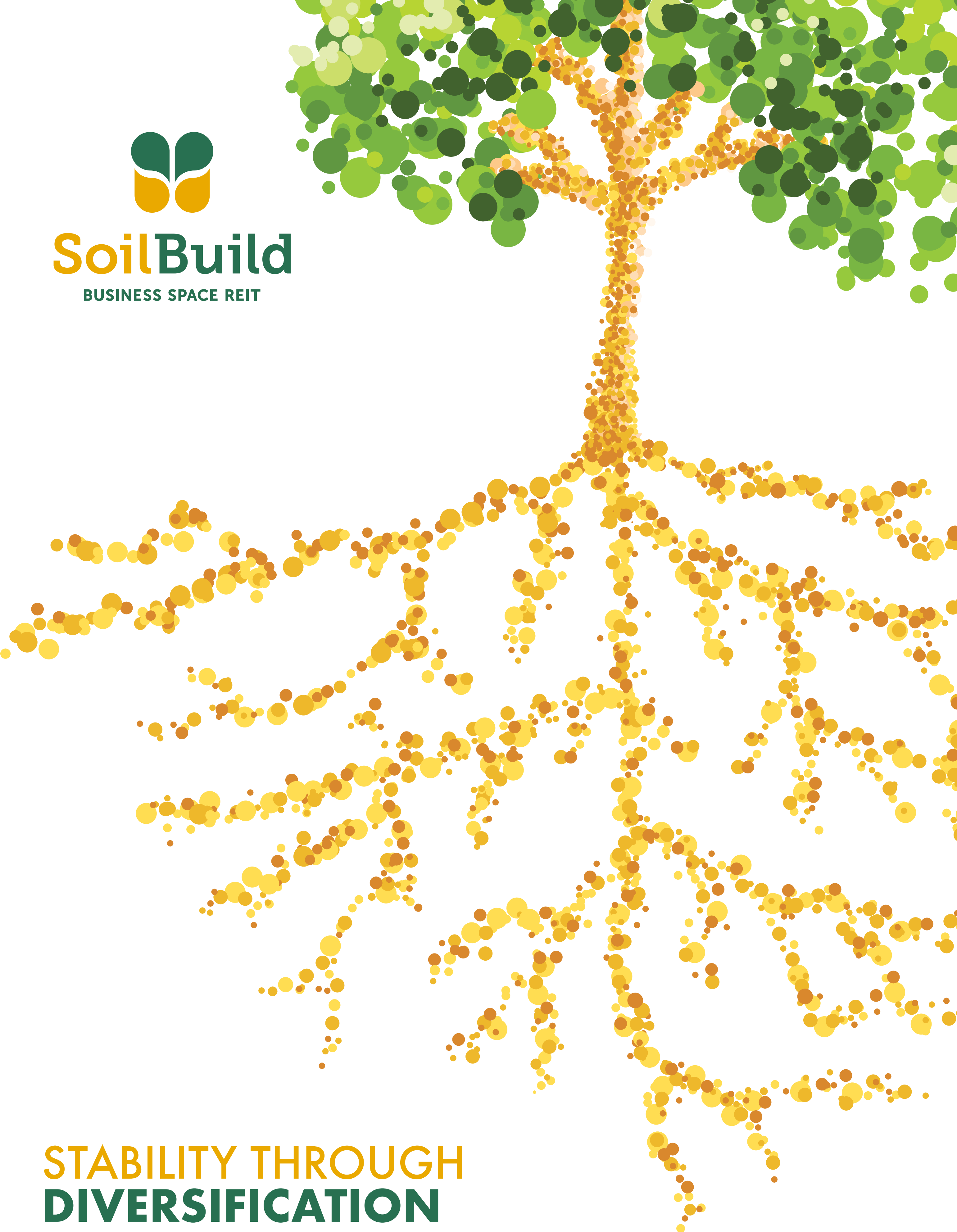
SoilBuild
BUSINESS SPACE REIT



STABILITY THROUGH DIVERSIFICATION

Annual Report 2019

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.

The FY2019 Annual Report is not accompanied by the Notice of Annual General Meeting ("**AGM**") and the Proxy Form which will be separately sent to you at a later date. In view of the measures put in place by the Government due to the COVID-19 outbreak, and the guidance issued by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation, we will provide an update to unitholders as to the indicative date of the AGM as soon as possible.

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CORPORATE PROFILE

KEY FIGURES

4.60MIL sq ft	14	S$1.38BIL[1]
TOTAL GROSS FLOOR AREA	TOTAL BUSINESS SPACE PROPERTIES	TOTAL PORTFOLIO VALUE

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 14 business space properties – four business park properties and ten industrial properties. They are strategically located across Singapore and Australia with a total GFA of approximately 4.60 million sq ft and a carrying value of S$1.38 billion[1] as at 31 December 2019.

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.

Notes:

(1) Comprising investment properties and a property held for sale at valuation and right-of-use assets.

OUR SPONSOR

SOILBUILD GROUP

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

INTEGRATED REAL ESTATE PLATFORM

CONSTRUCTION[1]

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

DEVELOPMENT

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

LEASE MANAGEMENT

- Tenant Retention
- Relationship with Brokers
- Dedicated Team

ASSET/PROPERTY MANAGEMENT

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

FUND MANAGEMENT

- Capital Management
- Relationship with Vendors
- Experienced Management Team

OPERATIONS COVER FULL SPECTRUM OF VALUE CHAIN

Given its intimate knowledge of the Singapore industrial market, the Sponsor has been successful in securing a number of development projects from JTC; in particular the Concept and Fixed Price Tender Scheme which was a land allocation mechanism by JTC which evaluated bids based on submitted proposals rather than price. Eightrium @ Changi Business Park, Solaris, Tuas Connection, West Park BizCentral and Bukit Batok Connection amounting to approximately 71.5% (by carrying value) 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 29.6% of the total number of units outstanding as at 31 December 2019, demonstrating an alignment of interests with Unitholders. The Sponsor is wholly-owned by Mr Lim Chap Huat.

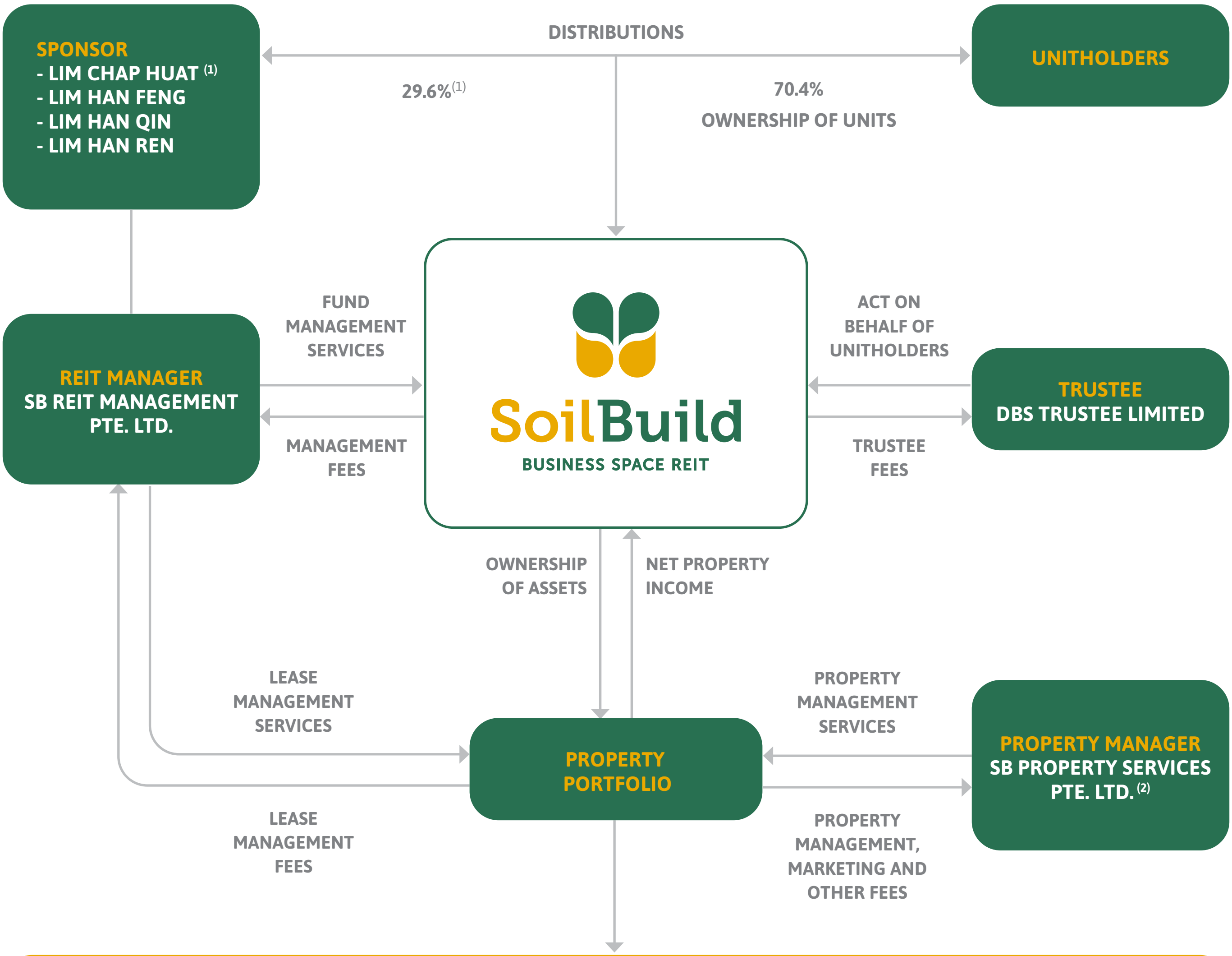
The Sponsor's experience and track record have been recognised through the various awards and accolades it has received through the years, including being a six-time winner of both the Singapore SME Enterprise 50 Awards and the Singapore SME 500 and 1000 Awards.

Note:

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

SOILBUILD REIT **STRUCTURE**

As at 31 December 2019



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
- 2 Pioneer Sector 1
- 25 Grenfell Street, Adelaide

THIRD PARTY MASTER LEASES

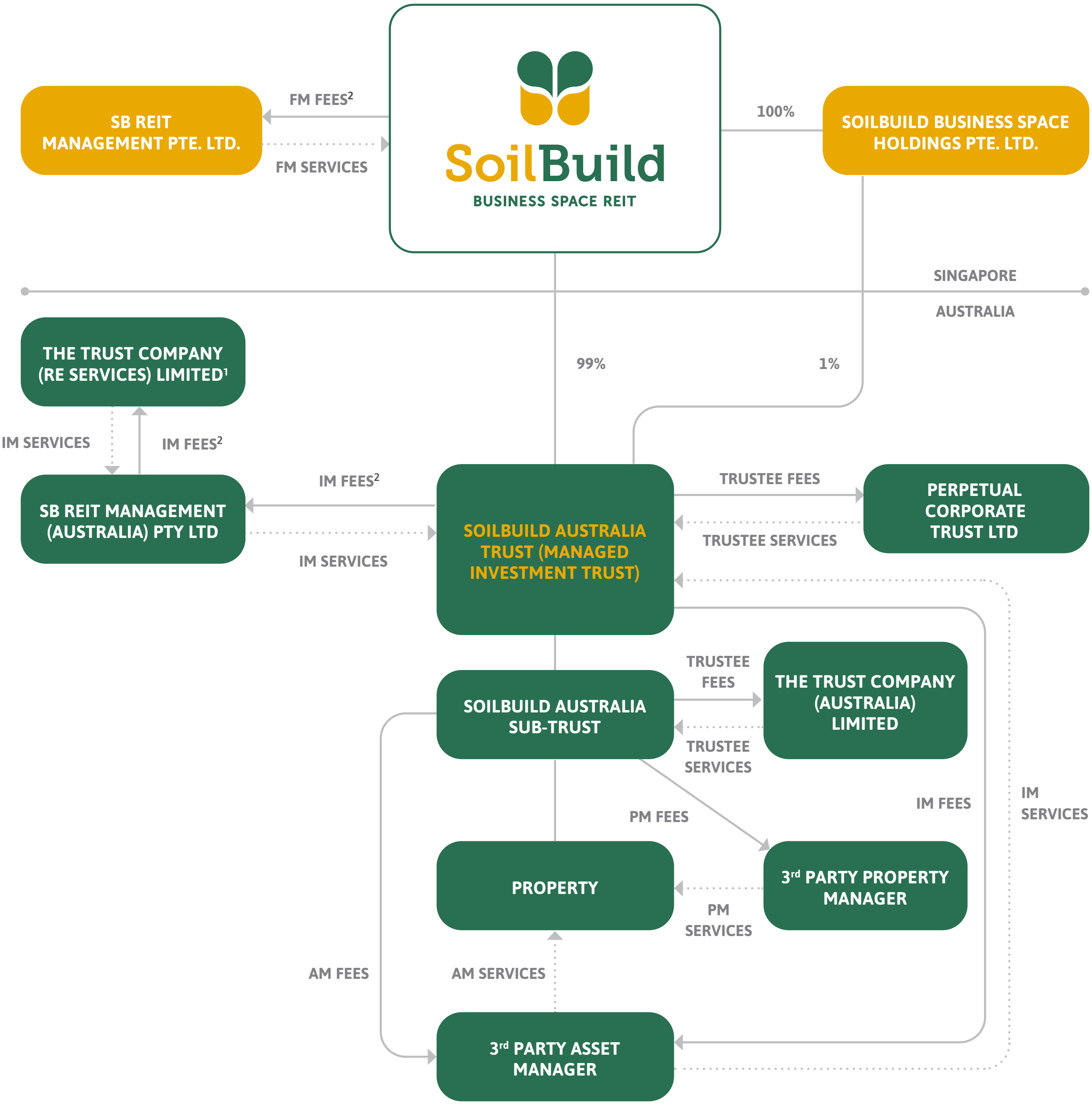
- COS Printers
- Beng Kuang Marine
- Speedy-Tech
- 14 Mort Street, Canberra
- Inghams Burton, Adelaide

Notes:

(1) In addition to Units held directly by Mr Lim Chap Huat, he has deemed interest in Soilbuild REIT through Units held by Soilbuild Group Holdings Ltd. and SB REIT Management Pte. Ltd.

(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.

AUSTRALIA TRUST **STRUCTURE**



LEGEND:

- FM - Fund management
- IM - Investment management
- PM - Property management
- AM - Asset management

Notes:

(1) Holds the required Australian Financial Services Licenses.

(2) Fees payable to SB REIT Management (Australia) Pty Ltd and Investment Manager will only apply subject to there being no double-counting of the payment of fees to the Manager under the Trust Deed (i.e. capped at 10% of total amount available for distribution).

SIGNIFICANT **EVENTS**

1

JANUARY 2019

- 21 January 2019 – Distribution of 1.451 cents per Unit was declared for the financial period from 1 October 2018 to 31 December 2018.

2

MARCH 2019

- 21 March 2019 – Announced the proposed divestment of the property located at 72 Loyang Way.
- 29 March 2019 - The 6th Annual General Meeting (AGM) of Soilbuild REIT was held and all resolutions proposed were duly passed.

3

APRIL 2019

- 17 April 2019 – Distribution of 1.198 cents per Unit was declared for the financial period from 1 January 2019 to 31 March 2019.

4

MAY 2019

- 30 May 2019 – Solaris Building clinched BCA Green Mark Platinum Award 2019.

BCA GREEN MARK

5

JULY 2019

- 17 July 2019 – Distribution of 1.179 cents per Unit was declared for the financial period from 1 April 2019 to 30 June 2019.
- 23 July 2019 – Established a wholly-owned trust of Soilbuild REIT (Soilbuild Australia Sub-Trust No. 3).

6

AUGUST 2019

- 21 August 2019 – Announced the proposed acquisition of 25 Grenfell Street in Adelaide.
- 21 August 2019 – Announced the launch of a fully underwritten preferential offering to raise gross proceeds of approximately S$101.8 million.

7

OCTOBER 2019

- 16 October 2019 – Distribution of 0.918 cents per Unit was declared for the financial period from 1 July 2019 to 30 September 2019.

8

NOVEMBER 2019

- 1 November 2019 – Completed the proposed acquisition of 25 Grenfell Street in Adelaide.

9

JANUARY 2020

- 22 January 2020 - Distribution of 0.925 cents per Unit was declared for the financial period from 1 October 2019 to 31 December 2019.

KEY HIGHLIGHTS IN FY2019

GROSS REVENUE (S$m) → 89.1

2019	89.1
2018	83.8
2017	84.8
2016	81.1
2015	79.3

INVESTMENT PROPERTIES AND PROPERTY HELD FOR SALE (in Singapore Dollars) → S$1,385M

2019	S$1,385 million
2018	S$1,230 million
2017	S$1,164 million
2016	S$1,244 million
2015	S$1,191 million

NET PROPERTY INCOME (S$m) → 71.0

2019	71.0
2018	69.9
2017	73.5
2016	70.7
2015	67.8

NO. OF PROPERTIES → 14

2019	14
2018	13
2017	12
2016	12
2015	11

INCOME AVAILABLE FOR DISTRIBUTION (S$m) → 48.6

2019	48.6
2018	55.9
2017	59.9
2016	60.3
2015	57.9

NET LETTABLE AREA (sq ft) → 4.30 MILLION

2019	4.30 million
2018	4.03 million
2017	3.90 million
2016	3.90 million
2015	3.53 million

DISTRIBUTION PER UNIT (Singapore cents) → 4.220

2019	4.220
2018	5.284
2017	5.712
2016	6.091
2015	6.487

NO. OF TENANTS → 137

2019	137
2018	115
2017	115
2016	108
2015	113

ANNUALISED DISTRIBUTION YIELD (%) → 8.1%

2019	8.1%
2018	9.1%
2017	8.5%
2016	9.5%
2015	8.4%

WEIGHTED AVERAGE LEASE EXPIRY (by Gross Rental Income) → 3.4 YEARS

2019	3.4 years
2018	3.9 years
2017	3.0 years
2016	3.4 years
2015	4.8 years

COMMITTED PORTFOLIO OCCUPANCY (%) → 84.0%

2019	84.0%
2018	89.5%
2017	92.7%
2016	89.6%
2015	96.8%

AGGREGATE LEVERAGE → 38.2%

2019	38.2%
2018	39.1%
2017	40.6%
2016	37.6%
2015	36.0%

FINANCIAL HIGHLIGHTS

SUMMARY OF RESULTS	FY2019	FY2018	FY2017	FY2016	FY2015
Gross Revenue (S$'000)	**89,069**	83,765	84,817	81,130	79,340
Net Property Income (S$'000)	**71,021**	69,929	73,481	70,674	67,777
Total Amount Available for Distribution (S$'000)	**48,553**	55,896	59,927	60,252	57,867
Distribution per Unit (Singapore cents)	**4.220**	5.284	5.712	6.091	6.487
Annualised Distribution Yield (%) – Based on closing price on 31 December	**8.1%**[1]	9.1%[2]	8.5%[3]	9.5%[4]	8.4%[5]
BALANCE SHEET (AS AT 31 DECEMBER)					
	FY2019	**FY2018**	**FY2017**	**FY2016**	**FY2015**
Total Assets (S$'000)	**1,407,377**	1,247,959	1,181,603	1,275,491	1,214,530
Total Liabilities (S$'000)	**594,880**	515,719	512,965	523,788	468,557
Net Assets Attributable to Unitholders (S$'000)	**746,836**	666,575	668,638	751,703	745,973
Total Units in Issue ('000)	**1,261,711**	1,060,763	1,052,111	1,042,174	934,442
Market Capitalisation (S$'000)	**656,090**[1]	615,243[2]	704,915[3]	666,991[4]	719,520[5]
KEY FINANCIAL RATIOS					
	FY2019	**FY2018**	**FY2017**	**FY2016**	**FY2015**
Net Asset Value per Unit (S$)	**0.59**	0.63	0.64	0.72	0.80
Aggregate Leverage (%)	**38.2**[6]	39.1[7]	40.6[8]	37.6[8]	36.0[8]
Average All-in Interest Costs (%)	**3.51**[9]	3.52[9]	3.20[9]	3.37[9]	3.21[9]
Weighted Average Tenor of Debt (years)	**2.5**	3.2	2.7	2.8	3.2
Interest Cover Ratio (times)	**3.7**[10]	4.6[10]	4.7[10]	4.8[10]	4.7[10]

Notes:

1 Based on closing unit price of S$0.52 as at 31 December 2019.
2 Based on closing unit price of S$0.58 as at 31 December 2018.
3 Based on closing unit price of S$0.67 as at 31 December 2017.
4 Based on closing unit price of S$0.64 as at 31 December 2016.
5 Based on closing unit price of S$0.77 as at 31 December 2015.
6 Includes deferred payment of S$0.2 million due to SB (Solaris) Investment Pte. Ltd and insurance guarantees of S$0.6 million issued to utility supply providers. Lease liabilities and right-of-use assets (included in investment properties and a property held for sale) are excluded from the computation of aggregate leverage.
7 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.
8 Includes interest-free loan in relation to the Solaris upfront land premium.
9 Refers to weighted average borrowing cost for 4Q. Weighted average borrowing cost for FY2019 and FY2018 was 3.54% p.a. and 3.38% p.a. respectively. Computation excludes interest-free loan.
10 Interest coverage is computed based on full year EBITDA/net interest expense (interest expense – interest income). 4Q FY2019 interest coverage was 3.7 times.

RETURN ON INVESTMENT	1-Year	3-Year	5-Year	Since Listing
	2 January 2019	**3 January 2017**	**2 January 2015**	**16 August 2013**
Total Return (%) as at 31 December 2019	**(3.1)**[1]	5.0[1]	1.0[1]	13.2[1]
Capital Appreciation (%)	**(10.3)**	(18.8)	(34.2)	(33.3)
Distribution Yield (%)	**7.3**	23.8	35.2	46.5
Closing unit price on the last trading day prior to the commencement of the period / unit issue price at listing (S$)	**0.580**	0.640	0.790	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

	FY2019	FY2018	FY2017	FY2016	FY2015
Highest closing price (S$)	**0.635**	0.720	0.740	0.770	0.870
Lowest closing price (S$)	**0.480**	0.560	0.635	0.635	0.725
Average closing price (S$)	**0.574**	0.637	0.679	0.694	0.811
Closing price on 31 December (S$)	**0.520**	0.580	0.670	0.640	0.770
Average daily trading volume (No. of Units)	**1,203,027**	1,078,205	1,445,237	1,447,466	1,242,439

SOILBUILD REIT TRADING PERFORMANCE
(1 January 2019 to 31 December 2019)

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

TRADING PERFORMANCE

COMPARATIVE RETURNS (TOTAL RETURN)

LETTER TO UNITHOLDERS

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

DEAR UNITHOLDERS,

On behalf of the Board of Directors and the Manager of SB REIT Management Pte. Ltd., we are pleased to present Soilbuild REIT's FY2019 Annual Report for the year ended 31 December 2019.

FY2019 YEAR IN REVIEW

Soilbuild REIT has delivered cumulative distribution per unit ("**DPU**") of 36.3 cents since listing. Our portfolio has evolved over the past six years, with a significant reduction in exposure to single-user assets. In the fourth quarter of FY2019 ("**4QFY2019**"), master leases contributed just 22% of Soilbuild REIT's gross revenue. Included in the master leases is Bukit Batok Connection which constituted 9% of 4QFY2019 revenue and is multi-tenanted on an underlying basis.

Gross revenue and net property income ("**NPI**") rose 6.3% and 1.6% respectively year-on-year ("**y-o-y**"). The conversion of Solaris into a multi-tenanted property, full year contribution from Inghams Burton and 14 Mort Street and maiden contribution by 25 Grenfell Street lifted our top line.

Total amount available for distribution to Unitholders and DPU fell to S$48.6 million and 4.220 cents respectively. The decline was largely due to a S$3.25 million one-off receipt in FY2018, the termination of a master lease at 2 Pioneer Sector 1 and enlarged unit base following a S$101.8 million preferential offering in FY2019.

With the addition of 25 Grenfell Street, Soilbuild REIT's portfolio value including right-of-use assets has increased to S$1.38 billion as at 31 December 2019.

OPERATIONAL PERFORMANCE

In FY2019, we executed more than 700,000 sqft of renewals, forward renewals and new leases with a total of 43 leases signed. As we adjust our rental rates to respond to market conditions, our portfolio registered a negative rental reversion of 2.5%. Looking forward to FY2020, 17.8% or approximately 764,000 sqft of the portfolio's net lettable area ("**NLA**") is due for renewal. Soilbuild REIT manages its leasing risks through forward lease renewals and proactive tenant retention.

As at 31 December 2019, Soilbuild REIT's portfolio occupancy was at 84.0% and the portfolio weighted average lease to expiry ("**WALE**") by NLA and gross rental income was 2.8 years and 3.4 years respectively. Excluding 2 Pioneer Sector 1 and 72 Loyang Way, the portfolio occupancy would be higher at 91.6%. The Singapore portfolio achieved a committed occupancy of 82.3% while the Australia portfolio achieved a committed occupancy of 94.7%.

On 13 December 2019, we announced that we had re-entered and taken repossession of 2 Pioneer Sector 1 as NK Ingredients failed to comply with its rental obligations under the master lease agreement. The Manager intends to redevelop the property into a ramp-up warehouse to maximise the asset's gross floor area.

PRUDENT AND PROACTIVE CAPITAL MANAGEMENT

Soilbuild REIT's aggregate leverage remains healthy at 38.2%, within the maximum allowable gearing of 45.0% as specified in the Property Funds Appendix.

The weighted average all-in interest cost was 3.51% p.a. in 4QFY2019 and 3.54% p.a. in FY2019. We refinanced S$58.5 million of borrowings and obtained a new S$45.0 million unsecured facility to partly fund the acquisition of 25 Grenfell Street in FY2019.

LETTER TO UNITHOLDERS

Soilbuild REIT has a well-spread debt maturity profile and no debt expiring in 2020. The weighted average debt expiry was 2.5 years as at 31 December 2019 with 81.9% of borrowings at fixed rates. The Manager seeks to lower its weighted average borrowing costs as the interest rate swaps transacted in FY2018 and early FY2019 expire in FY2020 and FY2021.

Soilbuild REIT's unencumbered investment properties and a property held for sale were in excess of S$1.0 billion, representing approximately 73% of its portfolio by value.

For the acquisition of 25 Grenfell Street, we raised gross proceeds of S$101.8 million through a fully underwritten, pro-rata and non-renounceable preferential offering.

BUILDING A SUSTAINABLE FUTURE

Sustainability is integral to our business. Our approach to sustainability encompasses environmental, social and economic factors. From greening our portfolio, partnering with government agencies to drive sustainability and giving back to the community, we continue to expand our efforts to build a more sustainable city.

In May 2019, Solaris at one-north won the Green Mark Platinum Award conferred by the Building and Construction Authority ("**BCA**") under the BCA Green Mark Scheme for Existing Non-Residential Buildings. Solaris has received worldwide recognition for its architectural design and environmental sustainability and the latest re-certification adds to the multiple accolades that Solaris had received.

To value-add to our tenants and support Singapore's Climate Action Plan in reducing carbon emissions, we have partnered with Singapore Power to provide high-speed electric vehicle charging points at West Park BizCentral, to cater to the growing pool of electric cars to drive green mobility in Singapore.

We consistently evaluate our portfolio to seek continual growth. In March 2019, we announced our plan to divest 72 Loyang Way to recycle capital while reducing our exposure to the marine offshore and oil and gas sectors ("**Proposed Divestment**").

PORTFOLIO DIVERSIFICATION AND STRENGTHENING THE PORTFOLIO

We consistently evaluate our portfolio to seek continual growth. In March 2019, we announced our plan to divest 72 Loyang Way to recycle capital while reducing our exposure to the marine offshore and oil and gas sectors ("**Proposed Divestment**"). The Jurong Town Corporation ("**JTC**") had issued a conditional letter of consent for the Proposed Divestment. Soilbuild REIT and the purchaser have agreed to further extend the deadline for obtaining JTC's final approval to 28 May 2020. In consideration of the further extension, the sale consideration has been revised to S$33.08 million. The Proposed Divestment is expected to be DPU-accretive.

In 2019, we continued to expand our presence in Australia. We acquired our third Australia asset known as 25 Grenfell Street in Adelaide.

25 Grenfell Street is a multi-tenanted freehold Grade A office building centrally located within the core of Adelaide's Central Business District ("**CBD**"). On a transacted NPI yield of 7.67%[1], the acquisition has enlarged and diversified the portfolio's tenant base to include multinational companies in the financial, legal and co-working space. Our Australia portfolio currently constitutes about 17% of our portfolio asset value.

1 Inclusive of a rental income support from November 2019 to April 2020, equivalent to rental from a committed lease commencing in May 2020 which contributes approximately 10% of the property's gross revenue.

LETTER TO **UNITHOLDERS**

We constantly seek organic growth opportunities to increase the value and marketability of our portfolio. In FY2019, the Manager completed enhancement works to the common corridors, re-painting and cleaning of the façade and carpark at West Park BizCentral.

We constantly seek organic growth opportunities to increase the value and marketability of our portfolio. In FY2019, the Manager completed enhancement works to the common corridors, re-painting and cleaning of the façade and carpark at West Park BizCentral. Over at Solaris, we are in the midst of carrying out asset enhancement works such as refurbishing the lobbies, common corridors, toilets, canopy, conversion of water feature to a green wall and addition of a modern end-of-trip facility.

The Manager will continue to actively manage the portfolio and improve the portfolio quality through enhancing the overall user experience within the buildings.

FY2019 SINGAPORE INDUSTRIAL PROPERTY SECTOR

On 17 February 2020, the Ministry of Trade and Industry ("**MTI**") announced that the Singapore economy grew by 0.7% y-o-y in 2019, moderating from the 3.4% y-o-y expansion recorded in 2018. This was Singapore's slowest economic growth since 2009 amid the on-going trade war, geopolitical tensions and the economic slowdown in China and the United States. The Singapore construction sector registered the strongest performance, growing by 2.8% y-o-y in 2019 whereas the manufacturing sector contracted by 1.4% y-o-y. In particular, the decline in manufacturing output was attributed to contractions in the electronics, chemicals, transport engineering and precision engineering clusters.

Underpinned by the limited new supply and lack of speculative stock, the Singapore business park market remained resilient. Vacancy rates continued to compress with leasing enquiries from small and mid-sized firms and strong interest from the banking, biomedical and technology sectors.

FY2019 AUSTRALIA PROPERTY SECTOR

From a broader market perspective, notably the Reserve Bank of Australia ("**RBA**") cut interest rates three times in 2019. The cash rate currently sits at a record low of 0.75%, a level which the RBA hopes will increase employment and raise inflation levels back to the 2-3% target band. In the search for yields, we have observed an increase in capital flows into Australia's commercial real estate.

The Australian industrial investable universe has grown significantly over the recent years. Accelerated cap rate compression, rental growth and the steady supply of new stock have contributed to the sector's expansion.

THE YEAR AHEAD

The outbreak of the novel coronavirus ("**COVID-19**") has fuelled uncertainty and potentially lowered growth prospects for many sectors. The initial disruption to the global manufacturing, supply chain and travel industry could exacerbate as numerous countries close their borders and impose travel restrictions. In comparison, Soilbuild REIT's operations are relatively

LETTER TO UNITHOLDERS

insulated in the short to medium term as it has a WALE by gross rental income of 3.4 years. However, our trading performance could still be adversely impacted by poor market sentiment as COVID-19 threatens to bring about a global recession.

Looking ahead, MTI's latest economic forecast projects Singapore's GDP growth in 2020 to range from -0.5% to 1.5%. MTI had lowered the economic forecast due to the COVID-19 outbreak which have resulted in a pullback in global consumption, disruptions to global supply chains and production. While the uncertain external environment will keep demand in check, the tapering of the industrial asset pipeline over the next few years is expected to help support occupancy and rental rates.

Going forward, growing occupier demand is expected from firms within service-producing industries seeking to relocate their operations from prime CBD locations to lower costs business park precincts due to rapidly escalating rental costs in Singapore. Key sectors expected to generate demand for business park space include financial services, life sciences, scientific activities and machinery and equipment.

In Australia, the International Monetary Fund ("**IMF**") remains positive on Australia's economic outlook and forecasts that Australia's GDP will grow by an average rate of 2.7% annually from 2020 to 2024.

Downside economic risks lie in the domestic housing market, consumer debt, the impact of the novel coronavirus and geopolitical tensions. However, a gradual recovery in the housing sector, and subsequent rebound in consumer spending is expected to prevail in the long term.

With the easing of monetary policy expected to support employment and income growth, office assets located in Australia's CBD are expected to experience some yield compression. The demand for industrial space in Australia continues to rise as the defensive and evolving characteristics of Australia's industrial sector continues to attract onshore and offshore investors.

We remain steadfast in our approach to optimise overall returns. For FY2020, we will continue to work towards improving the quality of our assets through proactive asset and lease management strategies, asset enhancement initiatives and recycling of capital into higher-yielding investments.

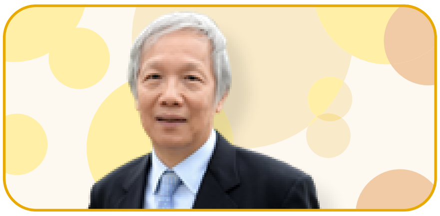
ACKNOWLEDGEMENTS

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. 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:
6 years 5 months
(as at 31 December 2019)

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:
4 years 7 months
(as at 31 December 2019)

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 HealthBank Holdings Limited (formerly known as 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:
6 years and 5 months
(as at 31 December 2019)

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

Other Listed Company Directorships:
Nil

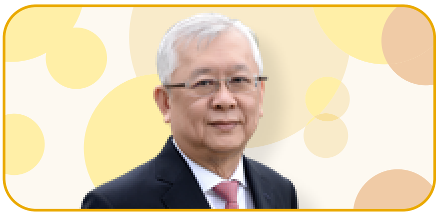
Past Listed Company Directorships:
Nil

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).

BOARD OF DIRECTORS



MR LIM CHAP HUAT
Non-Executive Director

Date of Appointment as Director:
5 October 2012

Length of Service as Director:
7 years 3 months
(as at 31 December 2019)

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 Lim was awarded in year 2019 'The Public Service Star (Bar) Bintang Bakti Masyarakat (Lintang)'.

MR HO TOON BAH
Non-Executive Director

Date of Appointment as Director:
13 March 2013
(Stepped down with effect from 19 March 2020)

Length of Service as Director:
6 years and 9 months
(as at 31 December 2019)

Board Committee served on:
Nil

Other Listed Company Directorships:
Soilbuild Construction Group Ltd.

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:
6 years and 5 months
(as at 31 December 2019)

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 19 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 16 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

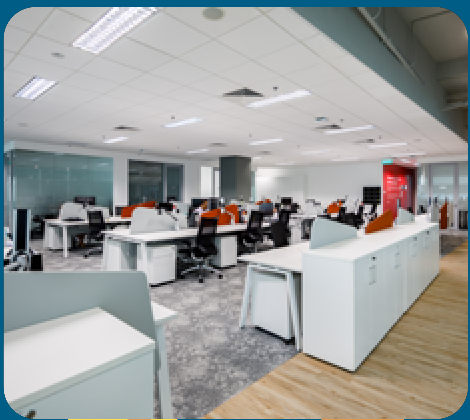
Experience:
More than 17 years of experience in Asset and Lease Management including:

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.

SOLARIS



COMMENTARY BY UL INTERNATIONAL-SINGAPORE PTE. LTD.

"UL helps create a better world by applying science to solve safety, security and sustainability challenges. We empower trust by enabling the safe adoption of innovative new products and technologies. Everyone at UL shares a passion to make the world a safer place. All of our work, from independent research and standards development, to testing and certification, to providing analytical and digital solutions, helps improve global well-being. Businesses, industries, governments, regulatory authorities and the public put their trust in us so they can make smarter decisions. Building on UL's 20-year presence in Singapore, we officially opened our international headquarters here in September 2019. The headquarters is an expansion of our current Solaris facility at One-North, which includes UL's Cybersecurity Center of Excellence. We are pleased with the support and conducive environment that our landlord, Soilbuild, has provided us, as we continue our work with customers, purchasers and policymakers to navigate market risk and complexity."

ANTHONY TAN
Vice President & Managing Director
ASEAN & Australasia Region
UL International – Singapore Private Limited

Feature Property Type
BUSINESS PARK
Refer to Page 33 to find out more

OPERATIONS REVIEW

ANNUAL REVALUATION

The carrying value of Soilbuild REIT's 14 properties was S$1,384.9 million as at 31 December 2019, comprising valuation of S$1.348.9 million and right-of-use assets of S$36.0 million. 11 Singapore properties and 3 Australian properties were valued at S$1,109.9 million and S$239.0 million respectively.

Weighted average land lease to expiry for the portfolio of properties is 51.3 years as at 31 December 2019. 73.3% of Soilbuild REIT's portfolio (by carrying value) has a remaining land lease tenure of more than 45 years.

INVESTMENT MANAGEMENT

As part of the Manager's strategy to strengthen Soilbuild REIT's portfolio for long-term growth, the Manager has been increasingly diversifying and enhancing the portfolio through acquisition of quality assets and recycling of capital through divestment of under-performing assets. The Manager also continuously seeks to reposition Soilbuild REIT's portfolio by focusing on transforming the existing assets into high-quality assets through AEIs.

Australia is a target investment destination for Soilbuild REIT as it provides access to assets with longer land tenures, allows diversification of tenant base and increases the pool of investment targets. In addition, Australia assets provide the benefits of income and geographical diversification. As at 31 December 2019, the Australia portfolio made up 17.7% of the portfolio valuation and 13.1% of the portfolio gross floor area ("**GFA**").

In FY2019, 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 November 2019, the Manager completed its third Australia acquisition of a multi-tenanted freehold Grade A office located at 25 Grenfell Street in Adelaide. The Manager purchased 25 Grenfell Street in Adelaide from the vendor, 25 Grenfell Street Adelaide Real Estate Netherlands B.V.

