SoilBuild
BUSINESS SPACE REIT















BUILDING OPPORTUNITIES STRENGTHENING PORTFOLIO

ANNUAL REPORT 2018



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MISSION

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

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.



CORPORATE PROFILE

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 13 business space properties – three business park properties and ten industrial properties. They are strategically located across Singapore and Australia with a total GFA of approximately 4.33 million sq ft and a valuation of S$1.23 billion as at 31 December 2018.

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.

KEY FIGURES

13
Total Business Space Properties

4.33MIL sq ft
Total Gross Floor Area

S$1.23BIL
Total Asset Valuation



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

Operations Cover Full Spectrum Of Value Chain



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



Fund Management

- Capital Management
- Relationship with Vendors
- Experienced Management Team



Lease Management

- Tenant Retention
- Relationship with Brokers
- Dedicated Team



Asset/Property Management

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

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 78.5% (by valuation) of Soilbuild REIT's portfolio were conceptualised, designed and developed by the Sponsor, demonstrating its strong design and development capabilities.

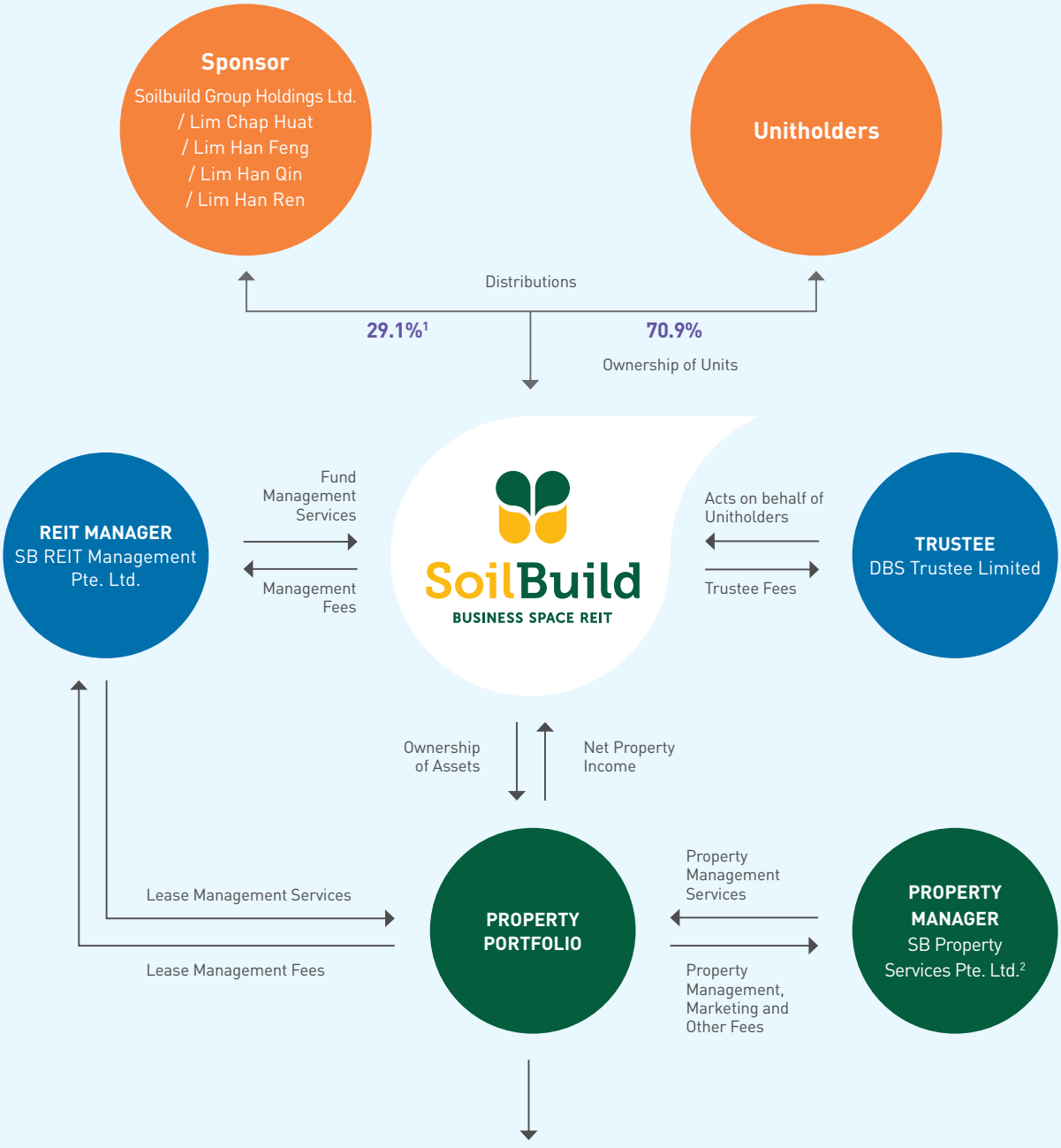
The Sponsor is committed to support Soilbuild REIT over the long term. The Sponsor, Mr Lim Chap Huat and his immediate family members hold an aggregate of 29.1% of the total number of units outstanding as at 31 December 2018, demonstrating an alignment of interests with Unitholders. The Sponsor is wholly-owned 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 Lease
Bukit Batok Connection

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

Third Party Master Leases
NK Ingredients
COS Printers
Beng Kuang Marine
Speedy-Tech
14 Mort Street, Canberra
Inghams Burton, Adelaide

Note:

[1] Information as at 31 December 2018.

[2] Soilbuild REIT's properties located in Australia are held through a wholly-owned managed investment trust and various wholly-owned intermediate sub-trusts of Soilbuild REIT, and are managed by SB REIT Management (Australia) Pty Ltd together with third-party managing agents.

EIGHTRIUM @ CHANGI BUSINESS PARK

COMMENTARY BY VANDERLANDE

Vanderlande is the global market leader for value-added logistic process automation at airports, and in the parcel market. The company is also a leading supplier of process automation solutions for warehouses. Vanderlande's baggage handling systems move 3.7 billion pieces of luggage around the world per year, in other words 10.1 million per day. Its systems are active in 600 airports including 13 of the world's top 20. More than 39 million parcels are sorted by its systems every day, which have been installed for the world's leading parcel companies. In addition, many of the largest global e-commerce players and distribution firms have confidence in Vanderlande's efficient and reliable solutions. We are pleased to have been served by the team at Soilbuild REIT with excellent customer experience with their leasing and property management teams. We look forward to continue building a fruitful relationship with the landlord in years to come".

Martin Maasland
Managing Director
Airports APAC







Feature Property Type
BUSINESS PARK

Refer to Page 30 to find out more

SIGNIFICANT EVENTS

2018

JAN

17 JANUARY 2018

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

FEB

21 FEBRUARY 2018

The Extraordinary General Meeting (EGM) of Soilbuild REIT was held and all resolutions proposed were duly passed.

28 FEBRUARY 2018

Completed the divestment of the property located at 61 Tuas Bay Drive Singapore 637428 and 71 Tuas Bay Drive Singapore 637430, commonly known as KTL Offshore.

MAR

29 MARCH 2018

The 5th Annual General Meeting of Soilbuild REIT was held and all resolutions proposed were duly passed.

APR

16 APRIL 2018

Distribution of 1.324 cents per Unit was declared for the financial period from 1 January 2018 to 31 March 2018.

MAY

21 MAY 2018

Redeemed on maturity S$93.5 million 3.45% Fixed Rate Notes Series 001.

JUL

16 JULY 2018

Distribution of 1.264 cents per Unit was declared for the financial period from 1 April 2018 to 30 June 2018.

AUG

2 AUGUST 2018

Soilbuild REIT clinched Silver award in the Asia Pacific Best of the Breeds REITs Awards 2018 (Industrial REIT Category for less than 1 billion market capitalisation).

14 AUGUST 2018

Established three wholly-owned Australia trusts of Soilbuild REIT.

SEP

7 SEPTEMBER 2018

Announced the proposed acquisition of 2 Australia properties:
1) 14 Mort Street, Canberra and
2) Inghams Burton, Adelaide.

27 SEPTEMBER 2018

Issued S$65,000,000 6.00% subordinated perpetual securities pursuant to the S$500,000,000 multicurrency debt issuance programme.

OCT

5 OCTOBER 2018

Completed the proposed acquisition of 2 Australia assets.

17 OCTOBER 2018

Distribution of 1.245 cents per Unit was declared for the financial period from 1 July 2018 to 30 September 2018.

2019

JAN

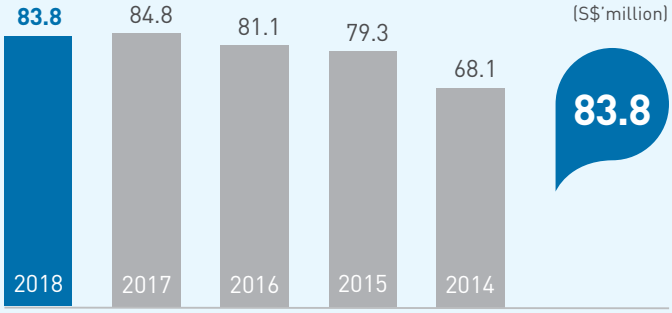
21 JANUARY 2019

Distribution of 1.451 cents per Unit was declared for the financial period from 1 October 2018 to 31 December 2018.

KEY HIGHLIGHTS IN FY2018

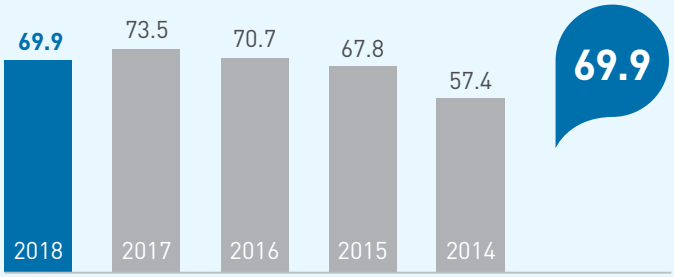
Gross Revenue

(S$'million)



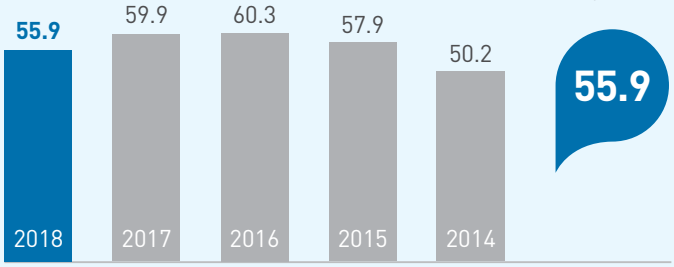
Net Property Income

(S$'million)



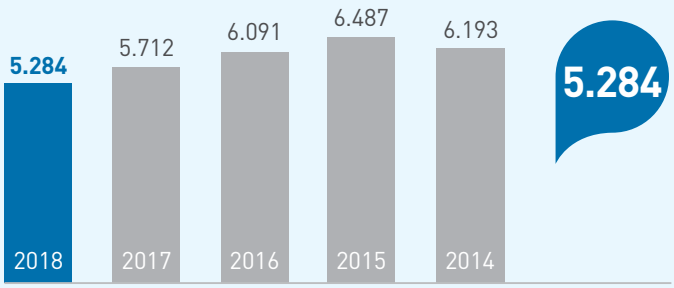
Income Available for Distribution

(S$'million)

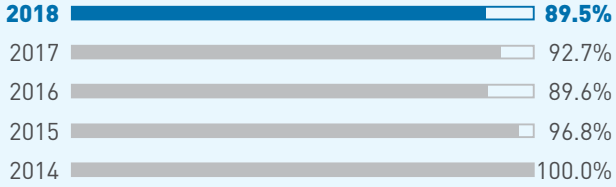


Distribution per Unit

(Singapore Cents)



Committed Portfolio Occupancy



Investment Properties and Property held for sale

(in Singapore Dollars)

2018	2017[1]	2016	2015	2014
$1,230 million	$1,164 million	$1,244 million	$1,191 million	$1,031 million

No. of Properties

2018	2017	2016	2015	2014
13	12	12	11	10

NLA

(sq ft)

2018	2017	2016	2015	2014
4.03 million	3.90 million	3.90 million	3.53 million	3.33 million

No. of Tenants

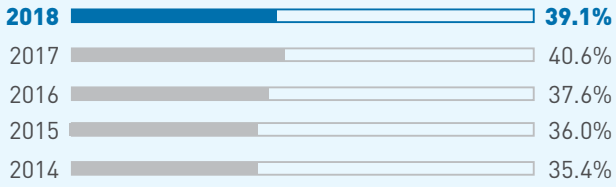
2018	2017	2016	2015	2014
115	115	108	113	111

Weighted Average Lease Expiry

(by Gross Rental Income)

2018	2017	2016	2015	2014
3.9 years	3.0 years	3.4 years	4.8 years	3.9 years

AVERAGE LEVERAGE



Notes:

[1] Includes a property held for sale.

FINANCIAL HIGHLIGHTS

Summary of Results

	FY2018	FY2017	FY2016	FY2015	FY2014
Gross Revenue (S$'000)	**83,765**	84,817	81,130	79,340	68,145
Net Property Income (S$'000)	**69,929**	73,481	70,674	67,777	57,362
Income Available for Distribution (S$'000)	**55,896**	59,927	60,252	57,867	50,173
Distribution per Unit (Singapore cents)	**5.284**	5.712	6.091	6.487	6.193
Annualised Distribution Yield (%) – Based on closing price on 31 December	**9.1%[1]**	8.5%[2]	9.5%[3]	8.4%[4]	7.8%[5]

Balance Sheet (As At 31 December)

	FY2018	FY2017	FY2016	FY2015	FY2014
Total Assets (S$'000)	**1,247,959**	1,181,603	1,275,491	1,214,530	1,053,972
Total Liabilities (S$'000)	**515,719**	512,965	523,788	468,557	403,192
Net Assets Attributable to Unitholders (S$'000)	**666,575**	668,638	751,703	745,973	650,780
Total Units in Issue ('000)	**1,060,763**	1,052,111	1,042,174	934,442	812,993
Market Capitalisation (S$'000)	**615,243[1]**	704,915[2]	666,991[3]	719,520[4]	642,265[5]

Key Financial Ratios

	FY2018	FY2017	FY2016	FY2015	FY2014
Net Asset Value per Unit (S$)	**0.63**	0.64	0.72	0.80	0.80
Aggregate Leverage (%)	**39.1[6]**	40.6[7]	37.6[7]	36.0[7]	35.4
Average All-in Interest Costs (%)	**3.52[8]**	3.20[8]	3.37[8]	3.21[8]	3.19
Weighted Average Tenor of Debt (years)	**3.2**	2.7[7]	2.8[7]	3.2[7]	2.1
Interest Cover Ratio (times)	**4.6[9]**	4.7[9]	4.8[9]	4.7[9]	5.3

Notes:

1. Based on closing unit price of S$0.58 as at 31 December 2018.
2. Based on closing unit price of S$0.67 as at 31 December 2017.
3. Based on closing unit price of S$0.64 as at 31 December 2016.
4. Based on closing unit price of S$0.77 as at 31 December 2015.
5. Based on closing unit price of S$0.79 as at 31 December 2014.
6. Post-acquisition gearing including deferred payment of S$19.3 million due to SB (Solaris) Investment Pte. Ltd and insurance guarantees of S$0.8 million issued to utility supply providers.
7. Includes interest-free loan (FY2015: interest-free loan and deferred payment) in relation to the Solaris upfront land premium.
8. Refers to weighted average borrowing cost for 4Q. Weighted average borrowing cost for FY2018 and FY2017 was 3.38% p.a. and 3.31% p.a. respectively. Computation excludes interest-free loan.
9. 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) Investment Pte. Ltd. which has been correspondingly recognised as interest income. 4Q FY2018 interest coverage was 4.2 times.

Return on Investment

	1-Year From 1 January 2018	3-Year From 1 January 2016	5-Year From 1 January 2014	Since listing From 16 August 2013
Total return (%) as at 31 December 2018	**(5.5)[1]**	(2.5)[1]	14.0[1]	15.4[2]
Capital appreciation (%)	**(13.4)**	(24.7)	(24.7)	(25.6)
Distribution yield (%)	**7.9**	22.2	38.7	41.1
Closing price on the last trading day prior to the commencement of the period/unit issue price at listing (S$)	**0.670**	0.770	0.770	0.780

Notes:

1. Sum of distributions and capital appreciation for the period over the closing unit price on the last trading day prior to the commencement of the period.
2. Sum of distributions and capital appreciation for the period over the unit issue price at listing.

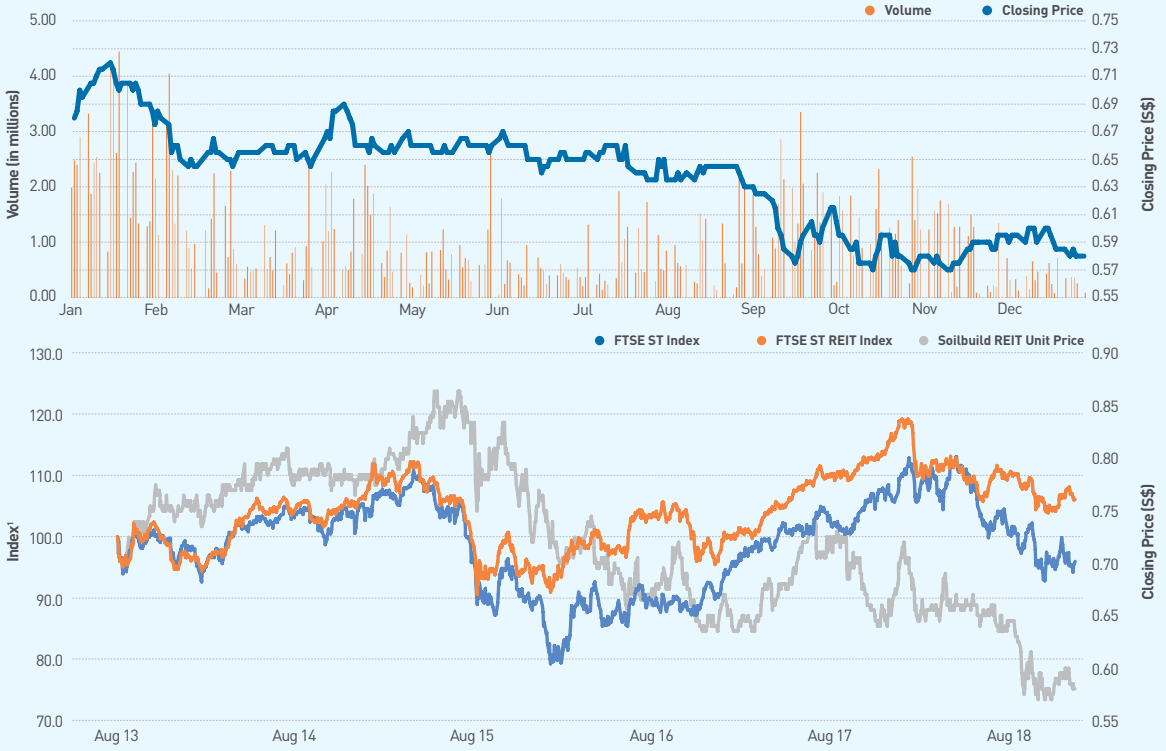
TRADING PERFORMANCE

UNIT PRICE PERFORMANCE

	FY2018	FY2017	FY2016	FY2015	FY2014
Highest closing price (S$)	**0.720**	0.740	0.770	0.870	0.815
Lowest closing price (S$)	**0.560**	0.635	0.635	0.725	0.740
Average closing price (S$)	**0.637**	0.679	0.694	0.811	0.783
Closing price on 31 December (S$)	**0.580**	0.670	0.640	0.770	0.790
Average daily trading volume (No. of Units)	**1,078,205**	1,445,237	1,447,466	1,242,439	1,137,996

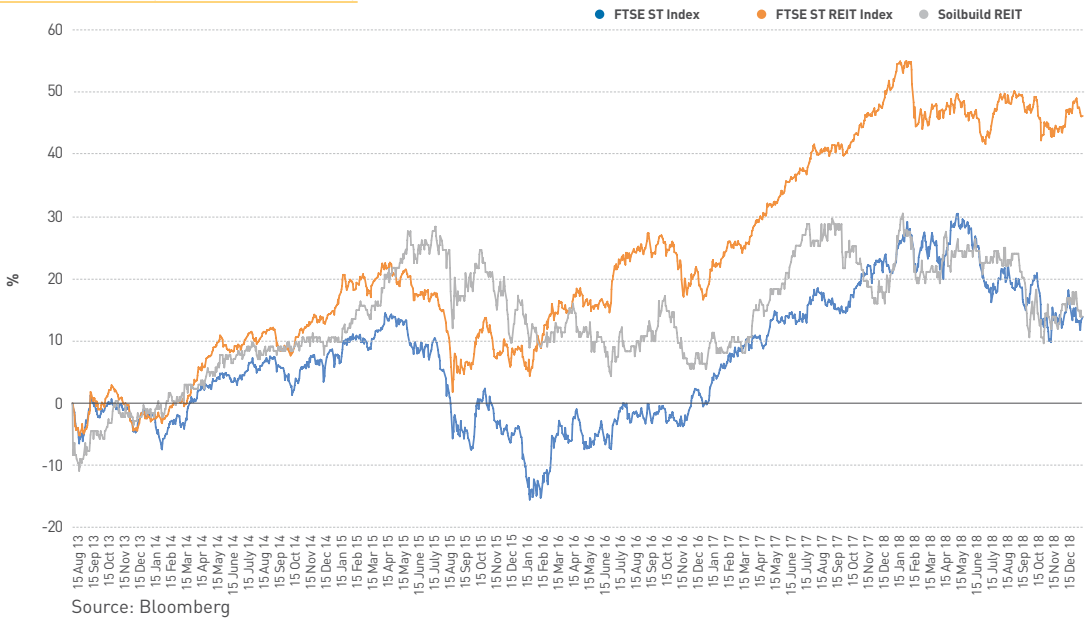
SOILBUILD REIT TRADING PERFORMANCE

(1 January 2018 to 31 December 2018)



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

COMPARATIVE RETURNS (TOTAL RETURN)



Source: Bloomberg

LETTER TO UNITHOLDERS



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

On the operations front, we successfully converted Solaris into a multi-tenanted building in August 2018. This contributed positively to our financial performance.

DEAR UNITHOLDERS,

On behalf of the Board of Directors of SB REIT Management Pte. Ltd., we are pleased to present Soilbuild REIT's FY2018 Annual Report for the year ended 31 December 2018.

FY2018 YEAR IN REVIEW

FY2018 was a challenging year. There was stiff competition for prospective tenants in the leasing market and limited investment opportunities. In Singapore and Australia, the competition for prime industrial and business park assets continued to be intense with the sector remaining attractive to many investors. Notwithstanding the difficult operating environment, we executed strategic steps to:

1. Review portfolio tenancy mix and consciously target tenants and industries which are stable and growing
2. Review existing portfolio for potential divestments and redeployment of capital
3. Reduce concentration risk through geographical diversification

We issued S$65,000,000 subordinated perpetual securities from our S$500,000,000 multicurrency debt issuance programme to fund the Australia acquisitions in a cost-efficient manner. The perpetual securities were accorded the equity accounting treatment.

On the operations front, we successfully converted Solaris into a multi-tenanted building in August 2018. This contributed positively to our financial performance. Solaris continues to provide stability to the portfolio as we experience cyclical softness in the industrial space, now gradually showing signs of bottoming out.

Soilbuild REIT's distribution yield was 9.1% and 8.5% respectively on the last trading day in FY2018 and FY2017 respectively.

FY2018 SINGAPORE INDUSTRIAL PROPERTY SECTOR

The Ministry of Trade and Industry ("**MTI**") announced that the Singapore economy grew by 3.2% in 2018, down from 3.9% in 2017. The manufacturing sector expanded by 7.2%, slowing from the 10.4% growth in 2017. Growth was primarily supported by the electronics, transport engineering and biomedical manufacturing clusters.

The recent recovery in the manufacturing sector is fuelling expectations that demand could stabilise in 2019. However, in the near term, rents for industrial space are expected to remain under pressure amid forecasts of high multi-user factory supply in 2020 and 2022.

Prospects for business park rents remain mixed, with the gap between the City Fringe submarket and Rest of Island submarket expected to widen further. There is a steady stream of leasing interest observed from e-commerce and technology firms. The sector is expected to see minimal increase in supply which will help support higher rental rates going forward. This has however benefited only the newer and better located business parks. Within the City Fringe submarket, only a handful of buildings in one-north have any sizable space for lease and these are targeted at firms from specific industries. The remaining submarkets in the island continue to face challenges in attracting tenants.

PORTFOLIO DIVERSIFICATION AND STRENGTHENING THE PORTFOLIO

We consistently evaluate our portfolio to seek continual growth. In February 2018, we divested the property known as KTL Offshore to recycle capital while reducing our exposure to the marine offshore and oil and gas sectors. This was part of the Manager's strategy of proactively revitalising the portfolio to enhance returns to Unitholders.

In December 2017, we announced that we were exploring investment opportunities in Australia to strengthen our portfolio and achieve long-term growth. This will increase Soilbuild REIT's pool of investment targets, provide access to assets with longer lease tenures and allow greater diversification of the tenant base. In October 2018, we completed our maiden acquisition of two Australia assets, a business park asset at 14 Mort Street in Canberra and a primary poultry processing plant known as Inghams Burton in Adelaide. Going forward, the Manager looks to actively pursue acquisitions in Australia.

OPERATIONAL PERFORMANCE

In FY2018, we have completed approximately 885,000 sqft of renewals, forward renewals and new leases with a total of 52 leases signed. In FY2019, 12.0% or approximately 482,000 sqft of the portfolio's net lettable area is due for renewal. As we adjust our rental rates to respond to market conditions, our portfolio registered a negative rental reversion of 8.6%.

As at 31 December 2018, Soilbuild REIT's portfolio committed occupancy was at 89.5% and the portfolio weighted average lease to expiry ("**WALE**") by NLA and gross rental income was 3.7 years and 3.9 years respectively. The Singapore portfolio achieved a committed occupancy of 88.6% while the Australia portfolio achieved an occupancy of 100%.

On 14 February 2019, we announced a default by NK Ingredients Pte. Ltd. ("**NKI**") under the master lease agreement ("**Announcement**"). A third party has filed an application for NKI to be placed under judicial management ("**Application**"). On the date of the Announcement, the excess of the security deposit held by Soilbuild REIT over the arrears approximated two months' rent. The Manager is seeking legal advice on its position with respect to the Application.

As part of the Manager's portfolio rejuvenation strategy, Soilbuild REIT has completed the asset enhancement initiative ("**AEI**") at Eightrium @ Changi Business Park in 2018. The AEI involved upgrading of the lifts, lobbies, washrooms and addition of a modern end-of-trip facility, which seeks to enhance the overall user experience.

We have also embarked on an AEI at 39 Senoko Way with the goal of attracting an anchor tenant following the termination of the master lease. Repainting, refurbishment of the dormitory and washrooms in 39 Senoko Way are in the works. We constantly identify asset enhancement opportunities to stay relevant, increase the value and marketability of our assets.

VALUATION

Investment properties as at 31 December 2018 were accounted for at fair value based on the valuations undertaken by independent valuers, CBRE Pte. Ltd. ("**CBRE**") for the Singapore business park properties and Colliers International Consultancy & Valuation (S) Pte Ltd ("**Colliers**") for the Singapore industrial properties. Valuations were also undertaken by independent valuers, CIVAS (ACT) Pty Limited and CIVAS (SA) Pty Limited, both in the Colliers International Group for the Australia portfolio on 31 August 2018. As at 31 December 2018, Soilbuild REIT's investment properties were valued at S$1.23 billion. The increase in investment properties of S$119 million (excluding the divestment of a property held for sale) in FY2018 was mainly due to the Australia acquisitions.

PRUDENT AND PROACTIVE CAPITAL MANAGEMENT

On 15 May 2018, we entered into a S$30 million, 5-year unsecured term loan facility agreement with The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") for the redemption of notes with a principal amount of S$93.5 million. The redemption of notes was partially funded with the proceeds from the divestment of KTL Offshore.

On 1 October 2018, we executed a A$50 million 5-year unsecured term loan agreement with HSBC to partially fund the Australia acquisitions of which A$45 million has been drawn down.

The Manager entered into new interest swaps ("**IRS**") with a total notional amount of S$228 million in FY2018 which is approximately equivalent to 48.7% of its gross borrowings as at 31 December 2018. IRS with a notional amount of S$30 million representing just 6.4% of gross borrowings expire in FY2019. Borrowing costs are largely insulated against interest rate hikes with 74.0% of the interest rate exposure fixed.

Soilbuild REIT's aggregate leverage remains healthy at 39.1%, within the maximum allowable gearing of 45.0% as specified in the Property Funds Appendix. The weighted average all-in interest cost was 3.52% p.a. in 4QFY2018 and 3.38% p.a. in FY2018. We have a well-spread debt maturity profile. The weighted average debt expiry was 3.2 years as at 31 December 2018.

AWARDS

In August 2018, Soilbuild REIT was awarded Silver in the Asia Pacific Best of the Breeds REITs Awards 2018 under the Industrial REIT category for less than USD 1 Billion in

We completed our maiden acquisition of two Australia assets, a business park asset at 14 Mort Street in Canberra and a primary poultry processing plant known as Inghams Burton in Adelaide.

Market Capitalisation. The Best of the Breeds REITs Award aims to recognise companies and managers with the highest standards and performance in the Asia Pacific REITs sector. We are delighted to be receiving this award for the second-year running and to be recognised for our efforts and commitment in delivering long-term sustainable value for our Unitholders.

THE YEAR AHEAD

Singapore's official forecast for 2019 economic growth is between 1.5% and 3.5% with the global economy expected to face major uncertainties with growing trade conflicts, nervous financial markets and signs of slowing growth. Downside risks include China's economic slowdown and the tightening of global financial conditions which may lead to higher interest rates. Core inflation is forecast to be between 1.5% to 2.5%. With events such as oil price slump and local electricity market liberalisation, core inflation is likely to fall below forecast.

The external demand outlook is likely to be slightly weaker in 2019. The manufacturing sector may see a significant moderation in growth following two years of robust expansion. In particular, the electronics and precision engineering clusters are expected to face external headwinds due to weakening global demand for semiconductors and semiconductor equipment as the global electronics cycle fades.

The Singapore industrial property sector is expected to remain challenging with an imbalance in demand and supply dynamics coupled with an uncertain economic outlook. While the rental performance of warehouse, business park and high-tech industrial sectors is likely to stay firm with some support from e-commerce, food manufacturing and high value-added industries, the factory sector is expected to face some pressure. The Singapore government has trimmed the industrial land supply available for tender in the first half of 2019 under the industrial government land sales programme. However, more time is needed to move the industry back to optimal rental levels.

In Australia, accommodative monetary policy and tighter-than-anticipated labour market conditions are expected to provide ongoing support to growth in household income, consumption and business investment. Rental growth for Australia's office asset profile is expected to continue and yields continuing to compress into 2019. In the industrial sector, investor demand is expected to continue as growth continues to be underpinned by low interest rates, strong levels of infrastructure investment and employment growth.

Despite the challenging operating environment, the Manager has persevered in its efforts to build a resilient and diversified portfolio by maximising occupancy and investing in overseas markets. While we remain cautious of the lingering downside risks such as rising interest rates and geopolitical tensions, our prudent capital management strategy will stand us in good stead. Going forward, we look to improve the quality of our assets and continue our proactive lease management while pursuing growth opportunities outside of Singapore to optimise overall returns and deliver value to our Unitholders.

ACKNOWLEDGEMENTS

We wish to extend our sincere appreciation to our fellow directors for their guidance and invaluable contributions and staff for their dedication and hard work. We would like to thank all business partners - tenants and service providers for their valued contribution to Soilbuild REIT. Finally, we would like to express our heartfelt appreciation to our Unitholders, for your unwavering support during this challenging period. We look forward to your continued support as we work on rejuvenating our portfolio and bringing sustainable, long-term value to our Unitholders.



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:
5 years 5 months (as at 31 December 2018)

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:
3 years 7 months (as at 31 December 2018)

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) , The Place Holdings Limited and SMJ International Holdings Ltd.

