SOILBUILD
BUSINESS SPACE REIT

ANNUAL
REPORT
2015









BUSINESS SPACE INSPIRED BY YOU

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Vision

SOILBUILD BUSINESS SPACE REIT ("SOILBUILD 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.

CORPORATE PROFILE

Total Business Space Properties

11

Total Net Lettable Area

3,530,000 sq ft

Total Asset Valuation

S$1.19 billion


Eightrium

ABOUT SOILBUILD BUSINESS SPACE REIT ("SOILBUILD REIT")

Soilbuild REIT is a Singapore real estate investment trust ("**REIT**") 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 Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 16 August 2013 ("**Listing Date**").

"**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 11 business space properties – two business park properties and nine industrial properties. They are strategically located across industrial clusters in Singapore with a total net lettable area ("**NLA**") of approximately 3.53 million square feet ("**sq ft**") and a valuation of S$1.19 billion as at 31 December 2015.

Standard & Poor's Ratings Services ("**S&P**") assigned Soilbuild REIT an investment grade credit rating of BBB- with stable outlook on 22 January 2014 and subsequently re-affirmed the rating in June 2015.

Soilbuild REIT is managed by an external manager, SB REIT Management Pte. Ltd. (the "**Manager**"), which is a wholly-owned subsidiary of Soilbuild Group Holdings Ltd. ("**Soilbuild Group**") or the "Sponsor", 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, design and development, to fund management. With a strong track record for quality and innovation, the Sponsor is one of the few Singapore construction companies graded A1 by the Building and Construction Authority ("**BCA**") which allows it to tender for public sector projects without any value limitation.

INTEGRATED REAL ESTATE PLATFORM

Operations covering full spectrum of real estate value chain

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

2. Development
- Balance Sheet
- Focus on End Users
- Innovative Designs
- Quality
- Location

3. Lease Management
- Tenant Retention
- Relationship with Brokers
- Dedicated Team

4. Asset / Property Management
- Asset Enhancements
- Income Optimisation
- Established Relationships with Government Agencies

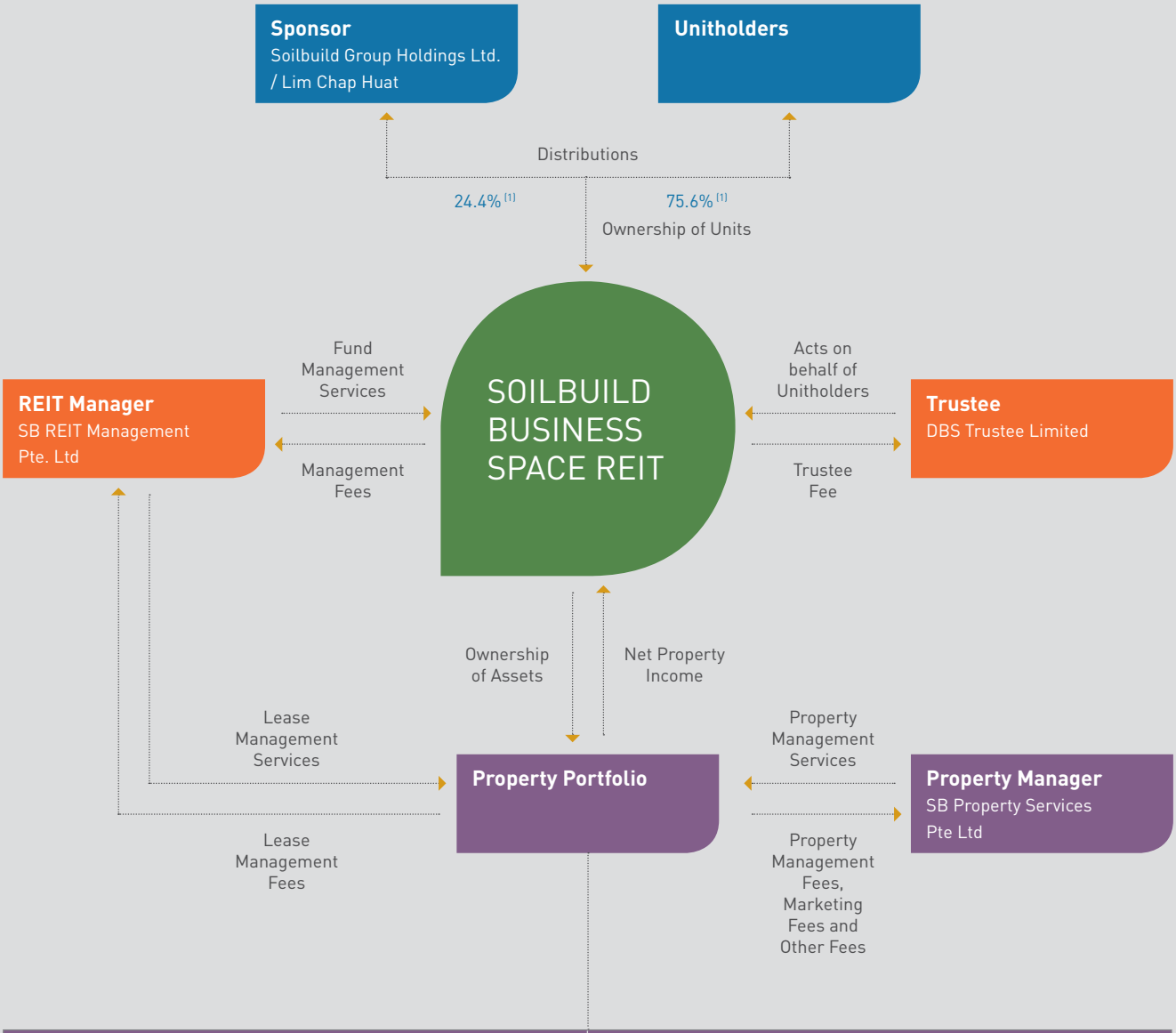
5. Fund Management
- Capital Management
- Relationship with Vendors
- Experienced Management Team

Given its intimate knowledge of the Singapore industrial market, the Sponsor has been successful in securing a number of development projects from JTC Corporation ("**JTC**"), in particular the Concept & Fixed Price tender scheme which was a land allocation mechanism by JTC which evaluated bids based on submitted concept proposals rather than based on price. Solaris, West Park BizCentral, Eightrium @ Changi Business Park and Tuas Connection, amounting to 76.2% (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 24.4% of the total number of units outstanding as at 31 December 2015, 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 throughout the years, including being the winner of Heritage Brands, Singapore Prestige Brand Awards 2015, and a five time winner of both the Singapore SME Enterprise 50 Awards and the Singapore SME 500 and 1000 Awards.

SOILBUILD REIT STRUCTURE



Soilbuild Master Lease	Third Party Master Leases
Solaris	NK Ingredients
	COS Printer
	Beng Kuang Marine
Multi-Tenanted Leases	Tellus Marine
West Park BizCentral	KTL Offshore
Eightrium @ Changi Business Park ("Eightrium")	Speedy-Tech
Tuas Connection	Technics Offshore

Notes:
[1] Unitholding as at 31 December 2015.

GROWING TOGETHER WITH YOU

We have established a strong partnership with Soilbuild REIT since its listing. The team is a trusted partner who continues to provide us the support we require at different phases of our business development. The team values tenant-landlord relationship strongly in actively engaging its tenants and providing customer care. We hope to work more closely and further strengthen our partnership in years to come.

Commentary by Nestle Singapore (Pte) Ltd (Tenant at Eightrium)

Chow Phee Chat
Director - Communications, Corporate Affairs

For more information about Eightrium **refer to page 26**







SIGNIFICANT EVENTS

2016

JANUARY

21 January Soilbuild REIT 4Q FY 2015 and FY 2015 Distribution per Unit ("**DPU**") exceeded the prior corresponding period/year by 1.8% and 4.7% respectively.

2015

NOVEMBER

19 November Solaris and West Park BizCentral won Singapore Property Awards 2015 under the Sustainable Development Category and Industrial Category respectively, by FIACBI Singapore.

OCTOBER

14 October Soilbuild REIT 3Q FY 2015 DPU exceeded the prior corresponding period by 5.1%.

SEPTEMBER

25 September Completed refinancing of S$185 million Club Loan with loan expiry extended to March 2020.

JULY

14 July Soilbuild REIT 2Q FY 2015 DPU exceeded the prior corresponding period by 7.7%.

MAY

7 May Solaris and West Park BizCentral won Highly Commended Office Development Singapore and Best Industrial Development Singapore respectively, Asia Pacific Property Awards 2015-2016 by The International Property Awards

21 May First issuance of S$100 million 3.45% Fixed Rate Notes due in 2018 under the MTN Programme.

27 May Completed acquisition of Technics.

APRIL

21 April Soilbuild REIT held the Annual General Meeting on 21 April 2015 where all resolutions were duly passed.

Soilbuild REIT 1Q FY 2015 DPU exceeded the prior corresponding period by 4.5%.

22 April Launched its first Equity Fund Raising of S$90 million via private placement.

25 April Soilbuild REIT established a S$500 million Medium Term Notes ("**MTN**") Programme.

MARCH

12 March Announced proposed acquisition of 72 Loyang Way ("**Technics**") for a total cost of S$98.1 million.

17 March Soilbuild REIT entered into an agreement with JTC to pay Solaris Land Premium upfront.

FEBRUARY

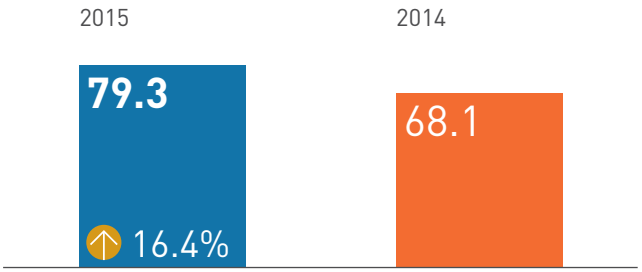
11 February Solaris' Greenmark Platinum award was renewed.

JANUARY

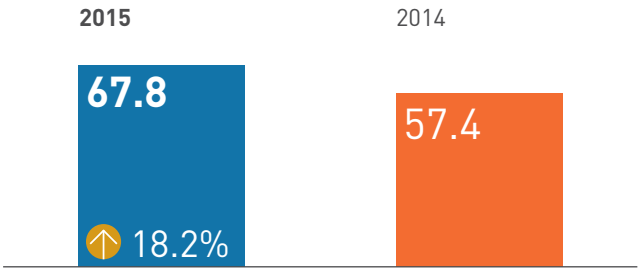
21 January Soilbuild REIT exceeded the IPO Forecast DPU by 5.9% for 4Q FY 2014 and 3.8% for FY 2014.