25 Grenfell Street is centrally located within the core of Adelaide's CBD. The property has a site area of 1,968 sqm and NLA of 24,969 sqm comprising 22 levels of office floors on top of 2 levels of retail floors together with 30 car park spaces and end-of-trip facilities. The property has a quality tenant base comprising of government agencies, commercial service providers and co-working space operators, which improves the overall trade sector diversification of Soilbuild REIT's portfolio. Underpinned by a strong cashflow of high-quality office tenants, the acquisition further enhances the quality of Soilbuild REIT's portfolio and provides income and geographical diversification. The acquisition is in line with the Manager's strategy to create a stronger and more diversified platform for further acquisitions to deliver sustainable total returns to the Unitholders.

25 Grenfell Street, Adelaide

As part of the Manager's strategy to rebalance the portfolio and recycle capital into higher performing assets, the Manager announced in March 2019 the proposed divestment of 72 Loyang Way for a sale consideration of S$34.08 million. The proposed divestment will unlock and release capital back to Soilbuild REIT and reduce the REIT's exposure to the marine offshore and oil and gas sectors. JTC has issued a conditional letter of consent for the proposed divestment. Soilbuild REIT and the purchaser, Kim Hock Enterprise Pte. Ltd. have agreed to further extend the deadline for obtaining JTC's final approval to 28 May 2020. In consideration of the further extension, the sale consideration has been revised to S$33.08 million. The proposed divestment is expected to be DPU-accretive. The sale proceeds from the proposed divestment will be utilised for either the repayment of borrowings to reduce Soilbuild REIT's aggregate leverage or future acquisition, AEIs, or other growth opportunities to enhance returns to Unitholders. The proposed divestment is in line with the Manager's strategy of proactively evaluating and positioning the portfolio for continual growth.

OPERATIONS REVIEW

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. This helps achieve portfolio resilience in the face of changing global trends and industrialists' requirements. In FY2019, the Manager completed enhancements to the common corridors, re-painting and cleaning of the façade and carpark at West Park BizCentral. Over at Solaris, the Manager is in the midst of refurbishing the lobbies, common corridors, toilets, canopy, conversion of water feature to a green wall and addition of a modern end-of-trip facility. In FY2020, the Manager will continue to explore organic growth opportunities and rejuvenate the existing assets to further strengthen and optimise the portfolio.

OCCUPANCY

Soilbuild REIT's portfolio has demonstrated resilience amidst challenging market conditions. As at 31 December 2019, the overall portfolio occupancy rate stood at 84.0%. The dip in portfolio occupancy compared to the prior year of 89.5% was mainly due to the pre-termination of the master lease agreement with NK Ingredients at 2 Pioneer Sector 1. The Manager is exploring options for 2 Pioneer Sector 1 which includes a potential asset enhancement to maximise the asset's GFA, amongst other possibilities. Excluding 2 Pioneer Sector 1 and 72 Loyang Way, the portfolio occupancy would be higher at 91.6%. The Singapore portfolio achieved a committed occupancy of 82.3% while the Australia portfolio achieved a committed occupancy of 94.7%.

Re-painted façade of West Park BizCentral

Singapore Portfolio Occupancy

	As at 31 December 2019	As at 31 December 2018	%/% Point Change
Portfolio Gross Floor Area (sq ft)	**3,997,006**	3,997,006	-
Multi-tenanted Occupancy	**78.8%**	84.8%	(6.0)
Master-lease Occupancy	**100.0%**	100.0%	-
Business Park Occupancy	**90.8%**	95.2%	(4.4)
Industrial Occupancy	**80.6%**	87.2%	(6.6)
Singapore Portfolio Occupancy	**82.3%**	88.6%	(6.3)

Australia Portfolio Occupancy

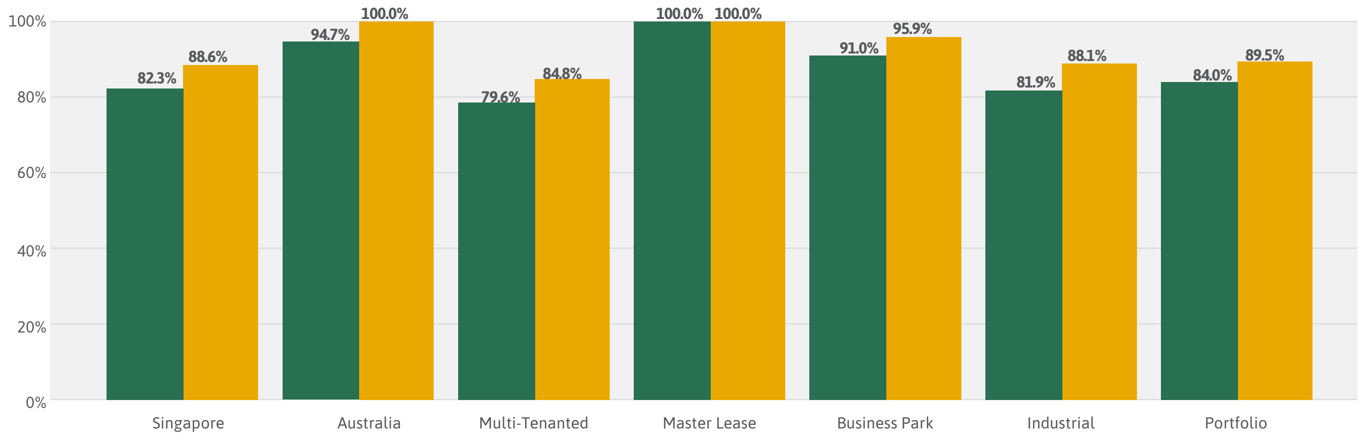
	As at 31 December 2019	As at 31 December 2018	%/% Point Change
Portfolio Gross Floor Area (sq ft)	**601,132**	331,612	81.3
Business Park Occupancy	**91.4%**	100.0%	(8.6)
Industrial Occupancy	**100.0%**	100.0%	-
Australia Portfolio Occupancy	**94.7%**	100.0%	(5.3)

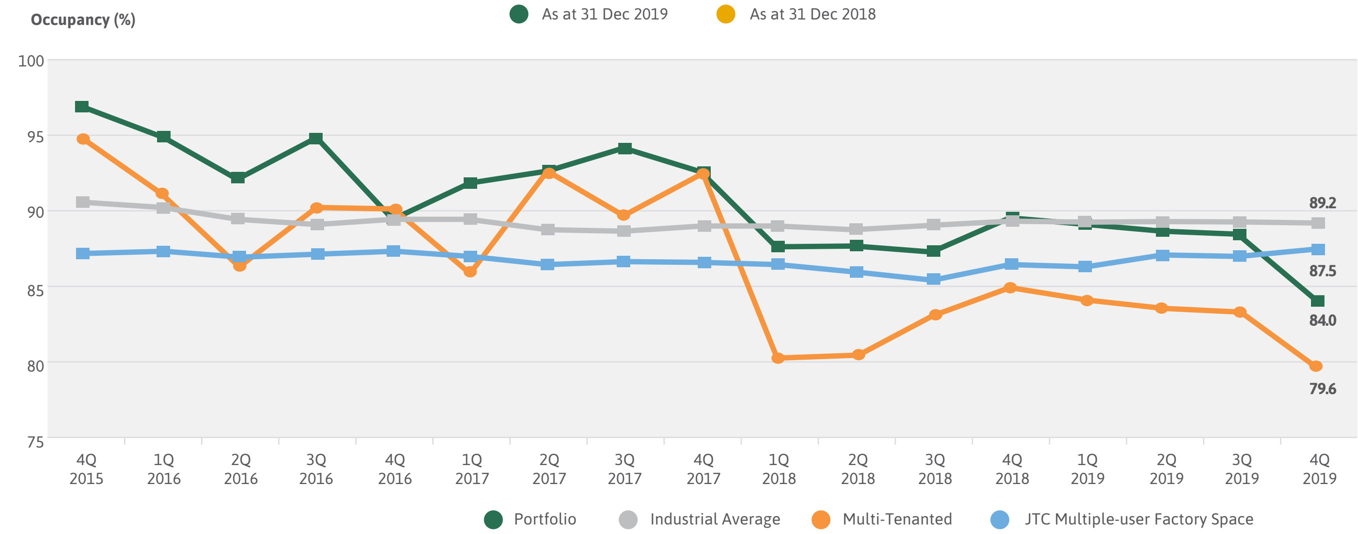
Overall Portfolio Occupancy

	As at 31 December 2019	As at 31 December 2018	%/% Point Change
Portfolio Gross Floor Area (sq ft)	**4,598,137**	4,328,618	6.2
Multi-tenanted Occupancy	**79.6%**	84.8%	(5.2)
Master-lease Occupancy	**100.0%**	100.0%	-
Business Park Occupancy	**91.0%**	95.9%	(4.9)
Industrial Occupancy	**81.9%**	88.1%	(6.2)
Overall Portfolio Occupancy	**84.0%**	89.5%	(5.5)

OPERATIONS REVIEW

Overview of Portfolio Occupancy





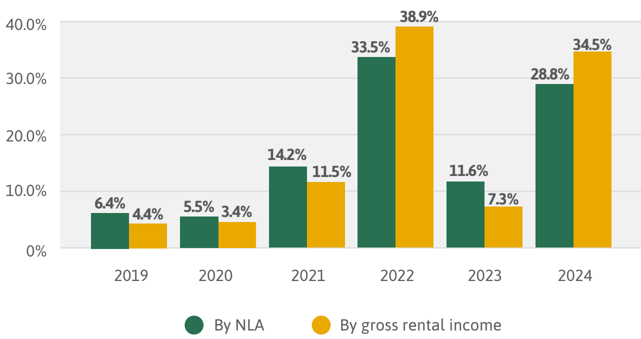
Portfolio Management

WALE (by gross rental income) (in years)	As at 31 December 2019	As at 31 December 2018
Singapore Portfolio	**2.3**	3.1
Australia Portfolio	**7.3**	11.5
Overall Portfolio	**3.4**	3.9

As at 31 December 2019, the WALE of Soilbuild REIT's portfolio stood at 2.8 years by NLA and 3.4 years by gross rental income. The portfolio lease expiry is well-staggered with no more than 20% of the leases (by gross rental income) due to expire in any year. In FY2020, 19.6% of our portfolio is due for renewal. As the Manager has completed a few forward renewals for some of the leases expiring in FY2020, there is a remainder of 17.8% of the portfolio NLA or 763,528 sq ft of occupied NLA due for expiry.

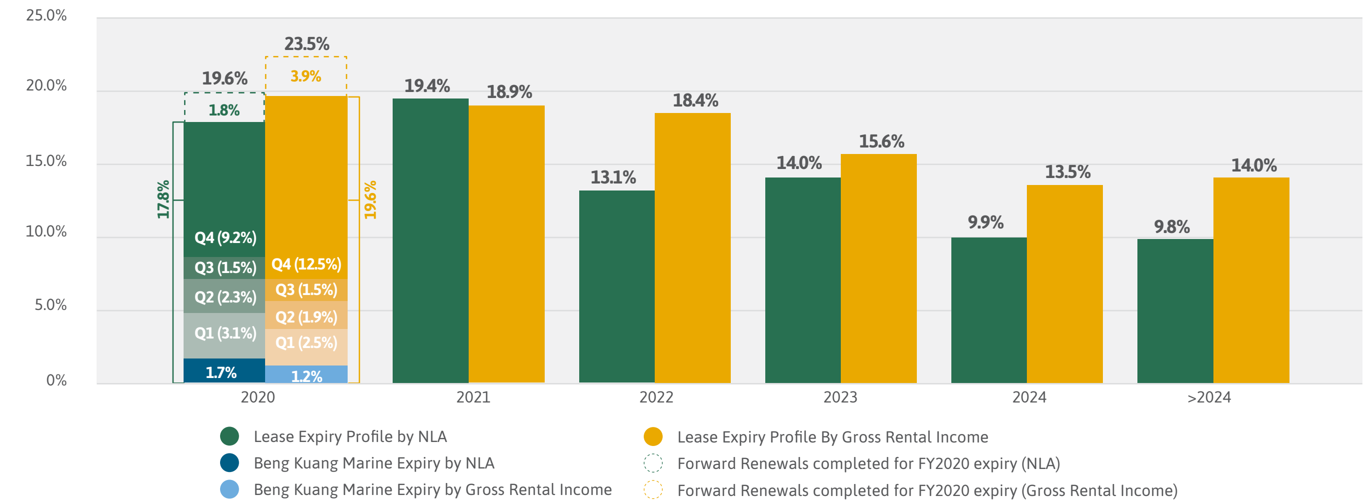
As at 31 December 2019, the WALE of the leases entered into in FY2019 is 3.2 years by gross rental income and these leases contribute 17.2% of the monthly gross rental income.

Lease Expiry of Leases Entered in FY2019



OPERATIONS REVIEW

Portfolio Lease Expiry Profile

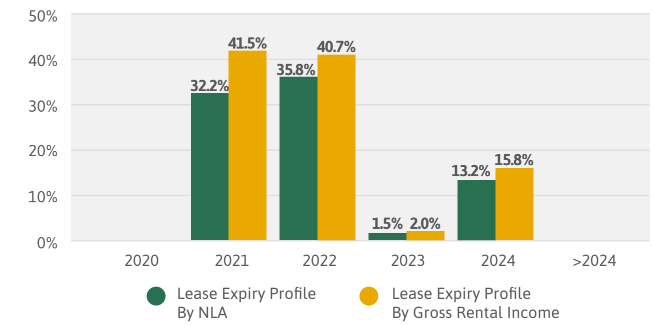


Total NLA of lease expiring (sq ft)	2020	2021	2022
	763,528	833,195	561,283
	2023	**2024**	**>2024**
	600,155	427,262	423,725

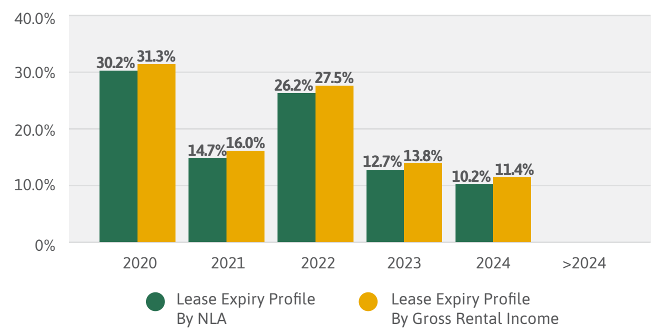
At the start of FY2019, approximately 481,900 sq ft of space was due for renewal. The Manager has proactively negotiated and secured a total of 43 leases in FY2019, totalling approximately 701,819 sqft or 16.3% of the portfolio NLA. This comprised of approximately 359,173 sqft of renewals and 342,646 sqft of new leases signed during the year. Tenant retention rate for FY2019 was 58.4% by NLA, a reflection of our strong relationship with our tenants as well as our proactive lease management and marketing strategies. 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.

Property	Number of leases signed	Total area of secured leases (sq ft)
Solaris	7	106,533
Eightrium @ Changi Business Park	6	38,434
West Park BizCentral	22	300,918
Tuas Connection	6	252,473
72 Loyang Way	1	3,100
39 Senoko Way	1	361
Total	**43**	**701,819**

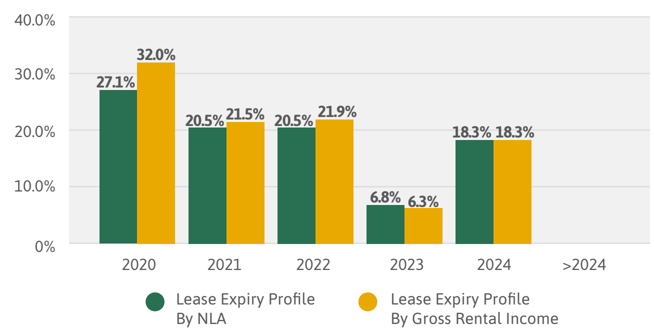
Eightrium @ Changi Business Park Lease Expiry Profile



Solaris Lease Expiry Profile

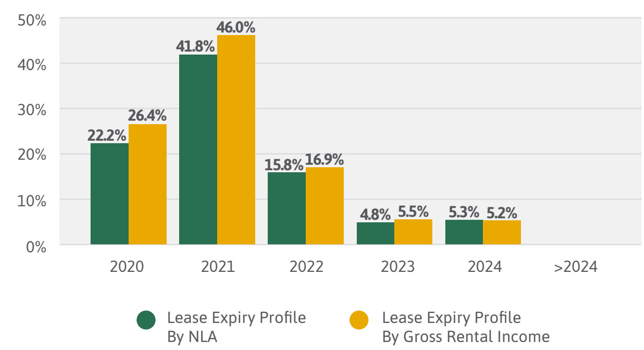


Tuas Connection Lease Expiry Profile

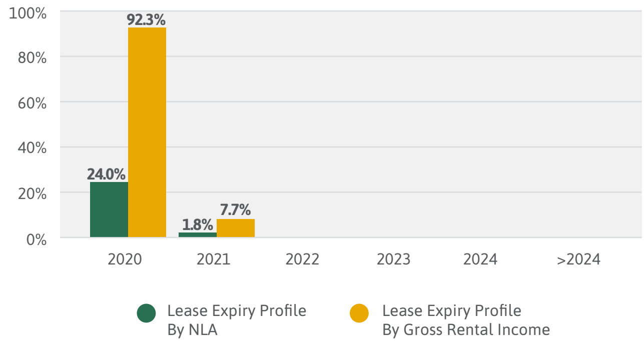


OPERATIONS **REVIEW**

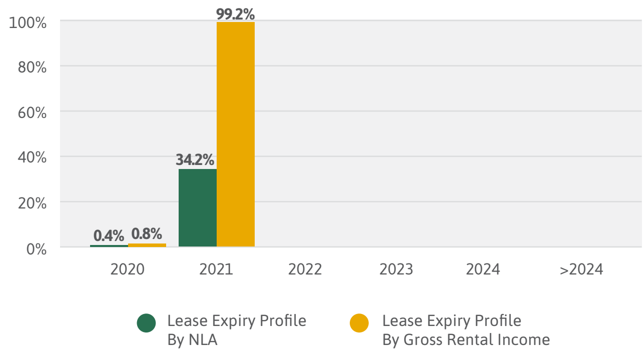
West Park BizCentral Lease Expiry Profile



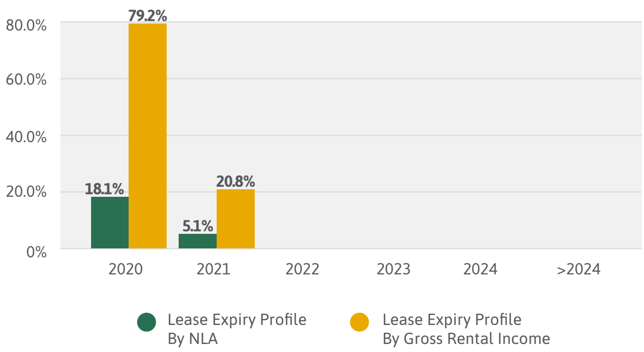
72 Loyang Way Lease Expiry Profile



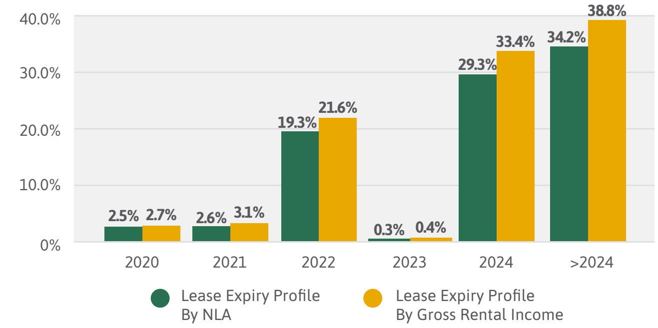
39 Senoko Way Lease Expiry Profile



2 Pioneer Sector 1 Lease Expiry Profile



25 Grenfell Street Lease Expiry Profile

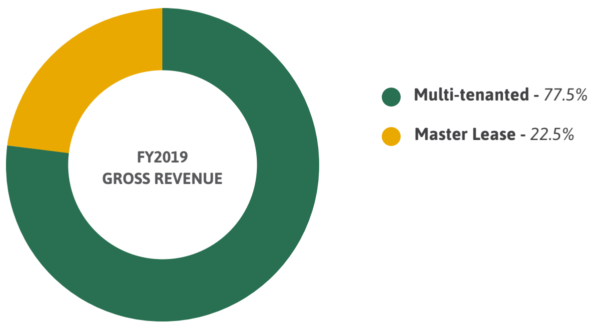


Balanced and Well-diversified portfolio

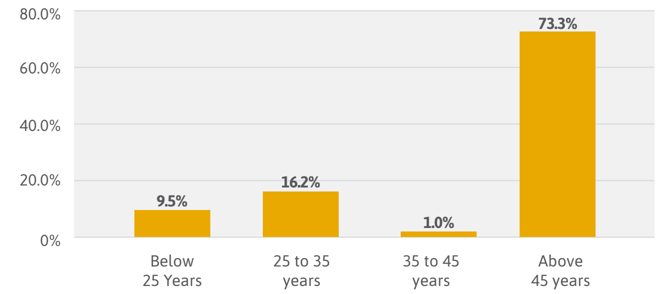
The Manager's portfolio strategy is based on optimising the overall portfolio rent and occupancy as well as having a combination of single/master leases and Multi-Tenanted Buildings ("**MTBs**"). Soilbuild REIT has 6 properties under master leases that provide stable income growth and 8 MTBs that comprise a variety of unit sizes to suit tenants' requirements. Our portfolio has evolved over the years, with a significant reduction in exposure to single-user assets. Multi-tenanted properties contributed 77.5% of FY2019 gross revenue while master leased properties contributed the remaining 22.5%. While single/master leases generally comprise longer leases with built-in rental escalations that provide income stability, MTBs typically houses tenants with shorter leases which provide organic revenue growth potential and tenant trade sector diversification.

Approximately 18.6% of Soilbuild REIT's monthly gross revenue was derived from our properties in Australia. Our three Australia assets provide income stability and geographical diversification.

Portfolio of Master leases and Multi-Tenanted Properties



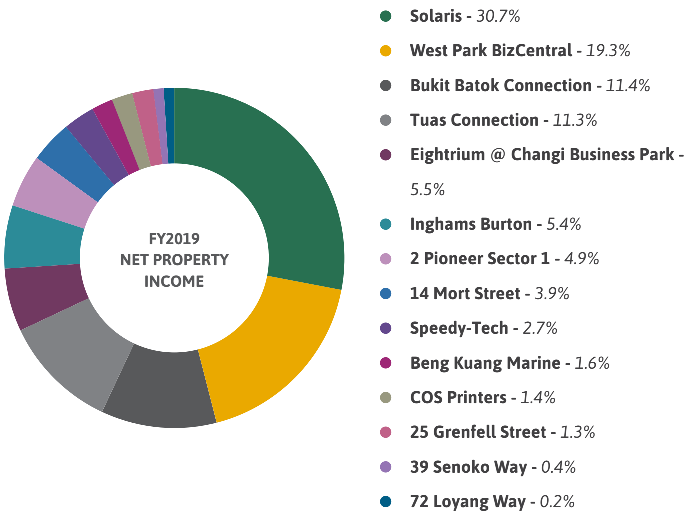
Land Lease Expiry Profile



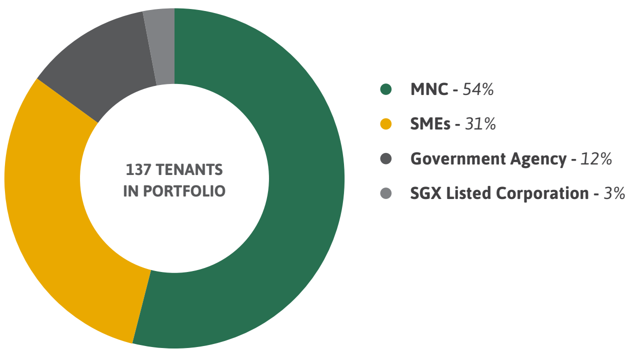
OPERATIONS **REVIEW**

The weighted average unexpired land lease for the properties was 51.3 years (by valuation) with 73.3% of the portfolio (by carrying value) having more than 45 years of balance land lease. All properties in the portfolio sit on leasehold land, except for Inghams Burton, Adelaide and 25 Grenfell Street, Adelaide which are freehold.

Portfolio Income Spread (as a % of NPI)



Top 10 tenants and Tenant/Sub-Tenant Type Analysis

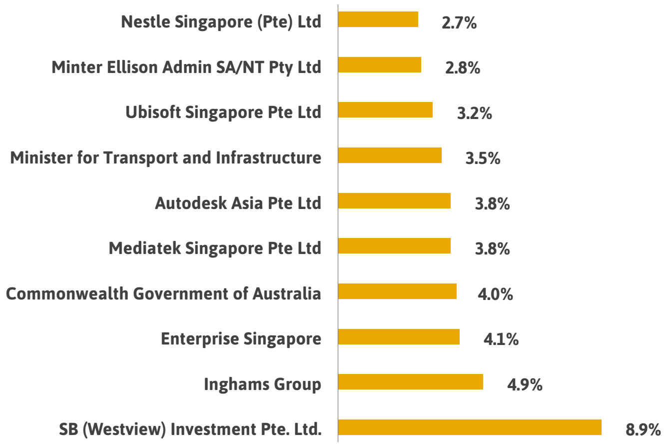


Soilbuild REIT's gross rental income is well-distributed among Multinational Corporations, SGX Listed Corporations, Small and Medium Enterprises ("**SMEs**") and government agencies, spread over its portfolio of 137 tenants. The Manager conducts regular reviews on the credit risk profile of its tenants 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[(1)].

(1) Excludes 14 Mort Street and Inghams Burton due to low tenant credit risk.

Diversified Tenant Base

Soilbuild REIT's portfolio consists of a high quality and diversified tenant base. The top 10 tenants contributed 41.7% of the portfolio's monthly gross rental income as at 31 December 2019, a reduction from 45.5% in the preceding year. This helps to mitigate concentration risk and reduce our reliance on a single tenant. 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. Our expansion into Australia has further strengthened our tenant base, with the Commonwealth of Australia, Inghams Group, Minister for Transport and Infrastructure and Minter Ellison Admin SA/NT Pty Ltd making up the top 10 tenants.



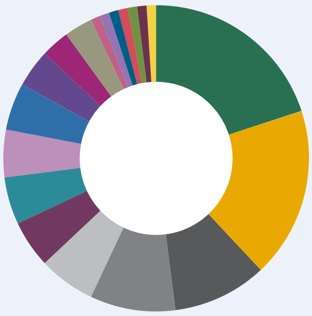
No.	Tenant	% of Gross Rental Income	Property
1	SB (Westview) Investment Pte. Ltd.	8.9%	Bukit Batok Connection
2	Inghams Group	4.9%	Inghams Burton
3	Enterprise Singapore	4.1%	Solaris
4	Commonwealth Government of Australia	4.0%	14 Mort Street
5	Mediatek Singapore Pte. Ltd.	3.8%	Solaris
6	Autodesk Asia Pte. Ltd.	3.8%	Solaris
7	Minister for Transport and Infrastructure	3.5%	25 Grenfell Street
8	Ubisoft Singapore Pte. Ltd.	3.2%	Solaris
9	Minter Ellison Admin SA/NT Pte. Ltd.	2.8%	25 Grenfell Street
10	Nestle Singapore (Pte) Ltd.	2.7%	Eightrium @ Changi Business Park

TRADE SECTOR **ANALYSIS**

Soilbuild REIT's tenant diversification across trade sectors mitigates concentration risk and enhances its portfolio resilience. With the acquisition of 25 Grenfell Street in Adelaide completed in November 2019, the REIT has greater diversification by trade sector with new tenants in trade sectors such as the financial sector, commercial services and co-working space.

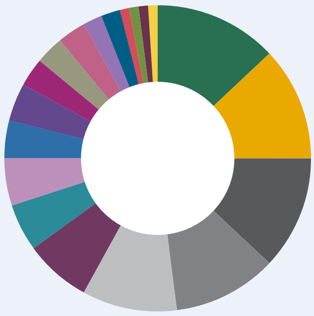
No single trade sector accounts for more than 13.0% of the portfolio's monthly gross rental income. The charts below provide an overview of the different trade sectors by NLA and gross rental income.

TRADE SECTOR DIVERSIFICATION BY NLA
As at 31 December 2019



TRADE SECTORS BY NLA	(% OF NLA)
Others	19.7%
Precision Engineering, Electrical and Machinery Products	18.3%
Real Estate and Construction	11.7%
Fabricated Metal Products	8.6%
Government Agency	6.6%
Marine Offshore	5.1%
Information Technology	5.0%
Chemicals	5.0%
Electronics	4.8%
Supply Chain Management, 3rd Party Logistics, Freight Forwarding	3.7%
Commercial Services	2.9%
Publishing, Printing & Reproduction of Recorded Media	2.6%
Food Products & Beverages	2.3%
Oil & Gas	1.5%
Education & Social Services	0.6%
Telecommunication & Datacentre	0.5%
Pharmaceutical & Biological	0.4%
Co-Working Space	0.4%
Financial	0.3%
Total	**100.0%**

TRADE SECTOR DIVERSIFICATION BY GROSS RENTAL INCOME
As at 31 December 2019



TRADE SECTORS BY GROSS RENTAL INCOME	(% OF INCOME)
Precision Engineering, Electrical and Machinery Products	13.0%
Others	12.7%
Government Agency	12.0%
Information Technology	11.6%
Real Estate and Construction	11.1%
Electronics	7.7%
Commercial Services	5.8%
Fabricated Metal Products	5.0%
Food Products & Beverages	3.6%
Chemicals	3.5%
Publishing, Printing & Reproduction of Recorded Media	3.2%
Marine Offshore	2.8%
Supply Chain Management, 3rd Party Logistics, Freight Forwarding	1.9%
Education & Social Services	1.5%
Telecommunication & Datacentre	1.3%
Pharmaceutical & Biological	1.1%
Oil & Gas	0.8%
Financial	0.7%
Co-Working Space	0.7%
Total	**100.0%**

EIGHTRIUM @ CHANGI BUSINESS PARK

COMMENTARY BY BEST WORLD INTERNATIONAL LTD.

"Best World International is a Singapore headquartered company specialising in the development and distribution of premium skin care, personal care, nutritional and wellness products. After listing on the Singapore Exchange in July 2004, Best World has grown in strides to become a key regional player, having entered into 12 markets in Asia and the Middle East. Best World also manufactures and distributes the Aurigen line of supplements in China through drugstores across China. The quality space offered by Soilbuild in Eightrium has provided us with a conducive environment to develop a positive, harmonious and respectable working community and to maintain our competitive edge through continuous product innovation. Soilbuild has provided us with good customer service and flexibility to meet our business requirements and we look forward to building a good working relationship with them."

MR. HUANG BAN CHIN
Chief Operating Officer
Best World International Ltd.

Feature Property Type
BUSINESS PARK
Refer to Page 32 to find out more

PORTFOLIO **OVERVIEW**

PROPERTY PORTFOLIO STATISTICS

	As at 31 December 2019	As at 31 December 2018
Number of Properties	**14**	13
NLA (million sq ft)	**4.30**	4.03
Portfolio Carrying Value (S$ million)	**1,384.9**(1)	1,229.7
Portfolio Occupancy (%)	**84.0**	89.5
WALE (by gross rental income) (years)	**3.4**	3.9

As at 31 December 2019, Soilbuild REIT's portfolio comprises 11 properties in Singapore and 3 properties in Australia, which accounted for 82.7% and 17.3% of the portfolio carrying value respectively. Total assets under management grew 12.6% from S$1,229.7 million as at 31 December 2018 to S$1,384.9 million as at 31 December 2019. The increase was mainly due to the acquisition of 25 Grenfell Street in Adelaide which was completed on 1 November 2019.

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.

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.

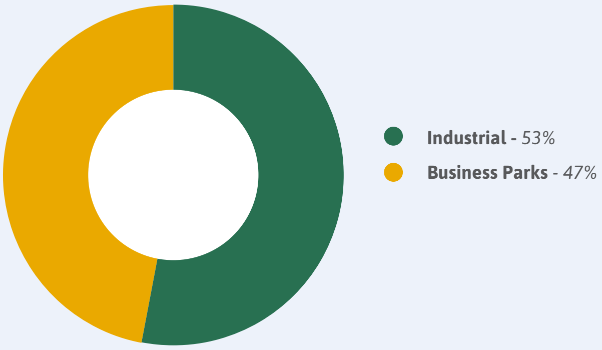
In FY2018, the Manager acquired two properties in Australia - namely 14 Mort Street in Canberra and Inghams Burton in Adelaide. 14 Mort Street is a commercial office building located on the eastern side of Mort Street between Cooyong Street and Bunda Street within the Canberra City. The building is in 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.

In FY2019, the Manager acquired its second property in Adelaide and its third Australia asset known as 25 Grenfell Street. 25 Grenfell Street is a multi-tenanted freehold Grade A office building centrally located within the core of Adelaide's CBD. The property comprises of 22 levels of office floors on top of 2 levels of retail floors together with 30 car park spaces and end-of-trip facilities. Key tenants within the building include the Government of South Australia, international law firms Minter Ellison and Lipman Karas as well as property consultant Jones Lang Lasalle.

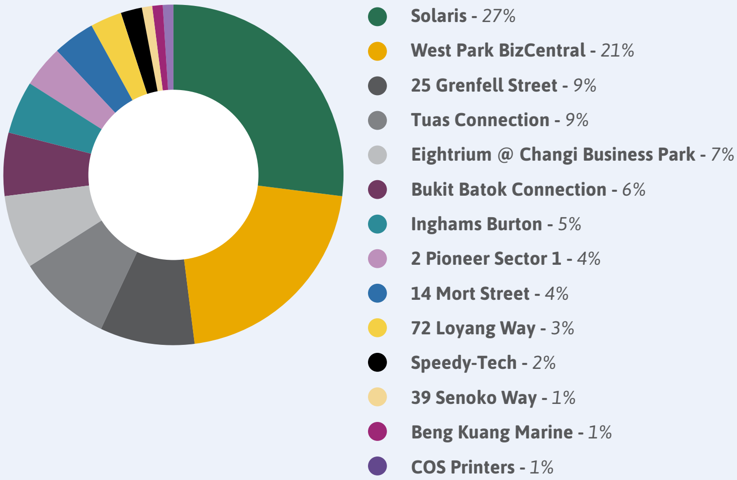
(1) Including right-of-use assets.

PORTFOLIO OVERVIEW

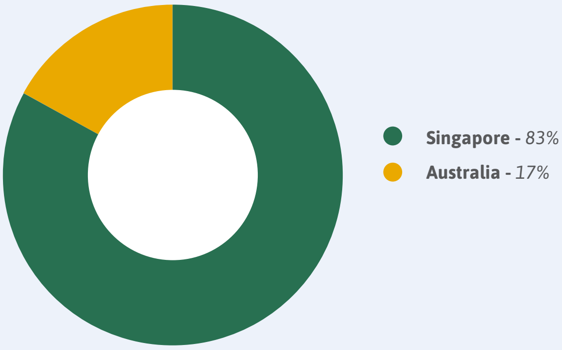
Portfolio Asset Value by Asset Class



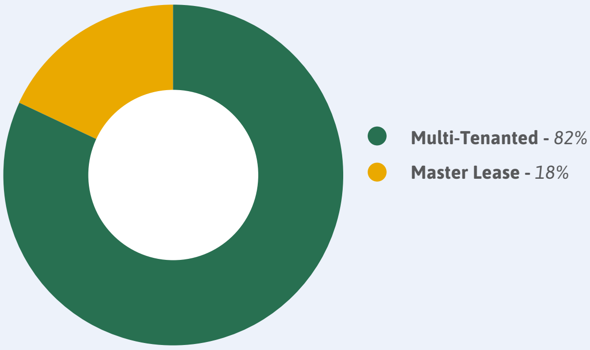
Portfolio Property by Asset Value



Asset Value by Geography

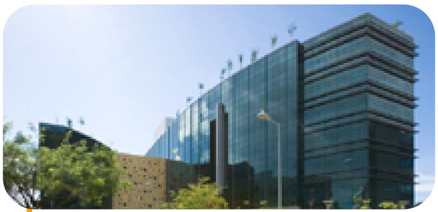


Asset Value of Single-tenanted and Multi-tenanted buildings



PORTFOLIO **OVERVIEW**

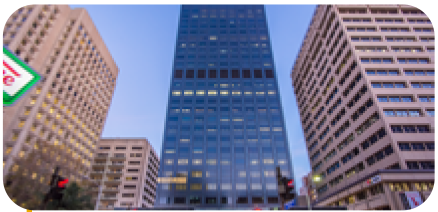
PORTFOLIO **OVERVIEW**



01 **Eightrium @ Changi Business Park**
NLA: 177,745 sq ft
Valuation: S$95.0 million (S$102.5 million including right-of-use assets)

02 **Solaris**
NLA: 442,755 sq ft
Valuation: S$377.5 million

03 **14 Mort Street, Canberra**
NLA: 101,004 sq ft
Valuation: S$50.5 million (A$53.5 million)



04 **25 Grenfell Street, Adelaide**
NLA: 269,520 sq ft
Valuation: S$126.7 million (A$134.3 million)

05 **Tuas Connection**
NLA: 651,072 sq ft
Valuation: S$109.1 million (S$125.3 million including right-of-use assets)

06 **West Park BizCentral**
NLA: 1,240,583 sq ft
Valuation: S$295.5 million

07 **2 Pioneer Sector 1**
NLA: 312,375 sq ft
Valuation: S$48.3 million (S$59.0 million including right-of-use assets)

08 **COS Printers**
NLA: 58,752 sq ft
Valuation: S$8.5 million

09 **Beng Kuang Marine**
NLA: 73,737 sq ft
Valuation: S$14.0 million

10 **39 Senoko Way**
NLA: 95,250 sq ft
Valuation: S$16.7 million

11 **Speedy-Tech**
NLA: 93,767 sq ft
Valuation: S$22.9 million

12 **72 Loyang Way**
NLA: 171,293 sq ft
Valuation: S$33.0 million (S$34.5 million including right-of-use assets)

13 **Bukit Batok Connection**
NLA: 377,776 sq ft
Valuation: S$89.4 million

14 **Inghams Burton, Adelaide**
NLA: 230,608 sq ft
Valuation: S$61.8 million (A$65.5 million)

Business Park Properties
Industrial Properties

Notes:
(1) Valuations of the Singapore properties were based on Savills & Colliers' valuations dated 31 December 2019 for business park properties and industrial properties respectively.

