SoilBuild
BUSINESS SPACE REIT



Business Space **Inspired By You**

ANNUAL REPORT 2016





VISION

SOILBUILD BUSINESS SPACE REIT AIMS TO BE A SUCCESSFUL BUSINESS SPACE REAL ESTATE INVESTMENT TRUST WITH A QUALITY PORTFOLIO OF ASSETS TO DELIVER STABILITY AND GROWTH.

MISSION

TO DELIVER STABLE AND GROWING RETURNS TO UNITHOLDERS BY ACTIVELY MANAGING OUR ASSETS AND EXPANDING OUR PORTFOLIO.

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Corporate **Profile**


Eightrium @ Changi Business Park

12
TOTAL BUSINESS SPACE PROPERTIES

3,930,000 SQ FT
TOTAL NET LETTABLE AREA

S$1.24 BILLION
TOTAL ASSET VALUATION

ABOUT SOILBUILD REIT

Soilbuild REIT is a Singapore real estate investment trust established with the principal investment strategy of investing on a long-term basis, directly or indirectly, in a portfolio of income-producing real estate used primarily for business space purposes in Singapore as well as real estate-related assets. Soilbuild REIT was listed on the SGX-ST on 16 August 2013.

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

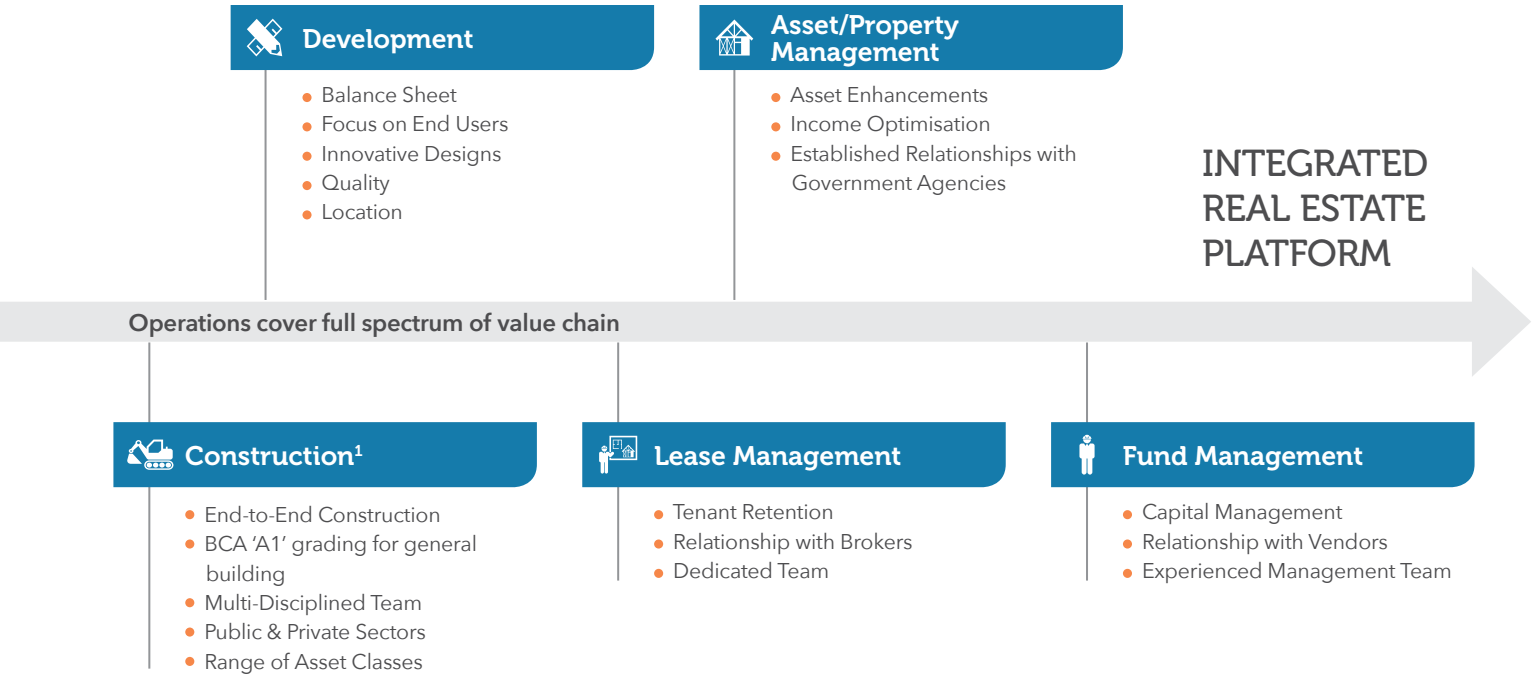
Soilbuild REIT's portfolio comprises 12 business space properties – two business park properties and 10 industrial properties. They are strategically located across industrial clusters in Singapore with a total NLA of approximately 3.93 million sq ft and a valuation of S$1.24 billion as at 31 December 2016.

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

Our Sponsor

SOILBUILD GROUP

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



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 80% (by valuation) of Soilbuild REIT's portfolio were conceptualised, designed and developed by the Sponsor, demonstrating its strong design and development capabilities.

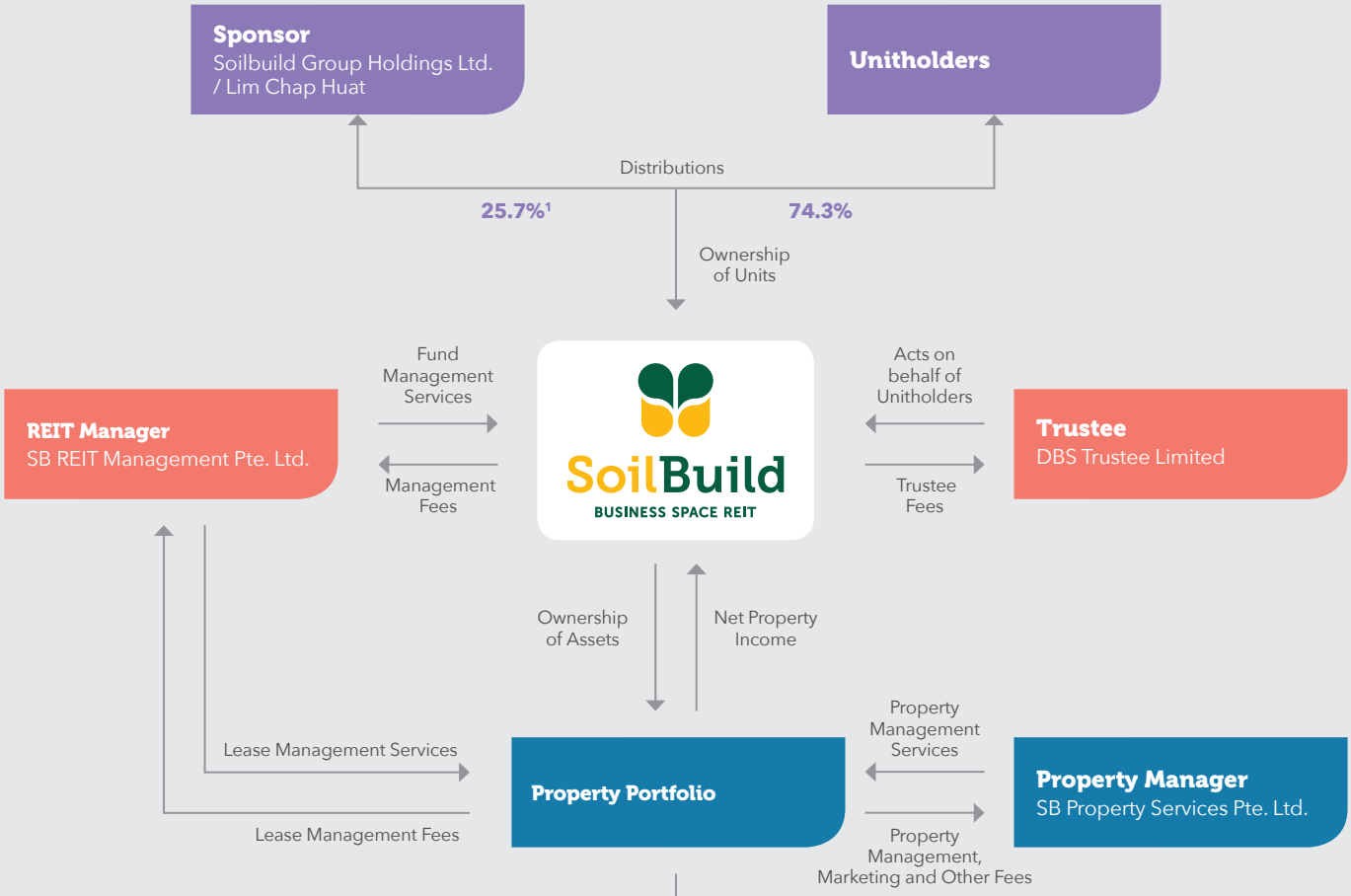
The Sponsor is committed to support Soilbuild REIT over the long term. The Sponsor is the largest unitholder of Soilbuild REIT, holding an aggregate of 25.7% of total number of units outstanding as at 28 February 2017, demonstrating an alignment of interests with Unitholders. The Sponsor is wholly-owned by Mr Lim Chap Huat.

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

Notes:

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

Soilbuild REIT **Structure**



Soilbuild Master Leases	Third Party Master Leases
Solaris	NK Ingredients
Bukit Batok Connection	COS Printers
	Beng Kuang Marine
Multi-Tenanted Leases	Tellus Marine
Eightrium @ Changi Business Park	KTL Offshore
Tuas Connection	Speedy-Tech
West Park BizCentral	72 Loyang Way[2]

Notes:

[1] Information as at 28 February 2017, including the deemed interests in 1,528,571 units held by SB REIT Management Pte. Ltd. and 1 unit held by Soilbuild Group Holdings Ltd. as Lim Chap Huat directly owns 100% of SB REIT Management Pte. Ltd. and Soilbuild Group Holdings Ltd..

[2] Lease terminated with effect from 9 December 2016.

Developing Potential **With You**

Eightrium @ Changi Business Park







P25 For more information about Eightrium @ Changi Business Park refer to page 25

Commentary by DBS Bank Ltd (Eightrium @ Changi Business Park)

"We are very pleased to have been served by the team at Soilbuild REIT. They value a strong tenant-relationship and have provided plenty of support for our business operations at Eightrium @ Changi Business Park. We are confident this partnership will grow in years to come."

Erwin Chong
Executive Director
CRE Strategy & Administration
DBS Bank Ltd

Significant **Events**

January 2016

21 January 2016
Soilbuild REIT's 4Q FY2015 and FY2015 DPU rose 1.8% and 4.7% to 1.614 and 6.487 Singapore cents respectively from the prior corresponding period/year.

March 2016

22 March 2016
Moody's assigned a Baa3 investment grade issuer rating to Soilbuild REIT.

April 2016

8 April 2016
Issuance of S$100 million 3.60% Fixed Rate Notes Due 2021 under the MTN Programme.

14 April 2016
Soilbuild REIT recorded DPU of 1.557 Singapore cents for 1Q FY2016.

21 April 2016
Soilbuild REIT held Annual General Meeting where all resolutions were duly passed.

May 2016

27 May 2016
S&P reaffirmed Soilbuild REIT's final "BBB-" long term corporate credit rating with a stable outlook.

July 2016

13 July 2016
Soilbuild REIT recorded DPU of 1.565 and 3.122 Singapore cents for 2Q FY2016 and 1H FY2016 respectively.

September 2016

21 September 2016
Soilbuild REIT obtained an unsecured loan facility of S$45 million from BEA.

26 September 2016
Successfully raised S$59.4 million gross proceeds from the Preferential Offering.

27 September 2016
Completed acquisition of Bukit Batok Connection and entered into Master Lease Agreement with SB (Westview) Investment Pte. Ltd..

October 2016

10 October 2016
Soilbuild REIT awarded Best REIT in Asia, World Finance Real Estate Awards 2016.

12 October 2016
Soilbuild REIT recorded DPU of 1.399 and 4.521 Singapore cents for 3Q FY2016 and 9M FY2016 respectively.

November 2016

17 November 2016
Soilbuild REIT was the Highly Commended Winner for Best Financing Solution at the Treasury Today Adam Smith Awards Asia 2016.

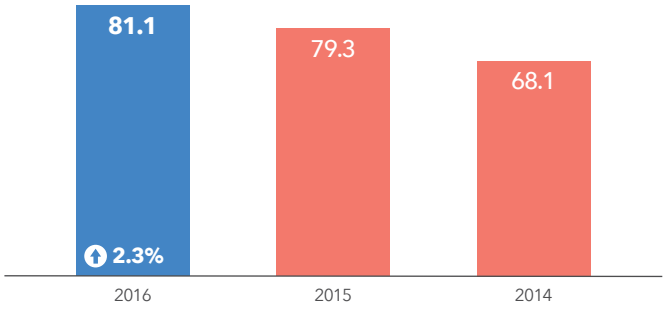
25 November 2016
Soilbuild REIT announced the completion of the new annex block at 39 Senoko Way Singapore 758052.

January 2017

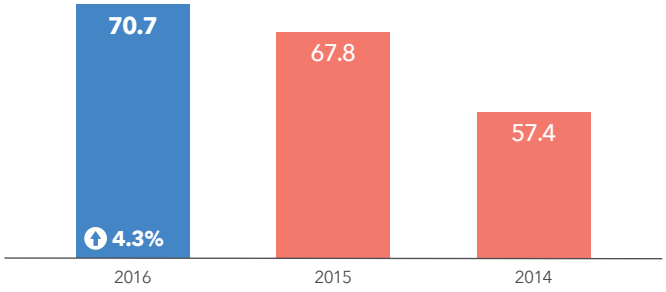
23 January 2017
Soilbuild REIT recorded DPU of 1.570 and 6.091 Singapore cents for 4Q FY2016 and FY2016 respectively.

Key Highlights in FY2016

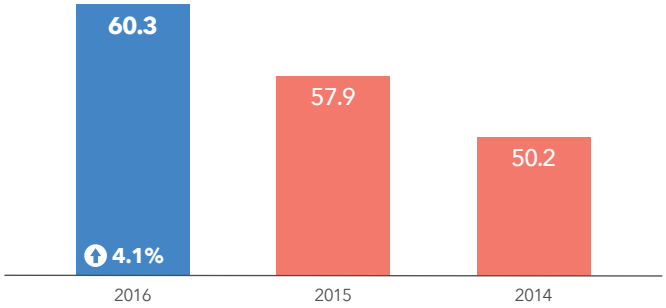
Gross Revenue
(S$'000)



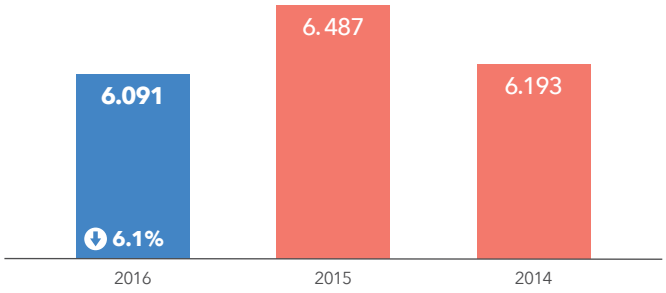
Net Property Income
(S$'000)



Income Available for Distribution
(S$'000)



Distribution Per Unit
(Singapore Cents)



Portfolio Occupancy

2016	2015	2014
89.6 % [1]	96.8%	100%

Investment Properties

2016	2015	2014
S$1,244 million	S$1,191 million	S$1,031 million

No. of properties

2016	2015	2014
12	11	10

Net Lettable Area (sq ft)

2016	2015	2014
3.93 million	3.53 million	3.33 million

No. of Tenants[2]

2016	2015	2014
108	113	111

Weighted Average Lease Expiry (by Gross Rental Income)

2016	2015	2014
3.4 years	4.8 years	3.9 years

Aggregate Leverage

2016	2015	2014
37.6 %	36.0 %	35.4 %

Credit Rating

2016	2015	2014
Moody's Baa3	S&P BBB-	S&P BBB-

Notes:

[1] Portfolio occupancy was 94.8% assuming full occupancy at 72 Loyang Way.

[2] Including underlying tenants at Solaris.

Financial **Highlights**

SUMMARY OF RESULTS

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

BALANCE SHEET (AS AT 31 DECEMBER)

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

KEY FINANCIAL RATIOS

	FY2016	FY2015	FY2014
Net Asset Value per Unit (S$)	**0.72**	0.80	0.80
Aggregate Leverage (%)	**37.6**[4]	36.0[4]	35.4
Average All-in Interest Costs (%)	**3.37**[5]	3.21[5]	3.19
Weighted Average Tenor of Debt (years)	**2.8**[4]	3.2[4]	2.1
Interest Cover Ratio (times)	**4.8**[6]	4.7[6]	5.3

Notes:

1 Based on closing unit price of S$0.64 as at 31 December 2016.

2 Based on closing unit price of S$0.77 as at 31 December 2015.

3 Based on closing unit price of S$0.79 as at 31 December 2014.

4 Includes interest-free loan (FY2015: interest-free loan and deferred payment) in relation to the Solaris upfront land premium.

5 Excludes interest-free loan.

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

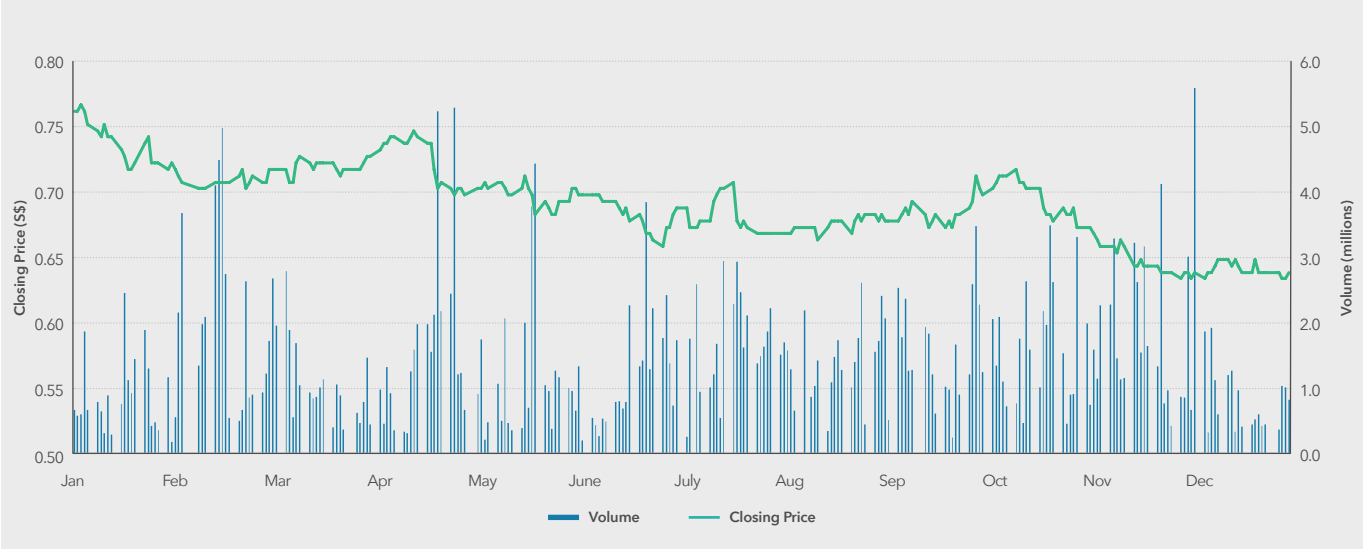
Trading **Performance**

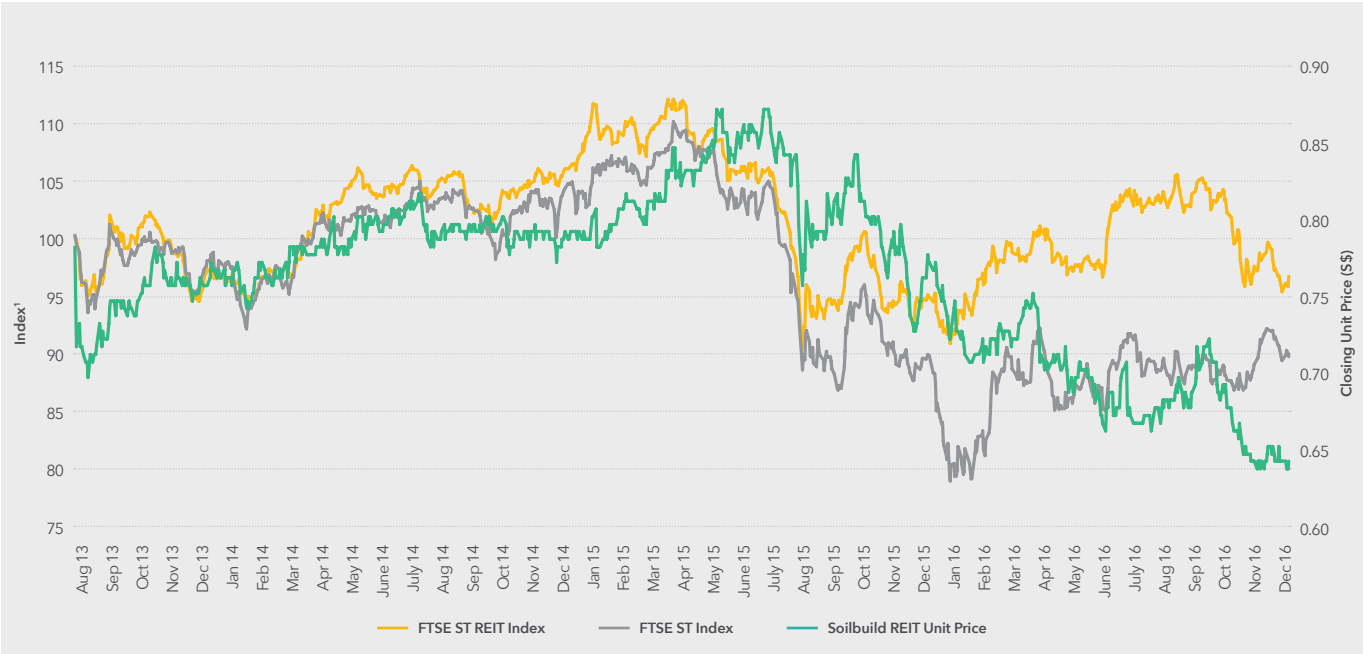
UNIT PRICE PERFORMANCE

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

SOILBUILD REIT TRADING PERFORMANCE

(1 January 2016 to 31 December 2016)





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

Letter to **Unitholders**



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

GROSS REVENUE AND NET PROPERTY INCOME WERE 2.3% AND 4.3% HIGHER THAN FY2015 RESPECTIVELY.

DEAR UNITHOLDERS,

On behalf of the Board of Directors of SB REIT Management Pte. Ltd., we are pleased to present Soilbuild REIT's FY2016 Annual Report for the year ended 31 December 2016.

FY2016 YEAR IN REVIEW

FY2016 was a challenging year for Soilbuild REIT. Weakness in global growth, uncertainty in the Eurozone and slowdown in China led to Singapore's lack-lustre economic performance. Although oil prices stabilised towards the end of FY2016, activities in the marine offshore and oil & gas industry remained subdued.

Against this backdrop, Soilbuild REIT demonstrated resilience in achieving gross revenue of S$81.1 million and net property income of S$70.7 million, representing year-on-year growth of 2.3% and 4.3% respectively. The portfolio performance was supported by the acquisitions of 72 Loyang Way and Bukit Batok Connection in FY2015 and FY2016.

Distributable income rose in tandem to S$60.3 million from S$57.9 million a year ago. However, full year DPU was 6.091 cents, 6.1% below FY2015 DPU due to lower contributions from West Park BizCentral and Tuas Connection, and additional units issued to partially fund the acquisition of Bukit Batok Connection. Soilbuild REIT's distribution yield was 9.52% at a closing price of S$0.64 on 31 December 2016.

Letter to Unitholders

FY2016 INDUSTRIAL PROPERTY SECTOR

Singapore's industrial property sector was negatively impacted by the slow economy and the increased supply. While high-tech industrial buildings were also under pressure, it was partially cushioned by tenants who relocated from office spaces to more affordable alternatives.

Business parks specifically, have shown sustained demand and healthy rental levels with the government's initiatives in promoting the high-tech sector. This was evident in the full occupancy at Soilbuild REIT's business parks, Eightrium @ Changi Business Park and Solaris, where rental reversions were generally stable.

SOILBUILD REIT'S PROACTIVE LEASING APPROACH HAS ENABLED US TO WEATHER THE OVERALL CHALLENGING ENVIRONMENT IN THE INDUSTRIAL SECTOR

INVESTMENT & ACQUISITIONS

In September 2016, Soilbuild REIT acquired Bukit Batok Connection for a total cost of S$100.4 million (including acquisition-related cost of S$4.1 million). The acquisition value is comparable to the cost of the acquisitions completed in FY 2015 and FY 2014, which amounted to S$98.1 million and S$94.6 million respectively.

As part of the Right of First Refusal granted by the Sponsor at IPO, Bukit Batok Connection was the first of the four assets to be injected into Soilbuild REIT's portfolio of assets.

In November 2016, Soilbuild REIT also announced the completion of a new annex block at 39 Senoko Way which is leased to Tellus Marine Engineering Pte Ltd under a Master Lease.

OPERATIONAL PERFORMANCE

Despite the increasingly competitive industrial leasing market, portfolio rentals remained stable and registered a positive rental reversion of 0.5%. The portfolio WALE was 3.4 years by GRI as at 31 December 2016.

In FY2016, approximately 500,000 sq ft of space was due for renewal, and we completed close to 620,000 sq ft of lease renewals, forward renewals and re-let of space, proving the dedication and continued effort of our asset and leasing team.

HEALTHY OCCUPANCY

Soilbuild REIT's proactive leasing approach has enabled us to weather the overall challenging environment in the industrial sector. The portfolio occupancy as at 31 December 2016 was 89.6%, largely due to the termination of lease with Technics Offshore Engineering Pte Ltd. Assuming full occupancy at 72 Loyang Way, the portfolio occupancy would stand at 94.8%.

PORTFOLIO DIVERSIFICATION

With the shorter land lease tenure of 30 years given by JTC, Soilbuild REIT's portfolio of assets has one of the longest average remaining land lease to expiry of 44 years (by valuation). It is well diversified with a spread of trade sector exposure and a balanced mix of multi-tenanted and master leases.

VALUATION

As at 31 December 2016, Soilbuild REIT's investment properties were valued at S$1.24 billion, representing an increase of S$53 million from the prior year. The enlarged portfolio was due to the addition of Bukit Batok Connection and the new annex block at 39 Senoko Way, and partially offset by a revaluation loss of S$50.9 million. The revaluation loss was the result of the termination of the lease with Technics Offshore Engineering Pte Ltd, higher vacancies and lower market rentals for West Park BizCentral, Tuas Connection and Eightrium @ Changi Business Park.

CREDIT RATING

Soilbuild REIT was assigned an investment grade issuer rating of Baa3 by Moody's Investors Service, Inc in March 2016 and a Baa3 rating on Soilbuild REIT's S$100 million 3.60% fixed rate notes due 2021 in April 2016. Moody's also changed the rating outlook of Soilbuild REIT from stable to negative due to leasing uncertainty at 72 Loyang Way and weak industrial market sentiments.

PRUDENT CAPITAL MANAGEMENT

In FY2016, Soilbuild REIT undertook a number of successful funding initiatives such as the issuance of fixed rate notes, completion of a preferential offering and entry into an unsecured loan facility.

Soilbuild REIT's aggregate leverage remains healthy at 37.6% with debt headroom of S$50 million and secured leverage at 14.5%. The weighted average all-in cost of debt was 3.37% p.a. and weighted average debt expiry at 2.8 years as at 31 December 2016. Borrowing costs were largely insulated against interest rate hikes with 86.5% of the interest rate exposure fixed for a weighted average term of 1.9 years.

6.091 CENTS
DISTRIBUTION PER UNIT

S$81.1 MILLION
GROSS REVENUE

S$70.7 MILLION
NET PROPERTY INCOME

AWARDS

In November 2016, Soilbuild REIT was awarded the Best REIT in Asia at the World Finance Real Estate Awards 2016, and was the Highly Commended Winner for Best Financing Solution at the Treasury Today Adam Smith Awards Asia 2016. The awards attest to Soilbuild REIT's pro-active and prudent capital management strategies.

THE YEAR AHEAD

The Singapore economy is forecast to grow moderately at 1.0% to 3.0% in 2017 against a backdrop of global economic uncertainties and higher interest rate environment. Aside from downside risks in the global economy, the challenging macro environment is likely to affect industrialists' sentiments as outlook for the construction, marine & offshore, retail and food services sectors continue to be sluggish. The trend of consolidation of operations to achieve operational efficiency is likely to persist.

