of office, laboratory, warehouse and production facilities and associated structures. It is an integrated lanolin, lanolin derivative and cholesterol production facility capable of refining 10,000 tonnes of wool grease, the raw material for all lanolin products. The entire manufacturing facility is fully automated and coordinated by a state-of-the-art computerised control system.

NK Ingredients holds a prominent frontage at the intersection of Gul Lane, Pioneer Sector 1 and Pioneer Road. The site is accessible to several major expressways including the Ayer Rajah Expressway and Pan Island Expressway and strategically located at the gateway of Jurong Island and Malaysia via the Tuas Link.

MASTER LESSEE

NK Ingredients is leased to NK Ingredients Pte. Ltd. as the Master Lessee. The initial lease term is 15 years from the acquisition date.

The rental escalation is calculated at 4.5% every two years over the preceding year's rent. As the Master Lease is structured as a triple net lease, the Master Lessee is further responsible for all property-related expenses including the annual land rent, property tax, insurance and maintenance costs.

PROFILE SNAPSHOT

ADDRESS
2 Pioneer Sector 1,
Singapore 628414

ACQUISITION DATE
15 February 2013

TERM OF LEASE [1]
60 years
(From 1 October 1986)

LAND AREA (SQ FT)
572,529

LAND RENT
Annual Land Rental Scheme

GFA (SQ FT)
312,375

OCCUPANCY RATE
100%

NUMBER OF TENANTS
1

FY2017 GROSS REVENUE
S$5.3 million

VALUATION [2]
S$54.0 million

PURCHASE PRICE
S$60.0 million

LEASE TYPE
Master Lease

Notes:
1 Tenure of underlying land.
2 Based on Savills's valuation dated 31 December 2017.

06 COS Printers

A three-storey factory cum warehouse building

ABOUT COS PRINTERS

COS Printers is a three-storey factory cum warehouse building. The building is equipped with two cargo lifts and part of the building is temperature controlled. The first and second storey production and warehousing areas have a floor loading of 15kN/sq m.

Located at 9 Kian Teck Crescent in between Boon Lay Way and Pioneer Road North, COS Printers is accessible to other parts of the island via Pan Island Expressway and Ayer Rajah Expressway.

MASTER LESSEE

COS Printers is leased to C.O.S Printers Pte. Ltd. as the Master Lessee. The initial lease term is 10 years from the acquisition date. A security deposit in the form of cash equivalent to 12 months' prevailing rent is held by Soilbuild REIT. The rental escalation is calculated at 4.0% every two years over the preceding year's rent. As the Master Lease is structured as a double net lease, the Master Lessee is further responsible for the following property-related expenses including property tax and maintenance costs.

PROFILE SNAPSHOT

ADDRESS
9 Kian Teck Crescent,
Singapore 628875

ACQUISITION DATE
19 March 2013

TERM OF LEASE [1]
49 years
(From 1 August 1993)

LAND AREA (SQ FT)
56,774

LAND RENT
Land Premium paid upfront until 31 July 2023

GFA (SQ FT)
58,752

OCCUPANCY RATE
100%

NUMBER OF TENANTS
1

FY2017 GROSS REVENUE
S$1.0 million

VALUATION [2]
S$10.6 million

PURCHASE PRICE
S$10.3 million

LEASE TYPE
Master Lease

Notes:
1 Tenure of underlying land.
2 Based on Savills's valuation dated 31 December 2017.

Portfolio Overview
Industrial Properties

07 Beng Kuang Marine

A part three-/ part four-storey warehouse facility with an approved use of workers' dormitory on part of the second, third and fourth floors.

ABOUT BENG KUANG MARINE

Beng Kuang Marine is a part three-/ part four-storey warehouse facility with an approved use of workers' dormitory on part of the second, third and fourth floors.

Beng Kuang Marine is located along Tuas View Square off Tuas View Link. The surrounding area comprises both industrial and logistics facilities such as Tuas View Industrial Park, Tradelink Place, Linkpoint Place and Westlink One & Two. The site is accessible from several major expressways including the Ayer Rajah Expressway and Pan Island Expressway. Public transport and other urban amenities are available in the vicinity.

MASTER LESSEE

Beng Kuang Marine is leased to PICCO Enterprise Pte. Ltd. as the Master Lessee. The initial lease term is seven years from the acquisition date. A security deposit in the form of a bank guarantee and a corporate guarantee equivalent to 12 months and 6 months of prevailing rent respectively is held by Soilbuild REIT.

The rental escalation is calculated at 2.0% per annum over the preceding year's rent. As the Master Lease is structured as a double net lease, the Master Lessee is further responsible for the following property-related expenses including property tax, insurance and maintenance costs.

PROFILE SNAPSHOT

ADDRESS
38 Tuas View Square,
Singapore 637770

ACQUISITION DATE
10 May 2013

TERM OF LEASE [1]
60 years
(From 30 October 1996)

LAND AREA (SQ FT)
52,800

LAND RENT
Not applicable

GFA (SQ FT)
73,737

OCCUPANCY RATE
100%

NUMBER OF TENANTS
1

FY2017 GROSS REVENUE
S$1.1 million

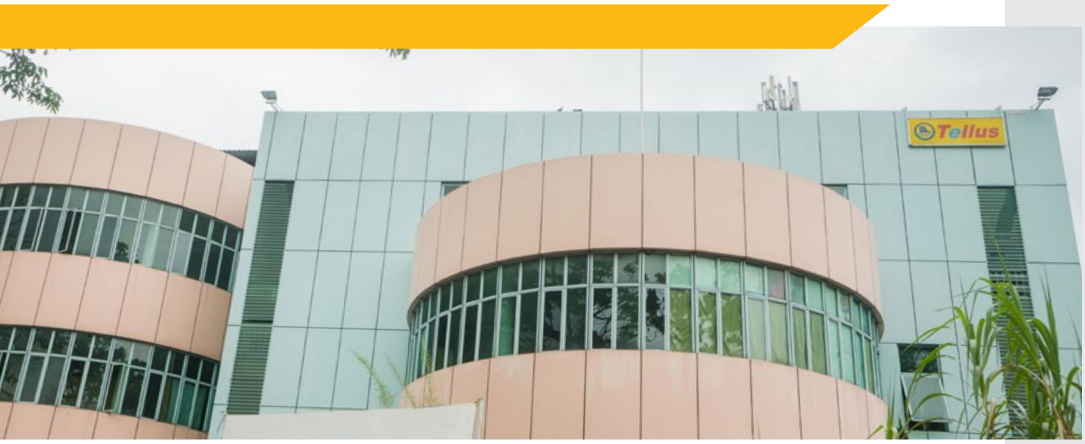
VALUATION [2]
S$15.7 million

PURCHASE PRICE
S$14.5 million

LEASE TYPE
Master Lease

Notes:
1 Tenure of underlying land.
2 Based on Savills's valuation dated 31 December 2017.

08 Tellus Marine



A four-storey industrial facility which comprises production, warehouse, ancillary administrative area and dormitory accommodation

ABOUT TELLUS MARINE

Tellus Marine (Phase 1) is a four-storey industrial facility which comprises production, warehouse, ancillary administrative area and dormitory accommodation. Tellus Marine (Phase 2) is a single level annex which complements the use of the existing building. The new facility is used to service yachts and other marine equipment.

Tellus Marine is located within the Senoko Industrial Estate, in the northern part of Singapore. The surrounding developments are mostly purpose-built factories which are engaged in a variety of manufacturing and related industries. The property is also well served by major roads and expressways including Bukit Timah Expressway, Seletar Expressway, Tampines Expressway and Central Expressway.

MASTER LESSEE

Tellus Marine is leased to Tellus Marine Engineering Pte. Ltd. as the Master Lessee. The lease term is extended to 11.7 years from the acquisition date with the completion of Phase 2. A security deposit in the form of an insurance bond equivalent to 12 months' prevailing rent is held by Soilbuild REIT as at 31 December 2017.

The rental escalation is calculated at 2.5% per annum over the preceding year's rent. As the Master Lease is structured as a double net lease, the Master Lessee is further responsible for the following property-related expenses including property tax, insurance and maintenance costs.

PROFILE SNAPSHOT

ADDRESS
39 Senoko Way,
Singapore 758052

ACQUISITION DATE
26 May 2014

TERM OF LEASE [1]
60 years
(From 16 February 1994)

LAND AREA (SQ FT)
69,030

LAND RENT
Land Premium paid upfront until 15 February 2024

GFA (SQ FT)
Phase 1: 77,162
Phase 2: 18,088

OCCUPANCY RATE
100%

NUMBER OF TENANTS
1

FY2017 GROSS REVENUE
S$1.6 million

VALUATION [2]
S$20.0 million

PURCHASE PRICE
S$18.0 million

LEASE TYPE
Master Lease

Notes:
1 Tenure of underlying land.
2 Based on Savills's valuation dated 31 December 2017.

Portfolio Overview
Industrial Properties

09 KTL Offshore

No. 61 Tuas Bay Drive is a three-storey industrial building with ancillary office while No. 71 Tuas Bay Drive is a part two/part three-storey building development with ancillary office

ABOUT KTL OFFSHORE

KTL Offshore comprises two adjacent detached purpose-built factories located along Tuas Bay Drive, off Tuas South Avenue 2. No. 61 Tuas Bay Drive is a three-storey industrial building with ancillary office while No. 71 Tuas Bay Drive is a part two/part three-storey building development with ancillary office. The site is a URA tendered land with land rent paid upfront.

It is located within the Jurong Industrial Estate with the Tuas Checkpoint / Second Link to Malaysia in close proximity. The surrounding developments are primarily industrial buildings, comprising a mix of standard JTC factories, purpose-built warehouses / factories and multi-user terraced factories. KTL Offshore is also well served by major roads and expressways including Jalan Ahmad Ibrahim, Pan Island Expressway and Ayer Rajah Expressway.

MASTER LESSEE

KTL Offshore is leased to KTL Offshore Pte. Ltd. as the Master Lessee. The underlying lease was novated at acquisition with a remaining lease term of 6.8 years from the acquisition date. A security deposit in the form of an insurance guarantee equivalent to approximately 16 months of the average prevailing rent is held by Soilbuild REIT.

The rental escalation starting from the second year is calculated at 2.5% every two years over the preceding year's rent and 4.0% for the final year of the lease term. As the Master Lease is structured as a double net lease, the Master Lessee is further responsible for the following property-related expenses including property tax and maintenance costs.

PROFILE SNAPSHOT

ADDRESS
61 & 71 Tuas Bay Drive, Singapore 637428 & 637430

ACQUISITION DATE
31 October 2014

TERM OF LEASE [1]
60 years
(From 19 July 2006)

LAND AREA (SQ FT)
279,855

LAND RENT
Not Applicable

GFA (SQ FT)
208,057

OCCUPANCY RATE
100%

NUMBER OF TENANTS
1

FY2017 GROSS REVENUE
S$4.0 million

VALUATION [2]
S$53.0 million

PURCHASE PRICE
S$55.0 million

LEASE TYPE
Master Lease

Notes:
1 Tenure of underlying land.
2 Based on Savills's valuation dated 31 December 2017.

10

Speedy-Tech

A part three-/ part six-storey light industrial building located along Kian Teck Lane

ABOUT SPEEDY-TECH

Speedy-Tech is a part three-/ part six-storey light industrial building located along Kian Teck Lane. The building was built in 2002 and has undergone asset enhancement works in 2013 to convert the ground floor warehouse space into a test laboratory.

Speedy-Tech is accessible via several major expressways including Pan Island Expressway and Ayer Rajah Expressway. The surrounding area comprises strata title developments, dormitories, industrial and logistics warehouses and the Jurong West residential estate. Prominent developments nearby include Pioneer Centre, Pioneer Junction and Dawn Logistics Centre.

MASTER LESSEE

Speedy-Tech is leased to Speedy-Tech Electronics Ltd. as the Master Lessee. The lease term is ten years from the acquisition date. A security deposit in the form of cash and a banker's guarantee equivalent to six months of the prevailing annual rental and a corporate guarantee is held by Soilbuild REIT.

The rental escalation is calculated at 2.5% per annum over the preceding year's rent. As the Master Lease is structured as a double net lease, the Master Lessee is further responsible for the following property-related expenses including property tax, insurance and maintenance costs.

PROFILE SNAPSHOT

ADDRESS
20 Kian Teck Lane,
Singapore 627854

ACQUISITION DATE
23 December 2014

TERM OF LEASE [1]
50 years
(From 1 May 2000)

LAND AREA (SQ FT)
42,977

LAND RENT
Land Premium paid upfront until 30 April 2030

GFA (SQ FT)
93,767

OCCUPANCY RATE
100%

NUMBER OF TENANTS
1

FY2017 GROSS REVENUE
S$1.9 million

VALUATION [2]
S$24.1 million

PURCHASE PRICE
S$22.4 million

LEASE TYPE
Master Lease

Notes:
1 Tenure of underlying land.
2 Based on Savills's valuation dated 31 December 2017.

Portfolio Overview
Industrial Properties

11 72 Loyang Way

A fully integrated facility comprising two blocks of three-storey and four-storey ancillary office

ABOUT 72 LOYANG WAY

72 Loyang Way is a fully integrated facility comprising two blocks of three-storey and four-storey ancillary office, two high ceiling single storey production facility, blasting and spray painting chamber, 160 capacity workers dormitory and a jetty with 142 metres of sea frontage which can serve as a fully-integrated offshore supply base approved by the Maritime and Port Authority.

It is well served by major roads and expressways such as Pan Island Expressway and Tampines Expressway, which provide efficient links to Changi International Airport, the city centre and other parts of the island. The surrounding developments are primarily industrial in nature, comprising a mix of standard JTC factories, purpose-built warehouse/factory building and multiple-user terraced factory developments. Prominent developments in the vicinity include SIA Supplies Centre, Loyang Offshore Supply Base, and Changi Logistics Centre.

PROFILE SNAPSHOT

ADDRESS
72 Loyang Way,
Singapore 508762

ACQUISITION DATE
27 May 2015

TERM OF LEASE [1]
54 years
(From 21 March 1984)

LAND AREA (SQ FT)
291,598

LAND RENT
Land Premium paid upfront until 20 March 2038

GFA (SQ FT)
171,293

FY2017 GROSS REVENUE
S$3.9 million

VALUATION [2]
S$38.0 million

PURCHASE PRICE
S$97.0 million

Notes:
1 Tenure of underlying land.
2 Based on Savills's valuation dated 31 December 2017.

12 Bukit Batok Connection

A nine-storey clean and light ramp-up industrial development, suitable for a wide spectrum of industries

ABOUT BUKIT BATOK CONNECTION

Bukit Batok Connection is a nine-storey clean and light ramp-up industrial development, suitable for a wide spectrum of industries including the marine offshore industries, supply chain management and freight forwarding industries, and food products and beverages industries. The unit sizes range from 2,000 sq ft to 8,000 sq ft and its layout is functional with high ceiling height of 6.0 metres and heavy floor loading of 15 kN/sq m. Every unit has direct access to its dedicated parking lots and the ramp-up facility allows 20-footer container truck access to all levels.

It is strategically located in an area zoned for industrial usage with established infrastructure facilities and amenities. It is in close proximity to Bukit Batok MRT and Jurong East MRT stations and is well served by major expressways such as Pan Island Expressway and Ayer Rajah Expressway which provide good accessibility to the city centre, Woodlands and Tuas Checkpoint.

MASTER LESSEE

Bukit Batok Connection is leased to SB (Westview) Investment Pte. Ltd. as the Master Lessee. The lease term is seven years from the acquisition date. A security deposit in the form of an insurance bond equivalent to 12 months of the prevailing annual rental and a corporate guarantee is held by Soilbuild REIT.

The rental escalation is calculated at up to 2.0% per annum over the preceding year's rent. As the Master Lease is structured as a double net lease, the Master Lessee is further responsible for the following property-related expenses including property tax, insurance and maintenance costs.

PROFILE SNAPSHOT

ADDRESS
2 Bukit Batok Street 23,
Singapore 659554

ACQUISITION DATE
27 September 2016

TERM OF LEASE [1]
30 years
(From 26 November 2012)

LAND AREA (SQ FT)
161,578

LAND RENT
Not Applicable

GFA (SQ FT)
403,591

OCCUPANCY RATE
100%

NUMBER OF TENANTS
1

FY2017 GROSS REVENUE
S$8.0 million

VALUATION [2]
S$96.4 million

PURCHASE PRICE
S$96.3 million

LEASE TYPE
Master Lease

Notes:
1 Tenure of underlying land.
2 Based on Savills's valuation dated 31 December 2017.

Financial Review

Financial Review

	FY2017 S$'000	FY2016 S$'000	Variance %
Gross revenue	**84,817**	81,130	4.5
Property operating expenses	**(11,336)**	(10,456)	(8.4)
Net property income	**73,481**	70,674	4.0
Interest Income	**1,733**	1,505	15.1
Finance expenses	**(15,735)**	(14,637)	(7.5)
Manager's management fees	**(5,993)**	(6,025)	0.5
Trustee's fees	**(206)**	(206)	-
Other trust expenses	**(1,059)**	(1,033)	(2.5)
Net income	**52,221**	50,278	3.9
Net change in fair value of investment properties	**(80,515)**	(50,855)	(58.3)
Total return before distribution	**(28,294)**	(577)	nm[1]
Net effect of non-tax deductible items	**88,221**	60,829	45.0
Income available for distribution to Unitholders	**59,927**	60,252	(0.5)

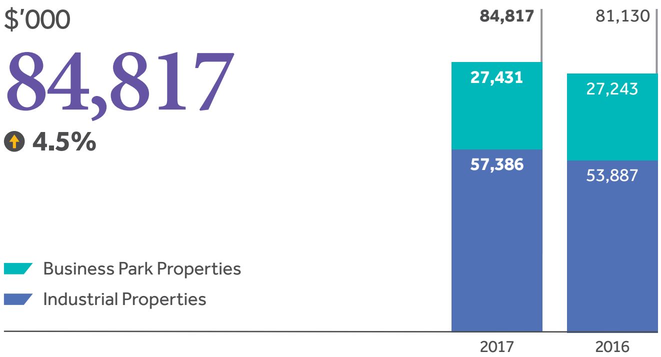
Notes:

1 n.m denotes not meaningful.

GROSS REVENUE

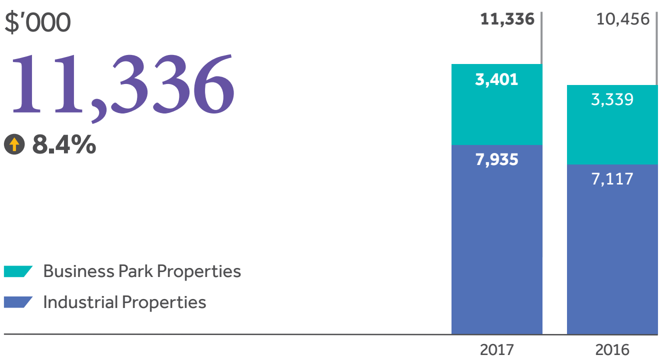
Gross revenue was S$84.8 million in YTD FY2017, S$3.7 million or 4.5% higher than the gross revenue in YTD FY2016 mainly due to the increase in revenue from Bukit Batok Connection, Solaris, NK Ingredients, Tuas Connection and KTL Offshore amounting to S$6.0 million, S$0.5 million, S$0.4 million, S$0.3 million and S$0.3 million respectively. The revenue growth was partially offset by a S$4.0 million reduction in revenue from 72 Loyang Way.

Bukit Batok Connection was acquired in September 2016 and therefore contributed higher revenue in FY2017. Revenue contributed by 72 Loyang Way had fallen following the full utilisation of a security deposit amounting to S$11.8 million in 2QFY2017.



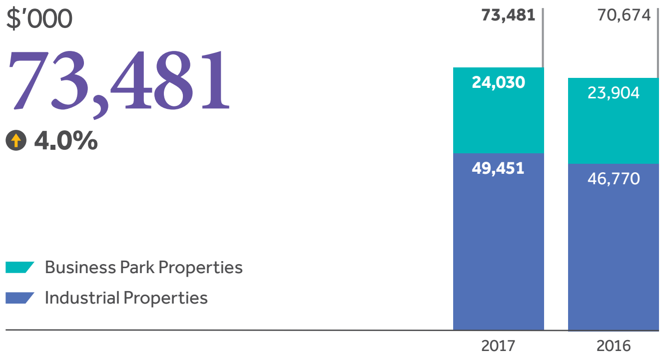
PROPERTY OPERATING EXPENSES

Property operating expenses were S$11.3 million in YTD FY2017, S$0.9 million higher than YTD FY2016 mainly due to S$0.5 million, $0.2 million and S$0.1 million higher property expenses incurred for 72 Loyang Way, Bukit Batok Connection and West Park BizCentral respectively. The conversion from master lease to a multi-tenanted property resulted in higher property expenses for 72 Loyang Way.



NET PROPERTY INCOME

Soilbuild REIT's net property income rose 4.0% y-o-y to S$73.5 million in FY2017, largely driven by higher contribution from Bukit Batok Connection.



NET INCOME

Net income of S$52.2 million was S$1.9 million or 3.9% higher than FY2016 primarily due to higher net property income and was partially offset by higher net finance expenses arising from the drawdown of a S$40 million unsecured loan in the second half of FY2016 to partially finance the acquisition of Bukit Batok Connection.

NET CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

Net change in fair value of investment properties amounting to S$80.5 million relates largely to revaluation losses for 72 Loyang Way, West Park BizCentral, Eightrium, NK Ingredients, Tuas Connection, KTL Offshore and Bukit Batok Connection amounting to S$27.0 million, S$20.0 million, S$13.2 million, S$8.0 million, S$4.3 million, S$3.0 million and S$2.6 million respectively. The revaluation losses were generally due to the soft rental market and lower signing rents in FY2017. The valuation of 72 Loyang Way had taken into consideration the high vacancy of the property before stabilisation in the medium to long run. NK Ingredients was valued on a vacant possession basis due to tenant default.

Financial Review

NON-TAX DEDUCTIBLE ITEMS AND OTHER ADJUSTMENTS

Non-tax deductible items consist mainly of the net change in the fair value of investment properties, Manager's management fees paid/payable in Units, amortisation of debt arrangement, structuring and prepayment fees, rent free amortisation, financing related expenses and fees paid/payable to Trustee.

The increase of non-tax deductible items amounting to S$27.4 million was largely attributed to non-tax deductible revaluation losses on investment properties and partially offset by the absence of property and lease management fees in units amounting to S$1.9 million in FY2016.

DISTRIBUTION HISTORY

Period	Payment Date	DPU (cents)
1 January 2017 to 31 March 2017	18 May 2017	1.489
1 April 2017 to 30 June 2017	18 August 2017	1.466
1 July 2017 to 30 September 2017	20 November 2017	1.374
1 October 2017 to 31 December 2017	28 February 2018	1.383
Total		**5.712**

INCOME AVAILABLE FOR DISTRIBUTION AND DPU

Income available for distribution for FY2017 was S$60.0 million, 0.5% lower than FY2016 largely due to absence of property and lease management fees in units, higher finance expenses and is partially offset by higher net property income. This equates to DPU of 5.712 cents, representing 100% of distributable income. FY2017 DPU was 6.2% lower largely due to lower distributable income and higher number of issued units.

VALUATION

As at 31 December 2017, Soilbuild REIT's investment properties and a property held for sale were valued at S$1,110.6 million and S$53 million respectively.

INVESTMENT PROPERTIES

Property	Valuation as at 31 December 2017 (S$ million)
Business Park Buildings (Valued by Knight Frank)	
Eightrium @ Changi Business Park	88.0
Solaris	360.0
Industrial Buildings (Valued by Savills)	
Tuas Connection	117.8
West Park BizCentral	286.0
NK Ingredients	54.0
COS Printers	10.6
Beng Kuang Marine	15.7
Tellus Marine	20.0
Speedy-Tech	24.1
72 Loyang Way	38.0
Bukit Batok Connection	96.4
Total investment properties	**1,110.6**
Property held for sale	
KTL Offshore	53.0
Total Portfolio	**1,163.6**

NET ASSET VALUE

As at 31 December 2017, Soilbuild REIT's net asset value was S$0.64 per unit (2016: S$0.72 per unit). The adjusted net asset value after excluding the distributable income payable for the fourth quarter of 2017 was S$0.62 per unit. (2016: S$0.71 per unit).

PRUDENT CAPITAL MANAGEMENT

Soilbuild REIT has in place the following financing facilities:

(i) 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. The committed facility available for draw down up to October 2018 amounts to S$15 million.

Soilbuild REIT has put in place interest rate swaps to fix 54.1% of borrowings under TLF1 at a weighted average swap rate of 1.41% p.a. with 0.8 year weighted average remaining swap maturity.

(ii) Term Loan Facility of S$40.0 million

On 21 September 2016, Soilbuild REIT entered into a term loan facility amounting to S$40.0 million ("**TLF 2**"). On 27 September 2016 and 18 November 2016, S$29 million and S$11 million respectively were drawn down from TLF 2 mainly for the payment of the acquisition of Bukit Batok Connection. TLF2 is unsecured and is repayable in September 2019.

(iii) Medium Term Notes of S$181.5 million issued

Soilbuild REIT has established a S$500 million multicurrency debt issuance programme in April 2015 and has issued S$100 million of unsecured medium term notes on 21 May 2015 which bears interest at 3.45% p.a. and matures on 21 May 2018 ("**Series 1 notes**").

On 8 April 2016, Soilbuild REIT issued S$100 million of unsecured MTN which bears interest at 3.60% p.a. and matures on 8 April 2021 for the purpose of refinancing a S$100 million bank loan facility entered into on 20 May 2014 ("**Series 2 notes**").

On 12 September 2017, Soilbuild REIT redeemed Series 1 notes and Series 2 notes amounting to S$6.5 million and S$12.0 million respectively 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 Series 1 notes and Series 2 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 December 2017, the principal amount of Series 1 notes and Series 2 notes in issuance amounted to S$93.5 million and S$88.0 million respectively.

(iv) Term Loan Facility of S$18.5 million

On 30 June 2017, Soilbuild REIT entered into a S$200 million 3-year term loan facility agreement with The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") ("**TLF 3**") for the redemption of notes put back by noteholders pursuant to a change of control event. On 11 September 2017, S$18.5 million was drawn down from TLF 3 for the redemption of Series 1 notes and Series 2 notes put back by noteholders.

As TLF 3 was granted by HSBC solely for the purpose of notes redemption in relation to the change of control event, the balance unutilised facility of S$181.5 million has expired as at 31 December 2017.

(v) Interest-free loan from SB (Solaris) Investment Pte. Ltd.

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$55.0 million to fund the payment of the 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.

Capital & Risk Management

CONSERVATIVE CAPITAL STRUCTURE

The Manager actively manages Soilbuild REIT's capital structure to ensure the aggregate leverage of Soilbuild REIT is at a prudent level and adheres to the aggregate leverage requirements under Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**"), while providing Soilbuild REIT with sufficient buffer to effectively execute future acquisitions. The Manager will continue to employ an appropriate mix of debt and equity in order to minimise Soilbuild REIT's weighted average cost of capital while maintaining a strong and robust balance sheet.

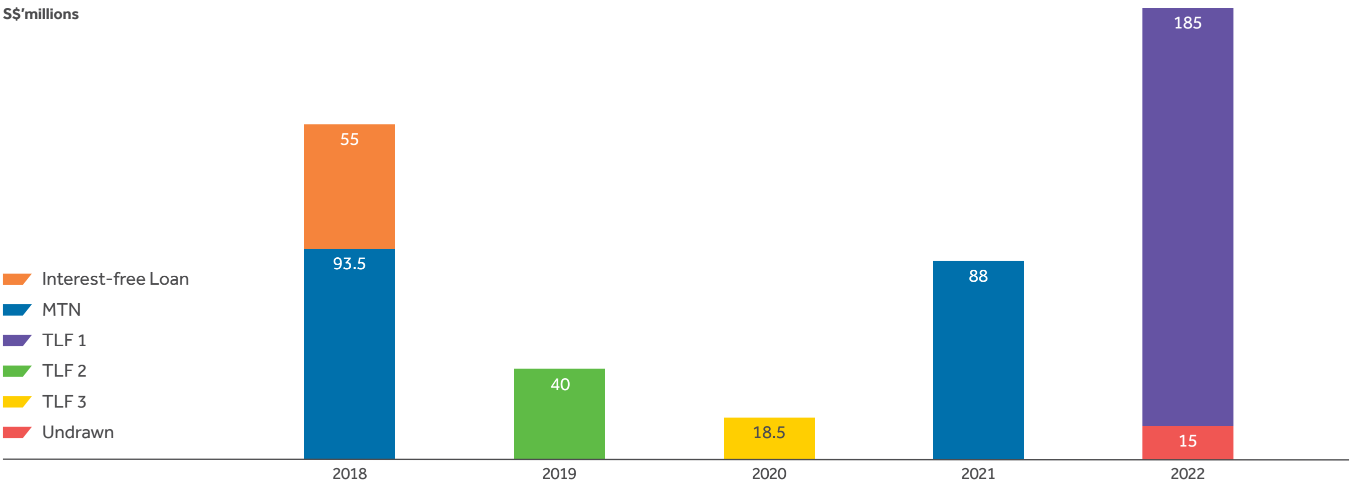
	FY2017	FY2016
Gross debt including deferred payments (S$ mil)	480.0	480.0
Debt facilities undrawn (S$ mil)	15.0	5.0
Deposited property (S$ mil)	1,181.6	1,275.5
Aggregate Leverage	40.6%	37.6%
Weighted average term of debt	2.7 years	2.8 years
Average all-in interest cost [1]	3.20%	3.37%
Interest cover (times) [2]	4.7	4.8

Notes:

1 For the fourth quarter of the financial year. The weighted average borrowing cost for FY2017 was 3.31%.

2 Interest coverage is computed based on full year EBITDA/net interest expense (interest expense – interest income) as interest expense included notional interest expense on the interest-free loan from SB Solaris which has correspondingly been recognised as interest income.

The debt maturity profile of Soilbuild REIT as at 31 December 2017 is as follows:



% of debt	30.9%	8.3%	3.9%	18.3%	38.6%

As at 31 December 2017, the weighted average term of debt was 2.7 years with an average all-in interest cost of 3.2% p.a.. 70.1% of interest-bearing borrowings were fixed for a weighted average term of 1.4 years. Physical debt expiries remain well-staggered with no more than 38.6% of total debt maturing in any one year.

The aggregate leverage of Soilbuild REIT stood at 40.6% as at 31 December 2017. This is within the 45% gearing limit set by the Monetary Authority of Singapore for property trusts in Singapore.

Consequently, Soilbuild REIT has approximately S$94.0 million of debt headroom which it can utilise to fund future acquisitions. As part of its proactive capital management strategy, the Manager will continue to minimise its cost of debt and diversify funding sources through both equity and debt capital markets.

TREASURY MANAGEMENT STRATEGIES

The Manager's key treasury management strategies are as follows:

(i) A long term aggregate leverage target of between 35% to 40%;

(ii) To focus on additional funding sources from the debt and equity capital markets; and

(iii) To maintain portfolio hedging in line with the core hedging profile.

RISK MANAGEMENT

Risk Management Framework

The Manager has developed a comprehensive risk management framework that enables the Board and ARC to review and manage the risks arising from Soilbuild REIT's portfolio of assets from time to time on a consistent and systematic basis.

The Manager has put in place an ERM framework to identify key risks and controls required. The Manager strongly believes that having a structured risk management framework and process enables the organisation to minimise adverse risks and maximise opportunities.

The ERM framework covers key areas such as strategic, operations, reporting and compliance and quantifies key property-related risks such as occupancy and rental rates, credit-related risks and financial market risks, including counter-party and interest rate risks. Tenant and trade sector concentration risks are also monitored as part of the framework.

The overall risk framework is managed by the Manager who reports to the Board and ARC on a quarterly basis or whenever it is deemed necessary.