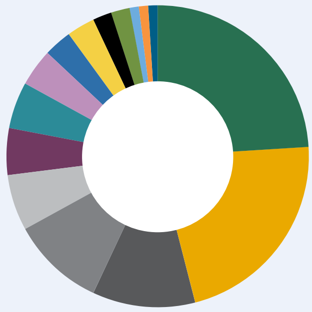
(2) Valuations of the Australia properties were based on Colliers' valuations for 14 Mort Street and Inghams Burton dated 31 December 2019 and for 25 Grenfell Street dated 1 November 2019, on the exchange rate of A$1:00:S$0.94.

BUSINESS PARK **PROPERTIES**

KEY STATISTICS (AS AT 31 DECEMBER 2019)

NUMBER OF PROPERTIES	4
GROSS FLOOR AREA	1,136,170 sq ft
NUMBER OF TENANTS	58
GROSS REVENUE (FY2019)	S$40.3 million
OCCUPANCY	91.0%
VALUATION	S$649.7 million (S$657.2 million including right-of-use assets)
% OF PORTFOLIO (BY CARRYING VALUE)	47.5%

TENANT TRADE SECTORS IN BUSINESS PARKS (BY GROSS RENTAL INCOME)



TRADE SECTOR	% OF TOTAL GROSS RENTAL INCOME
Education & Social Services	23.2%
Precision Engineering, Electrical and Machinery Products	22.5%
Financial	11.2%
Commercial Services	10.6%
Real Estate and Construction	6.2%
Government Agency	4.6%
Food Products & Beverages	4.3%
Publishing, Printing & Reproduction of Recorded Media	4.2%
Pharmaceutical & Biological	2.9%
Telecommunication & Datacentre	2.6%
Co-Working Space	2.1%
Information Technology	1.6%
Chemicals	1.4%
Electronics	1.3%
Others	1.3%

TOP FIVE BUSINESS PARK TENANTS

NO.1
Enterprise Singapore
Property - Solaris
Trade Sector - Government Agency
% of Portfolio gross rental income - 4.1%

NO.2
Commonwealth Government of Australia
Property - 14 Mort Street
Trade Sector - Government Agency
% of Portfolio gross rental income - 4.0%

NO.3
Mediatek Singapore Pte Ltd
Property - Solaris
Trade Sector - Electronics
% of Portfolio gross rental income - 3.8%

NO.4
Autodesk Asia Pte Ltd
Property - Solaris
Trade Sector - Information Technology
% of Portfolio gross rental income - 3.8%

NO.5
Minister for Transport and Infrastructure
Property - 25 Grenfell Street
Trade Sector - Government Agency
% of Portfolio gross rental income - 3.5%

BUSINESS PARK **PROPERTIES**

SOLARIS AWARDS

2019
- **BCA Green Mark Platinum Award Re-certification**
  (Existing Building for Non-Residential Buildings)

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)**

BUSINESS PARK **PROPERTIES**

01 EIGHTRIUM @ CHANGI BUSINESS PARK

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	**82.7%**
Number of Tenants	**12**
FY2019 Gross Rental Revenue	**S$6.4 million**
Valuation[2]	**S$95.0 million (S$102.5 million including right-of-use assets)**
Purchase Price	**S$91.4 million**
Lease Type	**Multi-tenanted**

Notes:

1 Tenure of underlying land;

2 Based on Savills' valuation dated 31 December 2019.

ABOUT EIGHTRIUM @ CHANGI BUSINESS PARK

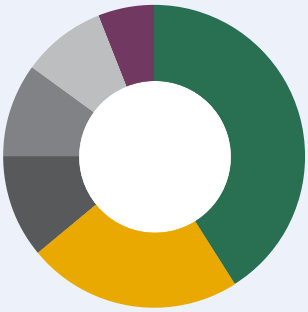
Eightrium @ Changi Business Park is a distinctive business park development suitable for both MNCs and SMEs in research development, high-technology and knowledge-intensive industries. It comprises an eight-storey east wing and a five-storey west wing interlinked by a five-storey atrium. Its east wing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

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

Trade Sector Analysis

The chart below provides a breakdown of the different trade sectors represented in Eightrium @ Changi Business Park (as at 31 December 2019) by gross rental income.

EIGHTRIUM TENANT TRADE SECTOR BY GROSS RENTAL INCOME



TRADE SECTOR	% OF TOTAL GROSS RENTAL INCOME
Food Products & Beverages	40.7%
Information Technology	23.9%
Real Estate and Construction	10.6%
Education & Social Services	9.1%
Others	8.6%
Precision Engineering, Electrical and Machinery Products	7.1%

BUSINESS PARK **PROPERTIES**

ABOUT SOLARIS

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

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

Solaris has won multiple accolades for its integrated green design, including the BCA Green Mark Platinum Award in 2009 and 2019 (re-certification) 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 Prix D'Excellence Awards in 2016.

BUSINESS PARK **PROPERTIES**

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	94.0%
Number of Tenants	20
FY2019 Gross Rental Revenue	S$28.7 million
Valuation [4]	S$377.5 million
Purchase Price	S$293.4 million
Lease Type	Multi-Tenanted

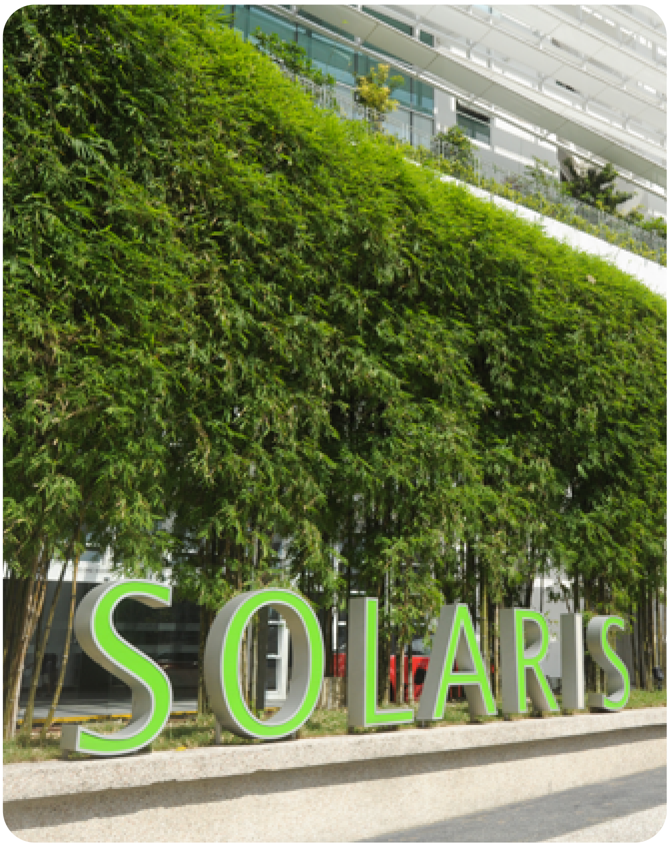
Notes:

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 Agreement with JTC dated 17 March 2015 to convert the annual land rental payment scheme to an upfront land premium payment scheme.

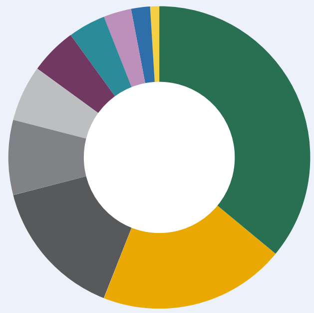
4 Based on Savills' valuation dated 31 December 2019.



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 2019) by gross rental income.

SOLARIS TENANT TRADE SECTORS BY GROSS RENTAL INCOME



TRADE SECTOR	% OF TOTAL GROSS RENTAL INCOME
Information Technology	36.0%
Electronics	19.7%
Government Agency	14.6%
Publishing, Printing & Reproduction of Recorded Media	8.0%
Precision Engineering, Electrical and Machinery Products	6.9%
Telecommunication & Datacentre	4.8%
Pharmaceutical & Biological	3.9%
Chemicals	3.0%
Education & Social Services	2.3%
Food Products & Beverages	0.8%

BUSINESS PARK **PROPERTIES**

03 **14 MORT STREET, CANBERRA**

ABOUT 14 MORT STREET

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.

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**
FY2019 Gross Rental Revenue	**S$3.6 million**
Valuation [3]	**S$50.5 million (A$53.5 million)**
Purchase Price [4]	**S$54.6 million (A$55.0 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 December 2019 and based on exchange rate of A$1.00:S$0.94.

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

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.

BUSINESS PARK **PROPERTIES**

ABOUT 25 GRENFELL STREET

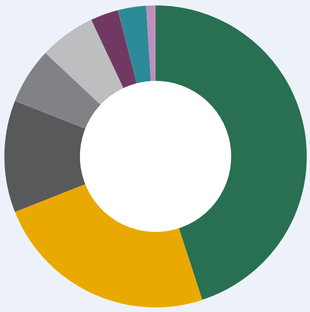
25 Grenfell Street is an iconic multi-tenanted freehold Grade A office building centrally located within the core of Adelaide's Central Business District. The property has a site area of 1,968 sqm and NLA of 24,969 sqm comprising of 22 levels of office floors on top of 2 levels of retail floors together with 30 car park spaces and end-of-trip facilities. Key tenants of the building include the Government of South Australia, law firms Minter Ellison and Lipman Karas and Jones Lang Lasalle.

The property is located on the southern side of Grenfell Street, east of King William Street and directly opposite the City Cross Arcade which links directly to Rundle Mall, the longest and one of the busiest malls in Australia. The historic Stock Exchange building to the rear of the property has long been regarded as the centre of the Adelaide core business precinct, surrounded by office towers and close to the Adelaide Town Hall and General Post Office. Completed in 1975 with refurbishments carried out in the 1990s and 2007, the building currently has a 3.5-star NABERS [1] Energy Rating.

Address	25 Grenfell Street, Adelaide
Acquisition Date	1 November 2019
Term of lease	Freehold
Land Area (sq ft)	21,184
GFA (sq ft)	269,520
Committed Occupancy Rate [2]	88.1%
Number of Tenants	25
FY2019 Gross Rental Revenue	S$1.6 million
Valuation [3]	S$126.7 million (A$134.3 million)
Purchase Price [4]	S$127.5 million (A$134.2 million)
Lease Type	Multi-Tenanted

The chart below provides a breakdown of the different trade sectors of the underlying tenants represented in 25 Grenfell Street (as at 31 December 2019) by gross rental income.

25 GRENFELL ST TENANT TRADE SECTORS BY GROSS RENTAL INCOME



TRADE SECTOR	% OF TOTAL GROSS RENTAL INCOME
Commercial Services	44.0%
Government Agency	29.6%
Real Estate and Construction	11.0%
Financial	5.3%
Co-Working Space	5.2%
Food Products & Beverages	2.1%
Education & Social Services	1.8%
Others	1.0%

Notes:

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

2 Inclusive of a committed lease which commences in May 2020, comprising 10% of the building's NLA.

3 Based on valuation carried out by Colliers International Valuation & Advisory Services (SA) as at 1 November 2019 and on the exchange rate of A$1:00:S$0.94.

4 Based on the exchange rate of A$1.00:S$0.95, net of outstanding incentives.

INDUSTRIAL **PROPERTIES**

KEY STATISTICS (AS AT 31 DECEMBER 2019)

NUMBER OF PROPERTIES	10
GROSS FLOOR AREA	3,461,968 sq ft
NUMBER OF TENANTS	79
GROSS REVENUE (FY2019)	S$48.8 million
OCCUPANCY	81.9%
VALUATION	S$699.2 million (S$727.7 million including right-of-use assets)
% OF PORTFOLIO (BY CARRYING VALUE)	52.5%

Notes:
1 Excluding underlying tenants in Bukit Batok Connection

TOP FIVE INDUSTRIAL TENANTS

NO.1
SB (Westview) Investment Pte Ltd
Property - Bukit Batok Connection
Trade Sector - Real Estate and Construction
% of Portfolio gross rental income - 8.9%

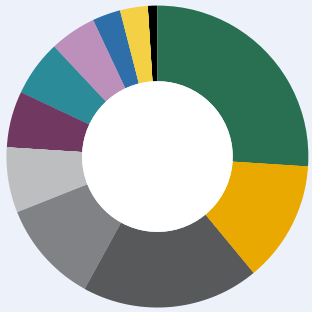
NO.2
Inghams Group
Property - Inghams Burton
Trade Sector - Others
% of Portfolio gross rental income - 4.9%

NO.3
Dyson Operations
Property - West Park BizCentral
Trade Sector - Precision Engineering, Electrical and Machinery Products
% of Portfolio gross rental income - 2.2%

NO.4
Speedy-Tech
Property - Speedy-Tech
Trade Sector - Electronics
% of Portfolio gross rental income - 2.2%

NO.5
PICCO Enterprise Pte Ltd
Property - Beng Kuang Marine
Trade Sector - Marine Offshore, Oil & Gas
% of Portfolio gross rental income - 1.2%

TENANT TRADE SECTORS IN INDUSTRIAL PROPERTIES (BY GROSS RENTAL INCOME)



TRADE SECTOR	% OF TOTAL GROSS RENTAL INCOME
Others	24.7%
Precision Engineering, Electrical and Machinery Products	21.9%
Real Estate and Construction	18.5%
Fabricated Metal Products	10.4%
Marine Offshore	5.8%
Chemicals	5.6%
Electronics	4.5%
Supply Chain Management, 3rd Party Logistics, Freight Forwarding	4.0%
Publishing, Printing & Reproduction of Recorded Media	2.1%
Oil & Gas	1.6%
Food Products & Beverages	0.9%

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)

INDUSTRIAL PROPERTIES

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	93.2%
Number of Tenants	14
FY2019 Gross Rental Revenue	S$9.5 million
Valuation (2)	S$109.1 million (S$125.3 million including right-of-use assets)
Purchase Price	S$122.7 million
Lease Type	Multi-tenanted

Notes:
1 Tenure of underlying land.
2 Based on Colliers' valuation dated 31 December 2019.

ABOUT TUAS CONNECTION

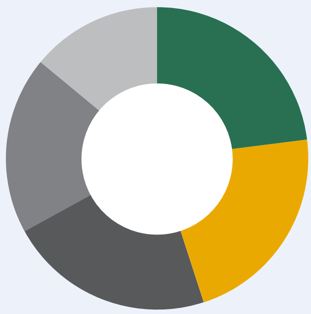
Tuas Connection is an enclave of two-storey detached and semi-detached modern factory units with dedicated private compounds designed for heavy engineering, offshore oil & gas and marine industries, petrochemical and energy sectors. The functional layout and specifications of the factories feature wide production spaces that span 20 to 30 metres, floor to ceiling height of 12 metres with ample headroom for overhead cranes, a production floor loading capacity of 20.0kN/m^2 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.

Trade Sector Analysis

The chart below provides a breakdown of the different trade sectors represented in Tuas Connection (as at 31 December 2019) by gross rental income.

TENANT TRADE SECTORS IN INDUSTRIAL PROPERTIES (BY GROSS RENTAL INCOME)



TRADE SECTOR	% OF TOTAL GROSS RENTAL INCOME
Precision Engineering, Electrical and Machinery Products	23.2%
Fabricated Metal Products	22.5%
Chemicals	22.2%
Others	18.4%
Marine Offshore	13.7%

INDUSTRIAL **PROPERTIES**

Address	**20 to 32 (Even No.) Pioneer Crescent, Singapore 628555 to 628561**
Acquisition Date	**16 August 2013**
Term of lease [1]	**60 years (From 1 August 2008)**
Land Area (sq ft)	**565,790**
Land Rent	**Land Premium paid upfront by Vendor until 31 July 2038**
GFA (sq ft)	**1,414,600**
Occupancy Rate	**90.0%**
Number of Tenants	**49**
FY2019 Gross Rental Revenue	**S$17.4 million**
Valuation [2]	**S$295.5 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 2019.

ABOUT WEST PARK BIZCENTRAL

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

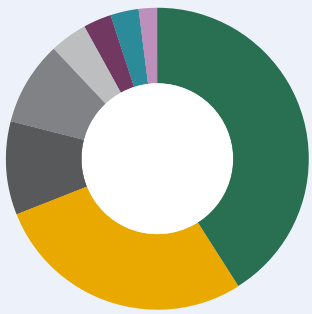
West Park BizCentral won a Gold Award in 2009 from Singapore's BCA under its Green Mark scheme. In 2015, it clinched the Asia Pacific Property Awards and the Singapore Property Awards under the best Industrial Development category.

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

Trade Sector Analysis

The chart below provides a breakdown of the different trade sectors represented in West Park BizCentral (as at 31 December 2019) by gross rental income.

WEST PARK BIZCENTRAL TENANT TRADE SECTORS BY GROSS RENTAL INCOME



TRADE SECTOR	% OF TOTAL GROSS RENTAL INCOME
Precision Engineering, Electrical and Machinery Products	41.2%
Others	28.6%
Supply Chain Management, 3rd Party Logistics, Freight Forwarding	9.6%
Fabricated Metal Products	9.6%
Oil & Gas	4.0%
Chemicals	3.2%
Food Products & Beverages	2.3%
Marine Offshore	1.5%

INDUSTRIAL **PROPERTIES**

ABOUT 2 PIONEER SECTOR 1

2 Pioneer Sector 1 is a property consisting of seven blocks of office, laboratory, warehouse and production facilities and associated structures.

2 Pioneer Sector 1 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.

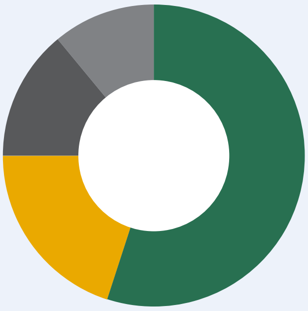
Address	**2 Pioneer Sector 1, Singapore 628414**
Acquisition Date	**15 February 2013**
Term of lease [1]	**60 years (From 1 October 1986)**
Land Area (sq ft)	**572,529**
Land Rent	**Annual Land Rental Scheme**
GFA (sq ft)	**312,375**
Occupancy Rate	**23.3%**
Number of Tenants	**4**
FY2019 Gross Rental Revenue	**S$3.9 million**
Valuation [2]	**S$48.3 million (S$59.0 million including right-of-use assets)**
Purchase Price	**S$60.0 million**
Lease Type	**Multi-Tenanted**

Notes:
1 Tenure of underlying land.
2 Based on Colliers' valuation dated 31 December 2019.

Trade Sector Analysis

The chart below provides a breakdown of the different trade sectors represented in 2 Pioneer Sector 1 (as at 31 December 2019) by gross rental income.

2 PIONEER SECTOR 1 TENANT TRADE SECTORS BY GROSS RENTAL INCOME



TRADE SECTOR	% OF TOTAL GROSS RENTAL INCOME
Fabricated Metal Products	54.9%
Supply Chain Management, 3rd Party Logistics, Freight Forwarding	19.6%
Precision Engineering, Electrical and Machinery Products	14.4%
Others	11.1%

INDUSTRIAL PROPERTIES

ABOUT COS PRINTERS

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

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

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
FY2019 Gross Rental Revenue	S$1.0 million
Valuation (2)	S$8.5 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 2019.

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.

INDUSTRIAL PROPERTIES

09 BENG KUANG MARINE

ABOUT BENG KUANG MARINE

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

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

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
FY2019 Gross Rental Revenue	S$1.2 million
Valuation (2)	S$14.0 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 2019.

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.

INDUSTRIAL **PROPERTIES**

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	2
FY2019 Gross Rental Revenue	S$0.7 million
Valuation (2)	S$16.7 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 2019.

ABOUT 39 SENOKO WAY

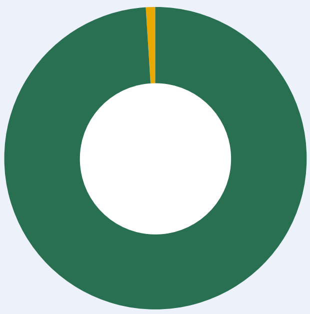
39 Senoko Way is a four-storey industrial facility which comprises production, warehouse, ancillary administrative area and dormitory accommodation. A single level annex complements the use of the existing building.

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.

Trade Sector Analysis

The chart below provides a breakdown of the different trade sectors represented in 39 Senoko Way (as at 31 December 2019) by gross rental income.

39 SENOKO WAY TENANT TRADE SECTORS BY GROSS RENTAL INCOME



TRADE SECTOR	% OF TOTAL GROSS RENTAL INCOME
Fabricated Metal Products	99.2%
Others	0.8%

INDUSTRIAL PROPERTIES

11 SPEEDY-TECH

ABOUT SPEEDY-TECH

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

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

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**
FY2019 Gross Rental Revenue	**S$2.0 million**
Valuation [2]	**S$22.9 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 2019.

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.

INDUSTRIAL **PROPERTIES**

12 72 LOYANG WAY

ABOUT 72 LOYANG WAY

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

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

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	**25.8%**
Number of Tenants	**3**
FY2019 Gross Rental Revenue	**S$0.9 million**
Valuation [2]	**S$33.0 million (S$34.5 million including right-of-use assets)**
Purchase Price	**S$97.0 million**
Lease Type	**Multi-Tenanted**

Notes:

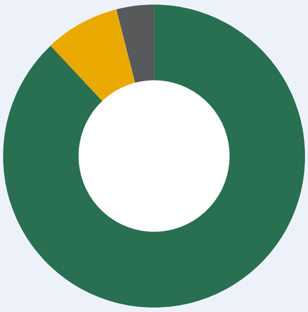
1 Tenure of underlying land.

2 Based on Colliers' valuation dated 31 December 2019.

Trade Sector Analysis

The chart below provides a breakdown of the different trade sectors represented in 72 Loyang Way (as at 31 December 2019) by gross rental income.

72 LOYANG WAY TENANT TRADE SECTORS BY GROSS RENTAL INCOME



TRADE SECTOR	% OF TOTAL GROSS RENTAL INCOME
Precision Engineering, Electrical and Machinery Products	87.7%
Marine Offshore	7.7%
Oil & Gas	4.6%

INDUSTRIAL **PROPERTIES**

13 BUKIT BATOK CONNECTION

ABOUT BUKIT BATOK CONNECTION

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

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

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**
FY2019 Gross Rental Revenue	**S$8.4 million**
Valuation [2]	**S$89.4 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 2019.

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.

INDUSTRIAL PROPERTIES

14 INGHAMS BURTON, ADELAIDE

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 (1)	3
FY2019 Gross Rental Revenue	S$3.9 million
Valuation (2)	S$61.8 million (A$65.5 million)
Purchase Price (3)	S$60.8 million (A$61.3 million)
Lease Type	Master Lease

Notes:

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

2 Based on Colliers International Valuation and Advisory Services (SA) valuation dated 31 December 2019 and on the exchange rate of A$1:00:S$0.94.

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

ABOUT INGHAMS BURTON

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.

TUAS CONNECTION

COMMENTARY BY ELOMART PTE. LTD.

“Elomart Pte. Ltd is involved in the research of water science, and is known for its development of its proprietary technology that injects life back into water – as nature intended. Our original invention, known as ELO or ‘living water’ coupled with strong engineering expertise, has since been stabilized and perfected. Our company embodies our belief that water, in its most natural state, is alive and has health-enhancing benefits. Today, more research is underway on the health-enhancing benefits of ELO Water to validate the numerous anecdotal testimonies of ELO water consumers. Leveraging on the power of ELO water, we have invested into more scientific research and have developed a range of products to bring holistic wellness back into people’s lives. The facility at Tuas Connection provided by Soilbuild REIT is strategically located to meet our industry needs. Soilbuild REIT has provided us with good customer service and flexibility to meet our company requirements and we would like to continue building our relationship with this landlord.”

DR. VENKI
Senior Director (Technology and Research)
Elomart Ltd

Feature Property Type
INDUSTRIAL
Refer to Page 38 to find out more

FINANCIAL REVIEW

	FY2019 S$'000	FY2018 S$'000	VARIANCE %
Gross revenue	**89,069**	83,765	6.3
Property operating expenses	**(18,048)**	(13,836)	(30.4)
Net property income	**71,021**	69,929	1.6
Interest Income	**363**	1,353	(73.2)
Foreign exchange gain/(loss)	**345**	(772)	n.m.
(Loss)/gain on derivative financial instruments	**(37)**	40	n.m.
Gain on divestment of a property held for sale	**-**	1,740	(100.0)
Finance expenses	**(17,385)**	(15,359)	(13.2)
Finance expenses on leases (FRS 116)	**(1,941)**	-	n.m.
Manager's management fees	**(4,855)**	(5,590)	13.1
Trustee's fees	**(260)**	(212)	(22.6)
Other trust expenses	**(924)**	(998)	7.4
Net income before tax	**46,327**	50,131	(7.6)
Net change in fair value of investment properties and a property held for sale	**(10,920)**	1,410	n.m.
Tax expense	**(1,583)**	(75)	(2,010.7)
Total return before distribution	**33,824**	51,466	(34.3)
Amount reserved for distribution to perpetual securities holders	**(3,900)**	(1,026)	(280.1)
Net effect of non-tax deductible items (1)	**16,072**	5,456	194.6
Distribution from capital (2)	**2,557**	-	n.m.
Total amount available for distribution	**48,553**	55,896	(13.1)

Notes:

(1) Includes net change in fair value of investment properties and a property held for sale, manager's fees in units, income attributable to perpetual securities holders, amortised debt arrangement, prepayment and structuring fees, deferred tax expenses, Singapore Trustee fees, non-tax deductible financing related expenses, unrealised/capital foreign exchange gains/losses, unrealised gains/losses on derivative financial instruments, non-tax deductible funding cost for the Australia acquisitions, foreign subsidiaries' income not yet remitted to Singapore, etc.

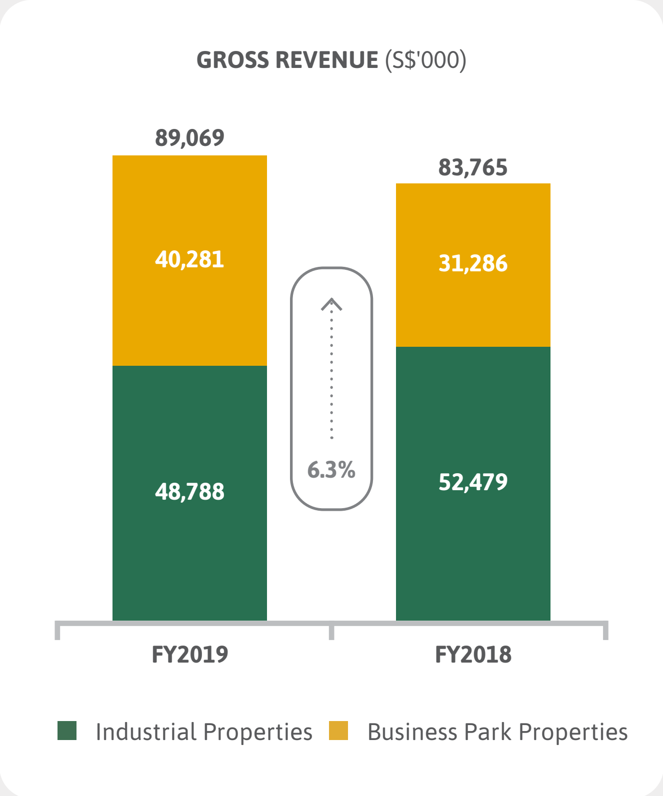
(2) This relates to the distribution of (i) income repatriated from Australia by way of tax deferred distributions, (ii) reimbursement received from vendors in relation to outstanding incentives that were subsisting at the point of the completion of the acquisition of properties in Australia. Such distributions are deemed to be capital distribution from a tax perspective and are not taxable in the hands of Unitholders, except for Unitholders who are holding the Units as trading assets.

(3) N.m. denotes not meaningful.

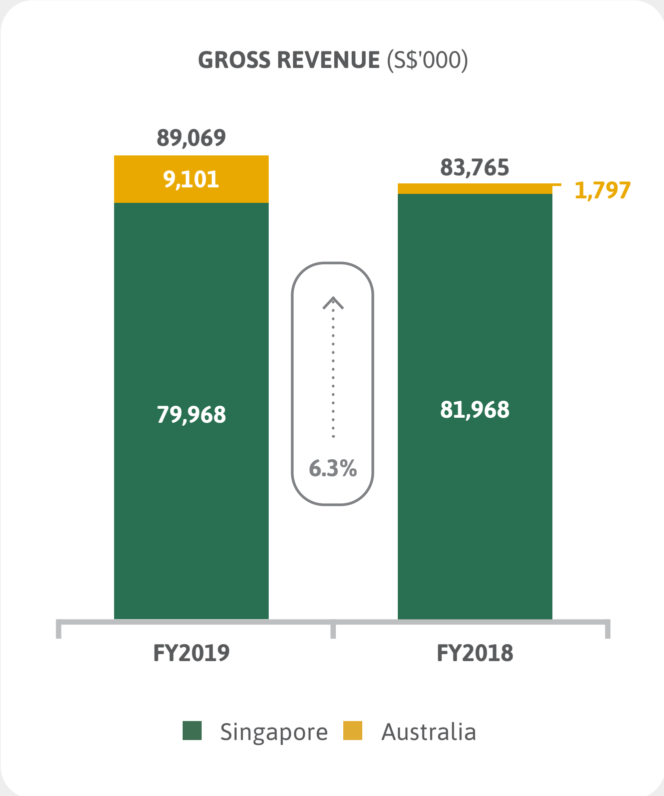
FINANCIAL REVIEW

GROSS REVENUE

By Business Segment



By Geographical Segment



Gross revenue was S$89.1 million in YTD FY2019 which was S$5.3 million or 6.3% higher year-on-year ("**y-o-y**"). The increase in revenue was largely attributed to the following:

(i) S$5.4 million higher contribution from Solaris. Solaris was converted into a multi-tenanted property in August 2018 upon the expiry of a master lease ("**Solaris Sponsor Master Lease**");

(ii) S$2.9 million higher contribution from Inghams Burton. Inghams Burton was acquired in October 2018;

(iii) S$2.8 million higher contribution from 14 Mort Street. 14 Mort Street was acquired in October 2018; and

(iv) S$1.6 million maiden revenue recognition for 25 Grenfell Street.

The above was partially offset by lower contribution from the following properties:

(i) S$3.7 million lower revenue from 72 Loyang Way. In FY2018, we had recognised revenue of S$3.25 million for 72 Loyang Way relating to liquidation proceeds from Technics Offshore Engineering Pte. Ltd. ("**TOE**");

(ii) S$1.2 million lower revenue from 2 Pioneer Sector 1. NK Ingredients Pte. Ltd. ("**NKI**") which is currently under judicial management defaulted on the lease at 2 Pioneer Sector 1. Management re-entered and took repossession of the premises in December 2019;

(iii) S$0.9 million lower revenue from 39 Senoko Way due to the full utilisation of the security deposit from Tellus Marine Engineering Pte Ltd ("**Tellus Marine**") in the first quarter of FY2019;

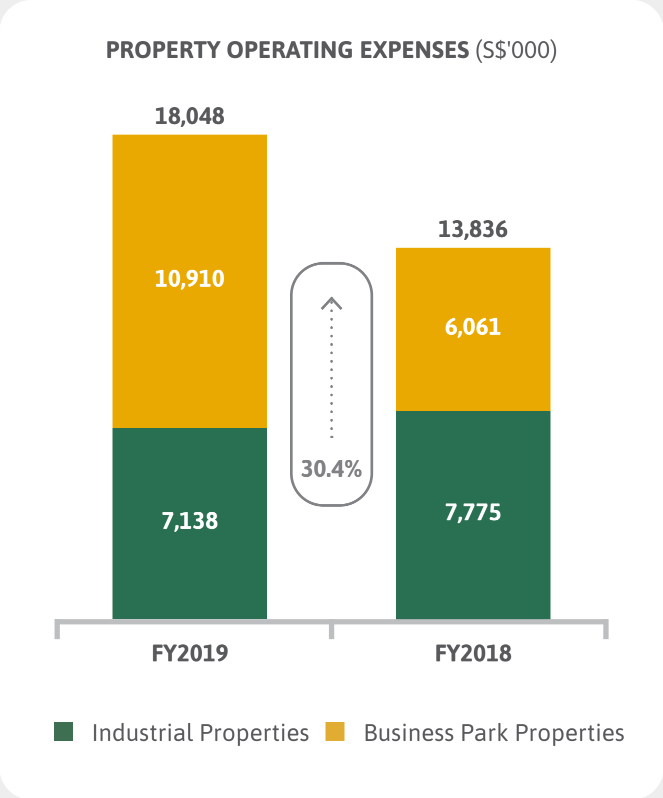
(iv) S$0.8 million lower revenue from Eightrium due to lower occupancy after a major tenant vacated the premises; and

(v) Absence of revenue contribution from KTL Offshore of S$0.7 million following the divestment of the property in February 2018.

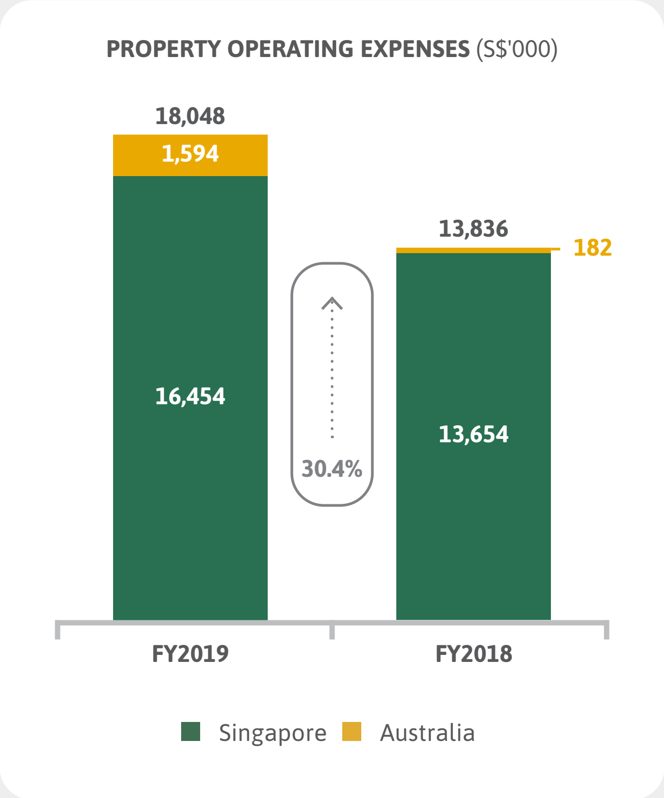
FINANCIAL REVIEW

PROPERTY OPERATING EXPENSES

By Business Segment



By Geographical Segment



Property operating expenses were S$18.0 million in YTD FY2019, S$4.2 million higher y-o-y mainly due to the following:

(i) S$4.0 million higher property expenses incurred for Solaris attributed to the conversion of Solaris into a multi-tenanted property;

(ii) S$1.4 million higher property expenses for the Australia properties due to the acquisition of 25 Grenfell Street and a full year of property expenses for 14 Mort Street;

(iii) S$0.4 million higher property expenses for 39 Senoko Way as the security deposit from Tellus Marine had been fully utilised; and

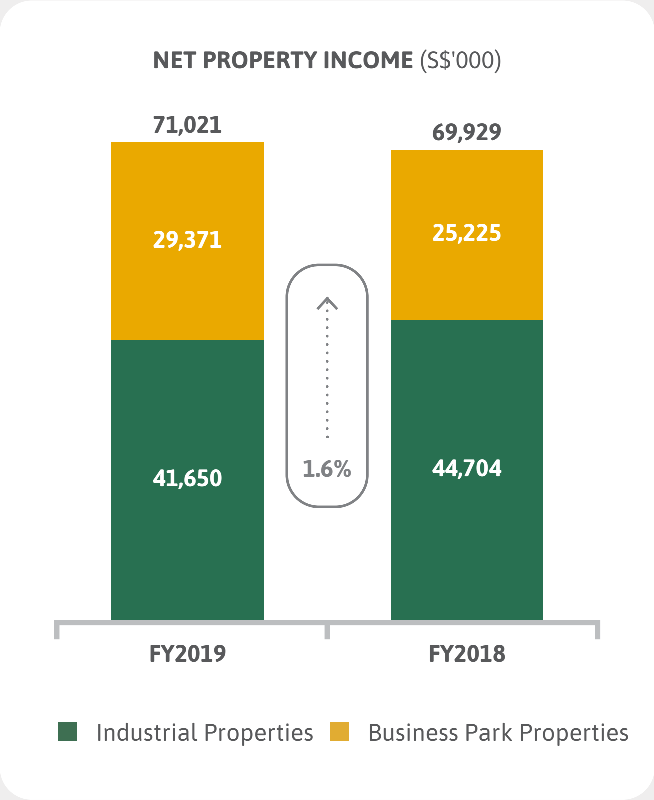
(iv) S$0.3 million higher property expenses for 2 Pioneer Sector 1 as the security deposit from NKI had been fully utilised.

The above is partially offset by a reduction of land rent of S$1.9 million following the adoption of FRS 116 *Leases*.

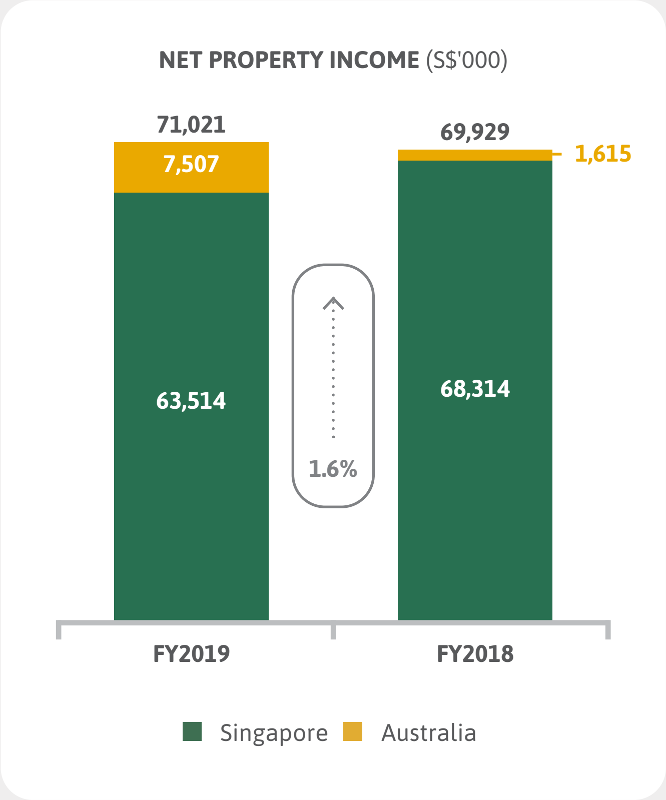
FINANCIAL REVIEW

NET PROPERTY INCOME

By Business Segment



By Geographical Segment



Net property income was 1.6% higher at S$71.0 million in YTD FY2019 from S$69.9 million in YTD FY2018 mainly due to higher revenue and partially offset by higher property operating expenses.