With an improvement in the manufacturing sector in 4Q 2016 and supported by an improvement in global trade flows, MTI expects the Singapore economy to ride on the improved momentum in the manufacturing sector in 2017. Other resilient sectors include information & communication and education, health & social services.

The key challenge in 2017 for Soilbuild REIT is to improve occupancy rates and re-let the space at 72 Loyang Way, given the slow business environment and subdued outlook in the Oil & Gas and Marine cluster. We will continue to build on our existing leasing strategy to diversify our portfolio despite the growing competition in the industrial space sector. We will look to undertake prudent asset enhancements to improve our buildings' competitiveness, and continue to explore growth opportunities within and outside Singapore to ensure a stable and sustainable growth for Unitholders in the longer term.

ACKNOWLEDGEMENTS

We would like to express our sincere appreciation to our Directors for their guidance and contribution and the management team for their hard work and dedication over the year. Lastly we would like to thank all of our stakeholders including Unitholders, tenants, and business partners for their continued support.



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:
3 years 5 months (as at 31 December 2016)

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:
1 year 7 months (as at 31 December 2016)

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

Other Listed Company Directorships:
SHC Capital Asia Limited (listed on the Catalist Board of SGX-ST), Sunshine 100 China Holdings Ltd (listed on the Main Board of the Stock Exchange of Hong Kong Limited), MY E.G. Services Berhad (listed on the Main Board of Bursa Malaysia Securities Berhad) and Cityneon Holdings Limited.

Past Listed Company Directorships:
Asia Power Corporation Limited, Devotion Energy Group Limited and SIIC Environment Holdings Ltd.

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 and the founder and executive chairman of New Climate Pte. Ltd., an investment company headquartered in Asia focused on investments in Greater China.

Previous Roles:
Director at Asia Power Corporation Limited; Director at Devotion Energy Group Limited; and Director at SIIC Environment Holdings Ltd.



MR MICHAEL NG SENG TAT

Independent Non-Executive Director

Date of Appointment as Director:
26 July 2013

Length of Service as Director:
3 years and 5 months (as at 31 December 2016)

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 29 years. He is currently the Executive Director of CEL Development Pte. Ltd., a subsidiary of mainboard listed Chip Eng Seng Corporation Ltd.. Mr Ng oversees CEL's regional property investment and development business which currently includes projects in Australia, Vietnam and Maldives and assists in development projects in Singapore.

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



MR LIM CHAP HUAT
Non-Executive Director

Date of Appointment as Director:
5 October 2012

Length of Service as Director:
4 years 3 months (as at 31 December 2016)

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



MR HO TOON BAH
Non-Executive Director

Date of Appointment as Director:
13 March 2013

Length of Service as Director:
3 years and 9 months (as at 31 December 2016)

Board Committee served on:
Nil

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

Past Listed Company Directorships:
Europtronic Group Ltd

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

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



MS LIM CHENG HWA
Non-Executive Director

Date of Appointment as Director:
26 July 2013

Length of Service as Director:
3 years and 5 months (as at 31 December 2016)

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 16 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 13 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 14 years of experience in Asset and Lease Management including:

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

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

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

Creating Value **For You**

Solaris





Singapore Property Awards
(Sustainable Development Category)



P27 For more information about Solaris refer to page 27

Commentary by Autodesk Asia Pte Ltd (Solaris)

"Autodesk is a leader in 3D design software for manufacturing, architecture, engineering and entertainment. Our location in Solaris within the Fusionopolis cluster puts us in close proximity to international players from the info-communication, media and R&D industries. We are satisfied with the landlord's responsiveness over the last six years, and hope to continue this long withstanding tenant-landlord relationship."

William Sim
Regional Facilities Manager
ASEAN
Autodesk Asia Pte Ltd

Operations **Review**

ENLARGING PORTFOLIO

The Manager completed a sale and leaseback acquisition worth S$100.4 million in September 2016, followed by a new annex block at 39 Senoko Way Singapore 758052 in November 2016. This brought the total portfolio valuation to S$1.24 billion and increased the portfolio NLA by 377,776 sq ft and 18,088 sq ft respectively to 3.93 million sq ft. The acquisition of Bukit Batok Connection provided income stability through its 9.2% contribution to Soilbuild REIT's gross monthly rental income. The Manager continues to explore acquisitions and development opportunities that add value or provide strategic benefits to the existing portfolio.



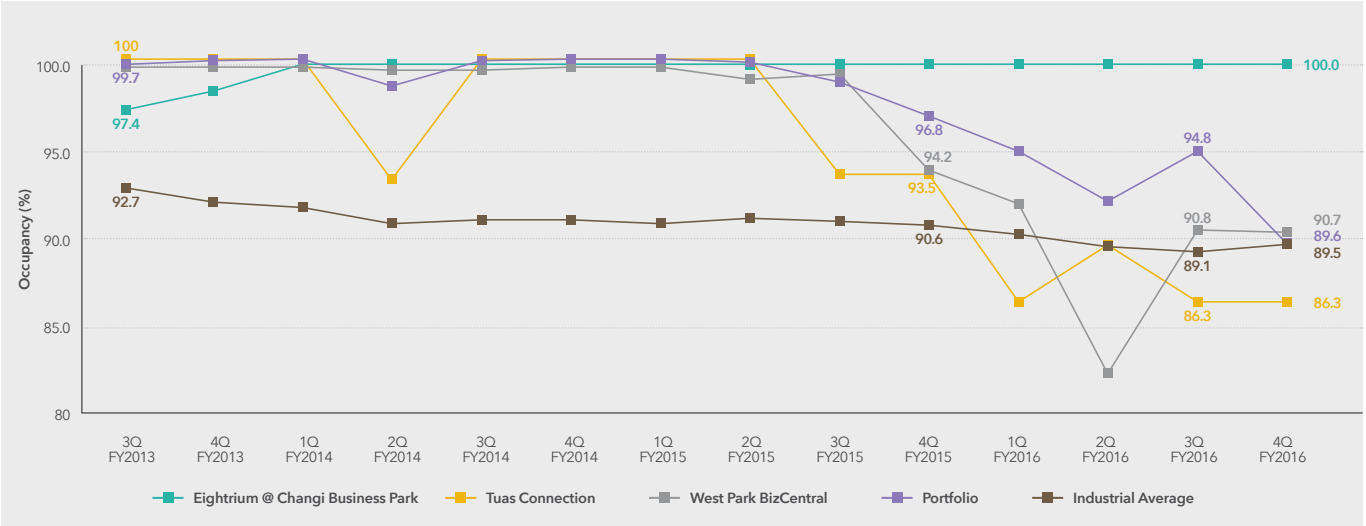
OCCUPANCY RATE

Soilbuild REIT's portfolio of properties has demonstrated resilience amidst challenging market conditions. The portfolio occupancy rate stands at 89.6% as at 31 December 2016, mainly due to the termination of lease at 72 Loyang Way with Technics Offshore Engineering Pte Ltd. On the assumption that 72 Loyang Way is fully tenanted, the occupancy rate is 94.8%.

PORTFOLIO MANAGEMENT

Soilbuild REIT's portfolio weighted average lease expiry by GRI was 3.4 years as at 31 December 2016. The weighted average lease expiry of leases commenced in FY2016 was 2.2 years (by GRI).

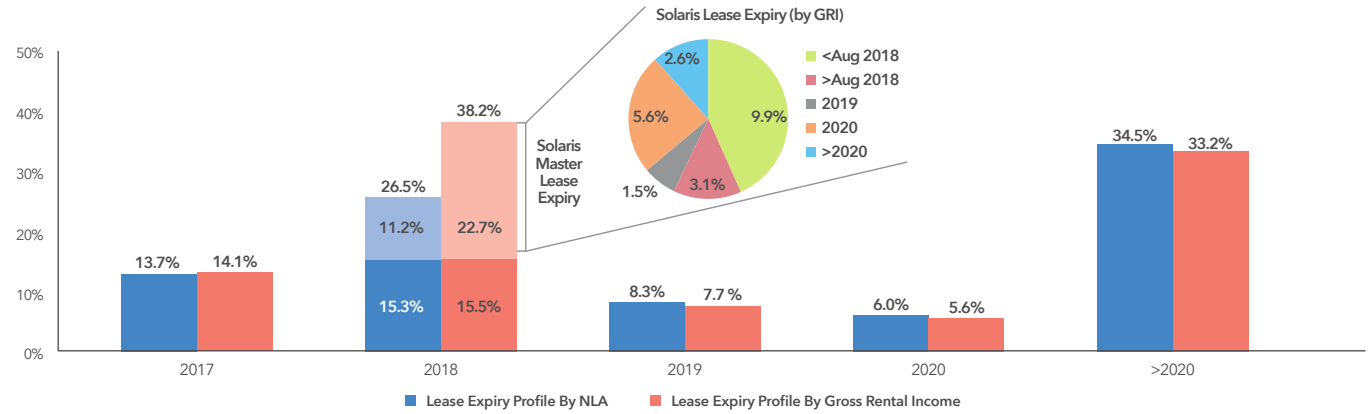
At the start of FY2016, approximately 500,000 sq ft of space was due for renewals and the Manager proactively



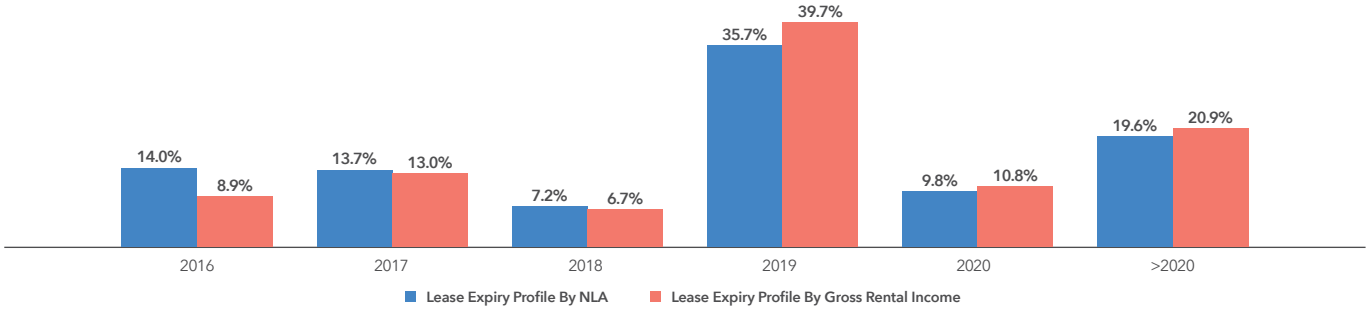
Despite lower leasing activities, the occupancy rate for multi-tenanted buildings at 90.1%, was above the industrial average of 89.5%. The non-renewals at Tuas Connection and West Park BizCentral were largely due to tenants downsizing or consolidating their operations. Nonetheless, the Manager secured close to 620,000 sq ft of lease renewals, forward renewals and new take-up, reflecting the proactive leasing and marketing efforts, as well as property management initiatives taken in keeping the properties relevant and attractive to its tenants.

negotiated and secured close to 620,000 sq ft of renewals and new leases, of which 110,000 sq ft are forward renewals for leases expiring in 2017. Despite a lower tenant retention rate of 41.4% (by NLA), largely due to the non-renewal by SB Storage Pte. Ltd. which previously occupied 100,000 sq ft, the Manager secured over 300,000 sq ft of new leases in FY2016. This reflects the effective marketing of the vacant units amidst the weak industrial leasing environment. The Manager also ensures regular engagement with tenants and seeks early renewal commitments to mitigate leasing risk. Customer care programme also remains a key strategy in providing an avenue to further improve the relationship with tenants.

Portfolio Lease Expiry Profile[1]

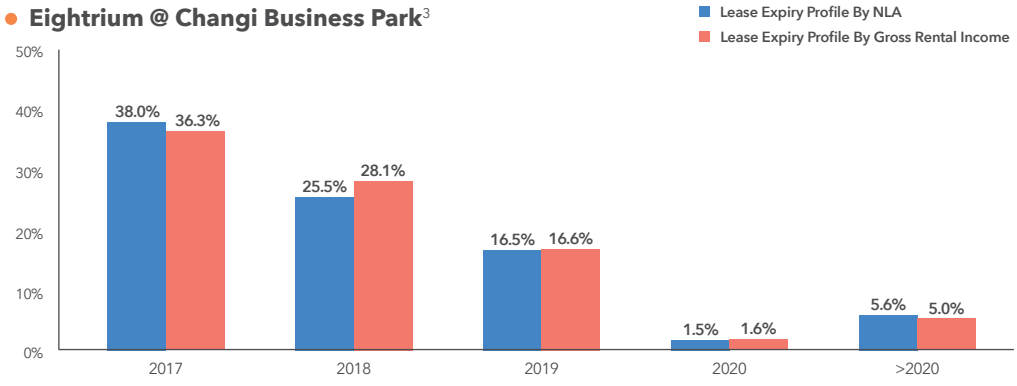


Lease Expiry of leases commenced in FY2016[2]

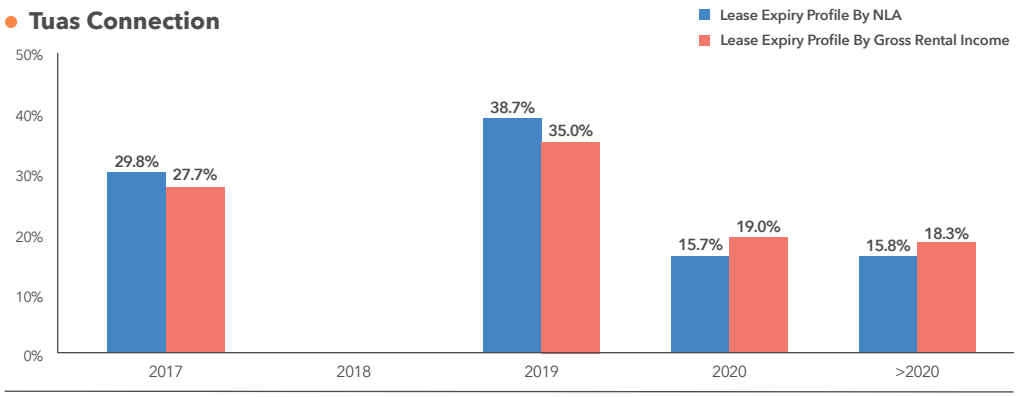


Moving ahead to FY2017, the remaining 540,000 sq ft (13.7%) of the portfolio is due for renewal at the start of the year. Of the 13.7%, approximately half of the expiries are leases in West Park BizCentral, while one-third are leases expiring in Tuas Connection. The leases expiring in FY2017 are mainly concentrated in the 2H FY2017 (9.9% of NLA), with 3.6% of the NLA expiring on 31 December 2017.

Eightrium @ Changi Business Park[3]



Tuas Connection



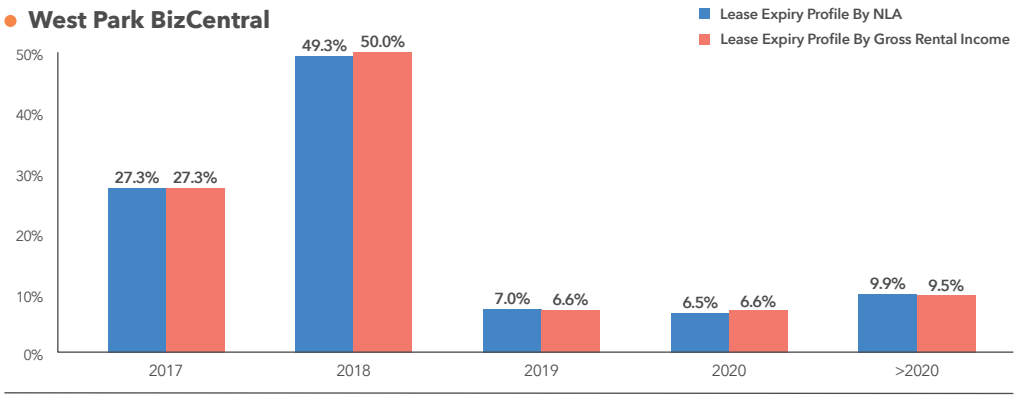
1 Portfolio occupancy was 89.6% as at 31 December 2016. 0.6% (by NLA) and 1.2% (by GRI) of leases expired on 31 December 2016. The lease expiry profile has included the effects of forward renewals signed as at 31 December 2016.

2 The lease expiry profile excluded new leases commencing after 31 December 2016.

3 12.9% (by NLA) and 12.4% (by GRI) of leases in Eightrium @ Changi Business Park expired on 31 December 2016.

Operations Review

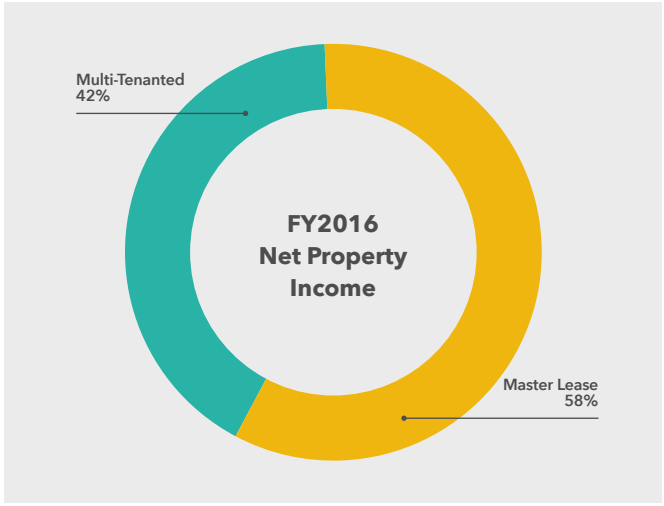
West Park BizCentral



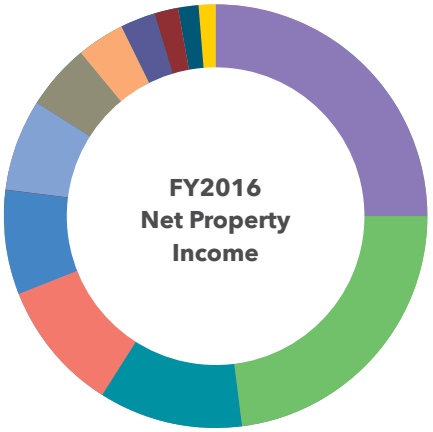
BALANCED PORTFOLIO

The Manager's portfolio strategy is based on optimising the overall portfolio rent and occupancy as well as striking a balance between Single/Master leases and MTBs. The portfolio breakdown by net property income was 58% for Single/Master leases and 42% for MTBs. While Single/Master leases generally comprise longer leases with built-in rental escalations that provide income stability, MTBs typically comprise a variety of unit sizes to suit tenants' requirements and shorter leases which have upside potential.

Properties under Master Lease vs Multi-Tenanted Buildings (as a % of NPI)

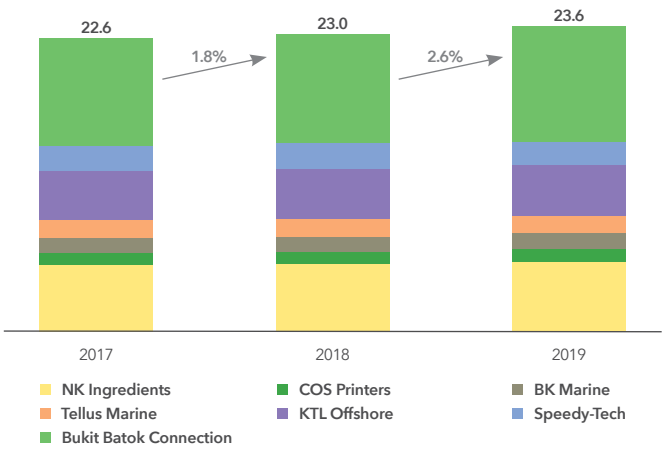


Portfolio Income Spread (as a % of NPI)



- 25.6% Solaris
- 23.6% West Park BizCentral
- 10.8% Technics Offshore
- 9.7% Tuas Connection
- 8.2% Eightrium @ Changi Business Park
- 6.8% NK Ingredients
- 5.1% KTL Offshore
- 2.9% Bukit Batok Connection
- 2.6% Speedy-Tech
- 1.8% Tellus Marine
- 1.6% Beng Kuang Marine
- 1.3% COS Printers

Fixed Annual Rental Escalation of Master Leases (S$'millions)[1]



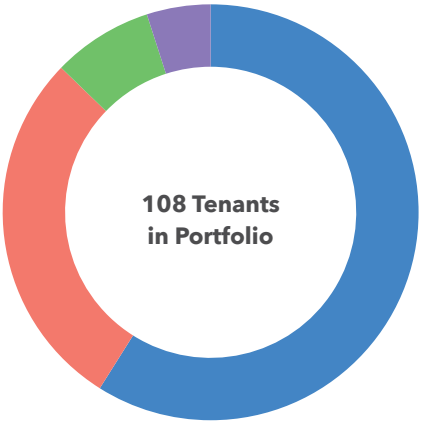
Note:

[1] Excluding Master Lease rental from Solaris

TOP 10 TENANTS AND TENANT/ SUB-TENANT TYPE ANALYSIS

Soilbuild REIT's GRI is well-distributed among MNCs, SGX Listed Corporations, SMEs and government agencies within its portfolio of 108 tenants[1]. The Manager conducts regular reviews on the credit risk profile of its tenants and receives an average of 3 to 5 months of rental income as security deposit to safeguard against tenants' default for leases in MTBs, and 6 to 18 months of rental income for single/ master leases.

Diversified Tenant Base



58.9% MNC
28.3% SME
7.8% SGX Listed Corporation
5.0% Government Agency

The top 10 tenants contributed 55.8% of the portfolio's monthly GRI.

No.	Tenant	% of GRI	Property
1	Soilbuild Group	23.2%	Solaris and Bukit Batok Connection
2	NK Ingredients Pte Ltd	8.9%	NK Ingredients
3	KTL Offshore Pte Ltd	5.9%	KTL Offshore
4	Crown Worldwide Pte Ltd	3.4%	West Park BizCentral
5	Dyson Operations Pte Ltd	3.3%	West Park BizCentral
6	Tellus Marine Engineering Pte Ltd	3.0%	Tellus Marine
7	Speedy-Tech	2.5%	Speedy-Tech
8	PICCO Enterprise Pte Ltd	2.1%	Beng Kuang Marine
9	Nestle Singapore (Pte) Ltd	1.8%	Eightrium @ Changi Business Park
10	C.O.S Printers Pte Ltd	1.7%	COS Printers

Including the underlying sub-tenants at Solaris, the top 10 tenants contributed approximately 42.6% of the total portfolio GRI (see table below). This further diversifies the sources of rental income for Soilbuild REIT's portfolio. Some of the top ten tenants in the portfolio include well-established multinational companies, government bodies and household names such as SPRING Singapore, Nestle, Dyson and John, Wiley & Sons.

No.	Tenant	% of GRI	Property
1	SB (Westview) Investment Pte. Ltd.	9.2%	Bukit Batok Connection
2	NK Ingredients Pte Ltd	5.6%	NK Ingredients
3	SPRING Singapore	5.0%	Solaris
4	KTL Offshore Pte Ltd	4.3%	KTL Offshore
5	Mediatek Singapore Pte Ltd	3.9%	Solaris
6	Autodesk Asia Pte Ltd	3.9%	Solaris
7	Nestle Singapore (Pte) Ltd	3.3%	Eightrium @ Changi Business Park
8	John, Wiley & Sons (Singapore) Pte Ltd	2.8%	Solaris
9	Dyson Operations Pte Ltd	2.4%	West Park BizCentral
10	NXP Semiconductors Singapore Pte Ltd	2.2%	Solaris

Note:

[1] Based on the 14, 13 and 51 tenants at Eightrium @ Changi Business Park, Tuas Connection and West Park BizCentral respectively, the underlying 23 tenants at Solaris and the 7 single tenant properties (NK Ingredients, COS Printers, Beng Kuang Marine, Tellus Marine, KTL Offshore, Speedy-Tech and Bukit Batok Connection).

Trade Sector **Analysis**



Soilbuild REIT's tenant diversification across trade sectors mitigates concentration risk and enhances its portfolio resilience. No single trade sector accounts for more than 14.0% of the portfolio's monthly GRI. The charts below provide an overview of the different trade sectors by NLA and GRI.

Trade Sector Diversification by NLA

As at 31 December 2016



- 17.0% Precision Engineering, Electrical and Machinery Product
- 14.9% Marine Offshore
- 12.0% Real Estate and Construction
- 12.0% Others
- 11.3% Chemicals
- 6.9% Electronics
- 6.5% Fabricated Metal Products
- 4.5% Information Technology
- 4.2% Supply Chain Management, 3rd Party Logistics, Freight Forwarding
- 3.5% Oil & Gas
- 3.1% Publishing, Printing & Reproduction of Recorded Media
- 2.2% Food Products & Beverages
- 1.9% Government Agency

Trade Sector Diversification by GRI

As at 31 December 2016



- 13.9% Others
- 13.4% Precision Engineering, Electrical and Machinery Products
- 10.9% Marine Offshore
- 10.6% Information Technology
- 9.8% Real Estate and Construction
- 9.7% Electronics
- 8.7% Chemicals
- 4.9% Government Agency
- 4.5% Fabricated Metal Products
- 4.4% Publishing, Printing & Reproduction of Recorded Media
- 4.0% Food Products & Beverages
- 2.9% Supply Chain Management, 3rd Party Logistics, Freight Forwarding
- 2.3% Oil & Gas

Portfolio **Overview**

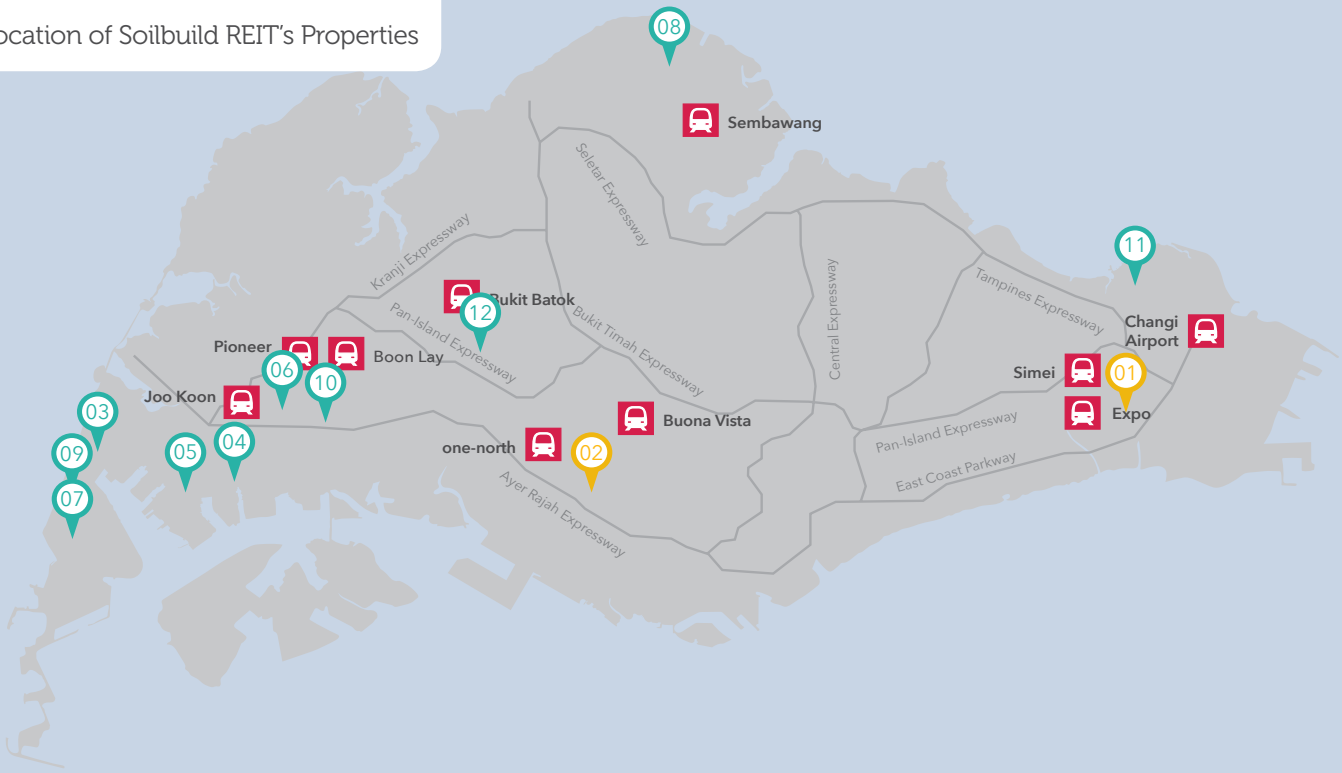
Overview

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

The two business park properties - Solaris and Eightrium @ Changi Business Park, are strategically located in one-north and Changi Business Park respectively. One-north is located in close proximity to the 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. One-north and Changi Business Park also enjoy easy accessibility to road infrastructures, with one-north being located near the Ayer Rajah Expressway and Changi Business Park being located near the Pan Island Expressway and the East Coast Parkway.