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:
5 years and 5 months (as at 31 December 2018)

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 and Maldives and assists in development projects in 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:
6 years 3 months (as at 31 December 2018)

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 40 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:
5 years and 9 months (as at 31 December 2018)

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 a non-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:
5 years and 5 months (as at 31 December 2018)

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



MR ROY TEO SENG WAH

Chief Executive Officer

Experience:
More than 18 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 15 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 16 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.

TUAS CONNECTION



COMMENTARY BY ERIKS

ERIKS is an international industrial service provider, a multi-product specialist offering a wide range of high-quality mechanical engineering components and associated technical and logistics services. We make our customers successful by offering specialist solutions. Our customised products help companies to optimise their cost of operation and produce more sustainably and efficiently, allowing faster time-to-market. In 2014, we moved into Tuas, the facility provided by Soilbuild REIT. We are strategically located to cater to the needs of industries around and the upcoming new container port. Soilbuild REIT has given good flexibility to meet our requirements. They have provided good customer service level and fast response time. We would like to build a long-term relationship with this landlord. A good infrastructure, quick service centre and a centralised store is key to our business success.



Rashmi Ranjan Raj
Managing Director
ERIKS APAC Singapore



Feature Property Type
INDUSTRIAL

Refer to Page 38 to find out more

OPERATIONS REVIEW

ANNUAL REVALUATION

The total valuation of Soilbuild REIT's 13 properties was S$1,230 million as at 31 December 2018. This comprised of the 11 Singapore properties valued at S$1,122 million (91.2%) and the 2 Australia properties valued at S$108 million (8.8%).

The Manager has renewed the Crown lease for 14 Mort Street in Canberra with the new 99 years lease granted on 7 February 2019. Weighted average land lease to expiry for the portfolio of properties is 47.4 years as at 7 February 2019. 70.4% of Soilbuild REIT's portfolio has a remaining land lease tenure of more than 45 years.

INVESTMENT MANAGEMENT

In FY2018, the Manager further diversified and improved the quality of its portfolio with the aim of achieving a stable income stream with long-term growth prospects for Unitholders. In October 2018, the Manager completed its maiden overseas acquisition of 2 Australia properties consisting of 14 Mort Street in Canberra and Inghams Burton in Adelaide. 14 Mort Street and Inghams Burton were acquired from 14 Mort Street Property CT Pty Ltd as trustee for Ascot Capital 14 Mort Street Property Trust and Burton CT Pty Ltd as trustee for the Ascot Capital Burton Property Trust respectively. 14 Mort Street is a commercial office building prominently located on the eastern side of Mort Street between Cooyong Street and Bunda Street within the Canberra city. The Commonwealth of Australia fully occupies the building with a gross lease having an annual rental escalation of 3.75% per annum. Inghams Burton is a purpose-built facility used as a slaughter house for processing of poultry, cold storage, distribution, administration and other associated uses. Inghams Group occupies the facility on a triple net lease expiring in 29 October 2034 and five further 10-year option periods. The acquisitions are in line with the Manager's strategy to create a stronger and more diversified platform for further acquisition growth to deliver sustainable total returns to the Unitholders.

In February 2018, the Manager divested KTL Offshore, an industrial property comprising two adjacent detached purpose-built factories located at 61 Tuas Bay Drive and 71 Tuas Bay Drive. The net proceeds from the divestment was approximately S$54.7 million, resulting in an estimated net gain of approximately S$1.7 million. This reduced the REIT's exposure to the marine offshore and oil & gas industry and created an opportunity to diversify the tenant base of the portfolio. The divestment is also in line with the Manager's strategy of proactively managing and evaluating the portfolio to add value.

In August 2018, Solaris was converted from a master lease to a multi-tenanted building which provided higher revenue contribution.



Eightrium lobby after refurbishment

To sustain and improve portfolio returns to Unitholders, the Manager actively evaluates and identifies assets in the portfolio that are suitable for redevelopment and asset enhancements. During FY2018, the asset enhancement initiative at Eightrium @ Changi Business Park was completed where improvements were made to the layout and aesthetics at main lobby at level 1. The asset enhancement works also included refurbishments made to the toilet facilities, improvements to the lift system and a new secured bicycle parking area in the basement carpark as part of end-of-trip facilities.

Investments in FY2018	Country	Asset Type	Price (A$ million)	Completion Date
14 Mort Street	Canberra, Australia	Suburban Office	$55.00	5 October 2018
Inghams Burton	Adelaide, Australia	Industrial	$61.25	5 October 2018
Total			**$116.25**	

Divestment in FY2018	Country	Asset Type	Price (S$ million)	Completion Date
KTL Offshore	Singapore	Industrial	$55.00	8 February 2018
Total			**$55.00**	

Asset Enhancements	Country	Asset Type	Estimated Cost (S$ million)	Completion Date
Eightrium @ Changi Business Park	Singapore	Business Park	$2.40	August 2018
Total			**$2.40**	

OCCUPANCY

Soilbuild REIT's portfolio of properties has demonstrated resilience amidst challenging market conditions. As at 31 December 2018, the overall portfolio occupancy rate stood at 89.5%. The 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 waiver from JTC to lease up to 30% of gross floor area of 72 Loyang Way to non-marine offshore, oil & gas tenants.

Singapore Portfolio Occupancy

	As at 31 December 2018	As at 31 December 2017	%/% Point Change
Portfolio Gross Floor Area (sqft)	3,997,006	4,205,062	(4.9)
Multi-tenanted Occupancy	84.8%	87.4%	(2.6)
Master-lease Occupancy	100.0%	100.0%	-
Business Park Occupancy	95.2%	99.3%	(4.1)
Industrial Occupancy	87.2%	91.5%	(4.3)
Singapore Portfolio Occupancy	88.6%	92.7%	(4.1)

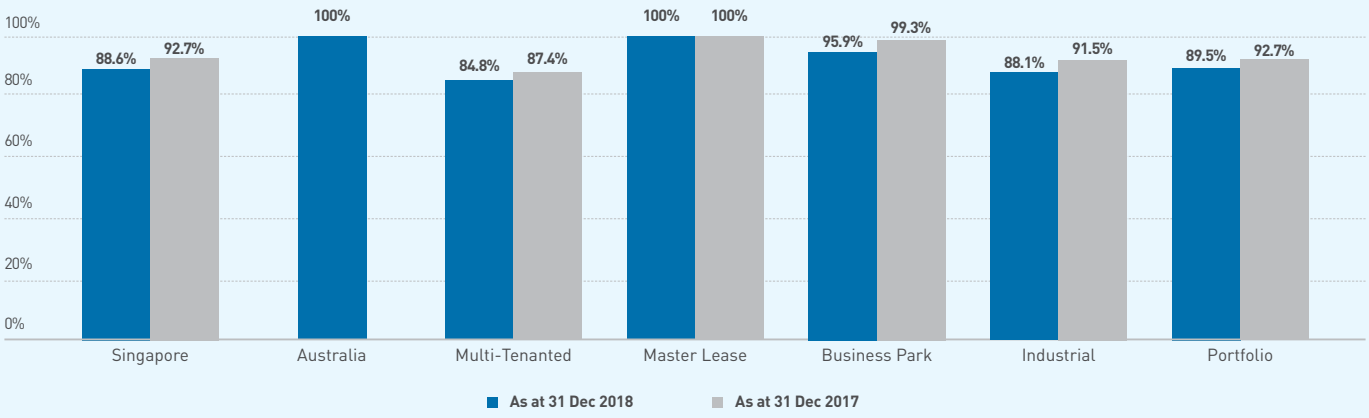
Australia Portfolio Occupancy

	As at 31 December 2018
Portfolio Gross Floor Area (sqft)	331,612
Business Park Occupancy	100.0%
Industrial Occupancy	100.0%
Australia Portfolio Occupancy	100.0%

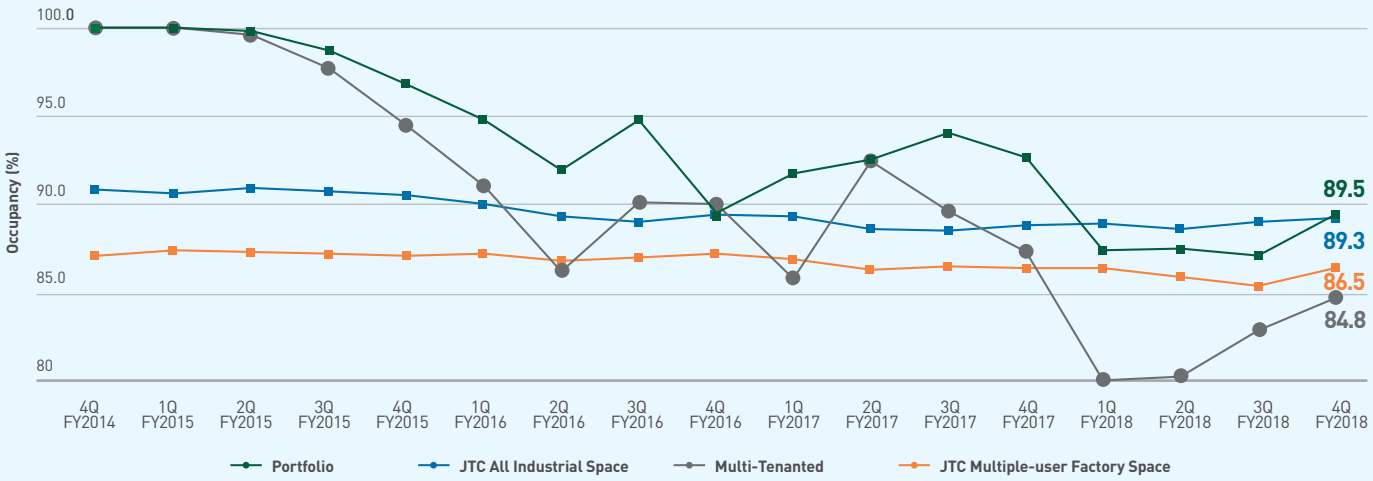
Overall Portfolio Occupancy

	As at 31 December 2018	As at 31 December 2017	%/% Point Change
Portfolio Gross Floor Area (sqft)	4,328,618	4,205,062	2.9
Multi-tenanted Occupancy	84.8%	87.4%	(2.6)
Master-lease Occupancy	100.0%	100.0%	-
Business Park Occupancy	95.9%	99.3%	(3.4)
Industrial Occupancy	88.1%	91.5%	(3.4)
Overall Portfolio Occupancy	89.5%	92.7%	(3.2)

Overview of portfolio occupancy



Despite the industrial market supply glut over the last 3 years, occupancy rate for multi-tenanted buildings was at 84.8%. The non-renewals at Tuas Connection and West Park BizCentral were largely due to downsizing or consolidation of tenants within their premises. Nonetheless, the Manager has secured more than 885,390 sq ft of lease renewals, forward renewals and new take-up. This achievement was the result of proactive leasing and marketing initiatives, and a series of asset enhancement plans implemented to enhance the competitiveness of the properties in the market.

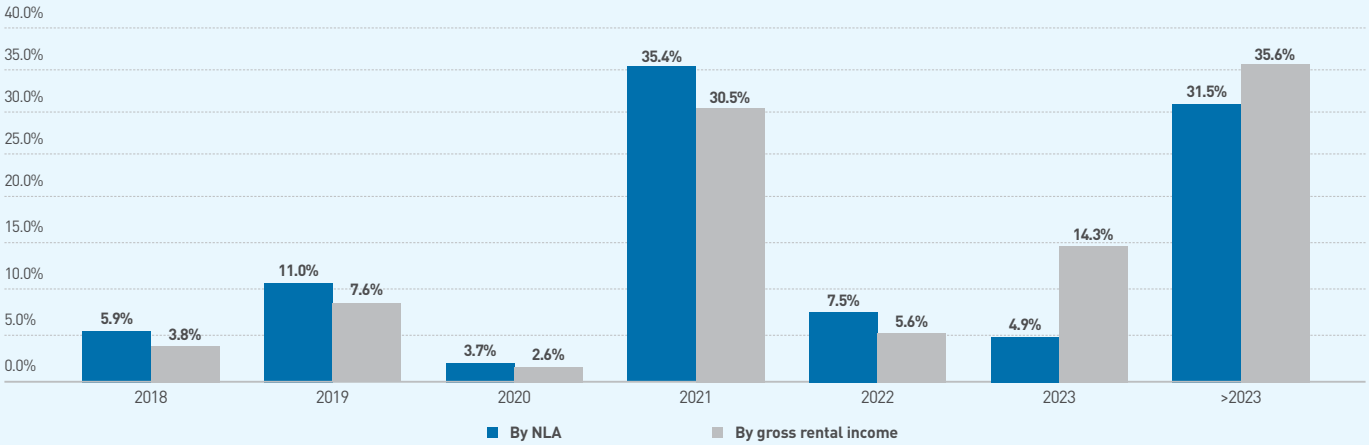


PORTFOLIO MANAGEMENT

WALE (by gross rental income) (in years)	As at 31 December 2018	As at 31 December 2017
Singapore Portfolio	3.1	3.0
Australia Portfolio	11.5	-
Overall Portfolio	3.9	3.0

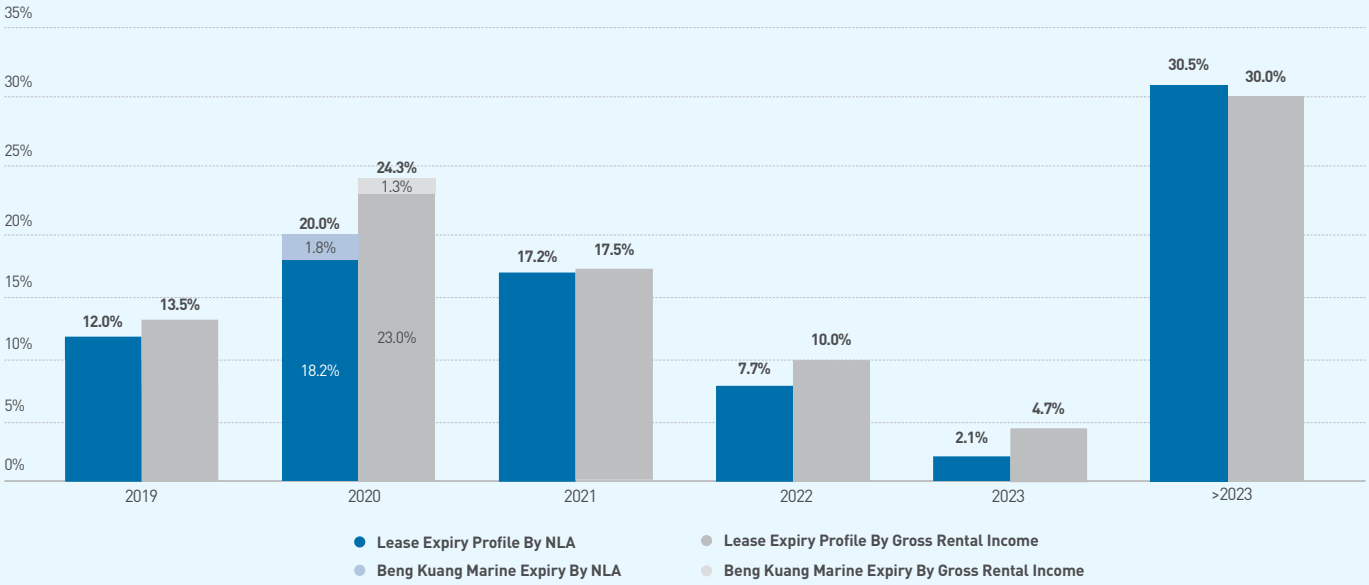
Soilbuild REIT's portfolio weighted average lease expiry by gross rental income was 3.9 years as at 31 December 2018. The portfolio WALE (by gross rental income) increased from 3.0 years as at 31 December 2017 to 3.9 years as at 31 December 2018. This was attributed to the addition of the Australia portfolio, which has a WALE of 11.5 years. The portfolio lease expiry is well-staggered with no more than 30% of the leases (by gross rental income) due to expire in any year. In FY2019, 12.0% of the portfolio (482,000 sq ft of occupied NLA) will expire.

Lease Expiry of Leases Entered in FY2018



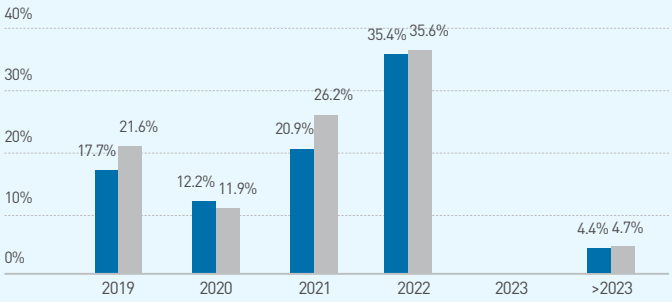
As at 31 December 2018, the WALE of the leases entered into in FY2018 is 5.9 years by gross rental income and these leases contribute 30.2% of the monthly gross rental income.

Portfolio Lease Expiry Profile

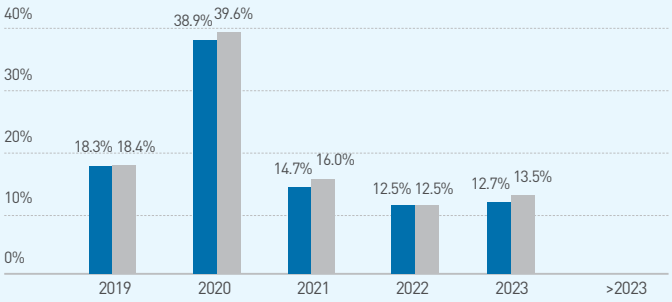


At the start of FY2018, approximately 1.06 million sq ft of space was due for renewal and the Manager has proactively negotiated and secured close to 885,390 sq ft of renewals and new leases. Tenant retention rate for FY2018 was 71.3% (by NLA). These results reflect the effectiveness of our marketing strategies amid the supply glut and weak industrial leasing environment. The Manager has in place a proactive asset management strategy to mitigate leasing risk of its properties through regular engagement with tenants, seeking early renewal commitments, and early and effective marketing of vacant units. The leasing team typically engages tenants six months in advance for lease renewal discussions. Customer care programme also remains a key strategy in providing an avenue to further improve the relationship with tenants.

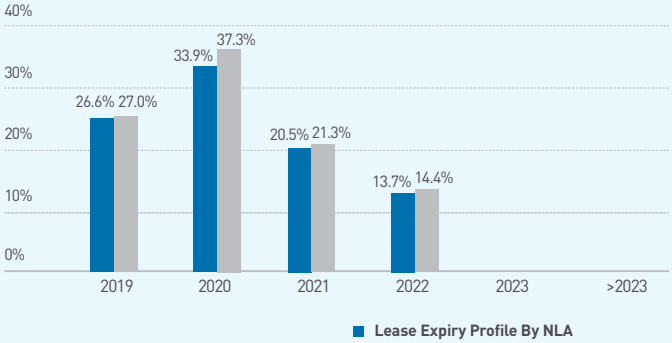
Eightrium @ Changi Business Park



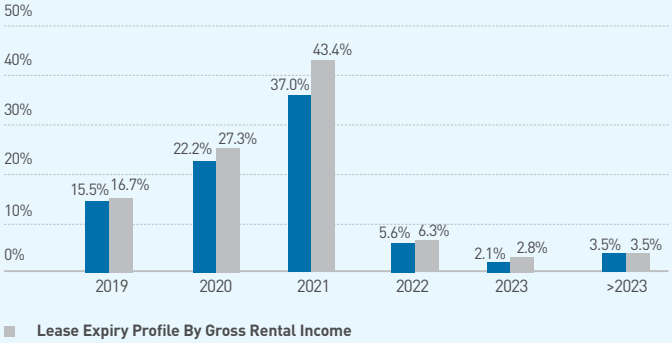
Solaris



Tuas Connection



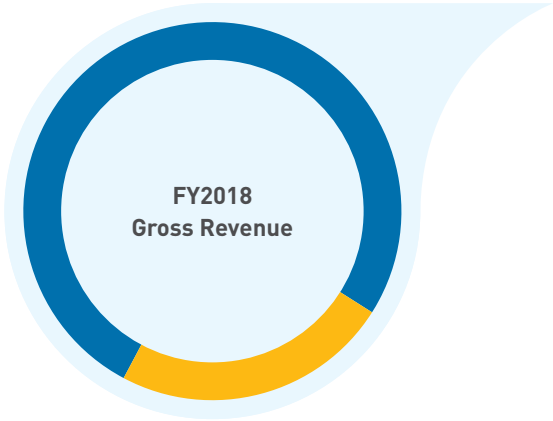
West Park BizCentral



BALANCED PORTFOLIO

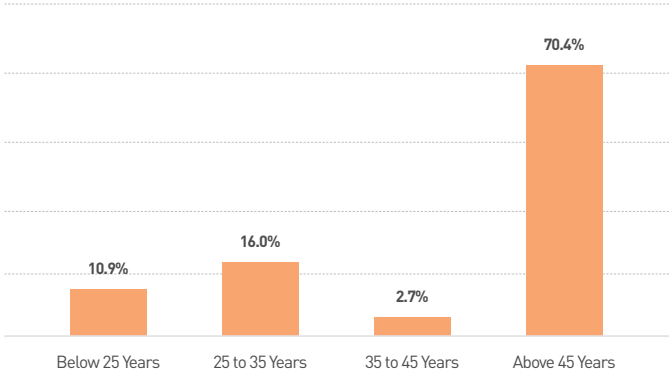
The Manager's portfolio strategy is based on optimising the overall portfolio rent and occupancy as well as having a combination of single/master leases and Multi-Tenanted Buildings ("**MTBs**"). The portfolio breakdown by gross revenue was 23.8% for the single/master leases and 76.2% for the MTBs. While 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 provide organic revenue growth potential.

Portfolio of Master leases and Multi-Tenanted Properties (as % of Portfolio Gross Revenue)



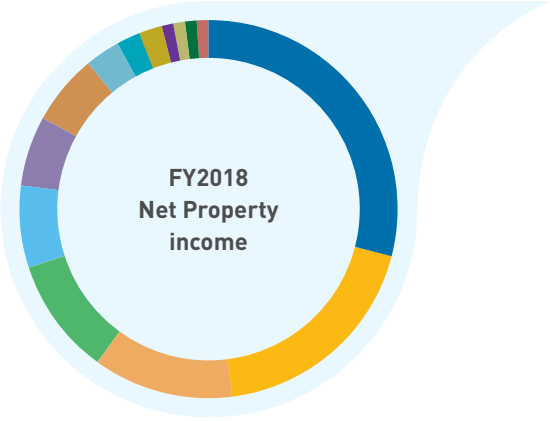
- **76.2%** Multi-Tenanted
- **23.8%** Master Lease

Land Lease Expiry Profile



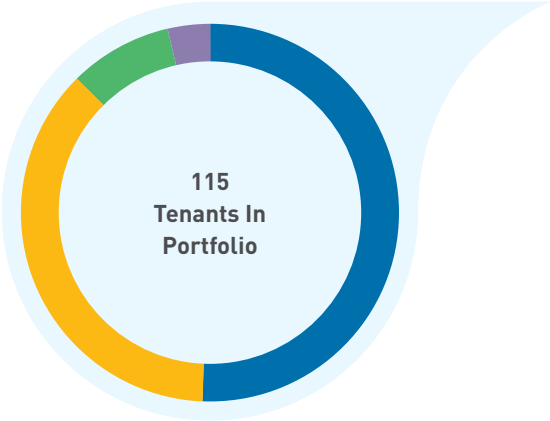
The weighted average unexpired land lease for the properties was 47.4 years as at 7 February 2019 (by valuation) with 70.4% of the portfolio having more than 45 years of balance land lease. All properties in the portfolio sit on leasehold land, except for Inghams Burton in Adelaide which is freehold.

Portfolio Income Spread (as a % of NPI)



- **29%** Solaris
- **19%** West Park BizCentral
- **12%** Bukit Batok Connection
- **10%** Tuas Connection
- **7%** NK Ingredients
- **6%** Eightrium @ Changi Business Park
- **6%** 72 Loyang Way
- **3%** Speedy-Tech
- **2%** 39 Senoko Way
- **2%** Beng Kuang Marine
- **1%** KTL Offshore
- **1%** 14 Mort Street
- **1%** Inghams Burton
- **1%** COS Printers

TOP 10 TENANTS AND TENANT/SUB-TENANT TYPE ANALYSIS

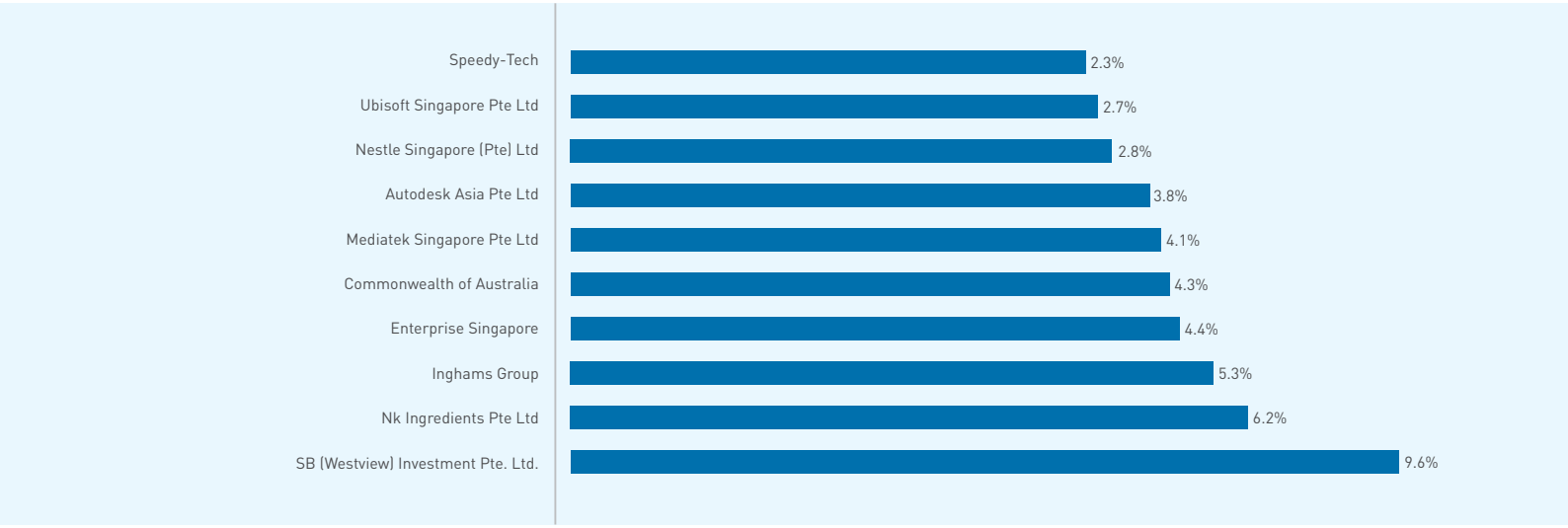


- **50%** MNC
- **37%** SME
- **9%** Government Agency
- **4%** SGX Listed Corporation

Soilbuild REIT's gross rental income is well-distributed among Multinational Corporations, SGX Listed Corporations, Small and Medium Enterprises and government agencies within its portfolio of 115 tenants. 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.

Diversified Tenant Base

The top 10 tenants contributed 45.5% of the portfolio's monthly gross rental income as at 31 December 2018. This helps to diversify 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 Enterprise Singapore, Nestle and Ubisoft Singapore.



No	Tenant	% of gross rental income	Property
1	SB (Westview) Investment Pte. Ltd.	9.6%	Bukit Batok Connection
2	NK Ingredients Pte Ltd	6.2%	NK Ingredients
3	Inghams Group	5.3%	Inghams Burton
4	Enterprise Singapore	4.4%	Solaris
5	Commonwealth of Australia	4.3%	14 Mort Street
6	Mediatek Singapore Pte Ltd	4.1%	Solaris
7	Autodesk Asia Pte Ltd	3.8%	Solaris
8	Nestle Singapore (Pte) Ltd	2.8%	Eightrium @ Changi Business Park
9	Ubisoft Singapore Pte Ltd	2.7%	Solaris
10	Speedy-Tech	2.3%	Speedy-Tech

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 15.9% of the portfolio's monthly gross rental income. The charts below provide an overview of the different trade sectors by NLA and gross rental income.

TRADE SECTOR DIVERSIFICATION BY NLA



- **21.1%** Precision Engineering, Electrical and Machinery Products
- **15.8%** Others
- **13.6%** Real Estate and Construction
- **10.7%** Chemicals
- **6.6%** Fabricated Metal Products
- **5.2%** Marine Offshore
- **5.1%** Information Technology
- **4.8%** Electronics
- **4.6%** Government Agency
- **3.7%** Supply Chain Management, 3rd Party Logistics, Freight Forwarding
- **2.8%** Publishing, Printing & Reproduction of Recorded Media
- **2.1%** Food Products & Beverages
- **1.6%** Oil & Gas
- **0.8%** Financial
- **0.6%** Telecommunication & Datacentre
- **0.5%** Education & Social Services
- **0.4%** Pharmaceutical & Biological

TRADE SECTOR DIVERSIFICATION BY GROSS RENTAL INCOME



- **15.9%** Precision Engineering, Electrical and Machinery Products
- **12.3%** Information Technology
- **11.7%** Real Estate and Construction
- **11.0%** Others
- **8.7%** Government Agency
- **8.4%** Chemicals
- **8.3%** Electronics
- **4.3%** Fabricated Metal Products
- **3.9%** Publishing, Printing & Reproduction of Recorded Media
- **3.5%** Food Products & Beverages
- **3.4%** Marine Offshore
- **2.1%** Supply Chain Management, 3rd Party Logistics, Freight Forwarding
- **1.6%** Financial
- **1.4%** Telecommunication & Datacentre
- **1.3%** Pharmaceutical & Biological
- **1.3%** Education & Social Services
- **0.9%** Oil & Gas

WEST PARK BIZCENTRAL







COMMENTARY BY SOUTH EAST ASIA MOULDING COMPANY

South East Asia Moulding Company (SEAMCO) was formed in 2015, bringing together the manufacturing expertise of two UK companies; Stechford Mouldings Ltd. who were established in 1930 and Euromoulds Ltd. who were established in 1986. The collaboration between the two companies enables SEAMCO to offer technical thermoplastic and thermoset mouldings from its production sites both in the UK and SEA. We currently have a staff strength of 110 and are still in the midst of expansion. We are satisfied with the asset and lease management services provided by Soilbuild REIT and we look forward to build this tenant-landlord partnership further.

Garry Annand
Global Commercial Director
South East Asia Moulding Company Pte Ltd

Feature Property Type
INDUSTRIAL

Refer to Page 40 to find out more

PORTFOLIO OVERVIEW

	As at 31 December 2018	As at 31 December 2017
Number of Properties	13	12
NLA (million sq ft)	4.03	3.90
Portfolio Valuation (S$ million)	1,229.7	1,163.6
Portfolio Occupancy (%)	89.5	92.7
WALE (by gross rental income) (years)	3.9	3.0

PROPERTY PORTFOLIO STATISTICS

As at 31 December 2018, Soilbuild REIT's diverse portfolio comprises 11 properties in Singapore and 2 properties in Australia, which accounted for 91.2% and 8.8% of the portfolio valuation respectively. Total assets under management grew 5.7% from S$1,163.6 million as at 31 December 2017 to S$1,229.7 million as at 31 December 2018. The increase was mainly due to the Australia acquisitions and partially offset by the divestment of KTL Offshore in 2018.

Soilbuild REIT's portfolio of 11 properties in Singapore 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.

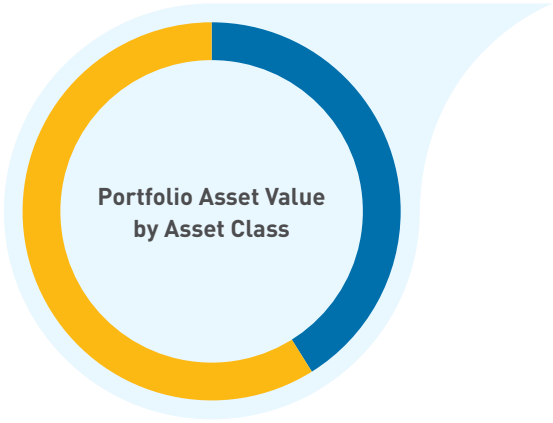
The two business park properties in Singapore - Solaris and Eightrium @ Changi Business Park, are strategically located in one-north and Changi Business Park respectively. One-north is located in close proximity to both one-north and Buona Vista MRT stations and was conceived to be a hub for the growth 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 in Singapore are located in the key industrial hub in the west region 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. 39 Senoko Way is located in Woodlands. 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.