KEY HIGHLIGHTS IN FY 2015

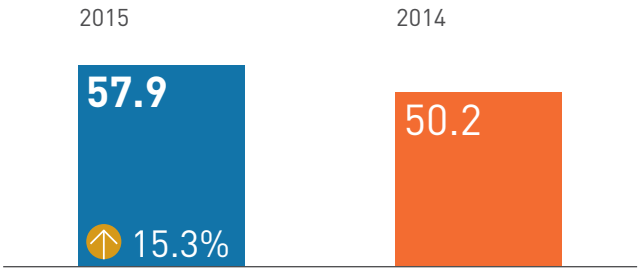
GROSS REVENUE (S$ million)



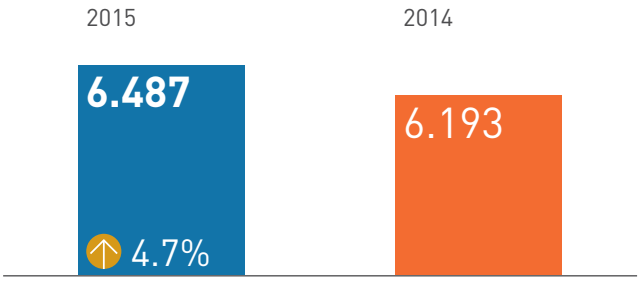
NET PROPERTY INCOME ("NPI") (S$ million)



INCOME AVAILABLE FOR DISTRIBUTION (S$ million)



DISTRIBUTION PER UNIT (Singapore cents)



PORTFOLIO OCCUPANCY

2015	2014
96.8 %	100.0 %

INVESTMENT PROPERTIES

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

NO. OF PROPERTIES

2015	2014
11	10

NET LETTABLE AREA

2015	2014
3.53 million sq ft	3.33 million sq ft

NO. OF TENANTS [1]

2015	2014
113	111

WEIGHTED AVERAGE LEASE EXPIRY ("WALE") (by Gross Rental Income)

2015	2014
4.8 years	3.9 years

AGGREGATE LEVERAGE

2015	2014
36.0 %	35.4 %

CREDIT RATING

2015	2014
S&P BBB-	S&P BBB-

Notes:

[1] Including underlying tenants at Solaris.

FINANCIAL HIGHLIGHTS

SUMMARY OF RESULTS	FY 2015	FY 2014
Gross Revenue (S$'000)	79,340	68,145
Net Property Income (S$'000)	67,777	57,362
Income Available for Distribution (S$'000)	57,867	50,173
Distribution per Unit (Singapore cents)	6.487	6.193
Annualised Distribution Yield (%) - Based on closing price on 31 December	8.4% [1]	7.8% [2]

BALANCE SHEET	As at 31 December 2015	As at 31 December 2014
Total Assets (S$'000)	1,214,530	1,053,972
Total Liabilities (S$'000)	468,557	403,192
Net Assets Attributable to Unitholders (S$'000)	745,973	650,780
Total Units in Issue ('000)	934,442	812,993
Market Capitalisation (S$'000)	719,520 [1]	642,265 [2]

KEY FINANCIAL RATIOS	As at 31 December 2015	As at 31 December 2014
Net Asset Value ("NAV") per Unit (S$)	0.80	0.80
Aggregate Leverage (%)	36.0 [3]	35.4
Average All-in interest Costs for Financial Year (%)	3.21 [4]	3.19
Weighted Average Tenor of Debt (years)	3.2 [3]	2.1
Interest Cover Ratio for Financial Year (times)	4.7 [5]	5.3

Notes:

[1] Based on closing unit price of S$0.77 as at 31 December 2015.

[2] Based on closing unit price of S$0.79 as at 31 December 2014.

[3] Includes interest-free loan and deferred payment in relation to the Solaris upfront land premium.

[4] Excludes interest-free loan

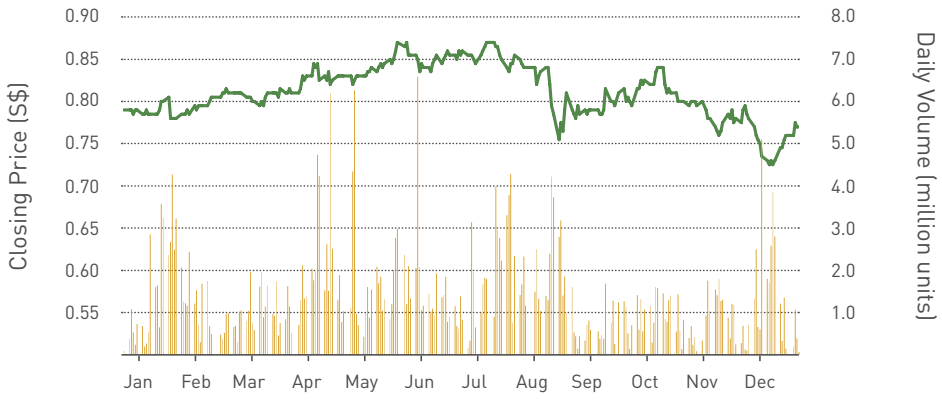
[5] Interest coverage is computed based on FY 2015 EBITDA/net interest expense (interest expense – interest income) as interest expense included notional interest expense on the interest-free loan from SB (Solaris) Investment Pte. Ltd. which has correspondingly been recognised as interest income.

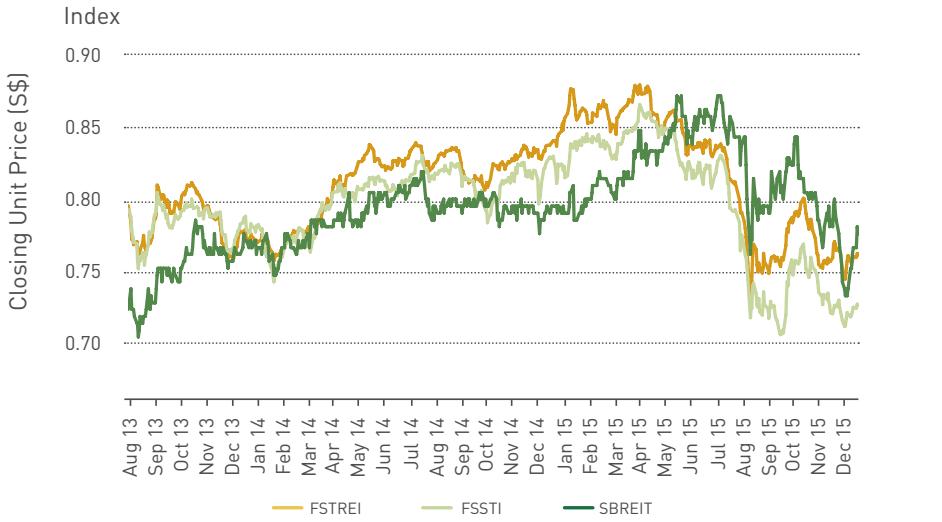
TRADING PERFORMANCE

UNIT PRICE PERFORMANCE	FY 2015	FY 2014
Highest closing price (S$)	0.870	0.815
Lowest closing price (S$)	0.725	0.740
Average closing price (S$)	0.811	0.783
Closing price on 31 December (S$)	0.770	0.790
Average daily trading volume (No. of Units)	1,242,439	1,137,996

SOILBUILD REIT TRADING PERFORMANCE

1 January 2015 To 31 December 2015







From left
Mr Roy Teo Seng Wah, Chief Executive Officer
Mr Chong Kie Cheong, Chairman

LETTER TO UNITHOLDERS

DEAR UNITHOLDERS,

On behalf of the Board of Directors of SB REIT Management Pte. Ltd., the Manager of Soilbuild Business Space REIT, we are pleased to present Soilbuild REIT's third Annual Report to Unitholders for the financial year ended 31 December 2015 ("**FY 2015**").

In FY 2015, Soilbuild REIT delivered a DPU of 6.487 cents which was 4.7% above the DPU for the financial year ended 31 December 2014 ("**FY 2014**") of 6.193 cents. The higher DPU was bolstered by acquisitions in FY 2014 and FY 2015 and a stable performance from the existing portfolio. Gross revenue and net property income were 16.4% and 18.2% higher than in FY 2014. Higher net property income was mainly attributed to revenue from the newly acquired projects - Technics Offshore, KTL Offshore and Speedy-Tech and partially offset by higher property and lease management fees for the newly acquired properties. Net income rose 14.5% year-on-year largely due to higher net property income and partially offset by higher finance expense, Manager's management fees and other trust expenses.

Singapore's industrial property sector remained relatively soft in FY 2015, dampened by the high supply of industrial space since 2014. Nonetheless, business park and high-tech industrial sectors exhibited better fundamentals during the year with generally stable to positive rental reversions.

ASSET MANAGEMENT

Soilbuild REIT achieved robust performance despite the overall challenging market conditions. The portfolio occupancy as at 31 December 2015 was 96.8%, attributed to lower tenant retention in the multi-tenanted properties. Nonetheless, 72.7% (by number of leases) of the lease renewals recorded positive average rental reversion of 2.5%. Our asset management team together with the marketing team continued to pro-actively seek new tenants for vacant and expiring space, achieving more than 300,000 sq ft of new leases in FY 2015.

SOILBUILD REIT ACHIEVED ROBUST PERFORMANCE DESPITE THE OVERALL CHALLENGING MARKET CONDITIONS.

In total, the team achieved more than 880,000 sqft of renewals and re-let of space, representing 95.4% of FY 2015 expiring leases.

The portfolio of assets has a young weighted average age of 6.3 years (by valuation) and a long weighted average remaining land lease to expiry of 46 years. The portfolio's weighted average lease expiry has also significantly increased to 4.8 years from 3.9 years over the corresponding year. It is well-diversified with a balanced mix of multi-tenanted and master leases, as well as an even spread of trade sector exposure. The portfolio has a tenant base of 113 tenants (inclusive of the underlying leases in Solaris), with more than half coming from MNCs. With the acquisition of Technics Offshore in 2015, the top 10 tenants account for 42.3% of the monthly Gross Rental Income (inclusive of the underlying leases in Solaris), with Technics Offshore (10.1%) at the top of the list. The master leases provide stability through long term leases ranging from 5 to 15 years, and further risks are mitigated by security deposits ranging from 6 to 18 months' of prevailing rent.

ACQUISITIONS

In FY 2015, Soilbuild REIT acquired the Technics Offshore property at 72 Loyang Way for a total acquisition cost of S$98.1 million (including acquisition-related cost of S$1.1 million). The acquisition value is comparable to the three acquisitions completed in FY 2014, amounting to S$94.6 million. As part of its investment strategy, the Manager will continue to pursue acquisition opportunities that enhance the return to unitholders and provide potential capital growth.