The internal audit function of the Manager has been outsourced to PwC. PwC plans its internal audit work in consultation with Management, but works independently by submitting its reports for review at ARC meetings.

Risk Management Strategy

Property, financial market, operational and strategic risks and other externalities such as regulatory changes, natural disasters and acts of terrorism may occur in the normal course of business. The Manager has an established risk management strategy to manage these risks should they arise, and is aligned with its overall business objectives which aim to balance risks and returns in order to optimise Soilbuild REIT's portfolio values and returns.

Some of the key risks faced and how these are being monitored and managed are detailed below:

Property Market Risk

Soilbuild REIT's portfolio is subjected to real estate market risks such as rental and occupancy rate volatility in Singapore. In addition, the portfolio is also subjected to specific factors such as competition, supply and demand and government regulations. Such risks are quantified and monitored on a quarterly basis for existing assets and potential new acquisitions. New emerging trends or significant changes to Soilbuild REIT's risk profile are highlighted and reported to Management for review and action where necessary.

Capital & Risk Management

Operational Risk

The Manager has established risk management strategies towards the day-to-day activities of Soilbuild REIT's portfolio, which are carried out by the Property Manager. These include planning and control systems, operational guidelines, reporting and monitoring procedures, involving the management team and Board of Directors of the Manager. The risk management system is reviewed regularly and benchmarked against industry best practices to ensure effectiveness. The risk management framework is designed to ensure that operational risks are anticipated so that appropriate processes and procedures can be put in place to prevent, manage, and mitigate risks which may arise in the management and operation of its business.

Credit Risk

Credit risk relates to the potential earnings volatility caused by tenants' unwillingness and/or inability to fulfill their contractual lease obligations. For new leases, credit assessments for large prospective tenants are undertaken prior to signing of lease agreements. The Manager has put in place standard operating procedures for establishing GIRO, debt collection and recovery of debts on an ongoing basis. Other than the collection of security deposits, in the form of cash, bankers or insurance guarantees, there is also a monitoring system and a set of procedures on debt collection. Currently over 81.6% of the monthly revenue is received electronically through the GIRO deduction system.

Liquidity Risk

The Manager actively monitors Soilbuild REIT's cash flow position so as to ensure sufficient liquid reserves of cash and undrawn facilities to fund operations and meet short term obligations. In addition, the Manager actively tracks and monitors cash balances to limit bank concentration risks. The Manager also observes and monitors compliance with the Property Funds Appendix in relation to, *inter alia*, limits on total borrowings.

Investment Risk

The risks involved in such investment activities are managed through a rigorous set of investment criteria which include accretion yield, growth potential and sustainability, location and specifications. All acquisitions should be approved by the Board. Sensitivity analysis is also performed for each acquisition on all key project variables to test the robustness of the assumptions used. The potential risks associated with proposed projects and the issues that may prevent their smooth implementation are to be identified at the evaluation stage. This enables us to determine actions that need to be taken to manage or mitigate risks as early as possible. All investment proposals are subject to vigorous scrutiny by the Board based on relevant investment criteria including, but not limited to yield accretion, location, building specifications, quality of customer base, lease structure and internal rate of return.

Investor Relations

The Manager upholds the principles of accuracy, timeliness, transparency, fairness and effectiveness in its investor relations policy. It achieves its objectives by maintaining regular, timely and transparent disclosure and an active stakeholder engagement programme.

CLEAR AND TIMELY DISCLOSURE

The Manager issues all announcements and press releases relating to Soilbuild REIT's latest corporate developments promptly through the SGX-ST via the SGXNET and its corporate website. These disclosures are also disseminated via email to Soilbuild REIT's email alert subscribers and the media. Investor presentations, annual reports, financial ratios, distribution history and other useful information are also available on our investor-friendly corporate website.

Soilbuild REIT's quarterly financial results are released within one month after the end of each quarter and the analyst briefings are conducted quarterly.

Stakeholders can also contact the investor relations team via a dedicated email address, and subscribe to Soilbuild REIT's email distribution list to receive updates on its corporate developments.

ACTIVE ENGAGEMENT OF ALL STAKEHOLDERS

The Manager also maintains consistent and direct dialogue with analysts, investors and the media through the quarterly financial results briefings and investor meetings, held semi-annually at the minimum. These briefings provide an excellent platform for analysts and the media to interact and communicate with the Manager on matters such as financial results, business strategy and outlook.

In addition to analyst briefings, the Manager frequently meets with existing and potential investors and analysts at one-on-one or group meetings, local and overseas conferences and roadshows. In 2017, the Manager frequently meets with 87 fund managers and analysts, and actively participated in 8 investor conferences and roadshows.

Investor Relation Calendar FY2017	
16 February 17	**HSBC Annual ASEAN Conference**
14 March 17	**RHB Corporate Day**
20 April 17	**4th Annual General Meeting**
25 May 17	**Citi ASEAN C-Suite Conference**
27 May 17	**REITs Symposium by REITAS and ShareInvestor**
28 July 17	**Fortune Times REITs Symposium**
4 August 17	**REITs Asia Pacific 2017**
27 August 17	**Citi, REITAS & SGX C-Suite Singapore REITs & Sponsors Corporate Day 2017**

The Manager has made conscious effort to engage retail investors through large group seminars. During the year, we participated in the REITs Symposium organised by the Real Estate Investment Trust Association of Singapore ("**REITAS**") and ShareInvestor, 22 REITs and over 1,000 retail investors participated in the event.

Investor Relations

RESEARCH ANALYST COVERAGE

As at 31 December 2017, five international and local brokerage houses provided regular research coverage on Soilbuild REIT:

- DBS Vickers Securities
- OCBC Investment Research
- KGI Fraser Securities
- Philip Securities Research (ceased coverage from 18 January 2018)
- Jefferies

FINANCIAL CALENDAR

1st Quarter FY2018	
Extraordinary General Meeting	21 February 2018
Annual General Meeting	29 March 2018
Announcement of Financial Statements and Distributions for 1QFY2018	April 2018
Payment of 1QFY2018 distribution	May / June 2018
2nd Quarter FY2018	
Announcement of Financial Statements and Distributions for 2QFY2018	July 2018
Payment of 2QFY2018 distribution	August / September 2018
3rd Quarter FY2018	
Announcement of Financial Statements and Distributions for 3QFY2018	October 2018
Payment of 3QFY2018 distribution	November / December 2018
4th Quarter FY2018	
Announcement of Financial Statements and Distributions for 4QFY2018	January 2019
Payment of 4QFY2018 distribution	February / March 2019

If you have any enquiries or wish to find out more about Soilbuild REIT, please contact the Manager via the following contact details:

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Singapore 533847
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Fax: (65) 6415 4584
Email: sbreit_ir@soilbuild.com
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> "We have always been the global leader in providing natural ingredients for the favour, fragrance and cosmetic industries. West Park BizCentral offers an efficient layout that suits our operational needs. At West Park, we are glad to be served by a team of diligent and efficient managers in fulfilling our business group and enterprise needs. As we continue to progress, we hope to build a long-term business relationship together."

Jean-Daniel Dor
Managing Director
Robertet Asia Pte Ltd

Industrial Market Research Commentary

1 SINGAPORE ECONOMIC OVERVIEW

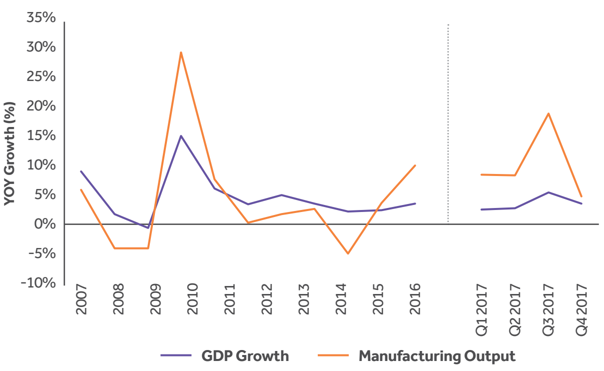
1.1 Economic Performance in the Past year

According to the Economic Survey of Ministry of Trade and Industry ("**MTI**") released on 14 February 2018, the Singapore economy grew by 3.6% YOY in 2017, faster than the 2.4% growth YOY in 2016. All major sectors grew in 2017, except for the construction sector. The manufacturing sector and services producing industries were the key contributors to the overall GDP growth in 2017, which expanded by 10.1% and 2.8% respectively.

1.2 Manufacturing Output and Investment Commitments

Based on the Economic Survey of Singapore released by MTI on 14 February 2018, Singapore's total manufacturing output rose 10.1% YOY in 2017, accelerating from the 3.7% growth in 2016.

GROWTH IN GDP AND MANUFACTURING OUTPUT



Source: Colliers International, MTI

The electronics and precision engineering clusters registered the fastest YOY output growth for the whole of 2017, showing 34% and 18% respectively while output in chemicals cluster improved by 6.2% YOY. The largest contraction within the manufacturing sector in 2017 was the biomedical manufacturing cluster which recorded a fall of 9.3% mainly led by the output decline in the pharmaceuticals segment. The transport engineering cluster continued to register a decline of 6.9% YOY in 2017, dragged down mainly by the M&OE segment.

Total manufacturing fixed asset investments ("**FAI**") in the whole 2017 year increased by 5.5% YOY to SGD6.2 billion after a drop of 29.2% YOY in 2016. Within the manufacturing sector, the electronics cluster, which provided the highest proportion of contribution to the total manufacturing commitments, weighed down the FAI by 5.2% YOY in 2017. The general manufacturing industries cluster rose significantly by almost four times of its 2016 commitment to S$1.1 billion in 2017. Contributions by the respective industry clusters to total manufacturing FAI are presented in the following table:

Manufacturing Fixed Asset Investments in 2016 and 2017

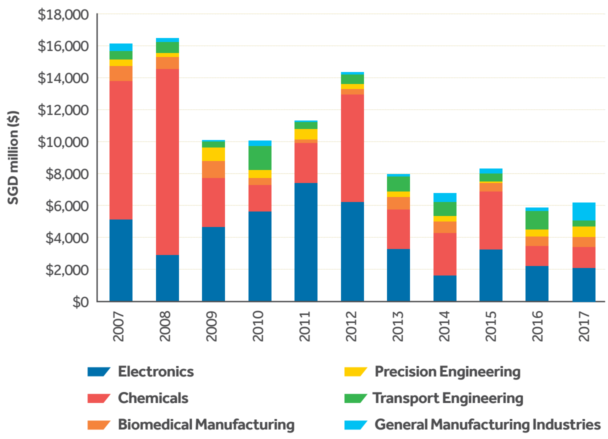
Industry Cluster	Investment Commitments in 2016 (S$ billion)	Investment Commitments in 2017 (S$ billion)	Annual Growth Rate (%) from 2016 to 2017	Contribution to Total Manufacturing Investment Commitments (%) in 2017
Total Manufacturing	**5.9**	**6.2**	**5.5%**	**100.0** [1]
Electronics	2.2	2.1	-5.2%	34.1
Chemicals	1.4	1.3	4.6%	21.2
Biomedical Manufacturing	0.6	0.6	9.1%	10.4
Precision Engineering	0.4	0.6	50.0%	10.3
Transport Engineering	1.1	0.4	-65.4%	6.4
General Manufacturing Industries	0.2	1.1	387.7%	17.5

Source: MTI

Note:

1 Percentage may not add up to 100% due to rounding issues

TOTAL MANUFACTURING FIXED ASSET INVESTMENTS



Source: Colliers International, MTI

1.3 Economic Outlook

The MTI announced on 14 February 2018 that the Singapore economy is expected to moderate from the 2017's growth but remain firm with a growth slightly above the middle of the forecast range of "1.5% to 3.5%". This forecast is partly on the back of higher growth expected in the US due to the recently approved tax reforms. However, as compared to 2017, the growth in most of Singapore's key final demand markets such as the Eurozone, Japan, NIEs and ASEAN is projected to moderate or remain unchanged in 2018.

Based on MTI's forecast as of 14 February 2018, global downside risks continue in the global economy partly over the US administration's trade policies and geopolitical tension in North Korea which could affect the economies of regional countries if tensions escalate. In addition, an upside surprise in inflation cannot be ruled out at the relatively advanced stage of the US economic recovery.

Nonetheless, MTI expects the manufacturing sector to continue to expand in 2018 with the support of sustained expansion in the electronics and precision engineering clusters. Externally oriented sectors such as wholesale trade, transportation & storage and finance & insurance are also expected to benefit from the firm external demand, although their pace of growth is likely to ease in 2018.

Selected Economic Indicator Forecasts

Indicator/ Year	2018	2019	2020
Real GDP	3.1%	2.7%	2.6%
Industrial Production	5.6%	3.8%	3.7%

Source: Oxford Economics (23 January 2018)

2 GOVERNMENT POLICIES AND MEASURES AFFECTING THE SINGAPORE INDUSTRIAL PROPERTY MARKET

2.1 Recent Government Policies and Initiatives

Policies and measures were introduced by the government since 2013 to ensure a viable industrial property market. These included the imposition of a Sellers' Stamp Duty on industrial properties, Total Debt Servicing Ratio ("**TDSR**") framework and Assignment Prohibition Period.

In particular the respective seller's stamp duty ("**SSD**") of 15%, 10% and 5% imposed on industrial properties sold within one, two and three years of purchase on or after 12 January 2013, remains in effect. However, there is no material impact on institutional property investors like real estate investment trusts ("**REITs**") with typically longer investment holding period.

With effect from 1 October 2015, JTC Corporation ("**JTC**") relaxed its subletting policy to accommodate the changing business needs. JTC revised their policies for Third Party Facility Providers by reducing the minimum gross floor area ("**GFA**") requirement for anchor subtenants from 1,500 sq m to 1,000 sq m. This will allow more industrialists to qualify as anchor subtenants.

On 19 October 2016, Minister for Trade and Industry, Lim Hng Kiang announced the consolidation of Housing & Development Board ("**HDB**")'s industrial land and properties under JTC. As of Q1 2018, about 10,700 industrial premises and 540 industrial land leases, and the full team of HDB officers responsible for industrial land and properties will be transferred to JTC. Industrialists will have a one-stop access to all industrial facilities and at the same time, this will facilitate a more comprehensive master plan of all industrial districts.

Industrial Market Research Commentary

On 3 March 2017, it was announced that JTC and the Urban Redevelopment Authority ("**URA**") would be piloting new land use guidelines at a multi-tenanted building to be developed by JTC and located within Woodlands North Coast on a site zoned Business 1-White. The Woodlands pilot development will support manufacturing companies in co-locating their service-driven activities such as R&D and after-sales support alongside their manufacturing operations. Companies that have offshored their lower value-added activities can also maintain their more knowledge-intensive activities here, while retaining close oversight of their operations overseas. This pilot represents a continuation of the efforts to respond to changing industry needs. The government will closely monitor the market receptiveness and feedback for the pilot and study the applicability of various features to other locations.

On 1 January 2018 the transfer of HDB's industrial properties and land to JTC took effect. The Government had announced the transfer on 19 October 2016 and the Jurong Town Corporation (Amendment) Act 2017 was passed in Parliament on 11 September 2017. The consolidation of all public sector industrial land and properties under a single government agency will enable JTC to better support industrialists in their business growth.

3 BUSINESS PARK MARKET OVERVIEW

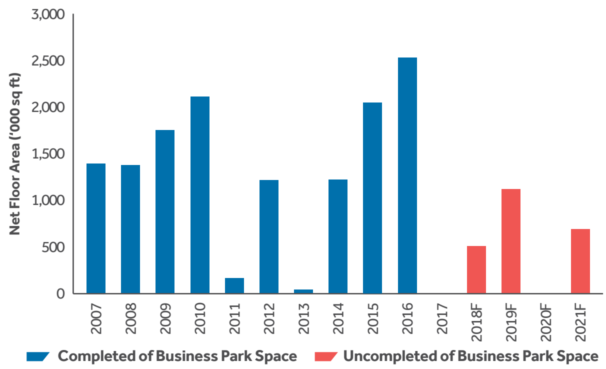
3.1 Existing and Potential Supply

Singapore's total island-wide stock of private business park space was 19.5 million square feet (sq ft) as of Q4 2017, little changed YOY due to the lack of new space completions.

Geographically, majority, 54.47%, of the existing island-wide business park stock is located in the Central planning region (comprising the Singapore Science Park, Mapletree Business City and one-north). This is followed by the Changi Business Park ("**CBP**") in the East planning region with 26.7% share, and the International Business Park ("**IBP**") and CleanTech Park in the West planning region with a 18.9% share.

Based on available information as of Q4 2017, there will be approximately 2.3 million sq ft[2] (net lettable area) of new business park space that are expected to be completed from 2018 to 2021. As a result, the annual new supply during this period amounts to an average of 576,000 sq ft which is substantially lower than the historical average annual net new supply of 1.2 million sq ft between 2012 and 2017.

NET NEW AND POTENTIAL SUPPLY OF BUSINESS PARK SPACE



Source: Colliers International, JTC

SELECTED MAJOR UPCOMING BUSINESS PARK

Project Name	Street/Location	Developer	NLA* (sq ft)	Year
BTS Facility (FM Global)	Pasir Panjang Road	Singapore Science Park Ltd	118,720	2018
New Headquarters	Changi Business Park Central 2	Kingsmen Creatives Ltd	134,264	2018
MP8, Media Circle	Media Circle	BP-DOJO LLP	251,332	2018
Redevelopment of Fleming & Faraday	1 and 2 Science Park Drive	Ascendas-Singbridge Pte Ltd	235,019	2019
Redevelopment of Aquarius	21 Science Park Road	Singapore Science Park Ltd	312,153	2019

Source: Colliers International, JTC, Company Websites

* Area provided herein is based on Net Lettable Area ("**NLA**") following any publicly available information on the development. In the event, there are no publicly available information on the NLA for a development, an efficiency level is assumed on the Gross Floor Area to derive the NLA

Note:

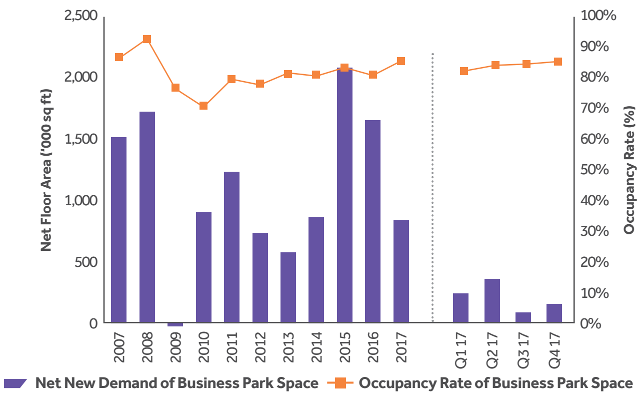
2 Potential supply includes space under construction and planned but the actual level of new supply could change due to changes in the status of planned projects.

3.2 Demand and Occupancy

In tandem with the substantial increase in supply of private business park space in 2016, total demand of island-wide private business park space increased 5.3% from 15.9 million sq ft in Q4 2016 to 16.7 million sq ft in Q4 2017. This resulted a net new demand of 839,585 sq ft of private business park space.

With the growth in demand, the overall occupancy rate as at Q4 2017 improved by 4.4% to 85.7% from 81.3% in 2016. This is largely attributed to the lack of new supply and increased demand in this segment in 2017.

NET NEW DEMAND AND OCCUPANCY RATE OF BUSINESS PARK SPACE



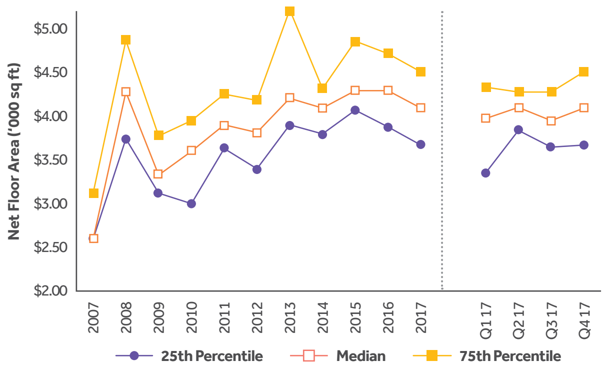
Source: Colliers International, JTC

3.3 Rents

According to rental information sourced from the URA's by URA's Real Estate Information System ("**REALIS**"), which is based on actual rental transactions, the median monthly gross rent of business park space in Singapore dropped by 4.7% YOY to SGD4.09 per sq ft. However, business park rents rose by 3.5% QOQ after staying relatively stable in the first three quarters of 2017, underpinned by the continued lack of new supply and increasing net new demand in the market.

Leasing volume for this segment began to increase at a faster pace from Q2 2017 and reached 256 in total through to the whole 2017 year, a rise of 48% YOY compared to 173 in 2016. According to Colliers International, through 2017, the business park leasing activities were mainly relocations and flight to quality.

RENTS OF BUSINESS PARK SPACE



Source: Colliers International, JTC

3.4 Outlook

Looking forward, it is anticipated that the occupancy rate will rise further amidst limited new supply and expected space absorption on the back of the economic prospects and expansion in the manufacturing sector.

A rosier global economy and better growth forecast for Singapore in 2018, should help to lift business sentiment and encourage industrialists to consider expanding their operations. With the growth in demand and improving overall occupancy amid limited new supply, the growth in business park rents is foreseen to gain traction in 2018.

4 PRIVATE SINGLE-USER FACTORY

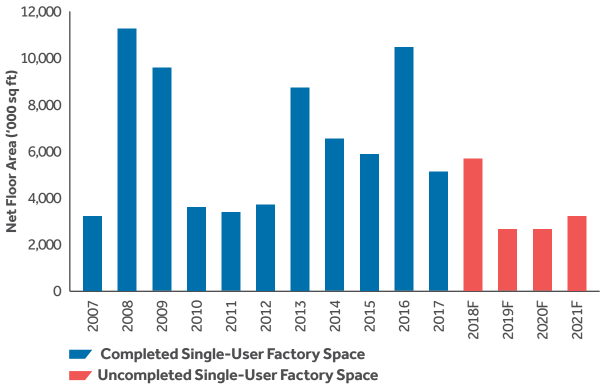
4.1 Existing and Potential Supply

The island-wide stock of private single-user factory space stood at 229 million sq ft as of Q4 2017, a 2.2% YOY increase from Q4 2016. This results from a substantial net new supply of 4.8 million sq ft in the full year of 2017 especially in the West planning region which recorded a net new supply of approximately 3.0 million sq ft in Q4 2017.

Industrial Market Research Commentary

Based on available information as of 4Q 2017, there will be about 13.4 million sq ft[3] of new single-user factory space to be completed from 2018 to 2021, which works out to an average annual supply of about 3.3 million sq ft from 2018 (full year) to 2021. As potential supply after 2018 is expected to taper off to an annual supply level below 3.0 million sq ft, the projected annual supply from 2018 to 2021 is less than half of the average annual net new supply of 6.9 million sq ft for the preceding five years from 2013 to 2017.

NET NEW AND POTENTIAL SUPPLY OF SINGLE-USER FACTORY SPACE



Source: Colliers International, JTC

SELECTED MAJOR UPCOMING SINGLE-USER FACTORY

Project Name	Street/Location	Developer	NLA* (sq ft)	Year
Awan Data Centre	1 Tuas Avenue 4	AWAN Data Centre Pte Ltd	333,460	2018
Single-user Factory (A&A)	101 Banyan Avenue	Evonik Methionine (Sea) Pte Ltd	351,662	2018
Single-user Factory	Sunview Road	Hunting Energy Services (International) Pte Ltd	332,949	2019
Single-user Factory	Tuas South Avenue 3	Hydrochem (S) Pte Ltd	485,619	2019
Single-user Factory	Airport Road	Teambuild (ICPH) Pte Ltd	331,211	2019

Source: Colliers International, JTC, Company Websites

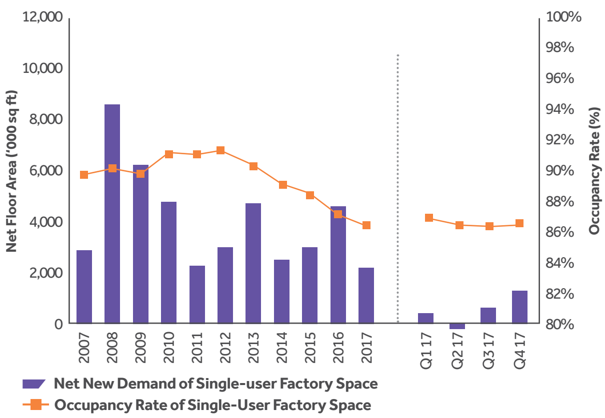
* Area provided herein is based on NLA following any publicly available information on the developments. In the event, there are no publicly available information on the NLA for a development, an efficiency level is assumed on the Gross Floor Area to derive the NLA

4.2 Demand and Occupancy

While occupied stock of private single-user factory space increased by approximately 2.7 million sq ft as of Q4 2017, showcasing a rise of 1.3% YOY, still significantly lower than the corresponding net new supply of 4.8 million sq ft in 2017. The slower growth in occupied space could be attributed to spaces being physically occupied in phases, as single-user factories are largely built for owner-occupation purposes.

The average occupancy rate[4] in 2017 decreased slightly by 0.8% from 90.4% in 2016 to 89.6% in 2017 as a result of the relatively higher levels of supply and muted pace of demand.

NET NEW DEMAND AND OCCUPANCY RATE OF SINGLE-USER FACTORY SPACE



Source: Colliers International, JTC

Note:

3 Potential supply includes space under construction and planned but the actual level of new supply could increase/decrease due to changes in the status of planned projects.

4 Refers to the occupancy rate for the final quarter of the year.

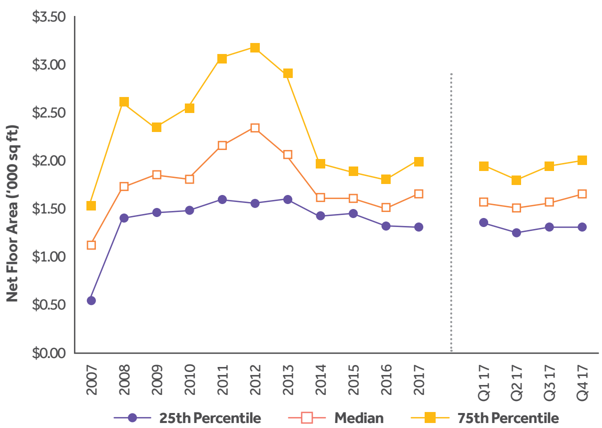
4.3 Rents of Single-User Factory Space

Based on actual rental transactions recorded by URA's REALIS, monthly median rents of single-user factory space increased by 10% YOY from SGD1.50 per sq ft in Q4 2016 to SGD1.65 per sq ft in Q4 2017, and a rise of 5.8% QOQ from SGD1.56 per sq ft in Q3 2017. However, on an average basis, the monthly median rent of single-user factory space was SGD1.57 per sq ft for the whole of 2017 year, a slight rise of 1.3% YOY compared to SGD1.55 per sq ft for the whole year of 2016.

Leasing records[5] for single-user factory segment were relatively flat in terms of YOY growth. The total leasing volume for this segment was 374 in 2017, almost unchanged from total leasing volume of 373 in 2016. However, on quarterly basis, the rental transactions for single-user factory units reported a drop in Q4 2017 to 97 records, from 108 in Q3 2017.

Leasing volume has experienced a sharp fall since JTC's implementation of more stringent subletting measures in 2014 where the maximum allowable quantum of space for subletting was reduced from 50% to 30% of the total gross floor area on industrial facilities built on JTC land. As a result of the measure implemented, the total annual leasing transactions prior 2014 (884 in 2012, 1000 in 2013 and 861 in 2014) have fallen more than half to 400 in 2015 and 373 in 2016.

RENTS OF SINGLE-USER FACTORY SPACE



Source: Colliers International, JTC

4.4 Outlook

The relatively high new supply in 2018 against a background of muted demand from the tightening of government measures in subletting policy previously implemented along with a more tepid economic condition is likely to continue to exert downward pressure of the island-wide average occupancy rate of single-user factories in 2018.

Landlords of single-user factory space are also likely to adopt a more realistic and flexible approach in rental expectations in order to attract tenants for the remnant spaces. As such, overall rents for single-user factory space is expected to be flat in growth in 2018.

5 PRIVATE MULTI-USER FACTORY

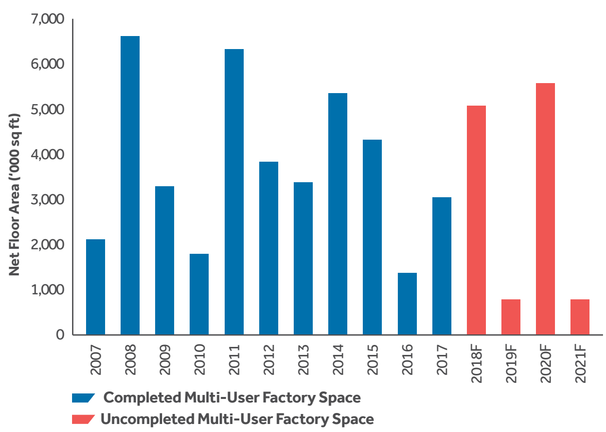
5.1 Existing and Potential Supply

As at Q4 2017, the private multi-user factory space in Singapore expanded by 3.1% from the end of 2016 to 99.8 million sq ft as of Q4 2017. The annual new supply of private multi-user factory space increased significantly to about 3 million sq ft as of Q4 2017, more than double the new supply of about 1.4 million sq ft in Q4 2016. The significant increase in the island-wide net new supply in 2017 was mainly attributed to the net new space of about 1.6 million sq ft provided in the North planning region, which represented 52.3% of the total island-wide net new supply.

As at Q4 2017, an estimated 12.2 million sq ft[6] (net lettable area) of new private multi-user factory space is expected to be completed from 2018 to 2021. The potential supply is expected to increase to 5.6 million sq ft in 2020 followed with an approximately 0.8 million sq ft of potential supply in 2021.

As a result, the projected annual net supply from 2018 to 2021 averaged to about 3.1 million sq ft, which is about 13.9% lower than the average net new supply of around 3.6 million sq ft per annum from 2012 to 2017.

NET NEW AND POTENTIAL SUPPLY OF MULTI-USER FACTORY SPACE



Source: Colliers International, JTC

Notes:

5 Based on URA REALIS data downloaded as at 2 February 2018

6 Potential supply includes space under construction and planned but the actual level of new supply could increase / decrease due to changes in the status of planned projects.

Industrial Market Research Commentary

SELECTED MAJOR UPCOMING MULTI-USER FACTORY

Project Name	Street/Location	Developer	NLA* (sq ft)	Year
Shine @ Tuas South	11 Tuas South Link 1	Beacon Properties Pte Ltd	468,445	2018
T-Space at Tampines	Tampines North Drive 1	Goldprime Land Pte Ltd	626,454	2018
Nordcom Two	Gambas Avenue	Grow-Tech Properties Pte Ltd	636,792	2018
Mega @ Woodlands	39 Woodlands Close	Wee Hur Development Pte Ltd	895,352	2018
Multiple-use factory	Boon Keng Road/Kallang Place	Mapletree Industrial Trust Management Limited	286,008	2018

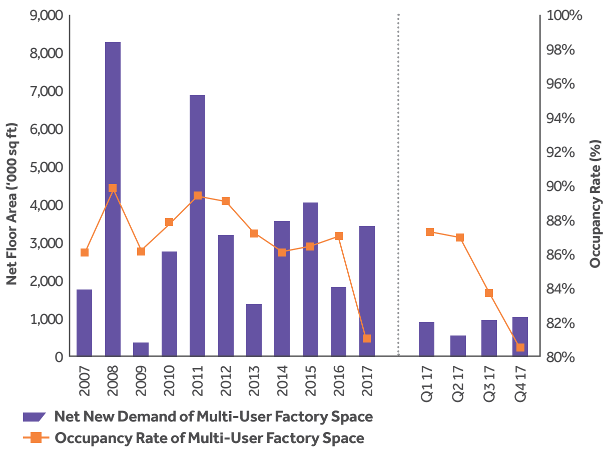
Source: Colliers International, JTC, Company Websites

* Area provided herein is based on NLA following any publicly available information on the developments. In the event, there are no publicly available information on the NLA for a development, an efficiency level is assumed on the Gross Floor Area to derive the NLA

5.2 Demand and Occupancy

The net new demand for private multi-user factory space was 3.4 million sq ft in 2017, almost double the demand of 1.8 million sq ft in 2016. However, despite the significant rise in net new demand, the occupancy rate for this segment decreased by 6.3% YOY in 2017 due to the ample net new supply which grew at a faster pace than the net new demand.