In FY2018, the Manager acquired two properties in Australia - namely 14 Mort Street in Canberra and Inghams Burton in Adelaide. 14 Mort Street is a commercial office building located on the eastern side of Mort Street between Cooyong Street and Bunda Street within the Canberra City. The building is in close proximity to the new Alinga Street light rail station, city bus interchange and Canberra Centre/Bunda Street retail precinct. Inghams Burton is an industrial property located approximately 28 kilometres north of the Adelaide CBD, fronting Port Wakefield Road. It is also accessible to the Adelaide airport and Port of Adelaide via the National Highway 1.

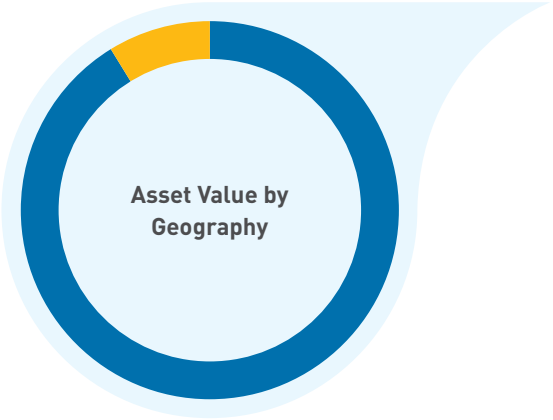
Soilbuild REIT portfolio of 11 properties in Singapore are strategically located and enjoy excellent accessibility to established infrastructure, facilities and amenities, including easy access to major expressways and major roads and close proximity to MRT stations.

Portfolio Asset Value by Asset Class



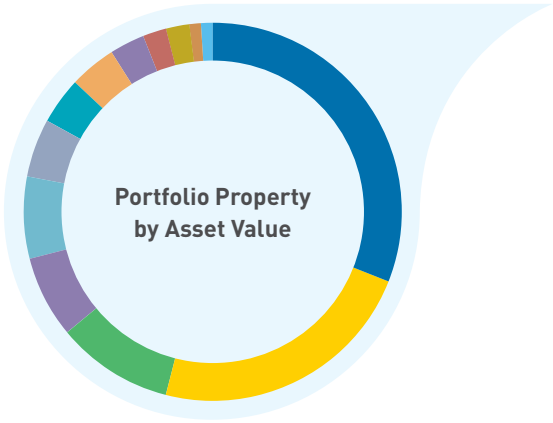
- 58% Industrial
- 42% Business Park

Asset Value by Geography



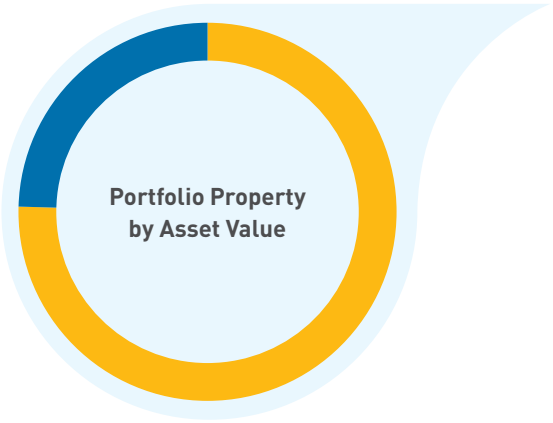
- 91.2% Singapore
- 8.8% Australia

Portfolio Asset Value by Asset Class



- 31% Solaris
- 23% West Park BizCentral
- 10% Tuas Connection
- 7% Eightrium @ Changi Business Park
- 7% Bukit Batok Connection
- 5% Inghams Burton
- 4% NK Ingredients
- 4% 14 Mort Street
- 3% 72 Loyang Way
- 2% 39 Senoko Way
- 2% Speed-Tech
- 1% COS Printers
- 1% Beng Kuang Marine

Asset Value of Single-tenanted and Multi-tenanted buildings



- 75% Multi-Tenanted
- 25% Master Lease

SINGAPORE PORTFOLIO



AUSTRALIA PORTFOLIO



BUSINESS PARK PROPERTIES [2]



01 **Eightrium @ Changi Business Park** Page 30
NLA: **177,285 sq ft**
Valuation: **S$89.7 million**



02 **Solaris** Page 32
NLA: **441,533 sq ft**
Valuation: **S$382.0 million**



03 **14 Mort Street, Canberra** Page 34
NLA: **101,004 sq ft**
Valuation [1]: **S$49.0 million**

INDUSTRIAL PROPERTIES [2]



04 **Tuas Connection** Page 38
NLA: **651,072 sq ft**
Valuation: **S$117.8 million**



05 **West Park BizCentral** Page 40
NLA: **1,240,583 sq ft**
Valuation: **S$286.0 million**



06 **39 Senoko Way** Page 42
NLA: **95,250 sq ft**
Valuation: **S$18.2 million**



07 **72 Loyang Way** Page 44
NLA: **171,293 sq ft**
Valuation: **S$34.0 million**



08 **NK Ingredients** Page 46
NLA: **312,375 sq ft**
Valuation: **S$54.0 million**



09 **COS Printers** Page 47
NLA: **58,752 sq ft**
Valuation: **S$9.8 million**



10 **Beng Kuang Marine** Page 48
NLA: **73,737 sq ft**
Valuation: **S$15.7 million**



11 **Speedy-Tech** Page 49
NLA: **93,767 sq ft**
Valuation: **S$24.6 million**



12 **Bukit Batok Connection** Page 50
NLA: **377,776 sq ft**
Valuation: **S$90.1 million**



13 **Inghams Burton, Adelaide** Page 51
NLA: **230,608 sq ft**
Valuation [1]: **S$58.9 million**

[1] Based on Colliers' valuations dated 31 August 2018 and the exchange rate of A$1:00:S$0.96.
[2] Valuations of the Singapore properties were based on CBRE's & Colliers' valuations dated 31 December 2018 for business park properties and industrial properties respectively.

BUSINESS PARK PROPERTIES

KEY STATISTICS (AS AT 31 DECEMBER 2018)

Number of Properties

3

Gross Floor Area

866,650 SQ FT

Number of Tenants

37

Gross Revenue (FY2018)

S$31.3 MILLION

Occupancy

95.9%

Valuation

S$520.7 MILLION

% of Portfolio (by Valuation)

42.3%

Solaris Awards

2018
BCA Green Mark Platinum Award Re-certification
(Existing Building for Non-Residential Buildings)

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)

Top Five Business Park Tenants

ONE

ENTERPRISE SINGAPORE

Property: **Solaris**
Trade Sector: **Government Agency**
% of gross rental income: **4.4%**

TWO

COMMONWEALTH OF AUSTRALIA

Property: **14 Mort Street**
Trade Sector: **Government Agency**
% of gross rental income: **4.3%**

THREE

MEDIATEK SINGAPORE PTE LTD

Property: **Solaris**
Trade Sector: **Electronics**
% of gross rental income: **4.2%**

FOUR

AUTODESK ASIA PTE LTD

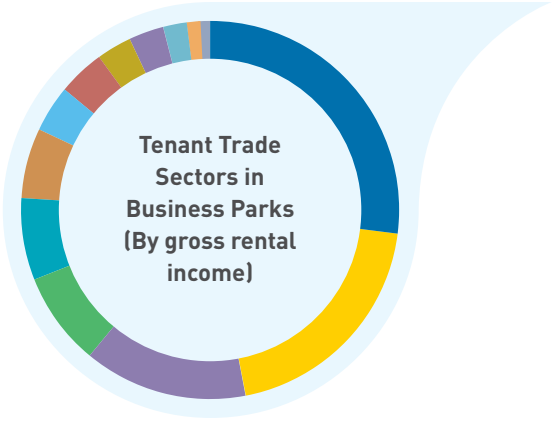
Property: **Solaris**
Trade Sector: **Information Technology**
% of gross rental income: **3.8%**

FIVE

NESTLE SINGAPORE (PTE) LTD

Property: **Eightrium @ Changi Business Park**
Trade Sector: **Food Products & Beverages**
% of gross rental income: **2.8%**

Tenant Trade Sectors in Business Parks (By gross rental income)



- **28.5%** Information Technology
- **20.4%** Government Agency
- **13.9%** Electronics
- **7.2%** Food Products & Beverages
- **6.6%** Publishing, Printing & Reproduction of Recorded Media
- **6.0%** Precision Engineering, Electrical and Machinery Products
- **3.6%** Financial
- **3.4%** Telecommunication & Datacentre
- **3.1%** Education & Social Services
- **2.9%** Pharmaceutical & Biological
- **2.1%** Chemicals
- **1.4%** Real Estate and Construction
- **0.9%** Marine Offshore



01

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.

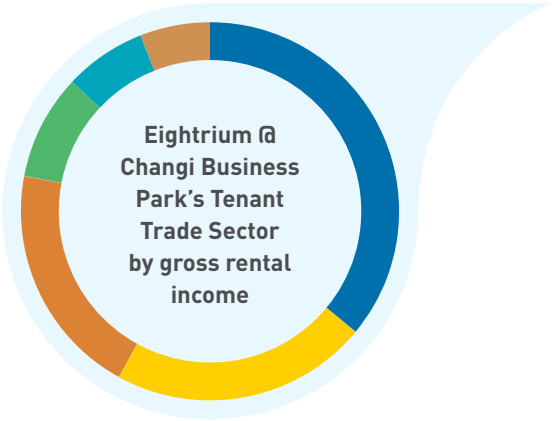


A distinctive business park development suitable for MNCs and SMEs in research development, high-technology and knowledge-intensive industries



TRADE SECTOR ANALYSIS

The chart below provides a breakdown of the different trade sectors represented in Eightrium @ Changi Business Park (as at 31 December 2018) by gross rental income.



- **35.9%** Food Products & Beverages
- **21.5%** Information Technology
- **19.8%** Financial
- **8.3%** Education & Social Services
- **7.7%** Real Estate and Construction
- **6.8%** Precision Engineering, Electrical and Machinery Products

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
90.6%

Number of Tenants
13

FY2018 Gross Rental Revenue
S$7.2 million

Valuation [2]
S$89.7 million

Purchase Price
S$ 91.4 million

Lease Type
Multi-tenanted

Notes:

[1] Tenure of underlying land;

[2] Based on CBRE's valuation dated 31 December 2018.

02

SOLARIS



Solaris is an iconic state-of-the-art business park development designed to house MNCs and large corporates from the infocommunications, 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 preeminent 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.

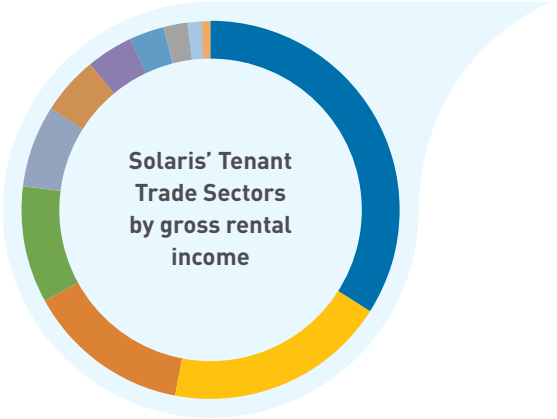


An iconic state-of-the-art business park development designed to house MNCs and large corporates from the infocommunications, media and science, engineering and research and development industries.



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 2018) by gross rental income.



- **34.4%** Information Technology
- **19.4%** Electronics
- **14.3%** Government Agency
- **9.3%** Publishing, Printing & Reproduction of Recorded Media
- **6.7%** Precision Engineering, Electrical and Machinery Products
- **4.7%** Telecommunication & Datacentre
- **4.0%** Pharmaceutical & Biological
- **3.0%** Chemicals
- **2.2%** Education & Social Services
- **1.2%** Marine Offshore
- **0.8%** Food Products & Beverages

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
97.1%

Number of Tenants
23

FY2018 Gross Rental Revenue
S$23.3 million

Valuation [4]
S$382.0 million

Purchase Price
S$293.4 million

Lease Type
Multi-tenanted

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 After 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 CBRE's valuation dated 31 December 2018.



03

14 MORT STREET, CANBERRA



14 Mort Street is a leasehold commercial office building comprising ground level office lobby and office accommodation, seven upper office levels and basement car parking for 62 vehicles. The total lettable floor area is 9,385.5 sqm. Floorplates range from 1,089 – 1,285sqm for the upper office levels and are regular in shape with good natural lighting. The property has achieved a five stars NABERS[1] rating. The building was constructed in 1996 with significant refurbishment in 2013/2014 including ground floor foyer, amenities and lifts.

The property is prominently located on the eastern side of Mort Street between Cooyong Street and Bunda Street within the Canberra City. The building is in close proximity to the new Alinga Street light rail station, City bus interchange and Canberra Centre/Bunda Street retail precinct.

A leasehold commercial office building comprising ground level office lobby and office accommodation, seven upper office levels and basement car parking for 62 vehicles.



MASTER LESSEE

14 Mort Street is fully leased by the Commonwealth of Australia represented by the Department of Employment for an initial term that expires on 24 March 2025 with two 5-year option periods. The gross lease has an annual rental escalation of 3.75% per annum.

Profile Snapshot

Address
14 Mort Street, Canberra City, ACT

Acquisition Date
5 October 2018

Term of lease
Crown leasehold[2]
expiring on 6 February 2118

Land Area (sq ft)
16,501

GFA (sq ft)
101,004

Occupancy Rate
100%

Number of Tenants
1

FY2018 Gross Rental Revenue
S$0.8 million

Valuation[3]
S$49.0 million

Purchase Price[4]
S$54.6 million

Lease Type
Master Lease

Notes:

1 NABERS stands for the National Australian Built Environment Rating System.

2 If neither the state nor the federal government needs the land for a public purpose, the landlord can request for an additional term not exceeding 99 years. Compensation under just terms will be made if the request is not granted.

3 Based on Colliers International Valuation and Advisory Services (ACT) valuation dated 31 August 2018 and based on exchange rate of A$1.00:S$0.96.

4 Based on exchange rate of A$1.00:S$0.993 and before deduction of outstanding incentives reimbursed by the vendor.

INDUSTRIAL PROPERTIES

KEY STATISTICS (AS AT 31 DECEMBER 2018)

Number of Properties

10

Gross Floor Area

3,461,968 SQ FT

Number of Tenants[1]

78

Gross Revenue (FY2018)

S$52.5 MILLION

Occupancy

88.1%

Valuation

S$708.9 MILLION

% of Portfolio (by Valuation)

57.7%

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)

Notes:

[1] Excluding underlying tenants in Bukit Batok Connection

Top Five Business Park Tenants

ONE

SB (WESTVIEW) INVESTMENT PTE. LTD.

Property: **Bukit Batok Connection**
Trade Sector: **Real Estate and Construction**
% of gross rental income: **9.7%**

TWO

NK INGREDIENTS PTE LTD

Property: **NK Ingredients**
Trade Sector: **Chemicals**
% of gross rental income: **6.2%**

THREE

INGHAMS GROUP

Property: **Inghams Burton**
Trade Sector: **Others**
% of gross rental income: **5.3%**

FOUR

SPEEDY-TECH

Property: **Speedy-Tech**
Trade Sector: **Electronics**
% of gross rental income: **2.3%**

FIVE

DYSON OPERATIONS

Property: **West Park BizCentral**
Trade Sector: **Precision Engineering, Electrical and Machinery Products**
% of gross rental income: **2.3%**

Tenant Trade Sectors in Business Parks (By gross rental income)



- 23.3% Precision Engineering, Electrical and Machinery Products
- 19.5% Real Estate and Construction
- 19.3% Others
- 13.0% Chemicals
- 7.5% Fabricated Metal Products
- 5.3% Marine Offshore
- 4.1% Electronics
- 3.6% Supply Chain Management, 3rd Party Logistics, Freight Forwarding
- 1.9% Publishing, Printing & Reproduction of Recorded Media
- 1.6% Oil & Gas
- 0.9% Food Products & Beverages



04

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.

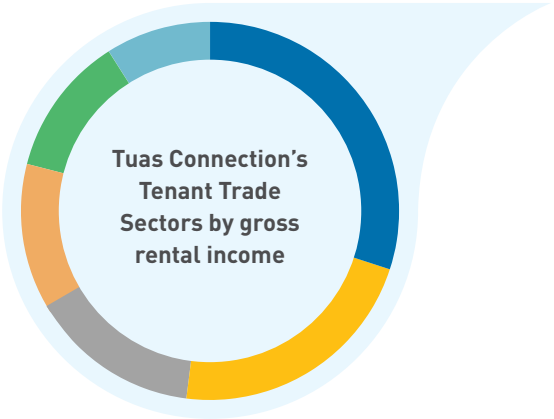


An enclave of two-storey detached and semi-detached modern factory units with dedicated private compounds designed for heavy engineering, offshore oil & gas and marine industries, petrochemical and energy sectors



TRADE SECTOR ANALYSIS

The chart below provides a breakdown of the different trade sectors represented in Tuas Connection (as at 31 December 2018) by gross rental income.



- **30.9%** Precision Engineering, Electrical and Machinery Products
- **22.3%** Fabricated Metal Products
- **13.2%** Marine Offshore
- **12.7%** Others
- **11.7%** Real Estate and Construction
- **9.2%** Chemicals

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

FY2018 Gross Rental Revenue
S$9.6 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 Colliers' valuation dated 31 December 2018.

05

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.

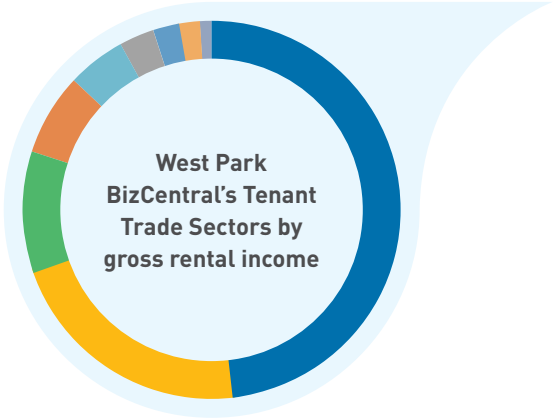
West Park BizCentral is located along Pioneer Crescent in an area specifically designed for industrial usage with established infrastructure, facilities and amenities located nearby. It is in close proximity to Pioneer, Boon Lay and Joo Koon MRT stations. It is easily accessible via major expressway 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 2018) by gross rental income.



- **48.7%** Precision Engineering, Electrical and Machinery Products
- **23.1%** Others
- **10.7%** Supply Chain Management, 3rd Party Logistics, Freight Forwarding
- **7.1%** Fabricated Metal Products
- **4.6%** Oil & Gas
- **2.4%** Food Products & Beverages
- **1.6%** Chemicals
- **1.5%** Marine Offshore
- **0.3%** Real Estate and Construction

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
85.9%

Number of Tenants
48

FY2018 Gross Rental Revenue
S$17.6 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 Colliers' valuation dated 31 December 2018.



06

39 SENOKO WAY



39 Senoko Way is a four-storey industrial facility which comprises production, warehouse, ancillary administrative area and dormitory accommodation. A single level annex complements the use of the existing building and the facility is used to service yachts and other marine equipment.

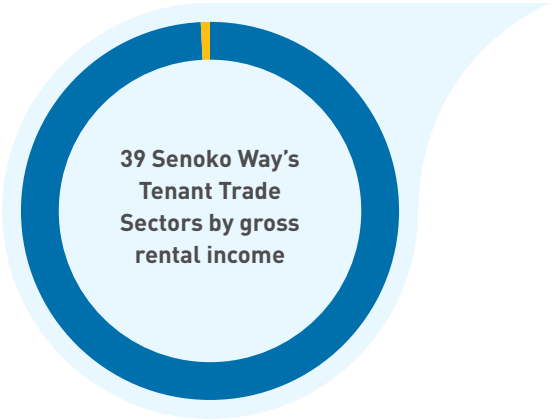
39 Senoko Way is located within the Senoko Industrial Estate, in the northern part of Singapore. The surrounding developments are mostly purpose-built factories which are engaged in a variety of manufacturing and related industries. The property is also well served by major roads and expressways including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

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



TRADE SECTOR ANALYSIS

The chart below provides a breakdown of the different trade sectors represented in 39 Senoko Way (as at 31 December 2018) by gross rental income.



- **99.2%** Fabricated Metal Products
- **0.8%** Others

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
34.6%

Number of Tenants
4

FY2018 Gross Rental Revenue
S$1.7 million

Valuation[2]
S$18.2 million

Purchase Price
S$18.0 million

Lease Type
Multi-Tenanted

Notes:

1 Tenure of underlying land.

2 Based on Colliers' valuation dated 31 December 2018.



07

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.

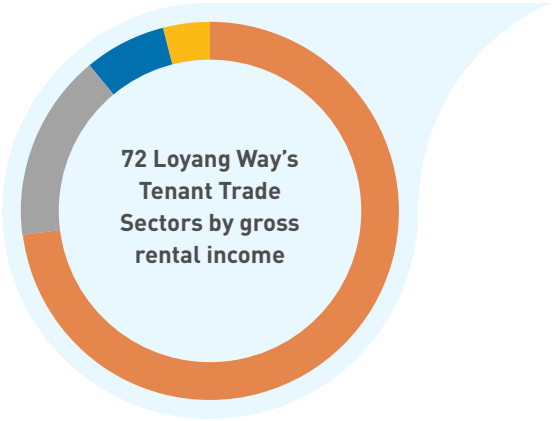


A fully integrated facility comprising two blocks of three-storey and four-storey ancillary office



TRADE SECTOR ANALYSIS

The chart below provides a breakdown of the different trade sectors represented in 72 Loyang Way (as at 31 December 2018) by gross rental income.



- **73.3%** Precision Engineering, Electrical and Machinery Products
- **16.5%** Real Estate and Construction
- **6.4%** Marine Offshore
- **3.8%** Oil & Gas

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

Occupancy Rate
29.3%

Number of Tenants
4

FY2018 Gross Rental Revenue
S$4.6 million

Valuation [2]
S$34.0 million

Purchase Price
S$97.0 million

Lease Type
Multi-Tenanted

Notes:

1 Tenure of underlying land.

2 Based on Colliers' valuation dated 31 December 2018.



08

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.

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

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
FY2018 Gross Rental Revenue	S$5.1 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 Colliers' valuation dated 31 December 2018.



09

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.

A three-storey factory cum warehouse building.

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
FY2018 Gross Rental Revenue	S$1.0 million
Valuation [2]	S$9.8 million
Purchase Price	S$10.3 million
Lease Type	Master Lease

Notes:

[1] Tenure of underlying land.

[2] Based on Colliers' valuation dated 31 December 2018.



10

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 performance bond 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.

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

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
FY2018 Gross Rental Revenue	S$1.2 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 Colliers' valuation dated 31 December 2018.



11

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.

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

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
FY2018 Gross Rental Revenue	S$2.0 million
Valuation [2]	S$24.6 million
Purchase Price	S$22.4 million
Lease Type	Master Lease

Notes:

[1] Tenure of underlying land.

[2] Based on Colliers' valuation dated 31 December 2018.



12

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 provides 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.

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

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
FY2018 Gross Rental Revenue	S$8.2 million
Valuation [2]	S$90.1 million
Purchase Price	S$96.3 million
Lease Type	Master Lease

Notes:

1 Tenure of underlying land.

2 Based on Colliers' valuation dated 31 December 2018.



13

INGHAMS BURTON, ADELAIDE

Inghams Burton is a substantial production and processing facility which includes high clearance and cold room, modern office and workshop facilities and expansive hardstand areas. The purpose-built facility is used as a slaughter house for processing of poultry, cold storage, distribution, administration and other associated uses.

The property is located to the east of Port Wakefield Road, within the northern Adelaide suburb of Burton, approximately 28 kilometres north of the Adelaide CBD. It is also accessible to the Adelaide Airport and Port of Adelaide via the National Highway 1. Surrounding development comprises predominantly light industrial, horticulture/ market gardens and low-density residential uses with the commercial and industrial uses largely centred along Port Wakefield Road.

MASTER LESSEE

Inghams Burton is leased to Inghams Enterprises Pty Ltd and Inghams Property Management Pty Ltd ("**Inghams Group**") as the Master Lessee for an initial term expiring on 29 October 2034 with five further 10-year option periods.

Rent reviews are structured as:

(i) the lesser of 2.5% and two times the Australia Consumer Price Index ("**CPI**") growth on annual rent review dates from October 2018, October 2019, October 2025 to October 2029; and

(ii) based on CPI growth on annual rent review dates from October 2020 to October 2024 and from October 2030 to October 2033.

Each of the rent after the rent review will not be lesser than the rent before the review. As the Master Lease is structured as a triple net lease, the Master Lessee is further responsible for all outgoings including State Land Tax and any works of a capital nature.

A substantial production and processing facility which includes high clearance and cold room, modern office and workshop facilities and expansive hardstand areas.

Profile Snapshot

Address	1118, 1120, 1122 – 1136 & 1138 – 1146 Port Wakefield Road, Burton SA 5110
Acquisition Date	5 October 2018
Term of lease	Freehold
Land Area (sq ft)	661,171
GFA (sq ft)	230,608
Occupancy Rate	100%
Number of Tenants[3]	3
FY2018 Gross Rental Revenue	S$1.0 million
Valuation[1]	S$58.9 million
Purchase Price[2]	S$60.8 million
Lease Type	Master Lease

Notes:

1 Based on Colliers International Valuation and Advisory Services (SA) valuation dated 31 August 2018 and based on exchange rate of A$1:00:S$0.96

2 Based on exchange rate of A$1.00:S$0.993

3 Includes Inghams Enterprises Pty Ltd, Inghams Property Management Pty Ltd and Telstra Corporation Limited

FINANCIAL REVIEW

	FY2018 S$'000	FY2017 S$'000	Variance %
Gross revenue	**83,765**	84,817	(1.2)
Property operating expenses	**(13,836)**	(11,336)	(22.1)
Net property income	**69,929**	73,481	(4.8)
Interest Income	**1,353**	1,733	(21.9)
Foreign exchange loss	**(772)**	–	n.m.
Gain on derivative financial instruments	**40**	–	n.m.
Gain on divestment of a property held for sale	**1,740**	–	n.m.
Finance expenses	**(15,359)**	(15,735)	2.4
Manager's management fees	**(5,590)**	(5,993)	6.7
Trustee's fees	**(212)**	(206)	(2.9)
Other trust expenses	**(998)**	(1,059)	5.8
Net income before tax	**50,131**	52,221	(4.0)
Net change in fair value of investment properties	**1,410**	(80,515)	101.8
Total return before tax	**51,541**	(28,294)	282.2
Tax expense	**(75)**	-	n.m.
Total return before distribution	**51,466**	(28,294)	281.9
Amount reserved for distribution to perpetual securities holders	**(1,026)**	-	n.m.
Add back non-tax deductible items	**5,456**	88,221	(93.8)
Income available for distribution to Unitholders	**55,896**	59,927	(6.7)

Notes:

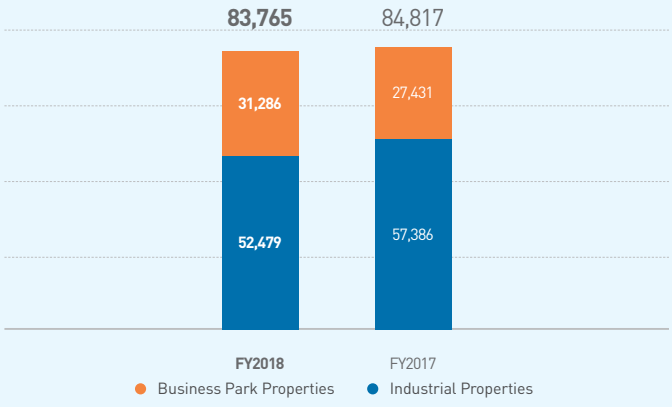
1 n.m denotes not meaningful

GROSS REVENUE

By Business Segment

Gross Revenue
(S$'000)

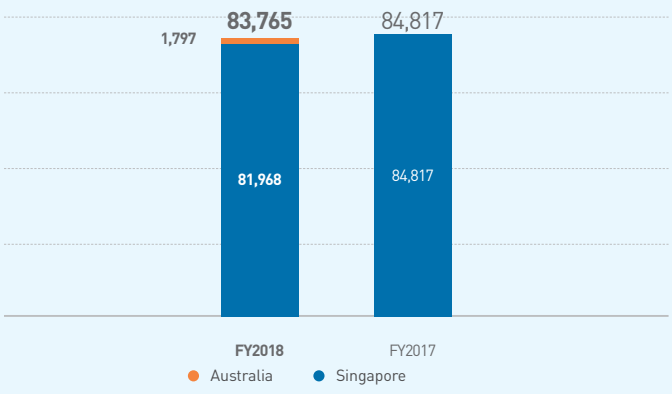
↓ 1.2%



By Geographical Segment

Gross Revenue
(S$'000)

↓ 1.2%



Gross revenue was S$83.8 million in YTD FY2018, S$1.1 million or 1.2% lower than the gross revenue in YTD FY2017. The decrease in revenue was largely attributed to lower contribution from KTL Offshore, West Park BizCentral, Eightrium @ Changi Business Park and Tuas Connection amounting to S$3.3 million, S$3.0 million, S$1.7 million, S$0.4 million respectively and was partially offset by higher revenue from Solaris, Inghams Burton, 14 Mort Street and 72 Loyang Way amounting to S$4.7 million, S$1.0 million, S$0.8 million and S$0.7 million respectively. The increase in revenue from 72 Loyang Way was mainly due to the receipt of liquidation proceeds of S$3.25 million from Technics Offshore Engineering and was partially offset by lower revenue following the depletion of the security deposit in FY2017.

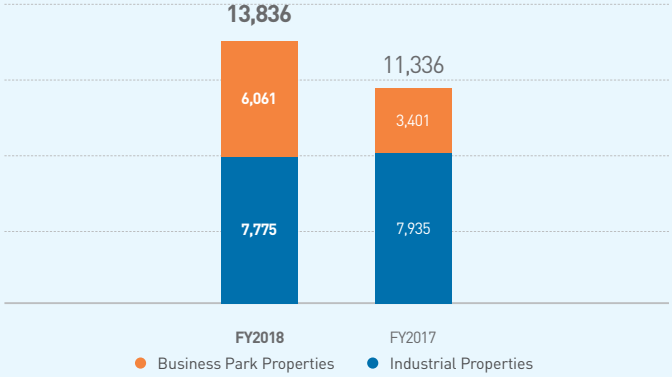
KTL Offshore was divested in February 2018. Solaris was converted into a multi-tenanted property in August 2018. 14 Mort Street and Inghams Burton were acquired in October 2018.

PROPERTY OPERATING EXPENSES

By Business Segment

Property Operating Expenses
(S$'000)

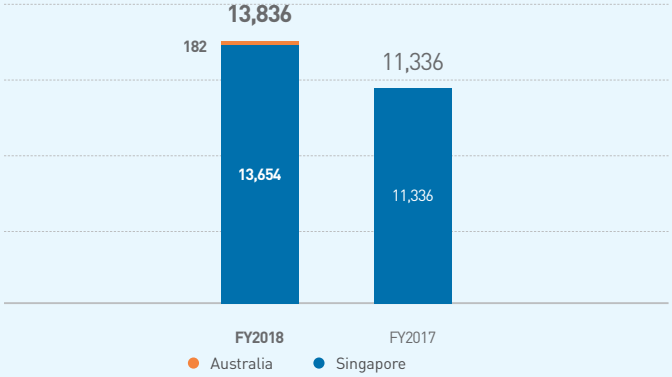
↑ 22.1%



By Geographical Segment

Property Operating Expenses
(S$'000)

↑ 22.1%



Property operating expenses were S$13.8 million in YTD FY2018, S$2.5 million higher than YTD FY2017 mainly due to higher property expenses incurred for Solaris, West Park BizCentral and 14 Mort Street amounting to S$2.9 million, S$0.3 million and S$0.2 million and was partially offset by lower property expenses for Eightrium @ Changi Business Park, 72 Loyang Way, Tuas Connection and KTL Offshore amounting to S$0.4 million, S$0.3 million, S$0.1 million and S$0.1 million respectively.