VALUATION

Soilbuild REIT's investment properties were revalued, with business park properties valued by CBRE Pte. Ltd. and industrial properties valued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd. The total carrying value of investment properties was S$1.19 billion as at 31 December 2015.

SOLARIS LAND PREMIUM PAID UPFRONT

In January 2015, the Manager announced that it will seek determination in the High Court of Singapore on the amount of land rent payable to JTC for Solaris. On 17 March 2015, the Manager and JTC entered into an agreement on the conversion of the annual land rental payment scheme to an upfront land premium payment scheme. The payment of the upfront land premium in the amount of S$74 million to JTC will be for the period from 16 August 2013, being the date of the acquisition, to 31 May 2038.

Solaris is leased to SB (Solaris) Investment Pte. Ltd. ("**SB Solaris**") under a Master Lease Agreement for a term of five years on a triple net lease basis, under which SB Solaris is liable for the payment of all land rent payable to JTC. SB Solaris has agreed in a separate agreement with the Trustee to bear S$19 million of the upfront land premium, and Soilbuild REIT will bear the remainder of the upfront land premium, being the sum of S$55 million. SB Solaris has also agreed to extend an interest-free loan (the "**Interest-Free Loan**") of S$55 million to Soilbuild REIT for the purpose of paying its share of the upfront land premium. The Interest-Free Loan shall be repaid on the expiry of the Master Lease Agreement on 15 August 2018.

CAPITAL MANAGEMENT

In FY 2015, Soilbuild REIT successfully completed several capital management initiatives. In April 2015, Soilbuild REIT launched its first equity fund raising of S$90 million via private placement and established a S$500 million Medium Term Notes ("**MTN**") Programme. Under the MTN Programme, Soilbuild REIT issued its first S$100 million 3.45% Fixed Rate Notes due in 2018 for the purpose of refinancing the first tranche of the S$285 million term loan facility due in August 2015.

Soilbuild REIT also acquired an investment property – Technics Offshore in May 2015, funded substantially by the proceeds from the private placement.

Thereafter in September 2015, the remaining two tranches of the S$285 million term loan facility amounting to S$185 million was successfully refinanced with a reduction in all-in-cost of debt from 3.49% p.a. to 3.21% p.a. and weighted average debt expiry lengthened to 3.2 years as at 31 December 2015. Borrowing costs were significantly insulated against interest rate hikes with 97.9% of the interest rate exposure fixed for a weighted average term of 1.8 years.

Soilbuild REIT's investment grade credit rating was re-affirmed by S&P in June 2015 with a credit rating of BBB- with stable outlook.

AWARDS

During the year, Soilbuild REIT received a number of property awards, re-affirming the quality of the assets in its portfolio. In February 2015, Solaris' BCA Greenmark Platinum Award was renewed. In May 2015, Solaris was awarded the Highly Commended Office Development Singapore and West Park BizCentral clinched the Best Industrial Development Singapore, under the Asia Pacific Property Awards 2015-2016. In November 2015, Solaris and West Park BizCentral yet again received the Singapore Property Awards 2015 by FIACBI, under the Sustainable Development Category and Industrial Category respectively.

THE YEAR AHEAD

The Singapore industrial property sector has a mixed outlook for FY 2016. Industrialists are expected to remain cost sensitive in evaluating their business space needs – on the back of declining manufacturing output in Singapore, as well as a fragile global economic outlook and lingering global risks.

However, real estate market commentators have pointed out that business park vacant stocks saw a decline in 2015 attributed to healthy take-up by enterprises having relocated from offices to business parks as part of their cost savings strategy. The higher occupancy translated to rental increases in business park space particularly those with good location and building specifications, while those located in less accessible locations with dated specifications faced greater downward pressure in rentals.

With a high proportion of assets under master lease and continued demand for higher-specification properties, the Manager expects Soilbuild REIT to remain resilient in FY 2016, barring any unforeseen events. The challenge for FY 2016 is to renew and re-let the multi-tenanted space that expires in the year amid a softening market.

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 past year. Lastly we would like to thank all 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

Distribution Per Unit

6.487¢

4.7% FROM FY 2014

Gross Revenue

S$79.3m

16.4% FROM FY 2014

Net Property Income

S$67.8m

18.2% FROM FY 2014

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
2 years 5 months (as at 31 December 2015)

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 Sciences (Economics, Honours) from the 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
7 months (as at 31 December 2015)

Board Committee served on
Audit & Risk Committee (Chairman)

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

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 (Economics, Honours) and Master of Science (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
2 years and 5 months (as at 31 December 2015)

Board Committee served on
Audit & Risk Committee (Member)

Other Listed Company Directorships
Nil

Past Listed Company Directorships
Nil

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

Experience
Mr Ng has been in the real estate industry for 28 years. He is currently managing the diversified real estate investment and development projects of the United Industrial Corporation Limited and its subsidiaries.

Previous Roles
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
3 year 3 months (as at 31 December 2015)

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 the co-founder of the Soilbuild Group Holdings Ltd. with more than 37 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 boards 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.

BOARD OF DIRECTORS



MR HO TOON BAH

Non-Executive Director

Date of Appointment as Director
13 March 2013

Length of Service as Director
2 years and 9 months (as at 31 December 2015)

Board Committee served on
Nil

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

Past Listed Company Directorships
Europtronic Group Ltd

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

Experience
Mr Ho is currently 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
2 years and 5 months (as at 31 December 2015)

Board Committee served on
Nil

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 19 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 15 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;

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



MS LIM HUI HUA
Chief Financial Officer

Experience
More than 12 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 Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants, and a certified internal auditor under the Institute of Internal Auditors.



MS TEU LEE CHEN
Head, Portfolio Management

Experience
More than 13 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.

THE MANAGER



From left (top row):

1. **HOON DAI SENG**
   Fund Management
2. **INNEKE SULAEMAN**
   Finance
3. **TEH SEA JYE**
   Asset & Lease Management
4. **DENISE NG MIN**
   Investor Relations
5. **FELICIA ERH HUI XIAN**
   Fund Management
6. **ANDREA LIM QING**
   Asset & Lease Management

From left (bottom row):

1. **NUR AISYAH BINTE SALLEH**
   Administration
2. **LIM HUI HUA**
   Chief Financial Officer
3. **ROY TEO SENG WAH**
   Chief Executive Officer
4. **TEU LEE CHEN**
   Head, Portfolio Management

SPACES BUILT FOR YOU

Solaris, with its beautiful façade and built to the highest possible standards, reflects what Wiley also stands for: **Quality, Innovation** and **Modernity**. The excellent environs offered by Solaris provide a conducive environment for our colleagues to learn, collaborate and contribute to our mission of being a learning business that helps people and organizations to develop the skills and knowledge they need to succeed. Soilbuild has been a most responsive landlord and we are confident that our longstanding relationship will continue to grow from strength to strength.

Commentary by John Wiley & Sons (Asia) Pte Ltd (Tenant at Solaris)

Otto Tee
Director - Corporate Real Estate & Facilities Asia Pacific

For more information about Solaris **refer to page 28**







OPERATIONS REVIEW



ENLARGING PORTFOLIO

In FY 2015, the Manager completed a sale and leaseback acquisition worth S$98.1 million. This brought the total portfolio valuation to S$1.19 billion and increased the NLA by 200,000 sqft to 3.53 million sqft. The acquisition of Technics Offshore provides income stability, contributing to 10.1% of Soilbuild REIT's gross rental income.
The Manager continues to explore acquisition and development opportunities that add value and provide strategic benefits to the existing portfolio.

OCCUPANCY RATE

Backed by a quality portfolio of properties strategically located across Singapore, Soilbuild REIT enjoys healthy occupancy and has continued to demostrate robustness and resilience amidst challenging market conditions. The portfolio occupancy rate stands at 96.8% as at 31 December 2015.

The occupancy rate for Multi-Tenanted Buildings ("**MTBs**") was 94.5%, primarily due to lower leasing activity in the industrial properties. The non-renewals at West Park BizCentral and Tuas Connection were mainly attributed to tenants downsizing their operations and re-locating their operations overseas. Nonetheless, the Manager secured over 880,000 sqft of lease renewals and new take-ups, reflecting the proactive lease and marketing efforts, as well as property management in keeping the properties relevant and attractive to its tenants.

PORTFOLIO MANAGEMENT

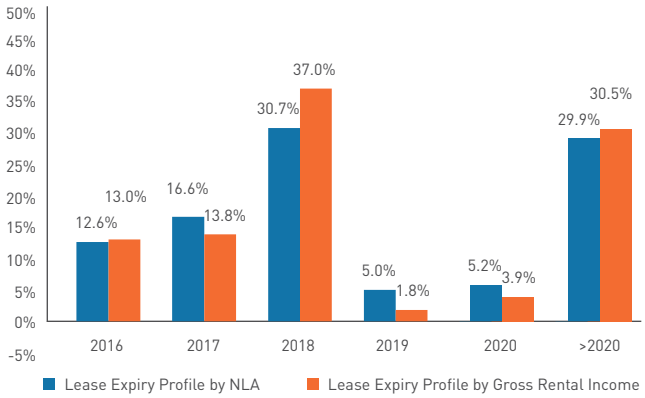
Soilbuild REIT's portfolio weighted average lease expiry by Gross Rental Income ("**GRI**") has increased from 3.9 years to 4.8 years as at 31 December 2015 due to the acquisition of Technics Offshore with a leaseback tenure of 15 years.

At the start of FY 2015, approximately 930,000 sqft of space was due for renewals and the Manager proactively negotiated and secured over 880,000 sqft of renewals and new leases, accounting for 95.4% of the expiring leases. The new leases amount to approximately 320,000 sqft, and together with the lease renewals, the weighted average lease to expiry of the leases commenced in the year is 4.7 years by NLA and 6.7 years by GRI. This is equivalent to 28.7% of Soilbuild REIT's Gross Rental Income as at 31 December 2015.