Net property income margin was 79.7%. The reduction in net property income margin by 3.8 percentage points was mainly due to the conversion of Solaris into a multi-tenanted property.

FINANCIAL **REVIEW**

INTEREST INCOME & FINANCE EXPENSES ("NET FINANCE EXPENSES")

Net finance expenses rose from S$14.0 million to S$17.0 million y-o-y.

The increase in net finance expenses was mainly attributed to the following:

(i) refinancing of a S$55.0 million interest-free loan from the Sponsor with interest-bearing loans upon the expiry of the Solaris Sponsor Master Lease;

(ii) the drawdown of a S$30.0 million loan to partially fund the acquisition of 25 Grenfell Street in 2019; and

(iii) full year finance expense for A$50.0 million loans drawn down to partly fund the acquisition of 14 Mort Street and Inghams Burton.

FINANCE EXPENSES ON LEASES

Finance expenses on leases of S$1.9 million arose from the adoption of FRS 116 Leases with effect from 1 January 2019. Prior to the adoption of FRS 116, land rent expenses were part of property operating expenses.

OTHER TRUST EXPENSES

Other trust expenses comprise mainly professional fees and on-going listing costs such as distribution administrative fees.

NET INCOME BEFORE TAX

Net income before tax of S$46.3 million was S$3.8 million or 7.6% lower y-o-y in the absence of a S$1.7 million gain on divestment of KTL Offshore. In addition, higher net finance expenses were incurred in FY2019.

NET CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

Net change in fair value of investment properties and a property held for sale of S$10.9 million relates largely to revaluation losses for Tuas Connection, Solaris and 2 Pioneer Sector 1 and partially offset by revaluation gains for West Park BizCentral, Eightrium @ Changi Business Park and Inghams Burton.

The capitalisation rate for Tuas Connection and Solaris increased by 0.25 percentage points each. 2 Pioneer Sector 1 was valued on a vacant possession basis.

FINANCIAL REVIEW

NON-TAX DEDUCTIBLE ITEMS AND OTHER ADJUSTMENTS

Non-tax deductible items were S$10.6 million higher largely due to the non-tax deductible net change in fair value of investment properties and a property held for sale.

DISTRIBUTION FROM CAPITAL

Distribution from capital of S$2.6 million includes the following:

(i) net income from the Australia properties amounting to S$1.5 million;

(ii) rental incentives borne by the vendors of 14 Mort Street and 25 Grenfell Street amounting to S$0.9 million; and

(iii) a rental guarantee from the vendor of 25 Grenfell Street of S$0.2 million. The rental guarantee contributed DPU of 0.016 cents in FY2019, equivalent to 0.4% of FY2019 DPU.

DISTRIBUTION HISTORY

PERIOD	PAYMENT DATE	DPU (CENTS)
1 January 2019 to 31 March 2019	23 May 2019	1.198
1 April 2019 to 30 June 2019	23 August 2019	1.179
1 July 2019 to 30 September 2019	21 November 2019	0.918
1 October 2019 to 31 December 2019	28 February 2020	0.925
Total		**4.220**

INCOME AVAILABLE FOR DISTRIBUTION AND DPU

Income available for distribution to Unitholders was S$48.6 million in FY2019, 13.1% lower y-o-y.

DPU fell 20.1% y-o-y to 4.220 cents. The decline in DPU was partially attributed to an enlarged unit base pursuant to a S$101.8 million preferential offering to partly fund the acquisition of 25 Grenfell Street.

VALUATION

As at 31 December 2019, Soilbuild REIT's investment properties and a property held for sale were valued at S$1,348.9 million. In addition, right-of-use assets amounting to S$36.0 million relating to future land rent payable to Jurong Town Corporation were capitalised in investment properties and corresponding lease liabilities were recognised.

Investment properties as at 31 December 2019 were accounted for at fair value based on the valuations undertaken by independent valuers, Savills Valuation and Professional Services (S) Pte Ltd ("**Savills**") and Colliers International Consultancy & Valuation (S) Pte Ltd ("**Colliers**") for Soilbuild REIT's Singapore business park and industrial properties respectively.

CIVAS (ACT) Pty Limited and CIVAS (SA) Pty Limited, both in the Colliers International Group completed independent valuations of 14 Mort Street, Canberra and Inghams Burton respectively as at 31 December 2019.

CIVAS (SA) Pty Limited had completed independent valuation of 25 Grenfell Street as at 1 November 2019.

FINANCIAL REVIEW

The valuation details are as follows:

Investment Properties (Valuation as at 31 December 2019 except 25 Grenfell Street)

S/N	PROPERTY NAME	SGD MILLION	AUD MILLION[1]
Singapore Portfolio			
Business Park Buildings (Valued by Savills)			
1.	Eightrium @ Changi Business Park	95.00	
2.	Solaris	377.50	
Industrial Buildings (Valued by Colliers)			
3.	Tuas Connection	109.10	
4.	West Park BizCentral	295.50	
5.	2 Pioneer Sector 1	48.30	
6.	COS Printers	8.50	
7.	Beng Kuang Marine	14.00	
8.	39 Senoko Way	16.70	
9.	Speedy-Tech	22.90	
10.	72 Loyang Way	33.00	
11.	Bukit Batok Connection	89.40	
Total investment properties and a property held for sale in Singapore		**1,109.90**	
Australia Portfolio (Valued by valuers in the Colliers International Group)			
12.	14 Mort Street, Canberra	50.49	53.50
13.	Inghams Burton, Adelaide	61.81	65.50
14.	25 Grenfell Street, Adelaide	126.69	134.25
Total investment properties in Australia		**238.99**	**253.25**
Total Portfolio		**1,348.89**	

1 Exchange rate used for 31 December 2019 is AUD 1.00: SGD 0.943692.

FINANCIAL REVIEW

NET ASSET VALUE

As at 31 December 2019, Soilbuild REIT's net asset value was S$0.59 per unit (2018: S$0.63 per unit). The decline in NAV per Unit was mainly attributed to a larger unit base and property revaluation losses.

PRUDENT CAPITAL MANAGEMENT

Soilbuild REIT has in place the following financing facilities:

(i) Secured term loan facility of S$200.0 million from the Oversea-Chinese Banking Corporation ("**OCBC**") and RHB Bank Berhad, Singapore Branch ("**RHB**");

(ii) Unsecured term loan facility of S$40.0 million from The Bank of East Asia, Limited, Singapore Branch ("**BEA**");

(iii) Unsecured medium term notes of S$88.0 million issued under Soilbuild REIT's $500,000,000 multi-currency debt issuance programme;

(iv) Unsecured term loan facility of S$30.0 million from the Hongkong and Shanghai Banking Corporation Limited ("**HSBC**");

(v) Unsecured term loan facility of S$70.0 million from United Overseas Bank Limited ("**UOB**");

(vi) Unsecured term loan facility of A$50.0 million from HSBC;

(vii) Unsecured term loan facility of S$18.5 million from the CTBC Bank Co. Ltd. ("**CTBC**"); and

(viii) Unsecured revolving credit loan facility of S$45.0 million from CIMB Bank Berhad, Singapore Branch ("**CIMB**")

As at 31 December 2019, Soilbuild REIT has S$15.0 million committed credit facility from CIMB.

The details of the financing facilities are set out in the financial statements section of the Annual Report under the note "Borrowings".

CAPITAL & RISK **MANAGEMENT**

CONSERVATIVE CAPITAL STRUCTURE

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

	FY2019	FY2018
Gross debt including deferred payments (S$ mil)	**524.5**[1]	488.3[2]
Debt facilities undrawn (S$ mil)	**15.0**	26.3
Deposited property excluding right-of-use assets included in investment properties and a property held for sale (S$ mil)	**1,371.4**	1,248.0
Aggregate Leverage	**38.2%**	39.1%
Weighted average term of debt	**2.5 years**	3.2 years
Average all-in interest cost (4Q)	**3.51%**	3.52%
Average all-in interest cost [3] (Full year)	**3.54%**	3.38%
Interest Cover (times) [4]	**3.7x**	4.6x

Notes:

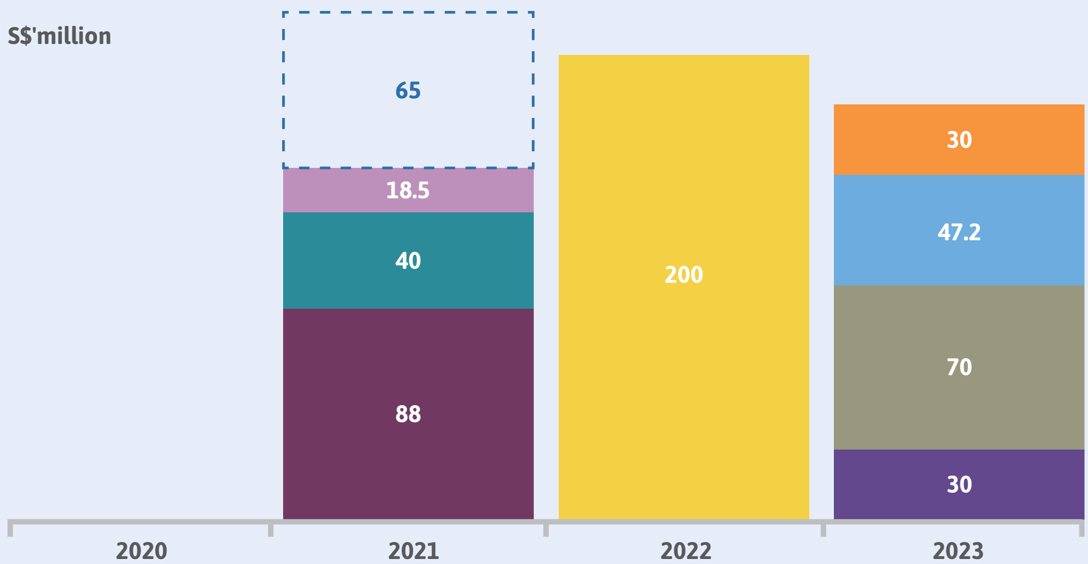
1 Includes deferred payment of S$0.2 million due to SB (Solaris) Investment Pte. Ltd. and insurance guarantees of S$0.6 million issued to utility supply providers.

2 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.

3 Excludes interest-free loan for FY2018. The interest-free loan was repaid in August 2018.

4 Interest coverage is computed based on full year EBITDA/net interest expense (interest expense – interest income). Net interest expense excludes finance expenses on leases.

The debt maturity profile of Soilbuild REIT (including perpetual securities which are classified as equity) as at 31 December 2019 is as follows:



% of Debt and Perpetual Securities Maturing	-	35.9%	34.0%	30.1%

CAPITAL & RISK **MANAGEMENT**

As at 31 December 2019, the weighted average term of debt was 2.5 years with an average all-in interest cost of 3.51% p.a. and 3.54% p.a. for 4Q FY2019 and FY2019 respectively. 81.9% of interest-bearing borrowings were fixed. Physical debt expiries remain well-staggered with no more than 35.9% of total debt (including perpetual securities which are classified as equity) maturing in any one year.

The aggregate leverage of Soilbuild REIT stood at 38.2% as at 31 December 2019. 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$168.4 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 if feasible.

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 KPMG Services Pte. Ltd. ("**KPMG**"). KPMG plans its internal audit work in consultation with Management, but works independently by submitting its reports for review at ARC meetings. KPMG 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.

CAPITAL & RISK MANAGEMENT

Operational Risk

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

Credit Risk

Credit risk relates to the potential earnings volatility caused by tenants' unwillingness and/or inability to fulfill their contractual lease obligations. For new leases, credit assessments for large prospective tenants are undertaken prior to signing of lease agreements. The Manager has put in place standard operating procedures for establishing GIRO, debt collection and recovery of debts on an ongoing basis. Other than the collection of security deposits, in the form of cash, bankers or insurance guarantees, there is also a monitoring system and a set of procedures on debt collection. Currently over 85% 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. Key updates on Soilbuild REIT's performance, strategies and initiatives are communicated to Unitholders, investors, analysts and the media on a regular basis through multiple channels including conferences and meetings, roadshows, publications and on the corporate website.

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. All new announcements are made available on the corporate website immediately after they are released on the SGXNET so that investors can make informed and timely investment decisions. 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 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, results briefings, teleconferences, local and overseas investor conferences and non-deal roadshows. In 2019, the Manager met with 50 fund managers and analysts. The Manager also organized property tours for investors and analysts to facilitate their understanding of Soilbuild REIT's business operations and property portfolio.

INVESTOR RELATIONS ACTIVITIES IN FY2019	
January 2019	Luncheon with GCP Global Pte Ltd
January 2019	Analyst Teleconference for 4Q & FY2018 Results
January 2019	Full Year 2018 Results Meeting with DBS Vickers ("**DBSV**") and Investors
January 2019	Meeting with Goldman Sachs Asset Management
January 2019	Meeting with Principal Global Investor
March 2019	Non-Deal Roadshow ("**NDR**") in Bangkok and Kuala Lumpur
March 2019	6th Annual General Meeting
April 2019	Analyst Teleconference for 1Q FY2019 Results
May 2019	5th Singapore REITs Symposium
May 2019	Meeting with UOB-SM Asset Management
July 2019	Analyst Teleconference for 2Q & 1H FY2019 Results
July 2019	Half Year 2019 Results Meeting with DBSV and Investors
August 2019	C-Suite S-REITs & Sponsors Forum 2019
September 2019	Investor Roadshow for the Proposed Acquisition of 25 Grenfell Street, Adelaide
September 2019	SGX-DBSV-REITAS Corporate Day (Bangkok)
October 2019	Analyst Teleconference for 3Q & 9M FY2019 Results
November 2019	Meeting with UOB-SM Asset Management
December 2019	Investor Meeting and Property Roadshow

INVESTOR **RELATIONS**

↑

Soilbuild REIT's Sixth AGM held at Suntec City Convention Centre on 29 March 2019.

Investor education has been an important element of the Manager's investor outreach efforts. As such, the Manager has made a conscious effort to engage retail investors through large group seminars. As part of its retail investor outreach programme, the Manager participated in the annual REITs Symposium jointly organised by the Real Estate Investment Trust Association of Singapore ("**REITAS**") and ShareInvestor. The one-day event featured presentations from REIT Managers, a series of educational talks as well as panel discussions. A total of 33 REITS participated, representing over 75% of Singapore listed REITS, drawing a crowd of around 1,200 people.

The annual general meeting ("**AGM**") serves as an important communication channel between the Board, the Manager and the Unitholders. SB REIT's sixth AGM held on 29 March 2019 was well-attended by our Unitholders and their proxies. The Manager has also uploaded the minutes of the sixth AGM on SB REIT's website for Unitholder's perusal.

BROADENING INVESTOR BASE

The Manager proactively engages institutional investors on major corporate developments. For the proposed acquisition of 25 Grenfell Street, Adelaide, announced in August 2019, the Manager went for a two days roadshow in Singapore to engage institutional investors, gather feedback and update them on the operational performance of the REIT. The Manager raised net proceeds of approximately S$100.0 million from the Preferential Offering and successfully completed the acquisition of 25 Grenfell Street on 1 November 2019.

RESEARCH ANALYST COVERAGE

As at 31 December 2019, five international and local brokerage houses provided regular research coverage on Soilbuild REIT:

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

INVESTOR **RELATIONS**

FINANCIAL CALENDAR

1st Quarter FY2020	
Announcement of Financial Statements and Distribution for 1QFY2020	April 2020
Annual General Meeting	May 2020
Payment of 1QFY2020 distribution	May / June 2020
2nd Quarter FY2020	
Announcement of Financial Statements and Distribution for 2QFY2020	July 2020
Payment of 2QFY2020 distribution	August / September 2020
3rd Quarter FY2020	
Announcement of Financial Statements and Distribution for 3QFY2020	October 2020
Payment of 3QFY2020 distribution	November / December 2020
4th Quarter FY2020	
Announcement of Financial Statements and Distribution for 4QFY2020	January 2021
Payment of 4QFY2020 distribution	February/March 2021

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

WEST PARK BIZCENTRAL

COMMENTARY BY TECHNOFORM

"Technoform is the market leader in multiple industries with innovative and market-oriented solutions. We have our origin in Germany more than 50 years ago and today, we are a global family business with more than 45 factories and sales offices, including 15 production sites. However, global presence does not mean a one-size-fits-all thinking. We understand the value of local knowledge, local expertise and building upon our core competencies together to tailor to the needs of the market on the ground. Therefore, we made a decision in 2019 to invest in our third production facility for Asia in Singapore to meet growing demand for the Asia Pacific region and better serve our customers in the region. The latest production facility, while being the third production facility in Asia, is the first production facility for our Edge Bond Solutions' Division. We are pleased to partner with Soilbuild on this new milestone. The team at Soilbuild REIT has been professional, supportive and responsive in accommodating to our needs and requirements and makes our setting up process at West Park BizCentral a breeze. We look forward to fostering a long-standing partnership with this landlord."

MAGGIE LOW
Managing Director
Technoform Asia Pacific

Feature Property Type
INDUSTRIAL
Refer to Page 39 to find out more

INDUSTRIAL MARKET **RESEARCH COMMENTARY**

INDEPENDENT MARKET REPORT ON THE SINGAPORE INDUSTRIAL PROPERTY MARKET

1 SINGAPORE ECONOMIC OVERVIEW

1.1 Economic Performance in the Past Year

According to the advanced estimates released by the Ministry of Trade and Industry ("MTI") on January 2nd 2020[1], Singapore's real GDP grew by 0.7% in 2019, the lowest rate of economic growth since 2009, amid the escalation in global trade tensions and the economic slowdown in China.

All sectors were affected by the slower economic growth, particularly the manufacturing sector which contracted by 1.4% in 2019, a sharp decline compared to the 7.0% growth recorded in 2018 which is primarily attributable to the impact of trade tensions. The decline in manufacturing output could be largely attributed to poor performance in the electronic, chemicals, transport engineering and precision engineering clusters. By contrast, output in the chemicals, biomedical manufacturing and general manufacturing clusters rose. The decline in the manufacturing sector was counterbalanced by growth in the construction sector (+2.8%) and in the service-producing industries (+1.1%).

1.2 Economic Outlook

Looking ahead, MTI's latest economic forecast published in February 2020 projects Singapore's GDP growth to range from -0.5% to 1.5% in 2020 with growth expected to come in at around 0.5%. Due to uncertainties in the global economy from the COVID-19 outbreak, the Chinese economy slowdown, US-China trade tensions and Middle East geopolitical tensions which could affect financial and commodity markets, these factors have resulted in a weakened outlook for Singapore's economy in 2020.

Many of Singapore's key export markets are expected to slow in the first half of 2020 amid the continued weak performance of global trade and the impact of the novel coronavirus across Asia, but a recovery could be on the horizon in the second half of the year as the global economy rebounds. The novel coronavirus is expected to cause a short-term disruption in global manufacturing and logistics supply chains and in the tourism and hospitality sector which will dampen Singapore's growth in the first half of 2020.

Electronics and precision engineering clusters are expected to show limited growth due to weakened outlook for global semiconductor demand. Within the manufacturing sector, the aerospace and food & beverage manufacturing sectors are expected to continue growing amid healthy demand. The wholesale trade, chemicals and transportation & storage sectors will likely soften in the first half of the year and will rebound in the second half of 2020. Growth in the service sector will be sustained primarily by information & communications, finance & insurance, education, and health & social services sectors. The construction sector is also expected to support Singapore's economic growth in 2020 within the global context.

SELECTED ECONOMIC INDICATOR FORECASTS

Indicator/ Year	2019 (F)	2020(F)	2021(F)	2022(F)
Real GDP	0.7%	1.4%	2.3%	2.7%
Industrial Production Index	-1.4%	0.7%	3.5%	4.0%

Source: Oxford Economics (15 January 2020)

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 ("SSD") on industrial properties, Total Debt Servicing Ratio ("TDSR") framework and Assignment Prohibition Period. In particular, the respective 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, Jurong Town Corporation ("JTC") relaxed its subletting policy to accommodate the changing business needs. JTC revised their policies for Third Party Facility Providers by reducing minimum the 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.

1 According to latest MTI figures in 2019 Economic Survey published February 2020.

INDUSTRIAL MARKET RESEARCH COMMENTARY

In 2016, the Minister for Trade and Industry, Lim Hng Kiang, announced the consolidation of the 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 public-owned and managed industrial facilities, in addition to facilitating the development and planning of Singapore's industrial districts.

The Singapore government is currently developing 23 Industry Transformation Maps ("ITMs") to promote the growth and competitiveness of several industries in Singapore. The roadmap aims to develop strategies to support companies to 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[2] 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.

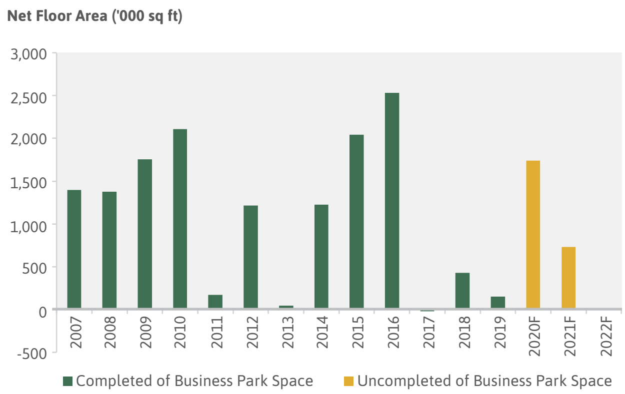
The Singapore government is continuing the promotion and implementation of its Smart Nation Initiative and supports the industrial sector transition to the next generation of the industrial revolution. First mooted in Singapore by the Committee of the Future Economy, the Industry 4.0 initiatives includes a series of funding programmes for investment into research and development (R&D) projects, developing ITMs 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.

3 BUSINESS PARK MARKET OVERVIEW

3.1 Existing and Potential Supply

Singapore's total islandwide stock of private business park space rose 0.8% year-on-year ("YOY") to 20.0 million sq ft as of 4Q 2019, following the net addition of about 0.1 million sq ft in 2019. As of Q4 2019, there will be approximately 2.5 million sq ft[3] (net lettable area) of new business park space expected to be completed from 2020 to 2022, primarily from one-north and Cleantech, in the Central and West region respectively. As a result, the new supply during this period will average 823,000 sq ft per year, which is substantially lower than the historical 5-year annual net new supply of 1.0 million sq ft between 2015 and 2019.

Net New and Potential Supply of Business Park Space, Singapore Island-wide, 2007 to 2022



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

3.2 Demand and Occupancy

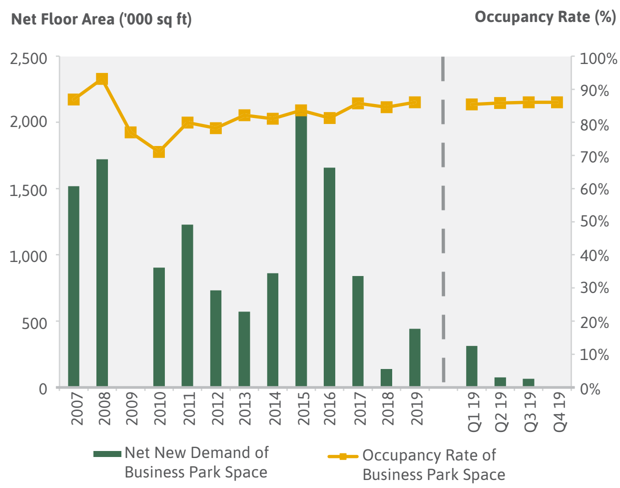
In 2019, total island-wide occupied space in private business parks increased 2.4% YOY, from 16.9 million sq ft in Q4 2018 to 17.3 million sq ft in Q4 2019. This resulted in absorption of nearly 441,000 sq ft of private business park space. As a result, the overall occupancy rate as at Q4 2019 improved to 86.1% in Q4 2019, from 84.6% in Q4 2018. Leasing volume rose from 319 lease agreements during 2018 to 335 lease agreements in the following year, resulting in a 5% YOY growth in leasing volume. Shopee, an e-commerce regional office, fully leased 240,000 sq ft.of business park space at a newly completed development on 5 Science Park Drive.

2 Professional, management, executives and technicians.

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

INDUSTRIAL MARKET **RESEARCH COMMENTARY**

Net New Demand and Occupancy Rate of Business Park Space, Singapore Island-wide, 2007 to 2019

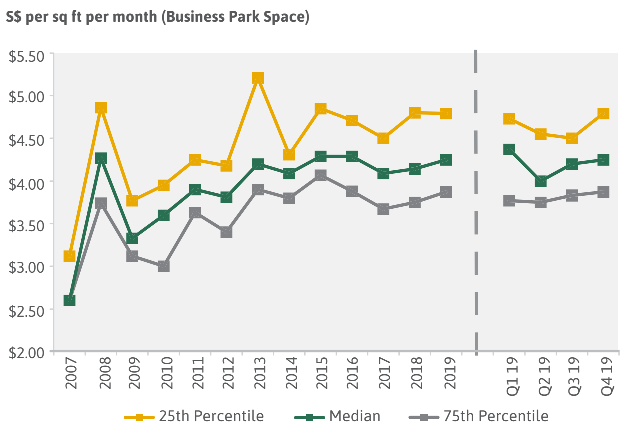


Source: Colliers International, JTC

3.3 Rents

According to rental transaction information sourced from JTC's J-Space[4], the median monthly gross rent[5] of business park space in Singapore rose 2.7% YOY to SGD4.25 per sq ft from SGD4.14 per sq ft in Q4 2018. The increase in median business park rents occurred amid growing leasing activity and the delivery of new high-quality business park supply which had an upward impact on lease rates in 2019.

Rents of Business Park Space, Singapore Islandwide, 2007 to 2019



Source: Colliers International, JTC

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 larger upcoming new supply expected in 2020, 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 rents in 2020 are expected to continue rising due to the spill-over effect from a sharp office rent recovery in 2019 and further office rental upside anticipated in 2020.

4 PRIVATE SINGLE-USER FACTORY

4.1 Existing and Potential Supply

The island-wide stock of private single-user factory space stood at 229.2 million square feet (sq ft) as of Q4 2019, a 1.4% YOY increase from Q4 2018, which represents a net supply increase of about 3.0 million sq ft. As of 4Q 2019, there were about 19.7 million sq ft[6] of new single-user factory space to be completed from 2020 to 2022, which works out to an average annual supply of about 6.5 million sq ft over the four-year period. This points to a significant increase in upcoming supply – compared to the average new supply of 4.0 million sq ft per year from 2015 to 2019. In 2020, an estimated 9.0 million sq ft of single-user factory space is expected to be delivered. Approximately 150,000 sq ft of single factory warehouse space will be developed in Chin Bee Avenue by OJJ foods in the West Region and 850,000 sq ft of single factory warehouse space will be developed in Senoko Drive/ Senoko Road by Tee Yih Jia Food Manufacturing in the North region.

4 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.

5 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.

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

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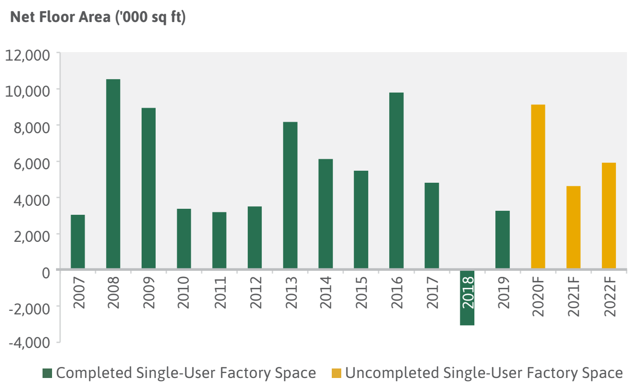
Net New and Potential Supply of Single-User Factory Space, Singapore Islandwide, 2007 to 2022

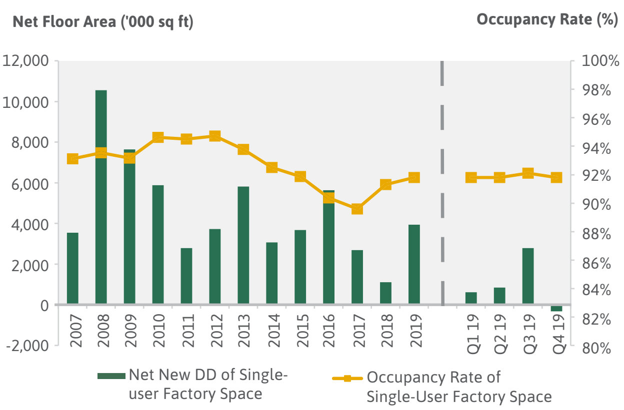


Source: Colliers International, JTC. *F refers to Forecast

4.2 Demand and Occupancy

Occupancy of single-user factory has been on a recovery trend from 2018 amid increased new demand and the decrease in new net supply in 2018 island-wide. From 2015 to 2019, absorption of single-user factory space averaged 3.4 million sq ft per year, which was lower than the average new supply of 4.0 million sq ft delivered during the same period. During 2019, occupied stock of private single-user factory space increased by 3.9 million sq ft YOY, a 1.9% YOY increase, and the total stock increased by 3.2 million sq ft in 2019. As a result, the average occupancy rate[7] fell by 0.5% to 91.3% in 2019, from 91.8% in 2018.

Net Demand and Occupancy Rate of Single-User Factory Space, 2007 to 2019

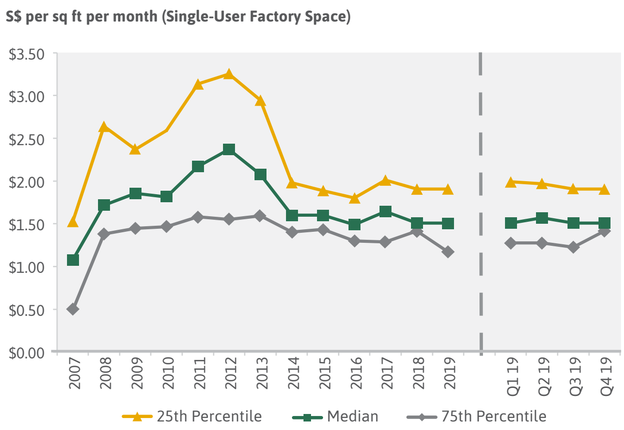


Source: Colliers International, JTC

4.3 Rents of Single-User Factory Space

According to rental transaction information from JTC, monthly median rents of single-user factory space has remained constant in 2019, from 2018 at SGD1.52 per sq ft amid stable leasing activity and occupancy rate.

Rents of Single-User Factory Space, Singapore Islandwide, 2007 to 2019



Source: Colliers International, JTC

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 2020. 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 2020.

5 PRIVATE MULTI-USER FACTORY

5.1 Existing and Potential Supply

As at Q4 2019, the private multi-user factory space in Singapore contracted by 1.0% from the end of 2018 to 101.7 million sq ft. There has been a withdrawal of supply by 1 million sq ft of private multi-user factory space in 2019, as compared to the five-year average of 2.1 million sq ft of increase in net supply per year. An estimated 19.1 million sq ft[8] of new private multi-user factory space is expected to be completed island-wide from 2020 to 2022. The potential supply is expected to increase significantly after 2020, with an approximately 9.2 million sq ft and

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

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.

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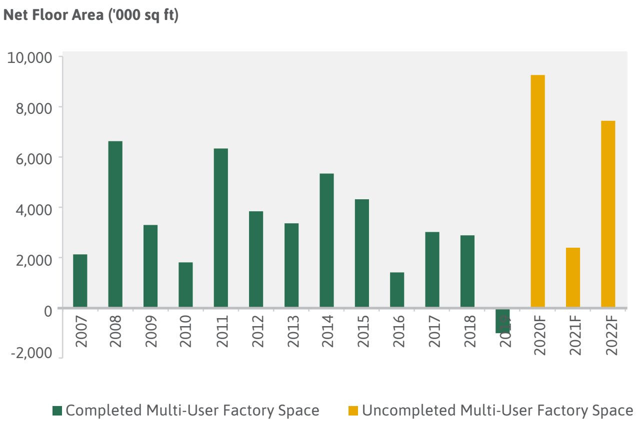
7.4 million sq ft of potential supply in 2020 and 2022 respectively. As a result, the projected annual net supply from 2020 to 2022 will average 6.4 million sq ft, which is 200% higher than the five-year average of 2.1 million sq ft per annum from 2015 to 2019. Approximately 860,000 sq ft of private multi-user space will be developed in Kallang Way by Mapletree Industrial Trust and 160,000 sq ft of private multi-user warehouse space will be developed in Macpherson Road by Ascendas REIT, both of which are located in the Central region. 1 million sq ft of private multi-user space will be developed at Solaris @ Tai Seng by SB (Ipark) Investment Pte Ltd., located in the North-East region.

Net New and Potential Supply of Multi-User Factory Space, Singapore Islandwide, 2007 to 2022

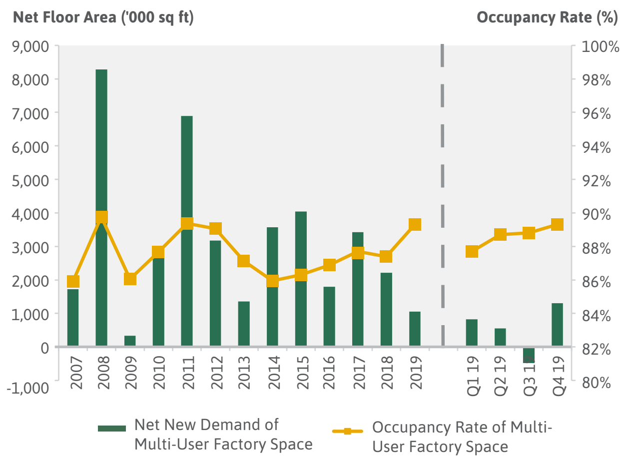


Source: Colliers International, JTC *F refers to Forecast

5.2 Demand and Occupancy

Island-wide absorption amounted to 1.055 million sq ft of private multi-user factory space in 2019, which in conjunction with the 1.0 million sq ft contraction in the same year supported a strong increase in the island-wide occupancy rate for multi-user factory space, from 87.4% in 4Q 2018 to 89.3% in 4Q 2019. Leasing activity has picked up from 8,000 in 2018 to 8,200 in 2019, resulting in a 2.5% YOY growth in leasing volume. Majority of the leasing transactions are observed in the Bukit Merah, Sembawang, and Geylang Planning Areas, possibly due to the coincidental clustering of rental renewals as there are no newly completed developments recently.

Net New Demand and Occupancy Rate of Multi-User Factory Space, Singapore Islandwide, 2007 to 2019

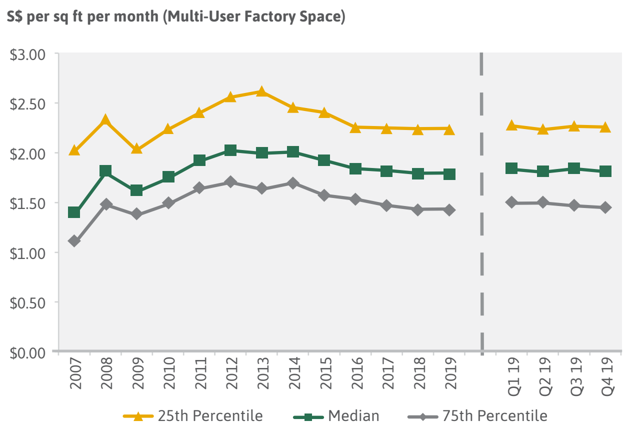


Source: Colliers International, JTC

5.3 Rents

According to rental transaction information from JTC's J-Space[9], rents of multi-user factory space remained stagnant in 2019, with the same median gross monthly rent as 2018 at SGD1.77 per sq ft, bringing the four-year cycle of continuous rental decline to a halt amid sustained leasing activity and an increase in the overall occupancy rate in 2019.

Rents of Multi-user Factory, Singapore Islandwide, 2007 to 2019



Source: Colliers International, JTC

9 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.

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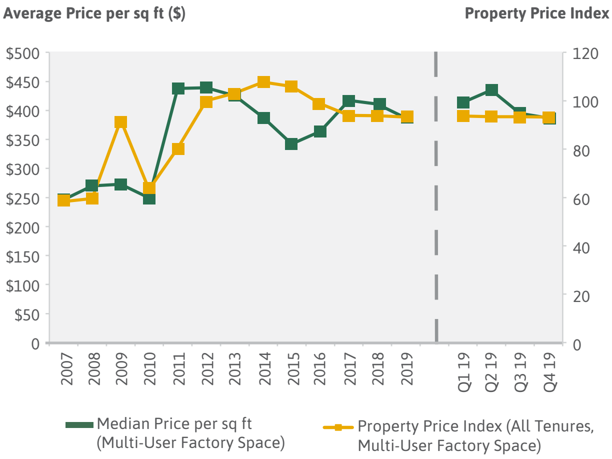
5.4 Price

Based on Colliers' data of prime multi-user factory space[10], the average price of multi-user factory space continued to ease in 2019, falling 5.8% YOY from SGD411 per sq ft in 2018 to SGD387 per sq ft in 2019. Against a more tepid market sentiment, 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 0.6% in 2019.