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

Location of Soilbuild REIT's Properties



Portfolio Overview

Section Contents

2 Business Park Properties

01. **Eightrium** @ Changi Business Park
NLA: 177,285 sq ft
Valuation: S$101.0 million
P25



02. **Solaris**
NLA: 441,533 sq ft
Valuation: S$360.0 million
P27



10 Industrial Properties

03. **Tuas Connection**
NLA: 651,072 sq ft
Valuation: S$122.0 million
P31



04. **West Park BizCentral**
NLA: 1,240,583 sq ft
Valuation: S$306.0 million
P33



05. **NK Ingredients**
NLA: 312,375 sq ft
Valuation: S$62.0 million
P35



06. **COS Printers**
NLA: 58,752 sq ft
Valuation: S$11.2 million
P36



07. **Beng Kuang Marine**
NLA: 73,737 sq ft
Valuation: S$16.5 million
P37



08. **Tellus Marine**
NLA: 77,162 sq ft
Valuation: S$20.0 million
P38



09. **KTL Offshore**
NLA: 208,057 sq ft
Valuation: S$56.0 million
P39



10. **Speedy-Tech**
NLA: 93,767 sq ft
Valuation: S$25.0 million
P40



11. **72 Loyang Way**
NLA: 203,468 sq ft
Valuation: S$65.0 million
P41



12. **Bukit Batok Connection**
NLA: 377,776 sq ft
Valuation: S$99.0 million
P42



Business Park **Properties**

KEY STATISTICS (AS AT 31 DECEMBER 2016)

NUMBER OF PROPERTIES
2

GROSS FLOOR AREA
765,646 SQ FT

NUMBER OF TENANTS
37

GROSS REVENUE (FY2016)
S$27.2 MILLION

OCCUPANCY
100%

VALUATION
S$461.0 MILLION

% OF PORTFOLIO (BY VALUATION)
37.1%

SOLARIS AWARDS

2016

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

2015

FIABCI-Singapore Property Awards
(Sustainable Development Category)

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

Asia Pacific Property Awards
(Highly Commended Office Development Singapore)

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

2014

AIA Merit Award
(Excellent Architectural Design)

BEI Asia Green Building Awards
(Commercial Building)

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

2013

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

2012

Royal Institute of British Architects International Awards

2011

Pertubuhan Akitek Malaysia Award –
Gold (Overseas)

11th SIA Architectural Design Awards

2010

Green Good Design Award for Architecture

2009

First Prize (Unbuilt Category) in Skyrise Greenery Awards

BCA Green Mark Platinum Award
(New Buildings)

Portfolio Overview

Business Park Properties

TOP FIVE BUSINESS PARK TENANTS

	ONE	TWO	THREE	FOUR	FIVE
TENANT	**Spring Singapore**	**Mediatek Singapore Pte Ltd**	**Autodesk Asia Pte Ltd**	**Nestle Singapore (Pte) Ltd**	**John Wiley & Sons (Singapore) Pte Ltd**
PROPERTY	Solaris	Solaris	Solaris	Eightrium @ Changi Business Park	Solaris
TRADE SECTOR	Government Agency	Electronics	Information Technology	Food Products & Beverages	Publishing, Printing & Reproduction of Recorded Media
% OF GRI[1]	**5.0%**	**3.9%**	**3.9%**	**3.3%**	**2.8%**

Trade Sector Analysis in Business Park Properties

As at 31 December 2016



- 25.3% Information Technology
- 17.6% Others
- 15.0% Electronics
- 11.8% Government Agency
- 8.5% Food Products & Beverages
- 8.4% Telecommunication & Datacentre
- 7.9% Publishing, Printing & Reproduction of Recorded Media
- 5.5% Education & Social Services

Note:

[1] Including underlying sub-tenants at Solaris

Eightrium
@ Changi Business Park



ABOUT EIGHTRIUM @ CHANGI BUSINESS PARK

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

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



PROFILE SNAPSHOT

Address
15A Changi Business Park Central 1, Singapore 486035

Acquisition Date
16 August 2013

Term of Lease[1]
60 years (From 16 February 2006)

Land Area (sq ft)
85,640

Land Rent
Annual Land Rental Scheme

GFA (sq ft)
213,835

Occupancy Rate
100.0%

Number of Tenants
14

FY2016 Gross Rental Revenue
S$9.2 million

Valuation[2]
S$101.0 million

Purchase Price
S$ 91.4 million

Lease Type
Multi-tenanted

Notes:
1. Tenure of underlying land;
2. Based on Knight Frank's valuation dated 31 December 2016.

Portfolio Overview

Business Park Properties

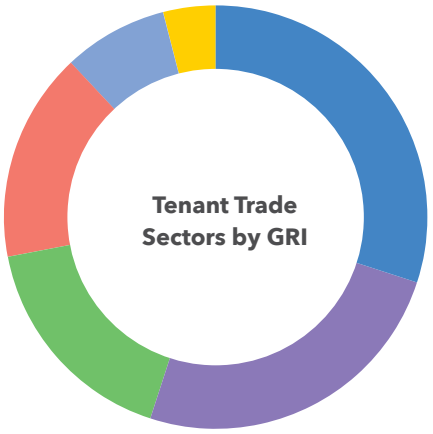


A DISTINCTIVE BUSINESS PARK DEVELOPMENT SUITABLE FOR MNCS AND SMES IN RESEARCH DEVELOPMENT, HIGH-TECHNOLOGY AND KNOWLEDGE-INTENSIVE INDUSTRIES

TRADE SECTOR ANALYSIS

The chart below provides a breakdown of the different trade sectors represented in Eightrium @ Changi Business Park (as at 31 December 2016) by GRI.

Trade Sector Analysis



- 30.0% Food Products & Beverages
- 24.5% Telecommunication & Datacentre
- 16.2% Education & Social Services
- 15.5% Financial
- 9.3% Information Technology
- 4.5% Precision Engineering, Electrical and Machinery Products

Solaris



ABOUT SOLARIS

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

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

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

PROFILE SNAPSHOT

Address
1 Fusionopolis Walk, Singapore 138628

Acquisition Date
16 August 2013

Term of Lease[1]
60 years
(From 1 June 2008)

Land Area (sq ft)
83,258 (excluding subterranean space of 3,014 sq ft)[2]

Land Rent
Land Premium paid upfront until 31 May 2038[3]

GFA (sq ft)
551,811

Occupancy Rate
100.0%
(for master lease)

Number of Tenants
23

FY2016 Gross Rental Revenue
S$18.1 million

Valuation[4]
S$360.0 million

Purchase Price
S$293.4 million

Lease Type
Master Lease

Notes:
1. Tenure of underlying land;
2. The subterranean space has been excluded in the calculation of the land area because the subterranean space does not contribute to the plot ratio calculation. The subterranean space is located underground and is solely for the purpose of underground vehicular connection between Fusionopolis phase 2A and Fusionopolis phase 2B;
3. After agreement with JTC dated 17 March 2015 to convert the annual land rent payment scheme to an upfront land premium payment scheme.
4. Based on Knight Frank's valuation dated 31 December 2016.

Portfolio Overview

Business Park Properties



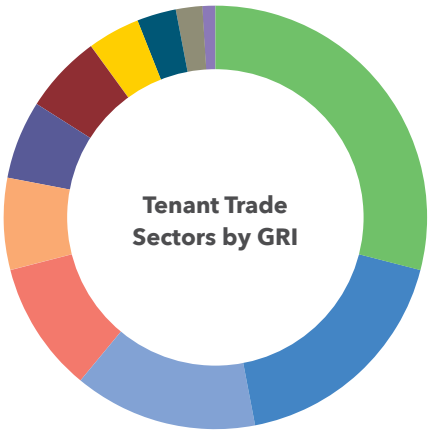
AN ICONIC STATE-OF-THE-ART BUSINESS PARK DEVELOPMENT DESIGNED TO HOUSE MNCS AND LARGE CORPORATES FROM THE INFO-COMMUNICATIONS, MEDIA, SCIENCE, ENGINEERING AND RESEARCH AND DEVELOPMENT INDUSTRIES.



TRADE SECTOR ANALYSIS

The chart below provides a breakdown of the different trade sectors of the underlying tenants represented in Solaris (as at 31 December 2016) by GRI.

Trade Sector Analysis



- 31.1% Information Technology
- 20.4% Electronics
- 14.9% Government Agency
- 10.7% Publishing, Printing & Reproduction of Recorded Media
- 5.8% Chemicals
- 5.7% Precision Engineering, Electrical and Machinery Products
- 3.7% Pharmaceutical & Biological
- 2.6% Telecommunication & Datacentre
- 1.6% Education & Social Services
- 1.2% Marine Offshore
- 0.8% Food Products & Beverages

MASTER LESSEE

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

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

Industrial **Properties**

KEY STATISTICS (AS AT 31 DECEMBER 2016)

NUMBER OF PROPERTIES
10

GROSS FLOOR AREA
3,471,591 SQ FT

NUMBER OF TENANTS[1]
71

GROSS REVENUE (FY2016)
S$53.9 MILLION

OCCUPANCY
73.9%

VALUATION
S$782.7 MILLION

% OF PORTFOLIO (BY VALUATION)
62.9%

Notes:
1. Excluding underlying tenants in Bukit Batok Connection

WEST PARK BIZCENTRAL AWARDS

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

2015
FIABCI-Singapore Property Awards
(Industrial Development Category)

Asia Pacific Property Awards
(Best Industrial Development Singapore)

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

2009
BCA Green Mark Award
(Gold, New Buildings)

Portfolio Overview

Industrial Properties

TOP FIVE INDUSTRIAL TENANTS

	ONE	TWO	THREE	FOUR	FIVE
TENANT	SB (Westview) Investment Pte. Ltd.	NK Ingredients Pte Ltd	KTL Offshore Pte Ltd	Dyson Operations Pte Ltd	Crown Worldwide Pte Ltd
PROPERTY	Bukit Batok Connection	NK Ingredients	KTL Offshore	West Park BizCentral	West Park BizCentral
TRADE SECTOR	Real Estate and Construction	Chemicals	Marine Offshore, Oil & Gas	Precision Engineering, Electrical and Machinery Products	Others
% OF GRI[1]	9.2%	5.6%	4.3%	2.4%	2.2%

Trade Sector Analysis in Industrial Properties

As at 31 December 2016



- 19.1% Precision Engineering, Electrical and Machinery Products
- 18.0% Marine Offshore, Oil & Gas
- 16.9% Real Estate and Construction
- 11.9% Chemicals
- 9.7% Others
- 7.8% Fabricated Metal Products
- 5.9% Electronics
- 4.9% Supply Chain Management, 3rd Party Logistics, Freight Forwarding
- 4.0% Oil & Gas
- 1.8% Publishing, Printing & Reproduction of Recorded Media

Note:

[1] Including underlying sub-tenants at Solaris

Tuas Connection



ABOUT TUAS CONNECTION

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



PROFILE SNAPSHOT

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

Acquisition Date
16 August 2013

Term of Lease[1]
43 years
(From 1 October 2007)

Land Area (sq ft)
741,829

Land Rent
Annual Land Rental Scheme

GFA (sq ft)
607,994

Occupancy Rate
86.3%

Number of Tenants
13

FY2016 Gross Rental Revenue
S$9.7 million

Valuation[2]
S$122.0 million

Purchase Price
S$122.7 million

Lease Type
Multi-tenanted

Notes:
1. Tenure of underlying land;
2. Based on Collier's valuation dated 31 December 2016.

Portfolio Overview

Industrial Properties

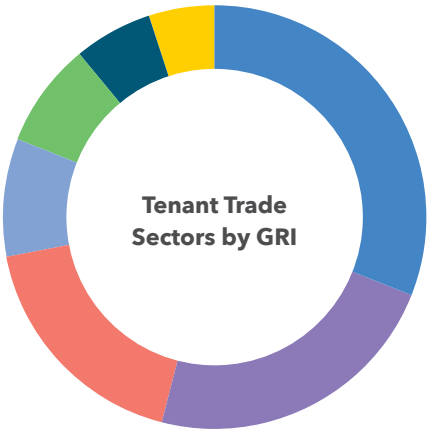


AN ENCLAVE OF TWO-STOREY DETACHED AND SEMI-DETACHED MODERN FACTORY UNITS WITH DEDICATED PRIVATE COMPOUNDS DESIGNED FOR HEAVY ENGINEERING, PETROCHEMICAL AND ENERGY SECTORS

TRADE SECTOR ANALYSIS

The chart below provides a breakdown of the different trade sectors represented in Tuas Connection (as at 31 December 2016) by GRI.

Trade Sector Analysis



- 31.0% Precision Engineering, Electrical and Machinery Products
- 23.5% Fabricated Metal Products
- 17.6% Marine Offshore
- 8.5% Chemicals
- 7.5% Oil & Gas
- 6.2% Others
- 5.7% Real Estate and Construction

West Park BizCentral



ABOUT WEST PARK BIZCENTRAL

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

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

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

PROFILE SNAPSHOT

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

Acquisition Date
16 August 2013

Term of Lease[1]
60 years
(From 1 August 2008)

Land Area (sq ft)
565,790

Land Rent
Land Premium paid upfront until 31 July 2038

GFA (sq ft)
1,414,600

Occupancy Rate
90.7%

Number of Tenants
51

FY2016 Gross Rental Revenue
S$20.4 million

Valuation[2]
S$306.0 million

Purchase Price
S$313.0 million

Lease Type
Multi-tenanted

Notes:
1. Tenure of underlying land;
2. Based on Collier's valuation dated 31 December 2016.

Portfolio Overview

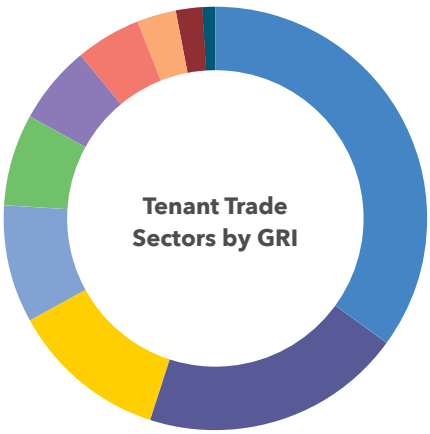
Industrial Properties



TRADE SECTOR ANALYSIS

The chart below provides a breakdown of the different trade sectors represented in West Park BizCentral (as at 31 December 2016) by GRI.

Trade Sector Analysis



- 35.4% Precision Engineering, Electrical and Machinery Products
- 20.7% Other
- 13.2% Supply Chain Management, 3rd Party Logistics, Freight Forwarding
- 8.9% Fabricated Metal Products
- 6.8% Oil & Gas
- 5.7% Electronics
- 5.1% Marine Offshore
- 2.1% Food Products & Beverages
- 1.8% Chemicals
- 0.3% Real Estate and Construction

A HIGH-TECH RAMP-UP INDUSTRIAL DEVELOPMENT HOME TO HI-TECH MANUFACTURING AND ASSEMBLY, ENERGY AND PETROCHEMICAL-RELATED INDUSTRIES



NK INGREDIENTS

A PROPERTY CONSISTING OF SEVEN BLOCKS OF OFFICE, LABORATORY, WAREHOUSE AND PRODUCTION FACILITIES AND ASSOCIATED STRUCTURES



ABOUT NK INGREDIENTS

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

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

MASTER LESSEE

NK Ingredients is leased to NK Ingredients Pte. Ltd. as the Master Lessee. The initial lease term is 15 years from the acquisition date. A security deposit in the form of an insurance bond equivalent to 12 months' prevailing rent is held by Soilbuild REIT.

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

PROFILE SNAPSHOT

Address
2 Pioneer Sector 1,
Singapore 628414

Acquisition Date
15 February 2013

Term of Lease[1]
60 years
(From 1 October 1986)

Land Area (sq ft)
572,529

Land Rent
Annual Land
Rental Scheme

GFA (sq ft)
312,375

Occupancy Rate
100%

Number of Tenants
1

FY2016 Gross Rental Revenue
S$4.9 million

Valuation[2]
S$62.0 million

Purchase Price
S$60.0 million

Lease Type
Master Lease

Notes:
1. Tenure of underlying land;
2. Based on Collier's valuation dated 31 December 2016.

Portfolio Overview

Industrial Properties

COS PRINTERS



A THREE-STOREY FACTORY CUM WAREHOUSE BUILDING

ABOUT COS PRINTERS

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

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

MASTER LESSEE

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

PROFILE SNAPSHOT

Address
9 Kian Teck Crescent, Singapore 628875

Acquisition Date
19 March 2013

Term of Lease[1]
49 years
(From 1 August 1993)

Land Area (sq ft)
56,774

Land Rent
Land Premium paid upfront until 31 July 2023

GFA (sq ft)
58,752

Occupancy Rate
100%

Number of Tenants
1

FY2016 Gross Rental Revenue
S$0.9 million

Valuation[2]
S$11.2 million

Purchase Price
S$10.3 million

Lease Type
Master Lease

Notes:
1. Tenure of underlying land;
2. Based on Collier's valuation dated 31 December 2016.

BENG KUANG MARINE

A PART THREE-/ PART FOUR-STOREY WAREHOUSE FACILITY WITH AN APPROVED USE OF WORKERS' DORMITORY ON PART OF THE SECOND, THIRD AND FOURTH FLOORS.



ABOUT BENG KUANG MARINE

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

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

MASTER LESSEE

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

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

PROFILE SNAPSHOT

Address
38 Tuas View Square, Singapore 637770

Acquisition Date
10 May 2013

Term of Lease[1]
60 years (From 30 October 1996)

Land Area (sq ft)
52,800

Land Rent
Land Premium paid upfront until 29 October 2056

GFA (sq ft)
73,737

Occupancy Rate
100%

Number of Tenants
1

FY2016 Gross Rental Revenue
S$1.1 million

Valuation[2]
S$16.5 million

Purchase Price
S$14.5 million

Lease Type
Master Lease

Notes:
1. Tenure of underlying land;
2. Based on Collier's valuation dated 31 December 2016.

Portfolio Overview

Industrial Properties

TELLUS MARINE



A FOUR-STOREY INDUSTRIAL FACILITY WHICH COMPRISES PRODUCTION, WAREHOUSE, ANCILLARY ADMINISTRATIVE AREA AND DORMITORY ACCOMMODATION.

ABOUT TELLUS MARINE

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

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

MASTER LESSEE

Tellus Marine is leased to Tellus Marine Engineering Pte. Ltd. as the Master Lessee. The lease term is extended to 11.7 years from the acquisition date with the completion of Phase 2. A security deposit in the form of an insurance bond equivalent to 18 months' prevailing rent is held by Soilbuild REIT.

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

PROFILE SNAPSHOT

Address
39 Senoko Way,
Singapore 758052

Acquisition Date
26 May 2014

Term of Lease[1]
60 years
(From 16 February 1994)

Land Area (sq ft)
69,030

Land Rent
Land Premium paid upfront until 15 February 2024

GFA (sq ft)
Phase 1: 77,162
Phase 2: 18,088

Occupancy Rate
100%

Number of Tenants
1

FY2016 Gross Rental Revenue
S$1.3 million

Valuation[2]
S$20.0 million

Purchase Price
S$18.0 million

Lease Type
Master Lease

Notes:
1. Tenure of underlying land;
2. Based on Collier's valuation dated 31 December 2016.

KTL OFFSHORE

NO. 61 TUAS BAY DRIVE IS A THREE-STOREY INDUSTRIAL BUILDING WITH ANCILLARY OFFICE WHILE NO. 71 TUAS BAY DRIVE IS A PART TWO-/ PART THREE-STOREY BUILDING DEVELOPMENT WITH ANCILLARY OFFICE.



ABOUT KTL OFFSHORE

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

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

MASTER LESSEE

KTL Offshore is leased to KTL Offshore Pte. Ltd. as the Master Lessee. The underlying lease was novated at acquisition with a remaining lease term of 6.8 years from the acquisition date. A security deposit in the form of an insurance bond equivalent to approximately 12 months of the average prevailing annual rental is held by Soilbuild REIT.

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

PROFILE SNAPSHOT

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

Acquisition Date
31 October 2014

Term of Lease[1]
60 years
(From 19 July 2006)

Land Area (sq ft)
279,855

Land Rent
Land Premium paid upfront until 18 July 2066

GFA (sq ft)
208,057

Occupancy Rate
100%

Number of Tenants
1

FY2016 Gross Rental Revenue
S$3.7 million

Valuation[2]
S$56.0 million

Purchase Price
S$55.0 million

Lease Type
Master Lease

Notes:
1. Tenure of underlying land;
2. Based on Collier's valuation dated 31 December 2016.

Portfolio Overview

Industrial Properties

SPEEDY-TECH



A PART THREE-/ PART SIX-STOREY LIGHT INDUSTRIAL BUILDING LOCATED ALONG KIAN TECK LANE.

ABOUT SPEEDY-TECH

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

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

MASTER LESSEE

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

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

PROFILE SNAPSHOT

Address
20 Kian Teck Lane, Singapore 627854

Acquisition Date
23 December 2014

Term of Lease[1]
50 years
(From 1 May 2000)

Land Area (sq ft)
42,977

Land Rent
Land Premium paid upfront until 30 April 2030

GFA (sq ft)
93,767

Occupancy Rate
100%

Number of Tenants
1

FY2016 Gross Rental Revenue
S$1.9 million

Valuation[2]
S$25.0 million

Purchase Price
S$22.4 million

Lease Type
Master Lease

Notes:
1. Tenure of underlying land;
2. Based on Collier's valuation dated 31 December 2016.

72 LOYANG WAY

A FULLY INTEGRATED FACILITY COMPRISING TWO BLOCKS OF THREE-STOREY AND FOUR-STOREY ANCILLARY OFFICE



ABOUT 72 LOYANG WAY

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

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

PROFILE SNAPSHOT

Address
72 Loyang Way,
Singapore 508762

Acquisition Date
27 May 2015

Term of Lease[1]
54 years
(From 21 March 1984)

Land Area (sq ft)
291,598

Land Rent
Land Premium
paid upfront until
20 March 2038

GFA (sq ft)
203,468

FY2016 Gross Rental Revenue
S$7.9 million

Valuation[2]
S$65.0 million

Purchase Price
S$97.0 million

Notes:
1. Tenure of underlying land;
2. Based on Collier's valuation dated 31 December 2016.

Portfolio Overview

Industrial Properties

BUKIT BATOK CONNECTION



A NINE-STOREY CLEAN AND LIGHT RAMP-UP INDUSTRIAL DEVELOPMENT, SUITABLE FOR A WIDE SPECTRUM OF INDUSTRIES

ABOUT BUKIT BATOK CONNECTION

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

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

MASTER LESSEE

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

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

PROFILE SNAPSHOT

Address
2 Bukit Batok Street 23, Singapore 659554

Acquisition Date
27 September 2016

Term of Lease[1]
30 years
(From 26 November 2012)

Land Area (sq ft)
161,578

Land Rent
Land Premium paid upfront until 25 November 2042

GFA (sq ft)
403,591

Occupancy Rate
100%

Number of Tenants
1

FY2016 Gross Rental Revenue[2]
S$2.1 million

Valuation[3]
S$99.0 million

Purchase Price
S$96.3 million

Lease Type
Master Lease

Notes:
1. Tenure of underlying land;
2. Gross Revenue from acquisition on 27 September 2016. Annualised Gross Revenue is S$8.0 million for the first year of the lease term.
3. Based on Collier's valuation dated 31 December 2016.

Achieving Excellence **With You**

Tuas Connection





Commentary by Flowserve Pte Ltd (Tuas Connection)

"As the global leading provider of fluid motion control solutions for the world's toughest and most critical applications, Flowserve requires an adequate production space to deliver superior quality and reliability of products to our customers. Being the 10th year at Tuas Connection, we are glad to have been served by a team of professional and efficient managers in ensuring our needs are met. We continue to enjoy the exclusivity and flexibility in our operations and trust in Soilbuild's established performance to many good years of collaboration."

Colin Chua
VP/GM Asia Pacific Operations
Aftermarket Services & Solutions
Flowserve Corporation

P31 For more information about Tuas Connection refer to page 31

Financial **Review**



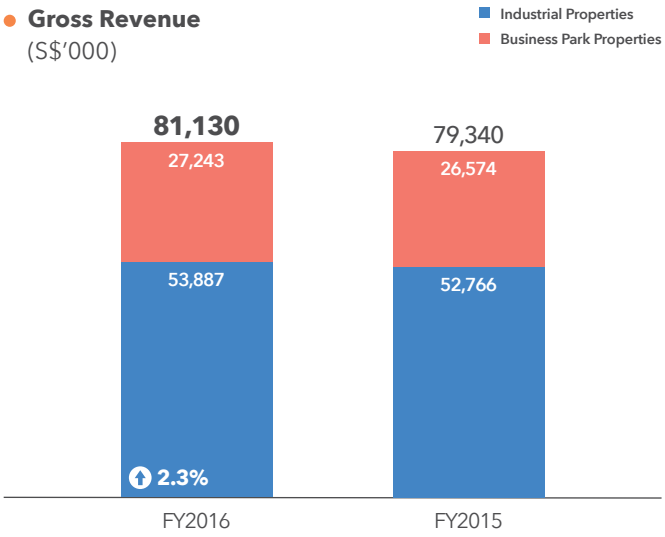
Statement of Total Return	FY2016 (S$'000)	FY2015 (S$'000)	Variance %
Gross revenue	81,130	79,340	2.3
Property operating expenses	(10,456)	(11,563)	9.6
Net property income	**70,674**	**67,777**	**4.3**
Interest income	1,505	643	134.1
Finance expenses	(14,637)	(13,490)	(8.5)
Manager's management fees	(6,025)	(6,442)	6.5
Trustee's fee	(206)	(196)	(5.1)
Other trust expenses	(1,033)	(1,168)	11.6
Net income	**50,278**	**47,124**	**6.7**
Net change in fair value of investment properties	(50,855)	4,535	n.m[1]
Total return before distribution	**(577)**	**51,659**	**(101.1)**
Net effect of non-tax deductible items and other adjustments	60,829	6,208	n.m[1]
Income available for distribution	**60,252**	**57,867**	**4.1**

[1] n.m denotes not meaningful.

GROSS REVENUE

Gross revenue of S$81.1 million in FY2016 was S$1.8 million or 2.3% higher than the gross revenue in FY2015 mainly due to additional revenue contributed by 72 Loyang Way, Bukit Batok Connection, Solaris and Eightrium @ Changi Business Park amounting to S$3.2 million, S$2.1 million, S$0.5 million and S$0.1 million respectively and was partially offset by reduction in revenue from West Park BizCentral and Tuas Connection amounting to S$3.1 million and S$1.2 million respectively.

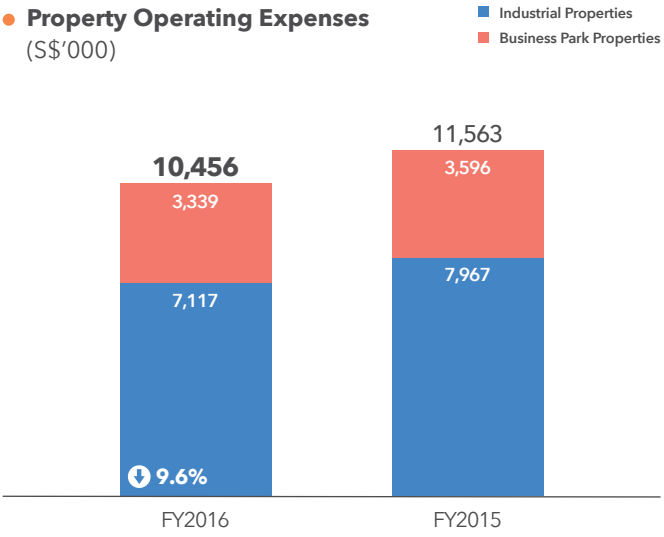
Gross Revenue
(S$'000)



PROPERTY OPERATING EXPENSES

Property operating expenses of S$10.5 million were S$1.1 million or 9.6% lower in FY2016 largely due to a reduction of property tax expenses amounting to S$0.8 million arising from the revision of FY2015 and FY2016 annual values by the tax authority and reduction of land rent amounting to S$0.2 million.