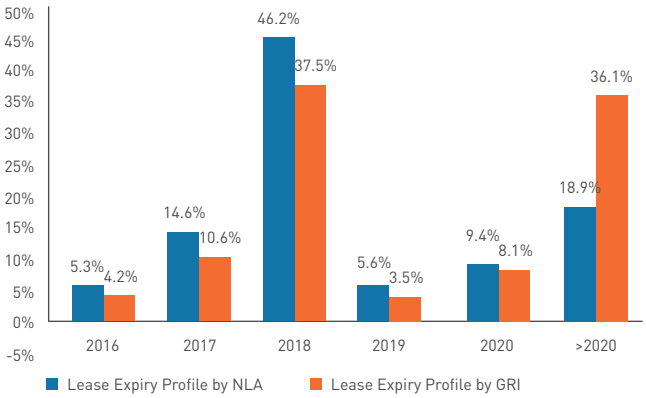
In FY 2015, the Manager achieved a respectable tenant retention rate of 72.7% (by number of leases), with a positive average rental reversion of 2.5% across the MTBs. The Manager has in place an active asset management strategy to mitigate leasing risk through regular engagement with tenants, seeking early renewal commitments, and effective marketing of vacant units. Over the year, the customer care program also provided an avenue to further improve the relationship with tenants.

Moving ahead to FY 2016, only 420,000 sqft (14.9%) of the portfolio is due for renewal at the start of the year, out of which the Manager has completed approximately 80,000 sqft of lease renewals.

- **Portfolio WALE**
  as at 31 December 2015



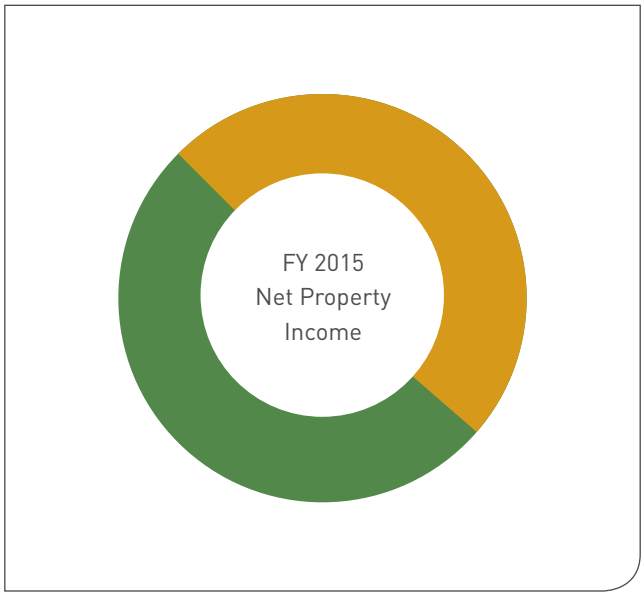
- **WALE of leases commenced in FY 2015**
  as at 31 December 2015



BALANCED PORTFOLIO

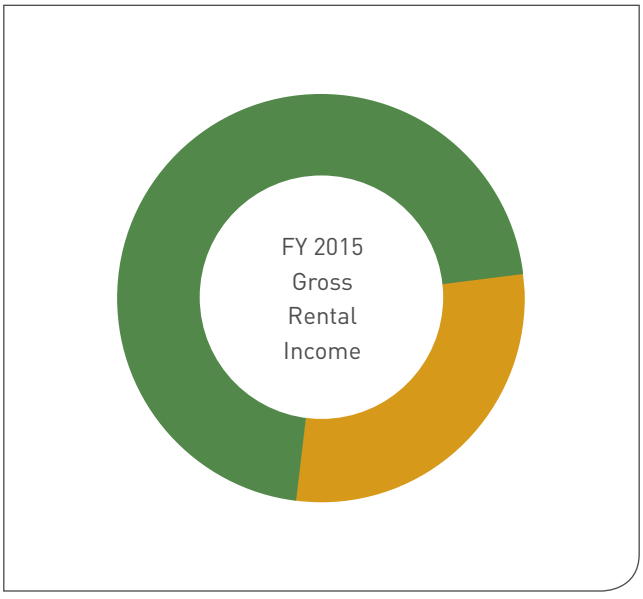
The Manager's portfolio strategy is based on optimising the overall portfolio rent and occupancy as well as striking a balance between single/master leases and MTBs. The portfolio breakdown by NPI was 52% for single/master leases and 48% for MTBs. While single/master leases generally comprise longer leases with built-in rental escalations that provide income stability, MTBs typically comprise shorter leases that are regularly 'marked to market', providing organic upside growth potential for Soilbuild REIT. The business park and industrial properties contribute one-third and two-thirds of the portfolio's total gross revenue respectively.

- **Properties under Master Lease vs Multi-Tenanted Buildings** (As a % of NPI)
  as at 31 December 2015



52% Master Lease **48%** Multi-Tenanted

- **Properties by Asset Class** (As a % of GRI)
  as at 31 December 2015

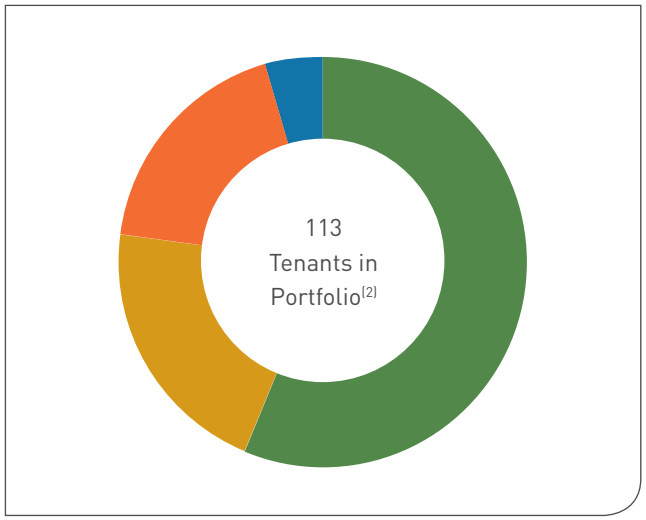


67% Industrial **33%** Business Park

OPERATIONS REVIEW

113 Tenants In Portfolio

as at 31 December 2015



56% MNC
21% SME
5% Government Agency
18% SGX Listed Corporation

TENANT/SUB-TENANT TYPE ANALYSIS AND TOP 10 TENANTS

Soilbuild REIT's gross rental income is well-distributed among Multinational Corporations ("**MNCs**"), SGX Listed Corporations, Small and Medium Enterprises ("**SMEs**") and government agencies within its portfolio of 113 tenants[1].

Notes:

[1] Based on the 14, 14 and 52 tenants at Eightrium, Tuas Connection and West Park BizCentral respectively, the underlying 26 tenants at Solaris and the 7 single tenant properties (NK Ingredients, COS Printers, Beng Kuang Marine, Tellus Marine, KTL Offshore, Speedy-Tech and Technics Offshore).

[2] Inclusive of underlying tenants in Solaris

The top 10 tenants contributed 60.7% of the portfolio's monthly gross rental income.

No	Tenant	Property	% of Gross Rental Income
1	Soilbuild Group	Solaris & West Park BizCentral	24.2%
2	Technics Offshore Engineering Pte Ltd	Technics Offshore	11.1%
3	NK Ingredients Pte Ltd	NK Ingredients	6.6%
4	KTL Offshore Pte Ltd	KTL Offshore	4.7%
5	Nestle Singapore (Pte) Ltd	Eightrium	3.5%
6	Speedy-Tech Electronics Ltd	Speedy-Tech	2.5%
7	Dyson Operations Pte Ltd	West Park BizCentral	2.4%
8	Crown Worldwide Pte Ltd	West Park BizCentral	2.3%
9	DBS Bank Ltd	Eightrium	1.7%
10	Tellus Marine Engineering Pte Ltd	Tellus Marine	1.7%
	Total		**60.7%**

Including the underlying sub-tenants at Solaris, the top 10 tenants contributed to approximately 42.3% of the total portfolio gross rental income (see table below). Some of the top ten tenants in the portfolio include well-established MNCs, government bodies and household names such as SPRING Singapore, Nestle, Dyson and John Wiley & Sons.

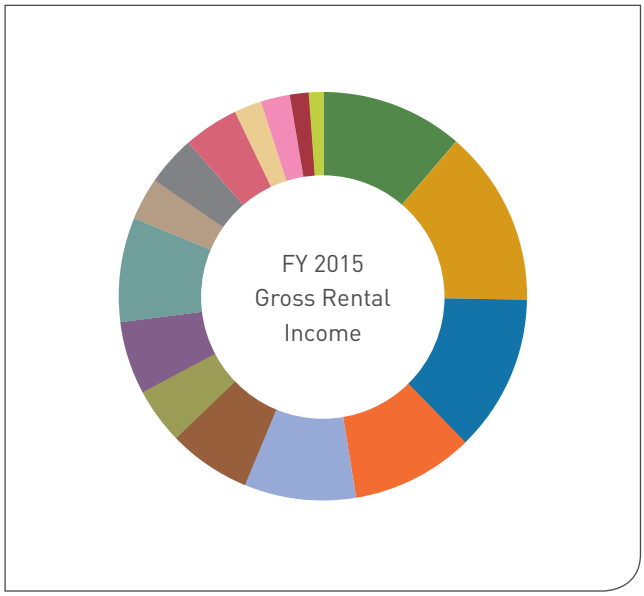
No	Tenant	Property	% of Gross Rental Income
1	Technics Offshore Engineering Pte Ltd	Technics Offshore	10.1%
2	NK Ingredients Pte Ltd	NK Ingredients Pte Ltd	6.1%
3	SPRING Singapore	Solaris	4.3%
4	KTL Offshore Pte Ltd	KTL Offshore	4.3%
5	Autodesk Asia Pte Ltd	Solaris	3.8%
6	Mediatek Singapore Pte Ltd	Solaris	3.4%
7	Nestle Singapore (Pte) Ltd	Eightrium	3.2%
8	John Wiley & Sons (Asia) Pte Ltd	Solaris	2.6%
9	Speedy-Tech Electronics Ltd	Speedy-Tech	2.3%
10	Dyson Operations Pte Ltd	West Park BizCentral	2.2%
	Total		**42.3%**

TRADE SECTOR ANALYSIS



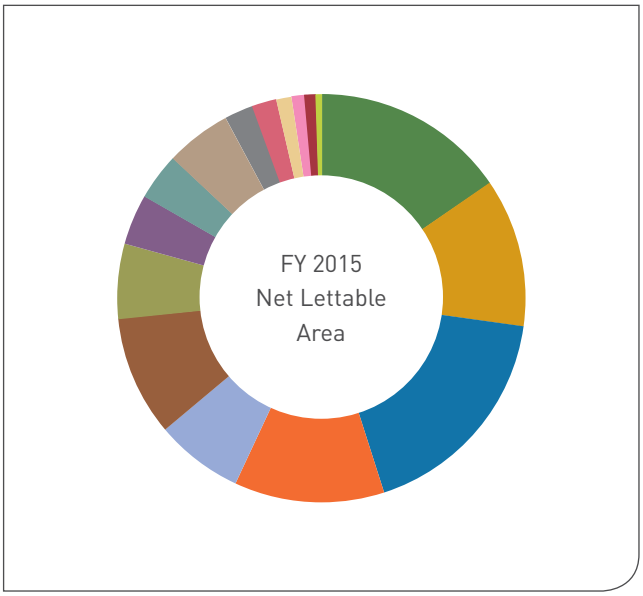
Diversification of the tenant base remains a key pillar of the portfolio's resilience. No single trade sector accounts for more than 14.0% of the portfolio monthly gross rental income. This clearly reduces portfolio concentration risk and provides greater stability for Soilbuild REIT. The charts below provide a breakdown of the different trade sectors by percentage of GRI and occupied NLA.