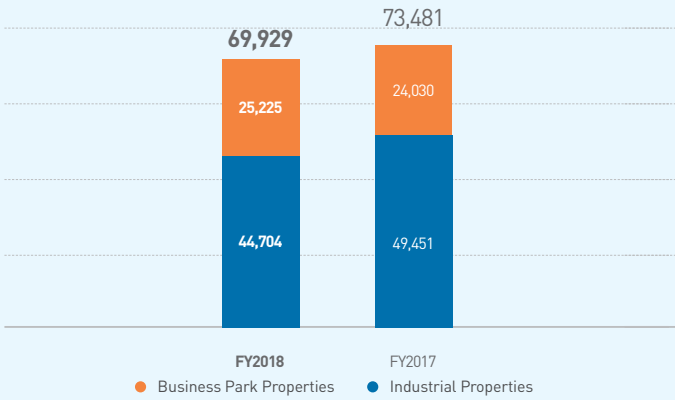
The increase in expenses for West Park BizCentral was mainly attributed to higher property tax expenses whereas the reduction in expenses for Eightrium @ Changi Business Park, 72 Loyang Way and Tuas Connection was primarily due to lower property taxes.

NET PROPERTY INCOME

By Business Segment

Net Property Income
(S$'000)

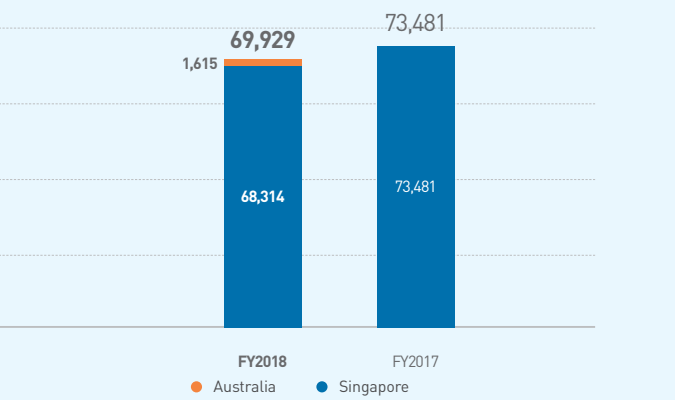
↓ 4.8%



By Geographical Segment

Net Property Income
(S$'000)

↓ 4.8%



Net property income was 4.8% lower at S$69.9 million in YTD FY2018 from S$73.5 million in YTD FY2017 due to lower revenue and higher property operating expenses. Net property income margin was 83.5%. There was no material change in net property income margin.

NET INCOME BEFORE TAX

Net income of S$50.1 million was S$2.1 million or 4.0% lower than FY2017 primarily due to lower net property income and partially offset by lower finance expenses, management fees and other trust expenses.

NET CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

Revaluation gain of S$1.4 million comprised S$21.6 million revaluation gain for Solaris and was partially offset by revaluation losses for Bukit Batok Connection (S$6.4 million), 72 Loyang Way (S$4.0 million), 14 Mort Street (S$3.2 million), Tellus Marine (S$1.9 million), West Park BizCentral (S$1.4 million), Inghams Burton (S$1.3 million), Eightrium @ Changi Business Park (S$1.0 million) and COS Printers (S$0.9 million).

NON-TAX DEDUCTIBLE ITEMS AND OTHER ADJUSTMENTS

Non-tax deductible item include manager's fees in units, unrealised/capital foreign exchange gains/losses, unrealised gains/losses on derivative financial instruments, net change in fair value of investment properties, amortised debt arrangement, prepayment and structuring fees, non-tax deductible financing expenses, trustee fees and non-tax deductible funding cost for the Australia acquisitions.

Non-tax deductible items were S$82.8 million lower largely due to non-tax-deductible investment properties revaluation loss in FY2017.

DISTRIBUTION HISTORY

Period	Payment Date	DPU (cents)
1 January 2018 to 31 March 2018	21 May 2018	1.324
1 April 2018 to 30 June 2018	21 August 2018	1.264
1 July 2018 to 30 September 2018	22 November 2018	1.245
1 October 2018 to 31 December 2018	28 February 2019	1.451
Total		**5.284**

INCOME AVAILABLE FOR DISTRIBUTION AND DPU

Income available for distribution to Unitholders was S$55.9 million in FY2018, 6.7% lower than FY2017 largely due to lower net property income.

VALUATION

As at 31 December 2018, Soilbuild REIT's investment properties were valued at S$1,229.7 million. Investment properties as at 31 December 2018 were accounted for at fair value based on the valuations undertaken by independent valuers, CBRE Pte. Ltd. ("**CBRE**") and Colliers International Consultancy & Valuation (S) Pte Ltd ("**Colliers**") for the Singapore portfolio as at 31 December 2018 and valuations undertaken by independent valuers, CIVAS (ACT) Pty Limited and CIVAS (SA) Pty Limited, both in the Colliers International Group for the Australia portfolio on 31 August 2018.

The increase in investment properties of S$119.1 million compared to FY2017 was due to the acquisition of two properties in Australia amounting to S$116.0 million, reclassification of unbilled debtors and deferred expenditure amounting to S$3.2 million to investment properties, capital expenditure of S$2.1 million, revaluation gains of S$1.4 million and was partially offset by currency translation losses of S$3.6 million.

The valuation details are as follows:

Investment Properties (Valuation as at 31 December 2018)

S/N	Property Name	SGD million	AUD million[1]
Singapore Portfolio			
Business Park Buildings (Valued by CBRE)			
1.	Eightrium @ Changi Business Park	89.70	
2.	Solaris	382.00	
Industrial Buildings (Valued by Colliers)			
3.	Tuas Connection	117.80	
4.	West Park BizCentral	286.00	
5.	NK Ingredients	54.00	
6.	COS Printers	9.75	
7.	Beng Kuang Marine	15.70	
8.	Tellus Marine	18.15	
9.	Speedy-Tech	24.60	
10.	72 Loyang Way	34.00	
11.	Bukit Batok Connection	90.05	
	Total investment properties in Singapore	**1,121.75**	

S/N	Property Name	SGD million	AUD million[1]
Australia Portfolio			
12.	14 Mort Street, Canberra ("14 Mort Street")	49.03	51.00
13.	Inghams Burton, Adelaide ("Inghams Burton")	58.89	61.25
	Total investment properties in Australia	**107.92**	**112.25**
	Total Portfolio	**1,229.67**	

[1] Exchange rate used for 31 December 2018 is AUD 1.00: SGD 0.961434

NET ASSET VALUE

As at 31 December 2018, Soilbuild REIT's net asset value was S$0.63 per unit (2017: S$0.64 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. On 18 May 2018, S$8.5 million was drawn down for the redemption of medium term notes due in May 2018. On 15 August 2018, S$6.5 million was drawn down for the repayment of interest-free loan from the Sponsor.

(ii) Term Loan Facility of S$40.0 million

On 21 September 2016, Soilbuild REIT entered into an unsecured term loan facility amounting to S$40.0 million ("**TLF 2**") obtained from The Bank of East Asia, Limited, Singapore Branch. On 27 September 2016 and 18 November 2016, S$29.0 million and S$11.0 million respectively were drawn down from TLF 2 mainly for the payment of the acquisition of Bukit Batok Connection. TLF 2 is unsecured and is repayable in September 2019.

(iii) MTN issued in 2016 (S$88.0 million as at 31 December 2018)

On 8 April 2016, Soilbuild REIT issued S$100.0 million of unsecured MTN which bears interest at 3.60% p.a. and matures on 8 April 2021 ("**the Notes**") for the purpose of refinancing a S$100.0 million bank loan. On 12 September 2017, Soilbuild REIT redeemed the Notes amounting to S$12.0 million pursuant to the exercise of a put option by noteholders upon the occurrence of a change of control event.

The change of control event occurred when the sponsor of Soilbuild REIT, Mr Lim Chap Huat transferred part of his interests in Soilbuild REIT to Mr Lim Han Feng, Mr Lim Han Qin and Mr Lim Han Ren for estate planning purposes. The conditions of the Notes provide that a "change of control event" will occur when Mr Lim Chap Huat and Soilbuild Group Holdings Ltd. cease to own, directly or indirectly, in aggregate at least 20% of the units in Soilbuild REIT.

As at 31 December 2018, the principal amount of the Notes in issuance amounted to S$88.0 million.

(iv) Term Loan Facility of S$18.5 million

On 30 June 2017, Soilbuild REIT entered into a S$200.0 million unsecured 3-year term loan facility agreement with The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") ("**TLF 3**") for the repayment of its existing borrowings. On 11 September 2017, S$18.5 million was drawn down from TLF 3 for the redemption of notes put back by noteholders on 12 September 2017. As TLF 3 was granted by HSBC solely for the purpose of redemption of notes pursuant to the change of control event, the balance unutilised facility of S$181.5 million has expired.

(v) Term Loan Facility of S$30.0 million

On 15 May 2018, Soilbuild REIT entered into a S$30.0 million equivalent, 5-year unsecured term loan facility agreement with HSBC ("**TLF 4**") for the redemption of notes due in May 2018. TLF 4 is denominated in United States Dollar and was fully drawn down on 18 May 2018. Soilbuild REIT has entered into a cross currency swap to hedge the currency exposure and is not exposed to fluctuation in the United States Dollar arising from the United States Dollar denominated loan.

(vi) Term Loan Facility of S$70.0 million

On 18 July 2018, Soilbuild REIT entered into a S$70.0 million, 5-year unsecured term loan facility agreement with United Overseas Bank Limited ("**TLF 5**") mainly for the repayment of interest-free loan from Sponsor and the refund of the Sponsor Security Deposit. On 15 August 2018, S$48.5 million was drawn down for the repayment of interest-free loan from the Sponsor. As at 31 December 2018, the committed facility available for draw down amounts to S$21.5 million.

(vii) Term Loan Facility of A$50.0 million

On 1 October 2018, Soilbuild REIT entered into a A$50.0 million, 5-year unsecured term loan facility agreement with HSBC ("**TLF 6**") for the acquisition of two properties in Australia. On 3 October 2018, A$45.0 million was drawn down for the completion of the acquisitions. As at 31 December 2018, the committed facility available for draw down amounts to A$5.0 million.

CAPITAL & RISK MANAGEMENT



CONSERVATIVE CAPITAL STUCTURE

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.

	FY2018	FY2017
Gross debt including deferred payments (S$ mil)	**488.3**[1]	480.0
Debt facilities undrawn (S$ mil)	**26.3**	15.0
Deposited property (S$ mil)	**1,248.0**	1,181.6
Aggregate Leverage	**39.1%**	40.6%
Weighted average term of debt	**3.2 years**	2.7 years
Average all-in interest cost[2] (4Q)	**3.52%**	3.20%
Average all-in interest cost[2] (full year)	**3.38%**	3.31%
Interest Cover (times)[3]	**4.6x**	4.7x

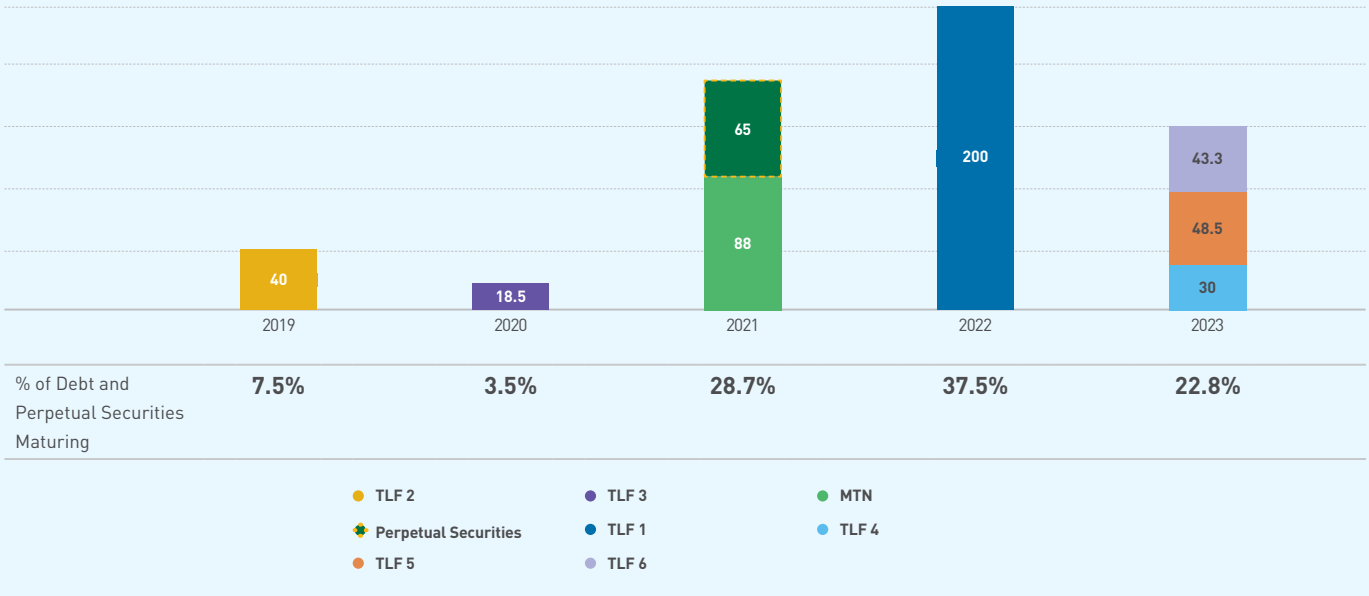
Notes:

1 Includes deferred payment of S$19.3 million due to SB (Solaris) Investment Pte. Ltd. and insurance guarantees of S$0.8 million issued to utility supply providers.

2 Excludes interest-free loan.

3 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 (including perpetual securities which are classified as equity) as at 31 December 2018 is as follows:



As at 31 December 2018, the weighted average term of debt was 3.2 years with an average all-in interest cost of 3.52% p.a. and 3.38% p.a. for 4QFY2018 and FY2018 respectively. 74.0% of interest-bearing borrowings were fixed. Physical debt expiries remain well-staggered with no more than 37.5% of total debt (including perpetual securities which are classified as equity) maturing in any one year.

The aggregate leverage of Soilbuild REIT stood at 39.1% as at 31 December 2018. This is within the 45.0% gearing limit set by the Monetary Authority of Singapore for property trusts in Singapore. Consequently, Soilbuild REIT has approximately S$133.2 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;
(iii) To maintain portfolio hedging in line with the core hedging profile; and
(iv) To hedge anticipated distributions from Australia subsidiaries at least 6 months in advance.

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, interest rate and foreign currency 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. KPMG Services Pte. Ltd. has been appointed as the internal auditor with effect from FY2019.

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.



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 82% of the monthly rental income 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.

Foreign Currency Risk

The Group operates in Singapore and Australia. The Group's exposure to fluctuations in foreign currency rates relates primarily to its Australian Dollar denominated bank borrowing and investment in Australia properties.

The Manager monitors the Group's foreign currency exposure on an ongoing basis and manages its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

In relation to foreign currency risk arising from investments in Australia properties, the Group had borrowed in Australian dollar to achieve a natural hedge. The Group had also entered into forward exchange contracts to hedge the cash flows from overseas investments.

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 2018, the Manager met with 60 fund managers and analysts, and actively participated in 9 investor conferences and roadshows.

Investor Relations Calendar FY2018	
January 2018	**Full Year 2017 Results Luncheon**
February 2018	**HSBC Annual ASEAN Conference**
March 2018	**5th Annual General Meeting**
May 2018	**4th Singapore REITs Symposium**
July 2018	**Half Year 2018 Results**
August 2018	**C-Suite S-REITs & Sponsors Forum 2018**
September 2018	**SGX-DBSV-REITAS Corporate Day**
September 2018	**Perpetual Securities Roadshow**
November 2018	**SGX-REITAS Education Series**

The Manager has made a 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. Over 34 REITs and 1,200 retail investors participated in the event. In November 2018, the Manager was also involved in the SGX-REITAS Education Series aimed at the general investor public.

RESEARCH ANALYST COVERAGE

As at 31 December 2018, four international and local brokerage houses provided regular research coverage on Soilbuild REIT:

- DBS Vickers Securities
- OCBC Investment Research
- Soochow CSSD Capital Markets (Asia)
- Jefferies



FINANCIAL CALENDAR 2019

1st Quarter

Annual General Meeting	**29 March 2019**
Announcement of Financial Statements and Distribution for 1QFY2019	**April 2019**
Payment of 1QFY2019 distribution	**May / June 2019**

2nd Quarter

Announcement of Financial Statements and Distribution for 2QFY2019	**July 2019**
Payment of 2QFY2019 distribution	**August / September 2019**

3rd Quarter

Announcement of Financial Statements and Distribution for 3QFY2019	**October 2019**
Payment of 3QFY2019 distribution	**November / December 2019**

4th Quarter

Announcement of Financial Statements and Distribution for 4QFY2019	**January 2020**
Payment of 4QFY2019 distribution	**February / March 2020**

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

SB REIT Management Pte. Ltd.
23 Defu South Street 1
Singapore 533847
Tel: (65) 6415 4587
Fax: (65) 6415 4584
Email: sbreit_ir@soilbuild.com
Website: www.soilbuildreit.com

SOLARIS





COMMENTARY BY MEDIATEK

MediaTek Inc. is a global fabless semiconductor company that enables 1.5 billion connected devices a year. We are a market leader in developing innovative systems-on-chip (SoC) for mobile device, home entertainment, connectivity and Internet of Things (IoT) products. MediaTek has more than a decade's history in Singapore, with a local presence since 2004. MediaTek Singapore is amongst the leading IC design companies in Singapore and is one of Media Tek's most advanced global research and development centers, contributing significantly to world-class RFIC and SoC design. Besides R&D, Singapore also serves as MediaTek's regional hub for logistics and manufacturing operations, as well as its IT operations and management centre for the Asia Pacific region. The quality space offered by Soilbuild has provided us with a conducive environment for our colleagues to thrive and excel. Soilbuild has been very supportive and responsive and we treasure our good working relationship with them.

Mr. CC Ku
General Manager
MediaTek Singapore Pte Ltd



Feature Property Type

BUSINESS PARK

Refer to Page 32 to find out more

INDUSTRIAL MARKET RESEARCH COMMENTARY

THE SINGAPORE PROPERTY MARKET

1 SINGAPORE ECONOMIC OVERVIEW

1.1 Economic Performance in the Past Year

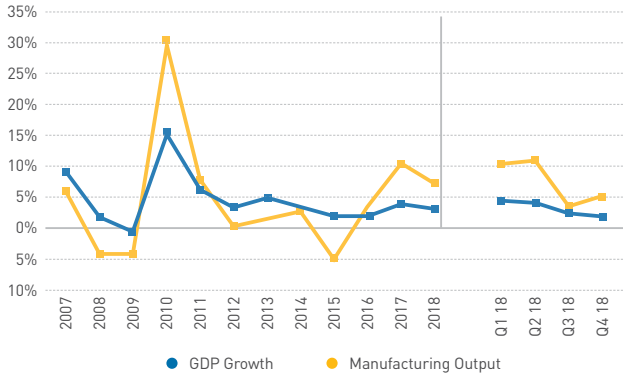
According to the Economic Survey of Singapore released by the Ministry of Trade and Industry ("MTI"), the Singapore's GDP expanded by 3.2%[1] for the full year of 2018, a slightly weaker pace compared to the 3.9% year on year (YOY) growth in 2017 but consistent with the city-state's solid economic growth performance since 2010. All major sectors grew in 2018 with the manufacturing sector leading the way. The manufacturing sector registered a robust expansion at 7.2% YOY, largely driven by the electronics, transport engineering and biomedical manufacturing clusters. Primarily supported by the finance & insurance, business services and wholesale & retail trade sectors, the service producing industries collectively grew by 3.0% YOY in 2018, almost on par with the growth rate recorded in the previous year.

Underpinned by strong economic fundamentals, the labour market in Singapore continued to improve in 2018 with fewer retrenchments and an increase in the number of employed residents. The overall unemployment rate fell from 2.2% in 2017 to an average of 2.1% in 2018, with the net creation of nearly new 28,000 jobs.

1.2 Manufacturing Output and Investment Commitments

Based on the Economic Survey of Singapore released by Ministry of Trade and Industry (MTI) on 15 February 2019, Singapore's total manufacturing output rose 7.2% YOY in 2018, albeit at a more languid pace compared to the 10.4% growth recorded in 2017.

Growth in GDP and Manufacturing Output



Source: Colliers International, MTI

The Transport Engineering cluster registered the fastest YOY output growth of 14.4% in 2018. Meanwhile, output in Biomedical Manufacturing, Electronics, Chemicals and Precision Engineering clusters improved during the year, with the former expanding 8.1% YOY in 2018 from a contraction of 8.4% YOY in 2017. Output growth for the General Manufacturing cluster showed a positive uptick as the sector grew marginally by 0.3% YOY in 2018, reversing the decline in previous years.

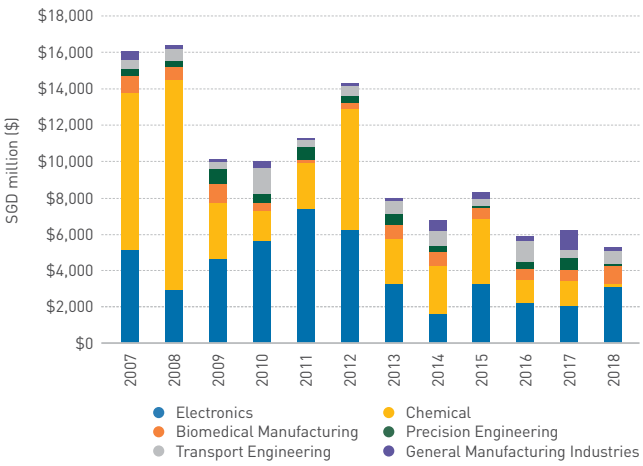
Total manufacturing fixed asset investments ("FAI") fell by 14.5% YOY to SGD5.3 billion in 2018. The Chemicals, Precision Engineering and General Manufacturing clusters weighed down the FAI as they fell 83.7%, 75.4% and 82.1% YOY respectively in 2018.

Manufacturing Fixed Asset Investments in 2018

Industry Cluster	Investment Commitments (S$ billion)	Contribution to Total Investment Commitments (%)	Annual Growth Rate (%) from 2017 to 2018
Total Manufacturing	**5.3**	**100.0**[2]	**-14.5**
Electronics	3.1	58.2	46.0
Chemicals	0.2	4.0	-83.7
Biomedical Manufacturing	0.9	17.9	47.0
Precision Engineering	0.1	3.0	-75.4
Transport Engineering	0.7	13.2	76.9
General Manufacturing Industries	0.2	3.7	-82.1

Source: Economic Survey of Singapore, MTI, released on 15 February 2019

Total Manufacturing Fixed Asset Investments



Source: Colliers International, Economic Survey of Singapore, MTI, released on 15 February 2019

Note:

[1] Based on the Economic Survey of Singapore released by Ministry of Trade and Industry (MTI) on 15 February 2019

[2] Percentage may not add up to 100% due to rounding off issues

1.3 Economic Outlook

The MTI announced on 15 February 2019 that the Singapore economy is expected to expand at a modest pace between 1.5% and 3.5% in 2019, specifically, Oxford Economics Country Economic Forecast [3] has projected GDP to grow by 2.5% for the whole of 2019. The improved sentiment in 2019 is largely supported by a more broad-based recovery in services. The overall economic outlook for 2019 is likely to ease from 2018's pace of growth, moderating from the 3.2% growth in 2018 given a more challenging global trade backdrop. Based on MTI's 2019 forecast, the ongoing trade conflicts between the US and its key trading partners may escalate and hit Asia hard, with substantial implications for Singapore due to its high dependence on exports. Not only this, a faster-than-expected tightening of global financial conditions also heightened the economic uncertainties and financial volatility. Nonetheless, MTI expects the sustained momentum in information & communications and education, health & social services sectors seen in 2018 to follow through to 2019, supported by firms' robust demand for IT and digital solutions and the ramp-up of operations in healthcare facilities respectively. Due to the pickup in contracts awarded since H2 2017, the construction sector is also expected to provide support to growth in the Singapore economy in 2019 against the global backdrop.

Selected Economic Indicator Forecasts				
Indicator/ Year	2018(A)	2019(F)	2020(F)	2021(F)
Real GDP	3.2%	2.5%	2.3%	2.4%
Industrial Production Index	7.9%	3.4%	3.7%	3.5%

Source: Oxford Economics (17 December 2018)

2 GOVERNMENT POLICIES AND MEASURES AFFECTING THE SINGAPORE INDUSTRIAL PROPERTY MARKET

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 has been no material impact on institutional property investors - such as real estate investment trusts ("REITs") - with typically longer investment holding periods.

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 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.

In 2016, the Minister for Trade and Industry, Lim Hng Kiang announced the consolidation of Housing & Development Board ("HDB")'s industrial land and properties under JTC's portfolio. 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 were transferred to JTC. Industrialists now have a one-stop access to all publicly-owned and managed industrial facilities, in addition to facilitating the development and planning of Singapore's industrial districts.

The government is currently developing 23 Industry Transformation Maps ("ITM") to promote the growth and competitiveness of several industries in Singapore. The roadmap aims to develop strategies to support companies move up the value chain, improve operational efficiencies and overseas expansion. The Logistics ITM in particular, is expected to add S$8.3 billion in value to the sector and create 2,000 PMET [4] jobs by 2020. The involvement of trade associations and chambers will ensure the optimal utilisation of resources and raise awareness amongst logistics players on the initiatives available. Further, the Logistics ITM strive to improve the domestic logistics system through the consolidation of logistics at retail malls, deployment of federated lockers and potential goods mover system.

The Singapore government is continuing the promotion and implementation of its Smart Nation Initiative and supports the industrial sector transition to the next generation of the industrial revolution. First mooted in Singapore by the Committee of the Future Economy, the Industry 4.0 initiatives includes a series of funding programmes for investment into research and development (R&D) projects, developing industry transformation maps and strengthening the workforce's skill sets, to move the industry towards quicker adoption. As part of the initiatives, JTC announced the release of new types of industrial facilities and clusters – including TimMac@Kranji and the Innovation Cybersecurity Ecosystem @ Block 71 – which will meet the needs of the new generation of manufacturing and industrial occupiers.

Note:

[3] Based on Oxford Economics Country Economics Forecast Singapore dated 27 November 2018

[4] Professional, management, executives and technicians

3 BUSINESS PARK MARKET OVERVIEW

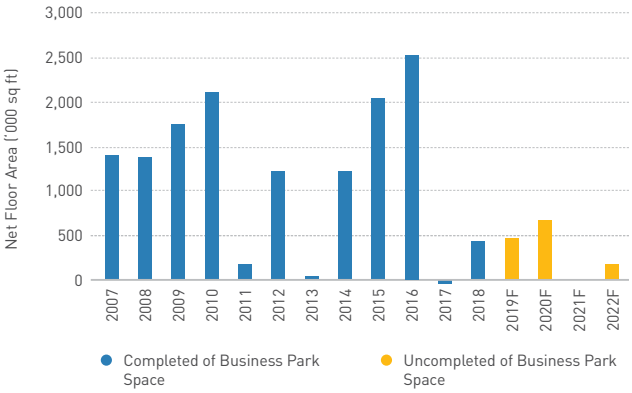
3.1 Existing and Potential Supply

Singapore's total islandwide stock of private business park space rose 2.2% YOY to 19.9 million sq ft as of 4Q 2018, following the net addition of about 0.4 million sq ft in 2018.

Geographically, the majority of the existing islandwide business park stock is located in the Central planning region (54.9%) (comprising the Singapore Science Park, Mapletree Business City and one-north), followed by the Changi Business Park ("CBP") in the East planning region (26.6%), and the International Business Park ("IBP") and CleanTech Park in the West planning region (18.5%) of the total stock.

As of Q4 2018, there will be approximately 1.3 million sq ft[5] (net lettable area) of new business park space expected to be completed from 2019 to 2022. As a result, the new supply during this period will average 325,000 sq ft per year, which is substantially lower than the historical 5-year annual net new supply of 1.1 million sq ft between 2014 and 2018.

Net New and Potential Supply of Business Park Space

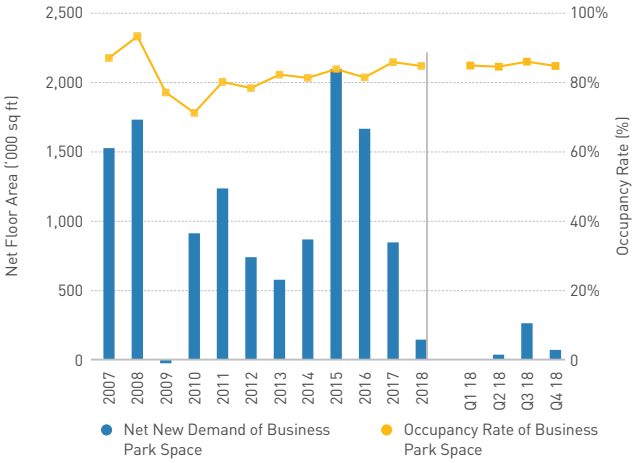


Source: Colliers International, JTC *F refers to Forecast

3.2 Demand and Occupancy

In 2018, total island-wide occupied space in private business parks increased 1.2% YOY, from 16.7 million sq ft in Q4 2017 to 16.9 million sq ft in Q4 2018. This resulted in absorption of nearly 200,000 sq ft of private business park space. With the relatively marginal YOY growth in occupied space, the overall occupancy rate as at Q4 2018 fell to 84.6% in Q4 2018, from 85.7% in Q4 2017. This is likely attributed to the large amount of new supply from two completions during the last quarter – Alice@Mediapolis in one-north and FM Global Centre in Science Park II – which totalled 0.6 million sq ft.

Net New Demand and Occupancy Rate of Business Park Space

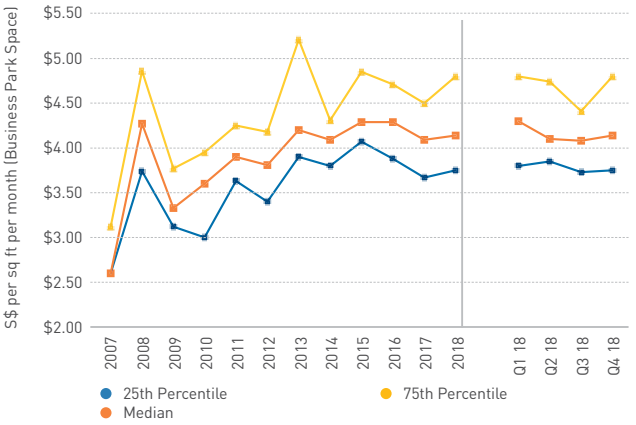


Source: Colliers International, JTC

3.3 Rents

According to rental transaction information sourced from JTC's J-Space[6], the median[7] monthly gross rent of business park space in Singapore grew 1.2% to SGD4.14 per sq ft from SGD4.09 per sq ft in Q4 2017 amid growing leasing activity and the delivery of new high-quality business park supply which had an upward impact on lease rates and during 2018. Leasing activity picked up pace considerably, rising from 256 during 2017 to 319 in the following year, resulting in a 24.6% YOY growth in leasing volume.

Rents of Business Park Space



Source: Colliers International, JTC

Note:

[5] 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.

[6] Note that the rents sourced from JTC's J-Space 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.

[7] Note that median rents are dependent on the number and type of transactions that occur during the quarter/year. This in turn depends on factors such as the location and age of the building, the type of unit (e.g. research or non-research), as well as the floor level and size of the unit.

3.4 Outlook

Going forward, business parks continue to be very focused on tenant retention and attraction of new tenants in key sectors. Growing occupier demand is expected from firms within service-producing industries seeking to relocate their operations from prime CBD office locations to lower costs business park precincts due to rapidly escalating rental costs in the Singapore market. Key sectors expected to generate demand for business park space include financial services, life sciences, scientific activities and machinery and equipment (M&E).

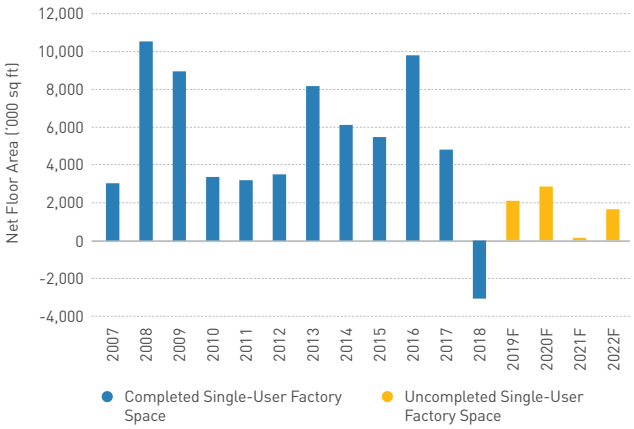
Despite the limited upcoming new supply expected in 2019, the occupancy level is expected to remain relatively stable, with a slight increase in occupancy expected toward the end of the year when the new supply is absorbed. Nonetheless, overall business park rent in 2019 are expected to fare better due to the spill-over effect from a sharp office rent recovery in 2018 and further office rental upside in 2019.