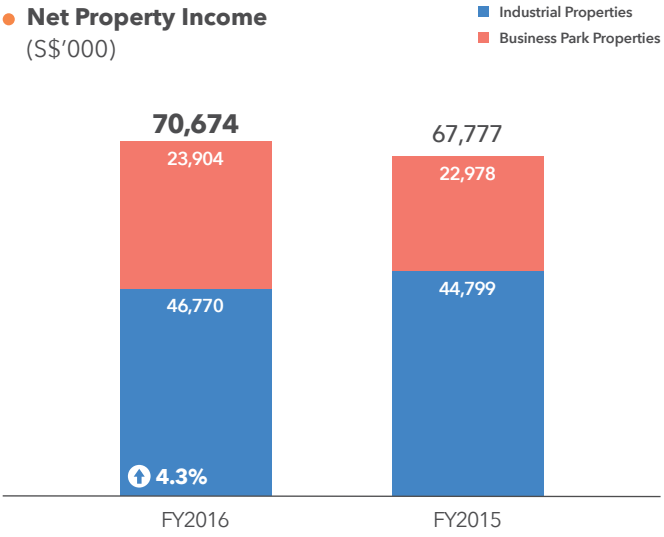
Property Operating Expenses
(S$'000)



NET PROPERTY INCOME

Soilbuild REIT's net property income was S$70.7 million for FY2016. This was 4.3% higher than FY2015 of S$67.8 million as a result of higher revenues and lower property operating expenses.

Net Property Income
(S$'000)



Financial Review

NET INCOME

Net income of S$50.3 million was S$3.2 million or 6.7% higher than FY2015 mainly due to the following:

(a) Higher net property income as explained above;

(b) Higher interest income mainly due to higher notional interest income pertaining to the S$55 million interest-free loan from Sponsor as the second tranche of the interest-free loan was drawn down in March 2016;

(c) Lower Manager's management fees due to the absence of performance fee in FY2016;

(d) Lower other trust expenses due to the absence of Multicurrency Debt Issuance Programme establishment costs incurred in FY2015;

and was partially offset by the following:

(i) Higher finance expenses largely arising from the increase in interest-bearing loan principal amounting to S$42.5 million in FY2016 to partially finance the the acquisition of Bukit Batok Connection; and

(ii) Higher trustee fees due to the increase in total assets in FY2016.

NET CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

Net change in fair value of investment properties for FY2016 amounting to S$50.9 million included mainly revaluation losses for 72 Loyang Way, West Park BizCentral, Tuas Connection and Eightrium @ Changi Business Park amounting to S$32.0 million, S$13.0 million, S$4.0 million and S$1.8 million respectively. The decline in the valuation of 72 Loyang Way was largely due to the termination of lease with Technics Offshore Engineering Pte Ltd in December 2016 whereas the decline in the valuation of West Park BizCentral and Tuas Connection was mainly attributed to higher vacancies and lower market rentals.

NON-TAX DEDUCTIBLE ITEMS AND OTHER ADJUSTMENTS

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


Eightrium

The increase in non-tax deductible items of S$54.6 million was largely due to revaluation losses amounting to S$50.9 million as compared to revaluation gains of S$4.5 million in FY2015.

DISTRIBUTION HISTORY

Period	Payment Date	DPU (cents)
1 January 2016 to 31 March 2016	16 May 2016	1.557
1 April 2016 to 30 June 2016	16 August 2016	1.565
1 July 2016 to 30 September 2016	14 November 2016	1.399
1 October 2016 to 31 December 2016	27 February 2017	1.570
Total		**6.091**

INCOME AVAILABLE FOR DISTRIBUTION AND DPU

Income available for distribution for FY2016 was S$60.3 million which was 4.1% above FY2015 of S$57.9 million mainly arising from net property income contributed by properties acquired in FY2015 and FY2016. This equates to DPU of 6.091 cents, representing 100% of distributable income. FY2016 DPU was 6.1% lower largely due to lower revenue from West Park BizCentral and Tuas Connection, and additional units issued to partially fund the acquisition of Bukit Batok Connection.

VALUATION

As at 31 December 2016, Soilbuild REIT's properties were valued at S$1,243.7 million by Knight Frank and Colliers.

Property	Valuation as at 31 December 2016 (S$ million)
Business Park Buildings (Valued by Knight Frank)	
Eightrium @ Changi Business Park	101.0
Solaris	360.0
Industrial Buildings (Valued by Colliers)	
Tuas Connection	122.0
West Park BizCentral	306.0
NK Ingredients	62.0
COS Printers	11.2
Beng Kuang Marine	16.5
Tellus Marine	20.0
KTL Offshore	56.0
Speedy-Tech	25.0
72 Loyang Way	65.0
Bukit Batok Connection	99.0
Total Portfolio	**1,243.7**

NET ASSET VALUE

As at 31 December 2016, Soilbuild REIT's net asset value was S$0.72 per unit (2015: S$0.80 per unit). The adjusted net asset value after excluding the distributable income payable for the fourth quarter of 2016 was S$0.71 per unit. (2015: S$0.78 per unit).

PRUDENT CAPITAL MANAGEMENT

Soilbuild REIT has in place the following financing facilities:

(i) Senior Term Loan Facility of S$185.0 million

Soilbuild REIT has a senior term loan facility amounting to S$185.0 million ("**TLF 1**") obtained from the DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited, United Overseas Bank Limited, the Bank of East Asia, Limited, Singapore Branch and RHB Bank Berhad, Singapore Branch (the "**Lending Banks**").

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

Soilbuild REIT has put in place interest rate swaps to fix 86.5% of borrowings under TLF1 at a weighted average swap rate of 1.34% p.a. with 0.9 year remaining swap maturity.

(ii) Term Loan Facility of S$40.0 million

On 21 September 2016, Soilbuild REIT entered into a term loan facility amounting to S$40 million ("**TLF 2**") and obtained a S$5 million uncommitted loan facility ("**ULF**") from BEA. On 27 September 2016 and 18 November 2016, S$29 million and S$11 million respectively were drawn down from TLF 2 mainly to partially fund the acquisition of Bukit Batok Connection. TLF2 and ULF are unsecured. TLF2 is repayable in September 2019.

(iii) Medium Term Notes of S$200.0 million issued

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

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

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

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

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

Capital & Risk **Management**

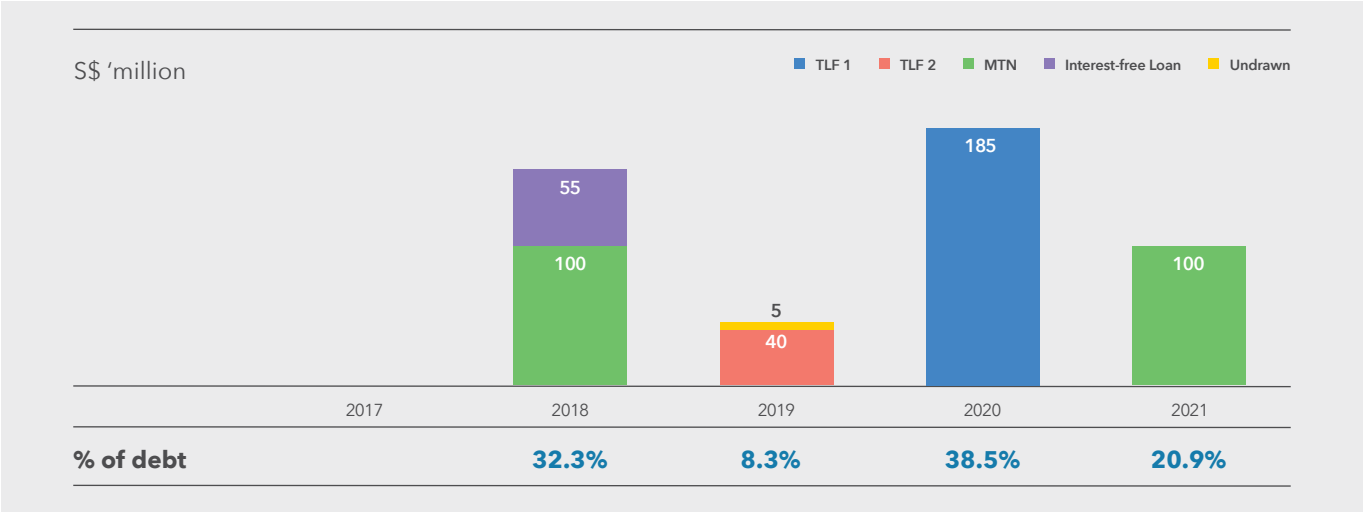
CONSERVATIVE CAPITAL STUCTURE

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

	FY2016	FY2015
Gross debt including deferred payments (S$ mil)	480.0	437.5
Debt facilities undrawn (S$ mil)	5.0	2.5
Deposited property (S$ mil)	1,275.5	1,214.5
Aggregate leverage	37.6%	36.0%
Weighted average term of debt	2.8 years	3.2 years
Average all-in interest cost	3.37%	3.21%
Interest cover (times)[1]	4.8	4.7

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

The debt maturity profile of Soilbuild REIT as at 31 December 2016 is as follows:



As at 31 December 2016, the weighted average term of debt was 2.8 years with an average all-in interest cost of 3.37% p.a.. 86.5% of interest-bearing borrowings were fixed for a weighted average term of 1.9 years. Physical debt expiries remain well-staggered with no more than 40.0% of total debt maturing in any one year.

The aggregate leverage of Soilbuild REIT stood at 37.6% as at 31 December 2016. This is within Soilbuild REIT's long term target gearing range of 35% to 40%, and is well within the 45% gearing limit imposed by the Monetary Authority of Singapore for property trusts in Singapore. Consequently, Soilbuild REIT has approximately S$50.0 million of debt headroom based on its internally defined aggregate leverage limit of 40% which it can utilise to fund future acquisitions.

As part of its proactive capital management strategy, the Manager will continue to minimise its cost of debt and diversify funding sources through both equity and debt capital markets.

TREASURY MANAGEMENT STRATEGIES

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

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

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

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



CREDIT RATING

Moody's assigned Soilbuild REIT an investment grade credit rating of Baa3 on 22 March 2016. On 3 August 2016, Moody's changed the rating outlook for Soilbuild REIT from stable to negative.

RISK MANAGEMENT

Risk Management Framework

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

The Manager has put in place an ERM framework to identify key risks and controls required. The Manager strongly believes that having a structured risk management framework and process enables the organisation to minimise adverse risks and maximise opportunities. The ERM framework covers key areas such as strategic, operations, reporting and compliance and quantifies key property-related risks such as occupancy and rental rates, credit-related risks and financial market risks, including counter-party and interest rate risks. Tenant and trade sector concentration risks are also monitored as part of the framework. The overall risk framework is managed by the Manager who reports to the Board and ARC on a quarterly basis or whenever it is deemed necessary.

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

Risk Management Strategy

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

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

Property Market Risk

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

Capital and 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 or bankers guarantee, there is also a monitoring system and a set of procedures on debt collection. Currently over 72.8% 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.



Investor **Relations**

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

CLEAR AND TIMELY DISCLOSURE

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

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

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

ACTIVE ENGAGEMENT OF ALL STAKEHOLDERS

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

In addition to analyst briefings, the Manager frequently meets with existing and potential investors and analysts at one-on-one or group meetings, local and overseas conferences and roadshows. In 2016, the Manager frequently meets with existing 97 fund managers and analysts, and actively participated in 11 investor conferences and roadshows.

Investor Relation Calendar FY2016	
• **22 January 2016**	Post Q4FY2015 Results Investor Luncheon by DBS
• **25 to 26 February 2016**	DBSV ETF & REITs Conference and Non-Deal Roadshow by DBS (Bangkok)
• **15 April 2016**	Post 1Q2016 Results Investor Luncheon by Religare
• **21 April 2016**	Annual General Meeting
• **18 April 2016**	"Show Me The Money" Forum by Financial PR-Asia Fund
• **2 June 2016**	Citi ASEAN Investor Conference
• **4 June 2016**	REITs Symposium by REITAS and ShareInvestor
• **30 June 2016**	HSBC Annual ASEAN Conference
• **14 to 15 July 2016**	Non-Deal Roadshow by Religare (Singapore and Hong Kong)
• **18 August 2016**	Extraordinary General Meeting
• **18 November 2016**	"The Future of REITs" Forum by Fortune Times

The Manager has made conscious efforts to engage more retail investors through large group seminars. During the year, we participated in two retail investors' forum and the 2nd Singapore REITs Symposium organised collectively by the Real Estate Investment Trust Association of Singapore (REITAS) and ShareInvestor which housed 22 REITs and 1,300 retail investors.

Investor Relations



RESEARCH ANALYST COVERAGE

As at 31 December 2016, six international and local brokerage houses provided regular research coverage on Soilbuild REIT:

- DBS Vickers Securities
- OCBC Investment Research
- Religare Institutional Research
- KGI Fraser Securities
- Philip Securities Research
- Jefferies

FINANCIAL CALENDAR

1st Quarter FY2017	
Announcement of Financial Statements and Distribution for 1QFY2017	April 2017
Annual General Meeting	20 April 2017
Payment of 1QFY2017 distribution	May / June 2017
2nd Quarter FY2017	
Announcement of Financial Statements and Distribution for 2QFY2017	July 2017
Payment of 2QFY2017 distribution	August / September 2017
3rd Quarter FY2017	
Announcement of Financial Statements and Distribution for 3QFY2017	October 2017
Payment of 3QFY2017 distribution	November / December 2017
4th Quarter FY2017	
Announcement of Financial Statements and Distribution for 4QFY2017	January 2018
Payment of 4QFY2017 distribution	February / March 2018

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

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25 Changi South Street 1
Singapore 486059
Tel : (65) 6415 4587
Fax: (65) 6415 4584
Email: sbreit_ir@soilbuild.com
Website: www.soilbuildreit.com



Industrial Market
Research Commentary

1 SINGAPORE ECONOMIC OVERVIEW

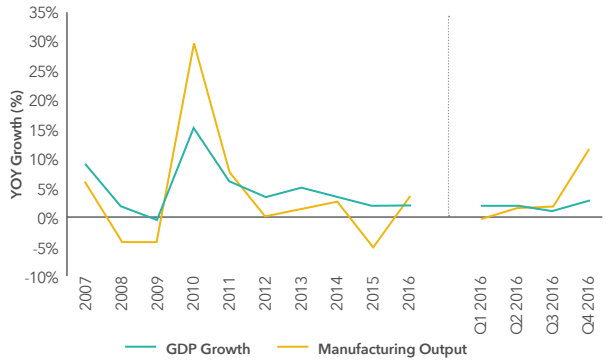
1.1 Economic Performance in the Past Year

The Singapore economy expanded moderately by 2.0%[1] for the full year of 2016, similar to the 1.9% year on year ("YOY") growth in 2015. Largely driven by the electronics and biomedical manufacturing clusters, the manufacturing sector registered the highest expansion at 3.6% YOY. Service producing industries eased from the 3.2% growth seen in 2015 to 1.0% in 2016. Meanwhile, due to sluggish private sector construction, expansion in construction sector moderated to 0.2% YOY in 2016 from the 3.9% growth in 2015.

1.2 Manufacturing Output and Investment Commitments

Based on the Economic Survey of Singapore released by Ministry of Trade and Industry ("MTI") on 17 February 2017, Singapore's total manufacturing output rose 3.6% YOY in 2016, reversal from the contraction of 5.1% seen in 2015.

Growth in GDP and Manufacturing Output



Source: Colliers International, MTI

The electronics cluster and biomedical manufacturing cluster registered the fastest YOY output growth in 2016, showing 15.9% and 13.6% respectively while output in precision engineering cluster improved in 2016 as it expanded marginally by 0.8% YOY from a contraction of 3.9% YOY in 2015. Weakness in output growth for the transport engineering cluster persists as the sector contracted 17.8% YOY in 2016.

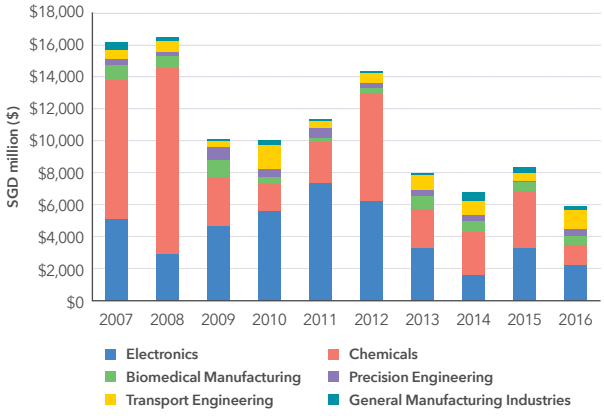
Total manufacturing fixed asset investments ("FAI") in 2016 fell by 29.2% YOY to SGD5.9 billion after picking up 22.7% YOY in 2015. The Electronics and Chemical clusters, with the highest contribution to the total manufacturing commitments, weighed down the FAI as they fell 31.6% YOY and 65.2% YOY respectively in 2016. The contributions by the respective industry clusters to total manufacturing FAI are provided in the following table:

Manufacturing Fixed Asset Investments in 2016

Industry Cluster	Investment Commitments (S$ billion)	Contribution to Total Investment Commitments (%)
Total Manufacturing	5.9	100.0[2]
Electronics	2.2	38.0
Chemicals	1.3	21.4
Biomedical Manufacturing	0.6	10.1
Precision Engineering	0.4	7.3
Transport Engineering	1.1	19.5
General Manufacturing Industries	0.2	3.8

Source: MTI

Total Manufacturing Fixed Asset Investments



Source: Colliers International, MTI

[1] Based on news release from MTI dated 17 February 2017.
[2] Percentage may not add up to 100% due to rounding issues.

Industrial Market Research Commentary

1.3 Economic Outlook

The MTI announced on 17 February 2017 that the Singapore economy is expected to expand at a modest pace between 1% and 3% in 2017, specifically, Oxford Economics Country Economic Forecast[3] has projected GDP to grow by 2.4% for the whole of 2017. The improved sentiment in 2017 is largely supported by growth in the United States and key ASEAN economies which are expected to see slight increase in expansion.

The overall economic outlook for 2017 is marginally better than that in 2016, however, there are reasons to remain cautious as the prospects are subject to a few uncertainties. Based on MTI's 2016 forecast, global downside risks in Europe may persist as a result of the upcoming elections in key Europe states and the subsequent effects of "Brexit" in United Kingdom. Furthermore, the lack of clarity and political risks of the new administration in the United States also heightened in the economic uncertainties and financial volatility.

Nonetheless, MTI expects the improved momentum in the manufacturing sector seen in 2016 to follow through to 2017, supported by a continued recovery in the global demand for semi-conductors and semi-conductor equipment. Externally oriented sectors such as the manufacturing and transportation & storage sectors are also expected to provide support to growth in the Singapore economy in 2017 against the global backdrop.

Selected Economic Indicator Forecasts

Indicator/ Year	2017	2018	2019
Real GDP	2.4%	3.5%	3.1%
Industrial Production	2.0%	3.4%	3.9%

Source: Oxford Economics (10 February 2017)

2 GOVERNMENT POLICIES AND MEASURES AFFECTING THE SINGAPORE INDUSTRIAL PROPERTY MARKET

2.1 Recent Government Policies and Initiatives

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

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

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

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

3 BUSINESS PARK MARKET OVERVIEW

3.1 Existing and Potential Supply

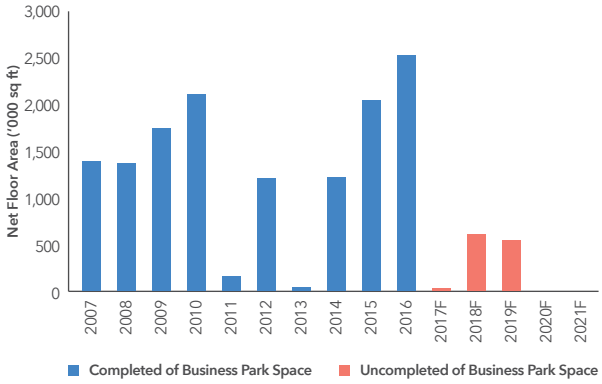
Singapore's total islandwide stock of private business park space rose 14.9% YOY to 19.5 million sq ft as of 4Q 2016, following the net addition of about 2.5 million sq ft in 2016. This was contributed mainly by the completion of new business park developments in 2016.

[3] Based on Oxford Economics Country Economics Forecast Singapore dated 10 February 2017.

Geographically, the majority 54.4% of the existing islandwide business park stock is located in the Central planning region (comprising the Singapore Science Park, Mapletree Business City and one-north). This is followed by the Changi Business Park ("CBP") in the East planning region with 26.7% share, and the International Business Park ("IBP") and CleanTech Park in the West planning region with a 18.9% share.

Based on available information as of Q4 2016, there will be approximately 1.2 million sq ft[4] (net lettable area) of new business park space that is expected to be completed from 2017 to 2021. As a result, the annual new supply during this period amounts to an average of 0.2 million sq ft which is substantially lower than the historical 5-year annual net new supply of 1.4 million sq ft between 2012 and 2016.

Net New and Potential Supply of Business Park Space



Source: Colliers International, JTC
*F refers to Forecast

Selected Major Upcoming Business Parks

Project Name	Street/Location	Developer	NLA* (sq ft)	Year
BTS Facility (FM Global)	Pasir Panjang Road	Singapore Science Park Ltd	118,720	2018
New Headquarters	Changi Business Park Central 2	Kingsmen Creatives Ltd	134,264	2018
MP8, Media Circle	Media Circle	BP-DOJO LLP	361,306	2018
Redevelopment of Fleming & Faraday	1 and 2 Science Park Drive	Singapore Science Park Ltd	235,019	2019
Redevelopment of Aquarius	21 Science Park Road	Singapore Science Park Ltd	312,153	2019

Source: Colliers International, JTC, Company Websites

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

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

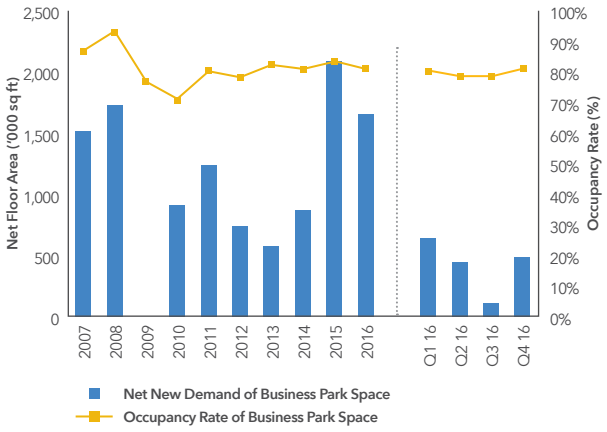
Industrial Market Research Commentary

3.2 Demand and Occupancy

In tandem with the substantial increase in supply of private business park space in 2016, total demand of private business park space increased 11.7% from 14.2 million sq ft in Q4 2015 to 15.9 million sq ft in Q4 2016. This resulted in a net new demand of 1.7 million sq ft of private business park space.

Despite a relatively considerable YOY growth in demand, the overall occupancy rate as at Q4 2016 fell by 2.3% to 81.3% from 83.7% in 2015. This is largely attributed to an overhang supply from the record high net new supply of 2.5 million sq ft in 2016 against a more muted demand of 1.7 million sq ft on the back of a tepid economic conditions.

Net New Demand and Occupancy Rate of Business Park Space

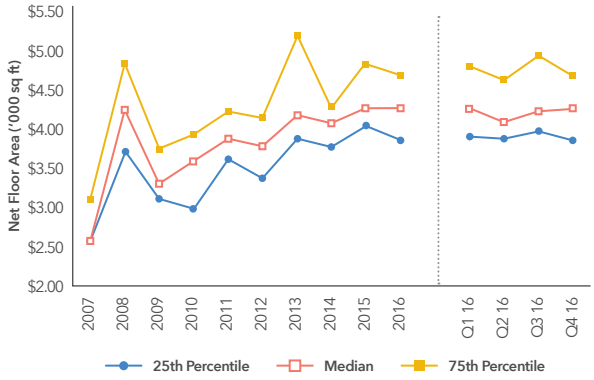


Source: Colliers International, JTC

3.3 Rents

Based on rental information sourced from the URA Real Estate Information System ("REALIS")[5], which is based on actual rental transactions, the median[6] monthly gross rent of business park space in Singapore remained flat at SGD4.49 per sq ft, similar to the median rents seen in Q4 2015. Leasing activities on the other hand has slowed down considerably from 216 in 2015 to 173 in 2016, resulting in a 19.9% YOY decline in leasing transactions.

Rents of Business Park Space



Source: Colliers International, JTC

3.4 Outlook

Going forward, landlords of business parks continue to be very focused on tenant retention and attraction of new tenants, especially in the current subdued office market when tenants in business parks face lower opportunity costs in relocation to office buildings in centralised locations.

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

[6] 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.

Despite a more muted supply in 2017, the vacancy level as at end 2016 of close to 20% remained relatively elevated. Nonetheless overall business parks rents in 2017 are expected to be flat with landlords of newer and recently refurbished premises generally expected to hold higher rental expectations, while the rental expectations for older premises and buildings with higher vacancies are expected to be lower.

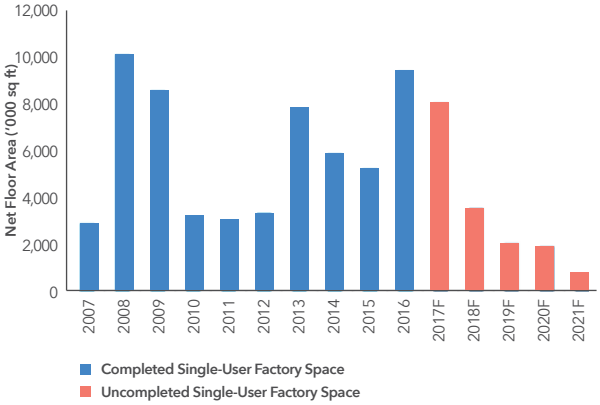
4 PRIVATE SINGLE-USER FACTORY

4.1 Existing and Potential Supply

The islandwide stock of private single-user factory space stood at 224.2 million square feet ("sq ft") as of Q4 2016, a 4.6% YOY increase from Q4 2015. This results from a substantial net new supply in the second half of 2016 when the market segment saw a total net new supply of about 7.5 million sq ft during the period. The net new supply in the full year of 2016 is about 9.8 million sq ft.

Based on available information as of 4Q 2016, there will be about 17.1 million sq ft[7] (net lettable area) of new single-user factory space to be completed from 2017 to 2021, which works out to an average annual supply of about 3.4 million sq ft for the five years from 2017 (full year) to 2021. As potential supply after 2017 is expected to taper off to an annual supply level below 4 million sq ft, the projected annual supply from 2017 to 2021 is about half of the average net new supply of 6.6 million sq ft for the preceding five years from 2012 to 2016.

Net New and Potential Supply of Single-User Factory Space



Source: Colliers International, JTC
*F refers to Forecast

Selected Major Upcoming Single-User Factory

Project Name	Street/Location	Developer	NLA* (sq ft)	Year
Single-user Factory	Ang Mo Kio Electronics Park Road	Singapore Technologies Electronics Ltd	306,771	2017
Single-user Factory	Airport Road	Soil-Build (Pte.) Ltd.	320,780	2017
Google's Data Centre	Jurong West Street 23	Google Asia Pacific Pte Ltd	1,059,894	2017
Awan Data Centre	1 Tuas Avenue 4	AWAN Data Centre Pte Ltd	333,460	2018
Single-user Factory (A&A)	101 Banyan Avenue	Evonik Methionine (Sea) Pte Ltd	337,244	2018
Single-user Factory	Sunview Road	Hunting Energy Services (International) Pte Ltd	332,949	2019
Single-user Factory	Tuas South Avenue 3	Hydrochem (S) Pte Ltd	474,882	2019
Single-user Factory	Airport Road	Teambuild (ICPH) Pte Ltd	331,211	2020

Source: Colliers International, JTC, Company Websites

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

[7] 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.

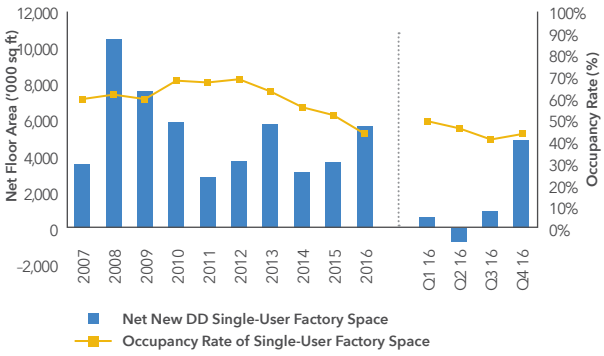
Industrial Market Research Commentary

4.2 Demand and Occupancy

While occupied stock of private single-user factory space increased by 5.6 million sq ft, showcasing a 2.9% YOY increase, it is still lower than the corresponding net new supply of 9.8 million sq ft in 2016. The slower growth in occupied space could be attributed to spaces being physically occupied in phases, as single-user factories are largely built for owner-occupation purposes.

The average occupancy rate[8] in 2016 inched down by 1.5% from 91.9% in 2015 to 90.4% as a result of overhang of higher levels of supply and muted pace of demand.