- **Trade Sectors by GRI**
  as at 31 December 2015



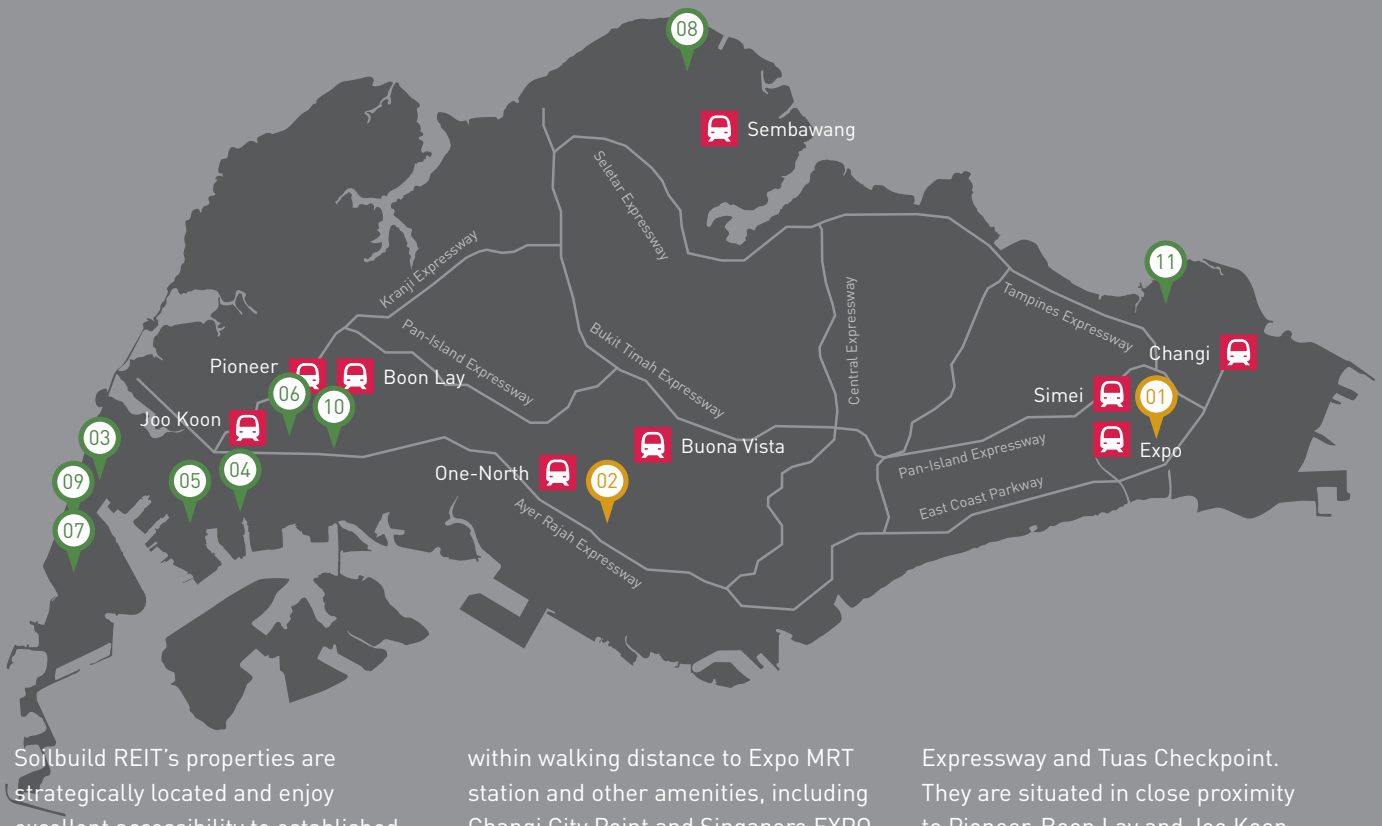
- 11% Marine Offshore
- 14% Oil & Gas
- 13% Precision Engineering, Electrical and Machinery Products
- 10% Chemicals
- 9% Electronics
- 6% Others
- 5% Fabricated Metal Products
- 6% Publishing, Printing & Reproduction of Recorded Media
- 8% Information Technology
- 3% Supply Chain Management, 3rd Party Logistics, Freight Forwarding
- 4% Food Products & Beverages
- 4% Government Agency
- 2% Telecommunication & Datacentre
- 2% Fabricated Metal Products Education & Social Services
- 2% Financial
- 1% Pharmaceutical & Biological

- **Trade Sectors by NLA**
  as at 31 December 2015



- 16% Marine Offshore
- 10% Oil & Gas
- 18% Precision Engineering, Electrical and Machinery Products
- 12% Chemicals
- 7% Electronics
- 10% Others
- 6% Fabricated Metal Products
- 4% Publishing, Printing & Reproduction of Recorded Media
- 4% Information Technology
- 5% Supply Chain Management, 3rd Party Logistics, Freight Forwarding
- 2% Food Products & Beverages
- 2% Government Agency
- 1% Telecommunication & Datacentre
- 1% Fabricated Metal Products Education & Social Services
- 1% Financial
- 1% Pharmaceutical & Biological

PORTFOLIO OVERVIEW



Soilbuild REIT's properties are strategically located and enjoy excellent accessibility to established infrastructure, facilities and amenities, including easy access to major expressways and major roads and close proximity to Mass Rapid Transit ("**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.

Seven of Soilbuild REIT's industrial properties, Tuas Connection, West Park BizCentral, NK Ingredients, COS Printers, Beng Kuang Marine, KTL Offshore and Speedy-Tech 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. They are situated in close proximity to Pioneer, Boon Lay and Joo Koon MRT stations. 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. Technics Offshore is located in Loyang Way, within Loyang Industrial Estate. It is well served by major expressways such as Pan Island Expressway and Tampines Expressway. The property has a jetty and an open yard which serves as a fully integrated Offshore Supply Base approved by Maritime and Port Authority.

SECTION CONTENTS

BUSINESS PARK PROPERTIES



01 **Eightrium**.....Page 26
NLA: 177,285 sq ft
Valuation: S$102.8 million



02 **Solaris**.....Page 28
NLA: 441,533 sq ft
Valuation: S$360.0 million

INDUSTRIAL PROPERTIES



03 **Tuas Connection**.....Page 32
NLA: 651,072 sq ft
Valuation: S$126.0 million



04 **West Park BizCentral**.....Page 34
NLA: 1,240,583 sq ft
Valuation: S$319.0 million



05 **NK Ingredients**.....Page 36
NLA: 312,375 sq ft
Valuation: S$62.0 million



06 **COS Printers**.....Page 37
NLA: 58,752 sq ft
Valuation: S$11.2 million



07 **Beng Kuang Marine**.....Page 38
NLA: 73,737 sq ft
Valuation: S$16.5 million



08 **Tellus Marine**[1].....Page 39
NLA: 77,162 sq ft
Valuation: S$15.7 million



09 **KTL Offshore**.....Page 40
NLA: 208,057 sq ft
Valuation: S$56.0 million



10 **Speedy-Tech**.....Page 41
NLA: 93,767 sq ft
Valuation: S$24.5 million



11 **Technics Offshore**.....Page 42
NLA: 203,468 sq ft
Valuation: S$97.0 million

Notes: [1] NLA and valuation exclude the construction of a new annex to Tellus Marine

BUSINESS PARK PROPERTIES

SOLARIS AWARDS

2015
Singapore Property Awards (Sustainable Development Category)

Asia Pacific Property Awards (Highly Commended Office Development Singapore)

BCA Green Mark Platinum Award (Renewed)

2014
Asia Green Building Awards (Commercial Buildings)

Landscape Excellence Assessment Framework ("LEAF")

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)

2010
Green Good Design Award for Architecture

2009
First Prize (Unbuilt Category) in Skyrise Greenery Awards

BCA Green Mark Platinum Award (New Buildings)

KEY STATISTICS
(AS AT 31 DECEMBER 2015)

Number of Properties
2

Gross Floor Area
765,646 sq ft

Number of Tenants
40

Gross Revenue (FY 2015)
S$26.6 million

Occupancy
100%

Valuation
S$462.8 million

% of Portfolio (by Valuation)
38.9%

TOP FIVE BUSINESS PARK TENANTS

	One	Two	Three	Four	Five
Tenant	SPRING SINGAPORE	AUTODESK ASIA PTE LTD	MEDIATEK SINGAPORE PTE LTD	NESTLE SINGAPORE (PTE) LTD	JOHN WILEY & SONS (ASIA) PTE LTD
Property	Solaris	Solaris	Solaris	Eightrium	Solaris
Tenant Trade Sector	Government Agency	Information Technology	Electronics	Food Products & Beverages	Publishing, Printing & Reproduction of Recorded Media
% of Gross Monthly Rental Income (as at 31 December 2015)	4.3%	3.8%	3.4%	3.2%	2.6%

TENANT TRADE SECTORS IN BUSINESS PARK (BY GRI)

as at 31 December 2015



01 EIGHTRIUM @ CHANGI BUSINESS PARK



ABOUT EIGHTRIUM

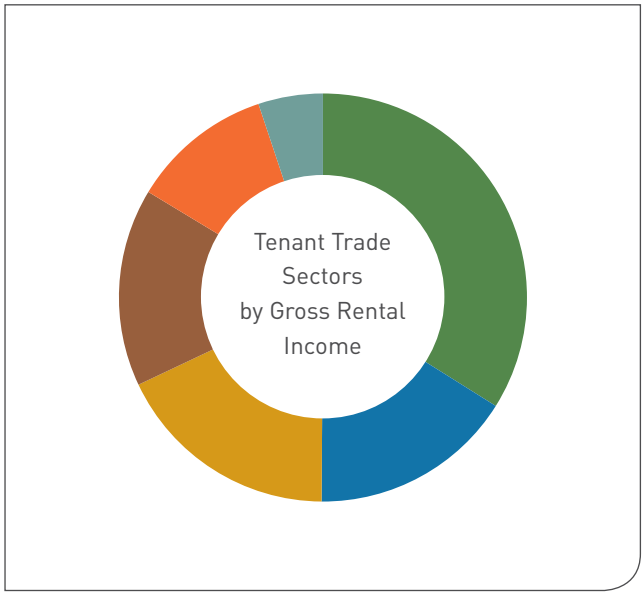
Eightrium @ Changi Business Park is a distinctive business park development suitable for both MNCs and SMEs in research development, high-technology and knowledge-intensive industries. It comprises an eight-storey east wing and a five-storey west wing interlinked by a five-storey atrium. Its east wing 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, food and beverage outlets, clinics, shopping centres, hotels 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 Central Business District ("**CBD**") and is well served by major arterial roads and transport networks such as the nearby East Coast Parkway, Pan Island Expressway and Singapore Expo MRT station.