NET NEW DEMAND AND OCCUPANCY RATE OF MULTI-USER FACTORY SPACE



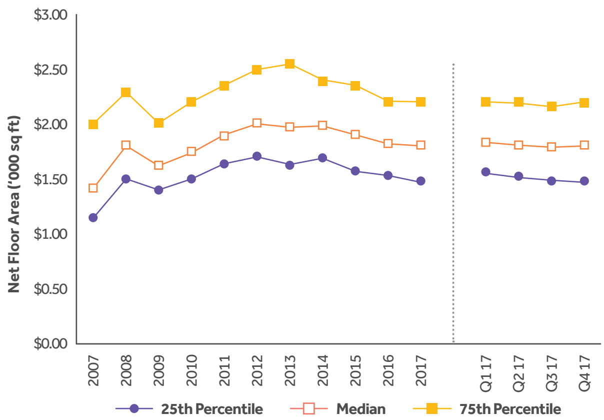
Source: Colliers International, JTC

5.3 Rents

Based on actual rental transactions recorded by URA's REALIS[7], rents of multi-user factory space continued to fall in 2017. Median gross monthly rent of multi-user factories saw a 1.2% YOY drop to SGD1.80 per sq ft in 2017, a third consecutive year of decline since 2015. The fall in median rents in 2017 is largely attributed to the sharper YOY decline of the 25th percentile as it decreased by 3.9% YOY from SGD1.53 in 2016 to SGD1.47 in 2017.

The level of leasing transactions[8] in 2017 rose by 9.6% YOY from 6,624 in 2016 to 7,258 in 2017.

RENTS OF MULTI-USER FACTORY SPACE



Source: Colliers International, JTC

5.4 Price

Based on Colliers' data on prime multi-user factory space[9], average price of 60-year leasehold multi-user factory space (upper floors) nudged by 0.2% YOY to SGD406 per sq ft in 2017 following a flat change for three consecutive years from 2014 to 2016. Against a more cautious market sentiment, freehold multi-user factory space (upper floors) also recorded an increase between 2016 and 2017, which is 5.7% higher YOY from SGD703 per sq ft in 2016 to SGD743 sq ft in 2017, a 10-year historical high.

Notes:

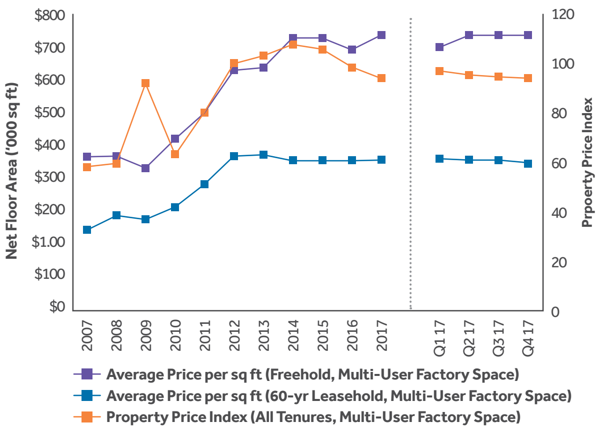
7 Note that the rents sourced from URA's REALIS would be dependent on the number and type of transactions that occur during the period of analysis. This in turn depends on factors such as the location and age of the building, as well as the floor level and size of the unit.

8 Based on URA REALIS data downloaded as 2 February 2018

9 Prime Multi-user factory space refers to good quality, multi-level, multi-tenanted factory space built to modern performance standards.

Based on URA Realis, the Property Price Index (PPI) of Multi-User Factory which comprised island-wide sales transactions of multi-user factory space continued to fall but at a smaller YOY extent at 4.8% in 2017, compared to the drop of 6.8% YOY in 2016.

PRICES OF MULTI-USER FACTORY



Source: Colliers International, JTC

5.5 Outlook

Industrialists are expected to remain cost sensitive as they continue to monitor business sentiments and may still be apprehensive amidst the continuous uncertainties in the current global economic conditions. Despite this, activities may however pick up slowly in the later part of 2018, when end-users are more certain about the market going forward. Leasing activities in multi-user factory space may also increase on the back of relocations from tenants in single-user factory space who wish to avoid sub-letting restrictions applicable to single-user factories.

The upcoming supply of multi-user factory space by end of 2018 is estimated at 5.0 million sq ft., significantly higher than the supply of 3.0 million sq ft in 2017. As industrialists will be faced with more alternatives for multi-user factory space due to the new supply coming onstream in 2018, the overall rents and prices especially for leasehold multi-user factory space are expected to remain subdued in the short term.

6 PRIVATE WAREHOUSE MARKET OVERVIEW

6.1 Existing and Potential Supply

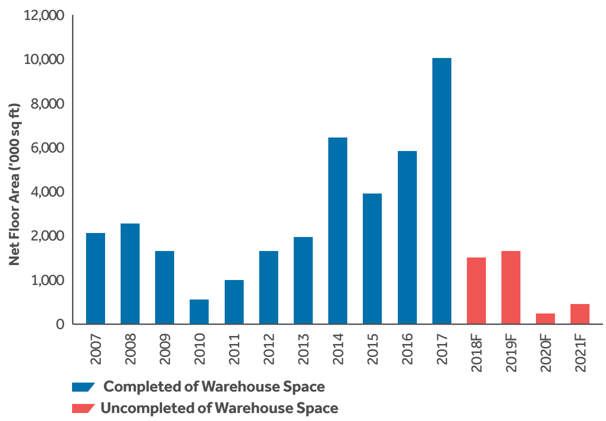
Official statistics showed that the island-wide stock of private warehouse space in Singapore increased by 10.2% YOY to 111.7 million sq ft as of Q4 2017. Net new addition to private warehouse space continued to remain high at 10.4 million sq ft which is 53.5% YOY higher than the 6.8 million sq ft net new supply in 2016 and is more than twice of the 10-year average net new supply between 2007 and 2017 of 4.4 million sq ft.

Geographically, the largest concentration of warehouse space is in the West planning region (62.8%), followed by the East (16.4%), North (4.9%), Central (12.1%) and Northeast (3.8%) planning regions as of Q4 2017.

Based on available information as of 4Q 2017, the total amount of new warehouse space to be completed between 2018 and 2021 is projected to be about 6.6 million sq ft[10] (net floor area). The new warehouse space peaked in 2017 as expected with a 10.4 million sq ft of new warehouse space for the year, and subsequently tapered to more muted levels of annual new supply below 3.0 million sq ft from 2018 onwards.

On average, projected annual net new supply of about 1.7 million sq ft of warehouse space from 2018 to 2021 is 74.8% lower than the preceding 5-year annual average net new supply of 6.6 million sq ft from 2013 to 2017.

NET NEW AND POTENTIAL SUPPLY OF WAREHOUSE SPACE



Source: Colliers International, JTC

* F refers to Forecast

Note:

10 Potential supply includes space under construction and planned but the actual level of new supply could change due to changes in the status of planned projects.

Industrial Market Research Commentary

SELECTED MAJOR UPCOMING WAREHOUSE

Project Name	Street/Location	Developer	NLA* (sq ft)	Year
Warehouse	Tuas South	LOGOS SE Asia and Yang Kee Logistics	667,023	2018
Warehouse	Pioneer View	Panalpina World Transport (S) Pte Ltd	306,669	2019
Warehouse	Tuas South Avenue 16	Pacific Investment Group Pte Ltd	503,514	2019
Warehouse	Tembusu Crescent	S H Cogent Logistics Pte Ltd	894,749	2019

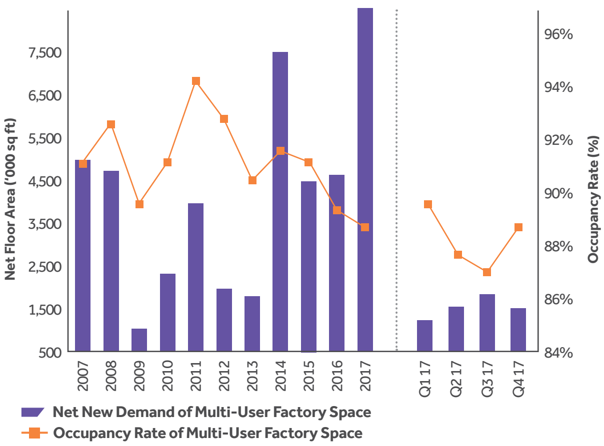
Source: Colliers International, JTC, Company Websites

* Area provided herein is based on Net Lettable Area (NLA) following any publicly available information on the developments. In the event, there are no publicly available information on the NLA for a development, an efficiency level is assumed on the Gross Floor Area to derive the NLA

6.2 Demand and Occupancy

Occupied private warehouse space increased by 8.6 million sq ft in 2017, up 9.5% YOY. However, net take-up was lower than the net new supply of 10.4 million sq ft during the year, and the average occupancy rate eased slightly from 89.7% as of 4Q 2016 to 89.1% as of 4Q 2017.

NET NEW DEMAND AND OCCUPANCY RATE OF WAREHOUSE SPACE



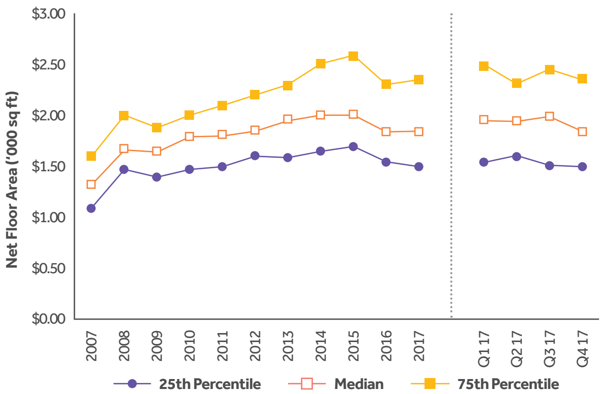
Source: Colliers International, JTC

6.3 Rents

Rental information sourced from URA's REALIS, which is based on actual rental transactions, showed that the island-wide median gross monthly rent[11] for private warehouse space (including single-user and multi-user warehouse space) increased slightly by 0.5% YOY to SGD1.85 sq ft as of Q4 2017 while the median rent in Q4 2017 decreased by 7.0% QOQ due to the large supply of 10.4 million sq ft of warehouse space that fully came on stream in 2017. However, the private warehouse rents in the 25th percentile decreased by 3.2% YOY in 2017 and 0.7% QOQ in Q4 2017.

The market segment has performed relatively well in the first half of 2017 as the median gross monthly rents for private warehouse space rose to SGD1.94 per sq ft in Q2 2017 from SGD1.84 per sq ft in Q4 2016. However, the median rents increased further to SGD 1.99 per sq ft in Q3 2017 and subsequently SGD 1.85 per sq ft in Q4 2017 against a more volatile manufacturing sector.

RENTS OF WAREHOUSE SPACE



Source: Colliers International, JTC

6.4 Price

The imposition of Government measures such as the SSD on industrial properties in January 2013 and the TDSR framework, has dented overall buying sentiment for industrial properties since 2013. Despite this, price of freehold warehouse space managed to hold up in 2014 and 2015. However, in 2016, against a backdrop of overall lacklustre economic performance during the year, prices of freehold warehouse space buckled and saw a slight decline.

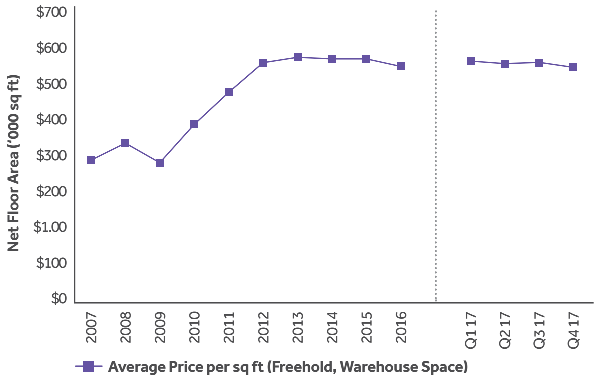
In 2017, based on Colliers' data, average price of freehold warehouse space[12] (upper floors) saw a further YOY decline of 2.1% to SGD552 per sq ft as of Q4 2017.

Notes:

11 Median rents are dependent on the number of transactions that occur during the quarter. This in turn depends on factors such as the location and age of the buildings as well as the type, floor level and size of the unit.

12 Good quality, multi-level, multi-tenanted freehold flatted warehouse space built to modern performance standards

PRICES OF WAREHOUSE SPACE



Source: Colliers International

6.5 Outlook

Looking forward, the Singapore industrial sector will remain soft in the immediate term. The recent recovery of the manufacturing sector is fuelling expectations that demand could pick up in 2018, just as supply abates. However, the recovery is uneven as firms are still looking for consolidate or downsize their space requirements to remain cost efficient. As such, warehouse rents are expected to be resilient in 2018.

Nonetheless, demand for warehouse space is still expected to remain relatively healthy as Singapore establishes itself as an important global logistic hub. The warehouse segment will also benefit from both the fast-expanding e-commerce industry which requires efficient logistics, storage and distribution support. However, in the near term in 2018, occupancy level is expected to see some fluctuation and expected to decline slightly upon completion of more new supply.

7 LIMITING CONDITIONS

The content of this report is for information only and should not be relied upon as a substitute for professional advice, which should be sought from Colliers International prior to acting in reliance upon any such information.

The opinions, estimates and information given herein or otherwise in relation hereto are made by Colliers International and affiliated companies in their best judgement, in the utmost good faith and are as far as possible based on data or sources which they believe to be reliable in the context hereto. Notwithstanding, Colliers International disclaims any liability in respect of any claim, which may arise from any errors or omissions or from providing such advice, opinion, judgement or information.

Commiting Relationships To You

Steve & Leif

COMMENTARY BY STEVE & LEIF

> Steve & Leif is leading solution provider of home improvement and architectural sealing products in Asia. We aim to supply the best quality of goods that are competitively priced in the market. Soilbuild has prudently insured the physical infrastructure, systems and sites are operating safely, efficiently and intelligently, allowing us to produce and deliver quality goods at affordable pricing to our clients. Steve & Leif has certainly benefitted from Soilbuild's constant desire to maintain long lasting relationship.

Steven Swee
Marketing Manager
Steve & Leif

Sustainability Report

BOARD STATEMENT

Soilbuild Business Space REIT is pleased to issue its first Sustainability Report in line with the Singapore Exchange (SGX) guidelines on Sustainability Reporting.

The Board views Sustainability as a key consideration in formulating the business strategy for Soilbuild REIT. The Board has been involved in determining the Environmental, Social and Governance ("**ESG**") factors material to the organisation and has been overseeing the monitoring of these factors by the Management. Based on the materiality assessment, we have identified 8 material topics and categorised them into three strategic pillars relating to the environment, our people and marketplace.

Looking forward, the Board will ensure that sustainability remains a core focus of Soilbuild REIT and would like to thank the Management and employees for their help in the preparation of this report.

Mr Chong Kie Cheong
Chairman

ABOUT THIS REPORT

Reporting Scope and Period

This is the first Sustainability Report published by Soilbuild Business Space REIT, headquartered in Singapore and listed on the Main Board of the SGX-ST.

We are a Singapore-focused Real Estate Investment Trust ("**REIT**") with a portfolio of business parks and industrial properties used by industries engaging in manufacturing, engineering, logistics, warehousing, electronics, marine, oil & gas, research and development and value-added knowledge-based activities.

The report discusses our sustainability performance for the financial year ended 31 December 2017 ("**FY2017**") and will be published on an annual basis going forward.

Reporting Standard and Assurance

This report has been prepared in reference to the Global Reporting Initiative ("**GRI**") Standards.

We have not obtained any independent assurance of the information being reported this year, but will continue to strengthen our reporting processes, and consider obtaining independent assurance in future.

Feedback

A softcopy of this report can be found on our website at www.soilbuildreit.com. We welcome any questions or feedback on this report. Please reach out to Ms Lim Hui Hua at lim.huihua@soilbuild.com should you wish to contact us.

OUR AWARDS

Ranked joint 2nd in the inaugural Governance Index for Trusts (2017)

Emerged as a highly commended winner at the Adam Smith Awards Asia 2017
(Best Funding Solution Category)

PERFORMANCE HIGHLIGHTS

Our Sustainability Approach

Solaris, an iconic building in our portfolio was awarded the BCA Greenmark Platinum Award

12 training hours per employee in 2017

Zero incidents of non-compliance with regulations

Raised $6,700 for the Moral Home of the Aged Sick

Contributed to the one-north Run to raise funds for AWWA and MINDS

Soilbuild Charity Tree event supporting Lighthouse School

Our Values

Soilbuild Business Space REIT has always recognised that in order to excel in today's disruptive market, it is important to focus on long-term stakeholder value over short term gains. In this journey, we are guided by Soilbuild Group's visions, mission and core values of IMPACT (Integrity, Make It Happen, Professional, Agility, Customer-centricity and Think Ahead). We strive to inculcate these values in our employees and embed them into the organisation culture.

Sustainability Report

Governing sustainability at Soilbuild REIT

Sustainability is governed right at the top and distills all the way down the organisation. The board oversees that sustainability remains a strategic priority for Soilbuild REIT and is managed effectively through the organisation. Following the SGX guidelines, the Senior Management has formed a Sustainability Committee which seeks inputs from different departments that are responsible for on ground execution. Seeking this feedback, management reports to the Board.

Board of Directors → Senior Management → Sustainability Committee →
- Human Resources
- Environment, Health and Safety
- Legal
- Investor Relations and Corporate Communications

Stakeholder engagement

Stakeholder feedback is highly valued by us and underpins our sustainability strategy and vision. We recognise the importance of engaging stakeholders and have identified tenants, employees, analysts and investors as our key stakeholders based on their influence and dependence on our business. With an increasing call for transparency and accountability, we have rolled out various stakeholder engagement programmes to commit towards continual communication and sustainability management. The table below summarises our engagement process and outcomes with our key stakeholders:

Stakeholder	Purpose & Goal	Method	Topics raised	Our response
VALUED CUSTOMERS/ TENANTS	• Provide a comfortable and safe environment and quality tenant mix	• Site visits • Annual Customer Satisfaction Survey	• Specific building operation enhancement	• Technical support from Property Manager
ANALYSTS & INVESTORS	• Provide accurate information to the investing public through timely communication	• Regular investors meeting • Quarterly financial results announcements • Conferences • Roadshows • Corporate website	• Financial performance • Corporate Governance • Regulatory compliance	• Risk management framework • Corporate Governance Report
EMPLOYEES	• Create an inclusive environment with enhanced wellbeing and productivity, with potential and opportunities to develop skills	• Monthly staff mentorship programs • Staff Communication Dinner with Management • Townhall meetings • Newsletters • Annual performance appraisal • Scholarship programme	• Holistic development and well-being of employees	• Competitive remuneration • Reward and recognition • Training and career development programmes • Employee wellness and well-being
GOVERNMENT, REGULATORS, SUPPLIERS	• Comply with government policies, rules and regulations	• Regular meetings • Feedback and correspondence • External consultants	• Sustainable business operation in the long-term • Environmental compliance • Safety issues • SGX, MAS	• Implement and monitor compliance controls and processes

Materiality assessment

Understanding and prioritizing material factors enables us to focus our resources, evolve our strategy and tailor our reporting to align with the interests and needs of our business and our stakeholders. We recognise there are varying definitions of materiality and several ways to conduct a materiality assessment. In FY2017, we completed our materiality assessments based on the GRI Standards reporting principle of materiality. The process included industry research, interviews with internal stakeholders such as employees and the Management as well as an internal workshop, to identify the most pertinent sustainability topics. We adopted a three-step process to define the material topics in our operations:

IDENTIFICATION

- Performed an industry and peer review
- Reviewed stakeholder feedbacks and enterprise risk management
- Identified a list of potential material factors from a universe of factors

PRIORITISATION

- Through internal surveys, the factors were ranked in relation to the significance of their economic, environmental and social impact and importance to different stakeholder groups

VALIDATION

- The results were deliberated by senior management and the final list shared with our Board for insights and approval

Based on the validation, we arrived at a final list of 8 material factors which were grouped under three pillars that form the genesis of our sustainability strategy.

Caring for the environment

- Energy efficiency and management
- Water efficiency and management

Nurturing our talent

- Training and development
- Occupational health and safety

Leading our marketplace

- Regulatory compliance
- Anti-corruption
- Economic performance
- Customer satisfaction

The identified material factors have been mapped with the corresponding GRI Standards

Material factors for Soilbuild REIT	Corresponding GRI Standards Material Topic
Energy efficiency and management	Energy
Water efficiency and management	Water
Training and development	Training and Education
Occupational health and safety	Occupational Health and Safety
Customer satisfaction	Non-GRI factor
Regulatory compliance	Environmental Compliance
Anti-corruption	Anti-corruption
Economic performance	Economic Performance

Sustainability Report

CARING FOR THE ENVIRONMENT

We believe that as a manager of a REIT, we can play a significant role in lowering our environmental impact through the way we manage our buildings. Our environmental strategy focuses on improving energy performance of our buildings and operations and reducing our water footprint. We observe a precautionary approach towards environmental management.

Energy efficiency and management

Why this is material

As part of the Paris Agreement, Singapore has ratified its commitment to reduce emissions intensity by 36% from 2005 levels by 2030 on an emissions per $GDP basis. Projecting from 2005, Singapore's business-as-usual ("**BAU**") emissions are expected to reach 77.2 million tonnes CO2 by 2020 with an approximately 13.8% contributed by the building sector.

Furthermore, in 2015 the Singapore Government's Inter-Ministerial Committee on Sustainable Development ("**IMCSD**") produced the Sustainable Singapore Blueprint which states Singapore's goal to be a leading green economy with eco-smart towns. As such, the Building Construction Authority ("**BCA**") has targeted to have 80% of buildings in Singapore achieve the BCA Green Mark standard by 2030 as well as improving energy efficiency of the buildings.

Soilbuild REIT aspires to be a part of Singapore's green journey and play its part in achieving these targets. In addition, we also see this as a great opportunity to make operational improvements and save energy costs.

Management's Approach

Green Buildings

Active efforts have been placed in creating green and sustainable buildings. In particular, West Park BizCentral was awarded the BCA Greenmark Gold Award and Solaris, an iconic building in our portfolio which scores high on sustainability was awarded the BCA Greenmark Platinum Award.

Solaris awarded BCA Greenmark Platinum Award

Solaris is our iconic building with a number of resource conservation features:

- 1.5 kilometre long landscaped spiral ramp which starts at the ground level and ends in the rooftop gardens at the building's topmost level;
- Slanted glass operable roof which works by sensor, protecting tenants from extreme climate, acting as a smoke vent in emergency situations and allowing natural ventilation and sunlight to filter into the building;
- Louvers which function as light shelves, reducing the heat transfer throughout the building's double glazed facade;
- Eco-Cell and a rainwater harvesting system;
- Rooftop gardens and corner sky terraces allow a rich biodiversity while providing open space for tenants to interact with nature; and
- Interior lighting system which work on sensors and switches off automatically when there is adequate daylight, reducing energy consumption.

Energy saving practices

The company has placed great emphasis in promoting sustainability in its operations to reduce energy consumption. We have implemented various good practices such as using interior lighting systems which work on sensors and using eco-friendly products. Air-conditioned space is zoned and system programmed to be in operations only during office hours. The light fittings in the corridor and basement carparks of our properties are also regularly reviewed and converted into energy-saving lightings. Lightings in specific sections of the carparks are switched off during off-peak period when usage rate is low.

We have also been working closely with out tenants on energy conservation issues. This year, we supported green initiatives implemented by JTC, the Park Manager of one-north where Solaris is located. The Manager has supported JTC's car-lite initiatives by designating and painting parking zones for e-bikes in Solaris to enhance connectivity within the Business Park. Such parking facilities are provided free of charge to users.

Performance

In FY2017, the electricity consumption in Soilbuild REIT's business parks and industrial properties were 9,359,874 MJ and 5,696,456 MJ respectively.

Planned initiatives for 2018

Going forward, we continue to review our green practices and will evaluate opportunities to embark on asset enhancement that will achieve higher energy savings for the property. We have planned a number of initiatives for FY2018 to improve our energy performance. These include:

- Develop and start implementing a formal energy consumption/efficiency policy;
- Replace all existing light fixtures with LED light fixtures when due for replacement (e.g. malfunction etc.);
- Conduct energy audits for our portfolio of properties to identify areas for improvement; and
- Target one property (i.e. Solaris) to undergo BCA Green Mark audit in FY2018.

Long-term targets

Achieve 10% reduction in energy intensity in managed properties by 2025 (based on FY2017 baseline)

Water efficiency and management

Why this is material

Water is a scarce resource and we are conscious of the importance of contributing to water conservation and reduction in water usage. Singapore has seen recent price increases in water and we see this as an area for cost savings going forward.

Management's Approach

We practise water conservation at our properties. This year, we participated as a Friend of Water in the Singapore World Water Day. Several water-saving initiatives were implemented in the buildings to recognise, inspire and encourage the tenants and the community on responsible stewardship of Singapore's water resources. For example, we have implemented rainwater harvesting tanks at Solaris and Eightrium, which collect and use water for irrigation and flushing purposes.

Performance

In FY2017, the water consumption in our business parks and industrial properties were 39,643 m^3 and 13,712 m^3 respectively.

Planned initiatives for 2018

Going forward, we plan to continue exploring new ways to reduce our water usage. Some of the planned activities include:

- Develop and start implementing a formal water consumption/ efficiency policy;
- Target one property (i.e. Eightrium) to have all taps rated under the 3-ticks Water Efficiency Labelling Scheme (WELS) (as with Solaris) upon completion of the asset enhancement initiative by 2018;
- Conduct a water audit for our portfolio in FY2018 to identify areas for improvement;
- Install water saving thimbles for all taps in our multi-tenanted properties by end of FY2018.

Long-term targets

Achieve 10% reduction in water usage in our multi-tenanted properties by 2025 (based on FY2017 baseline)

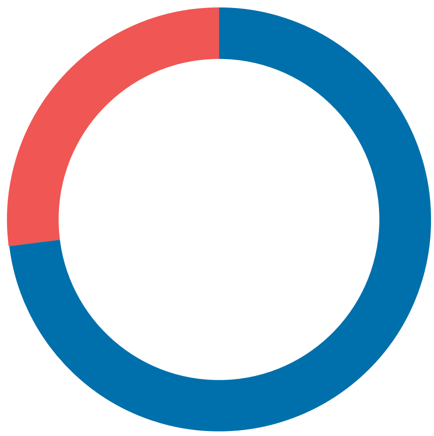
NURTURING OUR TALENT

Our staff are a key asset to the organisation and we are focused on providing them with a conducive work environment. Fostering their career development and ensuring their health and safety are areas we consider most important. We are a fair and discrimination-free employer with our code of ethics strictly prohibiting any form of harassment.

Employee profile

The Manager has a staff strength of 11 full-time permanent employees based in Singapore, from various age groups and educational background.

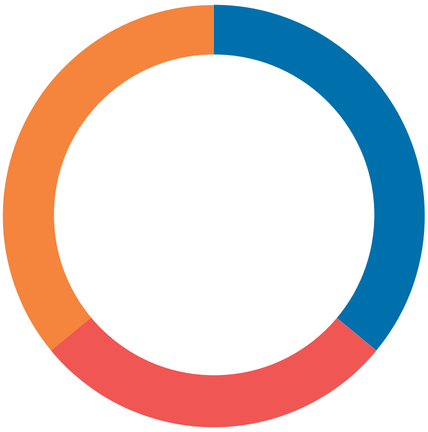
GENDER DIVERSITY



73% – Female
27% – Male

Sustainability Report

AGE DIVERSITY



- **36%** – 21 to 30 Years Old
- **28%** – 31 to 40 Years Old
- **36%** – 41 to 50 Years Old

Training and Development

Why this is material

Human resources have been a growing concern across the property industry over the last few years. Attracting talent and providing them with opportunities to grow while creating a challenging and yet balanced working environment are some of the areas that organisations grapple with.

Management's Approach

We understand the importance of broadening the skillsets of our staff and ensuring that our Property Managers undergo regular trainings and skill-development programmes to equip them with the relevant expertise to better manage our properties. In order to achieve this objective, we have developed a training and development policy.

Over the years, we have offered various trainings through on-the-job coaching, seminars and short-courses. Our staff have attended the "Anti-Money Laundering and its Impact on Real Estate" organised by REDAS on 15 February 2017, "REIT Forum: REIT Structure & Governance – Internally or Externally Managed?" organised by NUS Institute of Real Estate Studies on 16 February 2017, "Anti-Money Laundering and Counter Financing of Terrorism for Developers: An update" lunch talk organised by Allen & Gledhill LLP on 24 February 2017, "Personal Date Protection Act & Anti-Money Laundering and Countering the Financing of Terrorism Training" conducted by Deloitte for the Board of Directors and employees of the Manager and its Property Manager on 7 August 2017, and many more.

We also believe that cultivating a strong pool of talent can help make our industry and organisation future ready. In this effort, we continued to support the BCA-Industry Built Environment Undergraduate Scholarship/ Sponsorship programme which is offered to students of high calibre pursuing full-time built environment courses at local Universities and the BCA Academy.

Performance

In order to further enhance the capabilities and productivity of the team, our employees clocked an average of 12 training hours each in FY2017.

In addition, all staff receive regular performance and career development reviews.

Targets for FY2018

- Roll-out new leadership course for Managers and above by FY2018; and

- Prepare a programme and update current training policy to cover new training programmes; and leadership courses for Soilbuild employees by FY2018.

Occupational health and safety

Why this is material

Ensuring health, safety and security for our employees at our workplace as well as for our tenants and visitors at the properties we manage is not just a regulatory requirement but also a core part of our organisation culture. Security threats, such as terrorism are a growing concern globally and business buildings can be a vulnerable target to such acts.

Management's Approach

Keeping our employees, tenants and visitors safe, secure and healthy requires constant monitoring and management of exposure to potential risks. We comply in all material aspects with Singapore's Workplace Safety and Health (WSH) Act. We closely follow updates by local authorities on any potential health risks arising from environmental concerns and/or pandemic and swiftly act to ensure that all properties are equipped for such situations.

We also work closely with the Singapore Civil Defence Force (SCDF) to ensure that our properties have adequate controls in place for fire management as well as measures for vigilance and emergency preparedness in the event of a security threat.

In addition to workplace health and safety, we are also concerned about the well-being of our employees and provide a wide range of life and medical insurance plans that help protect our staff.

Performance

There were no significant injuries recorded for FY2017.

Targets for FY2018

- Develop a company-wide health and safety policy by FY2018;
- Roll out safety culture campaigns to educate our employees on safety best practices; and
- Establish a formal health and safety committee in FY2018 to discuss and manage occupational health and safety issues.

LEADING OUR MARKETPLACE

Customer satisfaction

Why this is material

Like other industries, the property sector is highly competitive and a slight lapse in the quality of our services can result in economic loss. Hence, keeping our tenants satisfied is paramount to our business.