Net Demand and Occupancy Rate of Single-User Factory Space



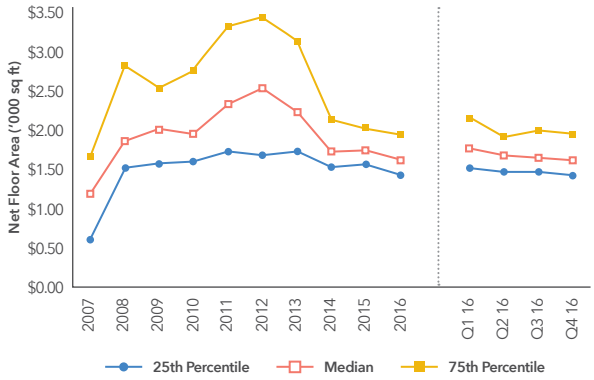
Source: Colliers International, JTC

4.3 Rents of Single-User Factory Space

Based on actual rental transactions recorded by URA's REALIS, monthly median rents of single-user factory space saw a drop of 6.8% YOY from SGD1.61 per sq ft in 2015 to SGD1.50 per sq ft in 2016.

Leasing activities[9] in 2016 was also more subdued as the total leasing volume fell to 373 in 2016 from a total leasing volume of 400 in 2015, registering a YOY decline of 6.8%. Leasing volumes have experienced a sharp fall since JTC's implementation of more stringent subletting measures in 2014 where the maximum allowable quantum of space for subletting was reduced from 50% to 30% of the total gross floor area on industrial facilities built on JTC land. As a result of the measure implemented, the total annual leasing transactions prior 2014 (884 in 2012, 1000 in 2013 and 861 in 2014) have fell more than half to 400 in 2015 and 373 in 2016.

Rents of Single-User Factory Space



Source: Colliers International, JTC

4.4 Outlook

The relatively high new supply in 2017 against a background of muted from the government's tightening measures through subletting policy previously implemented and also a more tepid economic condition is likely to exert downward pressure on the islandwide average occupancy rate of single-user factories in 2017. Notwithstanding this, 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 be on a decline in 2017.

5 PRIVATE MULTI-USER FACTORY

5.1 Existing and Potential Supply

As at Q4 2016, the private multi-user factory space in Singapore expanded marginally by 1.5% from the end of 2015 to 96.8 million sq ft as of Q4 2016. The annual new supply of about 1.4 million sq ft of private multi-user factory space seen in 2016 is at a historic low since 2007 and is substantially lower than the average 10-yr (2007 – 2016) net annual new supply of 3.8 million sq ft.

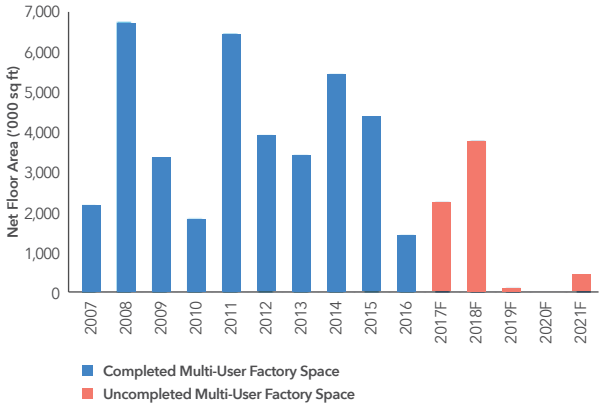
[8] Refers to the occupancy rate for the final quarter of the year.

[9] Based on URA REALIS data downloaded as at 11 February 2017.

As at Q4 2016, an estimated 6.4 million sq ft[10] (net lettable area) of new private multi-user factory space is expected to be completed in the next five years from 2017 to 2021. The potential supply is expected to taper off after 2019 with no known upcoming supply in multi-user factory space in 2020 and an approximately 0.4 million sq ft of potential supply in 2021.

As a result, the average projected annual net supply from 2017 to 2021 is about 1.3 million sq ft, which is approximately 64.7% lower than the average net new supply of around 3.7 million sq ft per annum for the five years from 2012 to 2016.

Net New and Potential Supply of Multi-User Factory Space



Source: Colliers International, JTC
*F refers to Forecast

Selected Major Upcoming Multi-User Factory

Project Name	Street/Location	Developer	NLA* (sq ft)	Year
Ace @ Buroh	Buroh Crescent	OKH Buroh Pte Ltd	404,400	2017
Wave9	Woodlands Industrial Park E9	Vantage Properties Pte Ltd	420,686	2017
Shine @ Tuas South	11 Tuas South Link 1	Beacon Properties Pte Ltd	468,445	2018
T-Space at Tampines	Tampines North Drive 1	Goldprime Land Pte Ltd	626,454	2018
Nordcom Two	Gambas Avenue	Grow-Tech Properties Pte Ltd	636,792	2018
Mega @ Woodlands	39 Woodlands Close	Wee Hur Development Pte Ltd	895,352	2018

Source: Colliers International, JTC, Company Websites

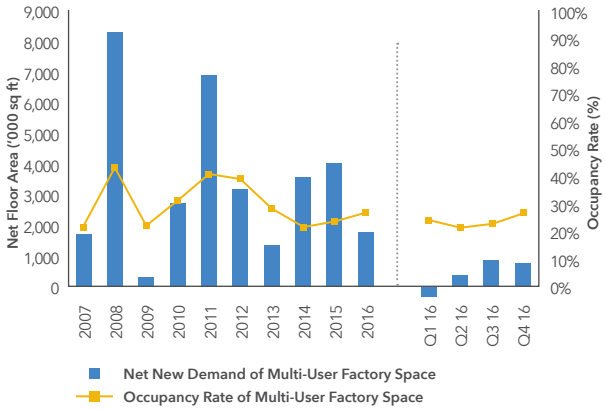
* Area provided herein is based on Net Lettable Area (NLA) following any publicly available information on the developments. In the event, there are no publicly available information on the NLA for a development, an efficiency level is assumed on the Gross Floor Area to derive the NLA

5.2 Demand and Occupancy

As the total of net new demand of 1.8 million sq ft of private multi-user factory space in 2016 surpassed the more subdued net new supply of about 1.4 million sq ft, occupancy rate for multi-user factory space improved from 86.3% as of 4Q 2015, to 86.9% as of 4Q 2016.

In Q1 2016, demand for private multi-user factory space experienced a reduction of about 0.3 million sq ft following an overall net withdrawal in supply of about 0.4 million sq ft. However, in the subsequent quarters, new demand for private multi-user factory space picked up and outpaced new supply amidst more palatable rents provided to industrialists.

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



Source: Colliers International, JTC

[10] 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.

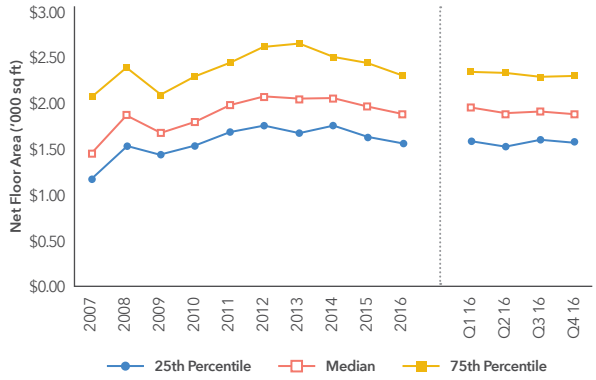
Industrial Market Research Commentary

5.3 Rents

Based on actual rental transactions recorded by URA's REALIS[11], rents of multi-user factory space continued to fall in 2016. Median gross monthly rent of multi-user factories saw a 4.2% YOY drop to SGD1.82 per sq ft in 2016, a similar decline in magnitude seen in 2015 when median gross monthly rents fell by 4.0% on a YOY basis. The fall in median rents in 2016 is largely attributed to the sharper YOY decline of the 75th percentile as it decreased 6.0% YOY from SGD2.35 in 2015 to SGD2.21 in 2016.

The level of leasing transactions[12] in 2016, however, remained relatively stable at 6,624, a 1.4% YOY increase from 6,532 in 2015.

Rents of Multi-User Factory Space



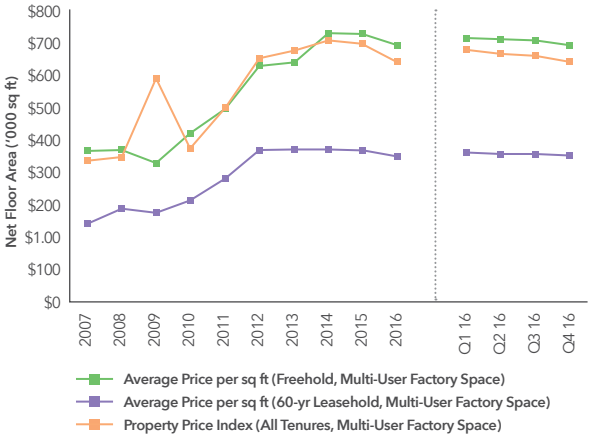
Source: Colliers International, JTC

5.4 Price

Based on Colliers' data of prime multi-user factory space[13], average price of 60-year leasehold multi-user factory space (upper floors) continued to ease in 2016 as it fell 4.3% YOY from SGD418 per sq ft in 2015 to SGD400 per sq ft in 2016. Against a more cautious market sentiment, freehold multi-user factory space (upper floors) also saw some downward pressure in prices as it declined 4.4% on a YOY basis to SGD703 per sq ft.

Based on URA Realis, the Property Price Index ("PPI") of Multi-User Factory which comprised islandwide sales transactions of multi-user factory space fell at a larger YOY extent, at 6.8%. 2016 also marks the first year since 2012 when the PPI of Multi-User Factory dropped below the 100 level to 98.7 as at Q4 2016.

Prices of Multi-User Factory Space



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 2017, when end-users are more certain with the market going forward. Leasing activities in multi-user factory space may also increase on the back of relocations from tenants in single-user factory space who wish to avoid sub-letting restrictions applicable to single-user factories.

With a more muted 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 spur in growth and improve in 2017.

In terms of sales of multi-user factory space, the cautious and selective buying sentiment in 2016 is likely to continue into 2017 with prices being subdued against a rising interest rate environment. Meanwhile, the market may see more cost-conscious end-users deferring their acquisition, and adopting the rental option in the current situation while monitoring the market conditions closely.

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

[12] Based on URA REALIS data downloaded as at 11 February 2017.

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

6 PRIVATE WAREHOUSE MARKET OVERVIEW

6.1 Existing and Potential Supply

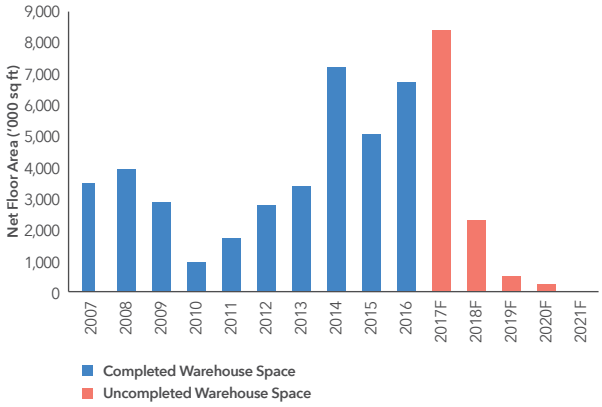
Official statistics showed that the islandwide stock of private warehouse space in Singapore stood at 101.4 million sq ft as of Q4 2016. Compared to 2015, the islandwide private warehouse stock in 2016 increased by 7.2%. Net new addition to private warehouse space continued to remain high at 6.8 million sq ft, which is about twice of the 10-year average net new supply between 2007 and 2016 of 3.8 million sq ft,

Geographically, the largest concentration of warehouse space is in the West planning region (62.4%), followed by the East (15.7%), North (4.5%), Central (13.2%) and Northeast (4.1%) planning regions.

Based on available information as of 4Q 2016, the total amount of new warehouse space to be completed between 2017 and 2021 is projected to be about 11.4 million sq ft[14] (net floor area). The new warehouse space is projected to peak in 2017 with an expected 8.4 million sq ft of new warehouse space for the year, and subsequently tapered to a more muted levels of annual new supply below 2.5 million sq ft from 2017 onwards.

On average, projected annual net new supply of about 2.3 million sq ft of warehouse space from 2017 to 2021 is 54.8% lower than the preceding 5-year annual average net new supply of 5.1 million sq ft from 2012 to 2016.

Net New and Potential Supply of Warehouse Space



Source: Colliers International, JTC
*F refers to Forecast

Selected Major Upcoming Warehouse

Project Name	Street/Location	Developer	NLA* (sq ft)	Year
Warehouse (Phase 2)	48 Pandan Road	Poh Tiong Choon Logistics Limited	520,897	2017
Warehouse	76 Pioneer Road	HSBC Institutional Trust Services (Singapore) Ltd	655,823	2017
Carros Centre	60 Jalan Lam Huat	Kranji Development Pte Ltd	991,420	2017
Toll City Hub	Pioneer Road	Toll Logistics (Asia) Ltd	1,034,330	2017
Warehouse	47 Jalan Buroh	CWT Limited	2,271,640	2017
Warehouse	Tuas South	LOGOS SE Asia and Yang Kee Logistics	674,897	2018

Source: Colliers International, JTC, Company Websites

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

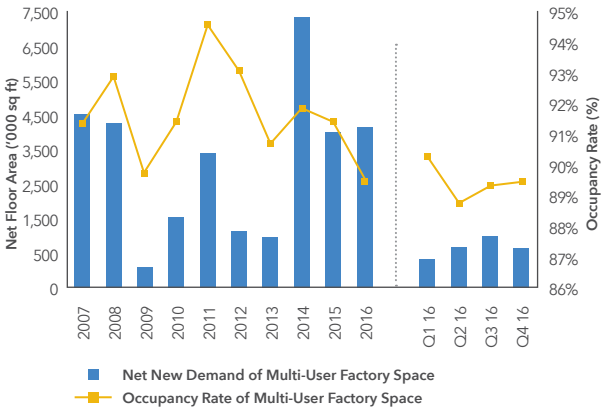
[14] Potential supply includes space under construction and planned but the actual level of new supply could change due to changes in the status of planned projects.

Industrial Market Research Commentary

6.2 Demand and Occupancy

Occupied private warehouse space increased by 4.4 million sq ft in 2016, up 5.1% YOY. However, net take-up was lower than the net new supply of 6.8 million sq ft during the year, and the average occupancy rate eased from 91.4% as of 4Q 2015 to 89.7% as of 4Q 2016.

Net New Demand and Occupancy Rate of Warehouse Space



Source: Colliers International, JTC

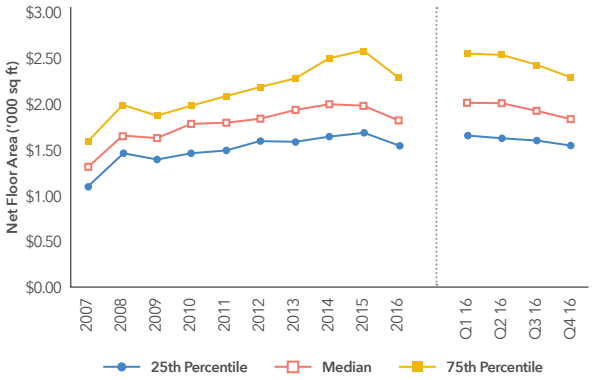
6.3 Rents

Largely attributed to the lacklustre economy and dampening in global demand, against a background of relative robust net new supply, the private warehouse market saw a downward pressure on its median rents in order to maintain the occupancy level achieved previously.

Specifically, rental information sourced from URA's REALIS, which is based on actual rental transactions, showed that the islandwide median gross monthly rent[15] for private warehouse space (including single-user and multi-user warehouse space) fell 8.0% YOY to SGD1.84 per sq ft as of 4Q 2016.

The market segment has performed relatively well in the first half of 2016 as the median gross monthly rents for private warehouse space rose to SGD2.02 per sq ft in Q2 2016 from SGD2.00 per sq ft in Q4 2015. However the median rents fell to SGD1.94 per sq ft in Q3 2016 and subsequently to SGD1.84 per sq ft in Q4 2016 against a more volatile manufacturing sector.

Rents of Warehouse Space



Source: Colliers International, JTC

6.4 Price

The imposition of Government measures such as the SSD on industrial properties in January 2013 and the TDSR framework, has dented overall buying sentiment for industrial properties since 2013. Despite this, price of freehold warehouse space managed to hold up in 2014 and 2015.

However in 2016, against a background of overall lacklustre economic performance during the year, prices of freehold warehouse space buckled and saw a slight decline. Based on Colliers' data, average price of freehold warehouse space[16] (upper floors) saw a YOY decline of 3.9% in 2016 to SGD564 per sq ft as of Q4 2016.

Prices of Warehouse Space



Source: Colliers International, JTC

[15] 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.

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

6.5 Outlook

With an impeding supply of private warehouse space of about 8.4 million sq ft in 2017 as well as industrialists' concern on cost containment, warehouse rents are expected to soften in 2017. As more new warehouse spaces will be completed, landlords are likely to adjust their rental levels to ensure a higher level of occupancy. With the anticipated increase in interest rates, landlord may also have greater propensity in reducing their rental expectations.

Nonetheless, demand for warehouse space is still expected to remain relatively healthy as Singapore establishes itself as an important global logistic hub. The warehouse segment will also benefit from both the fast-expanding e-commerce industry which requires efficient logistics, storage and distribution support. However, in the near term in 2017, occupancy level is expected to see some fluctuation and expected to decline.

7 LIMITING CONDITIONS

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

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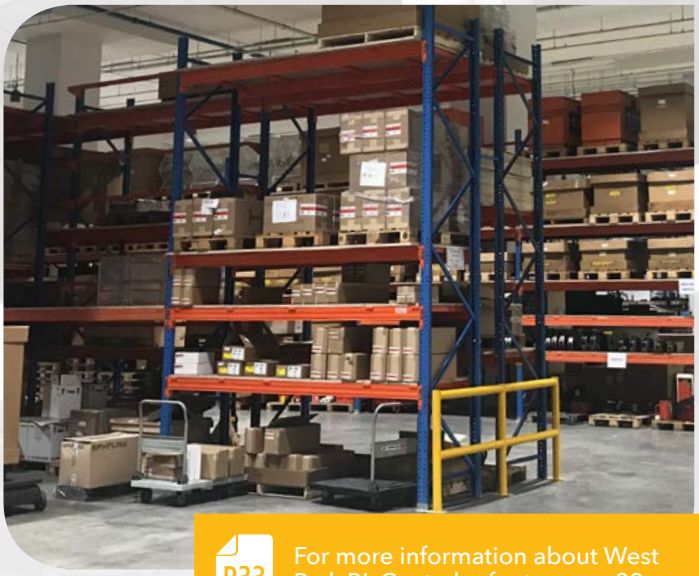
Committing Relationships **To You**

West Park BizCentral





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



P33 For more information about West Park BizCentral refer to page 33

Commentary by SPX Flow Technology Singapore Pte Ltd (West Park BizCentral)

"As a global supplier of highly specialized, engineered flow-handling solutions, SPX Flow play a critical role in helping meet the rising global demand in the Food & Beverage, Industrial and Power & Energy markets. Our Sales, Service & Distribution Centre facility at West Park BizCentral caters to our operational requirements in the critical ASEAN market. We are greatly satisfied in having established our regional HQs at this prestigious and convenient facility and Soilbuild REIT have been very supporting and accommodating of our needs. As a new tenant at West Park BizCentral, we look forward to long-term, mutually-beneficial business relationships together."

Giuseppe Di Lieto
General Manager
ASEAN
SPX Flow

Sustainability **Report**



The Manager is committed to delivering value to all stakeholders through the adoption and implementation of sustainable policies, strategies and practices in its corporate activities.

SUSTAINABLE DEVELOPMENT

The Manager placed great emphasis in promoting sustainability in its operations to reduce the carbon footprint and improve operational efficiency. Active efforts were placed in efficient use of energy and water 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 was awarded the BCA Greenmark Platinum Award. Its green features include the following:

- 1.5 kilometre long landscaped spiral ramp which starts at the ground level and ends in the rooftop gardens at the building's topmost level;
- Slanted glass operable roof which works by sensor 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 tank;
- Rooftop gardens and corner sky terraces allows 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.

GREEN PRACTICES

In advocating good green practices, electronic waste recycling bins are placed at our Business Park properties, and rainwater is collected for flushing purposes. The light fittings in the basement carparks are also regularly reviewed and converted into energy-saving lighting.

Apart from the efforts in introducing green features into our properties, the Manager promotes environmental stewardship through good practices such as placing recycling bins in the office, using eco-friendly products and encouraging double sided printing. During lunch hour, the lights and air-conditioning are switched off.

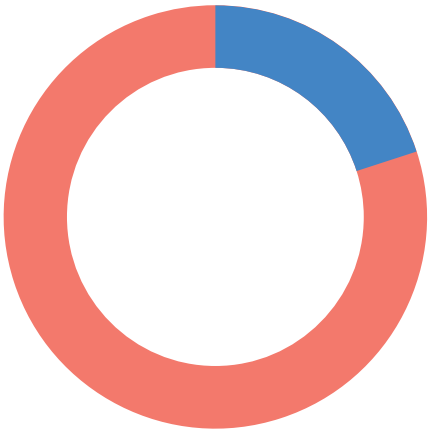
EMPLOYEE DIVERSIFICATION AND DEVELOPMENT

The Manager is well diversified with a healthy mix of employees from various age groups and education background. Employees are highly encouraged to undergo training and development to further enhance their capabilities and productivity. The Manager understands the importance of broadening the skillsets of its staff and ensuring these regular trainings and skill-development

Sustainability Report

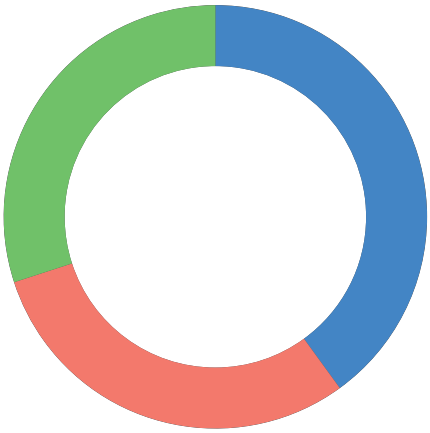
programmes can provide property managers with the relevant expertise to better manage the properties in our portfolio. The Management also practiced regular staff engagement. Over the year, Soilbuild continued the monthly staff mentorship programme and also introduced a Staff Communication Dinner initiative for the Management to meet with all employees on a rotational basis. The engagement programmes aim to build a cohesive team and enjoyable work environment.

Gender Diversity



- 80% Female
- 20% Male

Age Diversity



- 40% 20 to 30 Years Old
- 30% 31 to 40 Years Old
- 30% 41 to 50 Years Old

COMMUNITY INVOLVEMENT

Beyond environmental sustainability, the Manager made conscious effort to prioritise corporate social responsibility. The Manager contributed once again to the one-north Run 2016 to raise funds for the Singapore Children's Society and Community Chest (AWWA and MINDS). Over the year, the Manager also partnered with its Sponsor in various community projects including Walk for Rice and Soilbuild Charity Tree.

Walk for Rice was a movement to donate a bag of rice for every km walked by the participants. The route was also specially designed to allow employees to admire the buildings built by Soilbuild around Changi Business Park, which included Eightrium @ Changi Business Park, Rigel Technology, Soo Kee headquarters and Rohde & Schwarz. 144 participants raised 864 bags of rice with one-for-one matching by the Sponsor. The beneficiaries included Kampong Chai Chee, MacPherson Community Club, St Andrew's Autism School, THK Bedok Radiance SAC and The Salvation Army Peacehaven Nursing Home.





The Soilbuild Charity Tree event was held in conjunction with Soilbuild's 40th Anniversary Dinner & Dance. We fulfilled the 56 gift requests from the children of Lighthouse School. Lighthouse School is attended by children aged between 7 to 17 years old, who are visually impaired, hearing impaired or both. The gifts, which were intended to serve as an encouragement and joy to the children, were delivered and distributed on 13 January 2017.





STAKEHOLDER ENGAGEMENT

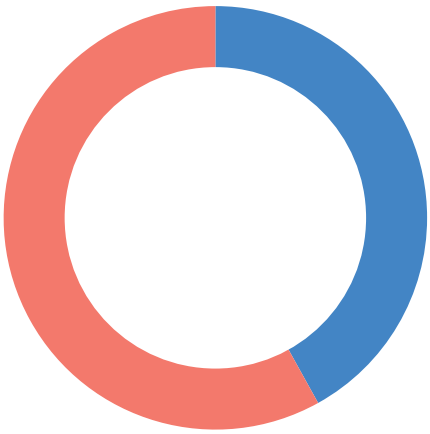
Soilbuild REIT recognises the importance of engaging its key stakeholders such as tenants, analysts and investors. With an increasing call for transparency and accountability, the Manager rolled out various stakeholder engagement programmes.

Tenants

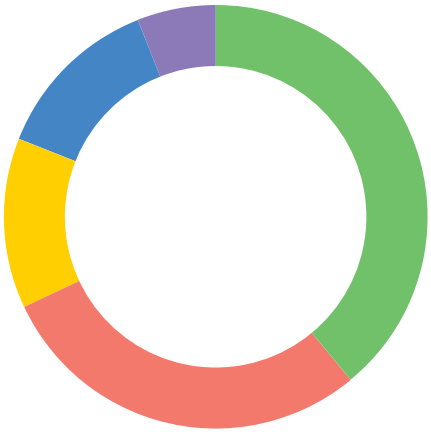
The Portfolio and Property Management team focuses on customer-care through frequent visits to tenants' workplace and providing timely technical support.

In order to further improve service levels to tenants, the Manger conducted a customer satisfaction survey with 31 of its tenants and the score achieved was 3.7 out of 5.

Customer Satisfaction Survey - Respondent Statistics



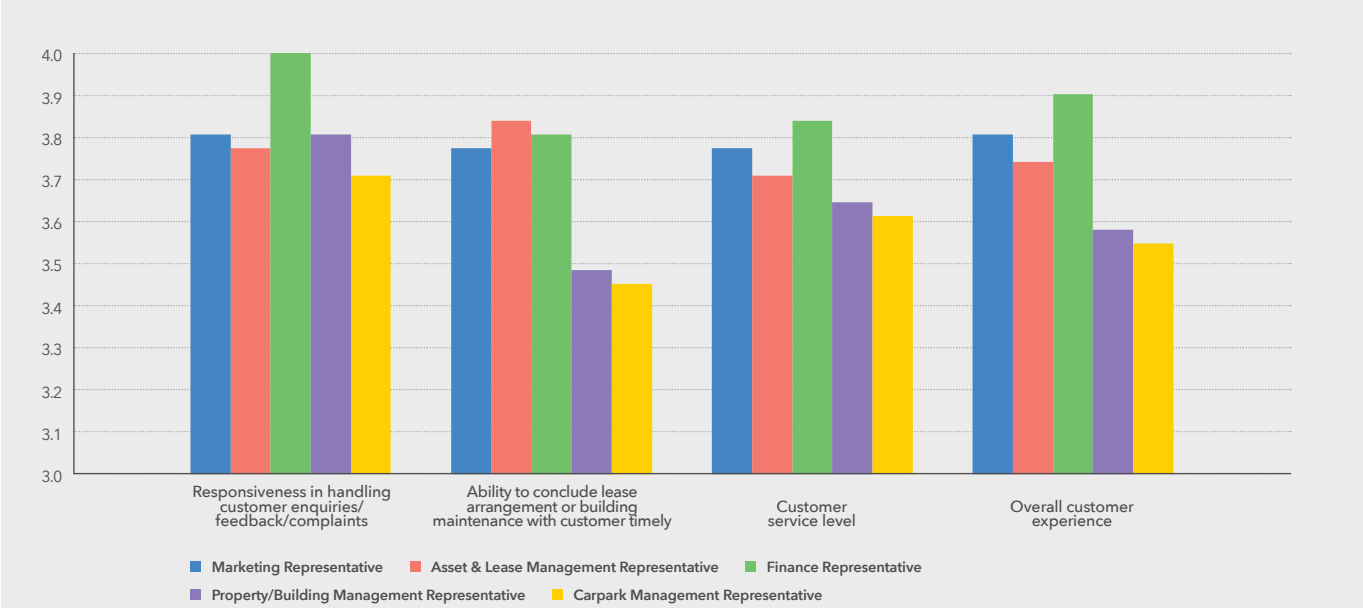
- 58.1% Industrial (i.e. West Park BizCentral, Tuas Conneceon or Bukit Batok Connection)
- 41.9% Business Park (i.e. Solaris or Eightrium @ Changi Business Park)



- 38.7% West Park BizCentral
- 29.0% Solaris
- 12.9% Bukit Batok Connection
- 12.9% Eightrium @ Changi Business Park
- 6.5% Tuas Connection

Sustainability Report

Customer Satisfaction Survey



The survey targeted tenants from the MTBs, including the underlying tenants at Solaris and Bukit Batok Connection. Other than the ordinal rating, tenants were also invited to provide additional feedback and areas of improvement for the various functions of the Manager. The feedback was generally positive, with close to 90% of tenants indicating a higher probability of maintaining long-term relationships with Soilbuild REIT. The Manager prioritises tenant-landlord relationship and will continue to place emphasis on customer-care as part of its tenant engagement programme.