Prices of Multi-User Factory, Singapore Islandwide, 2007 to 2019



Source: Colliers International, JTC

5.5 Outlook

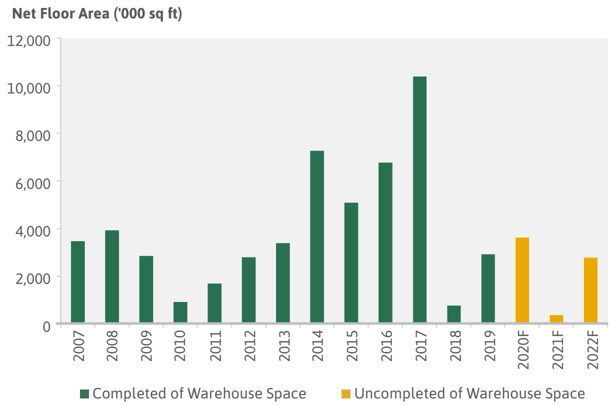
Industrialists are expected to remain cost sensitive as they continue to monitor business sentiments and may still be apprehensive amidst the uncertainties in current global economic conditions. Despite this, activities may however pick up slowly in the later part of 2020, when end-users are more certain about the market going forward. Leasing activities in multi-user factory space may also increase on the back of relocations from tenants in single-user factory space who wish to avoid sub-letting restrictions applicable to single-user factories 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 2020. In terms of sales of multi-user factory space, the cautious and selective buying sentiment in 2019 is likely to continue into 2020 with prices being subdued due to considerable upcoming new supply and an uncertain economic climate. 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 115.4 million sq ft as of Q4 2019, up 0.2% or 2.0 million sq ft compared to 2018, which is much lower than the 10-year average net new supply of 4.2 million sq ft between 2010 and 2019. As of 4Q 2019, the total amount of new warehouse space to be completed between 2020 and 2022 is projected to be about 6.8 million sq ft[11] (net floor area). The new warehouse space is expected to taper to a more muted level of annual new supply averaged at 2.2 million sq ft from 2020 onwards — but slightly higher in 2020 with an expected 3.6 million sq ft of new warehouse space for the year. On average, projected annual net new supply of about 2.2 million sq ft of warehouse space from 2020 to 2022 is less than half the preceding 5-year annual average net new supply of 5.1 million sq ft from 2015 to 2019. Approximately 1.1 million sq ft of warehouse space will be developed on Sunview Road and another 1.3 million sq ft of warehouse space will be developed on Pandan Crescent, both of which are located in the West region.

Net New and Potential Supply of Warehouse Space, Singapore Islandwide, 2007 to 2022



Source: Colliers International, JTC *F refers to Forecast

6.2 Demand and Occupancy

Occupied private warehouse space increased by 0.9 million sq ft in 2019. However, net take-up was lower than the net new supply of 2.9 million sq ft during the year, which resulted in the average occupancy rate remaining constant in 4Q 2019 from 4Q 2018 at 88.0%, with most of the absorption recorded in Q1 2019.

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

11 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.

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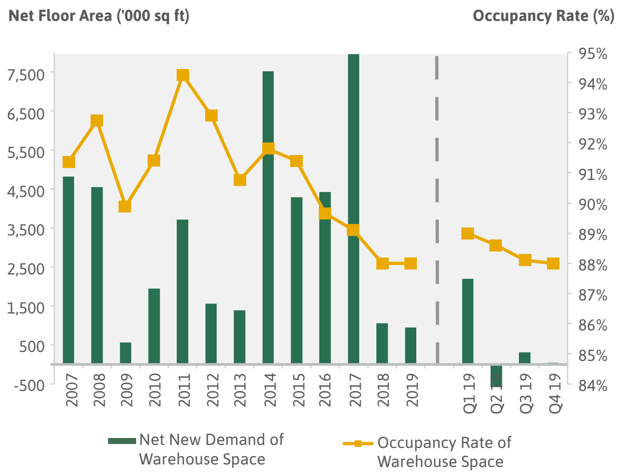
Net New Demand and Occupancy Rate of Warehouse Space, Singapore Islandwide, 2007 to 2019

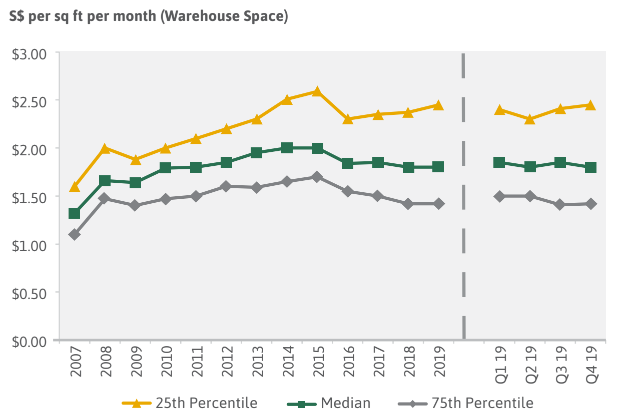


Source: Colliers International, JTC

6.3 Rents

According to rental transaction information from JTC, the island-wide median gross monthly rent[12] for private warehouse space (including single-user and multi-user warehouse space) remained flat at previous year's level in 2019. The market segment has performed relatively well in the first quarter of 2019 as the median gross monthly rents for private warehouse space rose to SGD1.50 per sq ft in Q1 2019 from SGD1.42 per sq ft in Q4 2018. However, the median rents fell to SGD 1.41 per sq ft in Q3 2019 and subsequently remained under pressure in Q4 2019 against a more volatile manufacturing sector.

Rents of Warehouse Space, Singapore Islandwide, 2007 to 2019

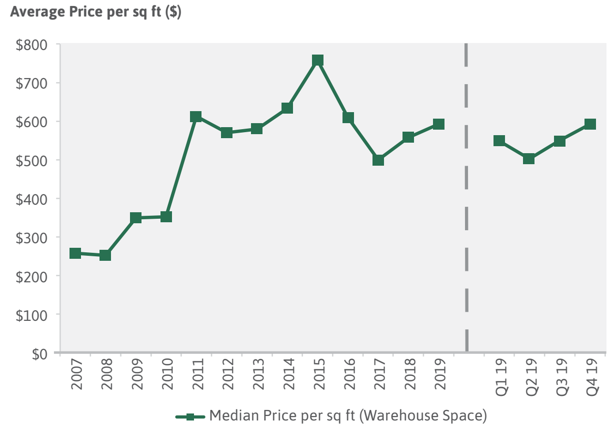


Source: Colliers International, JTC

6.4 Price

The imposition of Government measures such as the SSD on industrial properties in January 2013, combined with the TDSR framework, declining occupancy rates and considerable new warehouse supply, have dented overall buying sentiment for industrial properties in recent years. As a result, the price of warehouse space recorded a downward trend since 2013, though a slight price recovery is underway since 2017. Based on J-space data, the average price of freehold warehouse space saw a YOY increase of 6.3% in 2019 to SGD592 per sq ft.

Prices of Warehouse Space, Singapore Islandwide, 2007 to 2019



Source: Colliers International

6.5 Outlook

With an impeding supply of private warehouse space of about 3.6 million sq ft in 2020 as well as industrialists' concern on cost containment, warehouse rents are expected to remain weak in the coming year. As more new warehouse spaces will be completed, landlords are likely to adjust their rental levels to ensure a higher level of occupancy. With continued uncertainty in the Singapore economic climate and large new supply of warehouse space expected in 2020, landlords may also have a 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, particularly in the context of the Tuas Megaport progressively opening its new facilities and amid strong household balance sheets supporting domestic consumption. The warehouse segment will also benefit from the rapidly 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.

12 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.

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7 LIST OF UPCOMING INDUSTRIAL SUPPLY 2020

PROJECT NAME	STREET NAME	NAME OF DEVELOPER	TOTAL UNCOMPLETED GFA (SQ M)	EXPECTED YEAR OF FINAL TOP	PLANNING REGION	PLANNING AREA	LAND TYPE
Multi-User Private Factory							
Ispring	New Industrial Road	SB (29NIR) Investment Pte Ltd	9,710	2020	North-East Region	HOUGANG	Private Land
Extension and additions/ alterations to existing factory	Jurong East Street 21	Singapore Technologies Electronics Limited	20,820	2020	West Region	JURONG EAST	State Land
Food Concept @ 239 Pandan Loop	Pandan Loop	JVA Pandan Pte Ltd	7,030	2020	West Region	CLEMENTI	Private Land
Tuas South Connection	Tuas South Link 1	Yee Lee Development Pte Ltd	47,160	2020	West Region	TUAS	Government Land Sales
Private Warehouse							
Warehouse development	Tampines Industrial Drive	Blu World Pte Ltd	6,580	2020	East Region	PAYA LEBAR	Government Land Sales
Additions/ alterations to existing industrial development	Mandai Link	C M M Marketing Management Pte Ltd	10,210	2020	North Region	SUNGEI KADUT	State Land
Cogent Jurong Island Logistics Hub	Tembusu Crescent	S H Cogent Logistics Pte Ltd	86,010	2020	West Region	WESTERN ISLANDS	State Land
Warehouse development	Tuas Avenue 11	Neo Hardware Pte Ltd	7,780	2020	West Region	TUAS	State Land
Business Park							
Additions/ alterations to existing business park development	Cleantech Loop	JTC Corporation	12,780	2020	West Region	WESTERN WATER CATCHMENT	State Land
CleanTech Three	Cleantech Loop	JTC Corporation	61,640	2020	West Region	WESTERN WATER CATCHMENT	State Land

INDUSTRIAL MARKET **RESEARCH COMMENTARY**

PROJECT NAME	STREET NAME	NAME OF DEVELOPER	TOTAL UNCOMPLETED GFA (SQ M)	EXPECTED YEAR OF FINAL TOP	PLANNING REGION	PLANNING AREA	LAND TYPE
Single-user private factory							
Single-user factory	Kung Chong Road/ Chang Charn Road	Stuttgart Auto Pte Ltd	8,800	2020	Central Region	BUKIT MERAH	State Land
Additions/ alterations to existing factory	North Coast Drive	Micron Semiconductor Asia Operations Pte Ltd	20	2020	North Region	WOODLANDS	State Land
Single-user factory	Jalan Lam Huat	BS Kranji Pte Ltd	12,460	2020	North Region	SUNGEI KADUT	Government Land Sales
Single-user factory	Sungei Kadut Street 2	Redwood Interior Pte Ltd	15,000	2020	North Region	SUNGEI KADUT	State Land
Single-user industrial development	Senoko Drive/ Senoko Road	Tee Yih Jia Food Manufacturing Pte Ltd	100,000	2020	North Region	SEMBAWANG	State Land
Additions/ alterations to existing factory	Pioneer Road	Antara Koh Pte Ltd	11,300	2020	West Region	PIONEER	State Land
Additions/ alterations to existing factory	Pioneer Sector 3	Greif Singapore Pte. Ltd.	7,820	2020	West Region	PIONEER	State Land
Single-user factory	Gul Crescent	Sin Ghee Huat Corporation Ltd	7,270	2020	West Region	PIONEER	State Land
Single-user factory	Pandan Loop	X Properties Inc Pte Ltd	1,100	2020	West Region	CLEMENTI	State Land
Single-user factory	Tuas South Link 2	Wellbuilt Pte Ltd	4,160	2020	West Region	TUAS	Government Land Sales
Single-user factory	Tuas South Link 3	LNT Coating Pte Ltd	3,120	2020	West Region	TUAS	Government Land Sales
Single-user factory	Tuas South Link 3	Wee Hur Construction Pte Ltd	7,970	2020	West Region	TUAS	Government Land Sales
Single-user factory	Tuas South Link 4	G.T.H. Engineering & Construction Pte Ltd	6,570	2020	West Region	TUAS	Government Land Sales
Single-user industrial development	Bulim Drive	Shimano Singapore Pte Ltd	42,540	2020	West Region	JURONG WEST	State Land
Single-user industrial development	Chin Bee Avenue	OJJ Foods Pte Ltd	18,080	2020	West Region	JURONG WEST	State Land

INDUSTRIAL MARKET **RESEARCH COMMENTARY**

INDEPENDENT MARKET REPORT
THE AUSTRALIA PROPERTY MARKET

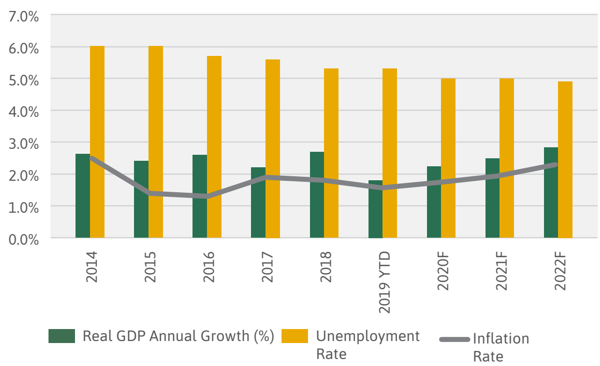
1 ECONOMIC OVERVIEW

1.1 Australia's Economic Performance in 2019

According to Oxford Economics, the Australian economy grew by an estimated 1.8% YoY in 2019, lower than the 2.7% in 2018, amid weaker exports and domestic consumption associated with global trade tensions and economic uncertainty. The Australian economic slowdown and business uncertainty associated with global trade tensions undermined consumer confidence which in turn was reflected in weak household income growth, high household debt levels, and low consumer spending. Business and consumer confidence took a further hit when the severe ongoing drought turned into the largest nationwide bushfires in the country's history, impacting all sectors of the economy. As a result of weak economic performance, the Reserve Bank of Australia ("RBA") cut the benchmark interest rate to 0.50%, the lowest level on record.

Despite the global slowdown and nationwide forest fires, the Australian economy remained resilient throughout 2019, benefiting from China's construction sector stimulus which has helped support exports, showing up as Australia's first current account surplus in 44 years. Strong government spending – including on infrastructure in Sydney and Melbourne – has also played a role in supporting the economy through the downturn. The housing market slowdown in Australia's two largest markets – Sydney and Melbourne - experienced a slight rebound in 2H2019. In 2019 to 2020, mining investment are expected to return as a source of economic growth for the first time since 2012, supporting the construction and resource sectors.

Real GDP Growth, Unemployment and Inflation Rate, 2014 - 2022



Source: Oxford Economics

1.2 Australia's Economic Outlook

According to the Oxford Economics forecast, the Australian economy is projected to grow at 2.2% in 2020, an improvement from 1.8% in 2019 and to return to a growth rate of approximately 3% in 2021. Signs of economic recovery could already be seen in rising housing prices and domestic consumption due to stimulus from tax cuts, lower interest rates and a weaker Australian dollar. However, in the short term, a worsening of consumer and business confidence is expected, exacerbated by the impact of bushfires in Australia, which combined will dampen economic growth in the first half of 2020. While downside economic risks lie in the domestic housing market, consumer debt, the impact of the novel coronavirus and geopolitical tensions, a gradual recovery in the housing sector, and subsequent rebound in consumer spending is expected to prevail in the long term.

1.3 Canberra - Australian Capital Territory (ACT) Regional Economic Overview

According to the ACT government, the Canberra region outperformed the national metrics for economic and population growth in 2019, benefiting from the lowest unemployment rate in the country at 3.4%. Underpinned by a strong public sector, employment growth stood at 1.9% YoY from 1H 2018 to 1H 2019, higher than the national average of 1.6% in the same period. Sustained hiring and investment from the public sector, including for the completion of the new light rail, contributed to support Canberra's rapid economic growth, which at 3.0% YOY in 2019, outpaced that of the national economy (1.8% YOY).

In 2019, the final phase of the construction of the new Canberra light rail – the biggest infrastructure project ever undertaken in the ACT valued at about A$708 million – was completed and the system started operations. The new mass rapid transport infrastructure – the first one in the ACT – is expected to positively impact residential and commercial development along the corridor and near stations. The ACT government has released its transportation plan in October 2019 which includes extension plans for the light rail, a project that will further support economic and employment growth in addition to consolidating real estate development opportunities across the Canberra region.

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1.4 Adelaide Regional Economic Overview

According to Oxford Economics, Adelaide's economy continues to lag the major cities across Australia due to weak economic fundamentals, growing by an estimated 1.4% in 2019 compared to 1.8% nationwide. Adelaide's economic growth has remained below the national average in recent years amid weaknesses in the manufacturing, commodity and technology sectors. Several manufacturing plants closed in the past few years in the Adelaide Region, include the General Motors Holden automotive plant in Elizabeth which ceased operations in late 2017, causing the Adelaide economy to restructure toward other industry sectors. South Australia and Adelaide's largest economic sectors are now business services, retail trade, healthcare and social work, agriculture and food, with relatively limited levels of growth from these sectors. A reduction of government investment in recent years has also contributed to the region's lower growth. The unemployment across South Australia rose 5.8% in 2018 to 6.3% in 2019, compared to about 5.3% nationwide. Despite weaker fundamentals, Adelaide and South Australia's economy is facing a positive outlook supported by sustained private and public investments into the region's real estate, biotech, agriculture, wine, defense and infrastructure sectors. Infrastructure investment remains a key economic growth driver in the Adelaide region, with the most recent state budget committing $5.4 billion to the final stages of the North-South Corridor, a major road infrastructure project expected to drive the logistics and manufacturing sector across South Australia.

2 GOVERNMENT POLICIES AND MEASURES AFFECTING AUSTRALIA'S PROPERTY MARKET

Government investment in transport infrastructure plays a critical role in shaping property market dynamics across Australia. As the Australian population continues to grow and land availability for different uses becomes restricted, strategic public sector investment in the transport network facilitate economic development and provide easier access to different markets, in turn supporting greenfield real estate development. The Australian transport infrastructure network has entered an era of transformation and renewal, with an estimated A$133 billion investment in transport infrastructure projects under construction and committed, with over 65% of this investment scheduled for completion in the next three to five years.

Colliers International anticipates that the A$10 billion Inland Rail project will challenge the status quo of the industrial market on the Australia East Coast, expanding and connecting the supply chains across Melbourne and Brisbane to international and other domestic markets. This initiative, scheduled for completion by 2028, will strategically lift the national freight capacity creating distribution and transport efficiencies reflected on rail costs savings of about A$10 per ton between Melbourne and Brisbane, including Canberra. The completion of this project is expected to support industrial development beyond the traditional capital-cities' industrial precincts and into regional locations in proximity to the rail line in Victoria, New South Wales and Queensland.

It is important to note that Australia's government policies related to the property sector are developed at the State-level. The following section describes some of the recent State government policy changes which may impact the property sector in jurisdictions where Soilbuild REIT's properties are located.

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

The ACT government's decision to abolish the stamp duty for commercial properties under $1.5 million came into effect on 1 July 2018. 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 ACT market.

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

Major planned government investment in infrastructure over the next 10 years will stimulate the construction sector and the labor market in South Australia. Some of the major transportation infrastructure projects in Adelaide and other parts of SA include:

- Adelaide's key infrastructure project, the A$896-million North-South Corridor is nearing completion, with the majority of the projects completed. An ambitious road infrastructure construction program aimed at developing Adelaide's expressway network, it plans to serve as one of Adelaide's most important transport corridors upon its completion by 2025. 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

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within SA. Currently underway are the Darlington Upgrade and Northern Connector expected to be completed in end of 2019. Future sections include the River Torrens to Anzac Highway and "Anzac Highway to Darlington". On completion, 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. Furthermore, it will also improve access to some of the key industrial areas such as Edinburgh Parks in the Outer North.

- The Darlington Upgrade Project, expected to be completed in 2H 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.

- The positive impact of the defense industry could be felt in the $35 billion Future Frigates contract with BAE Systems who have recently employed more than 80 graduates and are expected to employ an additional 100 graduates next year as the project ramps up. Small and medium business also enjoyed the run-on impact such as Redarc Electronics from contracts of these defense projects. Furthermore, the expansion of its factory by Redarc has added 3,000 sqm of advance manufacturing space which will boost the manufacturing capacity by 250% and further the job creation for an additional 100 workers.

In addition to major infrastructure projects, a new Planning and Design Code is currently being implemented in SA. When completed by 2020, the new code will act as a single reference point for planning by consolidating SA'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 COMMERCIAL OFFICE MARKET OVERVIEW

3.1 Grade A Office Stock and Future Supply

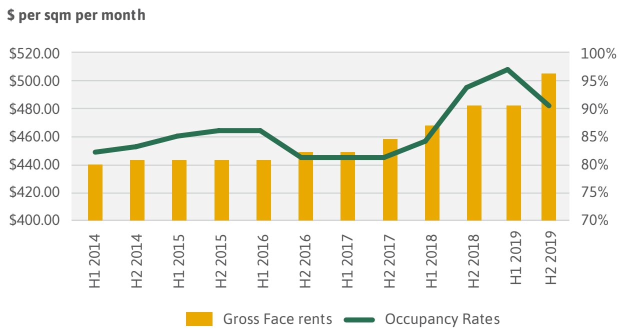
As of H2 2019, Canberra's total office stock totaled approximately 2.3 million sqm, following an office stock decline of 33,000 sqm due to demolition and repurposing of older office properties during 2019. Canberra's new office supply in the pipeline[1] totals approximately 52,000 sqm as of Q1 2020. Key office projects include the fully pre-committed ACT Government Offices with 24,000 sqm and Constitution Place with 12,000 sqm with KPMG pre-committed as anchor tenant, both of which are expected to be completed by 2021.

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 1H 2017. Occupancy rate rose significantly from 95% in H2 2018 to 98.3% in H1 2019, while it declined to 91.6% in 2H 2019 As of 2H 2019, there has been a 3.58% YoY decline in occupancy as net absorption level totaled 6,350 sqm in 2019, as compared to the net new supply of 10,185 sqm delivered by end of 2019.

Slower occupancy growth and net absorption have resulted in the Canberra's Grade A office rental rates remaining relatively stable in 2019, despite a decline in occupancy. The average Grade A office rent in Canberra grew by 4.9% from A$485 sqm per year in H2 2018 to A$508 sqm per year in H2 2019.

Gross Rents and Occupancy Rates of Canberra Grade A Office, 2014 - Q3 2019 YTD



Source: Colliers International

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

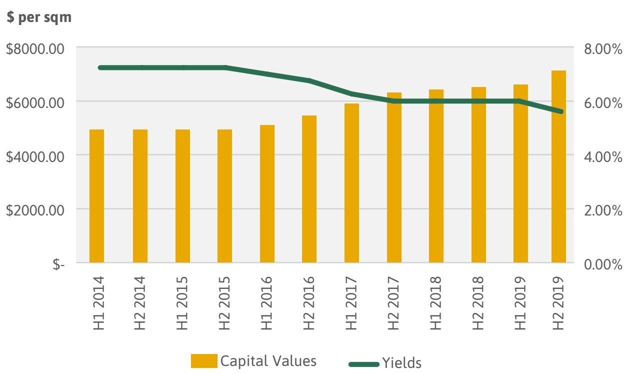
INDUSTRIAL MARKET **RESEARCH COMMENTARY**

As of H2 2019, landlord incentives are estimated to vary between 15% and 18% (depending on type of tenant and location) of the average gross rent for Grade A office space in the Canberra Civic. As such, the average net face rent for Grade A office space in Canberra stood at approximately A$400 per sqm per year as of H2 2019. 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

Increased demand, lack of available assets and long-term leases held by government bodies has resulted in significant capital value growth in Canberra over the years. Average capital value for Grade A office stood at A$7,111per sqm in H2 2019, up 9.4% YoY compared to H2 2018. The Canberra Grade A office yields have compressed from 6% in 2018 to 5.6% in H2 2019, due to adjustments following the strong performance recorded in the country's first-tier metropolitan markets of Sydney and Melbourne. There has been increased interest in Canberra from interstate buyers and offshore groups with a higher risk appetite, due to the capital's longer tenancy periods and attractive yields in comparison to other locations across Australia.

Capital Values and Yields of Canberra Grade A Office, 2014 - Q3 2019 YTD



Source: Colliers International, RCA

Several notable Grade A office transactions occurred during 2019. Charter Hall purchased the A Grade building located at 16-18 Mort Street for A$108.5 million from Investa on an equated yield of 5.85%. The property had a weighted average lease term remaining (WALE) of 6.65 years and reflected a capital value of A$7,665 per sqm. Japanese investor 121MCS Pty Ltd purchased a 50% stake in 121 Marcus Clarke Street for A$102.9 million. The sale reflected an equated yield of 5.70% and a capital value of A$8,003 per square metre. The investor was attracted to the security of the asset as it had a WALE of 4.83 years and was 99% occupied at the time of the sale. Dexus has recently sold Grade A office property Garema Court for $71.5 million to Elanor Commercial property Fund. The asset is fully leased to the Commonwealth Government with a lease expiry in 4.5 years. Nishi, a Grade A building situated in the New Acton precinct, was sold to Centuria REIT for $256.0 million.

3.4 Canberra Office Market Outlook

Supported by strong economic growth and limited new supply, the Grade A vacancy rate is likely to increase only slightly as pre-commitment levels have been strong, with roughly 45,000 sqm of the 52,000 sqm already pre-committed. The expectation that tenants are more likely to upgrade remains strong. Generally, older buildings that are unable to achieve the acceptable standard of National Australia Built Environment Rating System (NABERS) rating are slowly being vacated as tenants upgrade, and landlords seek alternative uses for their assets. Canberra Civic Precinct is undergoing a period of mixed-use development activity with a more diverse mix of hotels and residential development locating within a previously dominated office environment. There is an increased focus in employee health and wellbeing, as workplaces compete to retain staff and talent. With an increasing number of tenants upgrading their spaces to provide better quality workplaces favoring higher grade buildings with open spaces and abundant natural light.

4 ADELAIDE GRADE A COMMERCIAL OFFICE MARKET OVERVIEW

4.1 Adelaide Office Stock and Future Supply

As at H2 2019, Adelaide's total Grade A and premium office stock totaled approximately 600,000 sqm. In 2019, the stock shrank by approximately 6,494 sqm of Grade A office space as a result of conversions and demolitions, despite the completion of the GPO exchange in 2019, totaling approximately 25,000 sqm. As at December 2019, Adelaide's new Grade A office supply in the pipeline from 2020 to 2023 totals approximately 200,000 sqm of space, of which 42,000 sqm is expected to be delivered by 2022. Key office projects include 152 Grenfell Street with 8,000 sqm of space, 185 Pirie Street with 8,000 sqm of space and 88 Wright Street with 10,000 of space. The major injection of supply will be in 2023 with a 100,000 sqm of office space that may potentially be completed subject to tenancy pre-commitment to commence construction.

INDUSTRIAL MARKET **RESEARCH COMMENTARY**

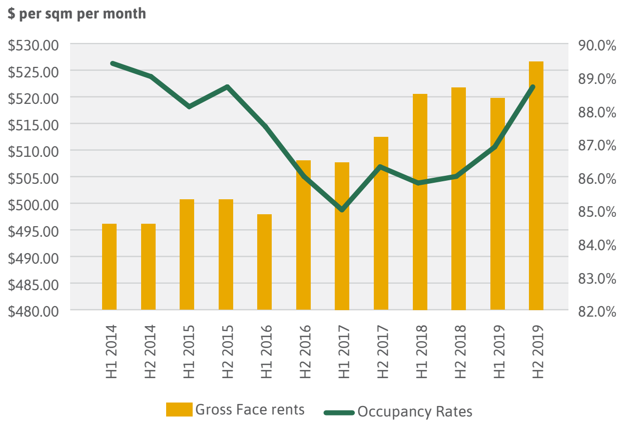
4.2 Demand, Occupancy and Rents

The Adelaide Grade A office market recorded strong absorption levels in recent years in the face of limited new supply but strong occupier demand. Occupancy in Adelaide Grade A office space has seen some recovery since 1H 2018, underpinned by strong public sector demand. Occupancy rate rose significantly from 86% in H2 2018 to 88.7% in H2 2019. Over the past 12 months, there has been a 3.1% YoY increase in occupancy as net absorption level totaled 22,218 sqm in 2019, despite negative net new supply in the same period.

Rapidly rising occupancy rates have put upward pressure on Adelaide's Grade A office rental rates which have risen 0.9% YoY in 2019. The average Grade A office rent rose from A$521.77 per sqm per year in H2 2018 to A$526.65 per sqm per year in H2 2019.

Several notable Grade A office transactions occurred during 2019, with increased interest from institutional investors. Centuria acquired 80 Flinders Street at A$127 million reflecting a blended market yield of 5.83%, Soilbuild REIT acquired 25 Grenfell Street for A$134.22 million with a 6.7% market yield while Suntec REIT acquired the Allianz Centre at A$148.3 million with a yield of circa 7.75%.

Gross Rents and Occupancy Rates of Adelaide Grade A Office, 2014 to 2019



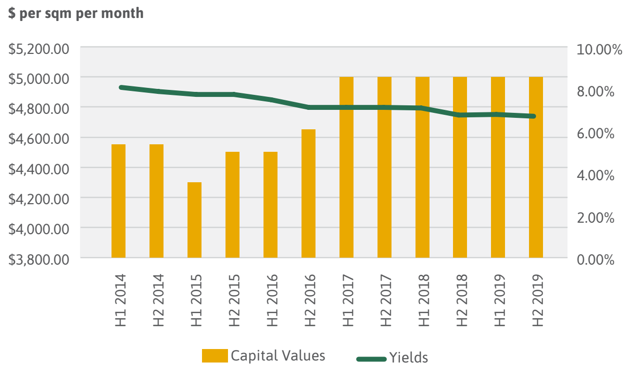
Source: Colliers International

4.3 Capital Values and Yields

Average capital values for Grade A office space in Adelaide stood at A$5,488 to A$6,105 per sqm in H2 2019, reflecting an increase as compared to H2 2018. The Adelaide Grade A office buildings have been averaging net yields of 5.88% to 7.38% in recent years. Adelaide's Grade A office yields have compressed from 6.76% in 1H 2018 to approximately 6.70% in 1H 2019 and tightening another 22 basis points in 2H 2019 to 6.48% . While yields have compressed since 2016 due to spike in investor's interest for Australian property assets, Adelaide has sustained strong interests from institutional investors due to yields becoming more attractive relative to those of eastern states and stable long-term capital growth prospects of Adelaide office properties.

Given the improvement in occupancy over the past quarters, landlord incentives have been reduced to 31% to 36% of the average gross rent for Grade A office space in Adelaide as of H2 2019, a 0.5% contraction from 2018. As such, the average net face rent for Grade A office space in Adelaide stood at approximately A$255 per sqm per year as of H2 2019 despite gross face rent remaining constant from 2018.

Capital Values and Yields of Adelaide Grade A Office



Source: Colliers International, RCA

4.4 Adelaide Office Market Outlook

In 2020, Colliers anticipates increased office demand from the Australian public sector including the defence sector, as well as from private sector occupiers in the information technology, education and mining sector. Government, institutional and community sectors will look to Adelaide as a cost-effective location to grow their office footprint. Active players such as the Indigenous Land Corporation leasing 58-76 Franklin Street on a 10-year lease term, and South Australia Health renewing their lease for another five years. We expect that there will be a continued centralisation towards the CBD market at the expense of the Fringe and metro markets as the demand continues to grow. There is limited new supply expected through to the end of 2022 which combined with white collar employment growth and centralisation, will see vacancy tighten ahead of pre-commitment driven supply events in 2023.

INDUSTRIAL MARKET **RESEARCH COMMENTARY**

5 ADELAIDE INDUSTRIAL PRIME WAREHOUSE MARKET OVERVIEW

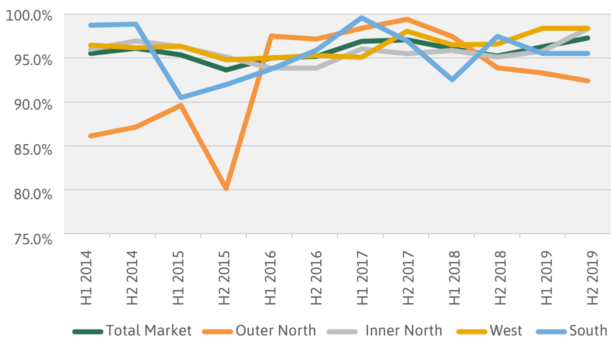
5.1 Stock and Future Supply

Adelaide's total industrial stock stood at 7,179,267sqm in 2019, a 3% YOY decline compared to 2018. The decrease in stock is most significant in the Outer North submarket, where the existing industrial stock fell by 28.6% (possibly due to rezoning and/or urban/mixed-use redevelopment projects). The Inner North submarket experienced an addition of 46,000 sqm of industrial space from H2 2018 to H2 2019. New supply totaled circa 152,500 sqm of space in 2019, the highest since 2007. Future industrial supply in Adelaide is expected to total 467,065 sqm over the next few years, of which up to 200,000 sqm will be delivered in 2020, making up 21% of the total future supply currently under construction or in the development pipeline. The Inner North submarket will make up at least half of the total 2020 future supply, with 195,000 sqm due to complete in 2019 to 2020. 10,000 sqm will come from Sigma Healthcare distribution centre and 68,000 sqm from the Huhtamaki distribution centre. Pre-commitment activity has driven the new supply with very limited speculative development.

5.2 Demand, Occupancy and Rents

Total citywide net industrial space absorption totaled approximately 213,786 sqm in Adelaide in 2019, despite the recorded decline in total stock. Demand was mainly driven by the "Transport & Logistics", "Manufacturing/ Engineering" and "Construction, Mining and Agricultural" sectors.

Occupancy Rates of Adelaide Industrial Market by Submarket, 2014 to 2019

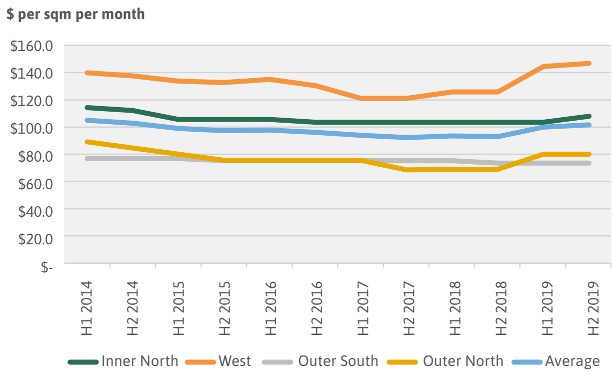


Source: Colliers International

Occupancy in the Adelaide industrial market rose by 2.06% points in 2019 to 97.30% from 95.24% in 2018 and was mainly driven by increased occupancy in the Inner North and West submarkets, while Outer North and South experienced a decline in occupancy.

Along with overall improvements in occupancy rates, there was rental growth across all Adelaide industrial submarkets with the average net rental rate increasing by 10.7% YoY in 2019. The Inner North submarket with occupancy rates at record high experienced a 4.9% increase in net rental rate. The Inner North rents are not far from the peak in 2013 with the Outer North needing to see growth of 16% to be at the same level as the peak (which is expected over the medium term). The West submarket experienced the highest increase, with 18% YoY growth in industrial rents compared to 2018. The West submarket also continues to command the highest average industrial gross face rents of all submarkets in Adelaide. The average gross rent in Inner North submarket remains consistently correlated with but slightly higher than the Adelaide citywide average rent.

Adelaide Industrial Net Face Rents by Submarket, 2014 to 2019



5.3 Capital Value and Yields

Prime yields have started to tighten over the last 12 months. The renewed interest in Adelaide from institutional investors resulted in higher valuations, with prime yields in 2019 reaching a market average of 7.56%.

Despite the abolishment of the stamp duty on commercial transactions in July 2018 for the transactions of all non-residential and non-primary production land will be abolished, including commercial properties. Institutional owners have accounted for 59 per cent of the sales volume this year compared to 43 per cent in 2018, while private investors made up the largest buyer type in Adelaide's Industrial market.

Since East Coast (primarily Brisbane, Melbourne and Sydney) industrial markets have experienced significant yield compression, investors are now actively looking at the Adelaide market to balance their portfolio

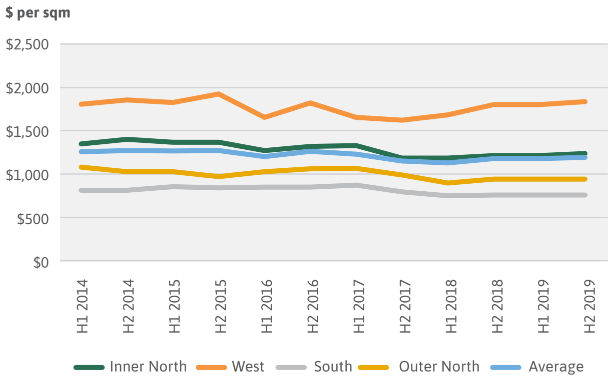
INDUSTRIAL MARKET RESEARCH COMMENTARY

with higher yielding assets. As a result, there is now a significant amount of capital available for investment into the Adelaide industrial market offering higher yields than in first-tier metropolitan markets. With the RBA indicating scope to make further cuts to the cash rate, it is expected competition for assets will increase, driving further yield compression.

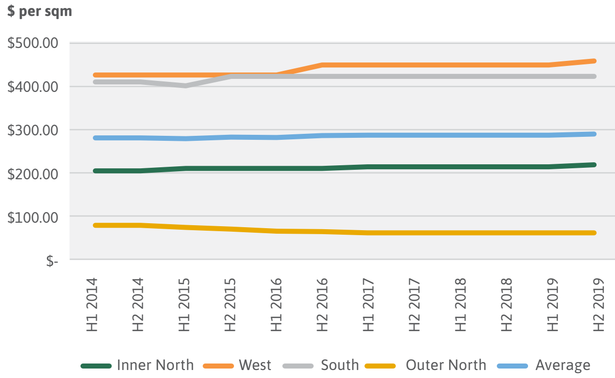
Capital values have remained relatively stable since 1H 2016 in Adelaide's prime warehouse market. The average capital value of prime warehouse space in the whole of Adelaide stood at A$1,190 per sqm in 2019, up 1.3% YoY compared to 2018. As for the average capital value of prime warehouse space in the Inner North, it stood at A$1,234 per sqm in 2019, a 2.3% increase YoY compared to 2018. The most notable increase is in the Inner North (2.3%), followed by the West market (2.2%). The South and Outer North markets experienced no change in capital values.

The notable sale transactions of 2019 include the 250 Regency Road (in the inner north) sold for A$14 million, 35-37 Maxwell Street (in the south) sold for A$13.6 million, and 42-56 Grand Junction Road (in the west) for A$10 million.

Adelaide Prime Warehouse Capital Values by submarket, 2014-2019



Adelaide Prime Warehouse Land Values by Submarket, 2014-2019



5.4 Outlook

Relatively high occupancy rates are expected to result in higher than average rental growth over the next two years. More build-to-suit development activity is expected due to high occupancy, strong pre-leasing commitments and limited new supply in the pipeline. Infrastructure investment remains key for growth in the Adelaide industrial market, with the most recent State government's budget committing $5.4 billion to the final stages of the North-South Corridor.