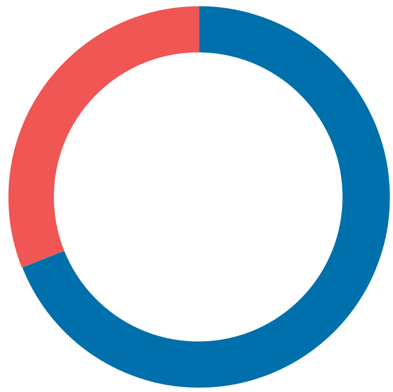
Management's Approach

We exercise extra care to ensure that our tenants are satisfied at all times. We pay frequent visits to tenants' workspace and provide timely technical support if required. We also upgrade our properties' facilities on a regular basis. We value tenant feedback and conduct an annual Tenant Satisfaction Survey to monitor tenant satisfaction levels and identify areas where the Manager and its Property Manager have done well along with areas for improvement to enhance our customer service standard.

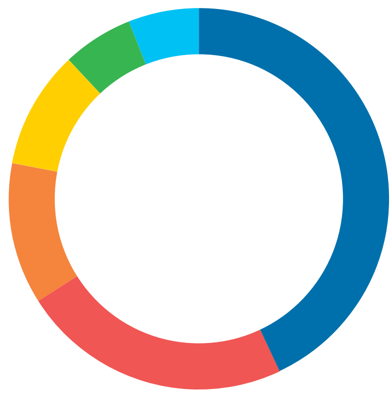
Performance

The FY2017 survey targeted tenants from the multi-tenanted buildings, including the underlying tenants in Solaris and Bukit Batok Connection.

RESPONDENTS' STATISTICS



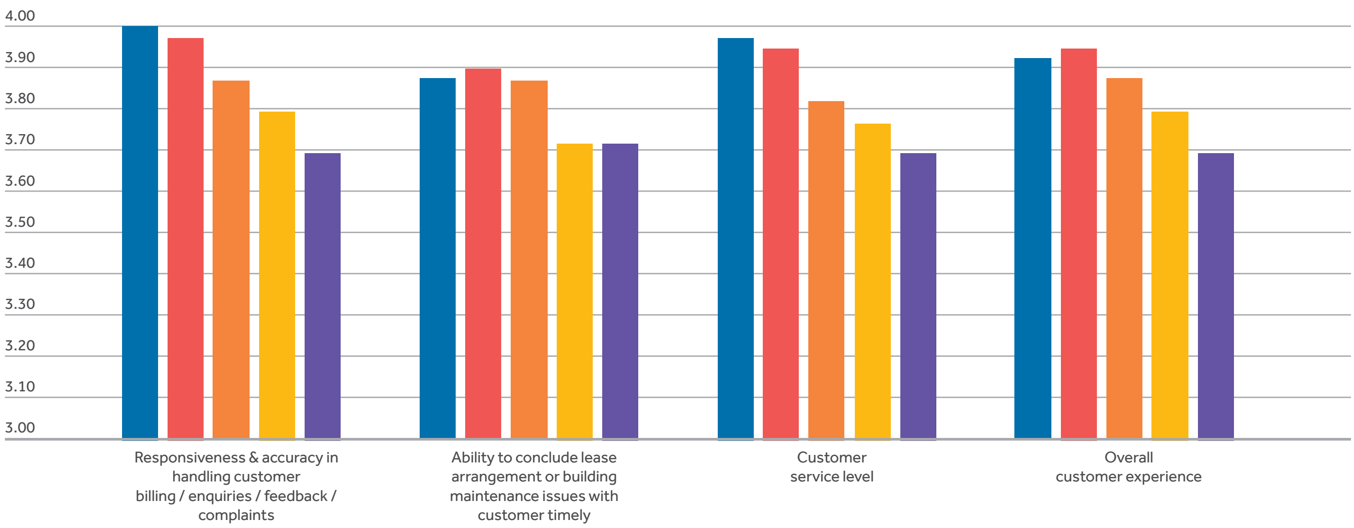
- **69%** – Business Park (i.e. Solaris or Eightrium)
- **31%** – Industrial (i.e. West Park BizCentral, Tuas Connection, Bukit Batok Connection and 72 Loyang Way)



- **43%** – West Park BizCentral
- **23%** – Solaris
- **12%** – Bukit Batok Connection
- **10%** – Tuas Connection
- **6%** – 72 Loyang Way
- **6%** – Eightrum

The results from the survey are shown below:

Marketing Representative | Asset & Lease Management Representative | Finance Representative | Property/Building Management Representative | Carpark Management Representative



Sustainability Report

A total of 49 tenants responded to the Survey and a majority of the respondents were satisfied with the services rendered and have rated their experiences in liaising with the representatives from the various functions as "Fair", "Good" and even "Excellent". Finance, Asset & Lease Management and Marketing representatives had received the highest satisfaction rating for "Overall Customer Experience" as follows:

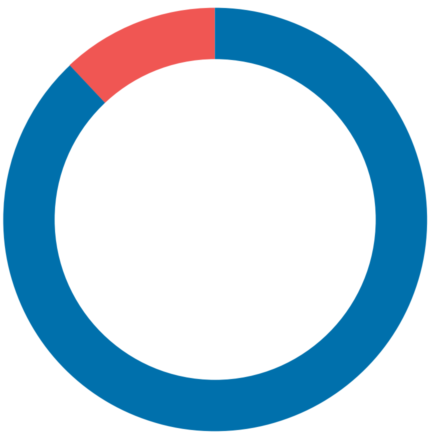
Service Functions	% of Respondents who rated "Fair", "Good" or "Excellent"	
	Jan 2017	Oct 2017
Finance	99.2%	97.4%
Asset & Lease Management	95.2%	98.0%
Marketing	91.1%	98.5%
Carpark Management	91.9%	93.9%
Property Management	79.8%	91.3%

The tenants were also invited to provide valuable feedback on areas done well and areas requiring enhancement from the respective service functions and departments.

With regards to areas for improvement, the Management takes the feedback received seriously and will be rolling out measures to address them. Tenant-landlord relationship is paramount to the Manager and customer care programme will continue to be a key component of the Manager's business and operations strategy.

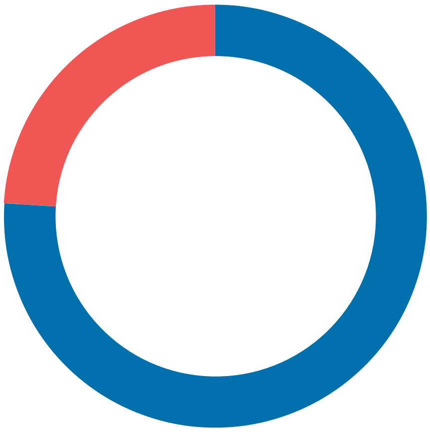
The tenants were also surveyed on whether they were willing to build long-term business relationships with Soilbuild Group. 88% of the tenants were willing to do so. The survey results were as follows:

WILLINGNESS TO REPEAT REAL ESTATE BUSINESS DEALINGS AND BUILD LONG-TERM RELATIONSHIP WITH SOILBUILD:



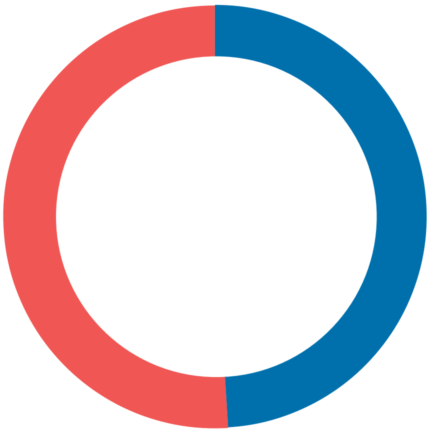
88% – Willing
12% – No

WILLINGNESS TO RECOMMEND SOILBUILD'S REAL ESTATE SERVICES TO OTHERS:



76% – Willing
24% – No

WILLINGNESS TO ENGAGE SOILBUILD'S OTHER REAL ESTATE SERVICES:



49% – Willing
51% – No

In addition to the Customer Satisfaction Survey, we have prepared a detailed customer care programme prior to the commencement of the financial year. It was carefully planned with customer satisfaction level and service excellence as the cornerstones of the programme. The various programmes implemented included amongst others, festive celebrations organised for the tenants, festive gifts for the tenants and networking sessions with the tenants.

Targets for FY2018

- Conduct a customer satisfaction survey in FY2018;
- Maintain a customer satisfaction rating of 75% or higher; and
- Review existing customer privacy and data security policies and practices in FY2018 to identify areas for improvement.

Regulatory compliance

Why this is material

Given the nature of our business, we are governed by several regulations such as the SGX listing rules, the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore ("**MAS**") and tax rulings issued by the Inland Revenue Authority of Singapore. Non-compliance with any regulations can potentially damage our reputation, result in fines and affect stakeholders' confidence. Hence, the Manager has put in place internal controls and procedures to embed compliance into its day-to-day operations, while proactively identifying and responding to applicable new rules and regulations.

Management's Approach

Regulatory compliance is monitored via routine compliance monitoring programmes and reporting of regulatory breaches to ensure that Soilbuild REIT, the Manager and the Property Manager are adhering to regulatory requirements. The Manager maintains a good compliance track record. Different departments in the organisation are responsible for managing regulations pertaining to their respective functions and are guided by our code of ethics which sets out policies and procedures to ensure compliance.

Performance

In FY2017, the organisation has not identified any non-compliance with laws and regulations.

Targets for FY2018

- Provide training on regulatory compliance to operational teams; and
- Maintain zero incidents of non-compliance.

Anti-corruption

Why this is material

The real estate industry is susceptible to the scrutiny of corruption issues and unethical practices. The legal implications, loss of customer base and reputational damage can be significant for a company faced with such charges. We acknowledge this and make it our mandate to avoid this risk at any cost.

Management's Approach

We uphold and maintain high standards in the way we do business and strive towards building an organisation on trust and ethics.

We have a whistle blowing policy approved by the Board of Director which is established to provide the guidelines and procedures for handling whistle blowing complaints. The aim is to put in place a communication channel for our stakeholders to report without fear of retaliation, discrimination or adverse consequences, on any wrongdoing that they may observe by its employees, officers and directors in the course of their work.

Furthermore, our Code of Ethics Policy has addressed the following areas: (a) Discrimination-Free and Harassment-Free Workplace, (b) Conflict of Interest, (c) Managing Conflicts, (d) Gifts and Entertainment, (e) Dealing with Vendors, Consultants, Suppliers and Sub-contractors, (f) Entertainment (g) Interested Party Transaction and Business with Family and Friends, (h) Outside Employment, (i) Financial Interest In and Outside Company, (j) Fraud, and (k) Intellectual Property. The Code of Ethics Policy has also set out the procedures for disclosure by all employees and Executive Directors.

Performance

In FY2017, there were no cases of corruption.

Targets

- Provide training to all employees on our policies and practices relating to anti-corruption by FY2019

Economic Performance

Why this is material

A REIT and its Manager can significantly impact its stakeholders through the value they create and distribute. We impact a number of stakeholders through our business including our employees through wages and benefits, government through taxes, investors through returns and dividends, suppliers through sales and communities through corporate giving. We strive to improve our economic performance and benefit our stakeholders.

Management's Approach

The Manager is focused on its long-term objective of providing investors with a secure and stable income stream and achieving long-term growth in Soilbuild REIT's net asset value.

A share of our economic performance goes to our communities and we have made conscious effort to prioritise corporate social responsibility. This year, we contributed once again to the one-north Run to raise funds for the Singapore Children's Society and Community Chest (AWWA and MINDS).

Sustainability Report

Over the year, the Manager also partnered with its Sponsor in various and charity events.

In FY2017, Soilbuild Group held a Walkathon at East Coast Park to

raise funds for the Moral Home of Aged Sick. This event promoted healthy lifestyle, introduced bio-diversity of Singapore's eastern coast to the employees and enhanced awareness of social responsibility among the employees. Soilbuild Group donated $50 for every participant with the total collection channelled towards the purchase of basic necessities for Moral Home of the Aged Sick. This Home looks after 120 aged residents. With 134 participants, S$6,700 was raised for the Home.

Soilbuild Charity Tree was first launched in FY2016 and continued in FY2017, providing ongoing support to Lighthouse School. Lighthouse School is attended by children aged between 7 to 17 years old who are visually impaired and/or are hearing impaired. Soilbuild has encouraged its employees to fulfil the wishes of the 59 children in the School.

These children have listed their desired gifts ranging from school bags to bookstore vouchers. All the 59 wishes have been fulfilled by our staff.

Apart from promoting social responsibility and healthy lifestyle among its employees, the Manager also extended these initiatives to its tenants and the community. The Manager has held events in Soilbuild REIT's buildings regularly to create social responsibility awareness and healthy lifestyle among its tenants and the community. During the year, several events were held in Solaris such as free cholesterol screening for our tenants in June 2017, Singapore Heart Foundation Event to create awareness on cardiovascular disease in September 2017, Sasco Senior Citizen Home Event to create public awareness on the care needed by the frail elderly in October 2017 and Bone Marrow Donor Programme Event to appeal to the public on donations of bone marrow to patients with leukemia and blood-related diseases in November 2017.

Performance

Soilbuild REIT generated distributable income of S$59.9 million in FY2017. Accordingly, the Manager earned a base fee of S$6.0 million based on 10% of Soilbuild REIT's distributable income.

In FY2017, the organisation has participated in 3 charity events and held 5 awareness events for our tenants.

Soilbuild Group has donated S$6,700 worth of basic necessities to the Moral Home of the Aged Sick.

Management and the staff of the Manager have contributed $780 worth of bookstore vouchers to the children of Lighthouse School.

Targets

Develop strategic community investments (focus areas) programme in FY2018

List of memberships, standards and charters

- Building and Construction Authority
- REIT Association of Singapore (REITAS)
- Securities Investors Association (Singapore)
- Singapore Green Building Council (SGBC)
- Workplace Safety and Health (WSH) Act
- WSHC (Workplace Safety & Health Council)

GRI STANDARDS CONTENT INDEX

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102-7	Scale of the organisation	Refer to financial statements
102-8	Information on employees and other workers	69
102-9	Supply chain	Refer to Corporate Profile
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102-45	Entities included in the consolidated financial statements	Refer to Annual Report page 131
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Sustainability Report

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Corporate Governance

Soilbuild Business Space REIT is a trust constituted by a deed of trust (the "**Trust Deed**") entered into between SB REIT Management Pte. Ltd., as manager of Soilbuild REIT and DBS Trustee Limited, as trustee of Soilbuild REIT.

The Manager is committed to maintaining high standards of corporate governance and business integrity in line with the Singapore Code of Governance 2012 (the "**Code**"). The Manager also ensures that all applicable requirements, laws and regulations are duly complied with, which include, but are not limited to, the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), the Listing Manual of Singapore Exchange Securities Trading Limited and the Listing Manual of the SGX-ST, ("**Listing Manual**") and Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**" and the Code on Collective Investment Schemes issued by the MAS, the "**CIS Code**"). Where there are deviations from the principles and guidelines of the Code and relevant regulations, an explanation has been provided in this section.

The Manager was issued a CMS Licence by the MAS pursuant to the SFA on 1 August 2013.

Roles and Responsibilities of the Manager

The Manager has general powers of management over the assets of Soilbuild REIT. The Manager's main responsibility is to manage Soilbuild REIT's assets and liabilities for the benefit of Unitholders.

The Manager will set the strategic direction of Soilbuild REIT and give recommendations to the Trustee on the acquisition, divestment, development and/or enhancement of assets of Soilbuild REIT in accordance with its stated investment strategy.

The Manager has covenanted in the Trust Deed to use its best endeavours to:

- carry on and conduct its business in a proper and efficient manner;
- ensure that Soilbuild REIT's operations are carried on and conducted in a proper and efficient manner; and
- conduct all transactions with or for Soilbuild REIT on an arm's length basis and on normal commercial terms.

The Manager will prepare property plans on a regular basis, which may contain proposals and forecasts on gross revenue, property expenses, capital expenditure, leasing targets and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of Soilbuild REIT's properties.

The Manager will also be responsible for ensuring compliance with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the CIS Code (including the Property Funds Appendix), the Singapore Code on Take-overs and Mergers, the Trust Deed, the CMS Licence, the Tax Approval and any tax rulings and all relevant contracts. The Manager will be responsible for all regular communications with Unitholders.

The Manager may require the Trustee to borrow on behalf of Soilbuild REIT (upon such terms and conditions as the Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the Manager considers, among others, that such borrowings are necessary or desirable in order to enable Soilbuild REIT to meet any liabilities or to finance the acquisition of any property. However, the Manager must not direct the Trustee to incur a borrowing if to do so would mean that Soilbuild REIT's total borrowings and deferred payments will exceed the limit stipulated by the MAS based on the value of its deposited property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units).

In the absence of fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Trust Deed. In addition, the Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may incur as Manager, to have recourse to the Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager.

Corporate Governance

The Manager may, in managing Soilbuild REIT and in carrying out and performing its duties and obligations under the Trust Deed, with the written consent of the Trustee, appoint any such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed, provided always that the Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

The Manager was appointed in accordance with the terms of the Trust Deed. The Trust Deed outlines certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon the occurrence of certain events, or by a resolution passed by a simple majority of Unitholders present and voting (with no Unitholders being disenfranchised) at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the Management to achieve this and the Management remains accountable to the Board.

The Board is responsible for the overall corporate governance of the Manager, including establishing goals for management and monitoring the achievement of these goals. The Board provides entrepreneurial leadership, makes the strategic decisions and ensures that the necessary financial and human resources are in place for the Manager to meet its objectives. The Board is also responsible for the strategic business direction and risk management of Soilbuild REIT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance, and the nomination and review of the Directors.

The Board has established a framework for the Manager and Soilbuild REIT, including a system of internal audit and controls and a business risk management process which enables risks to be assessed and managed.

The Board is responsible in identifying key stakeholders groups such as Unitholders, lenders, tenants and management team and recognise that their perceptions affect Soilbuild REIT's reputation.

The Board has delegated specific areas of responsibilities to the ARC to assist it in discharging its responsibilities. The ARC is governed by written Terms of Reference which have been approved by the Board.

The Manager has adopted a framework of delegated authorisations in its Delegation of Authority ("**DOA**") approved by the Board. The DOA sets out the level of authorisation and their respective approval limits for all business activities which include, but are not limited to, acquisitions, divestments, leasing, operating and capital expenditures. Activities and matters which require the Board's approval, such as financial statements, the annual budget, investment proposals and funding, opening and closing of bank accounts, are clearly set out in the DOA.

Each Director must act honestly, with due care and diligence, and in the best interests of Soilbuild REIT. The Board meets regularly, at least once every quarter, to review the business performance and outlook of Soilbuild REIT, as well as to deliberate on business strategy, including any significant acquisitions, disposals, fund raising and development projects of Soilbuild REIT. Ad-hoc meetings are convened as and when warranted by particular circumstances requiring the Board's attention. At Board meetings, the Chairman ensures that adequate time is available for discussion of all agenda items and strategic issues.

The number of meetings of the Manager's Board and ARC held during the period from 1 January 2017 to 31 December 2017, as well as the attendance of the Directors, are as follows:

Corporate Governance

	Board Meetings		ARC Meetings		NRC Meetings	
Name of Directors	**No. of meetings**	**Attendance**	**No. of meetings**	**Attendance**	**No. of meetings**	**Attendance**
Mr Chong Kie Cheong	6	6	4	4	N.A.	N.A.
Mr Ng Fook Ai Victor	6	6	4	4	3	3
Mr Michael Ng Seng Tat	6	6	4	4	3	3
Mr Lim Chap Huat	6	6	N.A.	N.A.	N.A.	N.A.
Mr Ho Toon Bah	6	6	N.A.	N.A.	N.A.	N.A.
Ms Lim Cheng Hwa	6	6	N.A.	N.A.	3	3

The Manager's Constitution permit Board meetings to be held by way of telephone or video conference or any other electronic means of communication by which all persons participating in the meeting are able, contemporaneously, to hear and be heard by all other participants.

The Manager issues formal letters upon appointment of new Directors. The formal letter sets out their duties and obligations and acquaints them with their responsibilities as Directors of the Manager. Newly-appointed Board members are briefed on the business which includes strategic directions, corporate governance policies and procedures of the Manager and Soilbuild REIT, the applicable laws and regulations, and their statutory duties and responsibilities as Directors. The Directors will receive regular training, particularly on relevant new laws and regulations through presentations and workshops. The Manager encourages the Directors to attend training courses from the Singapore Institute of Directors, so as to keep up-to-date with changes in financial, legal and regulatory requirements and the business environment in order to enhance their performance as Board or ARC members. The costs of arranging and funding the training of the Directors will be borne by the Manager.

During the year, the Board attended training sessions conducted by Deloitte Enterprise Risk Services Pte Ltd on topics such as Anti-Money Laundering & Countering the Financing of Terrorism and Singapore Personal Data Protection Act.

BOARD COMPOSITION AND GUIDANCE

Principle 2

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently.

The composition of the Board is determined using the following principles:

- The Chairman of the Board should be a Non-Executive Director of the Manager;
- The Board should comprise Directors with a broad range of commercial experience including expertise in funds management, legal matters, audit and accounting and the property industry; and
- At least one-third of the Board should comprise Independent Directors.

The Board currently consists of six Non-Executive Directors, three of whom are independent. This composition complies with the Code's requirement that at least one-third of the Board should comprise Independent Directors, where the Chairman of the Board is independent. This enables the Management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It also enables the Board to interact and work with the Management through a robust exchange of ideas and views to help shape the strategic process.

Corporate Governance

The current composition of the Board provides an appropriate balance and diversity of skills, gender, experience, talent and knowledge relevant to Soilbuild REIT. The NRC examines the composition of the Board annually to ensure that the Board has the appropriate mix of expertise and experience. All independent directors provide a confirmation of independence quarterly. The NRC also reviews the existing directorships annually and recommends changes in appointment of directors whenever any director is deemed to be not independent. The independent directors are appointed up to a maximum period of nine years. Independent Directors meet on an ad-hoc basis to discuss matters such as potential related party transactions.

As at 31 December 2017, the Board members were:

Independent Directors
Mr Chong Kie Cheong (Chairman)
Mr Ng Fook Ai Victor
Mr Michael Ng Seng Tat

Non-Executive Directors
Mr Lim Chap Huat
Mr Ho Toon Bah
Ms Lim Cheng Hwa

The profiles of the Directors and other relevant information may be found on pages 12 to 13 of this Annual Report.

The Board has three Independent Directors. The criterion of independence is based on the definition given in the Code. A Director is considered independent if he has no relationship with the Manager and Soilbuild REIT, its related companies, its 10% shareholders and/or Unitholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interest of the Manager and Soilbuild REIT.

The Chairman is an Independent Director and half the Board comprises Independent Directors. This allows the Directors to engage in robust deliberations with Management and provide external, diverse and objective insights into issues brought before the Board. Further, the segregation of the roles of the Chairman and the Chief Executive Officer ensures that Management discharges its duties with integrity.

Each of the Independent Directors had carried out an assessment on whether there were any relationships or circumstances which may impact their independent status and had either made a negative declaration or disclose such relationships or circumstances as applicable.

The NRC is of the view that its Independent Directors are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Directors' independent business judgement.

The NRC is of the view that its current composition is adequate and comprises persons who as a group, provide the necessary core competencies, balance and diversity of skills, experience and knowledge to Soilbuild REIT. The NRC reviews the size and composition of the Board on an annual basis and is of the view that its current Board size and composition is appropriate taking into consideration the nature and scope of Soilbuild REIT's operations.

The Board also meets regularly to discuss on business matters, without the presence of the Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Corporate Governance

There is a clear separation of the roles and responsibilities between the Chairman and the CEO of the Manager. The Chairman, Mr Chong Kie Cheong, is an Independent Director while the CEO is Mr Roy Teo Seng Wah. The Chairman and the CEO are not related to each other, nor is there any business relationship between them. As the Chairman is an Independent Director, a Lead Independent Director is not separately appointed.

The Chairman is responsible for the overall management of the Board as well as ensuring that the members of the Board and the Management work together with integrity and competence, and that the Board engages the Management in constructive debate on strategy, business operations, enterprise risk and other plans. The CEO has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Manager and Soilbuild REIT.

BOARD MEMBERSHIP

Principle 4

There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

The NRC comprises three Directors, Mr Michael Ng Seng Tat (NRC Chairman), Mr Ng Fook Ai Victor (NRC Member) and Ms Lim Cheng Hwa (NRC Member), the majority of whom, including the NRC Chairman, are independent.

The NRC is responsible for all Board appointments as well as re-appointments and reviews succession plans for the Board. In determining whether to re-nominate a Director, the NRC considers the following:

- whether the Director has given sufficient time and attention to the affairs of the Manager and Soilbuild REIT, in particular, when a Director holds multiple directorships; and

- whether the Director is able to and has been adequately carrying out his/her duties as a Director.

In reviewing and recommending the appointment of new Directors and re-appointment of Directors to the Board, the NRC takes into consideration the current Board mix and size, including diversity of skills, experience, gender and the suitability of the candidate based on key attributes such as commitment, competence and integrity as well as the candidate's ability to carry out his/her duties as a Director. The search for candidates to be appointed as new Board Members will be conducted through a broad network of recommendations and contacts. All candidates will be carefully evaluated by the Board to ensure that the recommendations are well supported and objective. In addition, the criteria under the Guidelines on Fit and Proper Criteria issued by the MAS for such appointments and re-appointments will also be taken into consideration.

The NRC conducts an annual review to assess the independence of each Director, the performance of the Board as a whole and its committees, and the contribution of each Director to the effectiveness of the Board. The NRC is also required to determine whether Directors who hold multiple board representations are able to and have been devoting sufficient time to discharge their duties and responsibilities adequately. The Code requires listed companies to fix the maximum number of board representations on other listed companies that their Directors may hold and to disclose this in their annual report.

The NRC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and/or have other principal commitments.

Details of such directorships and other principal commitments of the Directors may be found on pages 12 to 13. In determining whether each Director is able to devote sufficient time to discharge his or her duties, the Board will take cognizance of the Code requirement, but is of the view that its assessment should not be restricted only to the number of board representations of each Director and their respective principal commitments per se. Holistically, the contributions by the Directors to and during meetings of the Board and relevant Board Committees as well as their attendance at such meetings should also be taken into account. As a guide, Directors should not have in aggregate more than five listed company board representations and other principal commitments.

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BOARD PERFORMANCE

Principle 5

There should be a formal annual assessment of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

The Board has in place a formal process to annually assess the effectiveness of the Board through feedback from individual Directors on areas relating to the Board's effectiveness and competencies.

Each Director is required to complete a Board performance evaluation form. The assessment allows each Director to express his/her personal and confidential evaluation of the Board's overall effectiveness in accomplishing its goals and discharging its responsibilities. It provides insights into the functioning of the Board, whilst identifying areas that might need strengthening and development. The review of the Board's performance includes a review of the Board composition, access to information, processes, risk management, board committees, strategic planning, accountability and oversight, and standards of conduct.

The NRC will evaluate the responses and provide its comments and recommendations to the Board on any changes that should be made to help the Board discharge its duties more effectively. The Company Secretary facilitated the Board evaluation process. Accordingly, the annual review of the Board's performance was carried out for the financial year ended 31 December 2017.

The Board is of the view that the Board and its board committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

ACCESS TO INFORMATION

Principle 6

In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Management endeavours to provide the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis to allow the Board to make informed decisions to discharge its duties and responsibilities. All Directors have unrestricted access to the Management and have sufficient time and resources to effectively discharge their oversight function.

Board meetings for each quarter are scheduled in advance to facilitate Directors' individual administrative arrangements in respect of ongoing commitments. Board papers are generally circulated five days in advance of each meeting and include background or explanatory information to enable the Directors to make informed decisions. Such information includes minutes of the previous meetings as well as financial and operational matters requiring the Board's attention or approval.

The Management is required to provide complete and timely information to the Board on the affairs and issues of Soilbuild REIT that require the Board's decision as well as ongoing reports relating to the financial and operational performance of Soilbuild REIT.

The CEO keeps Board members abreast of key developments affecting Soilbuild REIT as well as material transactions so that the Board is kept fully aware of the affairs of Soilbuild REIT.

All Directors have separate and independent access to the Management, the Company Secretary, as well as the internal and external auditors at all times. The Company Secretary attends all Board meetings and ensure that all Board procedures and the requirements of the Companies Act, Cap. 50 and the Listing Manual of the SGX-ST are followed. The appointment and removal of the Company Secretary is a matter for the Board as a whole to decide.

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The Manager has in place procedures to enable Directors, whether as a group or individually, to obtain independent professional advice, as and when necessary, in furtherance of their duties. The appointment of such independent professional advisors is subject to approval by the Board. Any expenses and costs associated thereto will be borne by the Manager.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

All fees and remuneration payable to the Directors, key executive officers and staff of the Manager are paid by the Manager and not by Soilbuild REIT.

The Manager adopts the principle that remuneration matters should be sufficiently structured and benchmarked against good market practices to attract qualified talent to grow and manage its business.

The Manager has established the NRC which comprises three Directors, the majority of whom, including the Chairman, are independent.

The NRC has clear Terms of Reference and its primary duty and responsibility is to recommend to the Board a framework of remuneration for the Board and key executive officers, the Directors' fees for each Director as well as the specific remuneration package for each key executive officer including the Chief Executive Officer. The NRC is also responsible for recommending the annual targets which are measurable to drive the performance of Soilbuild REIT and the Manager.

The NRC reviews the Manager's obligations arising in the event of termination of the directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses. The NRC has access to expert advice from external consultants where required. During the year under review, no external consultant was hired.

Directors' Remuneration

The structure of Directors' fees for Non-Executive and Independent Directors comprises a base fee for serving as a Director and additional fees for serving on Board Committees. The Directors' fees, take into account the following:

- the financial performance and size of Soilbuild REIT and the Manager;
- the Directors' responsibilities and contributions; and
- the industry practices and norms on remuneration, including the guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors.

Key Executive Officers' Remuneration

The Manager advocates a performance-based remuneration system for key executive officers of the Manager. The remuneration structure is designed with the objectives to retain, reward and motivate the individual to stay competitive and relevant. The principles governing the Manager's remuneration policy for its key executive officers are as follows:

(a) Reward and motivate employees to work towards achieving the strategic goals and business results of Soilbuild REIT and the Manager.

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(b) Enhance retention of key talents to build strong organisational capabilities and ensure competitive remuneration relative to the appropriate external talent markets.

The total remuneration mix of key executive officers comprises fixed annual salary and performance incentives. The fixed annual salary includes base salary and compulsory employer's CPF contribution.

The performance incentives are tied to the individual performance and the performance of Soilbuild REIT including measurements such as the DPU and return on equity ("**performance conditions**"), which are aligned to the interests of Unitholders.

Remuneration of Directors and key executive officers of the Manager is paid in cash only. There were no employees of the Manager who were immediate family members of a Director or the CEO during FY2017. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent of the individual.

No compensation is payable to any Director, senior management or staff of the Manager in the form of options in Units or pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement, under the service contracts.

LEVEL AND MIX OF REMUNERATION

Principle 8

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

DISCLOSURE ON REMUNERATION

Principle 9

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

The NRC oversees executive compensation and development of the Management bench strength, so as to build and augment a capable and dedicated management team, and gives guidance on progressive policies which can attract, motivate and retain a pool of talented executives for the present and future growth of the Manager.

Specifically, the NRC:

- establishes compensation polices for key executives;
- approves salary reviews, bonuses and incentives for key executives;
- approves key appointments and reviews succession plans for key positions; and
- oversees the development of key executives and younger talented executives.

The Manager advocates a performance-based remuneration system for key executive officers of the Manager. The system is flexible, responsive to the market and based on individual's performance. The remuneration structure is designed to retain, reward and motivate the individual to stay competitive and relevant.

Corporate Governance

The principles governing the Manager's key management personnel remuneration policy are as follows:

Business Alignment

- Build sustainable value creation and drive wealth-added activities to align with longer term Unitholder interests;
- Provide sound, structured funding to ensure affordability and cost-effectiveness in line with performance goals; and
- Enhance retention of key talents to build strong organisational capabilities.

Motivate Right Behaviour

- Pay for performance – align, differentiate and balance rewards according to multiple dimensions of performance; and
- Strengthen line-of-sight linking rewards and performance goals.