Analysts and Investors

The Investors Relations team ensures the conveyance of accurate and objective information through investor relations initiatives investor relations initiatives set out in pages 51 to 52.

Corporate Governance

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

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

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

Roles and Responsibilities of the Manager

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

The number of meetings of the Manager's Board and ARC held during the period from 1 January 2016 to 31 December 2016, 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	6	6	4	4	N.A.	N.A.
Mr Ng Fook Ai Victor	6	6	4	4	1	1
Mr Michael Ng Seng Tat	6	6	4	4	1	1
Mr Lim Chap Huat	6	6	N.A.	N.A.	N.A.	N.A.
Mr Ho Toon Bah	6	6	N.A.	N.A.	N.A.	N.A.
Ms Lim Cheng Hwa	6	6	N.A.	N.A.	1	1

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

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

During the year, the Board attended trainings sessions conducted by Ernst & Young LLP and PricewaterhouseCoopers LLP on topics such as Anti-Money Laundering & Countering the Financing of Terrorism, Conflicts of Interests and Technology Risk and Cybersecurity.

BOARD COMPOSITION AND GUIDANCE

Principle 2

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

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

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

Corporate Governance

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

As at 31 December 2016, the Board members were:

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

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

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

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

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

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

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

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

Corporate Governance

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3

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

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.

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

BOARD MEMBERSHIP

Principle 4

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

In March 2016, the Manager established the NRC which comprises three Directors, Mr Michael Ng Seng Tat (NRC Chairman), Mr Ng Fook Ai Victor (NRC Member) and Ms Lim Cheng Hwa (NRC Member), the majority of whom, including the NRC Chairman, are independent.

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

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

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

Directors of the Manager are not subjected to periodic retirement by rotation.

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

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

Corporate Governance

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

BOARD PERFORMANCE

Principle 5

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

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

Each Director is required to complete a Board performance evaluation form. The assessment allows each Director to express his/her personal and confidential evaluation of the Board's overall effectiveness in accomplishing its goals and discharging its responsibilities. It provides insights into the functioning of the Board, whilst identifying areas that might need strengthening and development. The review of the Board's performance includes a review of the Board composition, access to information, processes, risk management, board committees, strategic planning, accountability and oversight, and standards of conduct. Feedback and comments received from the Directors are collated, analysed and reviewed by the Board. Accordingly, the annual review of the Board's performance was carried out for the financial year ended 31 December 2016.

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

ACCESS TO INFORMATION

Principle 6

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

The Management endeavours to provide the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis to allow the Board to make informed decisions to discharge its duties and responsibilities.

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.

Corporate Governance

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.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7

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

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

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

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

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

Directors' Remuneration

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

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

Corporate Governance

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 organizational capabilities and ensure competitive remuneration relative to the appropriate external talent markets.

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

The performance incentives are tied to the individual performance and the performance of Soilbuild REIT including measurements such as the DPU and return on assets ("performance conditions").

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 FY2016. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent of the individual.

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

LEVEL AND MIX OF REMUNERATION

Principle 8

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

DISCLOSURE ON REMUNERATION

Principle 9

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

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

Corporate Governance

Specifically, the NRC:

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

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

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

Business Alignment

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

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.

Corporate Governance

In determining the actual quantum of remuneration, the Board had taken into account the extent to which the performance conditions have been met, and is of the view that remuneration is aligned to performance during FY2016.

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

The Directors' fees paid by the Manager to the Board for the financial year ended 31 December 2016 are as follows:

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

The level and mix of the remuneration of the CEO in bands of S$250,000 are set out below:

Remuneration band and name of CEO	Base/Fixed salary inclusive of Employer CPF	Variable or Performance-related income/bonuses	Benefits-in-kind
Above S$250,000 to S$500,000			
Roy Teo Seng Wah	71%	29%	nm[1]

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

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

[1]nm – Not meaningful

Corporate Governance

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 75 to 79.

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

There are no employees of the Manager who are immediate family members of a Director or the CEO and whose remuneration exceeds S$50,000 during the financial year ended 31 December 2016.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11

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

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

Corporate Governance

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

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

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

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

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

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

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

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

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

Opinion of the Board on Risk Management and Internal Controls

The Board, with the concurrence of the ARC, is of the opinion that the Manager's internal controls and risk management system were adequate and effective as at 31 December 2016 to address financial, operational, compliance and information technology risks and sustainability of Soilbuild REIT, based on the risk management and internal controls framework established and maintained by the Manager, work performed by both internal and external auditors as well as reviews performed by the Management and the ARC.

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

Corporate Governance

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

AUDIT & RISK COMMITTEE

Principle 12

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

The ARC is regulated by a set of written Terms of Reference endorsed by the Board, setting out their duties and responsibilities. The ARC comprises three members, all of whom are Independent Directors. As at 31 December 2016, the members of the ARC were:

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

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

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

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to "Interested Person Transactions" and the provisions of the Property Funds Appendix relating to "Interested Party Transactions" (both such types of transactions constituting "**Related Party Transactions**");

- reviewing transactions constituting Related Party Transactions;

- deliberating on conflicts of interest situations involving Soilbuild REIT, including situations where any of the Directors, controlling Unitholders of the Manager and/or their Associates are involved in the management of or have shareholding interests in similar or related business as the Manager, and in such situations, the ARC will monitor the investments by these individuals in Soilbuild REIT's competitors and will make an assessment whether there is any potential conflict of interest;

- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the Management;

- reviewing arrangements by which staff and external parties may, in confidence, raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;

- reviewing internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;

Corporate Governance

- ensuring that the internal audit and accounting function is adequately resourced and has appropriate standing with Soilbuild REIT;
- the appointment, re-appointment or removal of internal auditors (including the review of their fees and scope of work);
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;
- reviewing the appointment, re-appointment or removal of external auditors;
- reviewing the nature and extent of non-audit services performed by external auditors;
- reviewing, on an annual basis, the independence and objectivity of the external auditors;
- meeting with external and internal auditors, without the presence of Management, at least on an annual basis;
- reviewing the system of internal controls including financial, operational and compliance controls and risk management processes;
- reviewing the financial statements and the internal audit report;
- reviewing and providing their views on all hedging policies and instruments to be implemented by Soilbuild REIT to the Board;
- closely monitoring and reviewing any changes in accounting standards and how such changes could impact on Soilbuild REIT's financial statements and briefing the Directors where relevant;
- reviewing and approving the procedures for the entry into of any foreign exchange hedging transactions and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions;
- investigating any matters within the ARC's Terms of Reference, whenever it deems necessary; and
- reporting to the Board on material matters, findings and recommendations.

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

The ARC has conducted a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors of Soilbuild REIT, Ernst & Young LLP. For the financial year ended 31 December 2016, the aggregate amount of audit fees paid and payable by Soilbuild REIT to the external auditor was S$165,500, comprising non-audit service fees of S$47,500 and audit service fees of S$118,000. The re-appointment of the external auditor will be subject to approval by way of ordinary resolution of the Unitholders at Soilbuild REIT's fourth AGM to be held on 20 April 2017.

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

Corporate Governance

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

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

The 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. In addition, the Management ensures that the Directors are kept up to date with regulatory requirements 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 FY2017 at the forthcoming AGM.

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

Valuation of investment properties

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

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

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

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

A valuer should:

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

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

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

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

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

Corporate Governance

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

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

INTERNAL AUDIT

Principle 13

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

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

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

UNITHOLDER RIGHTS AND RESPONSIBILITIES

Unitholder Rights

Principle 14

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

COMMUNICATION WITH UNITHOLDERS

Principle 15

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

Corporate Governance

CONDUCT OF UNITHOLDER MEETINGS

Principle 16

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

The Manager is committed to the principle of clear and timely communication with the Unitholders to promote better understanding of its business, and to promote a system of effective disclosure to its key stakeholders.

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

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

Soilbuild REIT will hold its AGM on 20 April 2017. All Unitholders are sent a digital copy of Soilbuild REIT's Annual Report prior to the AGM. The Notice of AGM setting out all items of business to be transacted at the AGM will be published on SGXNET, Soilbuild REIT's website and The Business Times. 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 Board of Directors, Chairman of the ARC, Chairman of the NRC, senior management of the Manager and the external auditors of Soilbuild REIT will be present to address questions and concerns of the Unitholders at the forthcoming AGM. Separate resolutions are proposed for substantially separate issues at the AGM. Unitholders will be invited to vote on each of the resolutions by poll. The voting result will be screened at the meeting and announced via SGXNET after the meeting. As and when an Extraordinary General Meeting is convened, a circular will be sent to each Unitholder. The circular will contain details of the matters proposed for Unitholders' consideration and approval.

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

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

Review Procedures for Related Party Transactions

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

Corporate Governance

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 in Soilbuild REIT's Annual Report. See pages 152 to 154 for the disclosure.

Role of the Audit & Risk Committee for Related Party Transactions

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

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

Corporate Governance

Dealings in Units

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

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

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

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

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

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

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

Material Contracts

The Manager has not entered into any material contracts involving the interests of the CEO, each Director or controlling Unitholders and no such material contract is subsisting at the end of the financial year ended 31 December 2016 save for the Interested Person Transactions set out in pages 152 to 154 of this Annual Report.

Dealings with Conflicts of Interest

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

- The Manager will not manage any other REIT which invests in the same type of properties as Soilbuild REIT;
- All key executive officers will be working exclusively for the Manager and will not hold other executive positions in other entities;
- All resolutions in writing of the Directors in relation to matters concerning Soilbuild REIT must be approved by at least a majority of the Directors, including at least one Independent Director;

Corporate Governance

- 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 the preferential offering

The Manager raised gross proceeds from the preferential offering of S$59.4 million on 26 September 2016 ("Preferential Offering") and the following sets out the sources and applications of the Preferential Offering proceeds as at 31 December 2016:

	S$'000
Gross proceeds from the Preferential Offering	59,443
Less: -	
Acquisition of investment property in 2016	(59,131)
Preferential Offering expenses paid in 2016	(312)
	–

Such use is in accordance with the intended use and is materially in accordance with the allocated percentage of the gross proceeds of the Preferential Offering as stated in the Launch Announcement on 19 August 2016.

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.

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Report of the Trustee

For the financial year ended 31 December 2016

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") 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 period 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 96 to 149, 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, 17 March 2017

Statement by the Manager

For the financial year ended 31 December 2016

In the opinion of the directors of SB REIT Management Pte. Ltd. (the "Manager"), the accompanying financial statements set out on pages 96 to 149 comprising the Statement of Financial Position, Statement of Total Return, Statement of Distribution, Statement of Portfolio, Statement of Movements in Unitholders' Funds, Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of Soilbuild Business Space REIT ("Soilbuild REIT" or the "Trust") as at 31 December 2016, and the total return, distributable income, movements in Unitholders' funds and cash flows of Soilbuild REIT for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "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 Soilbuild REIT 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, 17 March 2017

Independent Auditor's Report

For the financial year ended 31 December 2016

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"), which comprise the Statement of Financial Position and Statement of Portfolio as at 31 December 2016, and the Statement of Total Return, Statement of Distribution, Statement of Movements in Unitholders' Funds and Statement of Cash Flows of Soilbuild REIT for the year then ended, and a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position and portfolio of Soilbuild REIT as at 31 December 2016, and the total return, distributable income, movements in Unitholders' funds and cash flows of Soilbuild REIT for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

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 Trust in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, 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 these matters. 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 matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of investment properties

Investment properties made up 98% of the total assets as at 31 December 2016. The valuation of investment properties is significant to our audit due to their magnitude, and the use of significant judgement and estimates in determining their valuation. On an annual basis, the management uses external appraisers to support its determination of the individual fair value of the investment properties. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. The most significant management judgements and estimates affecting the valuations are the discount rate and capitalisation rate. As disclosed in Note 24 (b), adjustments are made to the capitalisation rate based on management's assumptions for any difference in the nature, location or condition of the investment properties. The estimated fair value of the investment properties is highly dependent on the discount rate and capitalisation rate adopted in the valuation is lower or higher.

Independent Auditor's Report

For the financial year ended 31 December 2016

As part of our audit, we have considered the objectivity, independence and expertise of the external appraisers. We have involved our internal valuation specialists to assist us in assessing the appropriateness of the assumptions used in the estimation process. We assessed the overall reasonableness of the movements in fair value of the investment properties. We also assessed the appropriateness relating to the investment properties and the assumptions used in Note 3, 4 and 24, given the estimation uncertainty and sensitivity of the valuation.

Manager's responsibility for the Financial Statements

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

In preparing the financial statements, Manager is responsible for assessing the Trust'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 Manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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.

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 Trust'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 Trust'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 Trust 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.

Independent Auditor's Report

For the financial year ended 31 December 2016

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

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

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

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

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

17 March 2017

Statement of Financial Position

As at 31 December 2016

	Note	2016 $'000	2015 $'000
Non-current assets			
Investment properties	4	1,243,700	1,190,700
Derivative financial instruments	5	–	2,405
Deferred expenditure		876	1,002
		1,244,576	1,194,107
Current assets			
Trade and other receivables	6	4,291	2,436
Derivative financial instruments	5	–	484
Deferred expenditure		596	505
Other current assets	7	310	247
Cash and cash equivalents	8	25,718	16,751
		30,915	20,423
Total assets		1,275,491	1,214,530
Current liabilities			
Trade and other payables	9	9,499	7,557
Accrued operating expenses		2,509	2,558
Rental deposit		5,437	2,719
Derivative financial instruments	5	181	–
		17,626	12,834
Non-current liabilities			
Trade and other payables	9	1,041	33,009
Derivative financial instruments	5	182	–
Rental deposits		32,590	24,212
Borrowings	10	472,349	398,502
		506,162	455,723
Total liabilities		523,788	468,557
Net assets		751,703	745,973
Represented by:			
Unitholders' funds		751,703	745,973
Units in issue ('000)	11	1,042,174	934,442
Net asset value per Unit ($)	12	0.72	0.80

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 2016

	Note	2016 $'000	2015 $'000
Gross revenue	13	81,130	79,340
Property operating expenses	14	(10,456)	(11,563)
Net property income		70,674	67,777
Interest income		1,505	643
Finance expenses	15	(14,637)	(13,490)
Manager's management fees	16	(6,025)	(6,442)
Trustee's fee		(206)	(196)
Other trust expenses	17	(1,033)	(1,168)
Net income		50,278	47,124
Net change in fair value of investment properties	4	(50,855)	4,535
Total return before tax		(577)	51,659
Income tax expense	18	–	–
Total return after tax before distribution		(577)	51,659
Earnings per Unit (cents)			
Basic and diluted earnings per Unit based on total return after tax before distribution	19	(0.06)	5.79
Basic and diluted earnings per Unit based on total return after tax before distribution and excluding net change in fair value of investment properties	19	5.21	5.28

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 2016

	Note	2016 $'000	2015 $'000
Total return after tax before distribution		(577)	51,659
Adjustment for net effect of non-tax deductible items (Note A)		60,829	6,208
Income available for distribution to Unitholders		60,252	57,867
Distributions to Unitholders:			
Distribution of 1.585 cents per Unit for the financial period from 1 October 2014 to 31 December 2014		–	(12,886)
Distribution of 1.633 cents per Unit for the financial period from 1 January 2015 to 31 March 2015		–	(13,321)
Distribution of 0.628 cents per Unit for the financial period from 1 April 2015 to 4 May 2015		–	(5,123)
Distribution of 0.987 cents per Unit for the financial period from 5 May 2015 to 30 June 2015		–	(9,176)
Distribution of 1.625 cents per Unit for the financial period from 1 July 2015 to 30 September 2015		–	(15,144)
Distribution of 1.614 cents per Unit for the financial period from 1 October 2015 to 31 December 2015		(15,082)	–
Distribution of 1.557 cents per Unit for the financial period from 1 January 2016 to 31 March 2016		(14,604)	–
Distribution of 1.565 cents per Unit for the financial period from 1 April 2016 to 30 June 2016		(14,722)	–
Distribution of 1.399 cents per Unit for the financial period from 1 July 2016 to 30 September 2016		(14,541)	–
Total Unitholders' distribution paid in the financial year		(58,949)	(55,650)
Income available for distribution to Unitholders at end of the financial year (Note B)		16,385	15,103
Number of Units issued at end of the financial year in '000		1,042,174	934,442
Total distribution per Unit for the of financial year		6.091 cents	6.487 cents

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 2016

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

	Note	2016 $'000	2015 $'000
- Manager's management fees paid or payable in Units	16	6,025	6,442
- Trustee's fees		206	196
- Amortisation of debt arrangement and prepayment fee	15	1,475	2,058
- Non-tax deductible re-financing related expenses		115	305
- Rent-free income		149	(262)
- Property management fee	14	1,261	1,236
- Lease management fee	14	631	618
- Net change in fair value of investment properties	4	50,855	(4,535)
- Other non-tax deductible items		112	150
Adjustment for net effect of non-tax deductible items		60,829	6,208

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

	2016 $'000	2015 $'000
Income available for distribution to Unitholders	60,252	57,867
Distribution of 1.633 cents per Unit for the financial period from 1 January 2015 to 31 March 2015	–	(13,321)
Distribution of 0.628 cents per Unit for the financial period from 1 April 2015 to 4 May 2015	–	(5,123)
Distribution of 0.987 cents per Unit for the financial period from 5 May 2015 to 30 June 2015	–	(9,176)
Distribution of 1.625 cents per Unit for the financial period from 1 July 2015 to 30 September 2015	–	(15,144)
Distribution of 1.557 cents per Unit for the financial period from 1 January 2016 to 31 March 2016	(14,604)	–
Distribution of 1.565 cents per Unit for the financial period from 1 April 2016 to 30 June 2016	(14,722)	–
Distribution of 1.399 cents per Unit for the financial period from 1 July 2016 to 30 September 2016	(14,541)	–
Income available for distribution to Unitholders at end of the financial year	16,385	15,103

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

Statement of Portfolio

As at 31 December 2016

Description of property	Acquisition date	Tenure of land	Term of lease	Remaining term of lease	Acquired from	Location	Latest Valuation	Valuation Date	Carrying value	Percentage of net assets
									2016	2016
							$'000		$'000	%
Investment properties in Singapore – by asset type										
Business park:										
Eightrium @ Changi Business Park	16 Aug 2013	Leasehold	60 years[1]	49 years	Soilbuild Group Holdings Ltd.	15A Changi Business Park Central 1	101,000	31 Dec 2016	101,000	13.4
Solaris	16 Aug 2013	Leasehold	60 years[1]	51 years	Soilbuild Group Holdings Ltd.	1 Fusionopolis Walk	360,000	31 Dec 2016	360,000	47.9
Industrial property:										
Tuas Connection	16 Aug 2013	Leasehold	43 years	34 years	Soilbuild Group Holdings Ltd.	1 to 10, 12, 14, 16, 18 & 20 Tuas Loop	122,000	31 Dec 2016	122,000	16.2
West Park BizCentral	16 Aug 2013	Leasehold	60 years[1]	52 years	Soilbuild Group Holdings Ltd.	20, 22, 24, 26, 28, 30 & 32 Pioneer Crescent	306,000	31 Dec 2016	306,000	40.7
NK Ingredients	15 Feb 2013	Leasehold	60 years[1]	30 years	NK Ingredients Pte. Ltd.	2 Pioneer Sector 1	62,000	31 Dec 2016	62,000	8.3
COS Printers	19 Mar 2013	Leasehold	49 years[2]	26 years	C.O.S. Printers Pte. Ltd.	9 Kian Teck Crescent	11,200	31 Dec 2016	11,200	1.5
Beng Kuang Marine	10 May 2013	Leasehold	60 years	40 years	PICCO Enterprise Pte. Ltd.	38 Tuas View Square	16,500	31 Dec 2016	16,500	2.2
Tellus Marine	26 May 2014	Leasehold	60 years[1]	37 years	Tellus Marine Engineering Pte. Ltd.	39 Senoko Way	20,000	31 Dec 2016	20,000	2.7
KTL Offshore	31 Oct 2014	Leasehold	60 years	50 years	Provident Properties (I) Pte. Ltd.	61 & 71 Tuas Bay Drive	56,000	31 Dec 2016	56,000	7.5
Speedy-Tech	23 Dec 2014	Leasehold	50 years[3]	33 years	Speedy-Tech Electronics Ltd.	20 Kian Teck Lane	25,000	31 Dec 2016	25,000	3.3
72 Loyang Way	27 May 2015	Leasehold	54 years[4]	21 years	Technics Offshore Engineering Pte Ltd	72 Loyang Way	65,000	31 Dec 2016	65,000	8.6
Bukit Batok Connection	27 Sep 2016	Leasehold	30 years	26 years	SB (Westview) Investment Pte. Ltd.	2 Bukit Batok St 23	99,000	31 Dec 2016	99,000	13.2
Investment properties, at valuation :							1,243,700		1,243,700	165.5
Other assets and liabilities (net)									(491,997)	(65.5)
Net assets									751,703	100.0

Notes:

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

The carrying amounts of the investment properties were based on independent valuations undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Knight Frank Pte. Ltd. as at 31 December 2016. The independent valuers 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, investment method and discounted cash flow analysis.

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

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

The annex block at Tellus Marine was completed on 17 November 2016.

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

Statement of Movements in Unitholders' Funds

For the financial year ended 31 December 2016

	Note	Units in issue $'000	Hedging reserve $'000	Accumulated profits/(losses) $'000	Total $'000
Net assets attributable to Unitholders as at 1 January 2016		**715,809**	**2,889**	**27,275**	**745,973**
Operations					
Total return for the financial year		–	–	(577)	(577)
Net increase in assets resulting from operations		–	–	(577)	(577)
Unitholders' transactions					
Issuance of Units in lieu of management fees	11	8,411	–	–	8,411
Issuance of new Units in lieu of acquisition fees	11	963	–	–	963
Issuance of new Units under Preferential Offering	11	59,443	–	–	59,443
Establishment and issuance costs	20	(309)	–	–	(309)
Distributions to Unitholders		–	–	(58,949)	(58,949)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		68,508	–	(58,949)	9,559
Other transactions					
Effective portion of changes in fair value of derivatives	21	–	(3,252)	–	(3,252)
Net decrease in net assets resulting from hedging transactions		–	(3,252)	–	(3,252)
Net assets attributable to Unitholders as at 31 December 2016		**784,317**	**(363)**	**(32,251)**	**751,703**

Statement of Movements in Unitholders' Funds

For the financial year ended 31 December 2016

	Note	Units in issue $'000	Hedging reserve $'000	Accumulated profits/(losses) $'000	Total $'000
Net assets attributable to Unitholders as at 1 January 2015		**619,366**	**148**	**31,266**	**650,780**
Operations					
Total return for the financial year		–	–	51,659	51,659
Net increase in assets resulting from operations		–	–	51,659	51,659
Unitholders' transactions					
Issuance of Units in lieu of management fees	11	7,802	–	–	7,802
Issuance of new Units under Private Placement	11	89,999	–	–	89,999
Establishment and issuance costs	20	(1,358)	–	–	(1,358)
Distributions to Unitholders		–	–	(55,650)	(55,650)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		96,443	–	(55,650)	40,793
Other transactions					
Effective portion of changes in fair value of derivatives	21	–	2,741	–	2,741
Net increase in net assets resulting from hedging transactions		–	2,741	–	2,741
Net assets attributable to Unitholders as at 31 December 2015		**715,809**	**2,889**	**27,275**	**745,973**

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 2016

	Note	2016 $'000	2015 $'000
Operating activities:			
Net income		50,278	47,124
Adjustments for :			
Finance expenses	15	13,162	11,432
Amortisation of debt arrangement and prepayment fee	15	1,475	2,058
Management fees paid and payable in Units (Note A)		7,917	8,296
Acquisition fee paid in Units (Note B)		963	–
Operating cash flows before changes in working capital		73,795	68,910
Changes in working capital			
Increase in trade and other receivables		(1,855)	(1,620)
Increase in other current assets		(63)	(13)
Decrease/(increase) in deferred expenditure		35	(449)
Increase in trade and other payables and accrued operating expenses		852	209
Increase in rental deposits		11,095	1,412
Total change in working capital		10,064	(461)
Cash flows from operations		83,859	68,449
Interest paid		(12,596)	(11,371)
Net cash flows generated from operating activities		71,263	57,078
Investing activities:			
Purchase of investment properties	4	(103,864)	(98,092)
Capital expenditure on investment properties (Note C)		(31,915)	(25,490)
Remission of stamp duty		41	–
Net cash flows used in investing activities		(135,738)	(123,582)
Financing activities:			
Proceeds from borrowings		171,883	127,117
Repayment of borrowings		(97,500)	(95,000)
Proceeds from issuance of new Units (Private Placement)	11	–	89,999
Proceeds from issuance of new Units (Preferential Offering)	11	59,443	–
Payment of prepayment fees		(366)	(113)
Establishment and issuance costs		(309)	(1,358)
Payment of upfront debt arrangement costs		(760)	(2,691)
Distributions to Unitholders		(58,949)	(55,650)
Net cash flows generated from financing activities		73,442	62,304
Net increase/(decrease) in cash and cash equivalents		8,967	(4,200)
Cash and cash equivalents at beginning of the year		16,751	20,951
Cash and cash equivalents at end of the financial year	8	25,718	16,751

Statement of Cash Flows

For the financial year ended 31 December 2016

Note A – Management fees paid and payable in Units

8,281,098 (2015: 6,890,794) Units were issued as payment of base fee, property management fee and lease management fees to the Manager and the Property Manager amounting to $5,767,000 (2015: $5,651,000) for the period ended 30 September 2016. Both the Manager and the Property Manager have elected to receive 100% of the base fee, property management fee, lease management fee for the fourth quarter ended 31 December 2016 amounting to $2,151,000 (2015: $1,990,000) and the performance fee for the financial year ended 31 December 2015 amounting to $655,000 in the form of Units. The Manager did not earn performance fee for the financial year ended 31 December 2016.

Note B – Acquisition fee paid in Units

1,528,571 (2015: Nil) Units were issued on 27 September 2016 at an issue price of S$0.630 per new Unit as payment of acquisition fee of property at 2 Bukit Batok St 23 (Bukit Batok Connection) to the Manager amounting to $963,000 (2015: Nil).

Note C – Capital expenditure on investment properties

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2016

These notes form an integral part of 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 25 Changi South Street 1, Singapore 486059.

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.

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

1.1 Trustee's fees

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

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

1.2 Manager's management fees

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

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

(ii) The performance fee, which is based on and commensurate with the amount of 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

Notes to the Financial Statements

For the financial year ended 31 December 2016

1. GENERAL (CONT'D)

1.2 Manager's management fees (cont'd)

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 incentivized to continually grow distributable income, which aligns its interest with the interests of Unitholders, consistent with the performance fee. In accordance with Clause 15.1.1 of the Trust Deed, the base fee shall be paid to the Manager or to any person which the Manager may designate or nominate (including but not limited to the Manager's subsidiaries) in the form of cash and/or Units (as the Manager may elect) out of the Deposited Property. In accordance with Clause 15.1.4 of the Trust Deed, the base fee is charged on a quarterly basis (if base fee is payable in the form of Units) and/or monthly basis (if base fee is payable in the form of cash) in arrears.

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

Notes to the Financial Statements

For the financial year ended 31 December 2016

1. GENERAL (CONT'D)

1.2 Manager's management fees (cont'd)

(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

(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

Notes to the Financial Statements

For the financial year ended 31 December 2016

1. GENERAL (CONT'D)

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

(e) an amount pro-rated based on a tenancy for five years as per (c) above, for securing a tenancy of more than five years (with the terms of the lease subject to the prior approval of the Manager) provided always that the commission payable shall not exceed a sum of 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 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 2016

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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

1. GENERAL (CONT'D)

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

Marketing services commissions for new leases (cont'd)

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

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 $2.0 million or less, a fee of 3.0% of the construction costs;

(ii) where the construction costs exceed $2.0 million but do not exceed $12.0 million, a fee of 2.15% of the construction costs or $60,000, whichever is the higher;

(iii) where the construction costs exceed $12.0 million but do not exceed $40.0 million, a fee of 1.45% of the construction costs or $258,000, whichever is the higher;

(iv) where the construction costs exceed $40.0 million but do not exceed $70.0 million, a fee of 1.4% of the construction or $580,000, whichever is the higher;

(v) where the construction costs exceed $70.0 million but do not exceed $100.0 million, a fee of 1.35% of the construction costs or $980,000, whichever is the higher; and

(vi) where the construction costs exceed $100.0 million, 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).