4 PRIVATE SINGLE-USER FACTORY

4.1 Existing and Potential Supply

The island-wide stock of private single-user factory space stood at 225.9 million square feet (sq ft) as of Q4 2018, a 1.3% YOY contraction from Q4 2017, which represents a net supply reduction of about 3.0 million sq ft. As of 4Q 2018, there were about 6.8 million sq ft [8] of new single-user factory space to be completed from 2019 to 2022, which works out to an average annual supply of about 1.7 million sq ft over the four-year period. This points to a reduction in upcoming supply – slightly more than half – compared to the average new supply of 4.6 million sq ft per year from 2014 to 2018. In 2019, an estimated 2.1 million sq ft of single-user factory space is expected to be delivered.

Net New and Potential Supply of Single-User Factory Space

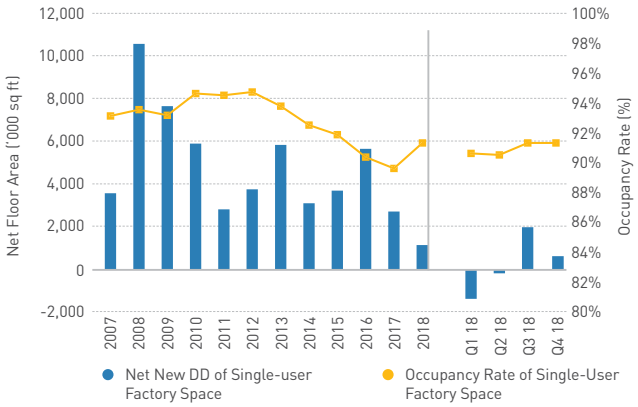


Source: Colliers International, JTC. *F refers to Forecast

4.2 Demand and Occupancy

Occupancy of single-user factory has been trending downward over the past six years or so amid limited new demand and increase in new net supply island-wide. From 2014 to 2018, absorption of single-user factory space averaged 2.9 million sq ft per year, which was lower than the average new supply of 4.6 million sq ft delivered during the same period. During 2018, occupied stock of private single-user factory space increased by 1.1 million sq ft YOY, a 0.5% YOY increase, and the total stock declined by 3.1 million sq ft in 2018 with the demolition and/or redevelopment of older single-user factory space. As a result, the average occupancy rate [9] edged up 1.7% to 91.3% in 2018, from 89.6% in 2017.

Net Demand and Occupancy Rate of Single-User Factory Space



Source: Colliers International, JTC

4.3 Rents of Single-User Factory Space

According to rental transaction information from JTC, monthly median rents of single-user factory space increased 0.7% YOY, from SGD1.65 per sq ft in 2017 to SGD1.66 per sq ft in 2018. Leasing transaction activities [10] rebounded in 2018, rising to 475 transactions in 2018 from 374 transactions in 2017, up 27.0% YOY. This is the first increment since JTC's implementation of more stringent subletting measures in 2014.

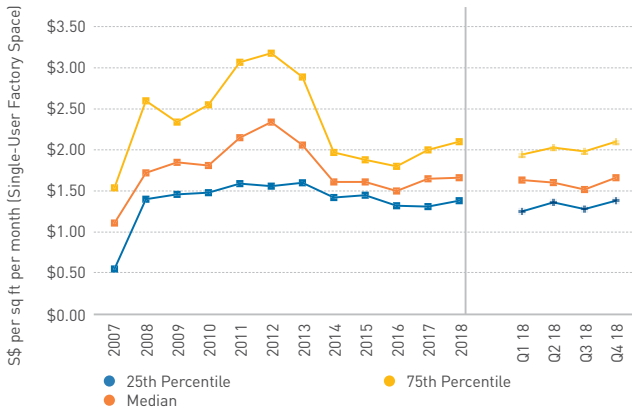
Note:

[8] 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.

[9] Refers to occupancy rate for the final quarter of the year.

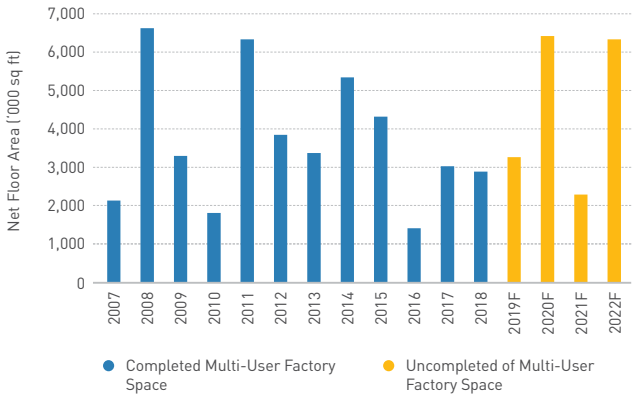
[10] Based on JTC data downloaded as at Q4 2018

Rents of Single-User Factory Space



Source: Colliers International, JTC

Net New and Potential Supply of Multi-User Factory Space



Source: Colliers International, JTC *F refers to Forecast

4.4 Outlook

The relatively large new supply against a background of muted demand exacerbate from the tightening of government subletting restrictions is likely to exert downward pressure on the island-wide average occupancy rate of single-user factories in 2019. Nonetheless, the decline in occupancy is likely to be more gradual for land-based single-user factory with customised specifications. 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 decline slightly in 2019 compared to 2018.

5 PRIVATE MULTI-USER FACTORY

5.1 Existing and Potential Supply

As at Q4 2018, the private multi-user factory space in Singapore expanded by 2.9% from the end of 2017 to 102.7 million sq ft. New supply amounted to about 2.9 million sq ft of private multi-user factory space in 2018, which is lower than five-year average of 3.4 million sq ft per year. An estimated 18.3 million sq ft [11] of new private multi-user factory space is expected to be completed island-wide from 2019 to 2022. The potential supply is expected to increase significantly after 2019, with an approximately 6.4 million sq ft and 6.3 million sq ft of potential supply in 2020 and 2022 respectively. As a result, the projected annual net supply from 2019 to 2023 will average 4.6 million sq ft, which is 35.3% higher than the five-year average of 3.4 million sq ft per annum from 2014 to 2018.

Note:

[11] 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.

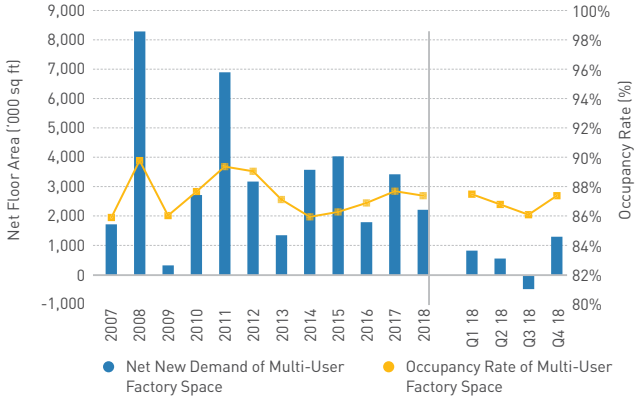
[12] Note that the rents sourced from JTC's J-Space would be dependent on the number and type of transactions that occur during the period of analysis. This in turn depends on factors such as the location and age of the building, as well as the floor level and size of the unit.

[13] Based on JTC data downloaded as at Q4 2018.

5.2 Demand and Occupancy

Island-wide absorption amounted to 2.2 million sq ft of private multi-user factory space in 2018, which fell short of the net new supply of about 2.9 million sq ft delivered during the same year. As a result, the island-wide occupancy rate for multi-user factory space declined from 87.7% in 4Q 2017 to 87.4% in 4Q 2018.

Net New Demand and Occupancy Rate of Multi-User Factory Space

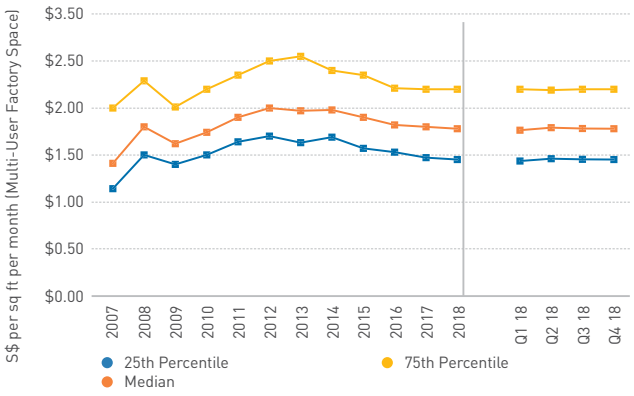


Source: Colliers International, JTC

5.3 Rents

According to rental transaction information from JTC's J-Space [12], rents of multi-user factory space continued to fall in 2018. Median gross monthly rent of multi-user factories saw a 1.2% YOY drop, to SGD1.78 per sq ft in 2018, broadly similar to the decline in magnitude recorded in 2017. The fall in median rents in 2018 was largely attributed to the large unabsorbed new supply and increased vacancy. The level of leasing transactions [13] in 2018, however, remained stable at 8,008, a 10.3% YOY increase from 7,258 in 2017.

Rents of Multi-user Factory

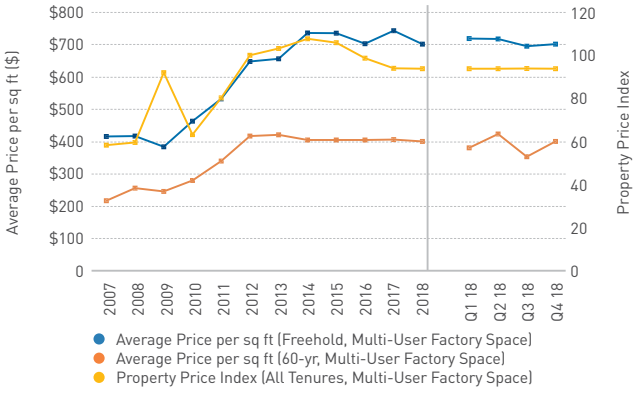


Source: Colliers International, JTC

5.4 Price

Based on Colliers' data of prime multi-user factory space [14], the average price of 60-year leasehold multi-user factory space continued to ease in 2018, falling 1.4% YOY from SGD406 per sq ft during 2017 to SGD401 per sq ft during 2018. Against a more tepid market sentiment, freehold multi-user factory space also witnessed downward pressure in prices of 5.6% on a YOY basis, to an average capital value of SGD701 per sq ft during 2018. Based on JTC's J-Space, the Property Price Index (PPI) of Multi-User Factory which comprised island-wide sales transactions of multi-user factory space, continued to fall since 2015 but at a marginal YOY extent at 0.2% in 2018.

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 uncertainties in current global economic conditions. Despite this, activities may however pick up slowly in the later part of 2019, when end-users are more certain with 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 with a sizeable projected supply in the next five years following a stabilising demand for multi-user factory space, overall rents for multi-user factory space could see a downward pressure in 2019. In terms of sales of multi-user factory space, the cautious and selective buying sentiment in 2018 is likely to continue into 2019 with prices being subdued against a rising interest rate environment. Meanwhile, the market may see more cost-conscious end-users deferring their acquisition and adopting the rental option while monitoring market conditions closely.

6 PRIVATE WAREHOUSE MARKET OVERVIEW

6.1 Existing and Potential Supply

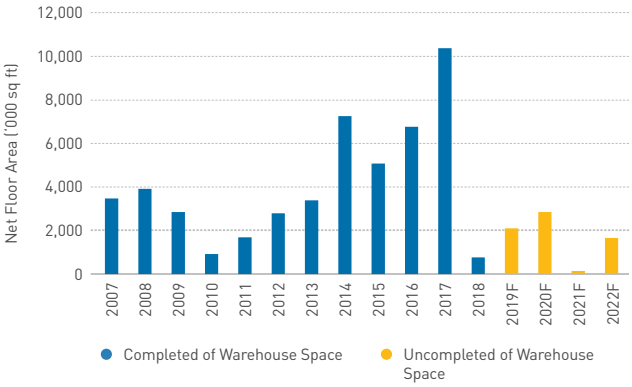
According to JTC, the island-wide stock of private warehouse space in Singapore stood at 112.5 million sq ft as of Q4 2018, up 0.7% or 800,000 sq ft compared to 2017, which is much lower than the 10-year average net new supply of 3.9 million sq ft between 2009 and 2018. Geographically, the largest concentration of warehouse space is in the West planning region (63.5%), followed by the East (16.5%), North (4.7%), Central (11.6%) and Northeast (3.7%) planning regions. As of 4Q 2018, the total amount of new warehouse space to be completed between 2019 and 2022 is projected to be about 6.8 million sq ft [15] (net floor area). The new warehouse space is expected to taper to a more muted level of annual new supply averaged at 1.7 million sq ft from 2019 onwards — but slightly higher in 2020 with an expected 2.9 million sq ft of new warehouse space for the year. On average, projected annual net new supply of about 1.7 million sq ft of warehouse space from 2019 to 2022 is more than three times lower than the preceding 5-year annual average net new supply of 5.2 million sq ft from 2014 to 2018.

Note:

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

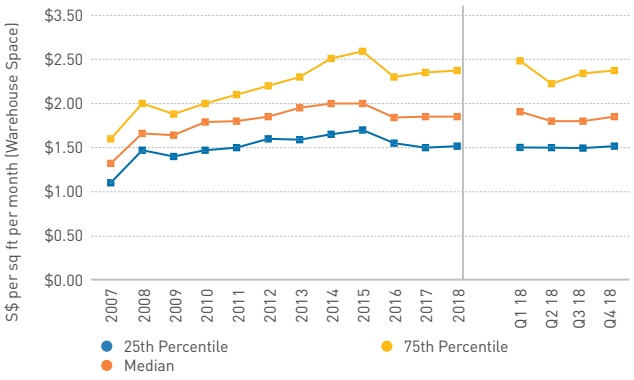
[15] Potential supply includes space under construction and planned but the actual level of new supply could change due to changes in the status of planned projects.

Net New and Potential Supply of Warehouse Space



Source: Colliers International, JTC *F refers to Forecast

Rents of Warehouse Space

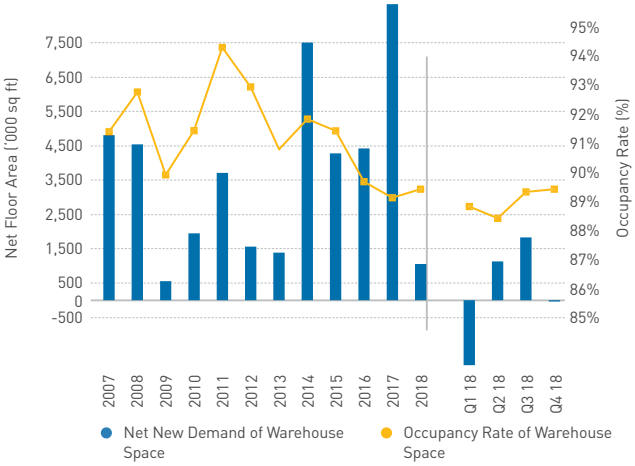


Source: Colliers International, JTC

6.2 Demand and Occupancy

Occupied private warehouse space increased by 1.1 million sq ft in 2018. However, net take-up was higher than the net new supply of 0.8 million sq ft during the year, which resulted in the average occupancy rate improving from 89.1% in 4Q 2017 to 89.4% in 4Q 2018.

Net New Demand and Occupancy Rate of Warehouse Space



Source: Colliers International, JTC

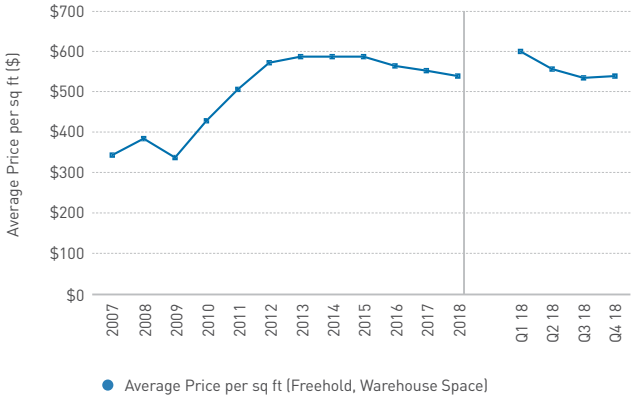
6.3 Rents

According to rental transaction information from JTC, the island-wide median gross monthly rent [16] for private warehouse space (including single-user and multi-user warehouse space) stayed flat at previous year's level as in 2018. The market segment has performed relatively well in the first quarter of 2018 as the median gross monthly rents for private warehouse space rose to SGD1.91 per sq ft in Q1 2018 from SGD1.85 per sq ft in Q4 2017. However, the median rents fell to SGD 1.80 per sq ft in Q2 2018 and subsequently remained under pressure in Q3 2018 against a more volatile manufacturing sector.

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. As a result of this new measure and of declining occupancy levels, the price of freehold warehouse space saw a downward trend since 2013. Based on Colliers' data, average price of freehold warehouse space [17] (upper floors) saw a YOY decline of 2.4% in 2018 to SGD539 per sq ft.

Prices of Warehouse Space



Source: Colliers International

Note:

[16] 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.

[17] Good quality, multi-level, multi-tenanted freehold flatted warehouse space built to modern performance standards.

6.5 Outlook

With an impeding supply of private warehouse space of about 2.1 million sq ft in 2019 as well as industrialists' concern on cost containment, warehouse rents are expected to remain weak in 2019. As more new warehouse spaces will be completed, landlords are likely to adjust their rental levels to ensure a higher level of occupancy. With the anticipated increase in interest rates, landlords may also have greater propensity in reducing their rental expectations. Nonetheless, demand for warehouse space is still expected to remain relatively healthy as Singapore establishes itself as a major global logistics hub. The warehouse segment will also benefit from both the fast-expanding e-commerce industry which requires efficient logistics, storage and distribution support. However, occupancy level is expected to see some fluctuations, with some decline expected in the short to medium term until the new supply is absorbed and landlords consolidate their under-utilised spaces.

7 LIMITING CONDITIONS

7.1 Market Projections

1.1 Any market projections incorporated within our Services including, but not limited to, growth rates, stock and occupancy rates are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

1.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections. Where market projections form part of Our Services, we draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

7.2 Limitation of Colliers Liability

1.3 To the extent permissible under applicable laws, in no event shall Colliers International be liable to the Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.

1.4 All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers International. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

1.5 Colliers International, or any employee of Ours shall not be required to give testimony or to appear in court or any other tribunal or to any government agency by reason of this consultancy report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

1.6 For the avoidance of doubt, our directors and employees shall have no liability in respect of their private assets.

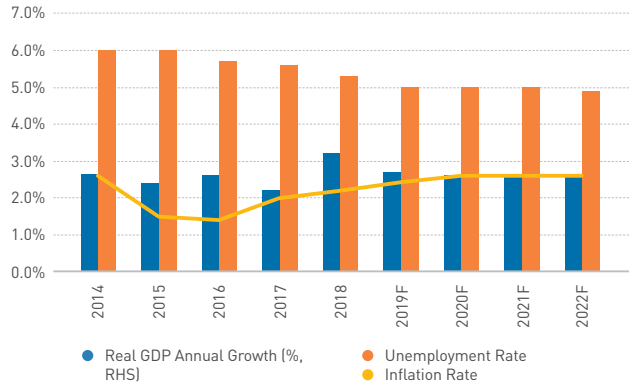
THE AUSTRALIA PROPERTY MARKET

1 ECONOMIC OVERVIEW

1.1 Australia's Economic Performance in 2018

According to the International Monetary Fund ("IMF"), the Australian economy grew by 3.2% year-on-year ("YoY") in 2018 amid a healthy international trade balance, sustained flows of foreign direct investments (FDI) and a strong performance of service-producing industries. The country's economy fared well despite the global economic uncertainty associated with trade tensions, declining commodity prices and slowing Chinese economic growth. Inherent risks associated with the slowdown in the national housing market have not yet had the negative impacts anticipated. High household debt levels, while still a source of concern, have stabilised and do not constitute an immediate threat to the broader economy. Employment rates have been recovering steadily since 2015 amid a diversification of the economy and rising labour force participations. Inflation has remained subdued due to limited wage growth and stable commodity prices.

Real GDP Growth, Unemployment and Inflation Rate



1.2 Australia's Economic Outlook

According to the OECD, the Australian economy is projected to continue growing at a moderate pace in 2019, with a GDP growth forecast of 2.7%, followed by a slight moderation in 2020 amid an anticipated slowdown in global economic growth. Exports and investments will support growth. Household consumption levels will slow as households become less willing to draw down savings amid falling house prices and tightening financial conditions.

Inflation will likely only pick up gradually and unemployment rates will decline further. Global commodity markets will remain a key source of income and growth, but also translates to uncertainty and risk due to its exposure to trade wars and growth slowdown in China. Fluctuations in housing prices could reduce household wealth and consumption levels, consequently impacting the construction sector.

2 GOVERNMENT POLICIES AND MEASURES AFFECTING AUSTRALIA'S PROPERTY MARKET

Australia's government policies related to the property sector are developed at the State-level. The following section describes some of the State government policy changes that occurred in 2018 which may impact the property sector in jurisdictions where Soilbuild REITs properties are located.

2.1 Recent Government Policies and Initiatives in the Australia Capital Territory ("ACT")

The ACT government's decision to abolish the stamp duty for commercial properties under $1.5 million came into effect on 1 July 2018, to help property investors acquire property investments with a lower level of equity. This would result in 70% of commercial property transactions being exempt and would promote investment in the ACT. This is expected to cause a small increase in prices for commercial assets and attract interstate investors into the market.

2.2 Recent Government Policies and Initiatives in South Australia ("SA")

Major planned government investment in infrastructure over the next 10 years will stimulate the construction sector and the labor market in South Australia. Government investments in infrastructure projects in South Australia have reached record-levels , with A$12.1 billion spent on large-scale infrastructure projects in 2016. Some of the major transportation infrastructure projects in Adelaide and other parts of SA include:

- Adelaide's A$896 million North-South corridor project is an ambitious road infrastructure construction programme aimed at developing Adelaide's expressway network. Currently under construction, it is planned to serve as one of Adelaide's most important transport corridors upon its completion by 2025. The new road infrastructure will serve as the main vehicular highway for north and south bound traffic, including freight vehicles, running between Gawler and Old Noarlunga, serving communities over a distance of 79 kilometers. The new corridor is expected to significantly reduce transport time for freight transportation operators which will contribute to raise the profile of Adelaide as

an attractive logistics and manufacturing sector hub within SA.

- The Darlington Upgrade Project, expected to be completed in H2 2019, is a A$620 million project jointly funded by Australian and State governments in the delivery as part of Adelaide's North-South Corridor and will upgrade approximately 3.3 kilometers of the existing Main South Road.

In addition to major infrastructure projects, a new Planning and Design Code is currently being implemented in South Australia. When completed by 2020, the new code will act as a single reference point for planning by consolidating South Australia's 72 Development Plans into one clear planning rulebook for the state. A new performance-based system will include measurable performance requirements against which applications will be assessed, and will take a more inclusive, collaborative approach to planning. It is expected that this new code will significantly improve processing times for planning and development approvals across the State.

3 CANBERRA GRADE A OFFICE MARKET OVERVIEW

3.1 Grade A Office Stock and Future Supply

As at the end of 2018, Canberra's total Grade A office stock totaled approximately 1.1 million sqm. In 2018, net new supply was limited to approximately 10,000 sqm of Grade A office space, representing of 0.9% stock growth relative to 2017. Canberra's potential net new Grade A office supply[1] totals approximately 60,000 sqm of space, of which 13,000 sqm is expected to be delivered in 2019 and 47,500 sqm in 2020. Key office projects in the pipeline include the Civic Quarter, which is expected to be completed in H1 2019 with 16,000 sqm, Section 33 Dickson with 13,200 sqm and Constitution Place with 31,600 sqm.

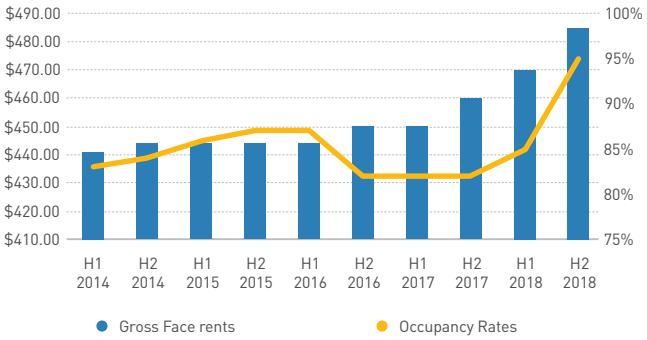
3.2 Demand, Occupancy and Rents

The Canberra Grade A office market recorded strong absorption levels in recent years in the face of limited new supply but strong occupier demand. Occupancy rates in Canberra's Grade A office space have been on a recovery trend since H1 2017. Occupancy rate rose significantly from 82% in H1 2017 to 95% in H2 2018. Over the past 12 months, there has been a 15.9% YoY increase in occupancy as net absorption level totaled 35,158 sqm in 2018, more than three times higher than the net new supply delivered during the period.

Rapidly rising occupancy rates have put upward pressure on Canberra's Grade A office rental rates which have risen 5.4% YoY in 2018. The average Grade A office rent in Canberra rose from A$460.00 per sqm per year in H2 2017 to A$485.00 per sqm per year in H2 2018.

Several notable Grade A office transactions occurred during 2018. The Commonwealth Government took on a ten-year lease occupying 870 sqm at 1 Dairy Road, Fyshwick at a gross rental of $340 per sqm per year. Another notable lease deal in the first half of the year was to MXA Consultants taking on a seven-year lease at 40 Marcus Clarke Street occupying 740 sqm on a semi gross rental of $415 per sqm per year.

Average Gross Rents and Occupancy Rates of Canberra Grade A Office



Source: Colliers International

As of H2 2018, landlord incentives are estimated to range between 20% and 25% of the average gross rent for Grade A office space in Canberra. As such, the average net face rent for Grade A office space in Canberra stood at approximately A$385 per sqm per year as at H2 2018. Given the improvement in occupancy over the past quarters, landlord incentives have tapered from their peak of 25% to 30% of the average gross rent recorded during 2016 and 2017.

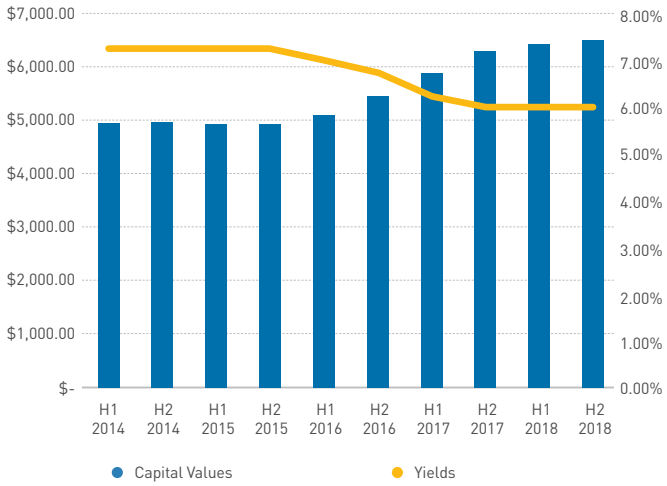
3.3 Capital Values and Yields

Average capital value for Grade A office space in Canberra stood at A$6,500 per sqm in H2 2018, up 3.2% YoY compared to H2 2017. The Canberra Grade A office buildings have been averaging net yields of 6.0% to 6.65% in recent years. Yields have compressed since 2016 due to spike in investors' interest for Australian property assets. Canberra has received strong interests from local and national investors, as well as growing interest from offshore investors due to the capital's attractive yields and longer tenancy periods – mainly due to long-term government leases – in comparison to other locations across Australia. Coupled with Canberra's modern asset profile and predictions for continued rental growth, yields are predicted to compress slightly in 2019 due to the growing volume of capital pursuing Canberra office assets.

Note:

[1] Office space under construction or in the development pipeline minus existing space to be demolished or redeveloped.

Capital Values and Yields of Canberra Grade A Office



Source: Colliers International

3.4 Canberra Office Market Outlook

Deloitte Access Economics forecasts that Canberra's economy recorded the fastest growth of any Australian state or territory in 2018. This strong economic growth translated to strong jobs growth, particularly in full time jobs. Deloitte forecasts white collar employment to grow by an additional 1,700 jobs over the next 12 months to June 2019 which equates to approximately 9,520 sqm of additional space required, which is equivalent to more than two-third the upcoming new supply in Canberra in 2019. Vacancy rates for Grade A office space are expected to fall below 2% in 2019, riding on expected increase in demand from optimistic business sentiment and limited new supply of prime office stock. Landlord incentives are expected to be reduced gradually amid improvement in office occupancy, resulting in steady increases in the average Grade A office rent across the Canberra market in the short to medium term.

4 ADELAIDE INDUSTRIAL PRIME WAREHOUSE MARKET OVERVIEW

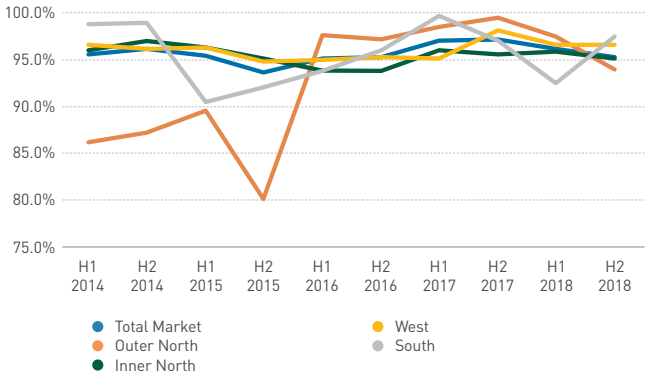
4.1 Stock and Future Supply

Adelaide's total industrial stock stood at 7,352,924 sqm in 2018, a 1% YOY decline compared to 2017. The decrease in stock is most significant in Outer North, where the existing industrial stock fell by 6.8%. The Inner North market experienced an addition of 30,500 sqm of industrial space. Future industrial supply in Adelaide is expected to total 373,320 sqm over the next few years, of which 137,902 sqm will be delivered in 2019, making up 37% of the total future supply currently under construction in the development pipeline. The Inner North market makes up at least half of the total 2019 future supply, of which 60,000 sqm will come from Drake's Supermarket's new distribution center and 2,500 sqm from the new Australian Clinical Labs (ACL) facility.

4.2 Demand, Occupancy and Rents

Total city wide net industrial space absorption was negative in Adelaide in 2018, totaling approximately 213,786 sqm, despite the total decline in total stock. This contrasts with positive net absorption recorded in 2017. However, net absorption was positive for West and South Adelaide. Outer North reflected the highest decline in net absorption at -211,931 sqm in H2 2018, due to the transition away from automotive manufacturing. Demand is mainly driven by the "Transport & Logistics", "Manufacturing/Engineering" and"Construction, Mining and Agricultural" sectors.

Occupancy Rates of Adelaide Industrial Market by Submarket

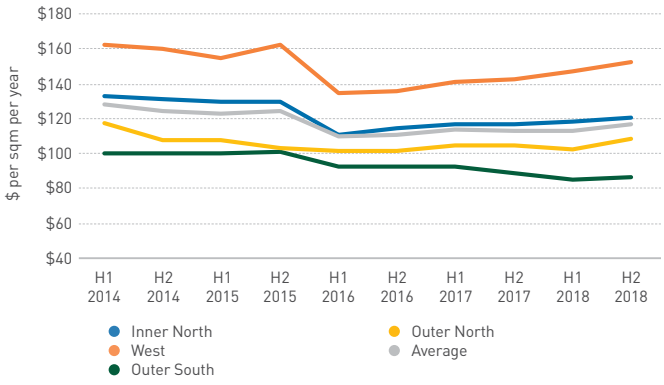


Source: Colliers International

Despite overall declines in occupancy rates in the industrial market, the average gross rental rate increased by 3.3% YoY in 2018. Lower occupancy rates in the Inner North submarket did not have a downward impact on rents, with the prime warehouse average gross rent growing by 3.0% in 2018. The West submarket's average industrial rent exhibited the highest increase, with 7.0% YoY growth in industrial rents compared to 2017. The West submarket also continues to command the highest average industrial gross face rents of all submarkets in Adelaide. The average gross rent of the Inner North submarket remains consistently correlated with but slightly higher than the Adelaide city wide average rent.