Fair & Appropriate

- Ensure remuneration is competitive relative to the appropriate external talent markets;
- Manage internal equity so that remuneration systems are viewed as fair; and
- Significant and appropriate portion of pay-at-risk, taking into account risk policies of the Manager, symmetrical with risk outcomes and sensitive to risk time horizon.

Effective Implementation

- Maintain rigorous corporate governance requirements;
- Exercise appropriate flexibility to meet strategic business needs and practical implementation considerations; and
- Facilitate employee understanding to maximise the value of the remuneration programmes.

The Board sets the remuneration policies in line with the Manager's business strategy and approves the executive compensation framework based on the key principle of linking pay to performance. The Board has access to independent remuneration consultants as and when required.

In determining the actual quantum of remuneration, the Board had taken into account the extent to which the performance conditions have been met, and is of the view that remuneration is aligned to performance during FY2017.

The fees received by the Directors are at fixed rates. Directors' fees are reviewed periodically to benchmark such fees against the amounts paid by other listed real estate investment trusts. The structure of Directors' fees takes into account Directors' responsibilities and contributions, as well as industry practices and norms on remuneration, including the guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors. No Director decides on his own fees.

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The Directors' fees paid by the Manager to the Board for the financial year ended 31 December 2017 are as follows:

Board members	Membership	S$'000
Mr Chong Kie Cheong	Chairman, Independent Non-Executive Director and ARC Member	75
Mr Ng Fook Ai Victor	Independent Non-Executive Director, ARC Chairman and NRC Member	65
Mr Michael Ng Seng Tat	Independent Non-Executive Director, ARC Member and NRC Chairman	55
Mr Ho Toon Bah	Non-Executive Director	40
Mr Lim Chap Huat	Non-Executive Director	40
Ms Lim Cheng Hwa	Non-Executive Director and NRC Member	45
		320

The fee structure for the Board is as follows:

Director	Base fee (S$'000)	Chairman fee (S$'000)	ARC Committee member fee (S$'000)	NRC Committee member fee (S$'000)	Total fees (S$'000)
Mr Chong Kie Cheong	40	30	5	–	75
Mr Ng Fook Ai Victor	40	20	–	5	65
Mr Michael Ng Seng Tat	40	10	5	–	55
Mr Lim Chap Huat	40	–	–	–	40
Mr Ho Toon Bah	40	–	–	–	40
Ms Lim Cheng Hwa	40	–	–	5	45
Total	**240**	**60**	**10**	**10**	**320**

The level and mix of the remuneration of the key management personnel are set out below:

Remuneration band and name of key management personnel	Base/Fixed salary inclusive of Employer CPF	Variable or Performance-related income/bonuses	Benefits-in-kind
S$500,000 to S$750,000			
Mr Roy Teo Seng Wah	69%	31%	nm[1]

The Code and the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the Securities and Futures Act) require (i) the disclosure of the remuneration of each individual Director and the CEO on a named basis with a breakdown (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives, (ii) the disclosure of the remuneration of at least the top five key executive officers (who are neither Directors nor the CEO) in bands of S$250,000, with a breakdown (in percentage or dollar terms) of each key executive officer's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives and (iii) the aggregate total remuneration paid to the top five key executive officers (who are neither Directors nor the CEO). In the event of non-disclosure, the Manager is also required to provide reasons for such non- disclosure.

After much deliberation, the Board is of the view that full disclosure of (a) the specific remuneration of the CEO (on a named basis) and the top five key executive officers (in bands of S$250,000), with a breakdown (in percentage or dollar terms) of each key executive officer's remuneration earned through base/fixed salary, variable or performance-related income/bonuses and benefits in kind, and (b) the aggregate total remuneration paid to the top five key executive officers (who are neither Directors nor the CEO) will not be in the best interests of the Manager, Soilbuild REIT or its Unitholders.

[1]nm – Not meaningful

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In arriving at its decision, the Board has taken into consideration, *inter alia*, the commercial sensitivity and confidential nature of remuneration matters, the competitive nature of the REIT management industry, the competitive business environment in which the Manager operates in, the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place and the negative impact which such disclosure may have on the Manager in attracting and retaining talent for the Manager on a long-term basis. The Board is of the view that the non-disclosure of (a) and (b) above will not be prejudicial to the interests of the Unitholders as sufficient information is provided on the Manager's remuneration framework to enable the Unitholders to understand the link between the remuneration paid to the CEO, Directors and key executive officers, and performance as set out on pages 83 to 87.

Staff remuneration comprises a fixed component in the form of basic salary and a variable component in the form of bonuses. Variable bonus is pegged to the performance of the individual and the performance of Soilbuild REIT which includes measures such as rental reversion, tenant retention, operating cost control and capital management. This clearly aligns staff remuneration with the long term interests of the Unitholders. They are currently no option schemes or other long-term incentive schemes for Directors and employees as staff cost is borne by the Manager instead of Soilbuild REIT. The level and structure of remuneration is reviewed by the NRC to ensure alignment with Unitholders' interest and risk policies of Soilbuild REIT.

There are no employees of the Manager who are immediate family members of a Director or the CEO and whose remuneration exceeds S$50,000 during the financial year ended 31 December 2017.

COUNTABILITY AND AUDIT

Accountability

Principle 10

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for presenting a balanced and comprehensive assessment of Soilbuild REIT's performance, position and prospects, including interim and other price sensitive public reports. To assist the Board in this regard, the Management provides timely, complete and adequate information to the Board through the most expedient means, including electronic mailing. Management submits monthly management accounts to the Board to enable the Board to make a balanced and informed assessment of Soilbuild REIT's performance, position and prospects.

Price-sensitive information and reports are disseminated to Unitholders through announcements via SGXNET, press releases, Soilbuild REIT website and briefings.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard unitholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board meets quarterly, or more often if necessary, and will review the financial performance of the Manager and Soilbuild REIT against a previously approved budget. The Board will also review the business risks of Soilbuild REIT, examine liability management and act upon any comments from the auditors of Soilbuild REIT.

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The Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of the Manager and Soilbuild REIT. In assessing business risk, the Board will consider the economic environment and risks relevant to the property industry. It reviews management reports and feasibility studies on individual investment projects prior to approving major transactions. The Management meets regularly to review the operations of the Manager and Soilbuild REIT and discuss any disclosure issues.

The Manager has established an internal control system to ensure that all future Related Party Transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of Soilbuild REIT and the Unitholders.

As a general rule, the Manager must demonstrate to the ARC that such transactions satisfy the foregoing criteria. This may entail:

- obtaining (where practicable) quotations from parties unrelated to the Manager; or
- obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager maintains a register to record all Related Party Transactions which are entered into by Soilbuild REIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

For the financial year under review, the CEO and CFO have provided assurances to the Board that to the best of their knowledge, the financial records of the Manager have been properly maintained and the financial statements give a true and fair view of the operations and finances and that an effective risk management and internal control process has been put in place.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Manager's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis. The internal control and risk management functions are performed by the Manager's key executives and are reported to the ARC for review.

It should be noted that in the opinion of the Board, such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and that it can provide only reasonable, and not absolute assurance against material misstatement of loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practice, and the identification and containment of business risk.

Opinion of the Board on Risk Management and Internal Controls

The Board, with the concurrence of the ARC, is of the opinion that the Manager's internal controls and risk management system were adequate and effective as at 31 December 2017 to address financial, operational, compliance and information technology risks and sustainability of Soilbuild REIT, based on the risk management and internal controls framework established and maintained by the Manager, work performed by both internal and external auditors as well as reviews performed by the Management and the ARC.

The Board notes that the risk management and internal controls framework provides reasonable, but not absolute, assurance that the Manager will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives.

In this regard, the Board also notes that all systems on risk management and internal controls contain inherent limitations and no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.

Corporate Governance

AUDIT & RISK COMMITTEE

Principle 12

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The ARC is regulated by a set of written Terms of Reference endorsed by the Board, setting out their duties and responsibilities. The ARC comprises three members, all of whom are Independent Directors. At least two members, including the ARC Chairman have relevant accounting or related financial management expertise or experience.

As at 31 December 2017, the members of the ARC were:

Mr Ng Fook Ai Victor (Chairman)
Mr Chong Kie Cheong
Mr Michael Ng Seng Tat

The role of the ARC is to monitor and evaluate the effectiveness of the Manager's internal controls. The ARC also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of the external auditor and review of the adequacy of external audits in respect of cost, scope and performance.

The ARC's responsibilities also include, among others, the following:

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to "Interested Person Transactions" and the provisions of the Property Funds Appendix relating to "Interested Party Transactions" (both such types of transactions constituting "**Related Party Transactions**");
- reviewing transactions constituting Related Party Transactions;
- deliberating on conflicts of interest situations involving Soilbuild REIT, including situations where any of the Directors, controlling Unitholders of the Manager and/or their Associates are involved in the management of or have shareholding interests in similar or related business as the Manager, and in such situations, the ARC will monitor the investments by these individuals in Soilbuild REIT's competitors and will make an assessment whether there is any potential conflict of interest;
- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the Management;
- reviewing arrangements by which staff and external parties may, in confidence, raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;
- reviewing internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;
- ensuring that the internal audit and accounting function is adequately resourced and has appropriate standing with Soilbuild REIT;
- the appointment, re-appointment or removal of internal auditors (including the review of their fees and scope of work);
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;
- reviewing the appointment, re-appointment or removal of external auditors;
- reviewing the nature and extent of non-audit services performed by external auditors;

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- reviewing, on an annual basis, the independence and objectivity of the external auditors;
- meeting with external and internal auditors, without the presence of Management, at least on an annual basis;
- reviewing the system of internal controls including financial, operational and compliance controls and risk management processes;
- reviewing the financial statements and the internal audit report;
- reviewing and providing their views on all hedging policies and instruments to be implemented by Soilbuild REIT to the Board;
- closely monitoring and reviewing any changes in accounting standards and how such changes could impact on Soilbuild REIT's financial statements and briefing the Directors where relevant;
- reviewing and approving the procedures for the entry into of any foreign exchange hedging transactions and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions;
- investigating any matters within the ARC's Terms of Reference, whenever it deems necessary; and
- reporting to the Board on material matters, findings and recommendations.

The ARC has full access to and co-operation from Management and enjoys full discretion to invite any Director and executive officer of the Manager to attend its meetings. The ARC also has full access to reasonable resources to enable it to discharge its functions properly.

The ARC has conducted a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors of Soilbuild REIT, Ernst & Young LLP. For the financial year ended 31 December 2017, the aggregate amount of audit fees paid and payable by Soilbuild REIT to the external auditor was S$175,900, comprising non-audit service fees of S$68,900 and audit service fees of S$107,000. The re-appointment of the external auditor will be subject to approval by way of ordinary resolution of the Unitholders at Soilbuild REIT's fifth AGM to be held on 29 March 2018.

The ARC is of the view that the non-audit services will not prejudice the independence of the external auditor as the non-audit services comprising mainly taxation related services such as review of quarterly tax declaration forms and distributions to Unitholders, as well as the preparation of annual income tax return does not give rise to a self-review threat.

ARC meetings are generally held after the end of every quarter before the official announcement of results pertaining to that quarter. The ARC has also met with the external and internal auditors separately, without the presence of Management.

The Board is of the view that all the members of the ARC are suitably qualified with finance and real estate backgrounds to assist the Board in the areas of internal controls, financial and accounting matters, compliance and risk management, including oversight over management in the design, implementation and monitoring of risk management and internal control systems.

The ARC's activities included the responsibilities of the ARC listed above. The external auditor attends the ARC meetings and presents updates of key changes to accounting standards to the ARC as and when the relevant amendments are introduced. The Management and external auditor also keep ARC abreast of issues which have a direct impact on financial statements. In addition, the Management ensures that the Directors are kept up to date with regulatory requirements and accounting standards by enrolling the Directors for courses conducted by accounting firms and the Singapore Institute of Directors.

In appointing the audit firm for Soilbuild REIT, the Board is satisfied that Soilbuild REIT has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST. The Board has assessed the performance of the external auditor based on factors such as the performance and quality of their audit and their independence. The ARC has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as the external auditor for FY2018 at the forthcoming AGM.

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Significant matters - How the ARC reviewed these matters and what decisions were made

Valuation of investment properties

The ARC typically meets with the external auditor several months before the end of the financial year to discuss the year's audit plans and progress, during which significant financial reporting issues including key audit matters are discussed.

For this year, the external auditor has identified the valuation of investment properties as a key audit matter and has disclosed their audit approach in the auditor's report.

The ARC considered the approach and methodology applied to the valuation models in assessing the valuation of the investment properties. The ARC reviewed the reasonableness of the assumptions the valuers used in the discounted cash flow method, capitalisation approach and the comparable market value methods in the valuation models.

The ARC and Management have taken into consideration the guidelines in the Code of Collective Investment Scheme, Appendix 6 – Investment: Property Funds issued by MAS in the selection of valuers.

A valuer should:

(a) not be a related corporation of or have a relationship with the manager or any other party whom Soilbuild REIT is contracting with which, in the opinion of the trustee and/or manager, would interfere with the valuer's ability to give an independent and professional valuation of the property;

(b) disclose to the trustee and/or manager any pending business transactions, contracts under negotiation, other arrangements with the manager or any other party whom Soilbuild REIT is contracting with and other factors that would interfere with the valuer's ability to give an independent and professional valuation of the property. The trustee and manager should then take such disclosure into account when deciding whether the person concerned is sufficiently independent to act as the valuer for Soilbuild REIT;

(c) be authorised under any law of the state or country where the valuation takes place to practise as a valuer;

(d) have the necessary expertise and experience in valuing properties of the type in question and in the relevant area; and

(e) not value the same property for more than two consecutive financial years.

The Board accepted the valuation of investment properties after having considered, *inter alia*, the recommendation from the ARC.

However, given that the assumptions are subjective and are highly susceptible to changes in the business environment, the ARC cautions unitholders against relying solely on the investment property valuations in assessing the financial performance of Soilbuild REIT. This is particularly so as such valuations do not give any assurance that the investment properties will be sold at such prices in the event such a sale is to be effected and more so when such sales are not contemplated as our business strategy. Instead, the ARC advises unitholders to focus on factors such as the net property income, tenant profile, tenancy duration and their changes over the years to assess how well Soilbuild REIT's portfolio has performed.

INTERNAL AUDIT

Principle 13

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit function is outsourced to PwC which is staffed by qualified executives. PwC adopts the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

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The internal auditors report directly to the Chairman of ARC and administratively to the CEO. The ARC reviews and approves the annual internal audit plan and reviews the internal audit reports and activities on an on-going basis. The ARC also reviews and approves the appointment, reappointment of the internal auditor and the remuneration of the internal auditor. The ARC is of the view that the internal auditors have adequate resources to perform its functions and have to the best of its ability, maintained its independence. The ARC also reviews the results of internal audits and the Management's actions in resolving any audit issues reported.

UNITHOLDER RIGHTS AND RESPONSIBILITIES

Unitholder Rights

Principle 14

Companies should treat all unitholders fairly and equitably, and should recognise, protect and facilitate the exercise of unitholders' rights, and continually review and update such governance arrangements.

COMMUNICATION WITH UNITHOLDERS

Principle 15

Companies should actively engage their unitholders and put in place an investor relations policy to promote regular, effective and fair communication with unitholders.

CONDUCT OF UNITHOLDER MEETINGS

Principle 16

Companies should encourage greater unitholder participation at general meetings of unitholders, and allow unitholders the opportunity to communicate their views on various matters affecting the company.

The Manager facilitates the exercise of ownership rights by all Unitholders through its commitment to the principle of clear and timely communication with the Unitholders to promote better understanding of its business, and to promote a system of effective disclosure to its key stakeholders.

The Manager has a dedicated Investor Relations team that regularly communicates major developments in Soilbuild REIT's businesses and operations to the Unitholders, the media, analysts and its employees. The Manager's disclosure policy requires timely and full disclosure of all material information relating to Soilbuild REIT by way of public releases or announcements through the SGX-ST via SGXNET at first instance and through Soilbuild REIT's website at www.soilbuildreit.com. Where immediate disclosure is not practicable, the relevant announcement is made as soon as possible to ensure that all stakeholders and the general public have equal access to the information.

The Manager communicates with Soilbuild REIT's investors on a regular basis and attends to their queries. The CEO, CFO and senior management of the Manager are present at such communication sessions to answer questions.

Soilbuild REIT will hold its AGM on 29 March 2018. All Unitholders are sent a digital copy of Soilbuild REIT's Annual Report prior to the AGM. The Notice of AGM setting out all items of business to be transacted at the AGM will be published on SGXNET, Soilbuild REIT's website and The Business Times. Unitholders are invited to send in questions before AGM and/or ask questions during AGM. If any Unitholder is unable to attend the AGM, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance. The Manager has also taken measures to cater for the multiple proxy regime, in anticipation of attendance by beneficial Unitholders (e.g. those holding Units through the CPF Investment Scheme) at general meetings.

Corporate Governance

The Board of Directors, Chairman of the ARC, Chairman of the NRC, senior management of the Manager and the external auditors of Soilbuild REIT will be present to address questions and concerns of the Unitholders at the forthcoming AGM. Separate resolutions are proposed for substantially separate issues at the AGM. Unitholders will be invited to vote on each of the resolutions by poll. The voting result will be screened at the meeting and announced via SGXNET after the meeting. As and when an Extraordinary General Meeting is convened, a circular will be sent to each Unitholder (whether by way of a hard copy or electronically). The circular will contain details of the matters proposed for Unitholders' consideration and approval.

At general meetings and other Unitholders' meetings, the Chairman ensures that there is constructive dialogue between Unitholders, the Board and the Management.

The Company Secretary prepares minutes of Unitholders' meetings. These minutes are available to Unitholders upon their request in writing.

Soilbuild REIT's distribution policy is to distribute at least 90% of its annual distributable income.

Review Procedures for Related Party Transactions

The Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by Soilbuild REIT. The ARC shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix has been compliedwith.

In addition, the following procedures are also undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of Soilbuild REIT's net tangible assets will be subject to review by the ARC at regular intervals;

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Soilbuild REIT's net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of Soilbuild REIT and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of Soilbuild REIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning Soilbuild REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of Soilbuild REIT with a related party of the Manager (which would include relevant associates thereof) or Soilbuild REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;

- are not prejudicial to the interests of Soilbuild REIT and the Unitholders; and

- are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

Corporate Governance

The Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager or Soilbuild REIT. If the Trustee is to sign any contract with a related party of the Manager or Soilbuild REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

Aggregate value of Interested Person Transactions entered into during the financial year under review is disclosed in Soilbuild REIT's Annual Report. See pages 155 to 157 for the disclosure.

Role of the Audit & Risk Committee for Related Party Transactions

The ARC will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control systems, the relevant provisions of the Listing Manual, and the Property Funds Appendix. The review will include the examination of the nature of the transaction and supporting documents or such other data deemed necessary by the ARC.

If a member of the ARC has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction.

Dealings in Units

The Board has adopted an internal compliance code of conduct to provide guidance to its Directors, key officers and employees in respect of dealing in the Units.

In general, the policy provides that each Director and the CEO of the Manager is to give notice to the Manager of his acquisition of Units or of changes in the number of Units which he holds or in which he has an interest, within two business days after such acquisition or the occurrence of the event giving rise to changes in the number of Units which he holds or in which he has an interest.

All dealings in Units by the Directors and the CEO will be announced via SGXNET.

The Directors and employees of the Manager are reminded not to deal in Units on short term considerations and are prohibited from dealing in the Units:

- in the period commencing one month before the public announcement of Soilbuild REIT's annual results and property valuations, and two weeks before the public announcement of Soilbuild REIT's quarterly results and ending on the date of announcement of the relevant results or, as the case may be, property valuations;
- in the period commencing 10 business days before the end of the financial quarter for the purpose of determining the market price of fees payable in Units; and
- at any time while in possession of unpublished material or price sensitive information.

The Directors and employees of the Manager are also prohibited from communicating price-sensitive information to any person and are expected to observe the insider trading laws at all times even when dealing in Units within the permitted trading period.

In addition, the Manager will comply with any relevant disclosure requirements under the SFA. The Manager has also undertaken that it will not deal in the Units during the period commencing two weeks before the announcement via SGXNET of Soilbuild REIT's quarterly results or one month before the full year results, and if applicable, property valuation, and ending on the date of announcement of the relevant results.

Corporate Governance

Material Contracts

The Manager has not entered into any material contracts involving the interests of the CEO, each Director or controlling Unitholders and no such material contract is subsisting at the end of the financial year ended 31 December 2017 save for the Interested Person Transactions set out in pages 155 to 157 of this Annual Report.

Dealings with Conflicts of Interest

The Manager has also instituted the following procedures to deal with potential conflicts of interest issues:

- The Manager will not manage any other REIT which invests in the same type of properties as Soilbuild REIT;
- All key executive officers will be working exclusively for the Manager and will not hold other executive positions in other entities;
- All resolutions in writing of the Directors in relation to matters concerning Soilbuild REIT must be approved by at least a majority of the Directors, including at least one Independent Director;
- At least one third of the Board shall comprise Independent Directors, except that in certain stipulated circumstances, half of the Board shall comprise Independent Directors;
- In respect of matters in which the Sponsor has an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. For such matters, the quorum must comprise a majority of the Independent Directors and must exclude Nominee Directors of the Sponsor;
- It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of Soilbuild REIT with a related party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of Soilbuild REIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors (including its Independent Directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of Soilbuild REIT with a related party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party; and
- The Manager will ensure that the Property Manager puts in place the necessary procedures to prevent the unauthorised disclosure or use of confidential information relating to Soilbuild REIT to the Sponsor.

Sponsor Non-Compete Undertaking

For the purpose of any potential conflicts of interest, the Sponsor has provided an undertaking to the Trustee that for so long as:

(a) the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling shareholder of the manager of Soilbuild REIT; and

(b) the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling Unitholder of Soilbuild REIT,

(c) the Sponsor will not set up another listed or private fund with the same investment mandate and risk-return profile as Soilbuild REIT.

Corporate Governance

For the purposes of this undertaking provided by the Sponsor:

- a "controlling shareholder" means a person who (i) holds directly or indirectly 15.0% or more of the total number of issued shares of the company or (ii) in fact exercises control over the company

- a "controlling unitholder" in relation to a REIT means:

    - a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting Units in the REIT; or

    - in fact exercises control over the REIT.

Utilisation of proceeds from equity fund raising

Soilbuild REIT did not carry out any equity fund raising exercise in FY2017. The proceeds from a preferential offering in 2016 had been fully utilised in the same year and was disclosed in the FY2016 annual report.

WHISTLE-BLOWING POLICY

The Manager has also put in place a Whistle-Blowing Policy, providing an avenue for its employees and external parties to raise concerns about possible improprieties in matters of financial reporting or other matters in good faith, with the confidence that the relevant persons making the reports will be treated fairly and protected from reprisal. External parties are able to lodge their concerns via Soilbuild REIT's website at www.soilbuildreit.com. All whistle-blower complaints will be reviewed by the ARC to ensure that investigations and follow-up actions are carried out, if needed.

RATIONALE OF FEES CHARGED BY THE MANAGER

The rationale of fees charged by the Manager has been disclosed in note 1 to the financial statements.

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Report of the Trustee

For the financial year ended 31 December 2017

DBS Trustee Limited (the "**Trustee**") is under a duty to take into custody and hold the assets of Soilbuild Business Space REIT ("**Soilbuild REIT**" or the "**Trust**") and its subsidiary (the "**Group**") in trust for the Unitholders. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of SB REIT Management Pte. Ltd. (the "**Manager**") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 13 December 2012 (as amended and restated) (the "**Trust Deed**") between the Manager and the Trustee in each annual accounting year and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Soilbuild REIT, during the financial year covered by these financial statements, set out on pages 103 to 152, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
DBS Trustee Limited

Jane Lim Puay Yuen
Director

Singapore
23 February 2018

Statement by the Manager

For the financial year ended 31 December 2017

In the opinion of the directors of SB REIT Management Pte. Ltd. (the "**Manager**"), the accompanying financial statements set out on pages 103 to 152 comprising the Statements of Financial Position, Statements of Total Return, Statements of Distribution, Statement of Portfolio, Statements of Movements in Unitholders' Funds, Statements of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the consolidated financial position of Soilbuild Business Space REIT ("**Soilbuild REIT**" or the "**Trust**") and its subsidiary (the "**Group**") as at 31 December 2017, and the total return, distributable income, movements in Unitholders' funds and consolidated cash flows of the Group for the financial year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
SB REIT Management Pte. Ltd.

Chong Kie Cheong
Chairman

Singapore
23 February 2018

Independent Auditor's Report

For the financial year ended 31 December 2017

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Soilbuild Business Space REIT (the "**Soilbuild REIT**" or the "**Trust**") and its subsidiary (the "**Group**"), which comprise the Statements of Financial Position and Statement of Portfolio as at 31 December 2017, and the Statements of Total Return, Statements of Distribution, Statements of Movements in Unitholders' Funds and Statements of Cash Flows of Soilbuild REIT for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on page 103 to 152.

In our opinion, the financial statements of the Group present fairly, in all material respects, the financial position and portfolio of the Group as at 31 December 2017, and the total return, distributable income, movements in Unitholders' funds and cash flows of Soilbuild REIT for the year ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Unit Trusts*" issued by the Institute of Singapore Chartered Accountants.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of *Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of our report, including in relation to the matter below. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of investment properties and property held for sale

The Trust owns a portfolio of investment properties and property held for sale, comprising ten industrial properties and two business park properties. Investment properties and property held for sale made up 98% of the total assets as at 31 December 2017. The valuation of investment properties and property held for sale is considered a key audit matter because it involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied to the valuation.

On an annual basis, the management uses independent real estate valuation specialists to support its determination of the individual fair value of the investment properties and property held for sale. The use of different valuation methodologies and assumptions could produce significantly different estimates of fair value. The most significant management judgements and estimates affecting the valuations are the discount rates and capitalisation rates. As disclosed in Note 26 (b), adjustments are made to the capitalisation rates based on management's assumptions for any difference in the nature, location or condition of the investment properties and property held for sale. The estimated fair value of the investment properties and property held for sale is highly dependent of the discount rates and capitalisation rates adopted in the valuation.

Independent Auditor's Report

For the financial year ended 31 December 2017

Key Audit Matters (cont'd)

Valuation of investment properties and property held for sale (cont'd)

Our audit procedures included in assessing the reasonableness of management's judgements and estimations of these fair values, among others, assessing the objectivity, independence and competence of the independent real estate valuation specialists. We involved our internal valuation specialist in assessing the appropriateness of the data and assumptions used in the estimation process. We assessed the reasonableness of the discount rates and capitalisation rates used in the valuations and overall reasonableness of the movements in fair value of the investment properties.

We also assessed the adequacy of the disclosures related to investment properties and property held for sale in Note 3.2 *Key sources of estimation uncertainty*, Note 4 *Investment Properties,* Note 10 *Property held for sale* and Note 26(b) *Assets and liabilities measured at fair value* to the financial statements.

Other information

SB REIT Management Pte. Ltd., the Manager of the Trust (the "**Manager**") is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Manager's responsibility for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Unit Trusts*" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

For the financial year ended 31 December 2017

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Manager.

- Conclude on the appropriateness of Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Group or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Adrian Koh.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
23 February 2018

Statements of Financial Position

As at 31 December 2017

	Note	Group and Trust 2017 (Note 6) $'000	Trust 2016 $'000
Non-current assets			
Investment properties	4	1,110,600	1,243,700
Derivative financial instruments	5	1	–
Deferred expenditure		1,251	876
		1,111,852	1,244,576
Current assets			
Trade and other receivables	7	3,938	4,291
Deferred expenditure		784	596
Other current assets	8	289	310
Cash and cash equivalents	9	11,740	25,718
Property held for sale	10	53,000	–
		69,751	30,915
Total assets		1,181,603	1,275,491
Current liabilities			
Trade and other payables	11	7,574	9,499
Accrued operating expenses		3,054	2,509
Rental deposits		21,841	5,437
Derivative financial instruments	5	102	181
Borrowings	12	147,420	–
		179,991	17,626
Non-current liabilities			
Trade and other payables	11	–	1,041
Derivative financial instruments	5	–	182
Rental deposits		6,035	32,590
Borrowings	12	326,939	472,349
		332,974	506,162
Total liabilities		512,965	523,788
Net assets		668,638	751,703
Represented by:			
Unitholders' funds		668,638	751,703
Units in issue ('000)	13	1,052,111	1,042,174
Net asset value per Unit ($)	14	0.64	0.72

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Total Return

For the financial year ended 31 December 2017

	Note	Group and Trust 2017 (Note 6) $'000	Trust 2016 $'000
Gross revenue	15	84,817	81,130
Property operating expenses	16	(11,336)	(10,456)
Net property income		73,481	70,674
Interest income		1,733	1,505
Finance expenses	17	(15,735)	(14,637)
Manager's management fees	18	(5,993)	(6,025)
Trustee's fee		(206)	(206)
Other trust expenses	19	(1,059)	(1,033)
Net income		52,221	50,278
Net change in fair value of investment properties	4	(80,515)	(50,855)
Total return before tax		(28,294)	(577)
Income tax expense	20	–	–
Total return after tax before distribution		(28,294)	(577)
Earnings per Unit (cents)			
Basic and diluted earnings per Unit based on total return after tax before distribution	21	(2.70)	(0.06)
Basic and diluted earnings per Unit based on total return after tax before distribution and excluding net change in fair value of investment properties	21	4.98	5.21

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Distribution

For the financial year ended 31 December 2017

	Group and Trust	Trust
	2017 (Note 6)	2016
	$'000	$'000
Total return after tax before distribution	(28,294)	(577)
Adjustment for net effect of non-tax deductible items (Note A)	88,221	60,829
Income available for distribution to Unitholders	59,927	60,252
Distributions to Unitholders:		
Distribution of 1.614 cents per Unit for the financial period from 1 October 2015 to 31 December 2015	–	(15,082)
Distribution of 1.557 cents per Unit for the financial period from 1 January 2016 to 31 March 2016	–	(14,604)
Distribution of 1.565 cents per Unit for the financial period from 1 April 2016 to 30 June 2016	–	(14,722)
Distribution of 1.399 cents per Unit for the financial period from 1 July 2016 to 30 September 2016	–	(14,541)
Distribution of 1.570 cents per Unit for the financial period from 1 October 2016 to 31 December 2016	(16,363)	–
Distribution of 1.489 cents per Unit for the financial period from 1 January 2017 to 31 March 2017	(15,568)	–
Distribution of 1.466 cents per Unit for the financial period from 1 April 2017 to 30 June 2017	(15,362)	–
Distribution of 1.374 cents per Unit for the financial period from 1 July 2017 to 30 September 2017	(14,428)	–
Total Unitholders' distribution paid in the financial year	(61,721)	(58,949)
Income available for distribution to Unitholders at end of the financial year (Note B)	14,569	16,385
Number of Units issued at end of the financial year ('000)	1,052,111	1,042,174
Total distribution per Unit for the financial year (cents)	5.712	6.091

Statements of Distribution

For the financial year ended 31 December 2017

Note A – Adjustment for net effect of non-tax deductible items comprise:

	Note	Group and Trust 2017 (Note 6) $'000	Trust 2016 $'000
- Manager's management fees paid or payable in Units	18	5,993	6,025
- Trustee's fees		206	206
- Amortisation of debt arrangement, prepayment and structuring fee	17	1,496	1,475
- Non-tax deductible financing related expenses		209	115
- Rent-free income		(385)	149
- Property management fee paid or payable in Units		–	1,261
- Lease management fee paid or payable in Units		–	631
- Net change in fair value of investment properties	4	80,515	50,855
- Other non-tax deductible items		187	112
Adjustment for net effect of non-tax deductible items		88,221	60,829

Note B – Income available for distribution to Unitholders at end of the financial year:

	Group and Trust 2017 (Note 6) $'000	Trust 2016 $'000
Income available for distribution to Unitholders	59,927	60,252
Distribution of 1.557 cents per Unit for the financial period from 1 January 2016 to 31 March 2016	–	(14,604)
Distribution of 1.565 cents per Unit for the financial period from 1 April 2016 to 30 June 2016	–	(14,722)
Distribution of 1.399 cents per Unit for the financial period from 1 July 2016 to 30 September 2016	–	(14,541)
Distribution of 1.489 cents per Unit for the financial period from 1 January 2017 to 31 March 2017	(15,568)	–
Distribution of 1.466 cents per Unit for the financial period from 1 April 2017 to 30 June 2017	(15,362)	–
Distribution of 1.374 cents per Unit for the financial period from 1 July 2017 to 30 September 2017	(14,428)	–
Income available for distribution to Unitholders at end of the financial year	14,569	16,385

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Portfolio

As at 31 December 2017

Description of property	Acquisition date	Tenure of land	Term of lease	Remaining term of lease	Acquired from	Location	Valuation Date	Latest valuation and carrying value	Percentage of net assets
								2017 $'000	2017 %
Investment properties in Singapore – by asset type									
Business park:									
Eightrium @ Changi Business Park	16 Aug 2013	Leasehold	60 years[1]	48 years	Soilbuild Group Holdings Ltd.	15A Changi Business Park Central 1	31 Dec 2017	88,000	13.2
Solaris	16 Aug 2013	Leasehold	60 years[1]	50 years	Soilbuild Group Holdings Ltd.	1 Fusionopolis Walk	31 Dec 2017	360,000	53.8
Industrial property:									
Tuas Connection	16 Aug 2013	Leasehold	43 years	33 years	Soilbuild Group Holdings Ltd.	1 to 10, 12, 14, 16, 18 & 20 Tuas Loop	31 Dec 2017	117,800	17.6
West Park BizCentral	16 Aug 2013	Leasehold	60 years[1]	51 years	Soilbuild Group Holdings Ltd.	20, 22, 24, 26, 28, 30 & 32 Pioneer Crescent	31 Dec 2017	286,000	42.8
NK Ingredients	15 Feb 2013	Leasehold	60 years[1]	29 years	NK Ingredients Pte. Ltd.	2 Pioneer Sector 1	31 Dec 2017	54,000	8.1
COS Printers	19 Mar 2013	Leasehold	49 years[2]	25 years	C.O.S. Printers Pte. Ltd.	9 Kian Teck Crescent	31 Dec 2017	10,600	1.6
Beng Kuang Marine	10 May 2013	Leasehold	60 years	39 years	PICCO Enterprise Pte. Ltd.	38 Tuas View Square	31 Dec 2017	15,700	2.3
Tellus Marine	26 May 2014	Leasehold	60 years[1]	36 years	Tellus Marine Engineering Pte. Ltd.	39 Senoko Way	31 Dec 2017	20,000	3.0
Speedy-Tech	23 Dec 2014	Leasehold	50 years[3]	32 years	Speedy-Tech Electronics Ltd.	20 Kian Teck Lane	31 Dec 2017	24,100	3.6
72 Loyang Way	27 May 2015	Leasehold	54 years[4]	20 years	Technics Offshore Engineering Pte Ltd	72 Loyang Way	31 Dec 2017	38,000	5.7
Bukit Batok Connection	27 Sep 2016	Leasehold	30 years	25 years	SB (Westview) Investment Pte. Ltd.	2 Bukit Batok St 23	31 Dec 2017	96,400	14.4
Investment properties, at valuation:								1,110,600	166.1
Other assets and liabilities (net)								(441,962)	(66.1)
Net assets								668,638	100.0

Notes:

(1) Includes an option for the Trust to renew the land lease for a further term of 30 years upon expiry.
(2) Includes an option for the Trust to renew the land lease for a further term of 19 years upon expiry.
(3) Includes an option for the Trust to renew the land lease for a further term of 20 years upon expiry.
(4) Comprises leases of varying land lease tenure from 24 years to 54 years. Land lease of main plot is 54 years. Includes an option for the Trust to renew the land lease for a further term of 18 years 5 months and 15 days upon expiry. Land leases collectively expire on 20 March 2038.