Notes to the Financial Statements

For the financial year ended 31 December 2016

1. GENERAL (CONT'D)

1.5 Reimbursable amounts (cont'd)

Reimbursable amount (cont'd)

(ii) Reimbursable advertising costs

The Trustee shall reimburse the Property Manager for the cost of advertising incurred by the Property Manager in relation to the promotion of leasing for the property provided that prior approval of the Manager for such cost incurred has been obtained.

(iii) Reimbursable customer care costs

The Trustee shall reimburse the Property Manager for the cost of customer care incurred by the Property Manager in relation to tenants of the property provided that prior approval of the Manager for such cost incurred has been obtained.

(iv) Project management expenses

In connection with the provision of project management services, the Trustee, on the recommendation of the Manager, shall reimburse the Property Manager for certain costs, including overseas travel and accommodation expenses, provided that such costs shall have been pre-approved by the Trustee, on the recommendation of the Manager and shall be supported, where available, by vouchers, receipts and other documentary evidence, and provided further, that such costs shall be in accordance with the budget (if any) which may have been approved by the Trustee for the project in connection with or arising from which the costs were incurred.

(v) West Park BizCentral – Maintenance Fee

In relation to West Park BizCentral, the Property Manager shall provide a comprehensive operational and maintenance service and is entitled to a fixed monthly maintenance fee of $75,000 with an annual increase of 3.0% per annum on 1 April of each year with the first escalation occurring on 1 April 2014. This arrangement will be in force for a fixed term of five years, after which it will cease and the same arrangement applicable to the other Properties would then apply to West Park BizCentral. For the avoidance of doubt, the Property Manager will pay for all operational and maintenance expenses in relation to West Park BizCentral and shall not claim any operational expenses or claim any of the above reimbursements or expenses for West Park BizCentral from the Trust for the period of five years while this arrangement is in force.

1.6 Distribution policy

The Trust's distribution policy is to distribute at least 90% of its annual distributable income, comprising substantially its income from the letting of its properties and related property services income after deduction of allowable expenses, as well as interest income from the placement of periodic cash surpluses in bank deposits. The actual level of distribution will be determined at the Manager's discretion, having regard to the Trust's funding requirements, other capital management considerations and the overall stability of distributions. Distributions, when made, will be in Singapore dollars.

Notes to the Financial Statements

For the financial year ended 31 December 2016

1. GENERAL (CONT'D)

1.6 Distribution policy (cont'd)

Distributions to Unitholders are made on a quarterly basis, with the amount calculated as at 31 March, 30 June, 30 September and 31 December each year for the three-month period ending on each of the said dates. The Manager will endeavour to pay distributions no later than 90 days after the end of each distribution period.

In the event that there are gains arising from disposals of its assets, and only if such gains are surplus to the business requirements and needs of the Trust and its taxability or otherwise confirmed by the Inland Revenue Authority of Singapore ("IRAS"), the Manager may, at its discretion, direct the Trustee to distribute such gains. Such gains, if not distributed, will form part of the Deposited Property. The Trust's primary sources of liquidity for the funding of distributions, servicing of debt, payment of non-property expenses and other recurring capital expenditure will be the receipts of rental income and borrowings.

Under the Property Funds Appendix, if the Manager declares a distribution that is in excess of profits, the Manager should certify, in consultation with the Trustee, that it is satisfied on reasonable grounds that, immediately after making the distribution, the Trust will be able to fulfil, from the Deposited Property, the liabilities of the Trust as they fall due. The certification by the Manager should include a description of the distribution policy and the measures and assumptions for deriving the amount available to be distributed from the Deposited Property. The certification should be made at the time the distribution is declared.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are expressed in Singapore dollars ("SGD") and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

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 2016. The adoption of these standards did not have any effect on the financial performance or position of the Trust.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The Trust has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 7: Disclosure Initiative	1 January 2017
Amendments to FRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019

Except for FRS 109 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 116 are described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

(a) Classification and measurement

The Manager does not expect any significant impact arising from the changes in this standard to its classification and measurement.

(b) Impairment

FRS 109 requires the Trust to record expected credit losses on all of its trade receivable. The Trust previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

(c) Transition

The Manager plans to adopt the new standard on the required effective date without restating prior period's information and recognise difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short- term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Manager is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

2.4 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.

2.5 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 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 Manger 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.

2.7 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

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Trust.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Trust becomes a party to the contractual provisions of the financial instrument. The Manager determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Trust that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.8 Impairment of financial assets

The Manager assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Manager first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Manager determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Manager considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment of financial assets (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks.

2.10 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.

2.11 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Trust incurs in connection with the borrowing of funds.

2.12 Leases

(i) As lessee

Leases where substantially all risks and rewards of ownership of the asset are retained by the lessors are classified as operating leases.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 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 2.13(i). Contingent rents, if any, are recognised as revenue in the periods in which they are earned.

2.13 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(ii) Carpark income

Carpark income is recognised when the Trust's right to receive payment is established.

West Park BizCentral – Car Park Management Services

In relation to West Park BizCentral, the Property Manager shall operate and maintain the car park and pay the Trustee a monthly licence fee of $40,000, with an annual increase of 5.0% per annum on 1 April of each year with the first escalation occurring on 1 April 2014. This arrangement will be in force for a fixed term of five years, after which it will cease and the arrangement applicable to the other properties would then apply to West Park BizCentral. For the avoidance of doubt, any car park income accrued from West Park BizCentral shall belong to the Property Manager for the period of five years while this arrangement is in force.

(iii) Interest income

Interest income is recognised using the effective interest method.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Expenses

(i) Property operating expenses

Property expenses are recognised on an accrual basis. Included in property operating expenses are property management fees which are based on the applicable formula stipulated in Note 1.4.

(ii) Manager's management fees

Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1.2.

(iii) Trust expenses

Trust expenses are recognised on an accrual basis.

2.15 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Taxation (cont'd)

(iii) Tax transparency (cont'd)

In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the amount distributed for the next distribution following the agreement with the IRAS.

Under the Tax Transparency Treatment, the distributions made by the Trust out of its taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust's distributions. The Trust is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust except:

(a) where the beneficial owners are individuals or qualifying Unitholders, the Trust will make the distributions to such Unitholders without withholding any income tax; and

(b) where the beneficial owners are foreign non-individual investors or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are foreign non-individual investors, the Trust will withhold tax at a reduced rate of 10% from the distributions.

A qualifying Unitholder is a Unitholder who is:

(a) A tax resident Singapore-incorporated company;

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

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

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

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

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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Taxation (cont'd)

(iii) Tax transparency (cont'd)

The Tax Transparency Treatment does not apply to gains from sale of real properties. Such gains, if they are considered as trading gains, are assessable to tax on the Trust. Where the gains are capital gains, the Trust will not be assessed to tax and may distribute the capital gains to Unitholders without having to deduct tax at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

The income tax concession for REITs has been extended until 31 March 2020.

(iv) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Where the receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the statement of financial position.

2.16 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.

2.17 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Hedge accounting

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

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk);
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Trust formally designates and documents the hedging relationship to which the Trust wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in hedging reserve in Unitholders' funds, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised in hedging reserve in Unitholders' funds are transferred to profit or loss when the hedge transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds is transferred to profit or loss. If the hedging instrument has expired or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds remains in Unitholders' funds until the forecast transaction or firm commitment affects profit or loss.

The Trust uses interest rate swaps to hedge its exposure to interest rate risk on bank loans with floating interest rates. Details of interest rate swaps are disclosed in Note 5.

Notes to the Financial Statements

For the financial year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

In the process of applying the Trust's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determination of lease classification

The Trust has entered into business space property leases on its investment properties. The Manager has determined, based on an evaluation of the terms and conditions of the arrangements such as the lease term not constituting a substantial portion of the economic life of the investment property, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

Revaluation of investment properties

Investment properties are stated at fair value, with changes in fair values being recognised in profit or loss. The Trust engaged independent professional valuers to determine fair value as at 31 December 2016.

The fair value of investment properties is determined by independent real estate valuation experts 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 24(b).

Notes to the Financial Statements

For the financial year ended 31 December 2016

4. INVESTMENT PROPERTIES

	2016 $'000	2015 $'000
Statement of financial position:		
Beginning of financial year	1,190,700	1,030,700
Purchase of investment properties[1]	103,864	98,092
Capital expenditure on investment properties	32	57,373
Remission of stamp duty	(41)	–
Net change in fair value of investment properties	(50,855)	4,535
At 31 December	1,243,700	1,190,700
Statement of total return:		
Rental income from investment properties:		
– Minimum lease payments	79,750	77,470
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	10,456	11,563

(1) During the financial year, the Trust has acquired Bukit Batok Connection for $100,412,000 (including acquisition related costs) and the Tellus Marine Annex for $3,452,000.

Valuation of investment properties

The carrying amounts of the investment properties were based on independent valuations undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Knight Frank Pte. Ltd. as at 31 December 2016. The independent valuers have appropriate professional qualifications and experience in the location and category of the properties being valued. The valuations are made on the basis of open market value which is determined based on the direct comparison method, capitalisation method and discounted cash flow analysis.

Details of valuation techniques and inputs used are disclosed in Note 24. Changes in the fair value of investment properties will not be assessed for tax.

Properties pledged as security

The Trust has mortgaged certain investment properties of up to an aggregate principal amount of $360 million (2015: $679 million) as security for bank loans granted (Note 10).

Notes to the Financial Statements

For the financial year ended 31 December 2016

5. DERIVATIVE FINANCIAL INSTRUMENTS

		2016	
	Maturity	Contract nominal amount $'000	Assets/ (Liabilities) $'000
Current:			
Interest rate swaps	2017	90,000	(181)
Non-current:			
Interest rate swaps	2018	70,000	(182)
Total financial assets at fair value through profit or loss		160,000	(363)
As a percentage of net asset value as at 31 December 2016			(0.05%)

		2015	
	Maturity	Contract nominal amount $'000	Assets/ (Liabilities) $'000
Current:			
Interest rate swaps	2016	95,000	484
Non-current:			
Interest rate swaps	2017-2018	179,500	2,405
Total financial assets at fair value through profit or loss		274,500	2,889
As a percentage of net asset value as at 31 December 2015			0.39%

Interest rate swaps

Interest rate swaps are used to hedge interest rate risk arising from the underlying floating interest rates of the respective bank loans. Under the interest rate swaps, the Trust pays fixed rates of interest ranging from 0.95% to 1.42% per annum (2015: 0.565% to 1.450% per annum) for terms of two to four years (2015: one to three years).

The Trust designates these interest rate swaps as cash flow hedges which were assessed to be effective. An unrealised loss of $363,000 (2015: gain of $2,889,000) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

6. TRADE AND OTHER RECEIVABLES

	Note	2016 $'000	2015 $'000
Trade receivables		3,187	1,396
Unbilled receivables		955	844
Other receivables		255	149
Amounts due from a related party (trade)		–	47
		4,397	2,436
Less: Allowance for impairment of trade receivables		(106)	–
		4,291	2,436
Trade and other receivables		4,291	2,436
Add: Deposits	7	237	219
Add: Cash and cash equivalents	8	25,718	16,751
Total loans and receivables		30,246	19,406

Trade receivables

Trade receivables are recognised at their original invoices amounts which represent their fair values on initial recognition and the credit terms are not more than 30 days. All trade receivables are denominated in SGD.

Certain trade receivables are charged or assigned by way of security for credit facilities granted to the Trust (Note 10). There are no trade receivables charged or assigned by way of security for credit facilities as at 31 December 2016.

Amounts due from a related party (trade)

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

Receivables that are past due but not impaired

The Trust has trade receivables amounting to $3,187,000 (2015: $1,396,000) 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:

	2016 $'000	2015 $'000
Trade receivables past due but not impaired:		
Less than 30 days	1,177	835
30 - 60 days	903	425
60 - 90 days	437	21
More than 90 days	670	115
	3,187	1,396

Notes to the Financial Statements

For the financial year ended 31 December 2016

6. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are impaired

During the financial year, the Trust had trade receivables that were impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	2016 $'000	2015 $'000
Trade receivables – nominal amounts	111	–
Less: Allowance for impairment	(106)	–
	5	–
Movement in allowance accounts:		
At 1 January	–	–
Charge for the year	106	–
At 31 December	106	–

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments.

At the end of the reporting period, the Trust have provided an allowance of $106,000 for impairment of trade receivables from a customer with a nominal amount of $111,000. This customer has been in financial difficulty and has defaulted on payments.

7. OTHER CURRENT ASSETS

	2016 $'000	2015 $'000
Prepayment	73	28
Deposits	237	219
	310	247

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

8. CASH AND CASH EQUIVALENTS

	2016 $'000	2015 $'000
Cash at bank	25,718	16,751

Cash and cash equivalents are denominated in SGD.

Notes to the Financial Statements

For the financial year ended 31 December 2016

9. TRADE AND OTHER PAYABLES

	Note	2016 $'000	2015 $'000
Current:			
Trade payables		65	145
Other payables		3,429	2,235
Amount due to Trustee		19	36
Amounts due to related parties (trade)		2,596	3,279
Amounts due to related parties (non-trade)		–	8
Deferred amortisation of interest cost on interest-free related party loan		1,637	667
Interest payable		1,753	1,187
		9,499	7,557
Non-Current:			
Other payables		–	31,883
Deferred amortisation of interest cost on interest-free related party loan		1,041	1,126
		1,041	33,009
Trade and other payables		10,540	40,566
Add: Rental deposits		38,027	26,931
Add: Borrowings	10	472,349	398,502
Add: Accrued operating expenses		2,509	2,558
Less: Sales tax payables		(1,249)	(1,108)
Total financial liabilities carried at amortised cost		522,176	467,449

Trade payable / other payables

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

Amounts due to related parties (trade)

Included in amounts due to related parties are trade in nature amounts due to the Property Manager of $555,000 (2015: $602,000) and the Manager of $2,003,000 (2015: $2,666,000). Amounts due to related parties are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash and/or Units.

Amounts due to related parties (non-trade)

Included in amounts due to related parties are non-trade in nature amounts due to the Manager of Nil (2015: $8,000). Amounts due to related parties are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash and/or Units.

Transactions with related parties are made at terms equivalent to those prevailing in arm's length transactions with third parties.

Notes to the Financial Statements

For the financial year ended 31 December 2016

10. BORROWINGS

	Maturity	2016 $'000	2015 $'000
Interest bearing - Non-current:			
SGD Bank loans at SOR - $100 million facility			
– Facility A	2018	–	15,000
– Facility B	2018	–	82,500
SGD Bank loans at SOR - $185 million facility	2020	185,000	185,000
SGD Bank loans at SOR - $40 million term loan facility	2019	40,000	–
$100 million SGD Medium Term Notes ("MTN")	2018	100,000	100,000
$100 million SGD Medium Term Notes Series 2 ("MTN 2")	2021	100,000	–
		425,000	382,500
Less: Unamortised upfront debt arrangement and prepayment fee		(4,972)	(5,322)
		420,028	377,178
Interest free loan from related party	2018	55,000	23,117
Less: Deferred amortisation		(2,679)	(1,793)
		472,349	398,502
Total borrowings		472,349	398,502

$100 million facility

The borrowings are secured term loan facilities of $100 million provided by four financial institutions which mature in May 2018. The loans bear floating interest equal to SOR.

The loans are repayable upon maturity. The Trust has entered into interest rate swaps (Note 5) to partially hedge the bank loans that are on floating interest rates.

The bank loans are secured by the following:

- A first legal mortgage over West Park BizCentral;
- 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 • agreement in respect of West Park BizCentral;
- A first legal assignment of all rights, titles and benefits arising from all insurance policies relating to West Park BizCentral; and
- A debenture incorporating a fixed and floating charge over all the Trust's assets in connection with the secured property.

Notes to the Financial Statements

For the financial year ended 31 December 2016

10. BORROWINGS (CONT'D)

$100 million facility (cont'd)

In April 2016, the loans drawn down under the $100 million facility were refinanced with the proceeds of the $100 million MTN 2 facility and the mortgage over West Park BizCentral was released.

$185 million facility

The borrowings are secured term loan facilities of $185 million provided by six financial institutions which will mature in March 2020. The loans bear floating interest equal to SOR.

The loans are repayable upon maturity. Bank loans amounting to $160 million 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.

$45 million facility ($40 million term loan facility and $5 million uncommitted revolving credit facility)

The borrowings are unsecured term loan facilities of $40 million provided by The Bank of East Asia, Limited, Singapore Branch which will mature in September 2019. The loans bear floating interest equal to SOR. The term loans are repayable upon maturity.

As at 31 December 2016, the uncommitted revolving credit facility amounting to $5 million has not been drawn down.

$200 million MTN & MTN 2 facility

In April 2015, Soilbuild REIT established a $500 million Multicurrency Debt Issuance Programme, under which it may from time to time issue notes and perpetual securities in series or tranches denominated in Singapore dollars or any other currency agreed between the Issuer and the relevant dealer(s) on the same or different issue dates.

On 21 May 2015, Soilbuild REIT issued $100 million of unsecured notes which bear interest at 3.45% p.a. and mature on 21 May 2018.

On 8 April 2016, Soilbuild REIT issued $100 million of unsecured notes which bear interest at 3.60% p.a. and mature on 8 April 2021.

Notes to the Financial Statements

For the financial year ended 31 December 2016

10. BORROWINGS (CONT'D)

Interest-free loan from SB Solaris

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

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

11. UNITS IN ISSUE

	2016		2015	
	No. of units '000	$'000	No. of units '000	$'000
Issued and fully paid ordinary units:				
Beginning of the financial year	934,442	731,891	812,993	634,090
Units issued pursuant to the Private Placement	–	–	111,800	89,999
Units issued pursuant to the Preferential Offering	94,354	59,443	–	–
Units issued in lieu of Manager's acquisition fees	1,529	963	–	–
Units issued in lieu of Manager's management fees, performance fees, lease management fees and property management fees	11,849	8,411	9,649	7,802
At 31 December	1,042,174	800,708	934,442	731,891

During the financial year, 11,849,808 new units (2015: 9,648,506) at the issue price range of $0.67 to $0.74 (2015: $0.78 to $0.85) per unit, in respect of the payment of base fee, lease management fee, property management fee and performance fee for the period from 1 October 2015 to 30 September 2016 (2015: 1 October 2014 to 30 September 2015) were issued.

During the financial year, 94,353,672 new units at the issue price at $0.630 per unit were issued pursuant to the preferential offering.

In addition, 1,528,571 new units at the issue price of $0.630 per unit were issued to the manager in lieu of acquisition fee.

In FY2015, 111,800,000 new units at the issue price of $0.805 per unit were issued pursuant to the private placement.

The issue prices for the payment of base fee, lease management fee, property management fee and performance fee were determined based on the volume weighted average traded price for all trades done on SGX-ST in the ordinary course of trading for 10 business days immediately preceding the respective date of issue of the Units.

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

Notes to the Financial Statements

For the financial year ended 31 December 2016

11. UNITS IN ISSUE (CONT'D)

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of holders of the Units are contained in the Trust Deed and include the rights to:

(i) receive income and other distributions attributable to the Units held; and

(ii) participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a holder of the Units does not have the right to require any assets (or part thereof) of the Trust be returned to him.

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

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

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

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

12. NET ASSET VALUE PER UNIT

	Note	2016 $'000	2015 $'000
Net assets		751,703	745,973
		'000	'000
Total issued and issuable Units at the end of the financial year	11	1,042,174	934,442
		$	$
Net asset value per Unit		0.72	0.80

13. GROSS REVENUE

	2016 $'000	2015 $'000
Rental income	79,750	77,470
Car park income	909	926
Others	471	944
	81,130	79,340

Notes to the Financial Statements

For the financial year ended 31 December 2016

14. PROPERTY OPERATING EXPENSES

	2016 $'000	2015 $'000
Land rent	1,991	2,146
Property tax	3,478	4,278
Property management fee	1,261	1,236
Lease management fee	631	618
Other property expenses	3,095	3,285
	10,456	11,563

15. FINANCE EXPENSES

	2016 $'000	2015 $'000
Interest expense		
– Loan from related company (notional interest expense)	1,400	515
– Bank loans	5,678	8,249
– MTN	6,103	2,127
Financing fee of interest rate swap	(19)	541
	13,162	11,432
Amortisation of debt arrangement and prepayment fees	1,475	2,058
	14,637	13,490

16. MANAGER'S MANAGEMENT FEES

	2016 $'000	2015 $'000
Base fee	6,025	5,787
Performance fee	–	655
	6,025	6,442

17. OTHER TRUST EXPENSES

	2016 $'000	2015 $'000
Auditors' remuneration	107	105
Valuation fee	93	109
Professional fees	439	445
Other trust expenses	394	509
	1,033	1,168

Notes to the Financial Statements

For the financial year ended 31 December 2016

18. INCOME TAX EXPENSE

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year ended 31 December 2016 and 31 December 2015 are as follows:

	2016 $'000	2015 $'000
Total return before tax	(577)	51,659
Tax using Singapore tax rate of 17%	(98)	8,782
Adjustments:		
Non-tax deductible items	1,696	1,871
Income not subject to taxation	–	(45)
Net change in fair value of investment properties	8,645	(771)
Tax transparency	(10,243)	(9,837)
Income tax expense recognised in profit or loss	–	–

19. 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.

	2016 $'000	2015 $'000
Total return after tax before distribution	(577)	51,659
Total return after tax and excluding net change in fair value of investment properties	50,278	47,124
	'000	'000
Weighted average number of Units in issue during the financial year	1,039,908	891,846
Basic and diluted earnings per Unit based on:		
Total return after tax before distribution	(0.06) cents	5.79 cents
Total return after tax and excluding net change in fair value of investment properties	5.21 cents	5.28 cents

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2016

20. ESTABLISHMENT AND ISSUANCE COSTS

Establishment and issuance costs comprise professional, advisory and other fees, listing and perusal fees and other miscellaneous expenses incurred for the establishment of Soilbuild REIT, the private placement on 5 May 2015 and the preferential offering on 26 September 2016. These expenses are deducted directly against the Unitholders' funds or added back to Unitholders' funds to reverse over-accrual of establishment and issuance costs in prior year.

21. HEDGING RESERVE

	2016 $'000	2015 $'000
Beginning of the financial year	2,889	148
Effective portion of changes in fair value of financial derivatives	(3,252)	2,741
At 31 December	(363)	2,889

Hedging reserve contain the effective portion of the cash flow hedge relationships incurred as at the reporting date. Loss of $363,000 (2015: gain of $2,889,000) is made up of the net movement in cash flow hedges and the effective portion of the interest rate swaps.

22. 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:

	2016 $'000	2015 $'000
Income:		
Carpark management licence income received from the Property Manager	549	523
Master lease and other rental income received from related companies	21,030	20,354
Administrative fee received from a related company	1	-
Expenses:		
Manager's management fees paid/payable to the Manager	6,025	6,442
Lease management fees and commissions paid/payable to the Manager	765	1,055
Acquisition fees paid/payable to the Manager	997	970
Trustee's fees paid/payable to the Trustee	206	196
Property management fees, marketing services commissions and reimbursable expenses paid/payable to the Property Manager	1,744	1,760
Additional marketing services commissions paid to the Property Manager	67	–
Comprehensive operational and maintenance service fees paid/payable to the Property Manager	976	948
Repair and replacement work fees paid/payable to a related company	31	5

Notes to the Financial Statements

For the financial year ended 31 December 2016

22. RELATED PARTY TRANSACTIONS (CONT'D)

	2016 $'000	2015 $'000
Others:		
Recharge of property tax to a related company	(7)	19
Recharge of equipment hire to a related company	–	1
Recharge of flyer expenses from a related company	1	–
Reinstatement works and supply of materials by a related company	21	–
Purchase of investment property	96,300	–
Related party acquisition review fee paid to the Trustee	8	–

23. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments – as lessee

The Trust has entered into land leases in respect of certain investment properties. All leases include a clause to enable upward revision of the rental charge on annual basis. These leases have tenures of between 23 to 37 years with no contingent rent provision included in the contract.

Minimum lease payment recognised as an expense in profit or loss for the financial year ended 31 December 2016 and 31 December 2015 amounted to $1,991,000 (2015: $2,146,000).

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

	2016 $'000	2015 $'000
Not later than one year	1,881	2,093
Later than one year but not later than five years	7,691	8,374
Later than five years	44,171	51,420
	53,743	61,887

(b) Operating lease commitments – as lessor

The Trust entered into business space property leases on its investment properties. The business space property lease consists of master lease arrangements and multi-tenanted lease arrangements.

These master leases have tenures of five to fifteen years with an option to renew for five to fifteen years included in the agreements. Multi-tenanted lease arrangements have average tenures of one to nine years, with an option to renew the lease after that date. Lease payments are usually revised annually and/or at each renewal date to reflect the market rate.

Notes to the Financial Statements

For the financial year ended 31 December 2016

23. COMMITMENTS AND CONTINGENCIES (CONT'D)

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

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

	2016 $'000	2015 $'000
Not later than one year	77,110	74,081
Later than one year but not later than five years	138,622	168,551
Later than five years	70,431	154,964
	286,163	397,596

Commitment with related parties

The Trust has entered into lease agreements with tenures ranging from five to eight (2015: three to five) years with SB (Solaris) Investment Pte. Ltd. and SB (Westview) Investment Pte. Ltd. (2015: SB (Solaris) Investment Pte. Ltd. and SB Storage Pte. Ltd.). Future rental receivable under the lease agreements is expected to be $97,075,000 (2015: $49,385,000).

(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:

	2016 $'000	2015 $'000
Capital commitment in respect of investment property	–	3,418

24. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

(b) Assets 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	2016 $'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)
Financial asset:			
Derivative financial instruments			
– Interest rate swap	5	(363)	–
As at 31 December 2016		(363)	–
Non-financial asset:			
Investment properties	4	–	1,243,700
As at 31 December 2016		–	1,243,700

	Note	2015 $'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)
Financial asset:			
Derivative financial instruments			
– Interest rate swap	5	2,889	–
As at 31 December 2015		2,889	–
Non-financial asset:			
Investment properties	4	–	1,190,700
As at 31 December 2015		–	1,190,700

There have been no transfers between the respective levels during the financial years ended 31 December 2016 and 31 December 2015.

Notes to the Financial Statements

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

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

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 2016 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurement:				
Investment properties	1,243,700	The fair value is determined using a combination of discounted cash flow, capitalisation approach and direct comparison approach	Capitalisation Rate* and Discount Rate*	Capitalisation rate: 5.75% to 7.00% Discount rate: 7.75% to 8.00%

Description	Fair value at 31 December 2015 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurement:				
Investment properties	1,190,700	The fair value is determined using a combination of discounted cash flow, capitalisation approach and direct comparison approach	Capitalisation Rate* and Discount Rate*	Capitalisation rate: 5.50% to 6.75% Discount rate: 7.75% to 8.00%

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

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

Notes to the Financial Statements

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

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

Level 3 fair value measurements (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):

	2016 $'000	2015 $'000
Investment properties		
Opening balance	1,190,700	1,030,700
Purchase of investment properties	103,864	98,092
Capital expenditure on investment properties	32	57,373
Remission of stamp duty	(41)	–
Total gains or losses for the financial year included in profit or loss	(50,855)	4,535
Closing balance	1,243,700	1,190,700
Total gains or losses for the financial year included in profit or loss :		
– Net (loss)/gain from fair value adjustment of investment properties	(50,855)	4,535

(iii) Valuation policies and procedures

The 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 ARC.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Trust's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Trust with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

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

Level 3 fair value measurements (cont'd)

(iii) Valuation policies and procedures (cont'd)

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The CFO documents and reports her analysis and results of the external valuations to the ARC. The ARC 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:

	2016		2015	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial liabilities:				
Rental deposits (non-current)	32,590	31,528	24,212	23,459

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.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trust is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, and foreign currency risk. The board of directors reviews and approves policies and procedures for the management of these risks, which are executed by the CFO. The Audit & 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

The following sections provide details regarding the Trust's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks, which is the outcome of review by the Board and Audit and Risk Committee of the above-mentioned financial risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Trust's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, including cash and cash equivalents, the Trust minimises credit risk by dealing exclusively with high credit rating counterparties.

The Trust's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Credit evaluations are performed by the Manager before lease agreements are entered into with lessees. In addition, the Trust requires lessees to provide tenancy rental deposits. Cash and cash equivalents are placed with financial institutions which are regulated.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Trust's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Trust's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Trust to manage risk concentrations at both the relationship and industry levels.

Exposure to credit risk

At the end of the reporting period, the Trust's maximum exposure to credit risk is represented by the carrying amount of financial assets recognised on the statement of financial position.

Credit risk concentration profile

At the end of the reporting period, the Trust has no significant concentration of credit risk. All trade receivables of the Trust were due from customers located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Trust. Cash and cash equivalents are placed with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 6 (Trade and other receivables).

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

(b) Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting financial obligations due to shortage of funds. The Trust's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Trust's objective is to maintain a balance between continuity and flexibility through the use of stand-by credit facilities.