Rental growth across Adelaide prime warehouses has been restrained, with the last two years showing a period of stabilisation. This is in tandem with subdued private new business investment over the same period and poorer sentiments due to the cessation of automotive manufacturing. However, infrastructure spending and increased activity from defence, food and technology sectors are already boosting employment and supports the view of medium-term growth.

Adelaide Industrial Average Gross Face Rents by Submarket

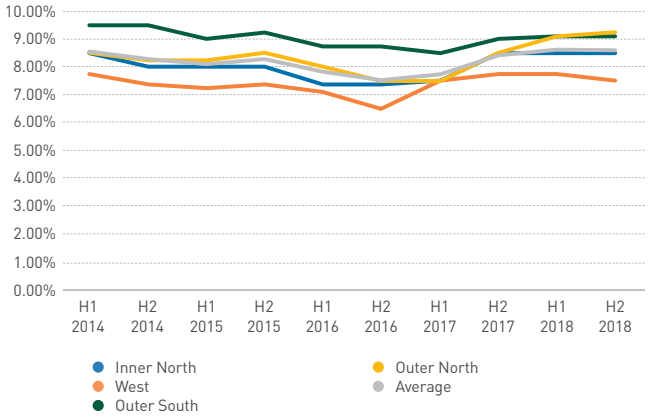


Source: Colliers International

4.3 Capital Value and Yields

Net yields for Adelaide prime warehouse rose in 2018, to reach a market average of 8.6%. Inner North yields have been rising steadily in recent years in tandem with the overall market average since H1 2017, standing at 8.50% in H2 2018.

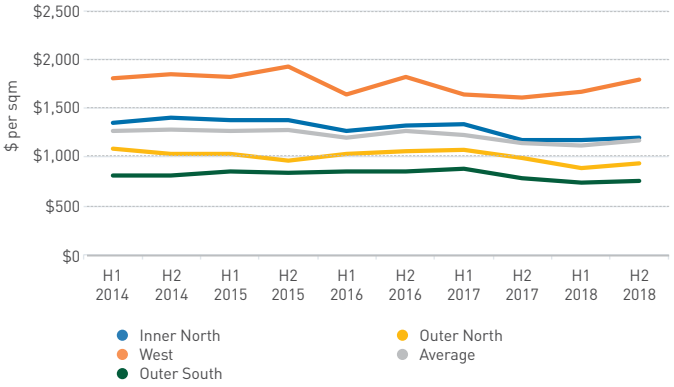
Adelaide Prime Warehouse Yields by Submarket



Capital values have remained relatively stable since H1 2016 in Adelaide's prime warehouse market. The average capital value of prime warehouse space in the whole of Adelaide stood at A$1,174 per sqm in H2 2018, up 2.8% compared to H2 2017. As for the average capital value of prime warehouse space in the Inner North, it stood at A$1,206 per sqm in 2018, a 2.5% increase YoY compared to H2 2017. The most notable increase is in the West market (11.6%) followed by the Inner North(2.5%). The Outer South and Outer North markets experienced a slight YoY decline in capital values.

The largest single sale transaction of 2018 was the Ingham's facility located at 1122-1136 Port Wakefield Road in Burton which was sold by Ascot Capital for A$61.25 million and was purchased by Singapore-based Soilbuild REIT. The second transaction is a portfolio sale including distribution centres located in Kilkenny, Salisbury and Port Adelaide, Bayswater Data Centre in Vic and industrial development land in Salisbury. An 80% stake was sold to Straits Trading for $130.5 million with the vendor Commercial and General retaining a 20% stake. This has seen a shift of capital to more offshore sources with both Soilbuild and Straits Trading being based in Singapore.

Adelaide Prime Warehouse Capital Values by Submarket



4.4 Outlook

The investment market is likely to remain subdued in the short-term due to the limited number of assets available for sale on the market. However, the limited supply of prime quality industrial facilities may encourage an increase in redevelopment of existing under utilised industrial properties in the tightly held and high-demand areas of Inner West and North West as owners look to reposition their assets. In addition, higher land values are anticipated in areas where planning policy may permit a change of use from industrial to mixed use.

The recent Federal government announcement to build the future frigates at Osbourne(Inner North), in partnership with BAE will likely provide a boost to local business sentiments and employment levels in the defence-related, logistics, engineering and construction industries. The $1.2 billion government investment in the Inner North market to support the submarine project will further private construction for suppliers to these projects. Leasing activities has been improving and expansionary demand from firms to gain a foothold in South Australia will drive this demand, especially in the short term.

5 LIMITING CONDITIONS

5.1 Market Projections

1.1 Any market projections incorporated within our Services including, but not limited to, growth rates, stock and occupancy rates are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

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1.4 All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers International. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

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1.6 For the avoidance of doubt, our directors and employees shall have no liability in respect of their private assets.

SUSTAINABILITY REPORT

BOARD STATEMENT

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

The Board views Sustainability as a key consideration in formulating 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. Accordingly, we are committed to managing relevant ESG risks and opportunities across our diversified portfolio to ensure the long-term resilience of our business as well as do our part in contributing to the environment and society in a positive way.

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 second annual Sustainability Report published by Soilbuild Business Space REIT, headquartered in Singapore and listed on SGX mainboard on 16 August 2013.

We are a Singapore and Australia-focused Real Estate Investment Trust ("**REIT**") with a portfolio of business parks and industrial properties used by industries engaging in manufacturing, engineering, logistic, 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 2018 ("**FY2018**") 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 Mr Lawrence Ang at lawrence.ang@soilbuild.com should you wish to contact us.

OUR AWARDS

- Silver Award for Best Of The Breeds REITs Award for Industrial REIT 2018

PERFORMANCE HIGHLIGHTS

Our Sustainability approach

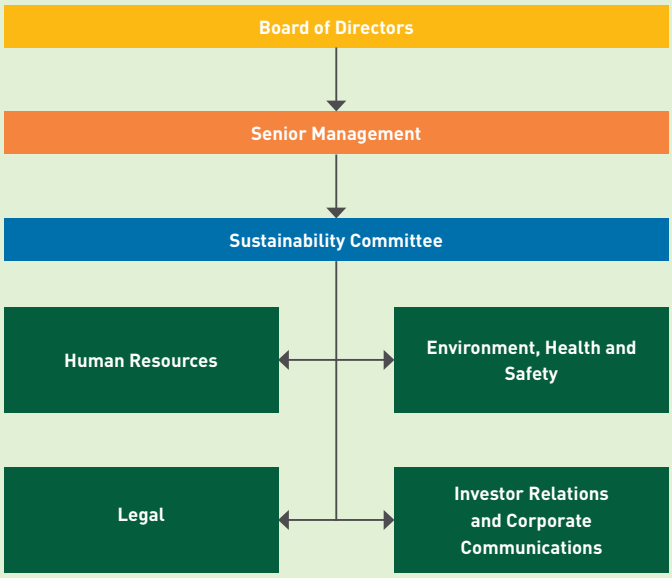
- Solaris, an iconic building in our portfolio was awarded the BCA Greenmark Platinum Award
- 165 training hours for our employees in 2018
- Zero incidents of non-compliance with regulations
- Donated and planted trees through the Garden City Fund's "Plant-a-Tree" initiative
- Contributed to the one-north Run to raise funds for Singapore Children's Society, Community Chest, MINDS, AWWA
- Soilbuild Charity Walk supporting Lighthouse School
- Presented S$4,720 worth of Popular vouchers to Lighthouse School students

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 the Group's visions, mission and core values of IMPACT (Integrity, Make It Happen, Professional, Agility, Customer-centricity and Think Ahead). We communicate these values to our employees and strive to incorporate them into the organisation culture.

Governing sustainability at Soilbuild REIT

Sustainability is governed right at the top and distills all the way down through the organisation. The board holds a strong commitment to sustainability and manages sustainable practices through senior management. Following the SGX guidelines, the Senior Management has formed a Sustainability Committee which seeks inputs from different departments that are responsible for the ground execution. The Sustainability Committee provides feedback to Senior Management who in-turn reports to the Board.



Stakeholder engagement

Stakeholder feedback is highly valued by the company 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 programmes - 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, Monetary Authority of Singapore ("**MAS**")	- Implement and monitor compliance controls and processes

Materiality assessment

Understanding and prioritising 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. This process was reviewed in FY2018 and the Management will conduct such review periodically. We adopted a three-step process to define the material topics in our operations:

Identification	Prioritisation	Validation
– 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	– 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	– The results are deliberated by senior management and final list shared with Board for insights and approval

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

Caring for the environment	Nurturing our talent	Leading our marketplace
– Energy efficiency and management – Water efficiency and management	– Training and development – Occupational health and safety	– 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

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 adopt 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 CO_2 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.

Soilbuild REIT aspires to be a part of Singapore's green journey and plays 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 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 and includes 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 work by sensor protects 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 façade;
- 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 Manager has placed great emphasis in promoting sustainability in the Group's 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 operation 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 our tenants on energy conservation issues. We have supported green initiatives implemented by JTC, who is the Park Manager of one-north where Solaris is located. The Manager has supported JTC's car-lite initiatives by designating and painting parking zone for e-bikes in Solaris to enhance connectivity within the Business Park. Such parking facilities are provided free of charge to users.

Energy efficiency policy

The Manager is committed to achieve energy efficiency and strives to implement effective energy saving measures. To achieve this, the Manager has rolled out an Energy Efficiency Policy in FY2018 with the objective of creating a sustainable building operation environment by optimising energy utilization. To achieve this, educational programmes will be implemented and operational systems and processes will be reviewed and enhanced. These include active monitoring, evaluation and continuous enhancement of energy management practices. Guidelines have also been set to assist the Manager to plan and implement the action plans together with its Property Manager.

Performance

In 2018, the electricity consumption in the business parks and industrial properties in Singapore were 8,351,748 MJ and 7,125,516 MJ [1] respectively.

[1] Includes electricity consumption by 39 Senoko Way which was converted into a multi-tenanted property in 2018

Earth Day 2018 Celebration



In April 2018, the celebration of Earth Day 2018 was jointly held by Soilbuild REIT and the Singapore Green Building Council at Solaris in one-north. Speakers from Singapore Green Building Council ("**SGBC**"), BCA and Human Factors and Ergonomics Society of Singapore ("**HFESS**") were invited to share their valuable knowledge with our tenants and employees on how to create a better work place. A lunch talk titled "Better Places for People" was held to raise the awareness of well-being and productivity in offices by outlining the evidence linking office design with occupants' health and productivity.

Planned initiatives for 2019

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 FY2019 to improve our energy performance. These include:



- Leverage on the Energy Efficiency Policy and implement it in the multi-tenanted buildings;
- Replace existing lightings to energy-saving type when due for replacement (e.g. malfunction etc.);
- Conduct energy audits for our buildings to identify areas for improvement; and
- BCA Green Mark audit for buildings due for Green Mark recertification.

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 approach

Water-saving initiatives

We practice water conservation practices at our properties. Several water-saving initiatives are implemented in the buildings to instil responsible stewardship of Singapore's water resources in our tenants. For example, we have installed rainwater harvesting tanks at Solaris and Eightrium @ Changi Business Park, which collect water for irrigation and flushing purposes. Guidelines have also been set to assist the Manager to plan and implement the action plans together with its Property Manager.

Water-efficiency policy

The Manager is committed to achieve water efficiency and strives to implement effective water saving measures. The Manager has rolled out a Water Efficiency Policy in FY2018 with the objective of creating a sustainable environment by optimising water utilisation. To achieve this, educational programmes will be implemented and operational systems and processes will be reviewed and enhanced. These include active monitoring, evaluation and continuous enhancement of water management practices to ensure efficient use of water. The Water Efficiency Policy will help to ensure that the most efficient use of water can be attained through various action plans. The Manager will implement the action plans with assistance from its Property Manager.

Performance

In FY2018, the water consumption in the business parks and industrial properties were 28,868m^3 and 29,567m^3 [2] respectively.

[2] Includes water consumption by 39 Senoko Way which was converted into a multi-tenanted property in 2018

Planned initiatives for 2019

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

- Leverage on the Water Efficiency Policy and implement it in the multi-tenanted buildings;
- Target one property (i.e. Solaris) to have all taps included in the 3-ticks Water Efficiency Labelling Scheme ("**WELS**") upon completion of the asset enhancement initiative ("**AEI**") by 2019;
- Conduct water audits for our buildings to identify areas for improvement; and
- Install water saving thimbles in our multi-tenanted properties.

Long-term targets

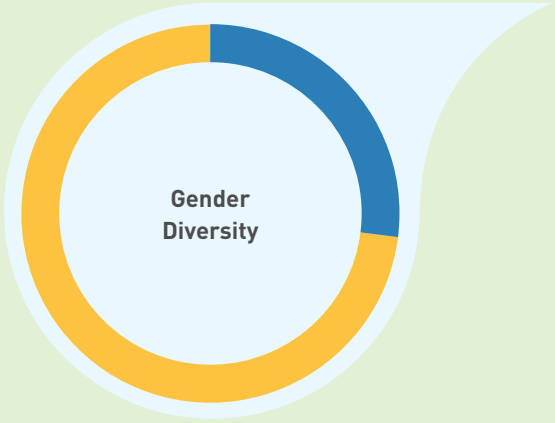
- Achieve 10% reduction in water intensity in managed properties by 2025 (based on FY2017 baseline).

NURTURING OUR TALENT

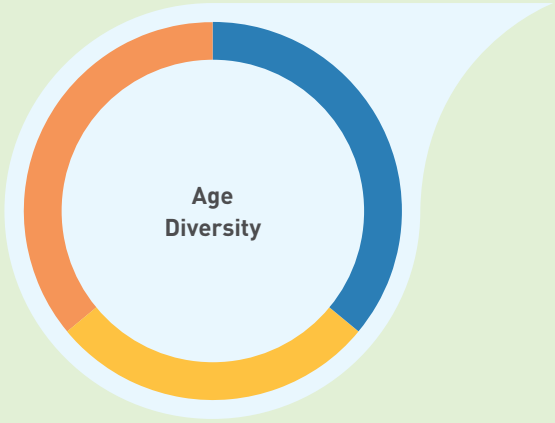
Our staff are a key asset to the organisation and we are focused on providing them with a conducive work environment. Fostering their career development and ensuring their health and safety are areas we consider most important. We are a fair and discrimination-free employer with our code of ethics strictly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



• 73% Female • 27% Male



• 36% 21 to 30 Years Old • 36% 41 to 50 Years Old
• 28% 31 to 40 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 "Global Real Estate Outlook" organised by PwC on 31 January 2018, "2018 Corporate Governance Code Seminar" organised by PwC on 28 February 2018, "Tax roundtable for asset managers" conducted by Dhruva Advisors on 15 March 2018, "Property Damage Claims: Rights, Remedies and Potential Exposure" by Allen and Gledhill LLP on 12 April 2018, "Incident Management seminar" organised by Drew & Napier on 17 May 2018, "Business Continuity Management (Crisis Management Training)" by Organisation Resilience Management Pte Ltd on 30 May 2018, "Asian Economics and Currencies" conducted by HSBC on 26 October 2018, 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 15 training hours each in FY2018.

Targets for 2019

- Identify opportunities for elderly workers to upskill and continue employment by FY2019; and

- Prepare a programme and update current Training Policy to cover new training programmes and leadership courses for Soilbuild employees by FY2019.

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 Approach

We recognise that to keep 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 pandemics 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 adequate controls are in place in the event of a fire or other security threat.

We have conducted training on SG Secure Awareness for our Board of Directors, Management and our staff in FY2018 and will continue to conduct such training in coming years. Emergency response training such as escape route briefings are provided to staff.

We understand the importance of workplace health and safety and will ensure our staff well- being at the workplace. In order to achieve this objective, we have developed a Health and Safety Policy for our staff. There will be a series of health and wellness programmes rolled out to the staff in FY2019.

In addition to workplace health and safety, we also provide a wide range of life and medical insurance plans that help protect our staff.

Performance

Health & Safety Policy

The Manager is committed to providing a safe, healthy and efficient work environment for all stakeholders. A new Health and Safety Policy was implemented in FY2018 and a Health and Safety Committee has been established to promote co-operation between Management and employees in achieving and maintaining a safe and healthy working environment. Guidelines for Management and employees were part of the policy to foster greater well-being for staff. The Management is supportive of the health and safety initiative and has encouraged staff to adopt monthly healthy habits into their daily lives. Some of the health tips include cutting out processed sugar and getting at least 8 hours of sleep every day.

SG Secure

The Ministry of Manpower strongly encourages proper management of safety and security risks, a sound business continuity plan and a well-protected IT system for speedy business recovery and restoration of business activities. An awareness training session for the employees of the REIT Manager and its Property Manager was conducted in May 2018 and for the Board of Directors and Management in July 2018. In addition, a table-top exercise on Crisis Management readiness was conducted in May 2018.

Soilbuild Charity Walk and Bowling



Bowling at Punggol SAFRA



Soilbuild Charity Walk

In August 2018, Soilbuild held a 5 km Charity Walk at Punggol Water with the objective of inculcating a sense of corporate social responsibility and promoting healthy living for staff. After the walkathon, dinner was provided for the employees and staff also bonded over a game of friendly bowling at Punggol SAFRA.

Activities for Soilbuild Staff



Zumba Fitness Class



Mid-Autumn Festival Party

To promote closer ties and improve employees' well-being, events were organised for employees which included Zumba Fitness Class, Mid-Autumn Festival Party and a Year-End Party Celebration.

Targets for 2019

- Roll out a series of health and wellness programmes for staff in FY2019;
- Roll out safety culture campaigns to advocate and educate our employees on safety best practices; and
- Hold regular health and safety committee meetings in FY2019 to discuss and manage occupational health and safety issues.

LEADING OUR MARKETPLACE

Customer satisfaction

Why this is material

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

Management 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 annual Tenant Satisfaction Surveys 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.

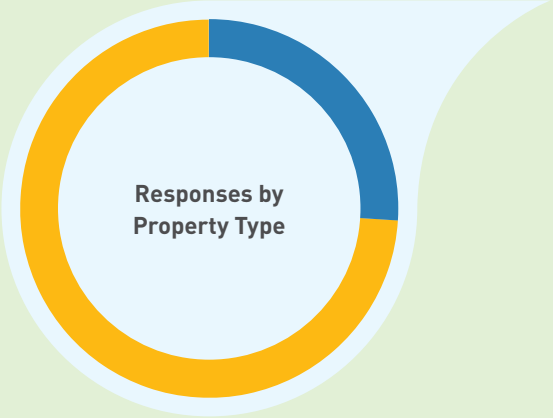
Performance

In FY2018, The Manager launched its third Tenant Satisfaction Survey which targeted tenants and underlying tenants in the following properties:

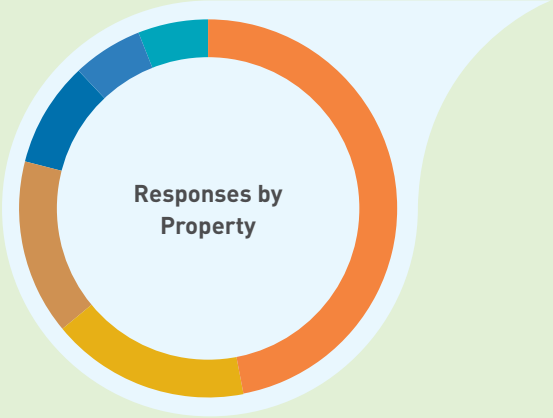
(a) Business Park Portfolio – Solaris and Eightrium @ Changi Business Park

(b) Industrial Portfolio – West Park BizCentral, Tuas Connection, Bukit Batok Connection and 72 Loyang Way.

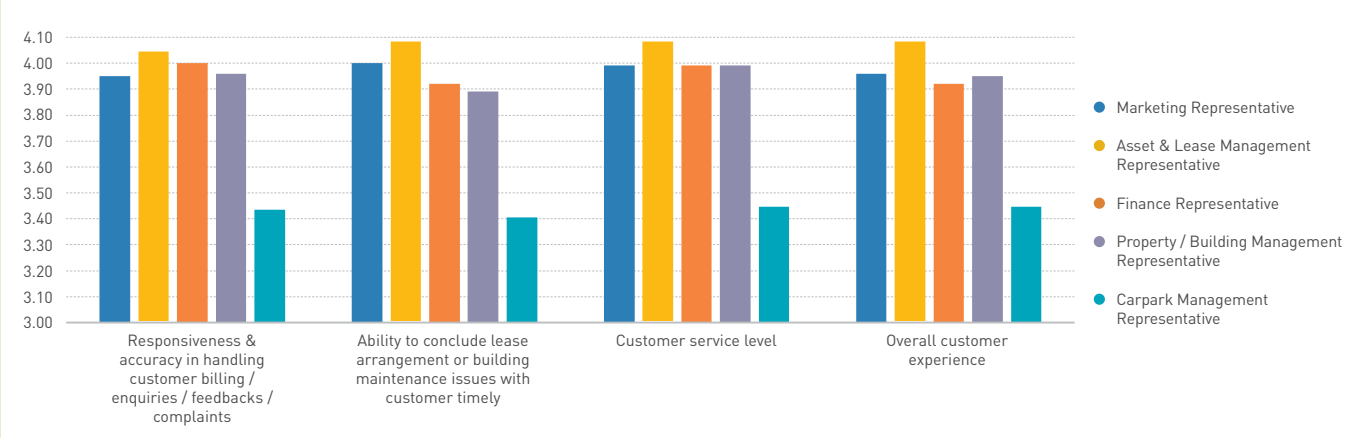
The results from the survey are shown below:



- 74% Industrial (West Park BizCentral, Tuas Connection, Bukit Batok Connection and 72 Loyang Way)
- 26% Business Parks (Solaris and Eightrium @ Changi Business Park)



- 47% West Park BizCentral
- 17% Solaris
- 15% Bukit Batok Connection
- 9% Eightrium @ Changi Business Park
- 6% Tuas Connection
- 6% 72 Loyang Way



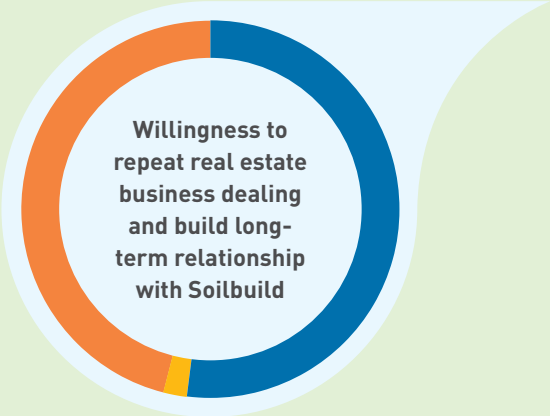
A total of 47 tenants responded to the Survey and a majority of the respondents were satisfied with the services rendered as indicated by their "Fair" to "Excellent" ratings of the various service functions. The Asset & Lease Management, Marketing and Property Management departments received the highest scores.

Service Functions	% of Respondents who rated "Fair", "Good" or "Excellent"
	October 2018
Asset & Lease Management	100.0%
Marketing	100.0%
Property Management	100.0%
Finance	95.8%
Carpark Management	91.7%

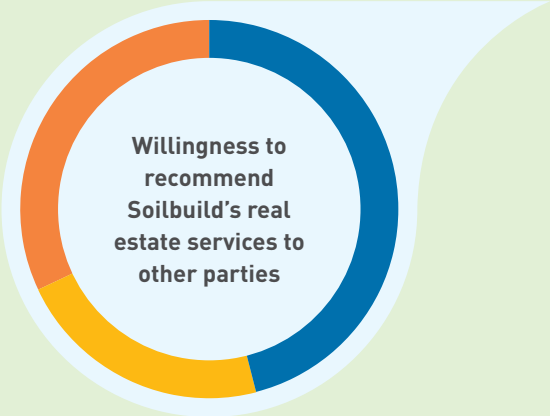
The tenants were also invited to provide valuable feedback on areas the Manager did well and areas requiring enhancement from the respective service functions.

With regards to areas for improvement, the Management takes the feedback 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.

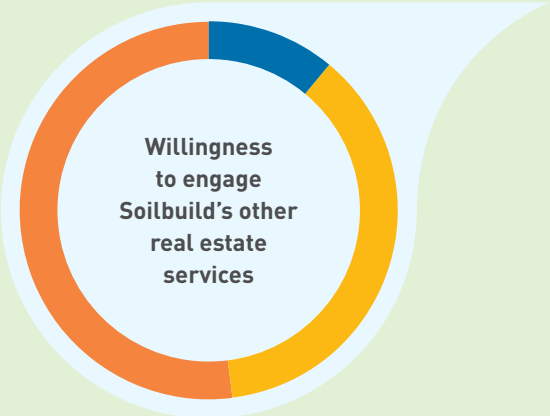
The tenants were also surveyed on whether they were willing to build long-term business relationships with Soilbuild Group. The survey results were as follows:



- **52%** Yes
- **46%** Maybe
- **2%** No



- **46%** Yes
- **32%** Maybe
- **22%** No



- **11%** Yes
- **52%** Maybe
- **37%** No



Customer Care Programme



CNY Celebration at WestPark BizCentral



Mooncake gift boxes for existing tenants



Welcome and Information Kit for new tenants

In addition to the Customer Satisfaction Survey, we have a detailed customer care programme planned prior to the commencement of the financial year. It was carefully designed with customer satisfaction level and service excellence as the cornerstones of the programme. The various programmes implemented included amongst others, festive celebration events organised for the tenants, festive gifts for the tenants and networking sessions with the tenants. In FY2018, 99 Chinese New Year hampers were distributed to tenants, Welcome and Information Kits were given to new tenants and mooncake gift boxes were sent to existing tenants. Lion dance performances were also held at a few properties to celebrate Chinese New Year with tenants.

Targets for 2019

- Conduct a customer satisfaction survey in FY2019;
- Maintain a customer satisfaction rating of 75% or more; and
- Review existing customer privacy and data security policies and practices in FY2019 to identify areas for improvement.

Regulatory compliance

Why this is material

Given the nature of our business, we are required to comply with several regulations such as the SGX listing rules, the Code of Collective Investment Schemes issued by the MAS and the Income Tax Act. 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 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 adhere to regulatory requirements. The Manager maintains a good compliance track record. The various departments in the organisation are responsible for monitoring compliance of regulations pertaining to their respective functions which are guided by our Code of Ethics.

Performance

In FY2018, the organisation has not identified any non-compliance with laws and regulations.

Targets for 2019

- 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 subject to the scrutiny of regulators. The legal implications, loss of customer base and reputational damage arising from corruption and unethical practices can be significant. We acknowledge this and make it our mandate to avoid this risk at any cost.

Management 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 Directors 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 their course of 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 FY2018, 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/Corporate Social Responsibility

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 distributions, suppliers through sales and communities through corporate giving. We strive to improve our economic performance and benefit our stakeholders.

Management 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.



one-north Run 2018

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 organised by JTC and A*STAR to raise funds for the adopted charities, including The Community Chest benefitting Movement for the Intellectually Disabled of Singapore ("**MINDS**") and Asian Women's Welfare Association ("**AWWA**"), Garden City Fund and the Singapore Children's Society. Soilbuild contributed a total of S$11,800 and invitations were extended to tenants in Solaris to participate in the event to foster community involvement and promote a healthy lifestyle.



Soilbuild Charity Walk at Punggol Waterway Park

Over the year, the Manager also partnered with its Sponsor in various charity events. In August 2018, Soilbuild Charity Walk was held at Punggol Waterway Park to raise funds for The Lighthouse School. The Lighthouse School provides education to children aged between 7 to 17 years old with visual and/or hearing impairment. The annual Soilbuild Charity Walk also aims to promote a healthy lifestyle, provide a green respite for staff and enhance the awareness of social responsibility among the employees. Soilbuild donated $5 for every km walked per person. With a total of 164 participants, the event successfully raised S$5,000 for The Lighthouse School.





"Give Joy" Charity Drive at The Lighthouse School

The "Give Joy" Charity Drive, driven by Soilbuild Group, was held in March 2018 at The Lighthouse School. In 2018, we entered into our third year of partnership with The Lighthouse School through our Soilbuild Charity Initiative Drive. Soilbuild employees have fulfilled the children's wish list with items ranging from school bags, bookshop vouchers, to special learning instruments. In November 2018, Soilbuild also presented S$4,720 worth of Popular vouchers to 59 Lighthouse students. The vouchers were contributed by Soilbuild employees. Besides donating and purchasing gifts for the children, Soilbuild also assisted with some upgrading works which were completed in December 2018. The works done included tactile, lighting, railing installations, drain and minor ceiling works.



Singapore Heart Foundation in Solaris

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 including:

- 365 Cancer Prevention Society Event in January 2018 aimed to raise public awareness in battling cancer-related illnesses and provide cancer patients with emotional and financial support through Direct Debit Donor Programme;

- Singapore Heart Foundation Event in March 2018 to create public awareness on risk factors and preventions for cardiovascular-diseases and funds through Direct Debit Donor Programme;

- Bone Marrow Donor Programme in April 2018 to raise public awareness in bone marrow transplants and blood related diseases;

- Earth Day Celebration in April 2018 to demonstrate support for environmental protection;

- Mooncake and wellness bazaar in August 2018 organised by Enterprise Singapore and UOB Bank, and facilitated by the REIT Manager, for tenants and the Fusionopolis community; and

- Christmas Bazaar in December 2018 organised by Enterprise Singapore and UOB Bank, and facilitated by the REIT Manager, for tenants and the Fusionopolis community.

At Changi Business Park, the Management is also in the midst of collaborating with the Health Promotion Board to bring in a "Healthy Workplace Ecosystem" to enhance the health and wellness of the tenants in Eightrium. The initiative includes introducing health and wellness programmes such as Zumba, K-pop fitness and cardio exercises for the tenants in Eightrium in 2019.

To support efforts to ensure that Singapore continues to remain a liveable garden city, the Manager participated in Green Day Out @ one-north in November 2018. Green Day Out @ one-north is JTC's first community tree-planting exercise bringing together industry players and members of the public to jointly enhance the green coverage at one-north. In one-north, Soilbuild REIT together with 14 other companies and 10 individuals donated a total of 114 trees, through the Garden City Fund's "Plant-a-Tree" initiative. The tree-planting activity was graced by Guest of Honour Ms Low Yen Ling, Mayor of South West District. A sustainability-themed carnival was concurrently held to educate participants on ways to go green.



Green Day Out @ one-north
Left
Ms Low Yen Ling (Mayor of South West District)
Centre
Mr Tim Robinson (Senior Director, Equinix)
Right
Mr Roy Teo (CEO, Soilbuild REIT)

Performance

Soilbuild REIT generated distributable income attributable to Unitholders of S$55.9 million in FY2018. Accordingly, the Manager earned a base fee of S$5.6 million based on 10% of Soilbuild REIT's distributable income.

In FY2018, the organisation has participated in 4 charity events and held 4 awareness events for our tenants.

Soilbuild Group has raised S$5,000 for The Lighthouse School and contributed S$4,720 worth of Popular vouchers to the children of Lighthouse School.

Targets

Develop strategic community investments (focus areas) programmes in FY2019.