The carrying amounts of the investment properties were based on independent valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd and Knight Frank Pte. Ltd. as at 31 December 2017. The independent real estate valuation specialists have appropriate professional qualifications and experience in the location and category of the properties being valued. The valuations are made on the basis of open market value which is determined based on the direct comparison method, capitalisation method and discounted cash flow analysis.

The net change in fair value of the investment properties has been recognised in profit or loss.

The investment properties comprise business space properties that are mainly leased to third party tenants. Generally, these leases contain an initial non-cancellable period of between 6 months and 15 years. Subsequent renewals are negotiated with individual lessees.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Movements in Unitholders' Funds

For the financial year ended 31 December 2017

	Note	Units in issue $'000	Hedging reserve $'000	Accumulated losses $'000	Total $'000
Group and Trust (Note 6)					
Net assets attributable to Unitholders as at 1 January 2017		**784,317**	**(363)**	**(32,251)**	**751,703**
Operations					
Total return for the financial year		–	–	(28,294)	(28,294)
Net decrease in assets resulting from operations		–	–	(28,294)	(28,294)
Unitholders' transactions					
Issuance of Units in lieu of management fees	13	6,688	–	–	6,688
Distributions to Unitholders		–	–	(61,721)	(61,721)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		6,688	–	(61,721)	(55,033)
Other transactions					
Effective portion of changes in fair value of derivatives	23	–	262	–	262
Net increase in net assets resulting from hedging transactions		–	262	–	262
Net assets attributable to Unitholders as at 31 December 2017		**791,005**	**(101)**	**(122,266)**	**668,638**

Statements of Movements in Unitholders' Funds

For the financial year ended 31 December 2017

	Note	Units in issue $'000	Hedging reserve $'000	Accumulated profits/(losses) $'000	Total $'000
Trust					
Net assets attributable to Unitholders as at 1 January 2016		**715,809**	**2,889**	**27,275**	**745,973**
Operations					
Total return for the financial year		–	–	(577)	(577)
Net decrease in assets resulting from operations		–	–	(577)	(577)
Unitholders' transactions					
Issuance of Units in lieu of management fees	13	8,411	–	–	8,411
Issuance of new Units in lieu of acquisition fees	13	963	–	–	963
Issuance of new Units under Preferential Offering	13	59,443	–	–	59,443
Establishment and issuance costs	22	(309)	–	–	(309)
Distributions to Unitholders		–	–	(58,949)	(58,949)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		68,508	–	(58,949)	9,559
Other transactions					
Effective portion of changes in fair value of derivatives	23	–	(3,252)	–	(3,252)
Net decrease in net assets resulting from hedging transactions		–	(3,252)	–	(3,252)
Net assets attributable to Unitholders as at 31 December 2016		**784,317**	**(363)**	**(32,251)**	**751,703**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2017

	Note	Group and Trust 2017 (Note 6) $'000	Trust 2016 $'000
Operating activities:			
Net income		52,221	50,278
Adjustments for:			
Finance expenses	17	14,239	13,162
Amortisation of debt arrangement, prepayment and structuring fees	17	1,496	1,475
Management fees paid and payable in Units (Note A)		5,993	7,917
Acquisition fee paid in Units (Note B)		–	963
Operating cash flows before changes in working capital		73,949	73,795
Changes in working capital			
Increase/(decrease) in trade and other receivables		353	(1,855)
Increase/(decrease) in other current assets		21	(63)
(Decrease)/increase in deferred expenditure		(563)	35
(Decrease)/increase in trade and other payables and accrued operating expenses		(170)	852
(Decrease)/increase in rental deposits		(10,151)	11,095
Total change in working capital		(10,510)	10,064
Cash flows from operations		63,439	83,859
Interest paid		(14,158)	(12,596)
Net cash flows generated from operating activities		49,281	71,263
Investing activities:			
Purchase of investment properties	4	–	(103,864)
Capital expenditure on investment properties (Note C)		(415)	(31,915)
Remission of stamp duty		–	41
Net cash flows used in investing activities		(415)	(135,738)
Financing activities:			
Proceeds from borrowings		203,500	171,883
Repayment of borrowings		(203,500)	(97,500)
Proceeds from issuance of new Units (Preferential Offering)	13	–	59,443
Payment of prepayment fees		–	(366)
Establishment and issuance costs		–	(309)
Payment of upfront debt arrangement costs		(1,123)	(760)
Distributions to Unitholders		(61,721)	(58,949)
Net cash flows (used in)/generated from financing activities		(62,844)	73,442
Net (decrease)/increase in cash and cash equivalents		(13,978)	8,967
Cash and cash equivalents at beginning of the year		25,718	16,751
Cash and cash equivalents at end of the financial year	9	11,740	25,718

Statements of Cash Flows

For the financial year ended 31 December 2017

Note A – Management fees paid and payable in Units

6,578,737 Units were issued as payment of base fee to the Manager amounting to $4,537,000 for the period ended 30 September 2017. During the financial year ended 31 December 2016, 8,281,098 Units were issued as payment of base fee, property management fee and lease management fees to the Manager and the Property Manager amounting to $5,767,000 for the period ended 30 September 2016.

The Manager had elected to receive 100% of the base fee for the fourth quarter ended 31 December 2017 amounting to $1,456,000 in the form of Units. Both the Manager and the Property Manager had elected to receive 100% of the base fee, property management fee and lease management fee for the fourth quarter ended 31 December 2016 amounting to $2,151,000 in the form of Units.

Note B – Acquisition fee paid in Units

There was no acquisition fee paid in Units during the financial year ended 31 December 2017. During the financial year ended 31 December 2016, 1,528,571 Units were issued on 27 September 2016 at an issue price of S$0.63 per new Unit as payment of acquisition fee of property at 2 Bukit Batok St 23 (Bukit Batok Connection) to the Manager amounting to $963,000.

Note C – Capital expenditure on investment properties

During the financial year ended 31 December 2015, upfront land premium amounting to $55,000,000 was capitalised in investment properties upon payment of $23,117,000 to JTC Corporation ("**JTC**") and the balance amounting to $31,883,000 relating to the second instalment due to JTC was recorded as other payables. The first instalment of $23,117,000 paid to JTC was funded by an interest-free loan from SB (Solaris) Investment Pte. Ltd ("**SB Solaris**") on 17 March 2015. The second instalment paid to JTC was funded by the second tranche of interest-free loan from SB Solaris on 18 March 2016.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2017

These notes form an integral part of and should be read in conjunction with the financial statements.

1 General

Soilbuild Business Space REIT ("**Soilbuild REIT**" or the "**Trust**") is a Singapore-domiciled real estate investment trust constituted by the Trust Deed dated 13 December 2012 (as amended) (the "**Trust Deed**") between SB REIT Management Pte. Ltd. (the "**Manager**") and DBS Trustee Limited (the "**Trustee**"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust in trust for the holders ("**Unitholders**") of Units in the Trust (the "**Units**"). The address of the Manager's registered office and principal place of business is 23 Defu South Street 1, Singapore 533847.

Soilbuild REIT was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 16 August 2013 (the "**Listing Date**") and was included in the Central Provident Fund Investment Scheme on 10 June 2013. The principal activity of Soilbuild REIT is to invest in a portfolio of quality real estate and real estate-related assets which are predominantly used for business space purposes in Singapore with the primary objective of generating stable returns to its Unitholders and achieving long-term capital growth. On 27 November 2017, Soilbuild REIT announced the expansion of its investment mandate to cover Australia.

Soilbuild REIT has entered into several service agreements in relation to the management of its property operations. The fee structures of these services are as follows:

1.1 Trustee's fees

As stipulated in the Trust Deed, the Trustee is entitled to a trustee fee on a scaled basis not exceeding the rate of 0.1% per annum of the Value of the Deposited Property (as defined in the Trust Deed), which is subject to a minimum amount of $15,000 per month and shall be payable out of the Deposited Property monthly in arrear.

The actual fee payable will be determined between the Manager and the Trustee from time to time, and is presently charged on a scaled basis of up to 0.02% per annum of the Deposited Property. Any increase in the maximum permitted amount or any change in the structure of the Trustee's fee must be approved by an Extraordinary Resolution at a meeting of holders of the Units duly convened and held in accordance with the provisions of the Trust Deed.

1.2 Manager's management fees

The Manager is entitled to receive for its own account out of the Deposited Property the following management fees, as stipulated in the Trust Deed:

(i) Base fee, being a fee not exceeding the rate of 10.0% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the annual distributable income of the Trust;

(ii) The performance fee, which is based on and commensurate with the amount of Distribution per Unit ("**DPU**") growth, aligns the interests of the Manager with Unitholders as the Manager is motivated to grow DPU holistically on a long-term and sustainable basis through proactive asset management strategies, asset enhancement initiatives and prudent capital management. In accordance with Clause 15.1.2 of the Trust Deed, the Manager shall be entitled to receive for its own account out of the Deposited Property the performance fee, being a fee equal to a rate of 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. In accordance with Clause 15.1.2 of the Trust Deed, the performance fee shall be paid to the Manager or to any person which the Manager may designate or nominate (including but not limited to the Manager's subsidiaries) in the form of Cash and/or Units (as the Manager may elect) out of the Deposited Property. In accordance with Clause 15.1.4 of the Trust Deed, payment of the performance fee is on an annual basis. This basis of computation aligns the interests of the Manager and the unitholders by incentivising the Manager to act in a manner that maximises the distribution to the unitholders year on year. If there is no growth in DPU from the preceding financial year, no performance fee will be payable to the Manager.

Notes to the Financial Statements

For the financial year ended 31 December 2017

1 General (cont'd)

1.2 Manager's management fees (cont'd)

Therefore, in order to achieve sustainability in the level of DPU growth and continuing payment of the performance fee, the Manager is discouraged from taking on excessive short-term risks such as deferring asset enhancement initiatives or taking on shorter leases with higher rents;

(iii) Acquisition fee, being 1.0% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the acquisition price of any real estate purchased, or the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, or the acquisition price of any approved investment purchased by the Trust, whichever is applicable;

(iv) Divestment fee, being 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the sale price of any real estate sold or divested, or the underlying value of any real estate which is taken into account when computing the sale price receivable for the equity interests of any vehicle holding directly or indirectly the real estate, or the sale price of any approved investment sold or divested by the Trust, whichever is applicable; and

(v) Development management fee, being 3.0% of the total project costs incurred in development projects undertaken and managed by the Manager on behalf of the Trust.

The rationale of the Manager charging fees is as follows:

(i) In accordance with Clause 15.1.1 of the Trust Deed, the Base fee computed based on 10.0% of distributable income is recurring and enables the Manager to cover operational and administrative overhead incurred in the management of the portfolio. By pegging the base fee to the distributable income instead of assets under management, the Manager is incentivised to continually grow distributable income, which aligns its interest with the interests of Unitholders, consistent with the performance fee. In accordance with Clause 15.1.1 of the Trust Deed, the base fee shall be paid to the Manager or to any person which the Manager may designate or nominate (including but not limited to the Manager's subsidiaries) in the form of cash and/or Units (as the Manager may elect) out of the Deposited Property. In accordance with Clause 15.1.4 of the Trust Deed, the base fee is charged on a quarterly basis (if base fee is payable in the form of Units) and/or monthly basis (if base fee is payable in the form of cash) in arrears.

(ii) In accordance with Clause 15.2.1 of the Trust Deed, the acquisition fee computed based on 1.0% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the acquisition price of any real estate purchased is necessary to incentivise the Manager to seek DPU accretive investments and to compensate the Manager for the substantial resources it typically deploys for the evaluation of potential investments. In accordance with Clause 15.2.1 of the Trust Deed, the acquisition fee shall be paid to the Manager in the form of cash and/or Units (as the Manager may elect, such election to be made prior to the payment of the acquisition fee). The acquisition fee is payable as soon as practicable after completion of the acquisition.

(iii) In accordance with Clause 15.2.1 of the Trust Deed, the divestment fee computed based on 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the sale price of any real estate sold is necessary to incentivise the Manager to seek the best possible price for the divestment. Divestment fee is lower than acquisition fee to ensure fees are commensurate with the resources utilised to complete the transaction. The acquisition process is generally more time consuming than the divestment process as there are many considerations in an acquisition process such as property specifications, price, underlying tenancies and financial strength of the master lessee which are more complex than carrying out a divestment. In accordance with Clause 15.2.1 of the Trust Deed, the divestment fee shall be paid to the Manager in the form of cash and/or Units (as the Manager may elect, such election to be made prior to the payment of the divestment fee). The divestment fee is payable as soon as practicable after completion of the sale or disposal.

Notes to the Financial Statements

For the financial year ended 31 December 2017

1 General (cont'd)

1.2 Manager's management fees (cont'd)

(iv) In accordance with Clause 15.6.1 of the Trust Deed, the development management fee computed based on 3.0% of the total project costs incurred in a development project undertaken and managed by the Manager is necessary to allow the Manager to recover the cost of providing resources to manage development projects, which is outside the scope of the usual operations of the Manager. This incentivises the Manager to undertake development projects that will improve the quality and yield of the assets in the portfolio, thereby aligning the Manager's interests with the interests of the Unitholders. For the avoidance of doubt, in accordance with Clause 15.6.5, no acquisition fee shall be paid when the Manager receives the development management fee for a development project.

In accordance with Clause 15.6.4 of the Trust Deed, the development management fee is payable in equal monthly instalments over the construction period of each development project based on the Manager's best estimate of the total project costs and construction period and, if necessary, a final payment of the balance amount when the total project costs are finalised.

Any increase in the maximum permitted rate or any change in the structure of the Manager's management fees must be approved by an Extraordinary Resolution at a meeting of holders of the Units duly convened and held in accordance with the provisions of the Trust Deed.

1.3 Lease management fees and lease renewal commission

Under the lease management agreement with Soilbuild REIT ("**Lease Management Agreement**"), the Manager will provide lease management services in relation to the Properties and is entitled to receive the following remuneration:

(i) Lease management fees, being 1.0% per annum of the gross revenue of such relevant properties; and

(ii) Lease renewal commission, being:

(a) 0.5 month of the secured gross rent inclusive of service charge, for securing a tenancy of three years;

(b) an amount pro-rated based on a tenancy for three years as per (a) above, for securing a tenancy of six months or more but less than three years;

(c) one month of the secured gross rent inclusive of service charge, for securing a tenancy of five years;

(d) an amount pro-rated based on a tenancy for five years as per (c) above, for securing a tenancy of more than three years but less than five years; and

(e) an amount pro-rated based on a tenancy for five years as per (c) above, for securing a tenancy of more than five years (with the terms of the lease subject to the prior approval of the Manager) provided always that the commission payable shall not exceed a sum of 1.5 months of the secured gross rent inclusive of service charge.

The Manager will not receive a fee for securing a tenancy of less than six months. The Manager may elect to receive the lease renewal commissions in cash or Units or a combination of cash and Units (as the Manager may in its sole discretion determine).

The lease renewal commissions are payable when an existing tenant extends its lease beyond its initial lease term whereas the marketing services commission which is payable to the Property Manager (as described below) is payable for the securing of new leases.

For as long as Solaris is leased back to Soilbuild Group Holdings Ltd. (the "**Sponsor**") and/or its relevant subsidiaries under a master lease arrangement, no lease management fee or lease renewal commissions will be payable in relation to such property.

Notes to the Financial Statements

For the financial year ended 31 December 2017

1 General (cont'd)

1.3 Lease management fees and lease renewal commission (cont'd)

The rationale of the Manager charging the lease management fees and lease renewal commission is as follows:

(i) The lease management fee is charged for the Manager to recover the cost of employing asset managers and analysts to fulfil the services and duties of the Manager in accordance with the Lease Management Agreement. The duties of the Manager include (i) regularly updating all operating and financial data and accurately uploading them onto the relevant system to enable the Trustee to perform its duties and obligations (ii) providing a projection of occupancy rates, average rental rates and average tenancy periods for the purposes of the Annual Business Plan and Budget and (iii) attending to tenants' queries and requests.

(ii) The lease renewal commission is charged to compensate the Manager for the time, effort and costs associated with engaging the tenants to ensure renewal of leases. Lease commissions are charged on a tiered basis to incentivise the Manager to promote the signing of longer term leases which is to the benefit of the Unitholders.

In accordance with Clause 15.7 of the Trust Deed, the Manager may elect to receive the lease management fee and lease renewal commissions in cash and/or Units (as the Manager may in its sole discretion determine).

In accordance with Clause 15.8 of the Trust Deed, (i) where the lease management fee and the lease renewal commission are payable in the form of Units, such payment shall be made quarterly in arrears and (ii) where the lease management fee and the lease renewal commission are payable in cash, such payment shall be made monthly in arrears.

1.4 Fees under the property management agreement

Property management fees

The Property Manager is entitled to, on each property of the Trust located in Singapore under its management, a property management fee of 2.0% per annum of gross revenue of each property.

Notwithstanding that the master leased properties will be leased under either a triple net lease and double net lease structures whereby the management of such properties are undertaken by the lessees, in line with market practice, the property management fee is still payable to the Property Manager given that the Property Manager would still be required to regularly inspect the properties under their purview to ensure the properties are maintained and managed in accordance with the lessees' obligations which are stipulated in the master lease agreements.

The Manager may elect to pay the property management fee in cash or Units or a combination of cash and Units (as the Manager may in its sole discretion determine). For as long as Solaris is leased back to the Sponsor under a master lease arrangement, no property management fee will be payable in relation to Solaris.

Marketing services commissions for new leases

The Property Manager is entitled to the following marketing services commissions:

(a) one month's gross rent inclusive of service charge, for securing a tenancy of three years;

(b) an amount pro-rated based on a tenancy for three years as per (a) above, for securing a tenancy of six months or more but less than three years;

(c) two month's gross rent inclusive of service charge, for securing a tenancy of five years;

Notes to the Financial Statements

For the financial year ended 31 December 2017

1 General (cont'd)

1.4 Fees under the property management agreement (cont'd)

Marketing services commissions for new leases (cont'd)

(d) an amount pro-rated based on a tenancy for five years as per (c) above, for securing a tenancy of more than three years but less than five years; and

(e) an amount pro-rated based on a tenancy for five years as per (c) above, for securing a tenancy of more than five years (with the terms of the lease subject to the prior approval of the Manager) provided always that the commission payable shall not exceed a sum of three month's gross rent inclusive of service charge.

The Property Manager will not receive a fee for securing a tenancy of less than six months.

If a third party agent secures a tenancy, the Manager shall pay the marketing services commission to the Property Manager, and the Property Manager shall then pay all of such marketing services commission to the third party agent. The Property Manager shall only be entitled to an administrative charge of 20.0% of the marketing services commissions payable to such third party agent over and above what was paid to the third party agent. The Property Manager shall not, without the consent of the Manager, pay the third party agent a market services commission which is lower than what the Property Manager receives. For the avoidance of doubt, in the event that the Property Manager agrees to pay the third party agent a market services commission that exceeds the marketing services commission it receives, the Property Manager is not entitled to any additional market services commission.

The Manager may elect to pay the marketing services commissions in cash or Units or a combination of cash and Units (as the Manager may in its sole discretion determine). For as long as Solaris is leased back to the Sponsor and/or its subsidiary under a master lease arrangement, no marketing services commissions for new leases will be payable in relation to Solaris.

Project management fee for project management services

In respect of the project management services to be provided by the Property Manager for a property of the Trust (if not prohibited by the Property Funds Appendix or if otherwise permitted by the MAS), the Property Manager is entitled to a project management fee based on the following for any development, redevelopment, refurbishment, retrofitting, addition and alteration or renovation works to the relevant property:

(i) where the construction costs are $2,000,000 or less, a fee of 3.0% of the construction costs;

(ii) where the construction costs exceed $2,000,000 but do not exceed $12,000,000, a fee of 2.15% of the construction costs or $60,000, whichever is the higher;

(iii) where the construction costs exceed $12,000,000 but do not exceed $40,000,000, a fee of 1.45% of the construction costs or $258,000, whichever is the higher;

(iv) where the construction costs exceed $40,000,000 but do not exceed $70,000,000, a fee of 1.4% of the construction or $580,000, whichever is the higher;

(v) where the construction costs exceed $70,000,000 but do not exceed $100,000,000, a fee of 1.35% of the construction costs or $980,000, whichever is the higher; and

(vi) where the construction costs exceed $100,000,000, a fee to be mutually agreed by the Manager, the Trustee and the Property Manager.

Notes to the Financial Statements

For the financial year ended 31 December 2017

1 General (cont'd)

1.5 Reimbursable amounts

In addition to its fees, the Property Manager will be fully reimbursed for certain costs as set out below.

Reimbursable amount

In addition to its fees, the Property Manager will be reimbursed for each property under its management for the following:

(i) Reimbursable employment costs

The Trustee shall reimburse the salary of the employees of the Property Manager (approved by the Manager) engaged solely for site supervision of the properties (such costs are part of the annual business plan and budget approved by the Trustee on the recommendation of the Manager or otherwise agreed between the Trustee and the Manager).

(ii) Reimbursable advertising costs

The Trustee shall reimburse the Property Manager for the cost of advertising incurred by the Property Manager in relation to the promotion of leasing for the property provided that prior approval of the Manager for such cost incurred has been obtained.

(iii) Reimbursable customer care costs

The Trustee shall reimburse the Property Manager for the cost of customer care incurred by the Property Manager in relation to tenants of the property provided that prior approval of the Manager for such cost incurred has been obtained.

(iv) Project management expenses

In connection with the provision of project management services, the Trustee, on the recommendation of the Manager, shall reimburse the Property Manager for certain costs, including overseas travel and accommodation expenses, provided that such costs shall have been pre-approved by the Trustee, on the recommendation of the Manager and shall be supported, where available, by vouchers, receipts and other documentary evidence, and provided further, that such costs shall be in accordance with the budget (if any) which may have been approved by the Trustee for the project in connection with or arising from which the costs were incurred.

(v) West Park BizCentral – Maintenance fee

In relation to West Park BizCentral, the Property Manager shall provide a comprehensive operational and maintenance service and is entitled to a fixed monthly maintenance fee of $75,000 with an annual increase of 3.0% per annum on 1 April of each year with the first escalation occurring on 1 April 2014. This arrangement will be in force for a fixed term of five years, after which it will cease and the same arrangement applicable to the other Properties would then apply to West Park BizCentral. For the avoidance of doubt, the Property Manager will pay for all operational and maintenance expenses in relation to West Park BizCentral and shall not claim any operational expenses or claim any of the above reimbursements or expenses for West Park BizCentral from the Trust for the period of five years while this arrangement is in force.

1.6 Distribution policy

The Trust's distribution policy is to distribute at least 90% of its annual distributable income, comprising substantially its income from the letting of its properties and related property services income after deduction of allowable expenses, as well as interest income from the placement of periodic cash surpluses in bank deposits. The actual level of distribution will be determined at the Manager's discretion, having regard to the Trust's funding requirements, other capital management considerations and the overall stability of distributions. Distributions, when made, will be in Singapore dollars.

Notes to the Financial Statements

For the financial year ended 31 December 2017

1 General (cont'd)

1.6 Distribution policy (cont'd)

Distributions to Unitholders are made on a quarterly basis, with the amount calculated as at 31 March, 30 June, 30 September and 31 December each year for the three-month period ending on each of the said dates. The Manager will endeavour to pay distributions no later than 90 days after the end of each distribution period.

In the event that there are gains arising from disposals of its assets, and only if such gains are surplus to the business requirements and needs of the Trust and its taxability or otherwise confirmed by the Inland Revenue Authority of Singapore ("**IRAS**"), the Manager may, at its discretion, direct the Trustee to distribute such gains. Such gains, if not distributed, will form part of the Deposited Property. The Trust's primary sources of liquidity for the funding of distributions, servicing of debt, payment of non-property expenses and other recurring capital expenditure will be the receipts of rental income and borrowings.

Under the Property Funds Appendix, if the Manager declares a distribution that is in excess of profits, the Manager should certify, in consultation with the Trustee, that it is satisfied on reasonable grounds that, immediately after making the distribution, the Trust will be able to fulfil, from the Deposited Property, the liabilities of the Trust as they fall due. The certification by the Manager should include a description of the distribution policy and the measures and assumptions for deriving the amount available to be distributed from the Deposited Property. The certification should be made at the time the distribution is declared.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" ("**RAP 7**") issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes ("**CIS Code**") issued by the Monetary Authority of Singapore and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Singapore Financial Reporting Standards ("**FRS**").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are expressed in Singapore dollars ("**SGD**") and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

Fundamental accounting concept

The financial statements have been prepared on a going concern basis notwithstanding that the Soilbuild REIT's current liabilities exceeds its current assets by $110,240,000 as at 31 December 2017 due to the expiry of $93,500,000 unsecured Medium Term Notes ("**MTN**") in May 2018 and $55,000,000 interest free loan from a related party in August 2018. The Manager is of the view that Soilbuild REIT will continue to operate as a going concern based on the ability of Soilbuild REIT to continue to have access to banking facilities as well as the ability of Soilbuild REIT to generate sufficient net cash inflows from operating activities. The Manager is also of the view that the MTN and interest free loan can be refinanced by its due date.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Trust has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2017. The adoption of these standards did not have any effect on the financial performance or position of the Trust.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Trust has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 40 *Transfers of Investment Property*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS 109 *Prepayment Features with Negative Compensation*	1 January 2019

Except for FRS 109 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 116 are described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

(a) Classification and measurement

The Trust does not expect any significant impact arising from the changes in this standard to its classification and measurement and expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. Furthermore, as the Trust collects security deposits in the form of cash, banker's guarantee or insurance bond, it is probable that the Trust will collect the consideration to which it is entitled. The Trust does not recognise revenue beyond the amount backed by security deposit.

(b) Impairment

FRS 109 requires the Trust to record expected credit losses on all of its trade receivable. The Trust previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

(c) Transition

The Manager plans to adopt the new standard on the required effective date without restating prior period's information and recognise difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short- term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

The Trust expects to adopt FRS 116 on 1 January 2019. Based on preliminary analysis, for land that have minimum lease payments over the lease term, the combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge of profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. However, there is no significant impact on the total expenses recognised over the lease term. The Trust expects that certain portion of these lease commitments will be required to be recognised in the statement of financial position as right-of-use assets and lease liabilities.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiary as at the end of the reporting period. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Trust. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.5 Functional currency

The financial statements are presented in Singapore Dollars, which is also the Trust's functional currency.

Transactions in foreign currencies are measured in the functional currency of the Trust and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of significant accounting policies (cont'd)

2.5 Functional currency (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.6 Investment properties

Investment properties are properties that are owned by the Trust that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are initially recorded at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.7 Impairment of non-financial assets

The Manager assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Manager makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.8 Financial instruments

(a) Financial assets

<u>Initial recognition and measurement</u>

Financial assets are recognised when, and only when, the Trust becomes a party to the contractual provisions of the financial instrument. The Manager determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of significant accounting policies (cont'd)

2.8 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Trust.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Trust becomes a party to the contractual provisions of the financial instrument. The Manager determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Trust that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of significant accounting policies (cont'd)

2.8 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement (cont'd)

(i) Financial liabilities at fair value through profit or loss (cont'd)

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the profit or loss.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.9 Impairment of financial assets

The Manager assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Manager first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Manager determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Manager considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of significant accounting policies (cont'd)

2.9 Impairment of financial assets (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks.

2.11 Provisions

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.12 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Trust incurs in connection with the borrowing of funds.

2.13 Leases

(i) As lessee

Leases where substantially all risks and rewards of ownership of the asset are retained by the lessors are classified as operating leases.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

(ii) As lessor

Leases in which the Trust does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.14(i). Contingent rents, if any, are recognised as revenue in the periods in which they are earned.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of significant accounting policies (cont'd)

2.14 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(ii) Carpark income

Carpark income is recognised when the Trust's right to receive payment is established.