The outlook for the Adelaide investment market is positive, with rate cuts and increased demand improving the investment outlook. Demand for investment grade stock is expected to remain high with the buyer pool strengthening. We expect that institutional owners will continue to be active, but there will continue to be opportunities for businesses to purchase sites as owner occupiers. The increased competition, reduced cost of debt and relatively high yield spread compared to the eastern seaboard is expected to result in yields compressing further in the short term. This is most relevant for prime grade investment stock with long WALEs which are expected to lead the way in yield compression.

INDUSTRIAL MARKET **RESEARCH COMMENTARY**

6 LIMITING CONDITIONS

6.1 Market Projections

6.1.1 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.

6.1.2 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.

6.2 Limitation of Colliers Liability

6.2.1 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.

6.2.2 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.

6.2.3 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.

6.2.4 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 third annual Sustainability Report in line with the Singapore Exchange ("**SGX**") guidelines on Sustainability Reporting.

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

In 2019, efforts were made by the Manager to improve the efficiency of Soilbuild REIT's properties. At West Park BizCentral, we replaced all fluorescent lights on the mezzanine floors and carpark with LED lightings. The LED lightings emit considerably less heat and have a longer service life which lowers both maintenance and energy costs. The LED lightings are also 50% more energy efficient than fluorescent lights.

For the annual customer satisfaction survey, the Manager achieved an average tenant satisfaction score of 98.9% across 5 service functions which include asset and lease management, marketing, finance, property management and carpark management. This is an improvement from the average satisfaction level of 97.5% in 2018 and a sign of encouragement from the majority of our tenants.

As part of our efforts to value-add to our tenants and implement various sustainability initiatives, we have partnered with Singapore Power ("**SP Group**") to provide high-speed electric vehicle charging points at West Park BizCentral. This partnership is aligned with our corporate sustainability goals and reflects our commitment to lower carbon footprint.

We have also made continual efforts to improve the efficiency of our buildings. Solaris in one-north was re-certified in 2019 and has won the Green Mark Platinum Award conferred by the Building and Construction Authority of Singapore ("**BCA**") under the BCA Green Mark Scheme for Existing Non-Residential Buildings.

As Soilbuild REIT embarks on its next phase of growth, we are committed to managing the 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 staff for their help in the preparation of this report.

MR CHONG KIE CHEONG
Chairman

SUSTAINABILITY REPORT

ABOUT THIS REPORT

Reporting Scope and Period

This is the third annual Sustainability Report published by Soilbuild Business Space REIT, headquartered in Singapore and listed on the Main Board of the SGX-ST on 16 August 2013.

Soilbuild REIT is a Singapore and Australia-focused REIT with a portfolio of business parks and industrial properties used by industries engaging in manufacturing, engineering, logistics, warehousing, electronics, marine, oil & gas, research and development and value-added knowledge-based activities.

The report discusses our sustainability performance for the financial year ended 31 December 2019 ("**FY2019**") 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.

SUSTAINABILITY HIGHLIGHTS 2019

PERFORMANCE HIGHLIGHTS

Our Sustainability approach

Solaris, an iconic building in our portfolio was awarded the BCA Greenmark Platinum Award (re-certification)

373 training hours for our employees in 2019

Zero incidents of regulatory non-compliance

Donated S$10,000 to the Securities Investors Association Singapore ("**SIAS**")

Provided high-speed electric vehicle charging points at West Park BizCentral

Soilbuild Walkathon and Donation Drive supporting Mountbatten Vocational School

Energy saving initiatives implemented at West Park BizCentral

Collaboration with Health Promotion Board ("**HPB**") for activities held at Eightrium @ Changi Business Park

Collaboration with Singapore Red Cross for Blood Donation Drive at Solaris and Eightrium @ Changi Business Park

Business Continuity Plan ("**BCP**") and Emergency Response Exercises conducted with tenants

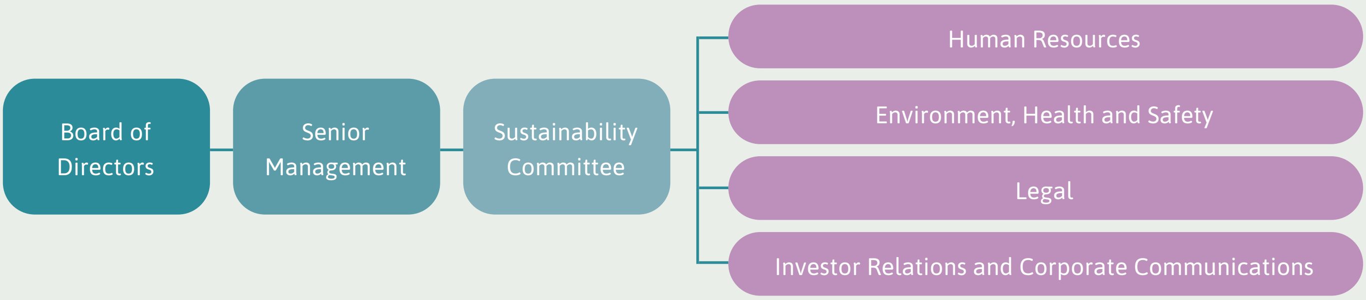
SUSTAINABILITY REPORT

Our values

Soilbuild 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 inculcate them into the organisation culture.

Governing sustainability at Soilbuild REIT

Sustainability is governed right at the top and distills down the organisation. The Board ensures that sustainability remains a strategic priority for the company and is managed effectively through the organisation. Following the SGX guidelines, the Senior Management has formed a Sustainability Committee which seeks inputs from various 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	- 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**") regulatory compliance	- Implement and monitor compliance controls and processes

SUSTAINABILITY REPORT

Materiality assessment

Understanding and prioritizing material factors enables us to focus our resources, formulate our strategy and tailor our reporting to align with the interests and needs of our business and 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 reviews periodically. We adopted a three-step process to identify the key ESG factors.

IDENTIFICATION

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

PRIORITISATION

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

VALIDATION

- 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 were grouped under three pillars that formed the genesis of our sustainability strategy.

CARING FOR THE ENVIRONMENT

- Energy efficiency and management
- Water efficiency and management

NURTURING OUR TALENT

- Training and development
- Occupational health and safety

LEADING OUR MARKETPLACE

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

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

MATERIAL FACTORS FOR SOILBUILD REIT	CORRESPONDING GRI STANDARDS MATERIAL TOPIC
Energy efficiency and management	Energy
Water efficiency and management	Water
Training and development	Training and Education
Occupational health and safety	Occupational Health and Safety
Customer satisfaction	Non-GRI factor
Regulatory compliance	Environmental Compliance
Anti-corruption	Anti-corruption
Economic performance	Economic Performance

SUSTAINABILITY **REPORT**

CARING FOR THE ENVIRONMENT

We believe that as a manager of a REIT, we can play a significant role in lowering our environmental impact through the way we manage our buildings. Our environmental strategy focuses on improving energy performance of our buildings and 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 dollar GDP basis. Projecting from 2005, Singapore's business-as-usual ("**BAU**") emissions are expected to reach 77.2 million tonnes of carbon dioxide 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, BCA's target is for 80% of buildings in Singapore to 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 reduce 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.

In May 2019, Solaris at one-north was re-certified and won the Green Mark Platinum Award conferred by BCA under the BCA Green Mark Scheme for Existing Non-Residential Buildings, demonstrating the Manager's commitment to achieve sustainable building operations.

Energy saving practices

The Manager has placed great emphasis on 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.

SOLARIS AWARDED BCA GREENMARK PLATINUM AWARD

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

- 1.5-kilometer-long landscaped spiral ramp which starts at the ground level and ends in the rooftop gardens at the building's topmost level;
- Slanted glass operable roof which works by sensor 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 works on sensors and switches off automatically when there is adequate daylight, reducing energy consumption.

We have also been working closely with our tenants on energy conservation issues. We have supported green initiatives implemented by the Jurong Town Corporation ("**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 one-north business park. Such parking facilities are provided free of charge to users.

We also explored switching to alternative private electricity providers for 3 of our properties – West Park BizCentral, 39 Senoko Way and Tuas Connection. This will help achieve an estimated 30% savings for a 2 year contact commencing from 1 November 2019.

ELECTRIC VEHICLE CHARGING AT WEST PARK BIZCENTRAL

To value-add to our tenants and enable greater adoption of electric vehicles as part of the national efforts towards reducing carbon footprint, we have partnered with SP Group to provide high-speed electric vehicle charging points at West Park BizCentral. Equipped with direct-current fast chargers that can fully power up a car in 30 minutes, the charging points bring greater convenience to electric vehicle drivers and cater to the growing pool of electric cars to drive green mobility in Singapore. SP Group has completed infrastructure installation at the carpark in West Park BizCentral and the charging stations commenced operation on 26 September 2019. In 2020, the Manager has plans to collaborate with SP Group to install electric car charging stations at Solaris.

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 optimizing 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.

In line with the Manager's sustainability objective and Energy Efficiency Policy, the Manager replaced all fluorescent lights on the mezzanine floors and carpark at West Park BizCentral with LED lightings. The LED lightings will emit considerably less heat and have a longer service life which will lower both maintenance and energy costs. The LED lightings are also 50% more efficient than fluorescent lights. The annual savings are projected at approximately 99,583.68 KWH which translate into $24,119.17 per annum based on current regulated electricity tariff of 24.22 cents/KWH. Based on this assumption, the payback period is approximately 1.87 years.

Performance

In 2019, the electricity consumption by Soilbuild REIT's business parks and industrial properties in Singapore were 9,366,426 MJ and 5,938,007 MJ respectively.

PUB WATER-SAVING TIPS DISSEMINATED TO TENANTS

Singapore World Water Day 2019

In March 2019, the Manager participated as a Friend of Water for the Singapore Water Day for the fifth run. Being a Friend of Water, the Manager constantly aims to recognize, inspire and encourage community stewardship of Singapore's water resources. The Manager celebrated World Water Day with the tenants in Solaris, Eightrium @ Changi Business Park and West Park BizCentral. The World Water Day is held annually on 22 March 2019, a day designated by the United Nations ("**UN**") to highlight the importance of freshwater. The theme for Singapore World Water Day 2019 was "Make Every Drop Count". In support of the event and water conservation, the Manager promoted the Public Utilities Board ("**PUB**")'s water-saving tips and good water usage habits to the tenants. Some of the water-saving tips disseminated included regulating the flow of water during washing, using a water-efficient washing machine, taking shorter showers, washing in a filled sink and ensuring all unused taps are turned off.

Planned initiatives for 2020

Going forward, we will continue to review our green practices and evaluate opportunities for asset enhancement that will achieve higher energy-savings for our properties. We have planned various initiatives for FY2020 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;
- Conduct energy audits for our buildings to identify areas for improvement;
- BCA Green Mark audit for buildings due for Green Mark recertification; and

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 water price hikes and we see this as an area for cost savings going forward.

Management approach

Water-saving initiatives

We practice water conservation at our properties. Several water-saving initiatives are implemented in the buildings to instill water stewardship 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

SUSTAINABILITY **REPORT**

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. To achieve this, the Manager has rolled out a Water Efficiency Policy in FY2018 with the objective of optimizing water 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 water management practices to ensure efficient use of water. The Water Efficiency Policy will help to ensure that the most efficient use of water resources can be attained through various action plans. The Manager will implement the action plans with assistance from its Property Manager.

Performance
In FY2019, the water consumption in Soilbuild REIT's business parks and industrial properties were 28,491m^3 and 31,453m^3 respectively.

Planned initiatives for 2020
Going forward, we plan to continue exploring new ways to reduce our water impact. Activities we have planned include:

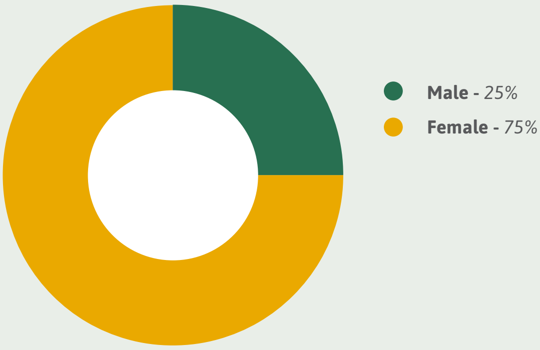
- Leverage on the Water Efficiency Policy and implement it in the multi-tenanted buildings;
- Target one property (i.e. Solaris) to have all taps included in the 3-ticks Water Efficiency Labelling Scheme ("**WELS**") upon completion of the asset enhancement initiative ("**AEI**") by 2020;
- Conduct water audits for our buildings to identify areas for improvement; and
- Install water saving thimbles in our multi-tenanted properties.

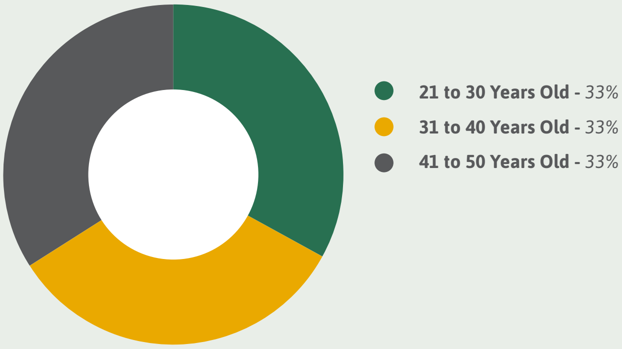
Long-term targets
- Achieve 10% reduction in water intensity in managed properties by 2025 (based on FY2017 baseline).

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 12 full-time permanent employees based in Singapore, from various age groups and educational backgrounds.





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. The Manager is committed to nurturing our employees and investing in their personal and professional development that empowers them to create long-term value for the business. To emphasize the importance of continual learning and development, we have developed a training and development policy to help us invest in the development of our employees.

Our training programmes for staff consists of various trainings through on-the-job coaching, seminars and short-courses which cover a range of topics such as finance, corporate governance, regulatory updates and skills development amongst others. Some of the courses our staff have attended include the "Corporate Governance Briefing" organized by KPMG on 21 January 2019, "Crisis Communication Seminar" organized by Deloitte on 22 March 2019, "Real Value in a Changing World Seminar" organized by EY, "Business Continuity Management-SG Secure Awareness Training" organized by Organisation Resilience Management Pte Ltd on 31 May 2019, "Best Practice Processes in Real Estate" organized by Yardi on 18 June 2019, "Rules & Ethics Course" organized by REITAS on 30 August 2019, "Sustainability Reporting: Progress and Challenges

Seminar" organized by SGX, and many more. To equip our staff with the knowledge and skills to provide first aid to adult casualties and to use the Automated External Defibrillator safely and effectively in the workplace, we have also sent them for occupational first aid course organized by the Singapore Emergency Responder Academy.

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 staff clocked an average of 13 training hours each in FY2019.

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

Targets for 2020

- Identify opportunities for workers to upskill and continue employment by FY2020; and

- Update current Training Policy to cover new training programmes and leadership courses for Soilbuild employees by FY2020.

Occupational health and safety

Why this is material

Ensuring health, safety and security for our staff 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. We implement various initiatives that focus on enhancing awareness and implementing best practices to ensure a safe working environment for all our employees and tenants.

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. In FY2019, we also organized a wide range of activities and initiatives such as team building sessions, health talks and exercise programs to increase employee well-being.

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

We have conducted training on SG Secure Awareness for our Board of Directors, Management and staff in FY2019 and will continue to conduct such training in coming years. Our staff are trained in responding to emergency situations and are briefed on the escape routes.

INFORMATION FROM SG SECURE
@ WORKPLACE DISSEMINATED TO TENANTS

To value-add to our tenants, the Manager extended our business continuity management initiatives by disseminating information from SG Secure@ Workplace from the Ministry of Manpower ("**MOM**") to the tenants. SG Secure is a national movement to sensitise, train and mobilise the Singapore community to play a part in preventing and dealing with a terrorist attack.

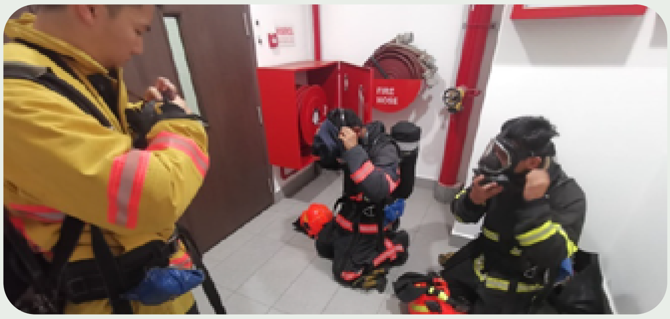
We understand the importance of workplace health and safety and will ensure our staff well-being at the workplace. As part of achieving and maintaining a safe and healthy working environment for all staff, health tips are regularly sent to employees. For example, tips on how to stay healthy which include doing office stretches and healthy eating guides were circulated to all employees. A series of health and wellness programmes will be further rolled out to the staff in FY2020.
In addition to workplace health and safety, we also provide medical insurance plans that help protect our staff.

SUSTAINABILITY **REPORT**

Performance
There were no significant injuries, occupational diseases, lost days, absenteeism and work-related fatalities recorded for FY2019.

Health & Safety Policy
The Manager is committed to provide a safe, healthy and efficient work environment for all stakeholders. To achieve this objective, we have implemented a health and safety policy 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 initiatives and has encouraged staff to adopt healthy habits into their daily lives.

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 2019.



EMERGENCY RESPONSE DEMONSTRATION TO TENANTS AT SOLARIS ON 28 JUNE 2019

Emergency Evacuation (Fire Drills)
To ensure our staff are operationally ready in the event of a fire, fire drills were conducted in April and December 2019. Employees of Soilbuild were briefed beforehand and were quick to assemble at the designated areas when announcements were made. We further extended our business continuity management initiatives by conducting management tabletop exercises with property managers for the respective buildings. To give our tenants a certain level of assurance on the Landlord's emergency response planning, fire drills were also conducted at our properties together with a demonstration of the emergency response capabilities.

Haze Management
The Manager and its Property Manager had activated Haze Management Plans in relevant buildings when the Pollutant Standards Index ("**PSI**") hit 101 (unhealthy level) and above in the month of September 2019. The Property Manager had also sent circulars to tenants according to the Haze Management Plan and the National Environment Agency ("**NEA**")'s guidelines. The circulars include advisory and guidelines for the tenants to plan their activities appropriately and measures to take if the PSI reaches an unhealthy level.

The bushfires in Sydney resulted in extreme levels of smoke in the ambient air in Canberra. As such, the property manager disabled all external air recycling cycle, isolated air supplies including minimum make-up air fixed value supplies and turned off auto-door sensors to achieve the best possible indoor air quality for our tenants at 14 Mort Street, Canberra. Where appropriate, the property manager will also schedule for the building to run 24 hours a day over a weekend to check the effectiveness of indoor air filtration and circulation system. To conserve energy usage over the weekends, the property manager will raise indoor temperature to 26 degrees and reduce fan speed. The property manager has informed the tenants on the actions undertaken and is keeping tenants posted on the developments relating to the bushfire.

Employee Well-Being
To promote closer ties and enrich staff well-being, events were organised for employees which included a Fruits Party gathering on 26 April 2019 to promote stronger ties within the organisation and to encourage healthy eating habits. Programmes such as cardio kick-boxing and yoga classes were also held within Soilbuild's office to promote active lifestyle and healthy eating habits.

To foster stronger bonds within the team, the Manager also organised a team bonding session in Malaysia for its employees in November 2019.

SOILBUILD REIT TEAM BONDING IN MALAYSIA

SOILBUILD FRUITS PARTY

CARDIO KICK-BOXING IN SOILBUILD

Targets for 2020

- Roll out a series of health and wellness programmes for staff in FY2020;
- Roll out health and safety culture campaigns to advocate and educate our employees on workplace health and safety best practices; and
- Hold regular health and safety committee meetings in FY2020 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. The Manager believes that effective communication with tenants to understand their needs is key to developing good tenant relationships.

Management Approach

We exercise extra care to ensure that our tenants are satisfied at all times. We pay frequent visits to tenants' workplace and provide timely technical support if required. We also upgrade our properties' facilities on a regular basis. We value tenants' feedback and conduct annual Tenant Satisfaction Surveys to monitor tenant satisfaction levels and identify areas where the Manager and the Property Manager have done well along with areas for improvement to enhance our customer service standard. This will enable the Manager to anticipate, understand and respond appropriately to the needs of our tenants.

Performance

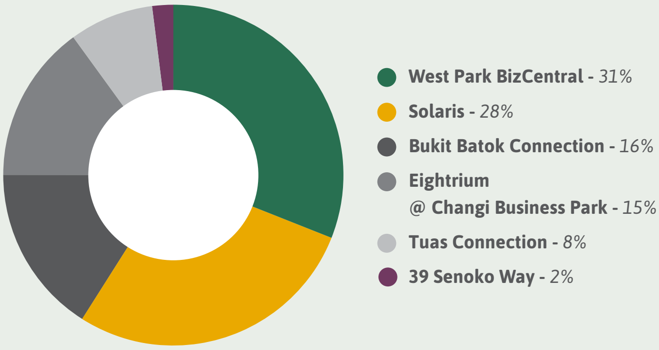
In FY2019, the Manager launched its fourth Tenant Satisfaction Survey which targeted tenants and underlying tenants in the following properties:

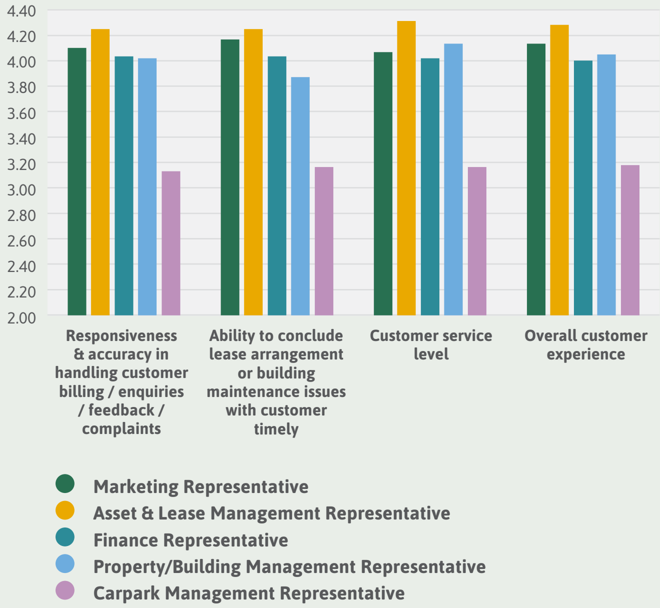
(a) Singapore Business Park Portfolio – Solaris and Eightrium @ Changi Business Park

(b) Singapore Industrial Portfolio – West Park BizCentral, Tuas Connection, Bukit Batok Connection and 39 Senoko Way

The results from the survey are shown below:

Responses by Property Type





A total of 61 tenants responded to the Survey and a majority of the respondents were satisfied with the services rendered and have rated "Fair", "Good" and even "Excellent" for their experiences in liaising with the representatives from the various service functions. Asset & Lease Management, Marketing and Finance functions had the highest percentage of respondents who rated their services as "Fair", "Good" or "Excellent".

SERVICE FUNCTIONS	% OF RESPONDENTS WHO RATED "FAIR", "GOOD" OR "EXCELLENT"
	October 2019
Asset & Lease Management	100.0%
Marketing	100.0%
Finance	100.0%
Property Management	98.1%
Carpark Management	96.6%

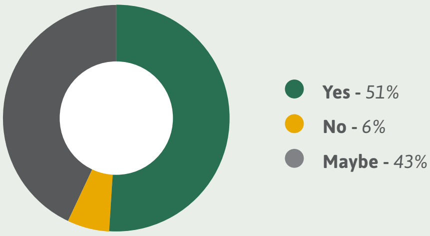
The tenants were also invited to provide valuable feedback on areas the Manager did well and areas requiring improvement by service functions and departments.

SUSTAINABILITY REPORT

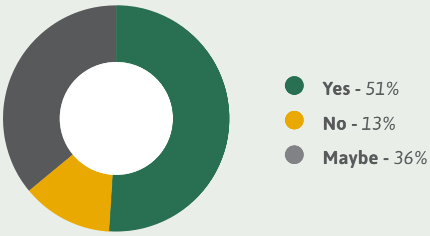
With regards to areas for improvement, the Management takes the feedback seriously and will be rolling out measures to address them. Tenant-landlord relationship is paramount to the Manager and customer care programmes will continue to be a key component of the Manager's business and operational strategy.

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:

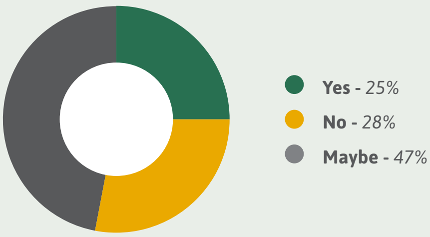
Willingness to repeat real estate business dealings and build long-term relationship with Soilbuild:



Willingness to recommend Soilbuild's real estate services to other parties:



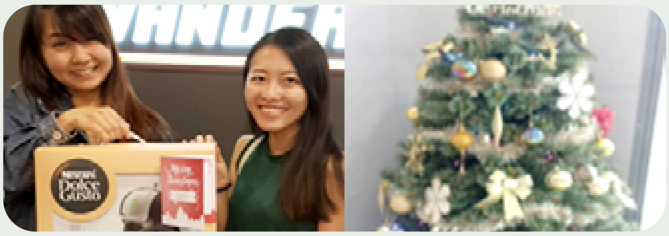
Willingness to engage Soilbuild's other real estate services:



Customer Care Programme

MOONCAKE GIFT BOXES FOR TENANTS

CHINESE NEW YEAR CELEBRATION AT WEST PARK BIZCENTRAL



CHRISTMAS CELEBRATION WITH TENANTS

25 GRENFELL STREET COMPLETION CUSTOMER EVENT

In addition to the Customer Satisfaction Survey, we have a detailed customer care programme planned prior to the commencement of each 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 FY2019, Chinese New Year hampers, mooncake gift boxes and Christmas gifts were distributed to existing tenants. New tenants received welcome kits. The Manager celebrated the mid-autumn festival with tenants and business associates in September. For Chinese New Year, lion dance performances were held at a few properties to celebrate and bring good luck and fortune. Lion dance performances at our properties are widely popular amongst the tenants and is eagerly anticipated by many each year. During the festive season in December, the Manager also celebrated Christmas with tenants and presented Nescafe coffee machines to them. The Manager treasures its relationships with its tenants and will continue to build good long-term relationships with them.

Upon completion of our acquisition of 25 Grenfell Street in Adelaide, the Manager held a celebratory event in the building on 5 December 2019 to introduce the new building owner's representative and asset manager, and for the Manager to foster and build relationships with the tenants. Complimentary cupcakes, tea and coffee were provided for the tenants.

SUSTAINABILITY REPORT

Targets for 2020

- Conduct a customer satisfaction survey in FY2020;
- Maintain a minimum customer satisfaction rating of 75%; and
- Continuous review of existing customer privacy and data security policies and practices in FY2020 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 ("**CIS Code**") issued by 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 FY2019, the organisation has not identified any non-compliance with laws and regulations.

Targets for 2020

- Provide training on regulatory compliance to operational teams
- 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 all 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.

Our Code of Ethics Policy has also 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 sets out the procedures for disclosure by all employees and non-Executive Directors.

Performance

In FY2019, there were no cases of corruption.

Targets

- Provide training to all employees on our policies and practices relating to anti-corruption by FY2020

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 dividends, suppliers through sales and communities through corporate giving. We strive to increase 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. As such, the Manager continually seeks opportunities to invest in assets that will help diversify the REIT's tenant and income base, while simultaneously embarking on organic growth strategies through active asset management and AEIs. Various AEIs have been carried out to enhance the overall quality of our properties, including the enhancement of building façade and refurbishing the common areas and facilities to enhance overall user experience.

A share of our economic performance goes to our communities and we have made conscious effort to prioritize corporate social responsibility. The Manager is a member of the one-north Collective, a committee set up by JTC to plan and implement placemaking programmes for the one-north estate. Collaboration projects the Manager is working with JTC include sustainability events, preferential rates for one-northers for

SUSTAINABILITY REPORT

one-north shared facilities and a job/ internship platform. The Manager has been supportive of JTC's placemaking programmes for the one-north estate and has distributed bulletins to tenants in Solaris in addition to encouraging the tenants to participate in the events.

Soilbuild Walkathon and Donation Drive

In 2019, we chose Mountbatten Vocational School to be our new partner for our Corporate Social Responsibility ("**CSR**") Drive. Mountbatten Vocational School (formerly known as Vocational School for the Handicapped) was established in 1975 to train deaf youths to be skilled workers. Due to the needs of the community, it was opened to students with various learning disabilities in the later years. The students are aged between 16 to 21 years old and the school is mainly funded by the Ministry of Education ("**MOE**"). In July 2019, the Manager partnered with its Sponsor to hold a 2.65 km walkathon and donation drive at Mount Faber with the objective of inculcating corporate social responsibility and promoting healthy living for staff. The proceeds of $7,209 were donated to the Mountbatten Vocational School to help fund upgrading works. Following the event, complimentary buffet dinner was provided for our staff before a friendly game of bowling to foster greater camaraderie between the employees.

SOILBUILD WALKATHON & DONATION DRIVE

K-POP FITNESS EXERCISE AT EIGHTRIUM @ CHANGI BUSINESS PARK

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 held events in Soilbuild REIT's buildings regularly to create social responsibility awareness and healthy lifestyle among its tenants and the community.

Within the Changi Business Park community, the Manager collaborated with JTC and the HPB to implement the "Healthy Workplace Ecosystem" - a joint initiative to enhance the health and wellness of tenants at Changi Business Park. The initiative includes introducing health and wellness programmes such as Zumba, K-pop fitness and cardio exercises for the community at Changi Business Park. The Manager facilitated this initiative by collating responses for HPB's survey and offering venue. In April 2019, the Manager hosted the health and wellness program, "K-Pop Fitness", for the community at Changi Business Park.

In July 2019, the Manager also collaborated with HPB to conduct their recruitment drive for the Healthy Workplace Eco-system Futsal Champion League 2019 at Eightrium @ Changi Business Park. The Manager facilitated and supported HPB by allowing HPB free use of atrium space for the recruitment activities and helping HPB in communications with the tenants in Eightrium @ Changi Business Park.

"PETS@WORK" PROGRAMME BY TENANT NESTLE IN EIGHTRIUM @ CHANGI BUSINESS PARK

One of our tenants in Eightrium @ Changi Business Park, Nestle Singapore (Pte) Ltd, through one of their regionally managed businesses, Nestle Purina PetCare, rolled out their "Pets@Work" programme every Friday from 1 February 2019. Their employees are allowed to bring their pets to office. The Manager facilitated this initiative by seeking JTC's approval and planning specific travelling route for pet owners within the building.

SUSTAINABILITY **REPORT**

At Solaris in one-north, the Manager organized site tours for educational and professional organizations including the Korea Institute of Sustainable Design and Environment, the National University of Singapore Real Estate Department, CPG Corporation and FOGG Pte Ltd. In addition, the Manager facilitated filming requests at Solaris by CNBC Managing Asia and Mediacorp.

To support Singapore's efforts towards a car-lite society, the Manager also pledged to support JTC's car free program at one-north and encouraged the tenants in Solaris to participate in the event as well. The Car-Free Weekend @ one-north event, jointly organized by JTC and the Urban Redevelopment Authority ("**URA**") took place on 30 and 31 August 2019 with activities featuring Singapore's first eco-friendly food truck street in Fusionopolis Way where participants got to try out a range of eco-friendly foods in a car-free environment.

During the year, some of the other events held in our properties include:

- Blood donation drive with Red Cross Singapore at Solaris in August 2019;
- Mooncake Bazaar held at Solaris in August 2019;
- Beauty Bazaar in conjunction with Citibank at Solaris in September 2019;
- Blood donation drive with Red Cross Singapore at Eightrium @ Changi Business Park in December 2019;
- Christmas Bazaar held at Solaris in December 2019.

BLOOD DONATION DRIVE AT SOLARIS IN AUGUST 2019

CHRISTMAS BAZAAR AT SOLARIS IN DECEMBER 2019

To support the SIAS' efforts to promote investor education, protection of investor rights and good corporate governance practices, the Manager donated S$10,000 to SIAS and attended their 20th Anniversary celebration in June 2019. The roles of SIAS have grown to cover industry standards for the distribution of investment products, and educational outreach and the organization is often viewed as a credible and steadfast advocate for retail investors.

Performance

Soilbuild REIT generated total amount available for distribution to Unitholders of S$48.6 million in FY2019. Accordingly, the Manager earned a base fee of S$4.9 million based on 10% of Soilbuild REIT's total amount available for distribution.

Soilbuild Group has raised S$7,209 for the Mountbatten Vocational School as well as contributed S$3,720 worth of vouchers and 48 gifts to the school.

Targets

- Develop strategic community investments (focus areas) programmes in FY2020

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		
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102-2	Activities, brands, products, and services	About this Report (page 82)
102-3	Location of headquarters	Singapore
102-4	Location of operations	About this Report (page 82)
102-5	Ownership and legal form	Soilbuild REIT's Structure (Annual Report page 3)
102-6	Markets served	About this Report (page 82); Portfolio Overview (Annual Report page 26)
102-7	Scale of the organisation	Employee Profile (pages 87-88); Financial Highlights (Annual Report page 7)
102-8	Information on employees and other workers	Employee Profile (pages 87-88)
102-9	Supply chain	Capital & Risk Management (Annual Report pages 57-59)
102-10	Significant changes to the organisation and its supply chain	Significant Events (Annual Report page 5)
102-11	Precautionary Principle or approach	Principle 9: Risk Management and Internal Controls (Annual Report pages 109-110); Capital & Risk Management (Annual Report pages 57-59)
102-12	External initiatives	Economic Performance/Corporate Social Responsibility (pages 92-94)
102-13	Membership of associations	List of memberships, standards and charters (page 94)
102-14	Statement from senior decision-maker	Board Statement (page 81); Letter to Unitholders (Annual Report pages 10-13)
102-16	Values, principles, standards, and norms of behaviour	Our Values (page 83)
102-18	Governance structure	Principle 1: The Board's Conduct of Affairs (Annual Report pages 98-99)
102-40	List of stakeholder groups	Stakeholder Engagement (page 83)
102-41	Collective bargaining agreements	Nil
102-42	Identifying and selecting stakeholders	Stakeholder Engagement (page 83)
102-43	Approach to stakeholder engagement	Stakeholder Engagement (page 83)
102-44	Key topics and concerns raised	Stakeholder Engagement (page 83)
102-45	Entities included in the consolidated financial statements	Investment in Subsidiaries (Annual Report page 159)
102-46	Defining report content and topic boundaries	Materiality Assessment (page 84)
102-47	List of material topics	Materiality Assessment (page 84)
102-48	Restatements of information	There were no restatements made.

GRI STANDARDS CONTENT INDEX

102-49	Changes in reporting	There were no changes.
102-50	Reporting period	1 January 2019 – 31 December 2019
102-51	Date of most recent previous report	Annual Report 2018
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 82)
102-55	GRI content index	Pages 95-96
102-56	External assurance	Nil
Topic Specific Standards		
Energy		
103-1/2/3	Management Approach	Pages 85-86
302-1	Energy Consumption within the organisation	Performance (page 86)
Water		
103-1/2/3	Management Approach	Pages 86-87
303-1	Water withdrawal by source	Page 87
Occupational health and safety		
103-1/2/3	Management Approach	Page 88
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 89
Training and education		
404-1	Average hours of training per year per employee	Performance (page 88)
404-3	Percentage of employees receiving regular performance and career development reviews	Page 88
Regulatory Compliance		
103-1/2/3	Management Approach	Page 92
419-1	Non-compliance with laws and regulations in the social and economic area	Performance (page 92)
Anti-Corruption		
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205-3	Confirmed incidents of corruption and actions taken	Performance (page 92)
Economic Performance		
103-1/2/3	Management Approach	Pages 92-93
201-1	Direct economic value generated and distributed	Performance (page 94)

CORPORATE GOVERNANCE

Soilbuild Business Space REIT ("**Soilbuild 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 (the "**Manager**") and DBS Trustee Limited, as trustee of Soilbuild REIT (the "**Trustee**").

The Manager is committed to maintaining high standards of corporate governance and business integrity in line with the Code of Corporate Governance 2018 (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 ("**MAS**") (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 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).

CORPORATE **GOVERNANCE**

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.

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

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

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, nomination and review of the Directors and setting and monitoring of corporate culture.

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 has put in place a code of conduct and ethics, set appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company.

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. Appropriate delegations of authority and approval sub-limits are also provided at management level to facilitate operational efficiency.

CORPORATE GOVERNANCE

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. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The number of meetings of the Manager's Board, ARC and NRC held during the period from 1 January 2019 to 31 December 2019, 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	7	4	4	2	2
Mr Michael Ng Seng Tat	7	6	4	4	2	2
Mr Lim Chap Huat	7	7	N.A.	N.A.	N.A.	N.A.
Mr Ho Toon Bah (Stepped down with effect from 19 March 2020)	7	7	N.A.	N.A.	N.A.	N.A.
Ms Lim Cheng Hwa	7	7	N.A.	N.A.	2	2

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.

All members of the Board attended the Annual General Meeting held on 29 March 2019.

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 ("**SID**"), 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. Any new director with no prior experience as a director of a listed company shall undergo training in the roles and responsibilities of a listed company director.

During the year, Directors attended training sessions organised by Members of the Reit Association of Singapore (REITAS), SID and KPMG Singapore Risk Consulting covering topics such as "What independent directors need to know when acquiring overseas properties", "Auditing and disrupting technologies impact on internal audit", "Blockchain for Directors", "Data analytics and artificial intelligence for Directors" and "Overview of Singapore Corporate Governance Changes".

CORPORATE **GOVERNANCE**

BOARD COMPOSITION AND GUIDANCE

Principle 2

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

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 comprised six Non-Executive Directors in FY2019, three of whom are independent. Mr Ho Toon Bah subsequently stepped down with effect from 19 March 2020. This composition complies with the Code's requirement that at least one-third of the Board should comprise independent directors if the Chairman is an independent director and at least half of the Board should comprise independent directors if the Chairman is not an independent director. 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.