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

TRADE SECTOR ANALYSIS

The chart below shows a breakdown of the different trade sectors represented in Eightrium @ Changi Business Park (as at 31 December 2015) by GRI.



- 34% Food Products & Beverages
- 16% Financial
- 16% Telecommunications & Datacentre
- 5% Precision Engineering, Electrical and Machinery Products
- 18% Education & Social Services
- 11% Information Technology



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%

Number of Tenants
14

FY 2015 Gross Rental Revenue
S$9.0 million

Valuation [2]
S$102.8 million

Purchase Price
S$ 91.4 million

Lease Type
Multi-tenanted

Notes

[1] Tenure of underlying land.

[2] Based on CBRE's valuation dated 31 December 2015.

02 SOLARIS

ABOUT SOLARIS

Solaris is an iconic state-of-the-art business park development designed to house MNCs and large corporates from the info-communications, media, 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 Park 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,



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



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 3,015 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
26

FY 2015 Gross Rental Revenue
S$17.5 million

Valuation [4]
S$360.0 million

Purchase Price
S$293.4 million

Lease Type
Master lease

the ASEAN Energy Awards in 2013, the Landscape Excellence Assessment Framework ("**LEAF**") and Asia Green Building Awards in 2014, and the Asia Pacific Property Awards and Singapore Property Awards in 2015.

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 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 all property-related expenses including the annual land rent (if applicable), property tax, insurance and maintenance costs.

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

PORTFOLIO OVERVIEW

INDUSTRIAL PROPERTIES

KEY STATISTICS
(AS AT 31 DECEMBER 2015)

Number of Properties

9

Gross Floor Area

3,049,912 sq ft

Number of Tenants

73

Gross Revenue (FY 2015)

S$52.7 million

Occupancy

96.1%

Valuation

S$727.9 million

% of Portfolio (by Valuation)

61.1%

WEST PARK BIZCENTRAL AWARDS

2015
Singapore Property Awards (Industrial Category)

Asia Pacific Property Awards (Best Industrial Development Singapore)

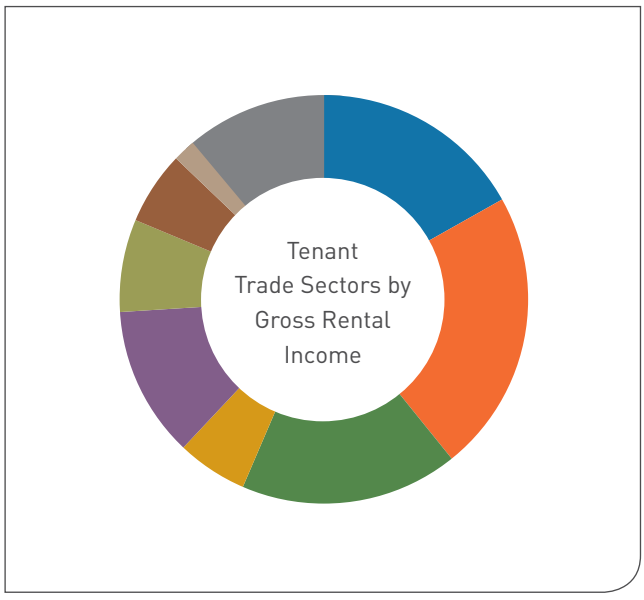
2010
BCA Green Mark Gold Award (New Buildings)

TOP FIVE INDUSTRIAL TENANTS

	One	Two	Three	Four	Five
Tenant	TECHNICS OFFSHORE ENGINEERING PTE LTD	NK INGREDIENTS PTE LTD	KTL OFFSHORE PTE LTD	SPEEDY-TECH ELECTRONICS LTD	DYSON OPERATIONS PTE LTD
Property	Technics Offshore	NK Ingredients	KTL Offshore	Speedy-Tech	West Park BizCentral
Tenant Trade Sector	Marine Offshore, Oil & Gas	Chemicals	Marine Offshore, Oil & Gas	Electronics	Precision Engineering, Electrical and Machinery Products
% of Gross Monthly Rental Income (as at 31 December 2015)	10.1%	6.1%	4.3%	2.3%	2.2%

TENANT TRADE SECTORS IN INDUSTRIAL PROPERTIES (BY GRI)

As at 31 December 2015



03 TUAS CONNECTION

ABOUT TUAS CONNECTION

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

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





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



TRADE SECTOR ANALYSIS

The chart below shows a breakdown of the different trade sectors represented in Tuas Connection (as at 31 December 2015) by GRI.



- 41% Precision Engineering, Electrical and Machinery Products
- 19% Marine Offshore
- 8% Oil & Gas
- 17% Fabricated Metal Products
- 9% Chemical
- 6% Others

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
93.5%

Number of Tenants
14

FY 2015 Gross Rental Revenue
S$10.8 million

Valuation [3]
S$126.0 million

Purchase Price
S$122.7 million

Lease Type
Multi-tenanted

Notes:
[1] Tenure of underlying land.
[2] NLA includes some dedicated common areas within tenants' compounds but does not constitute any part of GFA.
[3] Based on Colliers' valuation dated 31 December 2015.

04 WEST PARK BIZCENTRAL

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



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 hi-tech facility. The flexible layout of the ramp-up factory and the air-conditioned hi-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 hi-tech facility feature high ceiling height (floor to floor) of up to 9.1 metres and 5.0 metres, respectively.

Each ramp-up factory has direct access to its own dedicated parking lot, facilitating convenient loading and unloading. Furthermore, the 18 metre wide driveway runs through the entire development ensuring smooth traffic flow. Its roof gardens reduce heat gain and the expansive greenery and central courtyard help create an abundance of natural light.

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

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



TRADE SECTOR ANALYSIS

The chart below shows a breakdown of the different trade sectors represented in West Park BizCentral (as at 31 December 2015) by GRI.



- 27% Precision Engineering, Electrical and Machinery Products
- 6% Marine Offshore
- 9% Oil & Gas
- 5% Electronics
- 11% Fabricated Metal Products
- 14% Supply Chain Management, 3rd Party Logistics, Freight Forwarding
- 2% Food Products & Beverages
- 2% Chemicals
- 24% Others

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
94.2%

Number of Tenants
52

FY 2015 Gross Rental Revenue
S$23.5 million

Valuation [2]
S$319.0 million

Purchase Price
S$313.0 million

Lease Type
Multi-tenanted

Notes:
[1] Tenure of underlying land.
[2] Based on Colliers' valuation dated 31 December 2015.

05 NK INGREDIENTS

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
(paid by Master Lessee)

GFA (sq ft)
312,375

Occupancy Rate
100%

Number of Tenants
1

FY 2015 Gross Rental Revenue
S$4.9 million

Valuation [2]
S$62.0 million

Purchase Price
S$60.0 million

Lease Type
Master Lease



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 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 a bank guarantee 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.

Notes:
[1] Tenure of underlying land.
[2] Based on Colliers' valuation dated 31 December 2015.

06 COS PRINTERS



A THREE-STOREY FACTORY CUM WAREHOUSE BUILDING

ABOUT COS PRINTERS

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

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

MASTER LESSEE

COS Printers is leased to C.O.S Printers Pte. Ltd. as the Master Lessee. The initial lease term is 10 years from the acquisition date. A security deposit in the form of cash equivalent to 12 months' prevailing rent is held by Soilbuild REIT.

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

PROFILE SNAPSHOT

Address
9 Kian Teck Crescent
Singapore 628875

Acquisition Date
19 March 2013

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

Land Area (sq ft)
56,774

Land Rent
Land Premium paid upfront until 31 July 2023

GFA (sq ft)
58,752

Occupancy Rate
100%

Number of Tenants
1

FY 2015 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 Colliers' valuation dated 31 December 2015.

07 BENG KUANG MARINE

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

FY 2015 Gross Rental Revenue
S$1.1 million

Valuation [2]
S$16.5 million

Purchase Price
S$14.5 million

Lease Type
Master Lease



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 bank guarantee and a corporate guarantee equivalent to 12 months and six months, respectively, of the prevailing annual rental are 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.

Notes:
[1] Tenure of underlying land.
[2] Based on Colliers' valuation dated 31 December 2015.

08 TELLUS MARINE



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

ABOUT TELLUS MARINE

Tellus Marine (Phase 1) is a four-storey industrial facility which comprises production, warehouse, ancillary administrative area and dormitory accommodation. Tellus Marine (Phase 2) involves the construction of a single level facility which will complement the use of the existing building. Upon completion, the new facility will be 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 10 years from the acquisition date. A security deposit in the form of a bank guarantee 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
24 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

FY 2015 Gross Rental Revenue
S$1.2 million

Valuation
Phase 1: S$15.7 million [2]
Phase 2: S$3.5 million [3]

Purchase Price
Phase 1: S$14.6 million
Phase 2: S$3.4 million

Lease Type
Master Lease

Notes:
[1] Tenure of underlying land.
[2] Based on Colliers' valuation dated 31 December 2015.
[3] Based on CBRE's valuation dated 7 March 2014 for the purpose of the acquisition of the property.

09 KTL OFFSHORE



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

FY 2015 Gross Rental Revenue
S$3.7 million

Valuation [2]
S$56.0 million

Purchase Price
S$55.0 million

Lease Type
Master Lease

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 a bank guarantee 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.

Notes:
[1] Tenure of underlying land.
[2] Based on Colliers' valuation dated 31 December 2015.

10 SPEEDY-TECH



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

ABOUT SPEEDY-TECH

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

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

MASTER LESSEE

Speedy-tech is leased to Speedy-Tech Electronics Ltd. as the Master Lessee. The lease term is 10 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 from the parent company, Integrated Micro-Electronics, Inc. listed on the Philippines Stock Exchange, are 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

FY 2015 Gross Rental Revenue
S$1.8 million

Valuation [2]
S$24.5 million

Purchase Price
S$22.4 million

Lease Type
Master Lease

Notes:
[1] Tenure of underlying land.
[2] Based on Colliers' valuation dated 31 December 2015.