The Manager monitors the liquidity of the Trust to ensure the Trust complies with the aggregate leverage limit set in the CIS Code issued by the MAS. The CIS Code requires total borrowings for the Trust to not exceed 45% of the value of the Trust's total assets based on the latest valuation. At the end of the reporting period, the amount of the Trust's total borrowings is approximately 37.6% (2015: 36.0%) of the value of the Trust's total assets.

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

Analysis of financial instruments by remaining contractual maturities

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

	One year or less $'000	One to five years $'000	Total $'000
2016			
Financial assets:			
Trade and other receivables	4,291	–	4,291
Deposits	237	–	237
Cash and cash equivalents	25,718	–	25,718
Total undiscounted financial assets	30,246	–	30,246
Financial liabilities:			
Trade and other payables	9,499	1,041	10,540
Derivative financial instruments	181	182	363
Accrued operating expenses	2,509	–	2,509
Rental deposits	5,437	32,590	38,027
Borrowings	12,599	503,892	516,491
Total undiscounted financial liabilities	30,225	537,705	567,930
Total net undiscounted financial assets/(liabilities)	21	(537,705)	(537,684)

Notes to the Financial Statements

For the financial year ended 31 December 2016

25. 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
2015			
Financial assets:			
Trade and other receivables	2,436	–	2,436
Derivative financial instruments	484	2,405	2,889
Deposits	219	–	219
Cash and cash equivalents	16,751	–	16,751
Total undiscounted financial assets	19,890	2,405	22,295
Financial liabilities:			
Trade and other payables	6,449	33,009	39,458
Accrued operating expenses	2,558	–	2,558
Rental deposits	2,719	24,212	26,931
Borrowings	11,158	432,341	443,499
Total undiscounted financial liabilities	22,884	489,562	512,446
Total net undiscounted financial liabilities	(2,994)	(487,157)	(490,151)

(c) Interest rate risk

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

The Trust's exposure to changes in interest rates relates primarily to floating-rate bank borrowings. Interest rate risk is managed by the Manager on an on-going basis with the primary objective of limiting the extent to net interest expense which can be affected by adverse movements in interest rates through the use of interest rate swaps.

During the financial period, the Trust has hedged its exposure to changes in interest rates on its variable rate borrowings by entering into interest rate swaps, with notional contract amounts of $160 million (2015: $274.5 million) whereby it receives variable rates equal to the Singapore swap offer rate on the notional amounts and pays fixed interest rates ranging from 0.950% to 1.420% (2015: 0.565% to 1.450%) per annum as at 31 December 2016.

Sensitivity analysis

At the end of the reporting period, if interest rates had been 75 basis points lower/higher with all other variables held constant, the Trust's total return for the financial year would have been $488,000 (2015: $60,000) higher or lower, arising as a result of lower/higher interest rates on floating rate borrowings. Hedging reserve in other comprehensive income would have been $1,200,000 (2015: $2,059,000) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

(d) Foreign currency risk

The Trust's investment strategy is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate, used primarily for business space purposes in Singapore, as well as real estate-related assets. As such, the Trust's exposure to currency risk is insignificant.

26. CAPITAL MANAGEMENT

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

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 45% of the Trust's Deposited Property.

As at 22 March 2016, the Trust had obtained a credit rating of Baa3 from Moody's Investors Service. As at 31 December 2016, the Trust's aggregate leverage stood at 37.6% (2015: 36.0%) of its Deposited Property, which is within the limit set in the Property Funds Appendix. As at 31 December 2016, the aggregate leverage computation included deferred payment amounting to Nil (2015: $31,883,000) pertaining to the second instalment of the Solaris upfront land premium due to JTC Corporation.

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

27. FINANCIAL RATIOS

	2016 %	2015 %
Expenses ratio[1] Excluding property operating expenses		
– including performance-related fee payable to the Manager	0.96	1.10
– excluding performance-related fee payable to the Manager	0.96	1.01
Expenses ratio[2] Including property operating expenses		
– including performance-related fee payable to the Manager	2.33	2.73
– excluding performance-related fee payable to the Manager	2.33	2.63
Turnover ratio[3]	13.68	13.81

(1) The annualised expense ratio is computed in accordance with the guidelines of the Investment Management Association of Singapore. The total operating expenses used in the computation relate to the trust expenses, excluding property expenses and borrowing costs. The average net asset value is based on the month-end balances.

(2) The total operating expenses used in the computation relate to the property operating expenses and trust expenses, excluding borrowing costs. The average net asset value is based on the month-end balances.

(3) The portfolio turnover ratio is calculated in accordance with the formula stated in CIS Code. The calculation of annualised portfolio turnover ratio is computed based on the total value of purchases or sales of the underlying investment properties expressed as a percentage of the average net asset value.

Notes to the Financial Statements

For the financial year ended 31 December 2016

28. OPERATING SEGMENTS

Business segment

For management purposes, the Trust is organised into operating segments based on their property types.

Segment revenue comprises mainly of income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the chief operating decision maker for the purpose of assessing of segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fees, performance fees, trust expenses, finance income, finance costs and related assets and liabilities.

The reportable segments for the financial year ended 31 December 2016 are as follows:

	Business Park $'000	Industrial $'000	Total $'000
2016			
Gross revenue	27,243	53,887	81,130
Property operating expenses	(3,339)	(7,117)	(10,456)
Segment net property income	23,904	46,770	70,674
Interest income			1,505
Finance expenses			(14,637)
Manager's management fees			(6,025)
Trustee's fees			(206)
Other trust expenses			(1,033)
Net income before tax and fair value changes			50,278
Fair value change in investment properties			(50,855)
Total return before distribution			(577)
Segment assets	465,545	788,337	1,253,882
Unallocated assets			21,609
Total assets			1,275,491
Segment liabilities	75,608	20,750	96,358
Unallocated liabilities			427,430
Total liabilities			523,788

Notes to the Financial Statements

For the financial year ended 31 December 2016

28. OPERATING SEGMENTS (CONT'D)

Business segment (cont'd)

	Business Park $'000	Industrial $'000	Total $'000
2015			
Gross revenue	26,574	52,766	79,340
Property operating expenses	(3,596)	(7,967)	(11,563)
Segment net property income	22,978	44,799	67,777
Interest income			643
Finance expenses			(13,490)
Manager's management fees			(6,442)
Trustee's fees			(196)
Other trust expenses			(1,168)
Net income before tax and fair value changes			47,124
Fair value change in investment properties			4,535
Total return before distribution			51,659
Segment assets	464,143	734,755	1,198,898
Unallocated assets			15,632
Total assets			1,214,530
Segment liabilities	74,193	9,733	83,926
Unallocated liabilities			384,631
Total liabilities			468,557

Geographical segment

No geographical information is presented as the Trust operates in Singapore only.

Information about a major customer

Revenue from a major customer amounts to $18,061,000 (2015: $17,535,000) arising from the revenue generated from the business park segment.

Notes to the Financial Statements

For the financial year ended 31 December 2016

29. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Distribution to Unitholders

Subsequent to the financial period ended 31 December 2016, the Manager declared a distribution of $16.4 million at 1.570 cents per Unit for the financial period from 1 October 2016 to 31 December 2016.

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

Subsequent to the quarter ended 31 December 2016, the Trust issued 3,358,887 Units at an issue price of $0.64 per Unit as payment of the fees to the Manager and the Property Manager, amounting to $2,151,000.

30. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Trust for the financial year ended 31 December 2016 were authorised for issue by the Manager and the Trustee on 17 March 2017.

Unitholders' Statistics

ISSUED UNITS

There were 1,045,532,628 Units (voting rights: one vote per Unit) issued in Soilbuild REIT as at 28 February 2017. 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	3	0.03	101	0.00
100 - 1,000	1,169	11.83	1,123,562	0.11
1,001 - 10,000	4,249	43.02	22,711,545	2.17
10,001 - 1,000,000	4,420	44.75	218,589,406	20.91
1,000,001 and Above	37	0.37	803,108,014	76.81
TOTAL	9,878	100.00	1,045,532,628	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	No. of Units	%
1.	LIM CHAP HUAT	267,245,656	25.56%
2.	DBS NOMINEES (PRIVATE) LIMITED	169,822,449	16.24%
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	124,868,154	11.94%
4.	HSBC (SINGAPORE) NOMINEES PTE LTD	68,433,740	6.55%
5.	RAFFLES NOMINEES (PTE) LTD	34,610,399	3.31%
6.	DBSN SERVICES PTE LTD	25,586,044	2.45%
7.	NOMURA SINGAPORE LIMITED	25,106,500	2.40%
8.	OCBC SECURITIES PRIVATE LTD	11,011,000	1.05%
9.	UOB KAY HIAN PRIVATE LTD	8,554,000	0.82%
10.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	7,083,050	0.68%
11.	MAYBANK KIM ENG SECURITIES PTE LTD	6,517,875	0.62%
12.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	4,601,449	0.44%
13.	PHILLIP SECURITIES PTE LTD	4,437,788	0.42%
14.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,418,800	0.33%
15.	LIM ENG CHONG	2,970,000	0.28%
16.	DB NOMINEES (S) PTE LTD	2,753,325	0.26%
17.	NTUC FAIRPRICE CO-OPERATIVE LTD	2,750,000	0.26%
18.	CHONG AH LAN	2,660,000	0.25%
19.	YAP CHONG HIN GABRIEL	2,580,000	0.25%
20.	ABN AMRO CLEARING BANK N.V.	2,560,678	0.24%
	TOTAL	777,570,907	74.35%

Unitholders' Statistics

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS

As recorded in the Register of Substantial Unitholdings as at 28 February 2017[1]

	Substantial Unitholders	No. of Units Direct Interest	No. of Units Deemed Interest
1	SB REIT Management Pte. Ltd.	1,528,571	–
2	Lim Chap Huat [2]	267,245,656	1,528,572
3	Schroders plc [3]	–	55,085,030
4	Wealthy Fountain Holdings Inc	66,845,700	–
5	Shanghai Summit Pte Ltd [4]	–	66,845,700
6	Tong Jinquan[5]	4,092,200	66,845,700

Notes:

1 The percentage interest is based on total issued units of 1,045,532,628 as at 28 February 2017.

2 Lim Chap Huat is deemed to be interested in the 1,528,571 units held by SB REIT Management Pte. Ltd. and 1 unit held by Soilbuild Group Holdings Ltd. as Lim Chap Huat directly owns 100% of SB REIT Management Pte. Ltd. and Soilbuild Group Holdings Ltd..

3 Purchased on behalf of clients as Investment Managers.

4 Shanghai Summit Pte Ltd is the sole shareholder of Wealthy Fountain Holdings Inc and accordingly, is deemed to be interested in the 66,845,700 units held by Wealthy Fountain Holdings Inc.

5 Wealthy Fountain Holdings Inc is wholly-owned by Tong Jinquan through Shanghai Summit Pte Ltd.

MANAGER'S DIRECTORS' UNITHOLDINGS

As recorded in the Register of Directors' Unitholdings as at 21 January 2017[1]

	Directors	No. of Units Direct Interest	No. of Units Deemed Interest
1	Lim Chap Huat [2]	263,886,769	1,528,572
2	Ho Toon Bah [3]	110,000	165,000
3	Lim Cheng Hwa	231,000	–
4	Michael Ng Seng Tat	687,500	–
5	Ng Fook Ai Victor	–	–
6	Chong Kie Cheong	275,000	–

Notes:

1 The percentage interest is based on total issued Units of 1,042,173,741 as at 21 January 2017.

2 Lim Chap Huat is deemed to be interested in the 1,528,571 units held by SB REIT Management Pte. Ltd. and 1 unit held by Soilbuild Group Holdings Ltd. as Lim Chap Huat directly owns 100% of SB REIT Management Pte. Ltd. and Soilbuild Group Holdings Ltd..

3 Ho Toon Bah is deemed to be interested in the 165,000 units held by Tan Swee Fong, the wife of Ho Toon Bah.

FREE FLOAT

Based on the information made available to the Manager as at 28 February 2017, approximately 59.7% of the Units in Soilbuild REIT are held in the hands of the public. Accordingly Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Additional Information

INTERESTED PERSON TRANSACTIONS

Transactions entered into with related parties during the financial year falling under the Listing Manual of the SGX-ST and the Property Funds Appendix (excluding transactions of less than S$100,000 each) are as follows: –

(1) Transactions not subject to Rule 905 and 906 of the Listing Manual

The entry into and fees payable pursuant to the Trust Deed have been approved by the Unitholders upon purchase of the Units at the initial public offering of Soilbuild REIT on the SGX-ST in 16 August 2013 and are therefore not subject to Rule 905 and 906 of the Listing Manual.

Name of interested person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S$100,000) S$'000	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Revenue:		
Soilbuild Group Holdings Ltd. and its subsidiaries		
SB (Solaris) Investment Pte. Ltd.		
Rental income	18,061	–
SB Storage Pte. Ltd.		
Rental income	817	–
Recharge of property tax	(7)	–
SB Property Services Pte. Ltd.		
West Park BizCentral – monthly licence fee	549	–
	19,420	–
Expenses:		
Soilbuild Group Holdings Ltd. and its subsidiaries		
SB REIT Management Pte. Ltd.		
Base fee	6,025[1]	–
Acquisition fee	997[2]	–
Lease management fee	631[3]	–
Lease renewal commission	134[4]	–
SB Property Services Pte. Ltd.		
Property management fee	1,261	–
Marketing services commissions for new leases	362[4]	–
West Park BizCentral – comprehensive operational and maintenance service	976	–
Reimbursable costs	121	–
DBS Trustee Limited		
Trustee fees	206	–
	10,713	–

Additional Information

INTERESTED PERSON TRANSACTIONS (CONT'D)

(2) Transactions approved by unitholders at the Extraordinary Meeting held on 18 August 2016.

Name of interested person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S$100,000) S$'000	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Soilbuild Group Holdings Ltd. and its subsidiaries		
SB (Westview) Investment Pte. Ltd.		
Purchase of investment property	96,300	–
Rental income	2,089	–
	98,389	–

(3) Other transactions

Name of interested person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S$100,000) S$'000	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Soilbuild Group Holdings Ltd. and its subsidiaries		
Expenses:		
SB Property Services Pte. Ltd.		
Additional marketing services commissions for new leases	67[4]	–
Reinstatement work and supply of materials	21	–
SB (Westview) Investment Pte. Ltd.		–
Recharge of marketing expenses	1	–
	89	-
Soil-Build (Pte.) Ltd.		
Revenue:		
Rental income	63	–
Administrative fee	1	–
	64	–
Expenses:		
Repair and replacements works	31	-
DBS Trustee Limited		
Additional fee charged for reviewing of acquisition of investment property from SB (Westview) Investment Pte. Ltd.	8	-

Additional Information

INTERESTED PERSON TRANSACTIONS (CONT'D)

Notes:

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

2 Acquisition fee is capitalised in investment properties;

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

4 Lease renewal commission and marketing services commissions are capitalised in deferred expenditure and amortised over the lease term.

Please also see Related Party Transaction in Note 22 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 2016.

FEES PAID TO THE MANAGER, PROPERTY MANAGER AND TRUSTEE

Asset/Fund management fees

	FY2016 S$'000
– Base fee	6,025
– Performance fee	–
– Lease management fee	631
Total fees paid to the Manager	6,656
% of total amount available for distribution (before all fees[1])	9.73%
% of total assets	0.52%
Property management fee	1,261
Total fees paid to the Property Manager	1,261
% of total amount available for distribution (before all fees[1])	1.84%
% of total assets	0.10%
Trustee fee[2]	206
Total fees paid to the Trustee	206
% of total amount available for distribution (before all fees[1])	0.30%
% of total assets	0.02%

1 This includes base fee, performance fee, lease management fee, property management fee and trustee fee.

2 This excludes related party acquisition review fee paid to Trustee amounting to S$8,000 which has been capitalised in investment properties.

Other transactional fees

	FY2016 S$'000
– Acquisition fee	997
Total fees paid to the Manager	997
% of total assets	0.08%
Related party acquisition review fee paid to the Trustee	8
Total fee paid to the Trustee	8
% of total assets	0.00%

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the holders of units of Soilbuild Business Space REIT ("**Soilbuild REIT**" and the holders of units of Soilbuild REIT, "**Unitholders**") will be held at Fairmont Singapore, 80 Bras Basah Road, Level 4 Raffles City Convention Centre, Singapore 189560, Atrium Ballroom on Thursday, 20 April 2017 at 2.30 p.m., to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee of Soilbuild REIT issued by DBS Trustee Limited, as trustee of Soilbuild REIT (the "**Trustee**"), the Statement by the Manager issued by SB REIT Management Pte. Ltd., as manager of Soilbuild REIT (the "**Manager**"), and the Audited Financial Statements of Soilbuild REIT for the financial year ended 31 December 2016 and the Auditors' Report thereon.
(Ordinary Resolution 1)

2. To re-appoint Ernst & Young LLP as Auditors of Soilbuild REIT and to hold office until the conclusion of the next Annual General Meeting of Soilbuild REIT, and to authorise the Manager to fix their remuneration.
(Ordinary Resolution 2)

(B) AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution, with or without any modifications:

3. The authority be and is hereby given to the Manager, to:

   (a) (i) issue units in Soilbuild REIT ("**Units**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units (collectively, "**Instruments**"),

   at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

   (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

   provided that:

   (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

Notice of Annual General Meeting

(2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the total number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:

(a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting Soilbuild REIT (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) unless revoked or varied by the Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of Soilbuild REIT or (ii) the date by which the next Annual General Meeting of Soilbuild REIT is required by the applicable law or regulations to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Manager and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Soilbuild REIT to give effect to the authority conferred by this Resolution.

(Ordinary Resolution 3)

(Please see Explanatory Notes)

By Order of the Board

SB REIT Management Pte. Ltd.
(Company Registration No: 201224644N)
As manager of Soilbuild REIT

Ngiam May Ling
Lim Hui Hua
Company Secretaries

Singapore
27 March 2017

Notice of Annual General Meeting

Notes:

1. A Unitholder who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

2. A Unitholder who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

   "Relevant Intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds these Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the office of Soilbuild REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 2.30 p.m. on 18 April 2017 being 48 hours before the time fixed for the Annual General Meeting.

4. The Manager shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject any Proxy Form lodged if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Manager.

Notice of Annual General Meeting

Explanatory Note:

Ordinary Resolution 3, if passed, will empower the Manager from the date of this Annual General Meeting until (i) the conclusion of the next Annual General Meeting of Soilbuild REIT, (ii) the date by which the next Annual General Meeting of Soilbuild REIT is required by the applicable regulations to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest, to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 50% of which up to 20% may be issued other than on a pro rata basis to Unitholders (in each case, excluding treasury Units, if any).

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this Annual General Meeting until the date of the next Annual General Meeting of Soilbuild REIT, to issue Units as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time the Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

In any event, if the approval of Unitholders is required under the Listing Manual and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by Soilbuild REIT, the Trustee or the Manager (or their respective agents) for the purpose of the processing and administration by Soilbuild REIT, the Trustee or the Manager (or their respective agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for Soilbuild REIT, the Trustee or the Manager (or their respective agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to Soilbuild REIT, the Trustee or the Manager (or their respective agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by Soilbuild REIT, the Trustee or the Manager (or their respective agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify Soilbuild REIT, the Trustee or the Manager (or their respective agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

PROXY FORM

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

SOILBUILD BUSINESS SPACE REIT
(Constituted in Republic of Singapore
pursuant to a Trust Deed dated 13 December 2012
(as amended and restated))

Managed by SB REIT Management Pte. Ltd.
(Company Registration No. 201224644N)

IMPORTANT:

1. A relevant intermediary may appoint more than one proxy to attend the Annual General Meeting and vote (please see note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy units in Soibuild Business Space REIT, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____

(Name and NRIC No./Passport No./Company Registration No.)

of _____

being a unitholder/unitholders of Soilbuild REIT, hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Unitholdings**	
		No. of Units	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Unitholdings**	
		No. of Units	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Fourth Annual General Meeting (the "**Annual General Meeting**") of unitholders of Soilbuild REIT ("**Unitholders**") to be held at Fairmont Singapore, 80 Bras Basah Road, Level 4 Raffles City Convention Centre, Singapore 189560, Atrium Ballroom on Thursday, 20 April 2017 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion as he/she/they will on any other matter arising at the Annual General Meeting and at any adjournment thereof.

Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

No.	**Resolutions relating to:**	**Number of Votes For**	**Number of Votes Against**
1	To receive and adopt the Trustee's Report, the Manager's Statement, the Audited Financial Statements of Soilbuild REIT for the financial year ended 31 December 2016 and the Auditor's Report thereon.		
2	To re-appoint Ernst & Young LLP as the Auditor of Soilbuild REIT and authorise the Manager to fix the Auditor's remuneration.		
3	To authorise the Manager to issue Units and to make or grant convertible instruments on the terms set out in the Notice of the Annual General Meeting.		

Dated this _____ day of _____ 2017

Total number of Units in:	No. of Units
CDP Register	

_____

Signature of Unitholder(s)/Common Seal of Corporate Unitholder

3rd fold here, glue and seal overleaf. Do not staple.

2nd fold here.

Affix
postage
stamp

SB REIT Management Pte. Ltd.
(The Manager of Soilbuild Business Space REIT)
c/o Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01 Singapore Land Tower
Singapore 048623

1st fold here.

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes:

1. Please insert the total number of units in Soilbuild REIT ("**Units**") held by you. If you have Units entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders of Soilbuild REIT, you should insert that number of Units. If you have Units entered against your name in the Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies (the "**Proxy Form**") shall be deemed to relate to all the Units held by you.

2. A Unitholder who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A Unitholder who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form.

   "Relevant Intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds these Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. Completion and return of this Proxy Form shall not preclude a Unitholder from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the Annual General Meeting in person, and in such event, Soilbuild REIT reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the Annual General Meeting.

5. The Proxy Form or the power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be deposited at the office of Soilbuild REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Annual General Meeting.

6. The Proxy Form shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

7. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

8. CPF Approved Nominees acting on the request of the CPF/SRS investors who wish to attend the Annual General Meeting are requested to submit in writing, a list with details of the investor's names, NRIC/Passport numbers, addresses and number of Units held. The list, signed by an authorised signatory of the relevant CPF Approved Nominees, should reach the office of Soilbuild REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least 48 hours before the time appointed for holding the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by Soilbuild REIT, the Trustee or the Manager (or their respective agents) for the purpose of the processing and administration by Soilbuild REIT, the Trustee or the Manager (or their respective agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for Soilbuild REIT, the Trustee or the Manager (or their respective agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to Soilbuild REIT, the Trustee or the Manager (or their respective agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by Soilbuild REIT, the Trustee or the Manager (or their respective agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify Soilbuild REIT, the Trustee or the Manager (or their respective agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

General:

The Manager shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject any Proxy Form lodged if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Manager.

Glossary

In this Annual Report, the following definitions apply throughout unless otherwise stated:

%	:	**Per centum or percentage**
Annual General Meeting	:	**AGM**
Audit and Risk Committee	:	**ARC**
The Bank of East Asia, Limited, Singapore Branch	:	**BEA**
Building and Construction Authority	:	**BCA**
Bukit Batok Connection	:	**BBC**
Central Business District	:	**CBD**
Chief Executive Officer	:	**CEO**
Chief Financial Officer	:	**CFO**
Colliers International Consultancy & Valuation (Singapore) Pte Ltd	:	**Colliers**
DBS Trustee Limited	:	**Trustee**
Distribution Per Unit	:	**DPU**
Enterprise-wide Risk Management	:	**ERM**
For the financial year from 1 January 2014 to 31 December 2014	:	**FY2014**
For the financial year from 1 January 2015 to 31 December 2015	:	**FY2015**
For the financial year from 1 January 2016 to 31 December 2016	:	**FY2016**
For the financial year from 1 January 2017 to 31 December 2017	:	**FY2017**
For the financial period from 1 October 2015 to 31 December 2015	:	**4Q FY2015**
For the financial period from 1 January 2016 to 31 March 2016	:	**1Q FY2016**
For the financial period from 1 April 2016 to 30 June 2016	:	**2Q FY2016**
For the financial period from 1 July 2016 to 30 September 2016	:	**3Q FY2016**
For the financial period from 1 October 2016 to 31 December 2016	:	**4Q FY2016**
For the financial period from 1 January 2016 to 30 June 2016	:	**1H FY2016**
For the financial period from 1 January 2016 to 30 September 2016	:	**9M FY2016**
For the financial period from 1 July 2017 to 31 December 2017	:	**2H FY2017**
Gross Rental Income	:	**GRI**
Initial Public Offering	:	**IPO**
Issuance of 94,353,672 new Units at an issue price of S$0.63 per Unit on 26 September 2016	:	**Preferential Offering**
Jurong Town Corporation	:	**JTC**
Kilogram	:	**Kg**
Kilometre	:	**Km**
Kilonewton per Square Metre	:	**KN/m2**
Knight Frank Pte Ltd	:	**Knight Frank**
Mass Rapid Transit	:	**MRT**
Medium Term Notes	:	**MTN**
S$500 million Medium Term Notes Programme established on 25 April 2015	:	**MTN Programme**
Ministry of Trade and Industry	:	**MTI**

Glossary

Monetary Authority of Singapore	:	**MAS**
Moody's Investors Service, Inc	:	**Moody's**
Multinational Companies	:	**MNCs**
Multi-Tenanted Buildings	:	**MTBs**
Net Asset Value	:	**NAV**
Net Lettable Area	:	**NLA**
Net Property Income	:	**NPI**
Nominating and Remuneration Committee	:	**NRC**
PricewaterhouseCoopers	:	**PwC**
SB (Solaris) Investment Pte. Ltd.	:	**SB Solaris**
SB Property Services Pte. Ltd.	:	**Property Manager**
Singapore Exchange Securities Trading Limited	:	**SGX-ST**
Small and Medium Enterprises	:	**SMEs**
Soilbuild Business Space REIT	:	**Soilbuild REIT**
Soilbuild Group Holdings Ltd. and its subsidiaries	:	**Soilbuild Group or the Sponsor**
Square Feet	:	**Sq ft**
Square Metre	:	**Sq m**
S&P Global Ratings	:	**S&P**
Technics Offshore Engineering Pte Ltd	:	**TOE**
The Manager of Soilbuild Business Space REIT, SB REIT Management Pte. Ltd.	:	**Manager**
Weighted Average Lease Expiry	:	**WALE**

Corporate **Directory**

THE MANAGER

SB REIT Management Pte. Ltd.

Company Registration Number:
201224644N

Capital Market Services:
CMS100301-1

25 Changi South Street 1 SB Building
Singapore 486059
Tel: (65) 6542 2882
Fax: (65) 6543 1818

BOARD OF DIRECTORS

Mr Chong Kie Cheong
Chairman, Independent Non-Executive Director and Audit & Risk Committee Member

Mr Ng Fook Ai Victor
Independent Non-Executive Director, Audit & Risk Committee Chairman and Nominating & Remuneration Committee Member

Mr Michael Ng Seng Tat
Independent Non- Executive Director, Nominating and Remuneration Committee Chairman and Audit & Risk Committee Member

Mr Lim Chap Huat
Non-Executive Director

Mr Ho Toon Bah
Non-Executive Director

Ms Lim Cheng Hwa
Non-Executive Director and Nominating & Remuneration Committee Member

AUDIT & RISK COMMITTEE

Mr Ng Fook Ai Victor
Chairman

Mr Chong Kie Cheong
Member

Mr Michael Ng Seng Tat
Member

NOMINATING AND REMUNERATION COMMITTEE

Mr Michael Ng Seng Tat
Chairman

Mr Ng Fook Ai Victor
Member

Ms Lim Cheng Hwa
Member

THE PROPERTY MANAGER

SB Property Services Pte. Ltd.
25 Changi South Street 1 SB Building
Singapore 486059
Tel: (65) 6542 2882
Fax: (65) 6543 1818

AUDITOR

Ernst & Young LLP
One Raffles Quay North Tower Level 18
Singapore 048583
Tel: (65) 6535 7777
Fax: (65) 6532 7662

Partner-in-Charge:
Mr Adrian Koh
(Appointed since the financial period ended 31 December 2013)

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6438 8710

TRUSTEE

DBS Trustee Limited
12 Marina Boulevard, Level 44
DBS Asia Central @
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: (65) 6878 8888
Fax: (65) 6878 3977

COMPANY SECRETARY

Ms Ngiam May Ling

Ms Lim Hui Hua

STOCK EXCHANGE QUOTATION

BBG: SBREIT: SP
SGX: SV3U

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Business Space
Inspired By You

ANNUAL REPORT 2016

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

Company Registration Number:
201224644N

25 Changi South Street 1 SB Building
Singapore 486059
Tel : (65) 6415 4587
Fax : (65) 6415 4584
Email : sbreit_ir@soilbuild.com

www.soilbuildreit.com

SoilBuild
BUSINESS SPACE REIT