West Park BizCentral – Carpark Management Services

In relation to West Park BizCentral, the Property Manager shall operate and maintain the carpark and pay the Trustee a monthly licence fee of $40,000, with an annual increase of 5.0% per annum on 1 April of each year with the first escalation occurring on 1 April 2014. This arrangement will be in force for a fixed term of five years, after which it will cease and the arrangement applicable to the other properties would then apply to West Park BizCentral. For the avoidance of doubt, any car park income accrued from West Park BizCentral shall belong to the Property Manager for the period of five years while this arrangement is in force.

(iii) Interest income

Interest income is recognised using the effective interest method.

2.15 Expenses

(i) Property operating expenses

Property expenses are recognised on an accrual basis. Included in property operating expenses are property management fees which are based on the applicable formula stipulated in Note 1.4.

(ii) Manager's management fees

Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1.2.

(iii) Trust expenses

Trust expenses are recognised on an accrual basis.

2.16 Taxation

(i) Current income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of significant accounting policies (cont'd)

2.16 Taxation (cont'd)

(ii) Deferred tax

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which those assets and liabilities are expected to be realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

(iii) Tax transparency

The Trust has been granted the tax transparency treatment under Section 43(2) of the Income Tax Act (the "**Tax Transparency Treatment**") subject to the Trust meeting all the terms and conditions set out in the joint undertaking that the Trustee and the Manager have given for the purposes of applying for the Tax Transparency Treatment.

Under the Tax Transparency Treatment, the Trust will not be assessed to tax on the portion of its taxable income that is distributed to Unitholders subject to the Trust making a distribution of at least 90% of the taxable income of the Trust. Any portion of the Trust's taxable income that is not distributed to Unitholders will be taxed at the prevailing corporate tax rate.

In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the amount distributed for the next distribution following the agreement with the IRAS.

Under the Tax Transparency Treatment, the distributions made by the Trust out of its taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust's distributions. The Trust is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust except:

(a) where the beneficial owners are individuals or qualifying Unitholders, the Trust will make the distributions to such Unitholders without withholding any income tax; and

(b) where the beneficial owners are foreign non-individual investors or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are foreign non-individual investors, the Trust will withhold tax at a reduced rate of 10% from the distributions.

A qualifying Unitholder is a Unitholder who is:

(a) A tax resident Singapore-incorporated company;

(b) A non-corporate Singapore-constituted or registered entity (e.g. registered charities, town councils, statutory boards, registered co-operative societies and registered trade unions);

(c) A Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a specific waiver from tax deducted at source in respect of distributions from the Trust;

(d) An agent bank or a Supplementary Retirement Scheme ("**SRS**") operator which acts as nominee for individuals who have purchased Units in the Trust under the CPF Investment Scheme or the SRS respectively; or

(e) A nominee who can demonstrate that the Units are held for beneficial owners who are individuals and who fall within the classes of Unitholders listed in (a) to (c) above.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of significant accounting policies (cont'd)

2.16 Taxation (cont'd)

(iii) Tax transparency (cont'd)

A foreign non-individual investor is a Unitholder who:

(a) does not have any permanent establishment in Singapore; or

(b) carries on any operation in Singapore through a permanent establishment in Singapore, but the funds used to acquire the Units in the Trust are not obtained from that operation in Singapore.

The Tax Transparency Treatment does not apply to gains from sale of real properties. Such gains, if they are considered as trading gains, are assessable to tax on the Trust. Where the gains are capital gains, the Trust will not be assessed to tax and may distribute the capital gains to Unitholders without having to deduct tax at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

The income tax concession for REITs has been extended until 31 March 2020.

(iv) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Where the receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the statement of financial position.

2.17 Unit capital and issuance expenses

Proceeds from issuance of Units are recognised as Units in Unitholders' funds. Incidental costs directly attributable to the issuance of Units are deducted against Unitholders' funds.

2.18 Portfolio reporting

For management reporting purposes, the Trust is organised into operating segments based on the characteristics of individual investment properties within the Trust's investment portfolio. Financial information is prepared on an individual property basis. The properties are independently managed by property managers who are responsible for the performance of the respective properties under their charge. Discrete financial information is provided to the Board on an individual property basis. The Board regularly reviews this information in order to allocate resources to each property and to assess the property's performance.

2.19 Hedge accounting

The Trust applies hedge accounting for certain hedging transactions which qualify for hedge accounting.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of significant accounting policies (cont'd)

2.19 Hedge accounting (cont'd)

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk);
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Trust formally designates and documents the hedging relationship to which the Trust wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

<u>Cash flow hedges</u>

The effective portion of the gain or loss on the hedging instrument is recognised directly in hedging reserve in Unitholders' funds, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised in hedging reserve in Unitholders' funds are transferred to profit or loss when the hedge transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds is transferred to profit or loss. If the hedging instrument has expired or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds remains in Unitholders' funds until the forecast transaction or firm commitment affects profit or loss.

The Trust uses interest rate swaps to hedge its exposure to interest rate risk on bank loans with floating interest rates. Details of interest rate swaps are disclosed in Note 5.

2.20 Subsidiary

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Trust's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. The cost of investment of the subsidary is $1 as at 31 December 2017. The subsidiary remains dormant and has not incurred any significant expenses during the period ended 31 December 2017. The consolidated and separate financial statements of the Group and the Trust are presented as one set of financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Summary of significant accounting policies (cont'd)

2.21 Non-current asset held for sale

Non-current asset and disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current asset and disposal group is classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Investment property once classified as held for sale is not depreciated or amortised.

3 Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

In the process of applying the Trust's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determination of lease classification

The Trust has entered into business space property leases on its investment properties. The Manager has determined, based on an evaluation of the terms and conditions of the arrangements such as the lease term not constituting a substantial portion of the economic life of the investment property, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

Revaluation of investment properties

Investment properties are stated at fair value, with changes in fair values being recognised in profit or loss. The Trust engaged independent real estate valuation valuers to determine fair value as at 31 December 2017.

The fair value of investment properties is determined by independent real estate valuation specialists using recognised valuation methodologies.

The determination of the fair value of the investment properties requires the use of estimates such as future cash flow from assets (such as lettings, tenants' profiles, future revenue streams, any environmental matters and the overall repair and conditions of the investment properties) and discount rates applicable to these assets. These estimates are based on local market conditions existing at the end of each reporting date.

The carrying amount and key assumptions to determine the fair value of the investment properties are explained in Note 26(b).

Notes to the Financial Statements

For the financial year ended 31 December 2017

4 Investment properties

	2017 $'000	2016 $'000
Statement of financial position:		
At 1 January	1,243,700	1,190,700
Purchase of investment properties[1]	–	103,864
Capital expenditure on investment properties	415	32
Remission of stamp duty	–	(41)
Net change in fair value of investment properties	(80,515)	(50,855)
Reclassification of transaction from investment property to property held for sale	(53,000)	–
At 31 December	1,110,600	1,243,700
Statement of total return:		
Rental income from investment properties:		
- Minimum lease payments	81,856	79,750
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	11,336	10,456

[1] During the financial year ended 31 December 2016, the Trust has acquired Bukit Batok Connection for $100,412,000 (including acquisition related costs) and the Tellus Marine Annex for $3,452,000.

Valuation of investment properties

The carrying amounts of the investment properties were based on independent valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd and Knight Frank Pte. Ltd. as at 31 December 2017. The independent real estate valuation specialists have appropriate professional qualifications and experience in the location and category of the properties being valued. The valuations are made on the basis of open market value which is determined based on the direct comparison method, capitalisation method and discounted cash flow analysis.

Details of valuation techniques and inputs used are disclosed in Note 26. Changes in the fair value of investment properties will not be assessed for tax.

Properties pledged as security

The Trust has mortgaged an investment property of an aggregate principal amount of $360,000,000 (2016: $360,000,000) as security for bank loans granted (Note 12).

5 Derivative financial instruments

		2017	
	Maturity	Contract nominal amount $'000	Assets/ (Liabilities) $'000
Current:			
Interest rate swaps	2018	70,000	(102)
Non-current:			
Interest rate swaps	2019	30,000	1
Total financial assets at fair value through profit or loss		100,000	(101)
As a percentage of net asset value as at 31 December 2017			(0.02%)

Notes to the Financial Statements

For the financial year ended 31 December 2017

5 Derivative financial instruments (cont'd)

	Maturity	2016 Contract nominal amount $'000	2016 Assets/ (Liabilities) $'000
Current:			
Interest rate swaps	2017	90,000	(181)
Non-current:			
Interest rate swaps	2018	70,000	(182)
Total financial assets at fair value through profit or loss		160,000	(363)
As a percentage of net asset value as at 31 December 2016			(0.05%)

Interest rate swaps

Interest rate swaps are used to hedge interest rate risk arising from the underlying floating interest rates of the respective bank loans. Under the interest rate swaps, the Trust pays fixed rates of interest ranging from 0.95% to 1.42% per annum (2016: 0.95% to 1.42% per annum) for terms of two years (2016: two to four years).

The Trust designates these interest rate swaps as cash flow hedges which were assessed to be effective. An unrealised loss of $101,000 (2016: loss of $363,000) was included in hedging reserve in Unitholders' funds in respect of these contracts. There are no fair value changes relating to the ineffective portion recognised in the profit or loss.

6 Investment in a subsidiary

Soilbuild REIT incorporated a wholly-owned subsidiary, Soilbuild Business Space Holdings Pte. Ltd. ("**SBSH**") in Singapore on 6 December 2017. The issued and paid-up share capital of SBSH is $1, comprising 1 ordinary share. The principal activity of SBSH is investment holding. This newly incorporated subsidiary remains dormant and has not incurred any significant expenses during the period ended 31 December 2017.

7 Trade and other receivables

	Note	2017 $'000	2016 $'000
Trade receivables		2,532	3,187
Unbilled receivables		1,093	955
Other receivables		307	255
Amounts due from a related party (trade)		6	–
		3,938	4,397
Less: Allowance for impairment of trade receivables		–	(106)
		3,938	4,291
Trade and other receivables		3,938	4,291
Add: Deposits	8	226	237
Add: Cash and cash equivalents	9	11,740	25,718
Total loans and receivables		15,904	30,246

Notes to the Financial Statements

For the financial year ended 31 December 2017

7 Trade and other receivables (cont'd)

Trade receivables

Trade receivables are recognised at their original invoices amounts which represent their fair values on initial recognition and the credit terms are not more than 30 days. All trade receivables are denominated in SGD.

Certain trade receivables are charged or assigned by way of security for credit facilities granted to the Trust (Note 12). There are no trade receivables charged or assigned by way of security for credit facilities as at 31 December 2017.

Amounts due from a related party (trade)

Amounts due from a related party are trade in nature, unsecured, interest-free and repayable on demand. These amounts are to be settled in cash.

Receivables that are past due but not impaired

The Trust has trade receivables amounting to $2,532,000 (2016: $3,187,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	2017 $'000	2016 $'000
Trade receivables past due but not impaired:		
Less than 30 days	743	1,177
30 - 60 days	130	903
60 - 90 days	3	437
More than 90 days	1,656	670
	2,532	3,187

Receivables that are impaired

During the financial year, the Trust had trade receivables that were impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	2017 $'000	2016 $'000
Trade receivables – nominal amounts	–	111
Less: Allowance for impairment	–	(106)
	–	5
Movement in allowance accounts:		
At 1 January	106	–
Charge for the year	–	106
Written off	(106)	–
At 31 December	–	106

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments.

The Trust had provided an allowance of $Nil (2016: $106,000) for impairment of trade receivables from a customer with a nominal amount of $Nil (2016: $111,000). This customer had been in financial difficulty and had defaulted on payments.

Notes to the Financial Statements

For the financial year ended 31 December 2017

8 Other current assets

	2017 $'000	2016 $'000
Prepayment	63	73
Deposits	226	237
	289	310

Deposits are non-interest bearing, unsecured and short-term in nature.

9 Cash and cash equivalents

	2017 $'000	2016 $'000
Cash at bank	11,740	25,718

Cash and cash equivalents are denominated in SGD.

10 Property held for sale

	2017 $'000	2016 $'000
Statement of financial position:		
At 1 January	–	–
Reclassification from investment property to property held for sale	53,000	–
At 31 December	53,000	–

The Trust entered into a put and call option agreement ("**Option Agreement**") with SB (Pioneer) Investment Pte. Ltd. ("**SB (Pioneer)**" or the "**Purchaser**") in relation to the proposed divestment of the property located at 61 Tuas Bay Drive Singapore 637428 and 71 Tuas Bay Drive Singapore 637430, commonly known as KTL Offshore and the mechanical and electrical equipment therein on 28 December 2017. In accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*, the investment property was classified as held for sale at year end.

Description of property	Acquisition date	Tenure of land	Term of lease	Remaining term of lease	Acquired from	Valuation Date	Latest valuation and carrying value 2017 $'000	Percentage of net assets 2017 %
Industrial property:								
KTL Offshore	31 Oct 2014	Leasehold	60 years	49 years	Provident Properties (I) Pte. Ltd.	31 Dec 2017	53,000	7.9

Notes to the Financial Statements

For the financial year ended 31 December 2017

11. Trade and other payables

	Note	2017 $'000	2016 $'000
Current:			
Trade payables		298	65
Other payables		1,485	2,180
Sales tax payables		1,017	1,249
Amount due to Trustee		–	19
Amounts due to related parties (trade)		1,898	2,596
Amounts due to related parties (non-trade)		1	–
Deferred amortisation of interest cost on interest-free related party loan		1,041	1,637
Interest payable		1,834	1,753
		7,574	9,499
Non-current:			
Deferred amortisation of interest cost on interest-free related party loan		–	1,041
		–	1,041
Trade and other payables		7,574	10,540
Add: Rental deposits		27,876	38,027
Add: Borrowings	12	474,359	472,349
Add: Accrued operating expenses		3,054	2,509
Less: Accrued employee benefit expenses		(40)	–
Less: Sales tax payables		(1,017)	(1,249)
Total financial liabilities carried at amortised cost		511,806	522,176

Trade payable / other payables

The amounts are non-interest bearing, unsecured and are normally settled on 30 to 90 days terms. All amounts are denominated in SGD.

Amounts due to related parties (trade)

Amounts due to related parties are trade in nature which comprise amounts due to the Property Manager amounting to $195,000 (2016: $555,000) and amounts due to the Manager amounting to $1,703,000 (2016: $2,003,000).

Amounts due to related parties are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash and/or Units.

Amounts due to related parties (non-trade)

Amounts due to related parties are non-trade in nature which comprise amounts mainly due to the Manager amounting to $1,000 (2016: $Nil).

Amounts due to related parties are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash.

Transactions with related parties are made at terms equivalent to those prevailing in arm's length transactions with third parties.

Notes to the Financial Statements

For the financial year ended 31 December 2017

12 Borrowings

	Maturity	2017 $'000	2016 $'000
Current:			
SGD Medium Term Notes ("**MTN**")	2018	93,500	–
Less: Amortisation of arrangement fee		(38)	–
Interest free loan from related party	2018	55,000	–
Less: Deferred amortisation		(1,042)	–
Total current borrowings		147,420	–
Non-current:			
MTN	2018	–	100,000
Interest free loan from related party	2018	–	55,000
Less: Deferred amortisation		–	(2,679)
SGD Bank loan at Swap Offer Rate ("**SOR**") and the applicable margin - $200,000,000 facility	2022	185,000	–
SGD Bank loan at SOR and the applicable margin - $185,000,000 facility	2020	–	185,000
SGD Bank loan at SOR and the applicable margin - $40,000,000 term loan facility	2019	40,000	40,000
SGD Bank loans at SOR and the applicable margin - $18,500,000 term loan facility	2020	18,500	–
$100,000,000 SGD Medium Term Notes Series 2 ("**MTN 2**")	2021	88,000	100,000
		331,500	477,321
Less: Unamortised upfront debt arrangement, structuring and prepayment fees		(4,561)	(4,972)
Total non-current borrowings		326,939	472,349
Total borrowings		474,359	472,349

$200,000,000 facility

The borrowing of $185,000,000 was drawn down from a secured term loan facility of $200,000,000 provided by two financial institutions which will mature in April 2022. The loans bear floating interest equal to SOR and the applicable margin.

The loans are repayable upon maturity. Bank loans amounting to $100,000,000 were hedged by interest rate swaps (Note 5).

The bank loans are secured by the following:

- A first legal mortgage over Solaris;
- A first legal charge over the relevant bank account of the Trust;
- A first legal assignment of all rights, titles, benefits and interest under each of the lease agreements and sales agreements in respect of Solaris;
- A first legal assignment of all rights, titles and benefits arising from all insurance policies relating to Solaris; and
- A debenture incorporating a fixed and floating charge over all the Trust's assets in connection with the secured property.

Notes to the Financial Statements

For the financial year ended 31 December 2017

12 Borrowings (cont'd)

$185,000,000 facility

The borrowing was drawn down from a secured term loan facility of $185,000,000 provided by six financial institutions which would have matured in March 2020. The loan bore floating interest equal to SOR and the applicable margin. In October 2017, the loan under the $185,000,000 facility was refinanced by a loan under the $200,000,000 facility.

The loan was repayable upon maturity.

The bank loan was secured by the following:

- A first legal mortgage over Solaris;
- A first legal charge over the relevant bank account of the Trust;
- A first legal assignment of all rights, titles, benefits and interest under each of the lease agreements and sales agreements in respect of Solaris;
- A first legal assignment of all rights, titles and benefits arising from all insurance policies relating to Solaris; and
- A debenture incorporating a fixed and floating charge over all the Trust's assets in connection with the secured property.

$40,000,000 facility

The borrowings of $40,000,000 were drawn down from an unsecured term loan facility of $40,000,000 provided by The Bank of East Asia, Limited, Singapore Branch which will mature in September 2019. The loans bear floating interest equal to SOR and the applicable margin. The term loans are repayable upon maturity.

$18,500,000 facility

The borrowings of $18,500,000 were drawn down from an unsecured term loan facility of $18,500,000 provided by Hongkong and Shanghai Banking Corporation Limited which will mature in September 2020. The loans bear floating interest equal to SOR and the applicable margin. The term loans are repayable upon maturity.

$181,500,000 (2016: $200,000,000) MTN & MTN 2 facility

In April 2015, Soilbuild REIT established a $500,000,000 Multicurrency Debt Issuance Programme, under which it may from time to time issue notes and perpetual securities in series or tranches denominated in Singapore dollars or any other currency agreed between the Issuer and the relevant dealer(s) on the same or different issue dates.

On 21 May 2015, Soilbuild REIT issued $100,000,000 of unsecured notes which bear interest at 3.45% p.a. and mature on 21 May 2018.

On 8 April 2016, Soilbuild REIT issued $100,000,000 of unsecured notes which bear interest at 3.60% p.a. and mature on 8 April 2021.

On 12 September 2017, Soilbuild REIT redeemed part of MTN and MTN 2 amounting to $6,500,000 and $12,000,000 respectively 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 MTN and MTN 2 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.

Notes to the Financial Statements

For the financial year ended 31 December 2017

12 Borrowings (cont'd)

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 $55,000,000 to fund the payment of the Solaris upfront land premium. Repayment of this loan will be required when the Solaris master lease expires in August 2018.

SB Solaris had extended the first and second tranches of the loan amounting to $23,117,000 and $31,883,000 to Soilbuild REIT on 17 March 2015 and 18 March 2016 respectively.

13 Units in issue

	2017		2016	
	No. of units '000	$'000	No. of units '000	$'000
Issued and fully paid ordinary units:				
At 1 January	1,042,174	800,708	934,442	731,891
Units issued pursuant to the Preferential Offering	–	–	94,354	59,443
Units issued in lieu of Manager's acquisition fees	–	–	1,529	963
Units issued in lieu of Manager's management fees, performance fee, lease management fees and property management fees	9,937	6,688	11,849	8,411
At 31 December	1,052,111	807,396	1,042,174	800,708

During the financial year, 9,937,624 new units at the issue price range of $0.64 to $0.72 per unit, in respect of the payment of base fee, lease management fee and property management fee for the period from 1 October 2016 to 30 September 2017 were issued.

During the financial year ended 31 December 2016, 11,849,808 new units at the issue price range of $0.67 to $0.74 per unit, in respect of the payment of base fee, lease management fee, property management fee and performance fee for the period from 1 October 2015 to 30 September 2016 were issued.

During the financial year ended 31 December 2016, 94,353,672 new units at the issue price at $0.63 per unit were issued pursuant to the preferential offering.

In addition, during the financial year ended 31 December 2016, 1,528,571 new units at the issue price of $0.63 per unit were issued to the manager in lieu of acquisition fee.

The issue prices for the payment of base fee, lease management fee, property management fee and performance fee were determined based on the volume weighted average traded price for all trades done on SGX-ST in the ordinary course of trading for 10 business days immediately preceding the quarter end.

Under the Trust Deed, every Unit carries the same voting rights.

Notes to the Financial Statements

For the financial year ended 31 December 2017

13 Units in issue (cont'd)

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of holders of the Units are contained in the Trust Deed and include the rights to:

(i) receive income and other distributions attributable to the Units held; and

(ii) participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a holder of the Units does not have the right to require any assets (or part thereof) of the Trust be returned to him.

The restrictions of a holder of the Units include the following:

(i) a holder of the right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and

(ii) a holder of the Units has no right to request to redeem his Units while his Units are listed on SGX-ST.

The liability of a holder of the Units is limited to the amount paid or payable for any Unit in the Trust. The provisions of the Trust Deed provide that no holders of the Units will be personally liable to indemnify the Trustee or any creditor of the Trust in the event that the liabilities of the Trust exceed its assets.

14 Net asset value per Unit

	Note	2017 $'000	2016 $'000
Net assets		668,638	751,703
		'000	'000
Total issued and issuable Units at the end of the financial year	13	1,052,111	1,042,174
		$	$
Net asset value per Unit		0.64	0.72

15 Gross revenue

	2017 $'000	2016 $'000
Rental income	81,856	79,750
Car park income	901	909
Others	2,060	471
	84,817	81,130

Others mainly consist of the late payment charges and compensation income received from tenants.

Notes to the Financial Statements

For the financial year ended 31 December 2017

16 Property operating expenses

	2017 $'000	2016 $'000
Land rent	1,915	1,991
Property tax	4,076	3,478
Property management fee	1,324	1,261
Lease management fee	662	631
Other property expenses	3,359	3,095
	11,336	10,456

17 Finance expenses

	2017 $'000	2016 $'000
Interest expense		
- Loan from related company (notional interest expense)	1,638	1,400
- Bank loans	5,088	5,678
- MTN	6,850	6,103
Financing fee of interest rate swap	663	(19)
	14,239	13,162
Amortisation of debt arrangement, prepayment and structuring fees	1,496	1,475
	15,735	14,637

18 Manager's management fees

	2017 $'000	2016 $'000
Base fee	5,993	6,025

19 Other trust expenses

	2017 $'000	2016 $'000
Auditors' remuneration	107	107
Professional and valuation fees	611	532
Other trust expenses	341	394
	1,059	1,033

Notes to the Financial Statements

For the financial year ended 31 December 2017

20 Income tax expense

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year ended 31 December 2017 and 31 December 2016 are as follows:

	2017 $'000	2016 $'000
Total return before tax	(28,294)	(577)
Tax using Singapore tax rate of 17%	(4,810)	(98)
Adjustments:		
Non-tax deductible items	1,376	1,696
Income not subject to taxation	(66)	–
Net change in fair value of investment properties	13,688	8,645
Tax transparency	(10,188)	(10,243)
Income tax expense recognised in profit or loss	–	–

21 Earnings per Unit

The basic earnings per Unit is calculated by dividing total return after tax attributable to Unitholders against weighted average number of Units outstanding during the financial year.

	2017 $'000	2016 $'000
Total return after tax before distribution	(28,294)	(577)
Total return after tax and excluding net change in fair value of investment properties	52,221	50,278
	'000	'000
Weighted average number of Units in issue during the financial year	1,050,415	1,039,908
Basic and diluted earnings per Unit based on:		
Total return after tax before distribution	(2.70) cents	(0.06) cents
Total return after tax and excluding net change in fair value of investment properties	4.98 cents	5.21 cents

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the financial year.

22 Establishment and issuance costs

Establishment and issuance costs comprise professional, advisory and other fees, listing and perusal fees and other miscellaneous expenses incurred for the preferential offering on 26 September 2016. These expenses are deducted directly against the Unitholders' funds or added back to Unitholders' funds to reverse over-accrual of establishment and issuance costs in prior year.

Notes to the Financial Statements

For the financial year ended 31 December 2017

23 Hedging reserve

	2017 $'000	2016 $'000
At 1 January	(363)	2,889
Effective portion of changes in fair value of financial derivatives	262	(3,252)
At 31 December	(101)	(363)

Hedging reserve contain the effective portion of the cash flow hedge relationships incurred as at the reporting date. Loss of $101,000 (2016: loss of $363,000) is made up of the net movement in cash flow hedges and the effective portion of the interest rate swaps.

24 Related party transactions

During the financial year, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions which took place at terms agreed between the parties:

	2017 $'000	2016 $'000
Income:		
Carpark management licence income received from the Property Manager	576	549
Master lease and other rental income received from related companies	27,034	21,030
Administrative fee received from a related company	2	1
Other income from a related company	4	–
Expenses:		
Manager's management fees paid/payable to the Manager	5,993	6,025
Lease management fees and commissions paid/payable to the Manager	1,105	765
Acquisition fees paid/payable to the Manager	–	997
Trustee's fees paid/payable to the Trustee including reimbursements	208	206
Property management fees, marketing services commissions and reimbursable expenses paid/payable to the Property Manager	1,929	1,744
Additional marketing services commissions paid to the Property Manager	–	67
Comprehensive operational and maintenance service fees paid/payable to the Property Manager	1,006	976
Repair and replacement work fees paid/payable to a related company	11	31
Others:		
Recharge of property tax to a related company	–	(7)
Recharge of flyer expenses from a related company	1	1
Reinstatement works and supply of materials by a related company	–	21
Purchase of investment property	–	96,300
Additions and alterations contract awarded to a related company	34	–
Related party acquisition review fee paid to the Trustee	–	8

Notes to the Financial Statements

For the financial year ended 31 December 2017

25 Commitments and contingencies

(a) Operating lease commitments – as lessee

The Trust has entered into land leases in respect of certain investment properties. All leases include a clause to enable upward revision of the rental charge on an annual basis. These leases have tenures of between 23 to 37 years with no contingent rent provision included in the contract.

Minimum lease payment recognised as an expense in profit or loss for the financial year ended 31 December 2017 amounted to $1,915,000 (2016: $1,991,000).

Future minimum rental payables under non-cancellable operating leases at the end of the reporting period are as follows:

	2017 $'000	2016 $'000
Not later than one year	1,859	1,881
Later than one year but not later than five years	7,436	7,691
Later than five years	40,421	44,171
	49,716	53,743

(b) Operating lease commitments – as lessor

The Trust entered into business space property leases on its investment properties. The business space property lease consists of master lease arrangements and multi-tenanted lease arrangements.

These master leases have tenures of five to fifteen years with an option to renew for five to fifteen years included in the agreements. Multi-tenanted lease arrangements have average tenures of one to nine years, with an option to renew the lease after that date. Lease payments are usually revised annually and/or at each renewal date to reflect the market rate.

Future minimum rental receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	2017 $'000	2016 $'000
Not later than one year	65,007	77,110
Later than one year but not later than five years	133,677	138,622
Later than five years	50,066	70,431
	248,750	286,163

Commitment with related parties

The Trust has entered into lease agreements with tenures ranging from five to eight years with SB (Solaris) Investment Pte. Ltd. and SB (Westview) Investment Pte. Ltd.. Future rental receivable under the lease agreements is expected to be $61,241,000 (2016: $87,886,000).

(c) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	2017 $'000	2016 $'000
Capital commitment in respect of investment property	2,372	–

Notes to the Financial Statements

For the financial year ended 31 December 2017

26 Fair value of assets and liabilities

(a) Fair value hierarchy

The Manager categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs as follows:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Manager can access at the measurement date,

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

(iii) Level 3 – Unobservable inputs for the asset or liability

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Asset and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

		2017 $'000 Fair value measurement at the end of the reporting period using	
	Note	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)
Financial asset:			
Derivative financial instruments			
- Interest rate swap	5	(101)	–
As at 31 December 2017		(101)	–
Non-financial asset:			
Investment properties	4	–	1,110,600
Property held for sale	10	–	53,000
As at 31 December 2017		–	1,163,600

		2016 $'000 Fair value measurement at the end of the reporting period using	
	Note	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)
Financial asset:			
Derivative financial instruments			
- Interest rate swap	5	(363)	–
As at 31 December 2016		(363)	–
Non-financial asset:			
Investment properties	4	–	1,243,700
As at 31 December 2016		–	1,243,700

Notes to the Financial Statements

For the financial year ended 31 December 2017

26 Fair value of assets and liabilities (cont'd)

(b) Asset and liabilities measured at fair value (cont'd)

There have been no transfers between the respective levels during the financial years ended 31 December 2017 and 31 December 2016.

Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and/or liabilities that are categorised within Level 2 of the fair value hierarchy:

<u>Derivatives</u>

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including credit quality of counterparties, interest rate curves and forward rate curves.

Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements.

Description	Fair value at 31 December 2017 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurement:				
Investment properties	1,110,600	The fair value is determined using a combination of discounted cash flow, capitalisation approach and direct comparison approach	Capitalisation rate* and discount rate*	Capitalisation rate: 5.75% to 6.50% Discount rate: 7.75% to 8.00%
Property held for sale	53,000	The fair value is determined using a combination of discounted cash flow, capitalisation approach and direct comparison approach	Capitalisation rate* and discount rate*	Capitalisation rate: 6.00% Discount rate: 8.00%

Description	Fair value at 31 December 2016 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurement:				
Investment properties	1,243,700	The fair value is determined using a combination of discounted cash flow, capitalisation approach and direct comparison approach	Capitalisation rate* and discount rate*	Capitalisation rate: 5.75% to 7.00% Discount rate: 7.75% to 8.00%

* Adjustments are made for any difference in the nature, location or condition of the specific property.

The estimated fair value would increase/decrease if the capitalisation rate/discount rate adopted in the valuations is lower/higher.

Notes to the Financial Statements

For the financial year ended 31 December 2017

26 Fair value of assets and liabilities (cont'd)

(b) Asset and liabilities measured at fair value (cont'd)

(ii) Movement in Level 3 assets measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	2017 $'000	2016 $'000
Investment properties		
At 1 January	1,243,700	1,190,700
Purchase of investment properties	–	103,864
Capital expenditure on investment properties	415	32
Remission of stamp duty	–	(41)
Total losses for the financial year included in profit or loss	(80,515)	(50,855)
Reclassification from investment property to property held for sale	(53,000)	–
At 31 December	1,110,600	1,243,700
Total gains or losses for the financial year included in profit or loss :		
- Net loss from fair value adjustment of investment properties	(80,515)	(50,855)
Property held for sale		
At 1 January	–	–
Reclassification from investment property to property held for sale	53,000	–
At 31 December	**53,000**	**–**

(iii) Valuation policies and procedures

The Chief Financial Officer ("**CFO**") oversees the Trust's financial reporting valuation process and is responsible for setting and documenting valuation policies and procedures. In this regard, the CFO reports to the Audit and Risk Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Trust's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Trust with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Notes to the Financial Statements

For the financial year ended 31 December 2017

26 Fair value of assets and liabilities (cont'd)

(b) Asset and liabilities measured at fair value (cont'd)

(iii) Valuation policies and procedures (cont'd)

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The CFO documents and reports her analysis and results of the external valuations to the Audit and Risk Committee. The Audit and Risk Committee performs a high-level independent review of the valuation process and results and recommends if any revisions need to be made before presenting the results to the board of directors for approval.