11 TECHNICS OFFSHORE

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

Occupancy Rate
100%

Number of Tenants
1

FY 2015 Gross Rental Revenue
S$4.7 million

Valuation [2]
S$97.0 million

Purchase Price
S$97.0 million

Lease Type
Master Lease

Vendor
Technics Offshore Engineering Pte. Ltd.



A FULLY-INTEGRATED OFFSHORE SUPPLY BASE APPROVED BY THE MARITIME AND PORT AUTHORITY.

ABOUT TECHNICS OFFSHORE

Technics Offshore is a fully integrated facility comprising of two blocks of three-storey and four-storey ancillary office, two high ceiling single-storey production facility, blasting and spray painting chamber, 200 capacity workers' dormitory and a jetty with 142 metres of sea frontage serving as a fully-integrated offshore supply base approved by the Maritime and Port Authority.

Technics Offshore 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.

MASTER LESSEE

Technics Offshore is leased to Technics Offshore Engineering Pte. Ltd. as the Master Lessee. The lease term is 15 years from the acquisition date. A security deposit in the form of bank guarantee equivalent to 18 months' of the prevailing annual rental and a corporate guarantee are held by Soilbuild REIT.

The rental escalation starting from the third year is calculated at 2.25% per annum over the preceding year's rent starting in the third year. As the Master Lease is structured as a triple net lease, the Master Lessee is further responsible for the following property-related expenses including the water frontage fee, property tax and maintenance costs.

Notes:
[1] Comprises leases of varying lease tenure from 24 years to 54 years. Includes an option for Soilbuild REIT to renew the land lease of the main plot for a further term of 18 years 5 months and 15 days upon expiry. All land leases collectively expire on 20 March 2038.
[2] Based on Colliers' valuation dated 31 December 2015.

CREATING RESULTS WITH YOU

We are pleased to be located at Tuas Connection, to have the exclusivity and flexibility in our operations. Not only is the team at Soilbuild REIT very professional and efficient in ensuring the operational efficiency of their buildings, their established performance and reputation provide us with sound confidence as their tenant. We look forward to many good years of collaboration.

Commentary by Harding Safety Singapore Pte Ltd (Tenant at Tuas Connection)

Sultan Ahmad Khan
Regional Director, Southeast Asia

For more information about Tuas Connection **refer to page 32**







FINANCIAL REVIEW

Soilbuild REIT was constituted as a private trust on 13 December 2012 and was established to hold the third party assets namely NK Ingredients, COS Printers and Beng Kuang Marine. Soilbuild REIT was formally admitted to the Official List of the SGX-ST on 16 August 2013 (the "**Listing Date**"). On the Listing Date, Soilbuild REIT completed the acquisition of Eightrium @ Changi Business Park, West Park BizCentral, Solaris and Tuas Connection.

Since listing, Soilbuild REIT completed the acquisitions of Tellus Marine, KTL Offshore, Speedy-Tech and Technics Offshore, bringing Soilbuild REIT's portfolio to 11 properties.


Solaris

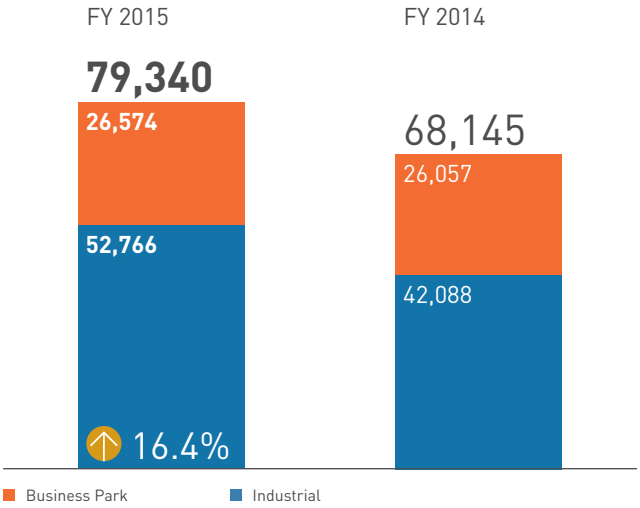
Statement of Total Return	Financial year ended 31 December 2015 [1] (S$'000)	Financial year ended 31 December 2014 (Attributable to REIT Unitholders and Private Trust Unitholders) (S$'000)	Financial year ended 31 December 2014 (Attributable to REIT Unitholders only) (S$'000)
Gross revenue	79,340	68,145	68,145
Property operating expenses	(11,563)	(10,783)	(10,783)
Net property income	**67,777**	**57,362**	**57,362**
Interest Income	643	18	18
Other Income [2]	-	367	-
Finance expenses	(13,490)	(9,676)	(9,676)
Manager's management fees	(6,442)	(5,477)	(5,477)
Trustee's fee	(196)	(185)	(185)
Other trust expenses	(1,168)	(879)	(883)
Net income	**47,124**	**41,530**	**41,159**
Net change in fair value of investment properties	4,535	901	901
Total return before distribution	**51,659**	**42,431**	**42,060**
Adjustment for the net effect of non-tax deductible items and other adjustments	6,208	7,742	8,109
Amount Available For Distribution	**57,867**	**50,173**	**50,169**

Notes:

(1) Only one set of financial statements attributable to the REIT Unitholders has been presented due to the finalisation of the private trust accounts.

(2) The statement of total return for the financial year ended 31 December 2014 included other income amounting to S$367,000 which represents income tax expense pertaining to the period prior to the Listing Date borne by the Sponsor and attributable to the Private Trust.

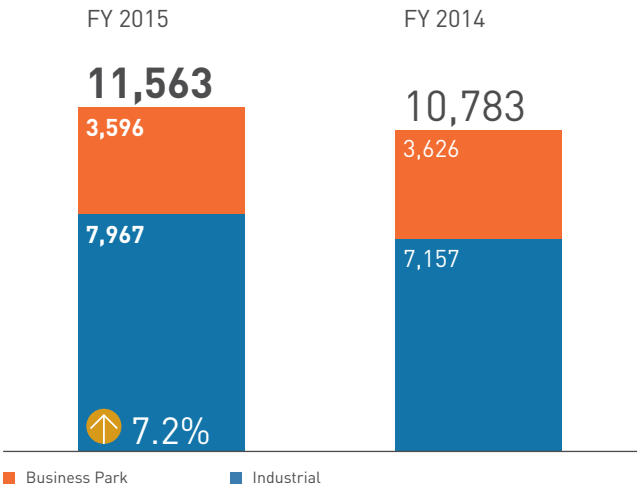
- **Gross Revenue** (S$'000)
  as at 31 December 2015



GROSS REVENUE

Gross revenue of S$79.3 million in FY 2015 was S$11.2 million or 16.4% higher than the gross revenue in FY 2014 mainly due to additional revenue contributed by the newly acquired properties in FY 2014 and FY 2015 including Technics, KTL Offshore, Speedy-Tech and Tellus Marine amounting to S$4.7 million, S$3.1 million, S$1.8 million and S$0.5 million respectively.

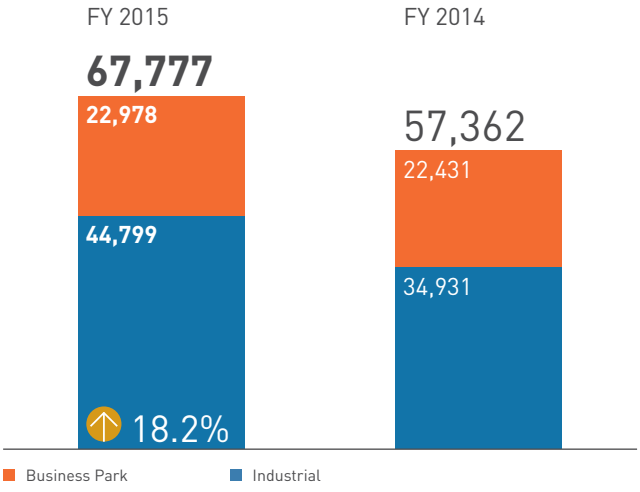
- **Property Operating Expenses** (S$'000)
  as at 31 December 2015



PROPERTY OPERATING EXPENSES

Property operating expenses of S$11.6 million were S$0.8 million or 7.2% higher in FY 2015 due to higher property tax and lease commissions for West Park BizCentral and property and lease management fees for newly acquired properties.

- **Net Property Income** (S$'000)
  as at 31 December 2015



NET PROPERTY INCOME

Soilbuild REIT's NPI was S$67.8 million for FY 2015. This was 18.2% higher than FY 2014 of S$57.4 million as a result of higher revenue and partially offset by higher property operating expenses.

FINANCIAL REVIEW

NET INCOME

Net income of S$47.1 million was S$6.0 million [1] or 14.5% [1] higher than FY 2014 mainly due to the higher NPI, partially offset by the following:

(a) Higher finance expenses mainly due to the increase in borrowings to finance the acquisition of 4 new properties in FY 2014 and FY 2015;

(b) Higher Manager's management fees due to the increase in annual distributable income and DPU which resulted in higher manager's base and performance fees; and

(c) Higher other trust expenses mainly due to establishment of the S$500 million Multicurrency medium term notes programme.

NET CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

Net change in fair value of investment properties for FY 2015 amounting to S$4.5 million includes mainly revaluation gains for Solaris, Beng Kuang Marine, Eightrium and Tellus Marine amounting to S$2.8 million, S$1.2 million, S$0.8 million and S$0.7 million respectively and partially offset by revaluation loss on Technics amounting to S$1.1 million.

NON-TAX DEDUCTIBLE/(CHARGEABLE) ITEMS AND OTHER ADJUSTMENTS

Non-tax deductible/(chargeable) 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 fees and net change in fair value of investment properties.

DISTRIBUTION HISTORY

Period	Payment Date	DPU cents
1 January 2015 to 31 March 2015	14 May 2015	1.633
1 April 2015 to 4 May 2015	28 May 2015	0.628
5 May 2015 to 30 June 2015	18 August 2015	0.987
1 July 2015 to 30 September 2015	18 November 2015	1.625
1 October 2015 to 31 December 2015	23 February 2016	1.614
Total		**6.487**

INCOME AVAILABLE FOR DISTRIBUTION AND DPU

The amount available for distribution for FY 2015 was S$57.9 million which was 15.3% above FY 2014 of S$50.2 million. This equates to DPU of 6.487 cents, representing 100% of distributable income and was also 4.7% higher than FY 2014 DPU of 6.193 cents.