LIST OF MEMBERSHIPS, STANDARDS AND CHARTERS

- Building and Construction Authority (BCA)
- 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)
- Investor Relations Professionals Association Singapore (IRPAS)

GRI Standards Content Index

Disclosure Number	Disclosure Title	Section / Page number
General disclosures		
102-1	Name of the organisation	Soilbuild Business Space REIT
102-2	Activities, brands, products, and services	About this Report (page 75)
102-3	Location of headquarters	Singapore
102-4	Location of operations	About this Report (page 75)
102-5	Ownership and legal form	Soilbuild REIT's Structure (Annual Report page 3)
102-6	Markets served	About this Report (page 75); Portfolio Overview (Annual Report page 27)
102-7	Scale of the organisation	Employee Profile (page 80); Financial Highlights (Annual Report page 7)
102-8	Information on employees and other workers	Employee Profile (page 80)
102-9	Supply chain	Capital & Risk Management (Annual Report pages 57-58)
102-10	Significant changes to the organisation and its supply chain	Significant Events (Annual Report page 5)
102-11	Precautionary Principle or approach	Principle 11: Risk Management and Internal Controls (Annual Report pages 99-100); Capital & Risk Management (Annual Report pages 57-58)
102-12	External initiatives	Economic Performance/Corporate Social Responsibility (page 85)
102-13	Membership of associations	List of memberships, standards and charters (page 86)
102-14	Statement from senior decision-maker	Board Statement (page 75); Letter to Unitholders (Annual Report pages 9-11)
102-16	Values, principles, standards, and norms of behaviour	Our Values (page 76)
102-18	Governance structure	Principle 1: The Board's Conduct of Affairs (Annual Report pages 90-91)
102-40	List of stakeholder groups	Stakeholder Engagement (page 76)
102-41	Collective bargaining agreements	Nil
102-42	Identifying and selecting stakeholders	Stakeholder Engagement (page 76)
102-43	Approach to stakeholder engagement	Stakeholder Engagement (page 76)
102-44	Key topics and concerns raised	Stakeholder Engagement (page 76)
102-45	Entities included in the consolidated financial statements	Investment in Subsidiaries (Annual Report page 144)
102-46	Defining report content and topic boundaries	Materiality Assessment (page 77)
102-47	List of material topics	Materiality Assessment (page 77)
102-48	Restatements of information	There were no restatements made.
102-49	Changes in reporting	There were no changes.
102-50	Reporting period	1 January 2018 – 31 December 2018
102-51	Date of most recent previous report	Annual Report 2017
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	sbreit_ir@soilbuild.com
102-54	Claims of reporting in accordance with the GRI Standards	About this Report (page 75)
102-55	GRI content index	Pages 87-88
102-56	External assurance	Nil

Disclosure Number	Disclosure Title	Section / Page number
Topic Specific Standards		
Energy		
103-1/2/3	Management Approach	Page 78
302-1	Energy Consumption within the organisation	Performance (page 78)
Water		
103-1/2/3	Management Approach	Page 79
303-1	Water withdrawal by source	Page 79
Occupational health and safety		
103-1/2/3	Management Approach	Pages 80-81
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 81
Training and education		
404-1	Average hours of training per year per employee	Performance (page 80)
404-3	Percentage of employees receiving regular performance and career development reviews	Page 80
Regulatory Compliance		
103-1/2/3	Management Approach	Page 84
419-1	Non-compliance with laws and regulations in the social and economic area	Performance (page 84)
Anti-Corruption		
103-1/2/3	Management Approach	Pages 84-85
205-3	Confirmed incidents of corruption and actions taken	Performance (page 85)
Economic Performance		
103-1/2/3	Management Approach	Pages 85-86
201-1	Direct economic value generated and distributed	Performance (page 86)

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 Corporate 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 the Singapore Exchange Securities Trading Limited ("**SGX-ST**") 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 Capital Markets Services Licence (the "**CMS Licence**") by the Monetary Authority of Singapore ("**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 of the SGX-ST, 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 Management to achieve this objective and 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 stakeholder 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 Audit & Risk Committee ("**ARC**") and Nominating & Remuneration Committee ("**NRC**") to assist it in discharging its responsibilities. The ARC and NRC are governed by their respective 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.

CORPORATE GOVERNANCE

The number of meetings of the Manager's Board, ARC and NRC held during the period from 1 January 2018 to 31 December 2018, as well as the attendance of the Directors, are as follows:

	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	7	7	4	4	N.A.	N.A.
Mr Ng Fook Ai Victor	7	6	4	4	5	2
Mr Michael Ng Seng Tat	7	7	4	4	5	5
Mr Lim Chap Huat	7	7	N.A.	N.A.	N.A.	N.A.
Mr Ho Toon Bah	7	7	N.A.	N.A.	N.A.	N.A.
Ms Lim Cheng Hwa	7	7	N.A.	N.A.	5	5

The Manager's Constitution permits 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 relating to Technology Risk Management, Impact of FRS 116 Leases and blockchain technology on real estate.

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, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

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 and 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 2018, 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 ("**CEO**") 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.

None of the Directors has an alternate Director.

CORPORATE GOVERNANCE

BOARD PERFORMANCE

Principle 5

There should be a formal annual assessment of the effectiveness 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 2018 ("**FY2018**").

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.

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.

CORPORATE GOVERNANCE

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 CEO. 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.

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.

CORPORATE GOVERNANCE

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 FY2018. "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.

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.

CORPORATE GOVERNANCE

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 the performance conditions during FY2018.

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.

The Directors' fees paid by the Manager to the Board for FY2018 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

CORPORATE GOVERNANCE

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
Above 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.

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 95 to 99.

[1]nm – not meaningful

CORPORATE GOVERNANCE

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. There 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 FY2018.

ACCOUNTABILITY 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.

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.

CORPORATE GOVERNANCE

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, effectiveness 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 (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2018 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.

For the financial year under review, both the Board and the ARC have not identified any material weaknesses in the internal controls and risk management systems of the Manager.

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.

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.

CORPORATE GOVERNANCE

As at 31 December 2018, 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 of the SGX-ST 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 of the SGX-ST 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;

- 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 FY2018, the aggregate amount of audit fees paid and payable by Soilbuild REIT to the external auditor was S$286,000, comprising non-audit service fees of S$153,000 and audit service fees of S$133,000. The re-appointment of the external auditor will be subject to approval by way of ordinary resolution of the Unitholders at Soilbuild REIT's sixth AGM to be held on 29 March 2019.

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 Australia tax structuring, perpetual securities tax ruling application, 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 the financial year ending 31 December 2019 at the forthcoming AGM.

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 PricewaterhouseCoopers ("**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.

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.

The ARC reviews the adequacy and effectiveness of the internal audit function annually and is satisfied that the internal audit function is independent, adequately resourced and effective for the FY2018.

CORPORATE GOVERNANCE

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 2019. An electronic copy of the Annual Report has been uploaded on the Soilbuild REIT's website. Unitholders can access the Annual Report (printed copies are available upon request) at the URL https://soilbuildreit.listedcompany.com/ar.html. 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.

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 notice of meeting will be sent to each Unitholder.

CORPORATE GOVERNANCE

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 complied with.

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.

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 on pages 175 to 178.

CORPORATE GOVERNANCE

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; 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.

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 FY2018 save for the Interested Person Transactions set out on pages 175 to 178.

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,

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

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.

CORPORATE GOVERNANCE

Utilisation of proceeds from equity fund raising

Soilbuild REIT did not carry out any equity fund raising exercise in FY2018 save for the issuance of S$65,000,000 6% subordinated perpetual scurities under its S$500,000,000 multicurrency debt issuance programme on 27 September 2018 ("**Perpetual Securities**"). The proceeds from the issue of the Perpetual Securities were utilised for the funding of the Australia properties acquired on 5 October 2018.

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 2018

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 subsidiaries (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 115 to 172, 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
4 March 2019

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2018

In the opinion of the directors of SB REIT Management Pte. Ltd. (the "Manager"), the accompanying financial statements set out on pages 115 to 172 comprising the Statements of Financial Positions and Statements of Movements in Unitholders' Funds of Soilbuild Business Space REIT ("Soilbuild REIT" or the "Trust") and its subsidiaries (the "Group") and of the trust, Statement of Total Return, Statement of Distribution, Statement of Portfolio and Statement of Cash Flows of the Group and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the Group and the Trust as at 31 December 2018, the financial performance, distribution income, movements in Unitholders' funds and cash flows of the Group for the financial year then 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 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
4 March 2019

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2018

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 subsidiaries (the "Group"), which comprise the Statements of Financial Position and Statement of Portfolio of the Group and the Statement of Financial Position of the Trust as at 31 December 2018, and the Statement of Total Return, Statement of Distribution, Statements of Movements in Unitholders' Funds and Statement of Cash Flows of the Group and the Statement of Movement in Unitholders' Funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and the Statement of Financial Position and Statement of Movements in Unitholders' fund of the Trust are properly drawn up so as to present fairly, in all material respects, the financial position and portfolio of the Group as at 31 December 2018, 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 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

The Trust owns a portfolio of investment properties comprising ten industrial properties and three business park properties. Investment properties made up 98.5% of the total assets as at 31 December 2018. The valuation of investment properties 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. 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 to reflect management's assumptions for any difference in the nature, location or condition of the investment properties.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2018

Key Audit Matters (cont'd)

Valuation of investment properties (cont'd)

Our audit procedures included 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 key data and assumptions used in the estimation process. We assessed the reasonableness of the discount rates and capitalisation rates used in the valuations against market information 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 in Note 3.2 Key sources of estimation uncertainty, Note 4 Investment Properties 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.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these 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 misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 2018

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 entities or business activities within the Group to express an opinion on the consolidated 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 Nelson Chen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
4 March 2019

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2018

	Note	Group		Trust	
		2018 $'000	2017 $'000	2018 $'000	2017 $'000
Non-current assets					
Investment properties	4	1,229,671	1,110,600	1,121,750	1,110,600
Derivative financial instruments	5	-	1	-	1
Investment in subsidiaries	6	-	*	46,671	*
Deferred expenditure		-	1,251	-	1,251
Loan to a subsidiary	7	-	-	67,300	-
		1,229,671	1,111,852	1,235,721	1,111,852
Current assets					
Trade and other receivables	7	2,584	3,938	3,287	3,938
Deferred expenditure		-	784	-	784
Other current assets	8	421	289	381	289
Cash and bank balances	9	15,132	11,740	11,691	11,740
Property held for sale	10	-	53,000	-	53,000
Derivative financial instruments	5	151	-	151	-
		18,288	69,751	15,510	69,751
Total assets		1,247,959	1,181,603	1,251,231	1,181,603
Current liabilities					
Trade and other payables	11	9,836	7,574	8,000	7,574
Accrued operating expenses		4,160	3,054	4,005	3,054
Rental deposits		22,158	21,841	22,158	21,841
Derivative financial instruments	5	-	102	-	102
Borrowings	12	39,912	147,420	39,912	147,420
		76,066	179,991	74,075	179,991
Non-current liabilities					
Derivative financial instruments	5	543	-	543	-
Rental deposits		13,886	6,035	13,886	6,035
Borrowings	12	425,224	326,939	425,224	326,939
		439,653	332,974	439,653	332,974
Total liabilities		515,719	512,965	513,728	512,965
Net assets		732,240	668,638	737,503	668,638
Represented by:					
Unitholders' funds		666,575	668,638	671,838	668,638
Perpetual securities holders		65,665	-	65,665	-
		732,240	668,638	737,503	668,638
Units in issue ('000)	13	1,060,763	1,052,111	1,060,763	1,052,111
Net asset value per Unit ($)	14	0.63	0.64	0.63	0.64

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

STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2018

	Note	Group 2018 $'000	Group 2017 $'000
Gross revenue	15	83,765	84,817
Property operating expenses	16	(13,836)	(11,336)
Net property income		69,929	73,481
Interest income		1,353	1,733
Foreign exchange loss		(772)	-
Gain on derivative financial instruments		40	-
Gain on divestment of a property held for sale		1,740	-
Finance expenses	17	(15,359)	(15,735)
Manager's management fees	18	(5,590)	(5,993)
Trustee's fee		(212)	(206)
Other trust expenses	19	(998)	(1,059)
Net income before tax		50,131	52,221
Net change in fair value of investment properties	4	1,410	(80,515)
Total return before tax		51,541	(28,294)
Income tax expense	20	(75)	-
Total return after tax before distribution		51,466	(28,294)
Earnings per Unit (cents)			
Basic and diluted earnings per Unit based on total return after tax before distribution	21	4.87	(2.70)
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	4.74	4.98

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

STATEMENT OF DISTRIBUTION

For the financial year ended 31 December 2018

	Group	
	2018	2017
	$'000	$'000
Total return after tax before distribution	51,466	(28,294)
Less: Amount reserved for distribution to perpetual securities holders	(1,026)	-
Adjustment for net effect of non-tax deductible items (Note A)	5,456	88,221
Income available for distribution to Unitholders	55,896	59,927
Distributions to Unitholders:		
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)
Distribution of 1.383 cents per Unit for the financial period from 1 October 2017 to 31 December 2017	(14,551)	-
Distribution of 1.324 cents per Unit for the financial period from 1 January 2018 to 31 March 2018	(13,959)	-
Distribution of 1.264 cents per Unit for the financial period from 1 April 2018 to 30 June 2018	(13,354)	-
Distribution of 1.245 cents per Unit for the financial period from 1 July 2018 to 30 September 2018	(13,179)	-
Total Unitholders' distribution paid in the financial year	(55,043)	(61,721)
Income available for distribution to Unitholders at end of the financial year (Note B)	15,404	14,569
Number of Units issued at end of the financial year ('000)	1,060,763	1,052,111
Total distribution per Unit for the financial year (cents)	5.284	5.712

STATEMENT OF DISTRIBUTION

For the financial year ended 31 December 2018

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

	Note	Group 2018 $'000	Group 2017 $'000
- Manager's management fees paid or payable in Units	18	5,566	5,993
- Singapore Trustee's fees		197	206
- Income attributable to perpetual securities holders		1,026	-
- Amortisation of debt arrangement, prepayment and structuring fee	17	1,378	1,496
- Non-tax deductible financing related expenses		591	209
- Rent-free income		338	(385)
- Foreign exchange loss		772	-
- Gain on divestment of a property held for sale		(1,740)	-
- Gain on derivative financial instruments		(40)	-
- Net change in fair value of investment properties		(1,410)	80,515
- Australian funding expenses offset against AUD distributions		(631)	-
- Non-taxable unitholder loan interest income		(776)	-
- Other non-tax deductible items		185	187
Adjustment for net effect of non-tax deductible items		5,456	88,221

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

	Group 2018 $'000	Group 2017 $'000
Income available for distribution to Unitholders	55,896	59,927
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)
Distribution of 1.324 cents per Unit for the financial period from 1 January 2018 to 31 March 2018	(13,959)	-
Distribution of 1.264 cents per Unit for the financial period from 1 April 2018 to 30 June 2018	(13,354)	-
Distribution of 1.245 cents per Unit for the financial period from 1 July 2018 to 30 September 2018	(13,179)	-
Income available for distribution to Unitholders at end of the financial year	15,404	14,569

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

STATEMENT OF PORTFOLIO

As at 31 December 2018

Description of property	Acquisition date	Tenure of land	Term of lease	Remaining term of lease	Location	Valuation date	Latest valuation and carrying value	Latest valuation and carrying value	Percentage of net assets	Percentage of net assets
							2018 $'000	2017 $'000	2018 %	2017 %
Investment properties in Singapore – by asset type										
Business park:										
Eightrium @ Changi Business Park	16 Aug 2013	Leasehold	60 years[1]	47 years	15A Changi Business Park Central 1	31 Dec 2018	89,700	88,000	12.3	13.2
Solaris	16 Aug 2013	Leasehold	60 years[1]	49 years	1 Fusionopolis Walk	31 Dec 2018	382,000	360,000	52.2	53.8
Industrial property:										
Tuas Connection	16 Aug 2013	Leasehold	43 years	32 years	1 to 10, 12, 14, 16, 18 & 20 Tuas Loop	31 Dec 2018	117,800	117,800	16.1	17.6
West Park BizCentral	16 Aug 2013	Leasehold	60 years[1]	50 years	20, 22, 24, 26, 28, 30 & 32 Pioneer Crescent	31 Dec 2018	286,000	286,000	39.1	42.8
NK Ingredients	15 Feb 2013	Leasehold	60 years[1]	28 years	2 Pioneer Sector 1	31 Dec 2018	54,000	54,000	7.4	8.1
COS Printers	19 Mar 2013	Leasehold	49 years[2]	24 years	9 Kian Teck Crescent	31 Dec 2018	9,750	10,600	1.3	1.6
Beng Kuang Marine	10 May 2013	Leasehold	60 years	38 years	38 Tuas View Square	31 Dec 2018	15,700	15,700	2.1	2.3
39 Senoko Way	26 May 2014	Leasehold	60 years[1]	35 years	39 Senoko Way	31 Dec 2018	18,150	20,000	2.5	3.0
Speedy-Tech	23 Dec 2014	Leasehold	50 years[3]	31 years	20 Kian Teck Lane	31 Dec 2018	24,600	24,100	3.4	3.6
72 Loyang Way	27 May 2015	Leasehold	54 years[4]	19 years	72 Loyang Way	31 Dec 2018	34,000	38,000	4.6	5.7
Bukit Batok Connection	27 Sep 2016	Leasehold	30 years	24 years	2 Bukit Batok St 23	31 Dec 2018	90,050	96,400	12.3	14.4
Investment properties in Australia										
Suburban office:										
14 Mort Street	5 Oct 2018	Leasehold	99 years[5]	99 years	14 Mort Street	31 Aug 2018	49,033	-	6.7	-
Industrial:										
Inghams Burtons	5 Oct 2018	Freehold	Freehold	Freehold	Port Wakefield Road, Burton SA 5110	31 Aug 2018	58,888	-	8.0	-
Investment properties, at valuation							1,229,671	1,110,600	168.0	166.1
Other assets and liabilities (net)							(497,431)	(441,962)	(68.0)	(66.1)
Net assets							732,240	668,638	100.0	100.0

STATEMENT OF PORTFOLIO

As at 31 December 2018

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.

(5) The Crown leasehold title expires on 6 February 2118. If neither the state nor the federal government needs the land for a public purpose, it can request for an additional term not exceeding 99 years.

The carrying amounts of the Singapore investment properties were based on independent valuations undertaken by CBRE Pte. Ltd. and Colliers International Consultancy & Valuation (S) Pte. Ltd. as at 31 December 2018. CIVAS (ACT) Pty Limited and CIVAS (SA) Pty Limited, both in the Colliers International Group valued 14 Mort Street and Inghams Burton on 31 August 2018. 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 1 and 16 years. Subsequent renewals are negotiated with individual lessees.

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2018

	Group		Trust	
	YTD FY2018	YTD FY2017	YTD FY2018	YTD FY2017
	$'000	$'000	$'000	$'000
Unitholders' Funds				
Balance at beginning of the financial year	668,638	751,703	668,638	751,703
Operations				
Total return for the financial year attributable to Unitholders	51,466	(28,294)	55,303	(28,294)
Less: Amount reserved for distribution to perpetual securities holders	(1,026)	-	(1,026)	-
Net increase/(decrease) in net assets from operations	50,440	(28,294)	54,277	(28,294)
Foreign currency translation reserve	(1,426)	-	-	-
Movement in hedging reserve	(1,545)	262	(1,545)	262
Unitholders' transactions				
Manager's management fees paid/payable in Units	5,511	6,174	5,511	6,174
Property and lease management fees paid in Units	-	514	-	514
Distributions to Unitholders	(55,043)	(61,721)	(55,043)	(61,721)
Net decrease in net assets from Unitholders' transactions	(49,532)	(55,033)	(49,532)	(55,033)
Balance at end of the financial year	**666,575**	**668,638**	**671,838**	**668,638**
Perpetual Securities Holders' Funds				
Balance at beginning of the financial year	-	-	-	-
Issuance of perpetual securities	65,000	-	65,000	-
Perpetual securities issuance cost	(361)	-	(361)	-
Amount reserved for distribution to perpetual securities holders	1,026	-	1,026	-
Balance as at end of the financial year	**65,665**	**-**	**65,665**	**-**
Total	**732,240**	**668,638**	**737,503**	**668,638**

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

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Note	Group 2018 $'000	Group 2017 $'000
Operating activities:			
Net income		50,131	52,221
Adjustments for:			
Finance expenses	17	13,981	14,239
Foreign exchange loss		772	–
Gain on divestment of a property held for sale		(1,740)	–
Net change in fair value of derivative financial instruments		(40)	–
Amortisation of debt arrangement, prepayment and structuring fees	17	1,378	1,496
Management fees paid and payable in Units (Note A)		5,566	5,993
Operating cash flows before changes in working capital		70,048	73,949
Changes in working capital			
Decrease in trade and other receivables		1,354	353
(Increase)/decrease in other current assets		(132)	21
Decrease/(increase) in deferred expenditure		2,035	(563)
Decrease in trade and other payables and accrued operating expenses		(2,160)	(170)
Increase/(decrease) in rental deposits		8,168	(10,151)
Total change in working capital		9,265	(10,510)
Cash flows from operations		79,313	63,439
Interest paid		(13,629)	(14,158)
Tax expense paid		(75)	–
Net cash flows generated from operating activities		65,609	49,281
Investing activities:			
Purchase of investment properties	4	(115,991)	–
Capital expenditure on investment properties		(2,090)	(415)
Increase in restricted cash		(1,442)	–
Proceeds from divestment of a property held for sale		55,000	–
Payment of property divestment related costs		(260)	–
Net cash flows used in investing activities		(64,783)	(415)
Financing activities:			
Proceeds from borrowings		138,185	203,500
Repayment of borrowings		(148,500)	(203,500)
Payment of upfront debt arrangement costs		(1,121)	(1,123)
Distributions to Unitholders		(55,043)	(61,721)
Proceeds from issuance of perpetual securities		65,000	–
Payment of perpetual securities issuance cost		(361)	–
Net cash flows used in financing activities		(1,840)	(62,844)
Net decrease in cash and cash equivalents		(1,014)	(13,978)
Cash and cash equivalents at beginning of the year		11,740	25,718
Effect of exchange rate changes on cash balances		2,964	-
Cash and cash equivalents at end of the financial year	9	13,690	11,740
Cash and cash equivalents comprise:			
Cash and bank balances		15,132	11,740
Restricted cash		(1,442)	-
Cash and cash equivalents at end of the financial year	9	13,690	11,740

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

Note A – Management fees paid and payable in Units

6,448,925 Units were issued as payment of base fee to the Manager amounting to $4,054,000 for the period ended 30 September 2018. During the financial year ended 31 December 2017, 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.

The Manager had elected to receive 100% of the base fee for the fourth quarter ended 31 December 2018 amounting to $1,512,000 in the form of Units. 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.

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 2018

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.

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.

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. The lease to the Sponsor has expired in August 2018.

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;

(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

1 GENERAL (CONT'D)

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

Marketing services commissions for new leases (cont'd)

(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 subsidiaries under a master lease arrangement, no marketing services commissions for new leases will be payable in relation to Solaris. The lease to the Sponsor has expired in August 2018.

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.

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. The arrangement has ceased on 15 August 2018.

1 GENERAL (CONT'D)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Fundamental accounting concept

The financial statements have been prepared on a going concern basis notwithstanding that the Group's current liabilities exceeds its current assets by $57,778,000 as at 31 December 2018 due to the expiry of $40,000,000 unsecured bank loan in September 2019 and a security deposit of $19,302,000 due to SB (Solaris) Investment Pte Ltd ("SB Solaris"). The Manager is of the view that the Group will continue to operate as a going concern based on the ability of the Group to continue to have access to banking facilities available to the Group as well as the ability of the Group to generate sufficient net cash inflows from operating activities. The Manager is also of the view that the $40,000,000 bank loan can be refinanced by its due date and security deposit can be repaid when due.

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 2018. The adoption of these standards did not have any effect on the financial performance or position of the Trust.

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
FRS 116 *Leases*	1 January 2019
Amendments to FRS 109 Prepayment Features with *Negative Compensation*	1 January 2019

Except for 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 116 is described below.

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.

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 and there will be no significant impact to net assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries 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 subsidiaries are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiaries, without a loss of control, is accounted for as an equity transaction. If the Group loses control over subsidiaries, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiaries 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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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*

Initial recognition and measurement

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (cont'd)

(a) *Financial assets (cont'd)*

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Trust's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

(iii) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (cont'd)

(b) *Financial liabilities (cont'd)*

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 for debt instruments is recognised in profit or loss.

2.9 Impairment of financial assets

The Trust recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Trust applies a simplified approach in calculating ECLs. Therefore, the Trust does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Trust has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Trust considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Trust may also consider a financial asset to be in default when internal or external information indicates that the Trust is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Trust. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Revenue

Revenue is measured based on the consideration to which the Trust expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Trust satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(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. The arrangement has ceased on 15 August 2018.

(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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Taxation (cont'd)

(iii) *Tax transparency (cont'd)*

(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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Hedge accounting

The Trust applies hedge accounting for certain hedging transactions which qualify for hedge accounting.

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:

Cash flow hedges

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 Subsidiaries

A subsidiaries 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 was $1 as at 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 2018.

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).

4 INVESTMENT PROPERTIES

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Statement of financial position:				
At 1 January	1,110,600	1,243,700	1,110,600	1,243,700
Purchase of investment properties[1]	115,991	–	–	–
Capital expenditure on investment properties	2,090	415	2,090	415
Net change in fair value of investment properties	1,410	(80,515)	5,904	(80,515)
Transfer to property held for sale	–	(53,000)	–	(53,000)
Others	3,156	–	3,156	–
Exchange differences	(3,576)	–	–	–
At 31 December	1,229,671	1,110,600	1,121,750	1,110,600
Statement of total return:				
Rental income from investment properties:				
- Minimum lease payments	78,014	81,856	76,290	81,856
Direct operating expenses (including repairs and maintenance) arising from:				
- Rental generating properties	13,836	11,336	13,655	11,336

[1] During the financial year ended 31 December 2018, the Trust has acquired 14 Mort Street for $53,882,000 (including acquisition related costs) and Inghams Burton for $62,109,000 (including acquisition related costs).

Details of the properties are shown in the Statement of Portfolio. Investment properties are leased to both related and non-related parties under operating lease (Note 25).

Valuation of investment properties

The carrying amounts of the Singapore investment properties were based on independent valuations undertaken by CBRE Pte. Ltd. and Colliers International Consultancy & Valuation (S) Pte. Ltd. by 31 December 2018. CIVAS (ACT) Pty Limited and CIVAS (SA) Pty Limited, both in the Colliers International Group valued 14 Mort Street and Inghams Burton on 31 August 2018. 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 $382,000,000 (2017: $360,000,000) as security for bank loans granted (Note 12).

5 DERIVATIVE FINANCIAL INSTRUMENTS

		2018	
	Maturity	Contract nominal amount	Assets/ (Liabilities)
		$'000	$'000
Current:			
Interest rate swaps	2019	30,000	111
Currency forwards	2019	2,500	40
Non-current:			
Interest rate swaps	2020 - 2022	228,265	(1,476)
Cross currency swap	2023	30,000	933
Total financial assets/(liabilities) at fair value through profit or loss		290,765	(392)
As a percentage of net asset value as at 31 December 2018			(0.05%)

Currency forwards

The Group has entered into currency forward contracts to hedge its Australian dollar denominated receivables.

Cross currency swap

The Group has entered into a United States Dollar denominated loan ("USD Loan") and cross currency swap with the same bank. The USD Loan and cross currency swap are settled with the bank on a net basis.

		2017	
	Maturity	Contract nominal amount	Assets/ (Liabilities)
		$'000	$'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%)

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 1.40% to 2.31% per annum (2017: 0.95% to 1.42% per annum) for terms of two to four years (2017: two years).

The Trust designates these interest rate swaps as cash flow hedges which were assessed to be effective. An unrealised loss of $1,646,000 (2017: loss of $101,000) 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 SUBSIDIARIES

	Trust	
	2018	2017
	$'000	$'000
Unquoted equity investment, at cost	46,671	*

* Comprise $1

Composition of the Group

Details of the subsidiaries are as follows:

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2018	2017
Soilbuild Business Space Holdings Pte. Ltd ^	Investment holding	Singapore	100	100
Held directly and indirectly through subsidiaries				
Soilbuild Australia Trust +	Investment holding	Australia	100	–
Held through subsidiaries				
Soilbuild Australia Sub-Trust No. 1 +	Property investment	Australia	100	–
Soilbuild Australia Sub-Trust No. 2 +	Property investment	Australia	100	–

^ Audited by Ernst & Young LLP in Singapore

+ Not required to be audited under the laws of the country of its constitution. These entities are audited by EY member firms for consolidation purpose.

7 TRADE AND OTHER RECEIVABLES

	Note	Group		Trust	
		2018	2017	2018	2017
		$'000	$'000	$'000	$'000
Trade receivables		1,927	2,532	1,927	2,532
Unbilled receivables		81	1,093	81	1,093
Other receivables		434	307	434	307
Interest receivables		17	–	17	–
Amounts due from a related party (trade)		–	6	–	6
Amounts due from related parties (non-trade)		125	–	125	–
Amounts due from subsidiaries (non-trade)		–	–	703	–
Trade and other receivables (current)		2,584	3,938	3,287	3,938
Add: Loan to a subsidiary (non-current)		–	–	67,300	–
Add: Deposits	8	304	226	304	226
Add: Cash and bank balances	9	15,132	11,740	11,691	11,740
Total financial assets carried at amortised cost		18,020	15,904	82,582	15,904

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 2018.

Amounts due from related parties/subsidiaries

Amounts due from subsidiaries comprise unitholder loan interest receivable of $683,000 due from Soilbuild Australia Trust and non-trade receivable of $20,000 due from Soilbuild Business Space Holdings Pte Ltd. These balances are non-trade in nature, interest-free, unsecured and repayable on demand in cash.

The amounts due from related parties are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash.

Loan to a subsidiary

The loan to a subsidiary is non-trade in nature, interest bearing of 4.49% p.a. and repayable on 2 October 2025.

Receivables that are past due but not impaired

The Trust has trade receivables amounting to $1,927,000 (2017: $2,532,000) 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:

7 TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are past due but not impaired (Cont'd)

	Group		Trust	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Trade receivables past due but not impaired:				
Less than 30 days	945	743	945	743
30 - 60 days	611	130	611	130
60 - 90 days	36	3	36	3
More than 90 days	335	1,656	335	1,656
	1,927	2,532	1,927	2,532

Receivables that are impaired

During the financial year, the Trust had no 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:

Movement in allowance accounts:				
At 1 January	–	106	–	106
Written off	–	(106)	–	(106)
At 31 December	–	–	–	–

The Manager believes that no impairment loss is necessary in respect of the trade receivables as these amounts mainly arise from tenants who have good payment records and have placed sufficient security with the Group in the form of bankers' guarantees, insurance bonds or cash security deposits.

8 OTHER CURRENT ASSETS

	Group		Trust	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Prepayment	117	63	77	63
Deposits	304	226	304	226
	421	289	381	289

Deposits are non-interest bearing, unsecured and short-term in nature.

9 CASH AND BANK BALANCES

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash at bank	15,132	11,740	11,691	11,740

Cash and bank balances are denominated in SGD.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise of the following at the end of the financial year:

	Group	
	2018 $'000	2017 $'000
Cash and bank balances	15,132	11,740
Restricted cash	(1,442)	–
Cash and cash equivalents	13,690	11,740

Restricted cash relates to retention held for the acquisitions of 14 Mort Street and Inghams Burton.

10 PROPERTY HELD FOR SALE

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Statement of financial position:				
At 1 January	53,000	-	53,000	-
Transfer from investment property	-	53,000	-	53,000
Disposal of property held for sale	(53,000)	-	(53,000)	-
At 31 December	-	53,000	-	53,000

The Group and the Trust completed the divestment of a 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 February 2018.

11. TRADE AND OTHER PAYABLES

	Note	Group		Trust	
		2018	2017	2018	2017
		$'000	$'000	$'000	$'000
Current:					
Trade payables		526	298	526	298
Other payables		3,635	1,485	1,916	1,485
Sales tax payables		1,282	1,017	1,165	1,017
Amount due to Trustee		18	–	18	–
Amounts due to related parties (trade)		2,187	1,898	2,187	1,898
Amounts due to related parties (non-trade)		2	1	2	1
Deferred amortisation of interest cost on interest-free related party loan		–	1,041	–	1,041
Interest payable		2,186	1,834	2,186	1,834
		9,836	7,574	8,000	7,574
Add: Rental deposits		36,044	27,876	36,044	27,876
Add: Borrowings	12	465,136	474,359	465,136	474,359
Add: Accrued operating expenses		4,160	3,054	4,005	3,054
Less: Accrued employee benefit expenses		(74)	(40)	(74)	(40)
Less: Sales tax payables		(1,282)	(1,017)	(1,165)	(1,017)
Total financial liabilities carried at amortised cost		513,820	511,806	511,946	511,806

Trade payable/other payables

The amounts are non-interest bearing, unsecured and are normally settled on 30 to 90 days terms.

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 $402,000 (2017: $195,000) and amounts due to the Manager amounting to $1,785,000 (2017: $1,703,000).

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 $2,000 (2017: $1,000).

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.