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	2017		2016	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial liabilities:				
Rental deposits (non-current)	6,035	5,848	32,590	31,528

Determination of fair value

The fair value as disclosed in the table above is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

27 Financial risk management objectives and policies

The Trust is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, and foreign currency risk. The board of directors reviews and approves policies and procedures for the management of these risks, which are executed by the CFO. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process. It is the Trust's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Trust's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks, which is the outcome of review by the Board of Directors and Audit and Risk Committee of the above-mentioned financial risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Trust's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, including cash and cash equivalents, the Trust minimises credit risk by dealing exclusively with high credit rating counterparties.

Notes to the Financial Statements

For the financial year ended 31 December 2017

27 Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

The Trust's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Credit evaluations are performed by the Manager before lease agreements are entered into with lessees. In addition, the Trust requires lessees to provide tenancy rental deposits. Cash and cash equivalents are placed with financial institutions which are regulated.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Trust's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Trust's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Trust to manage risk concentrations at both the relationship and industry levels.

Exposure to credit risk

At the end of the reporting period, the Trust's maximum exposure to credit risk is represented by the carrying amount of financial assets recognised on the statement of financial position.

Credit risk concentration profile

At the end of the reporting period, the Trust has no significant concentration of credit risk. All trade receivables of the Trust were due from customers located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Trust. Cash and cash equivalents are placed with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 7 (Trade and other receivables).

(b) Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting financial obligations due to shortage of funds. The Trust's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Trust's objective is to maintain a balance between continuity and flexibility through the use of stand-by credit facilities.

The Manager monitors the liquidity of the Trust to ensure the Trust complies with the aggregate leverage limit set in the CIS Code issued by the MAS. The CIS Code requires total borrowings for the Trust to not exceed 45% of the value of the Trust's total assets based on the latest valuation. At the end of the reporting period, the amount of the Trust's total borrowings is approximately 40.6% (2016: 37.6%) of the value of the Trust's total assets.

The Manager assessed the concentration of risk with respect to refinancing its debt and concluded the risk to be low.

Notes to the Financial Statements

For the financial year ended 31 December 2017

27 Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Trust's financial assets and liabilities at the reporting period based on contractual undiscounted repayment obligations.

	One year or less $'000	One to five years $'000	Total $'000
2017			
Financial assets:			
Trade and other receivables	3,938	–	3,938
Deposits	226	–	226
Cash and cash equivalents	11,740	–	11,740
Derivative financial instruments	–	1	1
Total undiscounted financial assets	15,904	1	15,905
Financial liabilities:			
Trade and other payables	7,574	–	7,574
Derivative financial instruments	102	–	102
Financial liabilities included in accrued operating expenses	3,014	–	3,014
Rental deposits	21,841	6,035	27,876
Borrowings	158,451	353,333	511,784
Total undiscounted financial liabilities	190,982	359,368	550,350
Total net undiscounted financial liabilities	(175,078)	(359,367)	(534,445)

	One year or less $'000	One to five years $'000	Total $'000
2016			
Financial assets:			
Trade and other receivables	4,291	–	4,291
Deposits	237	–	237
Cash and cash equivalents	25,718	–	25,718
Total undiscounted financial assets	30,246	–	30,246
Financial liabilities:			
Trade and other payables	9,499	1,041	10,540
Derivative financial instruments	181	182	363
Accrued operating expenses	2,509	–	2,509
Rental deposits	5,437	32,590	38,027
Borrowings	12,599	503,892	516,491
Total undiscounted financial liabilities	30,225	537,705	567,930
Total net undiscounted financial assets/(liabilities)	21	(537,705)	(537,684)

Notes to the Financial Statements

For the financial year ended 31 December 2017

27 Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Trust's financial instruments will fluctuate because of the changes in market interest rates.

The Trust's exposure to changes in interest rates relates primarily to floating-rate bank borrowings. Interest rate risk is managed by the Manager on an on-going basis with the primary objective of limiting the extent to which net interest expense which can be affected by adverse movements in interest rates through the use of interest rate swaps.

During the financial year, the Trust has hedged its exposure to changes in interest rates on its variable rate borrowings by entering into interest rate swaps, with notional contract amounts of $100,000,000 (2016: $160,000,000) whereby it receives variable rates equal to the Singapore swap offer rate on the notional amounts and pays fixed interest rates ranging from 0.95% to 1.42% (2016: 0.95% to 1.42%) per annum as at 31 December 2017.

Sensitivity analysis

At the end of the reporting period, if interest rates had been 75 basis points lower/higher with all other variables held constant, the Trust's total return for the financial year would have been $1,076,000 (2016: $488,000) higher or lower, arising as a result of lower/higher interest rates on floating rate borrowings. Hedging reserve in other comprehensive income would have been $750,000 (2016: $1,200,000) lower as a result of lower fair value of interest rate swaps designated as cash flow hedges of variable rate borrowings. The assumed movement in basis points of interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

The Trust currently invests directly or indirectly, in a diversified portfolio of income-producing real estate, used primarily for business space purposes in Singapore, as well as real estate-related assets. As such, the Trust's exposure to currency risk is insignificant.

28 Capital management

The primary objective of the Trust's capital management is to ensure that it maintains a healthy credit rating and aggregate leverage ratio.

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 45% of the Trust's Deposited Property.

As at 31 December 2017, the Trust's aggregate leverage stood at 40.6% (2016: 37.6%) of its Deposited Property, which is within the limit set in the Property Funds Appendix. As at 31 December 2017, there was no deferred payment included in the aggregate leverage computation.

There was no substantial change in the Trust's approach to capital management since the date of constitution.

Notes to the Financial Statements

For the financial year ended 31 December 2017

29 Financial ratios

	2017	2016
	%	%
Expenses ratio [1]		
Excluding property operating expenses		
- including performance-related fee payable to the Manager	0.98	0.96
- excluding performance-related fee payable to the Manager	0.98	0.96
Expenses ratio [2]		
Including property operating expenses		
- including performance-related fee payable to the Manager	2.50	2.33
- excluding performance-related fee payable to the Manager	2.50	2.33
Turnover ratio[3]	–	13.68

(1) The annualised expense ratio is computed in accordance with the guidelines of the Investment Management Association of Singapore. The total operating expenses used in the computation relate to the trust expenses, excluding property expenses and borrowing costs. The average net asset value is based on the month-end balances.

(2) The total operating expenses used in the computation relate to the property operating expenses and trust expenses, excluding borrowing costs. The average net asset value is based on the month-end balances.

(3) The portfolio turnover ratio is calculated in accordance with the formula stated in CIS Code. The calculation of annualised portfolio turnover ratio is computed based on the total value of purchases or sales of the underlying investment properties expressed as a percentage of the average net asset value.

30 Operating segments

Business segment

For management purposes, the Trust is organised into operating segments based on their property types.

Segment revenue comprises mainly of income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the chief operating decision maker for the purpose of assessing of segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fees, performance fees (if any), trust expenses, interest income, finance costs and related assets and liabilities.

Notes to the Financial Statements

For the financial year ended 31 December 2017

30 Operating segments (cont'd)

Business segment (cont'd)

The reportable segments for the financial year ended 31 December 2017 are as follows:

	Business Park $'000	Industrial $'000	Total $'000
2017			
Gross revenue	27,431	57,386	84,817
Property operating expenses	(3,401)	(7,935)	(11,336)
Segment net property income	24,030	49,451	73,481
Interest income			1,733
Finance expenses			(15,735)
Manager's management fees			(5,993)
Trustee's fees			(206)
Other trust expenses			(1,059)
Net income before tax and fair value changes			52,221
Fair value change in investment properties			(80,515)
Total return before distribution			(28,294)
Segment assets	450,587	720,899	1,171,486
Unallocated assets			10,117
Total assets			1,181,603
Segment liabilities	57,314	28,457	85,771
Unallocated liabilities			427,194
Total liabilities			512,965
2016			
Gross revenue	27,243	53,887	81,130
Property operating expenses	(3,339)	(7,117)	(10,456)
Segment net property income	23,904	46,770	70,674
Interest income			1,505
Finance expenses			(14,637)
Manager's management fees			(6,025)
Trustee's fees			(206)
Other trust expenses			(1,033)
Net income before tax and fair value changes			50,278
Fair value change in investment properties			(50,855)
Total return before distribution			(577)
Segment assets	465,545	788,337	1,253,882
Unallocated assets			21,609
Total assets			1,275,491
Segment liabilities	75,608	20,750	96,358
Unallocated liabilities			427,430
Total liabilities			523,788

Notes to the Financial Statements
For the financial year ended 31 December 2017

30. Operating segments (cont'd)

Geographical segment

No geographical information is presented as the Trust operates in Singapore only.

Information about a major customer

Revenue from a major customer amounts to $18,603,000 (2016: $18,061,000) arising from the revenue generated from the business park segment.

31 Events occurring after the reporting period

(a) Distribution to Unitholders

On 17 January 2018, the Manager declared a distribution of $14,551,000 at 1.383 cents per Unit for the financial period from 1 October 2017 to 31 December 2017.

(b) Issuance of new Units in lieu of management fees

On 31 January 2018, the Trust issued 2,202,852 Units at an issue price of $0.66 per Unit as payment of the fees to the Manager, amounting to $1,456,000.

32 Authorisation of financial statements

The financial statements of the Group for the financial year ended 31 December 2017 were authorised for issue by the Manager and the Trustee on 23 February 2018.

Unitholders' Statistics

ISSUED UNITS

There were 1,054,314,217 Units (voting rights: one vote per Unit) issued in Soilbuild REIT as at 19 February 2018. There is only one class of Units in Soilbuild REIT. There were no treasury unitsheld.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	15	0.15	562	0.00
100 - 1,000	1,175	12.05	1,109,852	0.11
1,001 - 10,000	4,215	43.24	22,920,783	2.17
10,001 - 1,000,000	4,309	44.21	222,326,733	21.09
1,000,001 and Above	34	0.35	807,956,287	76.63
TOTAL	9,748	100.00	1,054,314,217	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	No. of Units	%
1.	DBS NOMINEES (PRIVATE) LIMITED	161,667,569	15.33
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	149,927,514	14.22
3.	LIM CHAP HUAT	92,085,816	8.73
4.	HSBC (SINGAPORE) NOMINEES PTE LTD	73,825,305	7.00
5.	LIM HAN REN (LIN HANREN)	70,000,000	6.64
6.	LIM HAN FENG (LIN HANFENG)	59,000,000	5.60
7.	LIM HAN QIN	59,000,000	5.60
8.	RAFFLES NOMINEES (PTE) LTD	27,877,343	2.64
9.	NOMURA SINGAPORE LIMITED	13,348,500	1.27
10.	UOB KAY HIAN PRIVATE LIMITED	13,249,100	1.26
11.	DBSN SERVICES PTE. LTD.	13,024,392	1.24
12.	OCBC SECURITIES PRIVATE LIMITED	12,019,000	1.14
13.	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,212,116	0.78
14.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,880,850	0.65
15.	PHILLIP SECURITIES PTE LTD	6,332,088	0.60
16.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,169,949	0.49
17.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,444,000	0.33
18.	ABN AMRO CLEARING BANK N.V.	2,916,278	0.28
19.	CHONG AH LAN	2,830,000	0.27
20.	NTUC FAIRPRICE CO-OPERATIVE LTD	2,750,000	0.26
	TOTAL	783,559,820	74.33

Unitholders' Statistics

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS

As recorded in the Register of Substantial Unitholdings as at 19 February 2018[1]

	Substantial Unitholders	No. of Units Direct Interest	No. of Units Deemed Interest
1	Lim Chap Huat[2]	92,085,816	1
2	Lim Han Feng[3]	59,000,000	11,000,000
3	Lim Han Qin[4]	59,000,000	11,000,000
4	Lim Han Ren	70,000,000	-
5	Schroders plc[5]	–	55,085,030
6	Wealthy Fountain Holdings Inc[6]	–	68,142,900
7	Shanghai Summit Pte Ltd[7]	–	68,142,900
8	Tong Jinquan[8]	–	70,659,900

Notes:

1 The percentage is based on 1,054,314,217 Units in issue as at 19 February 2018.

2 Mr Lim Chap Huat is deemed to be interested in one Unit held by SBGH as Mr Lim Chap Huat directly owns 100% of SBGH.

3 Mr Lim Han Feng is deemed to be interested in 11,000,000 Units held through a nominee account.

4 Mr Lim Han Qin is deemed to be interested in 11,000,000 Units held through a nominee account.

5 Purchased on behalf of clients as Investment Managers.

6 Wealthy Fountain Holdings Inc is deemed to be interested in 68,142,900 Units held through a nominee account.

7 Shanghai Summit Pte Ltd is the sole shareholder of Wealthy Fountain Holdings Inc and accordingly, is deemed to be interested in the 68,142,900 Units held by Wealthy Fountain Holdings Inc.

8 Mr Tong Jinquan is deemed to be interested in 2,517,000 Units held through a nominee account and 68,142,900 Units held indirectly by Wealthy Fountain Holdings Inc. Wealthy Fountain Holdings Inc is indirectly wholly owned by Mr Tong Jinquan through Shanghai Summit Pte Ltd.

MANAGER'S DIRECTORS' UNITHOLDINGS

As recorded in the Register of Directors' Unitholdings as at 21 January 2018[1]

	Directors	No. of Units Direct Interest	No. of Units Deemed Interest
1	Lim Chap Huat[2]	89,882,964	1
2	Ho Toon Bah[3]	–	275,000
3	Lim Cheng Hwa	231,000	–
4	Michael Ng Seng Tat[4]	–	687,500
5	Ng Fook Ai Victor	–	–
6	Chong Kie Cheong	275,000	–

Notes:

1 The percentage interest is based on total issued Units of 1,052,111,365 as at 21 January 2018.

2 Lim Chap Huat is deemed to be interested in the 1 unit held by Soilbuild Group Holdings Ltd. as Lim Chap Huat directly owns 100% of Soilbuild Group Holdings Ltd..

3 Mr Ho Toon Bah is deemed to be interested in 110,000 Units held through a nominee account and 165,000 Units held by Ms Tan Swee Fong, the wife of Mr Ho Toon Bah.

4 Mr Michael Ng Seng Tat is deemed to be interested in 687,500 Units held through a nominee account.

FREE FLOAT

Based on the information made available to the Manager as at 19 February 2018, approximately 59.2% of the Units in Soilbuild REIT are held in the hands of the public. Accordingly Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Additional Information

INTERESTED PERSON TRANSACTIONS

Transactions entered into with related parties during the financial year falling under the Listing Manual of the SGX-ST and the Property Funds Appendix (excluding transactions of less than S$100,000 each) are as follows: –

(1) Transactions not subject to Rule 905 and 906 of the Listing Manual

The entry into and fees payable pursuant to the Trust Deed have been approved by the Unitholders upon purchase of the Units at the initial public offering of Soilbuild REIT on the SGX-ST in 16 August 2013 and are therefore not subject to Rule 905 and 906 of the Listing Manual.

Name of interested person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S$100,000) S$'000	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Revenue:		
Soilbuild Group Holdings Ltd. and its subsidiaries		
SB (Solaris) Investment Pte. Ltd.		
Rental income	18,603	–
SB Property Services Pte. Ltd.		
West Park BizCentral – monthly licence fee	576	–
	19,179	–
Expenses:		
Soilbuild Group Holdings Ltd. and its subsidiaries		
SB REIT Management Pte. Ltd.		
Base fee[1]	5,993	–
Lease management fee[2]	662	–
Lease renewal commission[3]	443	–
SB Property Services Pte. Ltd.		
Property management fee[4]	1,324	–
Marketing services commissions for new leases[3]	382	–
West Park BizCentral – comprehensive operational and maintenance service	1,006	–
Reimbursable costs	223	–
DBS Trustee Limited		
Trustee fees and reimbursable costs	208	–
	10,241	–

Notes:

1 Base fee, being a fee not exceeding the rate of 10.0% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the annual distributable income of the Trust;

2 Lease management fees, being 1.0% per annum of the gross revenue for the relevant properties;

3 Lease renewal commission and marketing services commissions are capitalised in deferred expenditure and amortised over the lease term; and

4 Property management fees, being 2.0% per annum of the gross revenue for the relevant properties.

Additional Information

INTERESTED PERSON TRANSACTIONS (CONT'D)

(2) Transactions approved by unitholders at the Extraordinary Meeting held on 18 August 2016.

Name of interested person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S$100,000) S$'000	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Soilbuild Group Holdings Ltd. and its subsidiaries		
SB (Westview) Investment Pte. Ltd.		
Rental income	8,042	–

(3) Other transactions

Name of interested person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S$100,000) S$'000	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Soil-Build (Pte.) Ltd.		
Revenue:		
Rental income	389	–
Others:		
Additions & alterations contract for Eightrium	2,406	–

Please also see Related Party Transaction in Note 24 to the financial statements.

Except as disclosed above, there were no additional Interested Person Transactions (excluding transactions of less than S$100,000 each) entered into up to and including 31 December 2017.

Additional Information

FEES PAID TO THE MANAGER, PROPERTY MANAGER AND TRUSTEE

Asset/Fund management fees	**FY2017 S$'000**
- Base fee	5,993
- Performance fee	–
- Lease management fee	662
Total fees paid to the Manager	6,655
% of total amount available for distribution (before all fees[1])	10.75%
% of total assets	0.56%
Property management fee	1,324
Total fees paid to the Property Manager	1,324
% of total amount available for distribution (before all fees[1])	2.14%
% of total assets	0.11%
Trustee fee including reimbursable costs	208
Total fees paid to the Trustee	208
% of total amount available for distribution (before all fees[1])	0.34%
% of total assets	0.02%

Note:

1 This includes base fee, performance fee (if any), lease management fee, property management fee and trustee fee.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of the holders of units of Soilbuild Business Space REIT ("**Soilbuild REIT**" and the holders of units of Soilbuild REIT, "**Unitholders**") will be held at Raffles City Convention Centre (Atrium Ballroom), 80 Bras Basah Road, Singapore 189560 on Thursday, 29 March 2018 at 2.30 p.m, to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee of Soilbuild REIT issued by DBS Trustee Limited, as trustee of Soilbuild REIT (the "**Trustee**"), the Statement by the Manager issued by SB REIT Management Pte. Ltd., as manager of Soilbuild REIT (the "**Manager**"), and the Audited Financial Statements of Soilbuild REIT for the financial year ended 31 December 2017 and the Auditors' Report thereon.
(Ordinary Resolution 1)

2. To re-appoint Ernst & Young LLP as Auditors of Soilbuild REIT and to hold office until the conclusion of the next Annual General Meeting of Soilbuild REIT, and to authorise the Manager, to fix their remuneration.
(Ordinary Resolution 2)

(B) AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without any modifications:

3. The authority be and is hereby given to the Manager, to

(a) (i) issue units in Soilbuild REIT ("**Units**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units (collectively, "**Instruments**"),

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the total number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:

(a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

Notice of Annual General Meeting

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting Soilbuild REIT (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) unless revoked or varied by the Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of Soilbuild REIT or (ii) the date by which the next Annual General Meeting of Soilbuild REIT is required by the applicable law or regulations to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Manager and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Soilbuild REIT to give effect to the authority conferred by this Resolution.

(Ordinary Resolution 3)

(Please see Explanatory Note)

4. That:

(a) approval be and is hereby given to amend the Trust Deed to include provisions regarding electronic communications of notices and documents to Unitholders in the manner set out in Annex A of the Letter to Unitholders dated 7 March 2018 (the "**Proposed Communications Trust Deed Supplement**"); and

(b) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee, may consider expedient or necessary or in the interests of Soilbuild REIT to give effect to the Proposed Communications Trust Deed Supplement.

(Extraordinary Resolution 4)

(Please see Explanatory Note)

Unitholders are invited to send in their questions to the Manager by 19 March 2018.

By Order of the Board

SB REIT Management Pte. Ltd.
(Company Registration No: 201224644N)
As manager of Soilbuild REIT

Ngiam May Ling
Lim Hui Hua
Company Secretaries

Singapore
7 March 2018

Notice of Annual General Meeting

Notes:

1. A Unitholder who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

2. A Unitholder who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

   "**Relevant Intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity, or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds these Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the office of Soilbuild REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 2.30 p.m. on 27 March 2018 being 48 hours before the time fixed for the Annual General Meeting.

4. The Manager shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Units entered into the Depository Register, the Manager may reject any Proxy Form lodged if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Manager.

Explanatory Note:

1. **Ordinary Resolution 3**

   Ordinary Resolution 3, if passed, will empower the Manager from the date of this Annual General Meeting until (i) the conclusion of the next Annual General Meeting of Soilbuild REIT, (ii) the date by which the next Annual General Meeting of Soilbuild REIT is required by the applicable regulations to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest, to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 50% of which up to 20% may be issued other than on a pro rata basis to Unitholders (in each case, excluding treasury Units, if any).

   The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this Annual General Meeting until the date of the next Annual General Meeting of Soilbuild REIT, to issue Units as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

   For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time the Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

   In any event, if the approval of unitholders is required under the Listing Manual and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

2. **Extraordinary Resolution 4**

   In connection with the amendments to the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), companies are allowed to send notices and documents electronically to their shareholders with the express, deemed or implied consent (the "**Deemed Consent Regime**" and the "**Implied Consent Regime**", respectively) of the shareholders if the constitution of the company provides for it and the specified modes of electronic communications are set out in the constitution of the company (the "**Companies Act Electronic Communications Amendments**"). The SGX-ST has recently amended the listing rules of the SGX-ST (the "**Listing Rules**") to align the Listing Rules with the Companies Act Electronic Communications Amendments, with issuers allowed to transmit certain types of notices and documents to shareholders (or Unitholders, in the case of a listed real estate investment trust ("**REIT**") such as Soilbuild REIT) electronically with the express, deemed or implied consent of shareholders.

   Although Soilbuild REIT is not bound by the Companies Act, it is nonetheless bound by the Listing Rules as a listed REIT. Accordingly, the Manager proposes to amend the Trust Deed to adopt certain provisions of the Listing Rules to implement the Implied Consent Regime and/or the Deemed Consent Regime and allow for such electronic transmission of notices and documents in relation to Soilbuild REIT.

   (See the Letter to Unitholders dated 7 March 2018 in relation to the Proposed Communications Trust Deed Supplement for further details.)

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by Soilbuild REIT, the Trustee or the Manager (or their respective agents) for the purpose of the processing and administration by Soilbuild REIT, the Trustee or the Manager (or their respective agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for Soilbuild REIT, the Trustee or the Manager (or their respective agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to Soilbuild REIT, the Trustee or the Manager (or their respective agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by Soilbuild REIT, the Trustee or the Manager (or their respective agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify Soilbuild REIT, the Trustee or the Manager (or their respective agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

PROXY FORM

ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

SOILBUILD BUSINESS SPACE REIT

(Constituted in Republic of Singapore
pursuant to a Trust Deed dated 13 December 2012
(as amended and restated))

Managed by SB REIT Management Pte. Ltd.
(Company Registration No. 201224644N)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 3 for the definition of "**relevant intermediary**").
2. For investors who have used their CPF monies to buy units in Soibuild Business Space REIT, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 March 2018.

I/We, ____

(Name and NRIC No./Passport No./Company Registration No.)

of ____

being a unitholder/unitholders of Soilbuild REIT, hereby appoint:

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Fifth Annual General Meeting (the "**Annual General Meeting**") of unitholders of Soilbuild REIT ("**Unitholders**") to be held at Raffles City Convention Centre (Atrium Ballroom), 80 Bras Basah Road, Level 4 Raffles City Convention Centre, Singapore 189560, on Thursday, 29 March 2018 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion as he/she/they will on any other matter arising at the Annual General Meeting and at any adjournment thereof.

Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

No.	Resolutions relating to:	Number of Votes For	Number of Votes Against
1	To receive and adopt the Trustee's Report, the Manager's Statement, the Audited Financial Statements of Soilbuild REIT for the financial year ended 31 December 2017 and the Auditor's Report thereon.		
2	To re-appoint Ernst & Young LLP as the Auditor of Soilbuild REIT and authorise the Manager to fix the Auditor's remuneration.		
3	To authorise the Manager to issue Units and to make or grant convertible instruments on the terms set out in the Notice of the Annual General Meeting.		
4	To amend the Trust Deed to include provisions regarding electronic communications of notices and documents to Unitholders.		

Dated this ______________ day of ______________ 2018

Total Number of Unit Held

____

Signature of Unitholder(s)/Common Seal of Corporate Unitholder

3rd fold here, glue and seal overleaf. Do not staple.

2nd fold here.

Affix
postage
stamp

SB REIT Management Pte. Ltd.
(The Manager of Soilbuild Business Space REIT)
c/o Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01 Singapore Land Tower
Singapore 048623

1st fold here.

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes:

1. Please insert the total number of units in Soilbuild REIT ("**Units**") held by you. If you have Units entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders of Soilbuild REIT, you should insert that number of Units. If you have Units entered against your name in the Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies (the "**Proxy Form**") shall be deemed to relate to all the Units held by you.

2. A Unitholder who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A Unitholder who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form.

   "**Relevant Intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds these Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. Completion and return of this Proxy Form shall not preclude a Unitholder from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the Annual General Meeting in person, and in such event, Soilbuild REIT reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the Annual General Meeting.

5. The Proxy Form or the power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited at the office of Soilbuild REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Annual General Meeting.

6. The Proxy Form shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

7. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

8. CPF Approved Nominees acting on the request of the CPF/SRS investors who wish to attend the Annual General Meeting are requested to submit in writing, a list with details of the investor's names, NRIC/Passport numbers, addresses and number of Units held. The list, signed by an authorised signatory of the relevant CPF Approved Nominees, should reach the office of Soilbuild REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least 48 hours before the time appointed for holding the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by Soilbuild REIT, the Trustee or the Manager (or their respective agents) for the purpose of the processing and administration by Soilbuild REIT, the Trustee or the Manager (or their respective agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for Soilbuild REIT, the Trustee or the Manager (or their respective agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to Soilbuild REIT, the Trustee or the Manager (or their respective agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by Soilbuild REIT, the Trustee or the Manager (or their respective agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify Soilbuild REIT, the Trustee or the Manager (or their respective agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

General:

The Manager shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject any Proxy Form lodged if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Manager.

Glossary

In this Annual Report, the following definitions apply throughout unless otherwise stated:

%	:	**Per centum or percentage**
Annual General Meeting	:	**AGM**
Audit and Risk Committee	:	**ARC**
The Bank of East Asia, Limited, Singapore Branch	:	**BEA**
Building and Construction Authority	:	**BCA**
Bukit Batok Connection	:	**BBC**
Central Business District	:	**CBD**
Chief Executive Officer	:	**CEO**
Chief Financial Officer	:	**CFO**
Colliers International Consultancy & Valuation (Singapore) Pte Ltd	:	**Colliers**
DBS Trustee Limited	:	**Trustee**
Distribution Per Unit	:	**DPU**
Enterprise-wide Risk Management	:	**ERM**
For the financial year from 1 January 2014 to 31 December 2014	:	**FY2014**
For the financial year from 1 January 2015 to 31 December 2015	:	**FY2015**
For the financial year from 1 January 2016 to 31 December 2016	:	**FY2016**
For the financial year from 1 January 2017 to 31 December 2017	:	**FY2017**
For the financial year from 1 January 2018 to 31 December 2018	:	**FY2018**
For the financial year from 1 January 2020 to 31 December 2020	:	**FY2020**
For the financial period from 1 October 2016 to 31 December 2016	:	**4Q FY2016**
For the financial period from 1 January 2017 to 31 March 2017	:	**1Q FY2017**
For the financial period from 1 April 2017 to 30 June 2017	:	**2Q FY2017**
For the financial period from 1 July 2017 to 30 September 2017	:	**3Q FY2017**
For the financial period from 1 October 2017 to 31 December 2017	:	**4Q FY2017**
For the financial period from 1 January 2017 to 30 June 2017	:	**1H FY2017**
For the financial period from 1 January 2017 to 30 September 2017	:	**9M FY2017**
For the financial period from 1 July 2018 to 31 December 2018	:	**2H FY2018**
Gross Rental Income	:	**GRI**
Initial Public Offering	:	**IPO**
Issuance of 94,353,672 new Units at an issue price of S$0.63 per Unit on 26 September 2016	:	**Preferential Offering**
Jurong Town Corporation	:	**JTC**
Kilogram	:	**Kg**
Kilometre	:	**Km**
Kilonewton per Square Metre	:	**KN/m2**
Knight Frank Pte Ltd	:	**Knight Frank**
Mass Rapid Transit	:	**MRT**
Medium Term Notes	:	**MTN**
S$500 million Medium Term Notes Programme established on 25 April 2015	:	**MTN Programme**
Ministry of Trade and Industry	:	**MTI**
Monetary Authority of Singapore	:	**MAS**
Multinational Companies	:	**MNCs**
Multi-Tenanted Buildings	:	**MTBs**
Net Asset Value	:	**NAV**
Net Lettable Area	:	**NLA**
Net Property Income	:	**NPI**
Nominating and Remuneration Committee	:	**NRC**

Glossary

PricewaterhouseCoopers	:	**PwC**
Savills Valuation and Professional Service(s) Pte Ltd	:	**Savills**
SB (Solaris) Investment Pte. Ltd.	:	**SB Solaris**
SB Property Services Pte. Ltd.	:	**Property Manager**
Singapore Exchange Securities Trading Limited	:	**SGX-ST**
Small and Medium Enterprises	:	**SMEs**
Soilbuild Business Space REIT	:	**Soilbuild REIT**
Soilbuild Group Holdings Ltd. and its subsidiaries	:	**Soilbuild Group or the Sponsor**
Square Feet	:	**Sq ft**
Square Metre	:	**Sq m**
The Manager of Soilbuild Business Space REIT, SB REIT Management Pte. Ltd.	:	**Manager**
Weighted Average Lease Expiry	:	**WALE**

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Corporate Directory

THE MANAGER

SB REIT Management Pte. Ltd.

Company Registration Number:
201224644N

Capital Market Services:
CMS100301-1

23 Defu South Street 1
Singapore 533847
Tel: (65) 6542 2882
Fax: (65) 6543 1818

BOARD OF DIRECTORS

Mr Chong Kie Cheong
Chairman, Independent
Non-Executive Director
and Audit & Risk Committee Member

Mr Ng Fook Ai Victor
Independent Non-Executive Director,
Audit & Risk Committee Chairman and
Nominating & Remuneration Committee
Member

Mr Michael Ng Seng Tat
Independent Non- Executive Director,
Nominating and Remuneration
Committee Chairman and
Audit & Risk Committee Member

Mr Lim Chap Huat
Non-Executive Director

Mr Ho Toon Bah
Non-Executive Director

Ms Lim Cheng Hwa
Non-Executive Director and Nominating
& Remuneration Committee Member

AUDIT & RISK COMMITTEE

Mr Ng Fook Ai Victor
Chairman

Mr Chong Kie Cheong
Member

Mr Michael Ng Seng Tat
Member

NOMINATING AND REMUNERATION COMMITTEE

Mr Michael Ng Seng Tat
Chairman

Mr Ng Fook Ai Victor
Member

Ms Lim Cheng Hwa
Member

THE PROPERTY MANAGER

SB Property Services Pte. Ltd.
23 Defu South Street 1
Singapore 533847
Tel: (65) 6542 2882
Fax: (65) 6543 1818

AUDITOR

Ernst & Young LLP
One Raffles Quay North Tower Level 18
Singapore 048583
Tel: (65) 6535 7777
Fax: (65) 6532 7662

Partner-in-Charge:
Mr Adrian Koh
(Appointed since the financial period
ended 31 December 2013)

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6438 8710

TRUSTEE

DBS Trustee Limited
12 Marina Boulevard, Level 44
DBS Asia Central @
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: (65) 6878 8888
Fax: (65) 6878 3977

COMPANY SECRETARY

Ms Ngiam May Ling

Ms Lim Hui Hua

STOCK EXCHANGE QUOTATION

BBG: SBREIT: SP
SGX: SV3U

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Business Space
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Annual Report 2017

SoilBuild
BUSINESS SPACE REIT

SB REIT Management Pte. Ltd.
As Manager of Soilbuild Business Space REIT

Company Registration Number:
201224644N

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