The Board has set a board diversity policy, including qualitative and quantitative objectives where appropriate. A soft copy of the board diversity policy can be found on our website at www.soilbuildreit.com/corporate-governance.html. 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 2019, 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 (Stepped down with effect from 19 March 2020)
Ms Lim Cheng Hwa

The profiles of the Directors and other relevant information may be found on pages 14 to 15 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 5% shareholders and/or Unitholders ("**substantial shareholders/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 and is independent from any business relationship with the Manager and Soilbuild REIT.

CORPORATE GOVERNANCE

In FY2019, the Chairman is an Independent Director and half the Board comprises Independent Directors. With effect from 19 March 2020, Mr Ho Toon Bah stepped down from the Board and more than 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 as well as an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

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 and the Board are 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 balance and diversity of skills, experience, gender, age and knowledge required by the Board and the size of the Board which would facilitate decision making 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. The chairman of such meetings provides feedback to the Board and/or Chairman of the Board as appropriate.

Directors exercise their judgment independently and objectively in the interest of Soilbuild REIT and the Manager. The NRC reviews and assesses annually the independence of its directors based on the definitions and guidelines of independence set out in the Code of Corporate Governance and Securities and Futures (Licensing and Conduct of Business) Regulations ("**SFLCB Regulations**"). Under the SFLCB Regulations, a director is considered to be independent if the director:

(i) is independent from the management of the Manager and Soilbuild REIT;
(ii) is independent from any business relationship with the Manager and Soilbuild REIT;
(iii) is independent from every substantial shareholder of the Manager and every substantial unitholder of Soilbuild REIT;
(iv) is not a substantial shareholder of the Manager or a substantial unitholder of Soilbuild REIT; and
(v) has not served as a director of the Manager for a continuous period of 9 years or longer.

In its review for FY2019, the NRC has endorsed in its recommendation to the Board that the following directors are independent for FY2019:

Mr Chong Kie Cheong	Independent
Mr Ng Fook Ai Victor	Independent
Mr Michael Ng Seng Tat	Independent

As part of its review, the NRC has taken into consideration, *inter alia*, each Independent Director's declaration of independence, which includes questions relating to his relationship with Soilbuild REIT, the Manager, the Trustee, and Soilbuild REIT's sponsor, Soilbuild Group Holdings Ltd., whereby, all have declared that there were no relationships or instances that would otherwise deem him not to be independent.

CORPORATE **GOVERNANCE**

For the purposes of Regulation 13E(b)(i) of the SFLCB Regulations, the Board of the Manager, after considering the relevant requirements under the SFLCB Regulations, wishes to set out its views in respect of each of the Directors as follows:

	Mr Chong Kie Cheong	Mr Ng Fook Ai Victor	Mr Michael Ng Seng Tat	Mr Lim Chap Huat[(1)]	Mr Ho Toon Bah[(1)]	Ms Lim Cheng Hwa[(1)]
(i) had been independent from the management of the Manager and Soilbuild REIT during FY2019	✓	✓	✓			
(ii) had been independent from any business relationship with the Manager and Soilbuild REIT during FY2019	✓	✓	✓			
(iii) had been independent from every substantial shareholder of the Manager and every substantial unitholder of Soilbuild REIT during FY2019	✓	✓	✓			
(iv) had not been a substantial shareholder of the Manager or a substantial unitholder of Soilbuild REIT during FY2019	✓	✓	✓		✓	✓
(v) has not served as a director of the Manager for a continuous period of 9 years or longer as at the last day of FY2019	✓	✓	✓	✓	✓	✓

(1) Each of Mr Lim Chap Huat, Mr Ho Toon Bah and Ms Lim Cheng Hwa is currently or in the immediately preceding financial year employed by a related corporation of the Manager and each of them is or in the immediately preceding financial year, a director of Soilbuild Group Holdings Ltd. and/or its related companies. Soilbuild Group Holdings Ltd. wholly-owns the Manager. Mr Lim Chap Huat wholly owns Soilbuild Group Holdings Ltd. and is a substantial unitholder of Soilbuild REIT. In FY2018 or FY2019, Soilbuild Group Holdings Ltd. and Soilbuild Construction Group Ltd. had made payments to and/or received payments from the REIT Manager, its related corporation, trustee of the REIT and/or an officer of the aforementioned entities. As such, during FY2019, each of them is deemed (a) to have a management relationship with the Manager and Soilbuild REIT; (b) to have a business relationship with the Manager and Soilbuild REIT; and (c) connected to a substantial shareholder of the Manager and substantial unitholder of Soilbuild REIT. The Board of the Manager is satisfied that, as at the last day of FY2019, each of Mr Lim Chap Huat, Mr Ho Toon Bah and Ms Lim Cheng Hwa was able to act in the best interests of all the unitholders of Soilbuild REIT as a whole.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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.

CORPORATE GOVERNANCE

BOARD MEMBERSHIP

Principle 4

The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of 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 and key management personnel (including the Chairman and the CEO). 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, knowledge, experience, gender, age 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 NRC 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 will ensure the new Directors are aware of their duties and obligations.

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 14 to 15. 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

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

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 2019 ("**FY2019**").

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.

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 6

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is 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 SID.

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.

Key Management Personnel are assessed using a balanced scorecard with pre-agreed financial and non-financial key performance indicators ("**KPIs**"). The financial KPIs are based on the performance of Soilbuild REIT. Non-financial KPIs may include measures on People, Corporate Governance, Sustainability, adherence to Internal Controls and Risk Management or specified projects. These targets are documented in the Annual Business Plan approved by the Board in the fourth quarter of the preceding financial year. Upon finalisation of Soilbuild REIT's full year financial results, the achievements are measured against the pre-agreed targets and the performance incentives of each Key Management Personnel are determined.

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 FY2019. "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 7

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

A significant and appropriate proportion of key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of unitholders and other stakeholders and promotes the long-term success of the Manager.

The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of Soilbuild REIT and key management personnel to successfully manage Soilbuild REIT for the long term.

Disclosure on Remuneration

Principle 8

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

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;
- reviews annually the balance and diversity of skills, experience, gender, age and knowledge required by the Board and the size of the Board which would facilitate decision making; and
- oversees the development of key executives and younger talented executives.

CORPORATE GOVERNANCE

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.

Motivate Right Behaviour

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

Fair & Appropriate

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

Effective Implementation

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

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

In determining the actual quantum of remuneration, the Board had taken into account the extent to which the performance conditions have been met, and is of the view that remuneration is aligned to the performance conditions during FY2019.

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.

CORPORATE **GOVERNANCE**

The Directors' fees paid by the Manager to the Board for FY2019 are as follows:

Board members	Membership	S$'000
Mr Chong Kie Cheong	Chairman, Independent Non-Executive Director and ARC Member	90
Mr Ng Fook Ai Victor	Independent Non-Executive Director, ARC Chairman and NRC Member	75
Mr Michael Ng Seng Tat	Independent Non-Executive Director, ARC Member and NRC Chairman	65
Mr Ho Toon Bah (Stepped down with effect from 19 March 2020)	Non-Executive Director	40
Mr Lim Chap Huat	Non-Executive Director	40
Ms Lim Cheng Hwa	Non-Executive Director and NRC Member	45
		355

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	40	10	–	90
Mr Ng Fook Ai Victor	40	30	–	5	75
Mr Michael Ng Seng Tat	40	15	10	–	65
Mr Lim Chap Huat	40	–	–	–	40
Mr Ho Toon Bah (Stepped down with effect from 19 March 2020)	40	–	–	–	40
Ms Lim Cheng Hwa	40	–	–	5	45
Total	**240**	**85**	**20**	**10**	**355**

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 inclusive of Employer CPF	Benefits-in-kind
Above S$500,000 to S$750,000			
Mr Roy Teo Seng Wah	68%	30%	2%

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.

CORPORATE GOVERNANCE

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 105 to 109.

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, the CEO or a substantial shareholder of the Manager and whose remuneration exceeds S$50,000 during FY2019.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9

The Board is responsible for the governance of risk and ensure that Management maintains a sound system of risk management and internal controls, to safeguard the interest of the company and its unitholders.

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

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

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

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

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

CORPORATE **GOVERNANCE**

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. In addition, the CEO and other key management personnel who are responsible have provided assurances to the Board regarding the adequacy and effectiveness of the Manager's risk management and internal control systems.

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.

Comments 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 2019 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 10

The Board has an Audit Committee which discharges its duties objectively.

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**

The ARC does not comprise former partners or directors of the Manager's existing external auditing firm:

- within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case,

- for as long as they have any financial interest in the auditing firm or auditing corporation.

As at 31 December 2019, 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 remuneration and terms of engagement of the external auditors;

- reviewing the nature and extent of non-audit services performed by external auditors;

- reviewing, on an annual basis, the independence and objectivity as well as adequacy and effectiveness of the external auditors and internal audit function;

- 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 at least on an annual basis;

- reviewing the financial statements and the internal audit report including the assurance from the CEO and the CFO on the financial records and financial statements as well as the assurance from the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Manager's risk management and internal control systems;

- 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 FY2019, the aggregate amount of audit fees paid and payable by Soilbuild REIT to the external auditor was S$236,000, comprising non-audit service fees of S$102,000 and audit service fees of S$134,000. The re-appointment of the external auditor will be subject to approval by way of ordinary resolution of the Unitholders at Soilbuild REIT's seventh AGM to be held in May 2020.

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, 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.

CORPORATE GOVERNANCE

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 2020 at the forthcoming AGM.

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

Valuation of investment properties and a property held for sale

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 and a property held for sale 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 and a property held for sale. 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.

CORPORATE **GOVERNANCE**

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.

The internal audit function is outsourced to KPMG Services Pte. Ltd. ("**KPMG**") which is staffed by qualified executives. KPMG 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.

KPMG performed two internal audits on Soilbuild REIT and the Manager in FY2019 covering areas such as property management, procurement and payments, Information Technology general controls, insurance management, treasury and interested person transactions.

The ARC reviews the adequacy, effectiveness and independence of the internal audit function annually through approval of the internal audit plan and review of internal audit reports and is satisfied that the internal audit function is independent, adequately resourced and effective for the FY2019.

UNITHOLDER RIGHTS AND ENGAGEMENT

Unitholder Rights and Conduct of General Meetings

Principle 11

The company treats all unitholders fairly and equitably in order to enable them to exercise unitholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives unitholders a balanced and understandable assessment of its performance, position and prospects.

Engagement with Unitholders

Principle 12

The company communicates regularly with its unitholders and facilitates the participation of unitholders during general meetings and other dialogues to allow unitholders to communicate their views on various matters affecting the company.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

CORPORATE GOVERNANCE

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.

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 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 in May 2020. An electronic copy of the Annual Report has been uploaded on Soilbuild REIT's website. Unitholders can access the Annual Report (printed copies are available upon request) at the 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.

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 were published on Soilbuild REIT's website at https://soilbuildreit.listedcompany.com/newsroom.html

Soilbuild REIT's stakeholders also include its tenants, government, regulators, suppliers and the Manager's staff. Engagement efforts with these stakeholders are set out in the Sustainability Report (page 83 of the Annual Report). In addition, the Manager conducts annual tenant satisfaction surveys to obtain tenants' feedback. Details of the customer satisfaction survey are set out in the Sustainability Report (pages 90 to 92 of the Annual Report).

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

CORPORATE **GOVERNANCE**

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 198 to 200.

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 FY2019 save for the Interested Person Transactions set out on pages 198 to 200.

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 issued 192,135,040 new units on 19 September 2019 pursuant to a fully underwritten, pro-rata and non-renounceable preferential offering. The proceeds from the issue of the Perpetual Securities were utilised for the acquisition of 25 Grenfell Street acquired on 1 November 2019.

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 2019

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 126 to 195, 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
3 March 2020

STATEMENT BY **THE MANAGER**

For the financial year ended 31 December 2019

In the opinion of the directors of SB REIT Management Pte. Ltd. (the "Manager"), the accompanying financial statements set out on pages 126 to 195 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 2019, 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
3 March 2020

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2019

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 2019, 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' Funds 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 2019, 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 and a property held for sale

The Trust owns a portfolio of investment properties and a property held for sale comprising ten industrial properties and four business park properties. Investment properties and a property held for sale made up 98.4% of the total assets as at 31 December 2019. 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.

INDEPENDENT **AUDITOR'S REPORT**

For the financial year ended 31 December 2019

Key Audit Matters (cont'd)

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

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 28(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.

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 28(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 2019

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
3 March 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

		Group		Trust	
	Note	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Non-current assets					
Investment properties	4	1,350,360	1,229,671	1,111,370	1,121,750
Derivative financial instruments	5	668	–	668	–
Investment in subsidiaries	6	–	–	99,862	46,671
Deferred tax assets	21	237	–	–	–
Loans to a subsidiary	7	–	–	146,272	67,300
		1,351,265	1,229,671	1,358,172	1,235,721
Current assets					
Trade and other receivables	7	4,191	2,584	4,638	3,287
Other current assets	8	1,143	421	186	381
Cash and bank balances	9	16,244	15,132	8,986	11,691
Property held for sale	10	34,531	–	34,531	–
Derivative financial instruments	5	3	151	3	151
		56,112	18,288	48,344	15,510
Total assets		1,407,377	1,247,959	1,406,516	1,251,231
Current liabilities					
Trade and other payables	11	12,091	9,836	10,714	8,000
Accrued operating expenses		4,081	4,160	3,705	4,005
Rental deposits		6,429	22,158	6,429	22,158
Derivative financial instruments	5	312	–	312	–
Borrowings	12	–	39,912	–	39,912
Lease liabilities, current portion	22	751	–	751	–
		23,664	76,066	21,911	74,075
Non-current liabilities					
Derivative financial instruments	5	3,690	543	3,690	543
Rental deposits		9,452	13,886	9,452	13,886
Borrowings	12	521,364	425,224	521,364	425,224
Lease liabilities, non-current portion	22	35,250	–	35,250	–
Deferred tax liabilities	21	1,460	–	–	–
		571,216	439,653	569,756	439,653
Total liabilities		594,880	515,719	591,667	513,728
Net assets		812,497	732,240	814,849	737,503
Represented by:					
Unitholders' funds		746,836	666,575	749,188	671,838
Perpetual securities holders		65,661	65,665	65,661	65,665
		812,497	732,240	814,849	737,503
Units in issue ('000)	13	1,261,711	1,060,763	1,261,711	1,060,763
Net asset value per Unit ($)	14	0.59	0.63	0.59	0.63

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 2019

	Note	Group 2019 $'000	Group 2018 $'000
Gross revenue	15	89,069	83,765
Property operating expenses	16	(18,048)	(13,836)
Net property income		71,021	69,929
Interest income		363	1,353
Foreign exchange gain/(loss)		345	(772)
(Loss)/gain on derivative financial instruments		(37)	40
Gain on divestment of a property held for sale		–	1,740
Finance expenses	17	(17,385)	(15,359)
Finance expenses on leases	17	(1,941)	–
Manager's management fees	18	(4,855)	(5,590)
Trustees' fee		(260)	(212)
Other trust expenses	19	(924)	(998)
Net income before tax		46,327	50,131
Net change in fair value of investment properties and a property held for sale	4 & 10	(10,920)	1,410
Total return before tax		35,407	51,541
Income tax expense	20	(1,583)	(75)
Total return after tax before distribution		33,824	51,466
Earnings per Unit (cents)			
Basic and diluted earnings per Unit based on total return after tax before distribution	23	3.02	4.86[1]
Basic and diluted earnings per Unit based on total return after tax before distribution and excluding net change in fair value of investment properties	23	3.99	4.73[1]

1 The figures have been restated to reflect the effect of the preferential offering, through which 192,135,040 Units were issued on 19 September 2019.

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 2019

	Group	
	2019	2018
	$'000	$'000
Total return after tax before distribution	33,824	51,466
Less: Amount reserved for distribution to perpetual securities holders	(3,900)	(1,026)
Adjustment for net effect of non-tax deductible items (Note A)	16,072	5,456
Income available for distribution to Unitholders	45,996	55,896
Distribution from capital (current period)	2,557	–
Total amount available for distribution to Unitholders for the year	48,553	55,896
Distributions to Unitholders:		
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)
Distribution of 1.451 cents per Unit for the financial period from 1 October 2018 to 31 December 2018	(15,392)	–
Distribution of 1.198 cents per Unit for the financial period from 1 January 2019 to 31 March 2019	(12,739)	–
Distribution of 1.179 cents per Unit for the financial period from 1 April 2019 to 30 June 2019	(12,561)	–
Distribution of 0.918 cents per Unit for the financial period from 1 July 2019 to 30 September 2019	(11,563)	–
Total Unitholders' distribution paid in the financial year	(52,255)	(55,043)
Income available for distribution to Unitholders at end of the financial year (Note B)	9,133	15,404
Number of Units issued at end of the financial year ('000)	1,261,711	1,060,763
Total distribution per Unit for the financial year (cents)	4.220	5.284

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 2019

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

	Note	Group 2019 $'000	Group 2018 $'000
- Manager's management fees paid or payable in Units	18	4,785	5,566
- Singapore Trustee's fees		214	197
- Income attributable to perpetual securities holders		3,900	1,026
- Amortisation of debt arrangement, prepayment and structuring fee	17	1,427	1,378
- Non-tax deductible financing related expenses		148	190
- Rent-free income		(197)	338
- Foreign exchange (gain)/loss		(369)	772
- Gain on divestment of a property held for sale		–	(1,740)
- Loss/(gain) on derivative financial instruments		37	(40)
- Net change in fair value of investment properties		9,222	(1,410)
- Net change in fair value of property held for sale		990	–
- Australian funding expenses offset against AUD distributions		(1,754)	(230)
- Non-taxable unitholder loan interest income		(3,605)	(776)
- Deferred tax expense		1,222	–
- Other non-tax deductible items		52	185
Adjustment for net effect of non-tax deductible items		16,072	5,456

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

	Group 2019 $'000	Group 2018 $'000
Income available for distribution to Unitholders	45,996	55,896
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)
Distribution of 1.198 cents per Unit for the financial period from 1 January 2019 to 31 March 2019	(12,739)	–
Distribution of 1.179 cents per Unit for the financial period from 1 April 2019 to 30 June 2019	(12,561)	–
Distribution of 0.918 cents per Unit for the financial period from 1 July 2019 to 30 September 2019	(11,563)	–
Income available for distribution to Unitholders at end of the financial year	9,133	15,404

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

STATEMENT OF **PORTFOLIO**

As at 31 December 2019

Description of property	Acquisition date	Tenure of land	Term of lease	Remaining term of lease	Location	Valuation date	Latest carrying value 2019 $'000	Latest valuation and carrying value 2018 $'000	Percentage of net assets 2019 %	Percentage of net assets 2018 %
Investment properties in Singapore – by asset type										
Business park:										
Eightrium @ Changi Business Park	16 Aug 2013	Leasehold	60 years[1]	46 years	15A Changi Business Park Central 1	31 Dec 2019	102,532	89,700	12.6	12.3
Solaris	16 Aug 2013	Leasehold	60 years[1]	48 years	1 Fusionopolis Walk	31 Dec 2019	377,500	382,000	46.5	52.2
Industrial:										
Tuas Connection	16 Aug 2013	Leasehold	43 years	31 years	1 to 10, 12, 14, 16, 18 & 20 Tuas Loop	31 Dec 2019	125,336	117,800	15.4	16.1
West Park BizCentral	16 Aug 2013	Leasehold	60 years[1]	49 years	20, 22, 24, 26, 28, 30 & 32 Pioneer Crescent	31 Dec 2019	295,500	286,000	36.4	39.1
2 Pioneer Sector 1	15 Feb 2013	Leasehold	60 years[1]	27 years	2 Pioneer Sector 1	31 Dec 2019	59,002	54,000	7.3	7.4
COS Printers	19 Mar 2013	Leasehold	49 years[2]	23 years	9 Kian Teck Crescent	31 Dec 2019	8,500	9,750	1.0	1.3
Beng Kuang Marine	10 May 2013	Leasehold	60 years	37 years	38 Tuas View Square	31 Dec 2019	14,000	15,700	1.7	2.1
39 Senoko Way	26 May 2014	Leasehold	60 years[1]	34 years	39 Senoko Way	31 Dec 2019	16,700	18,150	2.1	2.5
Speedy-Tech	23 Dec 2014	Leasehold	50 years[3]	30 years	20 Kian Teck Lane	31 Dec 2019	22,900	24,600	2.8	3.4
72 Loyang Way	27 May 2015	Leasehold	54 years[4]	18 years	72 Loyang Way	31 Dec 2019	34,531	34,000	4.2	4.6
Bukit Batok Connection	27 Sep 2016	Leasehold	30 years	23 years	2 Bukit Batok St 23	31 Dec 2019	89,400	90,050	11.0	12.3

STATEMENT OF **PORTFOLIO (CONT'D)**

As at 31 December 2019

Description of property	Acquisition date	Tenure of land	Term of lease	Remaining term of lease	Location	Valuation date	Latest carrying value 2019 $'000	Latest valuation and carrying value 2018 $'000	Percentage of net assets 2019 %	Percentage of net assets 2018 %
Investment properties in Australia										
Suburban office:										
14 Mort Street	5 Oct 2018	Leasehold	99 years[5]	98 years	14 Mort Street	31 Dec 2019	50,488	49,033	6.2	6.7
25 Grenfell Street	1 Nov 2019	Freehold	Freehold	Freehold	25 Grenfell Street	1 Nov 2019	126,691	–	15.6	–
Industrial:										
Inghams Burtons	5 Oct 2018	Freehold	Freehold	Freehold	Port Wakefield Road, Burton SA 5110	31 Dec 2019	61,811	58,888	7.6	8.0
Investment properties, at valuation							1,384,891	1,229,671	170.4	168.0
Other assets and liabilities (net)							(572,394)	(497,431)	(70.4)	(68.0)
Net assets							812,497	732,240	100.0	100.0

Notes:

(1) Includes an option for the Trust to renew the land lease for a further term of 30 years upon expiry.
(2) Includes an option for the Trust to renew the land lease for a further term of 19 years upon expiry.
(3) Includes an option for the Trust to renew the land lease for a further term of 20 years upon expiry.
(4) Comprises leases of varying land lease tenure from 24 years to 54 years. Land lease of main plot is 54 years. Includes an option for the Trust to renew the land lease for a further term of 18 years 5 months and 15 days upon expiry. Land leases collectively expire on 20 March 2038.
(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 Savills and Colliers International Consultancy & Valuation (S) Pte. Ltd. as at 31 December 2019. CIVAS (ACT) Pty Limited and CIVAS (SA) Pty Limited, both in the Colliers International Group valued 14 Mort Street and Inghams Burton on 31 December 2019 respectively. CIVAS (SA) Pty Limited completed the independent valuation of 25 Grenfell Street as at 1 November 2019. 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 2019

	Group		Trust	
	YTD FY2019 $'000	YTD FY2018 $'000	YTD FY2019 $'000	YTD FY2018 $'000
Unitholders' Funds				
Balance at beginning of the financial year	**666,575**	**668,638**	**671,838**	**668,638**
Operations				
Total return for the financial year attributable to Unitholders	33,824	51,466	30,923	55,303
Less: Amount reserved for distribution to perpetual securities holders	(3,900)	(1,026)	(3,900)	(1,026)
Net increase in net assets from operations	29,924	50,440	27,023	54,277
Foreign currency translation reserve	10	(1,426)	–	–
Movement in hedging reserve	(2,501)	(1,545)	(2,501)	(1,545)
Unitholders' transactions				
Manager's management fees paid/payable in Units	5,148	5,511	5,148	5,511
Issuance of Units under Preferential Offering	101,832	–	101,832	–
Issuance cost	(1,897)	–	(1,897)	–
Distributions to Unitholders	(52,255)	(55,043)	(52,255)	(55,043)
Net increase/(decrease) in net assets from Unitholders' transactions	52,828	(49,532)	52,828	(49,532)
Balance at end of the financial year	**746,836**	**666,575**	**749,188**	**671,838**
Perpetual Securities Holders' Funds				
Balance at beginning of the financial year	65,665	–	65,665	–
Issuance of perpetual securities	–	65,000	–	65,000
Distributions to perpetual securities holders	(3,900)	–	(3,900)	–
Perpetual securities issuance cost	(4)	(361)	(4)	(361)
Amount reserved for distribution to perpetual securities holders	3,900	1,026	3,900	1,026
Balance as at end of the financial year	**65,661**	**65,665**	**65,661**	**65,665**
Total	**812,497**	**732,240**	**814,849**	**737,503**

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 2019

	Note	Group 2019 $'000	Group 2018 $'000
Operating activities:			
Net income before tax		46,327	50,131
Adjustments for:			
Finance expenses	17	17,899	13,981
Foreign exchange (gain)/loss		(362)	763
Gain on divestment of a property held for sale		–	(1,740)
Net change in fair value of derivative financial instruments		37	(40)
Amortisation of debt arrangement, prepayment and structuring fees	17	1,427	1,378
Management fees paid and payable in Units (Note A)		4,785	5,566
Operating cash flows before changes in working capital		70,113	70,039
Changes in working capital			
(Increase)/decrease in trade and other receivables		(1,479)	1,412
Increase in other current assets		(727)	(133)
Decrease in deferred expenditure		–	2,035
Increase in trade and other payables and accrued operating expenses		382	829
(Decrease)/increase in rental deposits		(20,163)	8,168
Total change in working capital		(21,987)	12,311
Cash flows from operations		48,126	82,350
Interest paid		(17,713)	(13,629)
Tax expense paid		(360)	(75)
Net cash flows generated from operating activities		30,053	68,646
Investing activities:			
Purchase of investment properties	4	(127,816)	(115,991)
Capital expenditure on investment properties		(1,829)	(2,090)
Increase in restricted cash		(3,344)	(1,442)
Deposit from the proposed divestment of a property held for sale		1,704	–
Proceeds from divestment of a property held for sale		–	55,000
Payment of property divestment related costs		–	(260)
Net cash flows used in investing activities		(131,285)	(64,783)
Financing activities:			
Proceeds from borrowings		74,816	138,185
Repayment of borrowings		(18,500)	(148,500)
Payment of upfront debt arrangement costs		(237)	(1,121)
Distributions to Unitholders		(52,255)	(55,043)
Proceeds from issuance of perpetual securities		–	65,000
Distributions to perpetual securities holders		(3,900)	–

STATEMENT OF **CASH FLOWS (CONT'D)**

For the financial year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Issuance of new Units under a Preferential Offering		101,832	–
Issuance cost		(1,897)	–
Repayment of lease liabilities		(708)	–
Payment of perpetual securities issuance cost		(4)	(361)
Net cash flows generated from/(used in) financing activities		99,147	(1,840)
Net (decrease)/increase in cash and cash equivalents		(2,085)	2,023
Cash and cash equivalents at beginning of the year		13,690	11,740
Effect of exchange rate changes on cash balances		(147)	(73)
Cash and cash equivalents at end of the financial year	9	11,458	13,690
Cash and cash equivalents comprise:			
Cash and bank balances		16,244	15,132
Restricted cash		(4,786)	(1,442)
Cash and cash equivalents at end of the financial year	9	11,458	13,690

Note A – Management fees paid and payable in Units

6,240,520 Units were issued as payment of base fee to the Manager amounting to $3,636,476 for the period ended 30 September 2019. During the financial year ended 31 December 2018, 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.

The Manager had elected to receive 100% of the base fee for the fourth quarter ended 31 December 2019 amounting to $1,148,915 in the form of Units. 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 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 2019

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;

1 GENERAL (CONT'D)

1.2 Manager's management fees (cont'd)

(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. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1 GENERAL (CONT'D)

1.2 Manager's management fees (cont'd)

(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.

(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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1 GENERAL (CONT'D)

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

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1 GENERAL (CONT'D)

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

(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.

1 GENERAL (CONT'D)

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

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.

1.5 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1 GENERAL (CONT'D)

1.5 Reimbursable amounts (cont'd)

(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.

1.6 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.

2.2 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 2019. Other than FRS 116 *Leases*, the adoption of these standards did not have any effect on the financial performance or position of the Trust.

FRS 116 *Leases*

The Group adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient not to reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying FRS 17 at the date of initial application.

The effect of adoption FRS 116 as at 1 January 2019 is as follows:

	$’000
Assets	
Investment properties (right-of-use assets)	36,709
Total assets	36,709
Liabilities	
Lease liabilities	36,709
Total liabilities	36,709
Total adjustment on equity:	
- Retained earnings (Note 1)	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

Note 1: There was no impact to retained earnings as the right-of-use assets were recognised based on the amount equal to the lease liabilities at the date of the initial application.

The Group and the Trust have entered into land leases in respect of certain investment properties. Before the adoption of FRS 116, the Group and Trust classified each of its leases (as lessee) at the inception date as an operating lease.

Upon adoption of FRS 116, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.13 for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group and the Trust recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the Trust's cost of funds at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment on whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 January 2019:

- Right-of-use assets of $36,709,000 were recognised and presented separately in the statement of financial position.
- Lease liabilities of $36,709,000 were recognised
- No adjustment to retained earnings is required as the net effect of these adjustments is zero.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	$'000
Assets	
Operating lease commitments as at 31 December 2018	63,718
Trust's incremental cost of funds as at 1 January 2019	5.5%
Lease liabilities as at 1 January 2019	36,709

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates of 5.5% as at 1 January 2019.

Amendments to FRS 109, FRS 39 and FRS 107

Amendments to FRS 109, FRS 39 and FRS 107 – Interest Rate Benchmark Reform was issued on 4 December 2019, to address uncertainties related to the ongoing reform of interbank offered rates ("IBOR"). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform. These amendments are effective for annual periods beginning on or after 1 January 2020. Earlier application is permitted.

The Group has early adopted these amendments in FY2019 and applied the temporary exceptions in relation to the specific hedge accounting requirements. The adoption of these amendments 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
Amendments to FRS 1 and FRS 8: Definition of Material	1 January 2020
Amendments to FRS 103: Business Combination: Definition of a Business	1 January 2020
Amendments to References to the Conceptual Framework for Financial Reporting	1 January 2020
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between Investor and its Associate or joint venture	Date to be determined

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

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.

2.6 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Subsequent measurement

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (cont'd)

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

(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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) *As lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

<u>Right-of-use assets</u>

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets that meet the definition of investment properties are presented in Statements of Financial Position as investment property.

The right-of-use assets are also subject to impairment. Refer to accounting policies on impairment on non-financial assets in Note 2.7.

<u>Lease liabilities</u>

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its funding cost at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. FRS 16 requires certain adjustments to be expensed, while others are added to the cost of the related right-of-use asset.

<u>Short-term leases and leases of low-value assets</u>

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Leases (cont'd)

(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.

2.14 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.

<u>West Park BizCentral – Carpark Management Services</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Expenses (cont'd)

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Taxation (cont'd)

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

A qualifying Unitholder is a Unitholder who is:

(a) A tax resident Singapore-incorporated company;

(b) A non-corporate Singapore-constituted or registered entity (e.g. registered charities, town councils, statutory boards, registered co-operative societies and registered trade unions);

(c) A Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a specific waiver from tax deducted at source in respect of distributions from the Trust;

(d) An agent bank or a Supplementary Retirement Scheme ("SRS") operator which acts as nominee for individuals who have purchased Units in the Trust under the CPF Investment Scheme or the SRS respectively; or

(e) A nominee who can demonstrate that the Units are held for beneficial owners who are individuals and who fall within the classes of Unitholders listed in (a) to (c) above.

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 December 2025.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Unit capital and issuance expenses

Proceeds from issuance of Units are recognised as Units in Unitholders' funds. Incidental costs directly attributable to the issuance of Units are deducted against Unitholders' funds.

2.18 Portfolio reporting

For management reporting purposes, the Trust is organised into operating segments based on the characteristics of individual investment properties within the Trust's investment portfolio. Financial information is prepared on an individual property basis. The properties are independently managed by property managers who are responsible for the performance of the respective properties under their charge. Discrete financial information is provided to the Board on an individual property basis. The Board regularly reviews this information in order to allocate resources to each property and to assess the property's performance.

2.19 Hedge accounting

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Hedge accounting (cont'd)

Cash flow hedges (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

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 2019.

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 28(b).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4 INVESTMENT PROPERTIES

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Statement of financial position:				
At 1 January	1,229,671	1,110,600	1,121,750	1,110,600
Purchase of investment properties[1]	127,816	115,991	–	–
Capital expenditure on investment properties	1,829	2,090	1,804	2,090
Net change in fair value of investment properties	(9,881)	1,410	(13,750)	5,904
Transfer to property held for sale (Note 10)	(34,000)	–	(34,000)	–
Right-of-use assets	35,129	–	35,129	–
Others	437	3,156	437	3,156
Exchange differences	(641)	(3,576)	–	–
At 31 December	1,350,360	1,229,671	1,111,370	1,121,750
Representing:				
Market value based on valuation	1,315,890	1,229,671	1,076,900	1,121,750
Right-of-use assets	34,470	–	34,470	–
At 31 December	1,350,360	1,229,671	1,111,370	1,121,750
Statement of total return:				
Rental income from investment properties:				
- Minimum lease payments	84,820	78,014	76,374	76,290
Direct operating expenses (including repairs and maintenance) arising from:				
- Rental generating properties	18,048	13,836	16,454	13,655

(1) During the financial year ended 31 December 2019, the Trust acquired 25 Grenfell Street for $127,816,000 (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 27).

Valuation of investment properties

The carrying amounts of the Singapore investment properties were based on independent valuations undertaken by Savills and Colliers International Consultancy & Valuation (S) Pte. Ltd. as at 31 December 2019. CIVAS (ACT) Pty Limited and CIVAS (SA) Pty Limited, both in the Colliers International Group valued 14 Mort Street and Inghams Burton on 31 December 2019 respectively. CIVAS (SA) Pty Limited completed the independent valuation of 25 Grenfell Street on 1 November 2019. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4 INVESTMENT PROPERTIES (CONT'D)

Valuation of investment properties (cont'd)

Details of valuation techniques and inputs used are disclosed in Note 28. 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 $377,500,000 (2018: $382,000,000) as security for bank loans granted (Note 12).

Right-of-use assets

The Group and the Trust have 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.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	2019 $'000
As at 1 January	35,129
Change in fair value of right-of-use assets (Note 1)	(659)
As at 31 December	34,470

Note 1: The change in fair value of right-of-use assets are included in the change in fair value of investment properties

5 DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Trust 2019		
	Maturity	**Contract nominal amount** **$'000**	**Assets/ (Liabilities)** **$'000**
Current:			
Interest rate swaps	2020	134,000	(312)
Currency forwards	2020	1,421	3
Non-current:			
Interest rate swaps	2021 - 2023	207,000	(3,690)
Cross currency swap	2023	30,000	668
Total financial assets/(liabilities) at fair value through profit or loss		372,421	(3,331)
As a percentage of net asset value as at 31 December 2019			(0.41%)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

5 DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

		Group and Trust 2018	
	Maturity	Contract nominal amount $'000	Assets/ (Liabilities) $'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%)

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 1.76% to 2.31% per annum (2018: 1.40% to 2.31% per annum) for terms of 1.5 to 4 years (2018: 2 to 4 years).

The Trust designates these interest rate swaps as cash flow hedges which were assessed to be effective. An unrealised loss of $4,147,000 (2018: loss of $1,646,000) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

6 INVESTMENT IN SUBSIDIARIES

	Trust	
	2019	2018
	$'000	$'000
Unquoted equity investment, at cost	99,862	46,671

Composition of the Group

Details of the subsidiaries are as follows:

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest 2019	2018
Soilbuild Business Space Holdings Pte. Ltd ^	Investment holding	Singapore	100	100
Held directly and indirectly through subsidiaries				
Soilbuild Australia Trust +	Investment holding	Australia	100	100
Held through subsidiaries				
Soilbuild Australia Sub-Trust No. 1 +	Property investment	Australia	100	100
Soilbuild Australia Sub-Trust No. 2 +	Property investment	Australia	100	100
Soilbuild Australia Sub-Trust No. 3 +	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	
		2019	2018	2019	2018
		$'000	$'000	$'000	$'000
Trade receivables		3,710	1,927	3,649	1,927
Unbilled receivables		66	81	66	81
Other receivables		265	434	265	434
Interest receivables		–	17	–	17
Amounts due from related parties (non-trade)		150	125	150	125
Amounts due from subsidiaries (non-trade)		–	–	508	703
Trade and other receivables (current)		4,191	2,584	4,638	3,287
Add: Loans to a subsidiary (non-current)		–	–	146,272	67,300
Add: Deposits	8	123	304	123	304
Add: Cash and bank balances	9	16,244	15,132	8,986	11,691
Total financial assets carried at amortised cost		20,558	18,020	160,019	82,582

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.

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 2019.

Non-trade amounts due from related parties/subsidiaries

The amounts due from related parties are unsecured, interest-free, repayable on demand and are to be settled in cash. Included in amounts due from related parties in 2019 are amounts due from the Property Manager and the Manager amounting to $149,000 (2018: nil) and $1,000 (2018: nil) respectively.

In 2019, amounts due from subsidiaries comprise a short-term advance of $508,000 extended to Soilbuild Australia Trust. In 2018, amounts due from subsidiaries comprised 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.

Loans to a subsidiary

The loans to a subsidiary are non-trade in nature, interest bearing at 4.24% to 4.49% p.a. (2018: 4.49% p.a.) and repayable between 2 October 2025 to 29 October 2026 (2018: 2 October 2025).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

7 TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

The Group and Trust have trade receivables amounting to $3,710,000 (2018: $1,927,000) 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:

	Group		Trust	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables past due but not impaired:				
Less than 30 days	788	945	727	945
30 - 60 days	515	611	515	611
60 - 90 days	150	36	150	36
More than 90 days (Note 1)	2,257	335	2,257	335
	3,710	1,927	3,649	1,927

Note 1: As at 31 December 2019, trade receivables past due more than 90 days include $1,798,000 due from NK Ingredients Pte. Ltd. For the recognition of trade receivables, the Group and the Trust had credited the deferred income account included in other payables instead of revenue.

Receivables that are impaired

During the financial year, the Trust had no trade receivables that were impaired at the end of the reporting period.

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	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Prepayment	1,020	117	63	77
Deposits	123	304	123	304
	1,143	421	186	381

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

9 CASH AND BANK BALANCES

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash at bank	16,244	15,132	8,986	11,691

Cash at bank is substantially interest-bearing.