12. BORROWINGS

	Maturity	Group and Trust 2018 $'000	Group and Trust 2017 $'000
Current:			
SGD Medium Term Notes ("MTN 1")	2018	–	93,500
Less: Amortisation of arrangement fee		–	(38)
Interest-free loan from related party	2018	–	55,000
Less: Deferred amortisation		–	(1,042)
SGD Bank loan at SOR and the applicable margin - $40,000,000 term loan facility	2019	40,000	–
Less: Unamortised upfront debt arrangement fee		(88)	–
Total current borrowings		39,912	147,420
Non-current:			
SGD Bank loan at SOR and the applicable margin - $40,000,000 term loan facility	2019	–	40,000
SGD Bank loan at SOR and the applicable margin - $18,500,000 term loan facility	2020	18,500	18,500
SGD Medium Term Notes Series 2 ("MTN 2")	2021	88,000	88,000
SGD Bank loan at Swap Offer Rate ("SOR") and the applicable margin - $200,000,000 facility	2022	200,000	185,000
SGD Bank loan at SOR and the applicable margin - $70,000,000 facility	2023	48,500	–
USD Bank loan at SOR and the applicable margin – USD22,897,000 term loan facility (Note 1)	2023	31,215	–
AUD Bank loan at SOR and the applicable margin – A$50,000,000 term loan facility	2023	43,265	–
		429,480	331,500
Less: Unamortised upfront debt arrangement, structuring and prepayment fees		(4,256)	(4,561)
Total non-current borrowings		425,224	326,939
Total borrowings		465,136	474,359

Note 1: Equivalent to a S$30,000,000 term loan with the entry into a cross currency swap.

12. BORROWINGS (CONT'D)

$200,000,000 facility

The borrowing of $200,000,000 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 $155,000,000 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.

$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 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.

$88,000,000 (2017: $181,500,000) MTN 1 & 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 ("MTN 1").

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 1 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.

12. BORROWINGS (CONT'D)

$88,000,000 (2017: $181,500,000) MTN 1 & MTN 2 facility (cont'd)

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 1 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.

On 21 May 2018, Soilbuild REIT fully redeemed on maturity MTN 1.

As at 31 December 2018, the principal amount of the Notes in issuance amounted to $88,000,000.

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 has 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. The interest-free loan has been fully repaid in August 2018.

Term Loan Facility of $30,000,000

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

Term Loan Facility of $70,000,000

On 18 July 2018, Soilbuild REIT entered into a $70,000,000, 5-year unsecured term loan facility agreement with United Overseas Bank Limited ("**TLF 5**") mainly for the repayment of interest-free loan from SB Solaris and the refund of the security deposit to SB Solaris. On 15 August 2018, $48,500,000 was drawn down for the repayment of interest-free loan from the SB Solaris. $30,000,000 of TLF 5 is hedged by an interest rate swap. The committed facility available for draw down amounts to $21,500,000.

Term Loan Facility of A$50,000,000

On 1 October 2018, Soilbuild REIT entered into a A$50,000,000, 5-year unsecured term loan facility agreement with HSBC ("**TLF 6**") for the acquisition of two properties in Australia. On 3 October 2018, A$45,000,000 was drawn down for the completion of the acquisitions. TLF 6 is fully hedged by an interest rate swap. The committed facility available for draw down amounts to A$5,000,000.

13. UNITS IN ISSUE

	2018		2017	
	No. of units '000	$'000	No. of units '000	$'000
Issued and fully paid ordinary units:				
At 1 January	1,052,111	807,396	1,042,174	800,708
Units issued in lieu of Manager's management fees	8,652	5,511	9,937	6,688
At 31 December	1,060,763	812,907	1,052,111	807,396

During the financial year, 8,651,777 new units at the issue price range of $0.59 to $0.66 per unit, in respect of the payment of base fee for the period from 1 October 2017 to 30 September 2018 were issued.

During the financial year ended 31 December 2017, 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.

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 quarter end.

Under the Trust Deed, every Unit carries the same voting rights.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

14. NET ASSET VALUE PER UNIT

	Note	Group		Trust	
		2018	2017	2018	2017
Net assets ($'000)		732,240	668,638	737,503	668,638
Perpetual securities holders ($'000)		(65,665)	–	(65,665)	–
Net assets attributable to unitholders ($'000)		666,575	668,638	671,838	668,638
Total issued and issuable Units at the end of the financial year ('000)	13	1,060,763	1,052,111	1,060,763	1,052,111
Net asset value per Unit ($)		0.63	0.64	0.63	0.64

15. GROSS REVENUE

	Group	
	2018	2017
	$'000	$'000
Rental income	78,014	81,856
Car park income	1,085	901
Others	4,666	2,060
	83,765	84,817

Others mainly consist of the late payment charges and compensation income received from tenants.

16. PROPERTY OPERATING EXPENSES

	Group	
	2018	2017
	$'000	$'000
Land rent	1,878	1,915
Property tax	4,396	4,076
Property management fee	1,401	1,324
Lease management fee	701	662
Other property expenses	5,460	3,359
	13,836	11,336

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

17. FINANCE EXPENSES

	Group	
	2018	2017
	$'000	$'000
Interest expense		
- Loan from related company (notional interest expense)	1,041	1,638
- Bank loans	7,635	5,088
- MTN	4,405	6,850
- Financing fee of interest rate swaps and cross currency swap	900	663
	13,981	14,239
Amortisation of debt arrangement, prepayment and structuring fees	1,378	1,496
	15,359	15,735

18. MANAGER'S MANAGEMENT FEES

	Group	
	2018	2017
	$'000	$'000
Base fee in units	5,566	5,993
Base fee in cash	24	–
	5,590	5,993

19. OTHER TRUST EXPENSES

	Group	
	2018	2017
	$'000	$'000
Auditors' remuneration payable to auditor of the Trust		
- Audit fees	133	107
- Non-audit fees*	104	69
Professional and valuation fees	354	542
Other trust expenses	407	341
	998	1,059

* In addition to the non-audit fees disclosed above, the Group incurred non-audit fees amounting to $49,000 which were charged directly to perpetual issuance costs or capitalised in investment properties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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 2018 and 31 December 2017 are as follows:

	Group	
	2018	2017
	$'000	$'000
Total return before tax	51,541	(28,294)
Tax using Singapore tax rate of 17%	8,762	(4,810)
Adjustments:		
Non-tax deductible items	1,602	1,376
Income not subject to taxation	(139)	(66)
Net change in fair value of investment properties	(240)	13,688
Gain on divestment of a property held for sale	(296)	–
Tax transparency	(9,614)	(10,188)
Income tax expense recognised in profit or loss	75	–

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.

	Group	
	2018	2017
Total return after tax before distribution ($'000)	51,466	(28,294)
Total return after tax and excluding net change in fair value of investment properties ($'000)	50,056	52,221
Weighted average number of Units in issue during the financial year ('000)	1,056,844	1,050,415
Basic and diluted earnings per Unit based on:		
Total return after tax before distribution	4.87 cents	(2.70) cents
Total return after tax and excluding net change in fair value of investment properties	4.74 cents	4.98 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 any equity fund raising. 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 2018

23. HEDGING RESERVE

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
At 1 January	(101)	(363)	(101)	(363)
Effective portion of changes in fair value of financial derivatives	(1,545)	262	(1,545)	262
At 31 December	(1,646)	(101)	(1,646)	(101)

Hedging reserve contain the effective portion of the cash flow hedge relationships incurred as at the reporting date. Loss of $1,646,000 (2017: loss of $101,000) 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:

	Group	
	2018 $'000	2017 $'000
Income:		
Carpark management licence income received from the Property Manager	375	576
Master lease and other rental income received from related companies	20,271	27,034
Administrative fee received from a related company	1	2
Other income from a related company	125	4
Expenses:		
Manager's management fees paid/payable to the Manager	5,590	5,993
Lease management fees and commissions paid/payable to the Manager	1,376	1,105
Acquisition fees paid/payable to the Manager (Note 1)	1,100	–
Trustee's fees paid/payable to the Trustee including reimbursements	213	208
Property management fees, marketing services commissions and reimbursable expenses paid/payable to the Property Manager	1,923	1,929
Comprehensive operational and maintenance service fees paid/payable to the Property Manager	643	1,006
Repair and replacement work fees paid/payable to a related company	1	11
Others:		
Recharge of property tax to a related company	35	–
Recharge of flyer expenses from a related company	–	1
Purchase of inventory	9	–
Divestment of a property held for sale	55,000	–
Additions and alterations of investment property charged by a related company	–	34

Note 1 : Acquisition fees paid to the Manager were capitalised in investment properties.

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 22 to 37 years with no contingent rent provision included in the contract. Certain leases include an option to renew of up to 30 years.

Minimum lease payment recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to $1,878,000 (2017: $1,915,000).

Future minimum rental payables under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		Trust	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Not later than one year	2,631	1,859	2,631	1,859
Later than one year but not later than five years	10,526	7,436	10,526	7,436
Later than five years	50,561	40,421	50,561	40,421
	63,718	49,716	63,718	49,716

(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 sixteen years with an option to renew for five to fifteen years included in the agreements. Multi-tenanted leas e arrangements have average tenures of one to six 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:

	Group		Trust	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Not later than one year	80,482	65,007	73,088	65,007
Later than one year but not later than five years	180,742	133,677	149,486	133,677
Later than five years	75,180	50,066	27,780	50,066
	336,404	248,750	250,354	248,750

Commitment with related parties

The Trust has entered into lease agreements with tenures ranging from one to eight years with Soil-Build (Pte.) Ltd. and SB (Westview) Investment Pte. Ltd. Future rental receivable under the lease agreements is expected to be $41,233,000 (2017: $61,241,000).

25. COMMITMENTS AND CONTINGENCIES (CONT'D)

(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:

	Group		Trust	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Capital commitment in respect of investment property	–	2,372	–	2,372

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.

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(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:

		2018 $'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)
Non-financial asset:			
Investment properties	4	–	1,229,671
As at 31 December 2018		–	1,229,671
Financial liability:			
Derivative financial instruments	5		
- Interest rate swaps		(1,365)	–
- Cross currency swap		933	–
- Currency forwards		40	–
As at 31 December 2018		(392)	–

		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)
Non-financial asset:			
Investment properties	4	–	1,110,600
Property held for sale	10	–	53,000
As at 31 December 2017		–	1,163,600
Financial liability:			
Derivative financial instruments	5		
- Interest rate swap		(101)	–
As at 31 December 2017		(101)	–

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 2018 and 31 December 2017.

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:

Derivatives

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 2018 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurement:				
Investment properties	1,229,671	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: 5.25% to 6.75% Discount rate: 7.25% to 8.50% Termination yield/ capitalisation rate: 5.40% to 7.25%

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Asset and liabilities measured at fair value (cont'd)

Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements. (cont'd)

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% Terminal yield/ capitalisation rate: 6.00% to 7.00%
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% Terminal yield/ capitalisation rate: 6.25%

* 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.

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)

	Group		Trust	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Investment properties				
At 1 January	1,110,600	1,243,700	1,110,600	1,243,700
Purchase of investment properties	115,991	–	–	–
Capital expenditure on investment properties	2,090	415	2,090	415
Net change in fair value of investment properties	1,410	(80,515)	5,904	(80,515)
Transfer to property held for sale	–	(53,000)	–	(53,000)
Others	3,156	–	3,156	–
Exchange differences	(3,576)	–	–	–
At 31 December	1,229,671	1,110,600	1,121,750	1,110,600
Total gains or losses for the financial year included in profit or loss :				
- Net gain/(loss) from fair value adjustment of investment properties	1,410	(80,515)	5,904	(80,515)
Property held for sale				
At 1 January	53,000	–	53,000	–
Transfer from investment property	–	53,000	–	53,000
Disposal of property held for sale	(53,000)	–	(53,000)	–
At 31 December	–	53,000	–	53,000

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Asset and liabilities measured at fair value (cont'd)

(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.

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.

26. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(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:

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Financial liabilities:				
Rental deposits (non-current)	13,886	13,414	6,035	5,848

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 Group 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 Group's and 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 Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, including cash and cash equivalents, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group'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.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

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 Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group'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 Group to manage risk concentrations at both the relationship and industry levels.

Exposure to credit risk

At the end of the reporting period, the Group's and 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 Group and 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 Group and 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 Group or the Trust will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Trust's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and 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 Group to ensure the Group complies with the aggregate leverage limit set in the CIS Code issued by the MAS. The CIS Code requires total borrowings and deferred payments for a property fund to not exceed 45.0% of the value of deposited property and deferred payments (together, the "Aggregate Leverage"). At the end of reporting period, the amount of the Group's total borrowings and deferred payments is approximately 39.1% (2017: 40.6%) of the value of the Group's total assets. The Group and the Trust are in compliance with the Aggregate Leverage of 45.0%.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

The Manager assessed the concentration of risk with respect to refinancing its debt and concluded the risk to be low.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Trust's financial assets and liabilities at the reporting period based on contractual undiscounted repayment obligations.

	One year or less	One to five years	Total
	$'000	$'000	$'000
Group			
2018			
Financial assets:			
Trade and other receivables	2,584	–	2,584
Deposits	304	–	304
Cash and bank balances	15,132	–	15,132
Derivative financial instruments	–	151	151
Total undiscounted financial assets	18,020	151	18,171
Financial liabilities:			
Trade and other payables	9,836	–	9,836
Derivative financial instruments	–	543	543
Financial liabilities included in accrued operating expenses	4,086	–	4,086
Rental deposits	22,158	13,886	36,044
Borrowings	55,408	464,782	520,190
Total undiscounted financial liabilities	91,488	479,211	570,699
Total net undiscounted financial liabilities	(73,468)	(479,060)	(552,528)
Trust			
2018			
Financial assets:			
Trade and other receivables	3,287	–	3,287
Deposits	304	–	304
Cash and bank balances	11,691	–	11,691
Derivative financial instruments	–	151	151
Total undiscounted financial assets	15,282	151	15,433
Financial liabilities:			
Trade and other payables	8,000	–	8,000
Derivative financial instruments	–	543	543
Financial liabilities included in accrued operating expenses	3,931	–	3,931
Rental deposits	22,158	13,886	36,044
Borrowings	55,408	464,782	520,190
Total undiscounted financial liabilities	89,497	479,211	568,708
Total net undiscounted financial liabilities	(74,215)	(479,060)	(553,275)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

	One year or less	One to five years	Total
	$'000	$'000	$'000
Group and Trust			
2017			
Financial assets:			
Trade and other receivables	3,938	–	3,938
Deposits	226	–	226
Cash and bank balances	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)

The Group and Trust have a S$1,000,000 insurance bond facility from Great Eastern Insurance Limited. As at 31 December 2018, the Group and the Trust have utilised $760,000 of the insurance bond facility for the issuance of insurance bonds to utilities supply providers. The insurance bonds have a duration of one year and an option for the Group and Trust to extend the duration for another year.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Trust's financial instruments will fluctuate because of the changes in market interest rates.

The Group's and 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 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 Group and the Trust have hedged their exposure to changes in interest rates on its variable rate borrowings by entering into interest rate swaps, with notional contract amounts of $258,265,000 (2017: $100,000,000) whereby it receives variable rates equal to the Singapore swap offer rate or the Australia bank bill swap reference rate on the notional amounts and pays fixed interest rates ranging from 1.40% to 2.31% (2017: 0.95% to 1.42%) per annum as at 31 December 2018.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk (cont'd)

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 Group's total return for the financial year would have been $915,000 (2017: $1,076,000) 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 $1,937,000 (2017: $750,000) 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 Group operates in Singapore and Australia. The Group's exposure to fluctuations in foreign currency rates relates primarily to its Australian Dollar denominated bank borrowing and investment in Australia properties.

The Group monitors its foreign currency exposure on an ongoing basis and manages its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

In relation to foreign currency risk arising from investments in Australia properties, the Group and the Trust had borrowed in Australian dollar to achieve a natural hedge. The Group and the Trust had also entered into forward exchange contracts to hedge the cash flows from overseas investments.

The Group's currency exposure is as follows:

	SGD $'000	AUD $'000	Total $'000
2018			
Financial assets:			
Trade and other receivables	2,584	–	2,584
Deposits	304	–	304
Cash and bank balances	11,705	3,427	15,132
Derivative financial instruments	111	40	151
	14,704	3,467	18,171
Financial liabilities:			
Trade and other payables	8,000	1,836	9,836
Derivative financial instruments	–	543	543
Financial liabilities included in accrued operating expenses	3,937	149	4,086
Rental deposits	36,044	–	36,044
Borrowings	421,871	43,265	465,136
	469,852	45,793	515,645
Net financial liabilities	(455,148)	(42,326)	(497,474)

In 2017, the Group had no material foreign currency exposure.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

28. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy credit rating and aggregate leverage ratio.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code. With effect from 1 January 2016, the CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of the Deposited Property.

As at 31 December 2018, the Group's aggregate leverage stood at 39.1% (2017: 40.6%) which is within the limit set in the Property Funds Appendix. As at 31 December 2018, deferred payments included in the aggregate leverage computation included a security deposit of $19,302,000 due to SB (Solaris) Investment Pte. Ltd. (Note 2.1) and insurance bonds of $760,000 issued to utility supply providers (Note 27(b)).

There was no substantial change in the Group's approach to capital management since the date of constitution.

29. FINANCIAL RATIOS

	2018	2017
	%	%
Expenses ratio [1]		
Excluding property operating expenses		
- including performance-related fee payable to the Manager	0.98	0.98
- excluding performance-related fee payable to the Manager	0.98	0.98
Expenses ratio [2]		
Including property operating expenses		
- including performance-related fee payable to the Manager	2.99	2.50
- excluding performance-related fee payable to the Manager	2.99	2.50
Turnover ratio [3]	7.67	–

[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 lower 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 Group 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.

The reportable segments for the financial year ended 31 December 2018 are as follows:

	Business Park	Industrial	Total
	$'000	$'000	$'000
Group			
2018			
Gross revenue	31,286	52,479	83,765
Property operating expenses	(6,061)	(7,775)	(13,836)
Segment net property income	25,225	44,704	69,929
Interest income			1,353
Foreign exchange loss			(772)
Gain on derivative financial instruments			40
Gain on divestment of property held for sale			1,740
Finance expenses			(15,359)
Manager's management fees			(5,590)
Trustee's fees			(212)
Other trust expenses			(998)
Net income before tax and fair value changes			50,131
Net fair value change in investment properties			1,410
Total return before distribution			51,541
Income tax expense			(75)
Total return after tax before distribution			51,466
Segment assets	525,506	711,799	1,237,305
Unallocated assets			10,654
Total assets			1,247,959
Segment liabilities	28,317	13,859	42,176
Unallocated liabilities			473,543
Total liabilities			515,719

30. OPERATING SEGMENTS (CONT'D)

Business segment (cont'd)

	Business Park	Industrial	Total
	$'000	$'000	$'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
Net 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

Geographical segment

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follow:

	Singapore	Australia	Total
	$'000	$'000	$'000
Group			
2018			
Gross revenue	81,968	1,797	83,765
Property operating expenses	(13,654)	(182)	(13,836)
Segment net property income	68,314	1,615	69,929
Non-current assets	1,121,750	107,921	1,229,671

No geographical information is presented for FY2017 as the Group and Trust operated in Singapore only.

30. OPERATING SEGMENTS (CONT'D)

Information about a major customer

Revenue from a major customer amounts to $11,897,000 (2017: $18,603,000) arising from the revenue generated from the business park segment in Singapore.

31. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Distribution to Unitholders

On 21 January 2019, the Manager declared a distribution of $15,392,000 at 1.451 cents per Unit for the financial period from 1 October 2018 to 31 December 2018.

(b) Issuance of new Units in lieu of management fees

On 31 January 2019, the Trust issued 2,572,353 Units at an issue price of $0.59 per Unit as payment of the fees to the Manager, amounting to $1,512,000.

(c) Update regarding a tenant, NK Ingredients Pte. Ltd. ("the Tenant")

On 14 February 2019, the Manager announced that it had been informed that a third party had filed an application for the Tenant to be placed under judicial management with the High Court of Singapore (the "Application").

The Tenant is currently in default under the lease agreement dated 15 February 2013 between DBS Trustee Limited (in its capacity as trustee of Soilbuild REIT) and the Tenant (the "Lease Agreement") for failure to pay rent and any other sum payable under the Lease Agreement. The Manager is seeking legal advice on its position with respect to the Application, as well as on the Tenant's indication to the High Court of Singapore that it intends to file an application under section 211B of the Companies Act for a moratorium pending the Tenant's proposal of a Scheme of Arrangement to its creditors.

As at the 31 December 2018 and 14 February 2019, the amount owed by the Tenant to the Group is less than the security deposit held by the Group.

32. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Group for the financial year ended 31 December 2018 were authorised for issue by the Manager and the Trustee on 4 March 2019.

UNITHOLDERS' STATISTICS

ISSUED UNITS

There were 1,063,335,495 Units (voting rights: one vote per Unit) issued in Soilbuild REIT as at 15 February 2019. There is only one class of Units in Soilbuild REIT. There were no treasury units held.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings		No. of Unitholders	%	No. of Units	%
1	- 99	16	0.16	544	0.00
100	- 1,000	1,177	12.10	1,103,832	0.10
1,001	- 10,000	4,133	42.48	22,589,943	2.13
10,001	- 1,000,000	4,363	44.85	224,348,134	21.10
1,000,001 and Above		40	0.41	815,293,042	76.67
TOTAL		9,729	100.00	1,063,335,495	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	No. of Units	%
1.	DBS NOMINEES (PRIVATE) LIMITED	150,798,088	14.18
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	150,718,837	14.17
3.	LIM CHAP HUAT	101,107,094	9.51
4.	LIM HAN REN (LIN HANREN)	70,000,000	6.58
5.	HSBC (SINGAPORE) NOMINEES PTE LTD	63,392,990	5.96
6.	LIM HAN FENG (LIN HANFENG)	59,000,000	5.55
7.	LIM HAN QIN	59,000,000	5.55
8.	RAFFLES NOMINEES (PTE.) LIMITED	28,711,852	2.70
9.	DBSN SERVICES PTE. LTD.	18,209,927	1.71
10.	OCBC SECURITIES PRIVATE LIMITED	13,602,300	1.28
11.	NOMURA SINGAPORE LIMITED	13,000,000	1.22
12.	UOB KAY HIAN PRIVATE LIMITED	10,235,200	0.96
13.	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,894,643	0.84
14.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	7,650,100	0.72
15.	PHILLIP SECURITIES PTE LTD	6,376,088	0.60
16.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,585,009	0.53
17.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,579,450	0.52
18.	ABN AMRO CLEARING BANK N.V.	3,349,878	0.32
19.	KGI SECURITIES (SINGAPORE) PTE. LTD.	3,208,000	0.30
20.	CHONG AH LAN	3,026,500	0.28
	TOTAL	781,445,956	73.48

UNITHOLDERS' STATISTICS

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS

As recorded in the Register of Substantial Unitholdings as at 15 February 2019[1]

	Substantial Unitholders	No. of Units Direct Interest	No. of Units Deemed Interest
1	Lim Chap Huat[2]	101,107,094	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

Notes:

1 The percentage is based on 1,063,335,495 Units in issue as at 15 February 2019.

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.

MANAGER'S DIRECTORS' UNITHOLDINGS

As recorded in the Register of Directors' Unitholdings as at 21 January 2019[1]

	Directors	No. of Units Direct Interest	No. of Units Deemed Interest
1	Lim Chap Huat[2]	98,534,741	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 1,060,763,142 as at 21 January 2019.

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 15 February 2019, approximately 65.3% 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	11,897	–
SB Property Services Pte. Ltd.		
West Park BizCentral – monthly licence fee	375	–
	12,272	–
Expenses:		
Soilbuild Group Holdings Ltd. and its subsidiaries		
SB REIT Management Pte. Ltd.		
Base fee[1]	5,566	–
Acquisition fee[2]	1,100	–
Lease management fee[3]	701	–
Lease renewal commission[4]	675	–
SB REIT Management (Australia) Pty Ltd		
Investment management fee and reimbursable costs[1]	9	–
The Trust Company (RE Services) Limited		
Investment management fee[1]	15	–
SB Property Services Pte. Ltd.		
Property management fee[5]	1,401	–
Marketing services commissions for new leases[4]	131	–
West Park BizCentral – comprehensive operational and maintenance service	643	–
Reimbursable costs	391	–
DBS Trustee Limited		
Trustee fees and reimbursable costs	199	–
	10,831	–

Notes:

1 Total base fee, investment management fee and reimbursable costs 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 Acquisition fee, being 1.0% of the purchase price is capitalised in investment properties;

3 Lease management fees, being 1.0% per annum of the gross revenue for the relevant properties;

4 Lease renewal commission and marketing services commissions are amortised over the lease term; and

5 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

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
Transaction approved by Unitholders at the Extraordinary Meeting held on 18 August 2016		
Soilbuild Group Holdings Ltd. and its subsidiaries		
SB (Westview) Investment Pte. Ltd.		
Rental income	8,203	–
Transactions approved by Unitholders at the Extraordinary Meeting held on 21 February 2018		
Soilbuild Group Holdings Ltd. and its subsidiaries		
SB (Pioneer) Investment Pte. Ltd.		
Proceeds from divestment of KTL Offshore	55,000	–
Recharge of property tax	35	–
	55,035	–

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS (CONT'D)

(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	171	–
Licence fee	94	–
Reinstatement recharges	29	–
Recharge of utilities	2	–
Administrative fee	1	–
Expenses:		
Repair and replacement works	1	–
Purchase of inventory	9	–
Others:		
Mr Lim Chap Huat		
Subscription of perpetual securities issued by Soilbuild REIT	30,000	–
Mr Ho Toon Bah		
Subscription of perpetual securities issued by Soilbuild REIT	2,000	–
Perpetual Corporate Trust Ltd		
Trustee fees	8	–
The Trust Company (Australia) Limited		
Trustee fees	6	–
	32,321	–

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 2018.

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS (CONT'D)

FEES PAID TO THE MANAGER, PROPERTY MANAGER AND TRUSTEES

Asset/Fund management fees	FY2018 S$'000
- Base fee payable/paid to the Manager	5,566
- Investment management fee and reimbursable costs paid/payable to SB REIT Management (Australia) Pty Ltd	9
- Investment management fee paid/payable to The Trust Company (RE Services) Limited	15
- Performance fee	–
- Lease management fee	701
Total fees payable/paid to the Manager and Investment Manager excluding acquisition fee	6,291
% of total amount available for distribution (before all fees[1])	9.86%
% of total assets	0.50%
Property management fee	1,401
Total fees payable/paid to the Property Manager	1,401
% of total amount available for distribution (before all fees[1])	2.20%
% of total assets	0.11%
Trustee fees including reimbursable costs[2]	213
Total fees payable/paid to the Trustees	213
% of total amount available for distribution (before all fees[1])	0.33%
% of total assets	0.02%

Note:

1 This includes base fee, investment management fee and reimbursable costs paid/payable to SB REIT Management (Australia) Pty Ltd, investment management fee paid/payable to The Trust Company (RE Services) Limited, performance fee (if any), lease management fee, property management fee and trustee fee.

2 This includes fees paid/payable to DBS Trustee Limited, Perpetual Corporate Trust Ltd and The Trust Company (Australia) Limited.

Other transactional fees	FY2018 S$'000
Acquisition fee	1,100
Total other transactional fee paid to the Manager	1,100
% of total assets	0.09%

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth 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 Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593, Meeting Rooms 324-325 on Friday, 29 March 2019 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 2018 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 resolution, 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)

Unitholders are invited to send in their questions to the Manager by 19 March 2019.

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 2019

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;

NOTICE OF ANNUAL GENERAL MEETING

(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 2019 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:

The Ordinary Resolution 3 above, 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 fifty per cent. (50%) of which up to twenty per cent. (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.

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.

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PROXY FORM

ANNUAL GENERAL MEETING
(Please see notes overleaf before completing this Form)

SOILBUILD BUSINESS SPACE REIT
(Constituted in the 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 2019.

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 Sixth Annual General Meeting (the "**Annual General Meeting**") of unitholders of Soilbuild REIT ("**Unitholders**") to be held at Suntec Singapore International Convention and Exhibition Centre, 1 Raffles Boulevard, Singapore 039593, Rooms 324-325 on Friday, 29 March 2019 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.

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:**	**For**	**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 2018 and the Auditor's Report thereon.		
2	To re-appoint Ernst & Young LLP as Auditors of Soilbuild REIT and authorise the Manager to fix their 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.		

Dated this_____day of_____2019

Total Number of Shares 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**
Asset Enhancement Initiative	:	**AEI**
Annual General Meeting	:	**AGM**
Audit and Risk Committee	:	**ARC**
Bukit Batok Connection	:	**BBC**
Building and Construction Authority	:	**BCA**
The Bank of East Asia, Limited, Singapore Branch	:	**BEA**
Central Business District	:	**CBD**
Changi Business Park	:	**CBP**
CBRE Pte. Ltd.	:	**CBRE**
Chief Executive Officer	:	**CEO**
Chief Financial Officer	:	**CFO**
The Code on Collective Investment Schemes	:	**CIS Code**
Colliers International Consultancy & Valuation (Singapore) Pte Ltd	:	**Colliers**
Consumer Price Index	:	**CPI**
Distribution Per Unit	:	**DPU**
Extraordinary General Meeting	:	**EGM**
Enterprise Risk Management	:	**ERM**
Environmental, Social and Governance Factors	:	**ESG**
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 2019 to 31 December 2019	:	**FY2019**
For the financial period from 1 January 2018 to 31 March 2018	:	**1Q FY2018**
For the financial period from 1 April 2018 to 30 June 2018	:	**2Q FY2018**
For the financial period from 1 July 2018 to 30 September 2018	:	**3Q FY2018**
For the financial period from 1 October 2018 to 31 December 2018	:	**4Q FY2018**
Gross Floor Area	:	**GFA**
Global Reporting Initiative	:	**GRI**
Housing and Development Board	:	**HDB**
The Hongkong and Shanghai Banking Corporation Limited	:	**HSBC**
International Business Park	:	**IBP**
Industry Transformation Map	:	**ITM**
Initial Public Offering	:	**IPO**
Investor Relations Professionals Association Singapore	:	**IRPAS**
Jurong Town Corporation	:	**JTC**
Kilometre	:	**Km**
Kilonewton per Square Metre	:	**KN/m2**
Monetary Authority of Singapore	:	**MAS**
Mass Rapid Transit	:	**MRT**
Ministry of Trade and Industry	:	**MTI**
Medium Term Notes	:	**MTN**

GLOSSARY

Multinational Companies	:	**MNCs**
Multi-Tenanted Buildings	:	**MTBs**
Net Asset Value	:	**NAV**
Net Lettable Area	:	**NLA**
Net Property Income	:	**NPI**
Nominating and Remuneration Committee	:	**NRC**
SB Property Services Pte. Ltd.	:	**Property Manager**
PricewaterhouseCoopers	:	**PwC**
Real Estate Investment Trust	:	**REIT**
The Real Estate Investment Trust Association of Singapore	:	**REITAS**
Singapore Civil Defence Force	:	**SCDF**
The Securities and Futures Act	:	**SFA**
The Singapore Exchange	:	**SGX**
Singapore Exchange Securities Trading Limited	:	**SGX-ST**
Small and Medium Enterprises	:	**SMEs**
Square Feet	:	**Sq ft**
Square Metre	:	**Sq m**
Soilbuild Business Space REIT	:	**Soilbuild REIT**
Soilbuild Group Holdings Ltd	:	**Soilbuild Group**
Seller's Stamp Duty	:	**SSD**
The Manager of Soilbuild Business Space REIT	:	**The Manager**
Soilbuild Group	:	**The Sponsor**
Total Debt Servicing Ratio	:	**TDSR**
DBS Trustee Limited	:	**Trustee**
Weighted Average Lease Expiry	:	**WALE**
Workplace Safety and Health	:	**WSH**

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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 Nelson Chen
(Appointed since the financial year ended 31 December 2018)

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

BUILDING OPPORTUNITIES STRENGTHENING PORTFOLIO

ANNUAL REPORT 2018

SoilBuild
BUSINESS SPACE REIT

SB REIT Management Pte. Ltd.
As Manager of Soilbuild Business Space REIT

Company Registration Number:
201224644N

23 Defu South Street 1
Singapore 533847
Tel: (65) 6415 4587
Fax: (65) 6415 4584
Email: sbreit_ir@soilbuild.com

www.soilbuildreit.com