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	
	2019	2018
	$'000	$'000
Cash and bank balances	16,244	15,132
Restricted cash	(4,786)	(1,442)
Cash and cash equivalents	11,458	13,690

As at 31 December 2019, restricted cash relates to rental incentives for a tenant held in trust by an Australian law firm in relation to the acquisition of 25 Grenfell Street.

As at 31 December 2018, restricted cash relates to retention held for the acquisitions of 14 Mort Street and Inghams Burton.

10 PROPERTY HELD FOR SALE

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Statement of financial position:				
At 1 January	–	53,000	–	53,000
Transfer from investment properties (Note 4)	34,000	–	34,000	–
Net change in fair value of property held for sale	(1,039)	–	(1,039)	–
Right-of-use assets	1,580	–	1,580	–
Others	(10)	–	(10)	–
Disposal of property held for sale	–	(53,000)	–	(53,000)
At 31 December	34,531	–	34,531	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

10 PROPERTY HELD FOR SALE (CONT'D)

On 21 March 2019, the Group and the Trust entered into a sale and purchase agreement with Kim Hock Enterprise Pte. Ltd. ("Purchaser") in relation to the proposed divestment of a property located at 72 Loyang Way Singapore 508762 and the mechanical and electrical equipment therein ("Proposed Divestment"). The Trustee and the Purchaser have further agreed to extend the deadline for obtaining Jurong Town Corporation's final approval for the Proposed Divestment to 28 May 2020.

On 28 February 2018, 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.

The Group and the Trust have 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.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	2019 $'000
As at 1 January	1,580
Change in fair value of right-of-use assets (Note 1)	(49)
As at 31 December	1,531

Note 1: The change in fair value of right-of-use assets are included in the change in fair value of a property held for sale.

11 TRADE AND OTHER PAYABLES

		Group		Trust	
	Note	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**
Current:					
Trade payables		1,099	526	990	526
Other payables		5,256	3,635	4,217	1,916
Sales tax payables		1,258	1,282	1,033	1,165
Amount due to Trustee		89	18	76	18
Amounts due to related parties (trade)		2,017	2,187	2,017	2,187
Amounts due to related parties (non-trade)		–	2	9	2
Interest payable		2,372	2,186	2,372	2,186
		12,091	9,836	10,714	8,000
Add: Rental deposits		15,881	36,044	15,881	36,044
Add: Borrowings	12	521,364	465,136	521,364	465,136
Add: Lease liabilities	22	36,001	–	36,001	–
Add: Accrued operating expenses		4,081	4,160	3,705	4,005
Less: Accrued employee benefit expenses		(127)	(74)	(127)	(74)
Less: Sales tax payables		(1,258)	(1,282)	(1,033)	(1,165)
Total financial liabilities carried at amortised cost		588,033	513,820	586,505	511,946

11 TRADE AND OTHER PAYABLES (CONT'D)

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 $367,000 (2018: $402,000), amounts due to the Manager amounting to $1,468,000 (2018: $1,785,000) and amounts due to other related parties amounting to $182,000 (2018: nil).

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 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

		Group and Trust	
	Maturity	2019 $'000	2018 $'000
Current:			
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
Non-current:			
SGD Bank loan at SOR and the applicable margin – $40,000,000 term loan facility	2021	40,000	–
SGD Bank loan at SOR and the applicable margin – $18,500,000 term loan facility	2021	18,500	18,500
SGD Medium Term Notes ("MTN")	2021	88,000	88,000
SGD Bank loan at Swap Offer Rate ("SOR") and the applicable margin - $200,000,000 facility	2022	200,000	200,000
SGD Bank loan at SOR and the applicable margin – $70,000,000 facility	2023	70,000	48,500
USD Bank loan at SOR and the applicable margin – USD22,897,000 term loan facility (Note 1)	2023	30,812	31,215
AUD Bank loan at SOR and the applicable margin – A$50,000,000 term loan facility	2023	47,185	43,265
SGD Bank loan at SOR and the applicable margin – $45,000,000 revolving credit loan facility ("RCF")	2023	30,000	–
		524,497	429,480

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

12 BORROWINGS (CONT'D)

	Group and Trust	
	2019	2018
	$'000	$'000
Less: Unamortised upfront debt arrangement, structuring and prepayment fees	(3,133)	(4,256)
Total non-current borrowings	521,364	425,224
Total borrowings	521,364	465,136

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

Term Loan Facility of $40,000,000

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. The loans bear floating interest equal to SOR and the applicable margin. The term loans are repayable on 5 March 2021 and are fully hedged by interest rate swaps (Note 5).

Term Loan Facility of $18,500,000

On 24 January 2019, Soilbuild REIT entered into a $18,500,000 unsecured 2-year term loan facility agreement with CTBC Bank Co., Ltd., acting through its Singapore Branch ("CTBC"). On 28 January 2019, the facility was fully drawn down for the repayment of existing borrowings. The loan bears floating interest equal to SOR and the applicable margin. The loan is repayable on 23 January 2021.

MTN issued of $88,000,000

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 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 amounting to $12,000,000 pursuant to the exercise of a put option by noteholders upon the occurrence of a change of control event.

The change of control event occurred when the sponsor of Soilbuild REIT, Mr Lim Chap Huat transferred part of his interests in Soilbuild REIT to Mr Lim Han Feng, Mr Lim Han Qin and Mr Lim Han Ren for estate planning purposes. The conditions of MTN 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 2019, the principal amount of the Notes in issuance amounted to $88,000,000.

12 BORROWINGS (CONT'D)

Term Loan Facility of $200,000,000

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 on 19 April 2022. The loans bear floating interest equal to SOR and the applicable margin.

The loans are repayable upon maturity. Bank loans amounting to $170,000,000 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.

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 mainly for the repayment of interest-free loan from Sponsor and the refund of the Sponsor Security Deposit. On 15 August 2018, $48,500,000 million was drawn down for the repayment of interest-free loan from the Sponsor. On 12 February 2019 and 17 May 2019, $10,000,000 and $1,500,000 respectively were drawn down for the partial refund of security deposit to the Sponsor. On 15 July 2019, $10,000,000 was drawn down for the payment of deposit for the proposed acquisition of 25 Grenfell Street, Adelaide and for the partial refund of security deposit to the Sponsor. The loan is repayable on 15 August 2023. Bank loans amounting to $58,500,000 were hedged by interest rate swaps (Note 5).

Term Loan Facility of $30,000,000

On 15 May 2018, Soilbuild REIT entered into a $30,000,000 equivalent, 5-year unsecured term loan facility agreement with The Hongkong and Shanghai Banking Corporation Limited ("HSBC") for the redemption of notes due in May 2018. The loan 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. The loan is repayable on 18 May 2023 and is fully hedged by an interest rate swap (Note 5).

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 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. On 29 March 2019, A$5,000,000 was drawn down. The loans bear floating interest equal to BBSW and the applicable margin. The loan is repayable on 2 October 2023. Bank loans amounting to A$45,000,000 was hedged by an interest rate swap (Note 5).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

12 BORROWINGS (CONT'D)

RCF of $45,000,000

On 16 October 2019, Soilbuild REIT entered into a $45,000,000 unsecured 4-year RCF with CIMB Bank Berhad, Singapore Branch ("CIMB"). On 29 October 2019, $30,000,000 was drawn down to partly fund the acquisition of 25 Grenfell Street. The loan bears interest equal to SOR and the applicable margin. The loan is repayable on 31 December 2023. The undrawn committed facility amounts to $15,00,000 as at 31 December 2019.

Changes in liabilities arising from financing activities

	1 January 2019 $'000	Cash flows $'000	Others $'000	31 December 2019 $'000
Borrowings	465,136	56,079	149	521,364
Lease liabilities	36,709	(708)	–	36,001
Total liabilities from financing activities	501,845	55,371	149	557,365
Transactions with Perpetual securities holders		(3,904)		
Transactions with Unitholders		47,680		
Net cash flows generated from financing activities		**99,147**		

	1 January 2018 $'000	Cash flows $'000	Others $'000	31 December 2018 $'000
Borrowings	474,359	(11,436)	2,213	465,136
Total liabilities from financing activities	474,359	(11,436)	2,213	465,136
Transactions with Perpetual securities holders		64,639		
Transactions with Unitholders		(55,043)		
Net cash flows used in financing activities		**(1,840)**		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

13 UNITS IN ISSUE

	Group and Trust			
	2019		2018	
	No. of units '000	$'000	No. of units '000	$'000
Issued and fully paid ordinary units:				
At 1 January	1,060,763	812,907	1,052,111	807,396
Units issued in lieu of Manager's management fees	8,813	5,148	8,652	5,511
Units issued pursuant to the Preferential Offering	192,135	101,832	–	–
At 31 December	1,261,711	919,887	1,060,763	812,907

<u>During the financial year ended 31 December 2019</u>

8,812,873 new units at the issue price range of $0.53 to $0.61 per unit, in respect of the payment of base fee for the period from 1 October 2018 to 30 September 2019 were issued.

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

<u>During the financial year ended 31 December 2018</u>

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.

The issue prices for the payment of base 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

13 UNITS IN ISSUE (CONT'D)

The restrictions of a holder of the Units include the following:

(i) a holder of the right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and

(ii) a holder of the Units has no right to request to redeem his Units while his Units are listed on SGX-ST.

The liability of a holder of the Units is limited to the amount paid or payable for any Unit in the Trust. The provisions of the Trust Deed provide that no holders of the Units will be personally liable to indemnify the Trustee or any creditor of the Trust in the event that the liabilities of the Trust exceed its assets.

14 NET ASSET VALUE PER UNIT

		Group		Trust	
	Note	2019	2018	2019	2018
Net assets ($'000)		812,497	732,240	814,849	737,503
Perpetual securities holders ($'000)		(65,661)	(65,665)	(65,661)	(65,665)
Net assets attributable to unitholders ($'000)		746,836	666,575	749,188	671,838
Total issued and issuable Units at the end of the financial year ('000)	13	1,261,711	1,060,763	1,261,711	1,060,763
Net asset value per Unit ($)		0.59	0.63	0.59	0.63

15 GROSS REVENUE

	Group	
	2019	2018
	$'000	$'000
Rental income	84,820	78,014
Car park income	1,553	1,085
Others	2,696	4,666
	89,069	83,765

Others mainly consist of the recovery of property operating expenses, compensation income received from tenants, late payment interest and licence fees.

16 PROPERTY OPERATING EXPENSES

	Group	
	2019	2018
	$'000	$'000
Service charge on land rent (2018: Land rent and service charge)	20	1,878
Property tax	6,386	4,396
Property management fee		
- Paid/payable to the Property Manager	1,592	1,401
- Paid/payable to external Property Manager	88	–
Lease management fee		
- Paid/payable to the Manager	796	701
- Paid/payable to external investment manager	100	21
Other property expenses	9,066	5,439
	18,048	13,836

17 FINANCE EXPENSES

		Group	
	Note	2019	2018
		$'000	$'000
Interest expense			
- Loan from related company (notional interest expense)		–	1,041
- Bank loans		11,328	7,635
- MTN		3,168	4,405
- Financing fee of interest rate swaps and cross currency swaps		1,462	900
		15,958	13,981
Amortisation of debt arrangement, prepayment and structuring fees		1,427	1,378
		17,385	15,359
Add: Interest expenses on lease liabilities	22	1,941	–
		19,326	15,359

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

18 MANAGER'S MANAGEMENT FEES

	Group	
	2019	2018
	$'000	$'000
Base fee in units	4,785	5,566
Base fee in cash	70	24
	4,855	5,590

19 OTHER TRUST EXPENSES

	Group	
	2019	2018
	$'000	$'000
Auditors' remuneration payable to auditor of the Trust		
- Audit fees	134	133
- Non-audit fees*	102	104
Professional and valuation fees	281	354
Other trust expenses	407	407
	924	998

* In 2018, 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.

20 INCOME TAX EXPENSE

	Group	
	2019	2018
	$'000	$'000
Current income tax expense		
- Current year	360	75
Deferred income tax expense		
- Origination and reversal of temporary differences	1,223	–
	1,583	75

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

20 INCOME TAX EXPENSE (CONT'D)

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 2019 and 31 December 2018 are as follows:

	Group	
	2019	2018
	$'000	$'000
Total return before tax	35,407	51,541
Tax using Singapore tax rate of 17%	6,019	8,762
Adjustments:		
Non-tax deductible items	2,306	1,602
Income not subject to taxation	(1,430)	(139)
Net change in fair value of investment properties	1,680	(240)
Net change in fair value of property held for sale	177	–
Gain on divestment of a property held for sale	–	(296)
Tax transparency	(7,169)	(9,614)
Income tax expense recognised in profit or loss	1,583	75

21 DEFERRED TAX

Deferred tax relates to the following:

	Statements of Financial Position		Statement of Total Return	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Revaluation of investment properties to fair value	(1,223)	–	1,223	–
Deferred tax expense			1,223	–
Net deferred tax liabilities	(1,223)	–		

Reflected in the statement of financial position as follows:

	2019	2018
Deferred tax assets	237	–
Deferred tax liabilities	(1,460)	–
Deferred tax liabilities, net	**(1,223)**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

21 DEFERRED TAX (CONT'D)

Reconciliation to deferred tax liabilities, net

	2019 $'000	2018 $'000
As at 1 January	–	–
Tax expense during the year recognised in income statement	(1,223)	–
As at 31 December	(1,223)	–

22 LEASES LIABILITIES

The Group has certain leasehold properties that it classified as investment properties and property held for sale. These leases typically have terms between 22 and 37 years. As at 31 December 2019, $36,001,000 of lease liabilities related to right-of-use assets accounted for as investment properties (Note 4) and property held for sale (Note 10) of $34,470,000 and $1,531,000 respectively.

Set out below are the carrying amounts of the lease liabilities and the movements during the period:

	2019 $'000
As at 1 January	36,709
Accretion of interest	1,941
Payments	(2,649)
As at 31 December	36,001
Current	751
Non-current	35,250

23 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	
	2019	2018
Total return after tax before distribution ($'000)	33,824	51,466
Total return after tax and excluding net change in fair value of investment properties ($'000)	44,744	50,056
Weighted average number of Units in issue during the financial year ('000)	1,121,750	1,058,353[1]
Basic and diluted earnings per Unit based on:		
Total return after tax before distribution	3.02 cents	4.86 cents[1]
Total return after tax and excluding net change in fair value of investment properties	3.99 cents	4.73 cents[1]

1 The figures have been restated to reflect the effect of the preferential offering, through which 192,135,040 Units were issued on 19 September 2019.

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.

24 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.

25 HEDGING RESERVE

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
At 1 January	(1,646)	(101)	(1,646)	(101)
Effective portion of changes in fair value of financial derivatives	(2,501)	(1,545)	(2,501)	(1,545)
At 31 December	(4,147)	(1,646)	(4,147)	(1,646)

Hedging reserve contain the effective portion of the cash flow hedge relationships incurred as at the reporting date. Loss of $4,147,000 (2018: loss of $1,646,000) is made up of the net movement in cash flow hedges and the effective portion of the interest rate swaps.

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26 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	
	2019	2018
	$'000	$'000
Income:		
Carpark management licence income received from the Property Manager	–	375
Master lease and other rental income received from related companies	8,459	20,271
Administrative fee received from a related company	–	1
Other income from a related company	3	125
Expenses:		
Manager's management fees paid/payable to the Manager (Note 1)	4,855	5,590
Lease management fees and commissions paid/payable to the Manager	1,253	1,376
Acquisition fees paid/payable to the Manager (Note 2)	1,259	1,100
Trustees' fees paid/payable to the Trustees including reimbursements	262	213
Property management fees, marketing services commissions and reimbursable expenses paid/payable to the Property Manager	2,587	1,923
Comprehensive operational and maintenance service fees paid/payable to the Property Manager	–	643
Repair and replacement work fees paid/payable to a related company	–	1
Transfer of site equipment	2	–
Carpark expenses	2	–
Others:		
Recharge of property tax to a related company	–	35
Purchase of inventory	1	9
Divestment of a property held for sale	–	55,000
Recharge of building defects rectification works incurred during the master lease	305	–

Note 1: Includes investment management fees paid/payable to the Trust Company (RE Services) Limited amounting to $43,000 (2018: $15,000) and SB REIT Management (Australia) Pty Limited of $27,000 (2018: $9,000).

Note 2: Acquisition fees paid to the Manager were capitalised in investment properties.

27 COMMITMENTS AND CONTINGENCIES

(a) *Operating lease commitments – as lessee*

As at 31 December 2018, the Group and the Trust have 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.

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

	Group	Trust
	2018	**2018**
	$'000	**$'000**
Not later than one year	2,631	2,631
Later than one year but not later than five years	10,526	10,526
Later than five years	50,561	50,561
	63,718	63,718

(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 six to sixteen years with an option to renew for five to ten years included in the agreements. Multi-tenanted lease arrangements have average tenures of one to ten 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	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Not later than one year	87,497	80,482	68,783	73,088
Later than one year but not later than five years	175,759	180,742	105,902	149,486
Later than five years	54,423	75,180	–	27,780
	317,679	336,404	174,685	250,354

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For the financial year ended 31 December 2019

27 COMMITMENTS AND CONTINGENCIES (CONT'D)

(b) *Operating lease commitments – as lessor (cont'd)*

Commitment with related parties

The Trust has entered into a lease agreement with tenure of seven years with SB (Westview) Investment Pte. Ltd. (2018: SoilBuild (Pte.) Ltd. and SB (Westview) Investment Pte. Ltd.). Future rental receivable under the lease agreements is expected to be $32,774,321 (2018: $41,233,000).

(c) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		Trust	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Capital commitment in respect of investment property	2,383	–	2,383	–

28 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.

28 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:

	Note	2019 $'000 Fair value measurement at the end of the reporting period using: Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)
Non-financial asset:			
Investment properties	4	–	1,350,360
Property held for sale	10	–	34,531
As at 31 December 2019		–	1,384,891
Financial liability:			
Derivative financial instruments	5		
- Interest rate swaps		(4,002)	–
- Cross currency swap		668	–
- Currency forwards		3	–
As at 31 December 2019		(3,331)	–

	Note	2018 $'000 Fair value measurement at the end of the reporting period using: 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)	–

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For the financial year ended 31 December 2019

28 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 2019 and 31 December 2018.

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 2019 $'000	Valuation techniques	Key unobservable inputs	Range
Recurring fair value measurement:				
Investment properties	1,350,360	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: 5.5% to 6.625% Discount rate: 7.00% to 8.25% Termination yield/ capitalisation rate: 5.75% to 6.875%
Property held for sale	34,531	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: 6.75% Discount rate: 7.75% Termination yield/ capitalisation rate: 7.25%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

28 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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

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

Description	Fair value at 31 December 2018 $'000	Valuation techniques	Key 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%

* Adjustments are made for any difference in the nature, location or condition of the specific property.

The estimated fair value would increase/decrease if the capitalisation rate/discount rate adopted in the valuations is lower/higher.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

28 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	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Investment properties				
At 1 January	1,229,671	1,110,600	1,121,750	1,110,600
Purchase of investment properties	127,816	115,991	–	–
Capital expenditure on investment properties	1,829	2,090	1,804	2,090
Net change in fair value of investment properties	(9,881)	1,410	(13,750)	5,904
Transfer to property held for sale	(34,000)	–	(34,000)	–
Right-of-use assets	35,129	–	35,129	–
Others	437	3,156	437	3,156
Exchange differences	(641)	(3,576)	–	–
At 31 December	1,350,360	1,229,671	1,111,370	1,121,750
Property held for sale				
At 1 January	–	53,000	–	53,000
Transfer from investment property	34,000	–	34,000	–
Right-of-use assets	1,580	–	1,580	–
Net change in fair value of property held for sale	(1,039)	–	(1,039)	–
Disposal of property held for sale	–	(53,000)	–	(53,000)
Others	(10)	–	(10)	–
At 31 December	34,531	–	34,531	–
Total gains or losses for the financial year included in profit or loss :				
- Net (loss)/gain from fair value adjustment of investment properties	(9,881)	1,410	(13,750)	5,904
- Net loss from property held for sale	(1,039)	–	(1,039)	–
Total net (loss)/gain from investment properties and a property held for sale	(10,920)	1,410	(14,789)	5,904

28 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.

(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:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Financial liabilities:				
Rental deposits (non-current)	9,452	9,131	13,886	13,414

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28 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 (cont'd)*

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.

29 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.

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.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk (cont'd)*

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.

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 38.2% (2018: 39.1%) of the value of the Group's total assets. The Group and the Trust are in compliance with the Aggregate Leverage of 45.0%.

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For the financial year ended 31 December 2019

29 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 $'000	One to five years $'000	Over 5 years $'000	Total $'000
Group				
2019				
Financial assets:				
Trade and other receivables	4,191	–	–	4,191
Deposits	123	–	–	123
Cash and bank balances	16,244	–	–	16,244
Derivative financial instruments	3	668	–	671
Total undiscounted financial assets	20,561	668	–	21,229
Financial liabilities:				
Trade and other payables	12,091	–	–	12,091
Derivative financial instruments	312	3,690	–	4,002
Financial liabilities included in accrued operating expenses	3,954	–	–	3,954
Rental deposits	6,429	9,452	–	15,881
Borrowings	15,834	546,406	–	562,240
Lease liabilities	2,653	10,610	53,479	66,742
Total undiscounted financial liabilities	41,273	570,158	53,479	664,910
Total net undiscounted financial liabilities	(20,712)	(569,490)	(53,479)	(643,681)

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (cont'd)*

	One year or less $'000	One to five years $'000	Over 5 years $'000	Total $'000
Trust				
2019				
Financial assets:				
Trade and other receivables	4,638	–	–	4,638
Deposits	123	–	–	123
Cash and bank balances	8,986	–	–	8,986
Derivative financial instruments	3	668	–	671
Loans to a subsidiary	–	146,272	–	146,272
Total undiscounted financial assets	13,750	146,940	–	160,690
Financial liabilities:				
Trade and other payables	10,714	–	–	10,714
Derivative financial instruments	312	3,690	–	4,002
Financial liabilities included in accrued operating expenses	3,578	–	–	3,578
Rental deposits	6,429	9,452	–	15,881
Borrowings	15,834	546,406	–	562,240
Lease liabilities	2,653	10,610	53,479	66,742
Total undiscounted financial liabilities	39,520	570,158	53,479	663,157
Total net undiscounted financial liabilities	(25,770)	(423,218)	(53,479)	(502,467)

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For the financial year ended 31 December 2019

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (cont'd)*

	One year or less $'000	One to five years $'000	Total $'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)

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29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (cont'd)*

	One year or less $'000	One to five years $'000	Total $'000
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
Loan to a subsidiary	–	67,300	67,300
Total undiscounted financial assets	15,282	67,451	82,733
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)	(411,760)	(485,975)

As at 31 December 2019, the Group and Trust have procured insurance bonds amounting to $633,000 (2018: $760,000) from Great Eastern Insurance Limited in favour of utilities supply providers in lieu of cash deposits. The insurance bonds have a duration of one to two years.

(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 $341,000,000 (2018: $258,265,000) 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 1.76% to 2.31% (2018: 1.40% to 2.31%) per annum as at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29 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 $716,000 (2018: $915,000) 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 $2,558,000 (2018: $1,937,000) 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
2019			
Financial assets:			
Trade and other receivables	4,130	61	4,191
Deposits	123	–	123
Cash and bank balances	8,422	7,822	16,244
Derivative financial instruments	671	–	671
	13,346	7,883	21,229
Financial liabilities:			
Trade and other payables	10,294	1,797	12,091
Derivative financial instruments	2,233	1,769	4,002
Financial liabilities included in accrued operating expenses	3,584	370	3,954
Rental deposits	15,881	–	15,881
Borrowings	474,458	46,906	521,364
Lease liabilities	36,001	–	36,001
	542,451	50,842	593,293
Net financial liabilities	(529,105)	(42,959)	(572,064)

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) *Foreign currency risk (cont'd)*

	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)

Sensitivity analysis

The Group is not subject to significant currency risk after entering into cross currency swaps and currency forward contracts for the financial liabilities denominated in AUD.

30 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 2019, the Group's aggregate leverage stood at 38.2% (2018: 39.1%) which is within the limit set in the Property Funds Appendix. As at 31 December 2019, deferred payments included in the aggregate leverage computation included a security deposit of $202,000 (2018: $19,302,000) due to SB (Solaris) Investment Pte. Ltd. and insurance bonds of $633,000 (2018: $760,000) issued to utility supply providers (Note 29(b)).

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

31 FINANCIAL RATIOS

	2019	2018
	%	%
Expenses ratio [(1)]		
Excluding property operating expenses		
- including performance-related fee payable to the Manager	0.80	0.98
- excluding performance-related fee payable to the Manager	0.80	0.98
Expenses ratio [(2)]		
Including property operating expenses		
- including performance-related fee payable to the Manager	3.18	2.99
- excluding performance-related fee payable to the Manager	3.18	2.99
Turnover ratio [(3)]	16.85	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.

32 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.

32 OPERATING SEGMENTS (CONT'D)

Business segment (cont'd)

The reportable segments for the financial year ended 31 December 2019 are as follows:

	Business Park $'000	Industrial $'000	Total $'000
Group			
2019			
Gross revenue	40,281	48,788	89,069
Property operating expenses	(10,910)	(7,138)	(18,048)
Segment net property income	29,371	41,650	71,021
Interest income			363
Foreign exchange gain			345
Loss on derivative financial instruments			(37)
Finance expenses			(17,385)
Finance expenses on leases			(1,941)
Manager's management fees			(4,855)
Trustee's fees			(260)
Other trust expenses			(924)
Net income before tax and fair value changes			46,327
Net fair value change in investment properties and a property held for sale			(10,920)
Total return before distribution			35,407
Income tax expense			(1,583)
Total return after tax before distribution			33,824
Segment assets	668,449	732,121	1,400,570
Unallocated assets			6,807
Total assets			1,407,377
Segment liabilities	17,692	44,583	62,275
Unallocated liabilities			532,605
Total liabilities			594,880

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32 OPERATING SEGMENTS (CONT'D)

Business segment (cont'd)

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

32 OPERATING SEGMENTS (CONT'D)

Geographical segment

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

	Singapore $'000	Australia $'000	Total $'000
Group			
2019			
Gross revenue	79,968	9,101	89,069
Property operating expenses	(16,454)	(1,594)	(18,048)
Segment net property income	63,514	7,507	71,021
Non-current assets	1,112,038	239,227	1,351,265

	Singapore $'000	Australia $'000	Total $'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

Information about a major customer

In 2019, no single customer contributed 10 per cent or more of the Group's revenue. In 2018, revenue from a major customer amounts to $11,897,000 arising from the revenue generated from the business park segment in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

33 EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) *Distribution to Unitholders*

On 22 January 2020, the Manager declared a distribution of $11,671,000 at 0.925 cents per Unit for the financial period from 1 October 2019 to 31 December 2019.

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

On 11 February 2020, the Trust issued 2,192,167 Units at an issue price of $0.52 per Unit as payment of the fees to the Manager, amounting to $1,149,000.

(c) *Coronavirus*

The coronavirus outbreak occurred close to the financial year end and the condition has continued to evolve up till audit report date. As at 31 December 2019, management has concluded that the events are non-adjusting and that the impact to the Group is immaterial as the Group's operations are well-diversified and its long-term prospects remain good.

As at audit report date, there is a high level of uncertainty due to the unpredictable outcome of this outbreak. As such, the financial effects cannot be reliably estimated.

34 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Group for the financial year ended 31 December 2019 were authorised for issue by the Manager and the Trustee on 3 March 2020.

UNITHOLDERS' STATISTICS

ISSUED UNITS

There were 1,263,903,222 Units (voting rights: one vote per Unit) issued in Soilbuild REIT as at 12 March 2020. 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	28	0.29	1,075	0.00
100 - 1,000	980	10.18	909,389	0.07
1,001 - 10,000	3,863	40.13	20,906,100	1.66
10,001 - 1,000,000	4,712	48.94	258,489,467	20.45
1,000,001 and Above	44	0.46	983,597,191	77.82
TOTAL	9,627	100.00	1,263,903,222	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	No. of Units	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	183,132,983	14.49%
2.	DBS NOMINEES (PRIVATE) LIMITED	176,966,338	14.00%
3.	LIM CHAP HUAT	97,988,491	7.75%
4.	RAFFLES NOMINEES (PTE.) LIMITED	84,647,845	6.70%
5.	HSBC (SINGAPORE) NOMINEES PTE LTD	74,035,391	5.86%
6.	LIM HAN REN (LIN HANREN)	72,400,000	5.73%
7.	LIM HAN FENG (LIN HANFENG)	61,400,000	4.86%
8.	LIM HAN QIN	61,400,000	4.86%
9.	DBSN SERVICES PTE. LTD.	24,545,975	1.94%
10.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	19,725,234	1.56%
11.	OCBC SECURITIES PRIVATE LIMITED	16,649,172	1.32%
12.	DB NOMINEES (SINGAPORE) PTE. LTD.	14,549,198	1.15%
13.	UOB KAY HIAN PRIVATE LIMITED	10,657,928	0.84%
14.	ABN AMRO CLEARING BANK N.V.	9,673,713	0.77%
15.	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,413,748	0.67%
16.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	6,571,023	0.52%
17.	PHILLIP SECURITIES PTE LTD	5,928,929	0.47%
18.	SB REIT MANAGEMENT PTE. LTD.	4,351,290	0.34%
19.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,876,279	0.31%
20.	HO KIAT CHONG	3,622,000	0.29%
	TOTAL	940,535,537	74.43%

UNITHOLDERS' STATISTICS

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS

As recorded in the Register of Substantial Unitholdings as at 12 March 2020[1]

	Substantial Unitholders	No. of Units Direct Interest	No. of Units Deemed Interest
1	Lim Chap Huat[2]	97,988,491	23,285,219
2	Lim Han Feng[3]	61,400,000	23,600,000
3	Lim Han Qin[4]	61,400,000	23,600,000
4	Lim Han Ren[5]	72,400,000	12,600,000

Notes:

1 The percentage is based on 1,263,903,222 Units in issue as at 12 March 2020.

2 Mr Lim Chap Huat is deemed to be interested in one Unit held by Soilbuild Group Holdings Ltd. ("**SBGH**") as Mr Lim Chap Huat directly owns 100% of SBGH and indirectly owns (i) 4,351,290 Units held by SB REIT Management Pte. Ltd. (the "**Manager**") and (ii) 18,933,928 Units held through a nominee account.

3 Mr Lim Han Feng is deemed to be interested in 23,600,000 Units held through nominee accounts.

4 Mr Lim Han Qin is deemed to be interested in 23,600,000 Units held through nominee accounts.

5 Mr Lim Han Ren is deemed to be interested in 12,600,000 Units held through a nominee account.

MANAGER'S DIRECTORS' UNITHOLDINGS

As recorded in the Register of Directors' Unitholdings as at 21 January 2020[1]

	Directors	No. of Units Direct Interest	No. of Units Deemed Interest
1	Lim Chap Huat[2]	97,988,491	21,093,052
2	Ho Toon Bah[3] (Stepped down with effect from 19 March 2020)	–	294,800
3	Lim Cheng Hwa	272,580	–
4	Michael Ng Seng Tat[4]	–	687,500
5	Ng Fook Ai Victor	–	–
6	Chong Kie Cheong	324,500	–

Notes:

1 The percentage interest is based on total issued Units of 1,261,711,055 as at 21 January 2020.

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 and indirectly owns (i) 2,159,123 Units held by the Manager and (ii) 18,933,928 Units held through a nominee account.

3 Mr Ho Toon Bah is deemed to be interested in 129,800 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 12 March 2020, approximately 70.0% 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
Expenses:		
SB REIT Management Pte. Ltd.		
Base fee[1]	4,785	–
Acquisition fee[2]	1,259	–
Lease management fee[3]	796	–
Lease renewal commission[4]	457	–
SB REIT Management (Australia) Pty Ltd		
Investment management fee and reimbursable costs[1]	27	–
The Trust Company (RE Services) Limited		
Investment management fee[1]	43	–
SB Property Services Pte. Ltd.		
Property management fee[5]	1,592	–
Marketing services commissions for new leases[4]	302	–
Project management fee	60	–
Reimbursable costs	633	–
DBS Trustee Limited		
Trustee fees and reimbursable costs	216	–
	10,170	–

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) 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	92	–
Recharge of utilities	3	–
SB Property Services Pte. Ltd.		
Recharge of building defects rectification works	262	–
SB (Solaris) Investment Pte. Ltd.		
Recharge of building defects rectification works	43	–
SB REIT Management Pte. Ltd.		
Recharge of acquisition fee	185	–
Expenses:		
SB Property Services Pte. Ltd.		
Purchase of site equipment	1	–
SB (Solaris) Investment Pte. Ltd.		
Purchase of site equipment	1	–
Carpark expenses	2	–
Precast Concrete Pte. Ltd.		
Purchase of materials	1	–
Perpetual Corporate Trust Ltd		
Trustee fees	24	–
The Trust Company (Australia) Limited		
Trustee fees	22	–
	636	–

Please also see Related Party Transactions in Note 26 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 2019.

ADDITIONAL **INFORMATION**

INTERESTED PERSON TRANSACTIONS (CONT'D)

FEES PAID TO THE MANAGER, PROPERTY MANAGER AND TRUSTEES

Asset/Fund management fees	FY2019 S$'000
- Base fee payable/paid to the Manager	4,785
- Investment management fee and reimbursable costs paid/payable to SB REIT Management (Australia) Pty Ltd	27
- Investment management fee paid/payable to The Trust Company (RE Services) Limited	43
- Performance fee	–
- Lease management fee	796
Total fees payable/paid to the Manager and Investment Manager excluding acquisition fee	5,651
% of total amount available for distribution (before all fees[1])	10.56%
% of total assets	0.40%
Property management fee	1,592
Total fees payable/paid to the Property Manager	1,592
% of total amount available for distribution (before all fees[1])	2.98%
% of total assets	0.11%
Trustee fees including reimbursable costs[2]	262
Total fees payable/paid to the Trustees	262
% of total amount available for distribution (before all fees[1])	0.49%
% 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	FY2019 S$'000
- Acquisition fee	1,259
- Total other transactional fee paid to the Manager	1,259
% of total assets	0.09%

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**
Business-As-Usual	:	**BAU**
Bukit Batok Connection	:	**BBC**
Building and Construction Authority	:	**BCA**
Business Continuity Plan	:	**BCP**
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**
CIMB Bank Berhad, Singapore Branch	:	**CIMB**
The Code on Collective Investment Schemes	:	**CIS Code**
Colliers International Consultancy & Valuation (Singapore) Pte Ltd	:	**Colliers**
Consumer Price Index	:	**CPI**
Corporate Social Responsibility	:	**CSR**
CTBC Bank Co. Ltd.	:	**CTBC**
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 year from 1 January 2020 to 31 December 2020	:	**FY2020**
For the financial period from 1 January 2019 to 31 March 2019	:	**1Q FY2019**
For the financial period from 1 April 2019 to 30 June 2019	:	**2Q FY2019**
For the financial period from 1 July 2019 to 30 September 2019	:	**3Q FY2019**
For the financial period from 1 October 2019 to 31 December 2019	:	**4Q FY2019**
For the financial period from 1 January 2019 to 30 June 2019	:	**1H FY2019**
Gross Domestic Product	:	**GDP**
Gross Floor Area	:	**GFA**
Global Reporting Initiative	:	**GRI**
Housing and Development Board	:	**HDB**

GLOSSARY

Health Promotion Board	:	**HPB**
The Hongkong and Shanghai Banking Corporation Limited	:	**HSBC**
Inter-Ministerial Committee on Sustainable Development	:	**IMCSD**
International Monetary Fund	:	**IMF**
Industry Transformation Map	:	**ITM**
Initial Public Offering	:	**IPO**
Investor Relations Professionals Association Singapore	:	**IRPAS**
Jurong Town Corporation	:	**JTC**
Kilogram	:	**Kg**
Kilometre	:	**Km**
Kilonewton per Square Metre	:	**KN/m2**
Key Performance Indicators	:	**KPIs**
Monetary Authority of Singapore	:	**MAS**
Multinational Companies	:	**MNCs**
Ministry of Education	:	**MOE**
Ministry of Manpower	:	**MOM**
Mass Rapid Transit	:	**MRT**
Multi-Tenanted Buildings	:	**MTBs**
Ministry of Trade and Industry	:	**MTI**
Medium Term Notes	:	**MTN**
Net Asset Value	:	**NAV**
National Environment Agency	:	**NEA**
Net Lettable Area	:	**NLA**
Net Property Income	:	**NPI**
Nominating and Remuneration Committee	:	**NRC**
Overseas-Chinese Banking Corporation Limited	:	**OCBC**
Professional, management, executive and technicians	:	**PMET**
Property Price Index	:	**PPI**
SB Property Services Pte. Ltd.	:	**Property Manager**
Pollutant Standards Index	:	**PSI**
Public Utilities Board	:	**PUB**
Reserve Bank of Australia	:	**RBA**
Revolving Credit Loan Facility	:	**RCF**
Real Estate Investment Trust	:	**REIT**
The Real Estate Investment Trust Association of Singapore	:	**REITAS**
RHB Bank Berhad, Singapore Branch	:	**RHB**
Savills Valuation and Professional Services(s) Pte Ltd	:	**Savills**
Singapore Civil Defence Force	:	**SCDF**
The Securities and Futures Act	:	**SFA**
Securities and Futures (Licensing and Conduct of Business)	:	**SFLCB**
Singapore Green Building Council	:	**SGBC**

GLOSSARY

The Singapore Exchange	:	**SGX**
Singapore Exchange Securities Trading Limited	:	**SGX-ST**
Securities Investors Association Singapore	:	**SIAS**
Small and Medium Enterprises	:	**SMEs**
Singapore Power	:	**SP Group**
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**
United Nations	:	**UN**
United Overseas Bank Limited	:	**UOB**
Urban Redevelopment Authority	:	**URA**
United States Dollar Denominated Loan	:	**USD Loan**
Weighted Average Lease Expiry	:	**WALE**
Water Efficiency Labelling Scheme	:	**WELS**
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
(Stepped down with effect from
19 March 2020)

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
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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

SoilBuild
BUSINESS SPACE REIT

STABILITY THROUGH **DIVERSIFICATION**

Annual Report 2019

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