This outperformance was due to NPI contributed by properties acquired in FY 2014 and FY 2015 and partially offset by higher finance expenses, manager's management fees and other trust expenses.

VALUATION

As at 31 December 2015, Soilbuild REIT's properties were valued at S$1,190.7 million by CBRE Pte Ltd and Colliers International Consultancy & Valuation (Singapore) Pte Ltd.

Property	Valuation as at 31 December 2015 (S$ million)
Business Park Buildings (Valued by CBRE Pte Ltd)	
Eightrium @ Changi Business Park	102.8
Solaris	360.0
Valuation of Business Park Buildings	**462.8**
Industrial Buildings (Valued by Colliers)	
Tuas Connection	126.0
West Park BizCentral	319.0
NK Ingredients	62.0
COS Printers	11.2
Beng Kuang Marine	16.5
Tellus Marine	15.7 [2]
KTL Offshore	56.0
Speedy-Tech	24.5
Technics	97.0
Valuation of Industrial Buildings	**727.9**
Total Portfolio	**1,190.7**

NET ASSET VALUE

As at 31 December 2015, Soilbuild REIT's NAV was S$0.80 per Unit (2014: S$0.80 per Unit). The adjusted NAV after excluding the distributable income payable for the fourth quarter of 2015 is S$0.78 per Unit. (2014: S$0.78 per Unit).

Notes:

[1] Compared with FY 2014 net income attributable to REIT unitholders only.

[2] Valuation excludes the value of the annex block to Tellus Marine which is currently under construction

PRUDENT CAPITAL MANAGEMENT

Soilbuild REIT has in place the following financing facilities:

(i) Senior Term Loan Facility of S$100.0 million

On 20 May 2014, Soilbuild REIT entered into a senior term loan facility amounting to S$100.0 million ("**TLF 1**") obtained from DBS Bank Ltd. ("**DBS Bank**"), The Hong Kong and Shanghai Banking Corporation Limited ("**HSBC**"), Oversea-Chinese Banking Corporation Limited ("**OCBC**") and United Overseas Bank Limited ("**UOB**").

S$15.0 million of the TLF 1 was drawn down on floating interest rates to finance the acquisition of Tellus Marine on 26 May 2014 ("**TLF 1 Drawdown**").

S$55.0 million of the TLF 1 was drawn down on floating interest rates to finance the acquisition of KTL Offshore on 31 October 2014 ("**TLF 1 Drawdown**").

S$23.5 million of the TLF 1 was drawn down on floating interest rates to finance the acquisition of Speedy-Tech on 23 December 2014 ("**TLF 1 Drawdown**").

S$4.0 million of the TLF 1 was drawn down on floating interest rates to partially finance the acquisition of Technics on 27 May 2015 ("**TLF 1 Drawdown"**).

The remaining S$2.5 million loan facility will be used to finance future acquisitions. TLF 1 is secured against West Park BizCentral and has a four year maturity term from the date of the facility agreement.

Soilbuild REIT has put in place interest rate swaps to fix the interest rates of 91.8% of borrowings under TLF 1 at a weighted average swap rate of 1.3% p.a. with a weighted average remaining swap maturity of 2.4 years.

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

Soilbuild REIT has a senior term loan facility amounting to S$185.0 million ("**TLF 2**") obtained from the DBS Bank, HSBC, OCBC, UOB, the Bank of East Asia, Limited, Singapore Branch and RHB Bank Berhad, Singapore Branch (the "**Lending Banks**").

TLF 2 was fully drawn down in September 2015 to refinance the remaining two tranches of the loan drawn down from the original S$285 million term loan facility on Listing Date.

TLF 2 is secured against Solaris and is repayable in March 2020.

Soilbuild REIT has put in place interest rate swaps to fix 100% of borrowings under TLF2 at a weighted average swap rate of 1.1% p.a. with a weighted average remaining swap maturity of 1.1 years.

(iii) MTN of S$100.0 million issued

Soilbuild REIT has established a S$500 million multicurrency MTN programme in April 2015 and has issued S$100 million of unsecured MTNs on 21 May 2015 which bear interest at 3.45% p.a. and mature on 21 May 2018.

The proceeds of the MTN were used to re-finance the first tranche of the loan drawn down from the original S$285 million term loan facility on Listing Date.

(iv) Interest-free loan from SB (Solaris) Investment Pte. Ltd. ("SB Solaris") of S$55.0 million

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

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

As at 31 December 2015, 97.9% of Soilbuild REIT's interest-bearing borrowings are fixed for a weighted average maturity of 1.8 years.

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.

	As at 31 December 2015	As at 31 December 2014
Gross Debt including deferred payments (S$ million)	437.5	373.5
Debt Facilities undrawn (S$ million)	2.5	11.5
Deposited Property (S$ million)	1,214.5	1,054.0
Aggregate Leverage (%)	36.0	35.4
Weighted Average term of debt (years)	3.2	2.1
Average All-in Interest Cost (%)	3.21	3.19
Interest Cover (times)	4.7 [1]	5.3

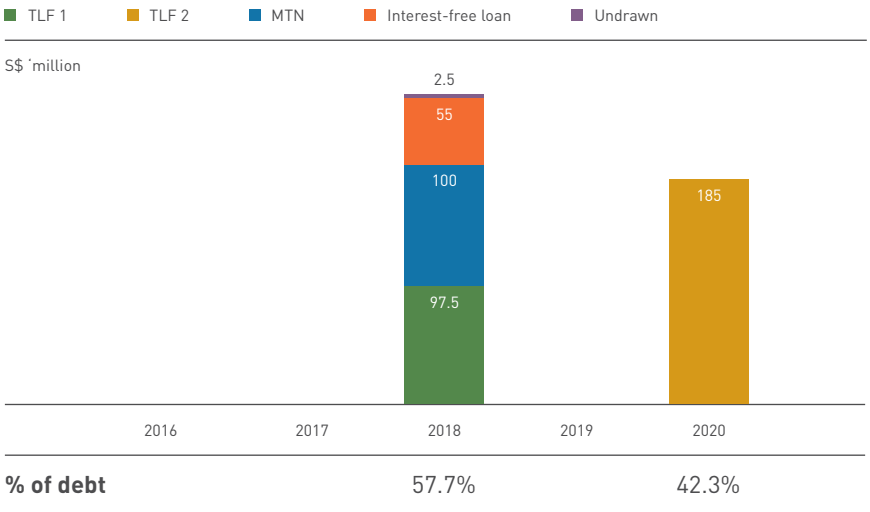
Notes:

[1] Interest coverage is computed based on FY 2015 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.



Total borrowings including a deferred payment as at 31 December 2015 stood at S$437.5 million, excluding any unamortised loan transaction costs, and has been drawn down from TLF 1, TLF 2, the MTN Programme and the interest-free loan from SB Solaris.

The debt maturity profile of Soilbuild REIT as at 31 December 2015 is as follows:



% of debt		57.7%		42.3%


Eightrium

As at 31 December 2015, the weighted average term of debt is 3.2 years with an average all-in interest cost of 3.21%. 97.9% of interest-bearing borrowings are at fixed rates. There is no refinancing requirement until FY 2018.

The aggregate leverage of Soilbuild REIT stood at 36.0% as at 31 December 2015. 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, with effect from 1 January 2016. Consequently, Soilbuild REIT has approximately S$80.0 million of debt headroom based on its internally defined aggregate leverage limit which it can utilise to fund further acquisitions.

As part of its proactive capital management strategy, the Manager will continue to optimise cost of debt financing 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) Maintaining an investment grade corporate credit rating to give flexibility and competitive pricing in future debt funding requirements;

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

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

CREDIT RATING

S&P assigned Soilbuild REIT an investment grade credit rating of BBB- on 22 January 2014 and subsequently re-affirmed the rating in June 2015.

RISK MANAGEMENT

Risk Management Framework

The Manager has developed a comprehensive risk management framework that enables the Board and Audit and Risk Committee ("**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 Enterprise-wide Risk Management ("**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

CAPITAL & RISK MANAGEMENT

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 the ARC on a quarterly basis or whenever it is deemed necessary.

The internal audit function of the Manager has been outsourced to PricewaterhouseCoopers ("**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.

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 80% 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 yield accretive and must 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 disclosures 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 2015, the Manager met up with 98 fund managers and analysts, and actively participated in 13 investor conferences and roadshows.

INVESTOR RELATIONS CALENDAR FY 2015

5 January 2015	DBS Pulse of Asia Conference 2015
4 March 2015	Bank of America Merrill Lynch ASEAN Conference 2015
18 to 23 March 2015	Non-Deal Roadshow by DBS and Religare (Hong Kong)
21 April 2015	Annual General Meeting
4 June 2015	Citi ASEAN Investor Conference
2 July 2015	Non-Deal Roadshow by Phillip Securities (Singapore)
15 July 2015	Post 2Q2015 Results Investor Luncheon by DBS
1 September 2015	Citi REITAS Singapore REITs & Sponsors Forum 2015
12 to 13 October 2015	Global Corporate Governance Conference
15 October 2015	Post 3Q2015 Results Investor Luncheon and Non-Deal Roadshow by Religare (Singapore)
16 October 2015	Non-Deal Roadshow by Religare (Hong Kong)
28 November 2015	SIAS Corporate Connect
1 December 2015	Phillip Capital-Asia Fund Consumer Day


Retail Investors Property Tour


SIAS Corporate Connect

INVESTOR RELATIONS

The Manager also made conscious efforts to engage more retail investors through large group seminars. During the year, we participated in the Securities Investors Association (Singapore) (SIAS) Corporate Connect, and conducted property tours and site visits to introduce investors to the high-quality business parks and industrial buildings in Soilbuild REIT's portfolio.



RESEARCH ANALYST COVERAGE

As at 31 December 2015, six international and local brokerage houses provided regular research coverage on Soilbuild REIT:

DBS Vickers Securities
Citi Investment Research
OCBC Investment Research
Religare Institutional Research
KGI Fraser Securities
Philip Securities Research

FINANCIAL CALENDAR

1st Quarter FY 2016	
Announcement of Financial Statements and Distribution for 1QFY 2016	April 2016
Annual General Meeting	21 April 2016
Payment of 1QFY 2016 distribution	May / June 2016
2nd Quarter FY 2016	
Announcement of Financial Statements and Distribution for 2QFY 2016	July 2016
Payment of 2QFY 2016 distribution	August / September 2016
3rd Quarter FY 2016	
Announcement of Financial Statements and Distribution for 3QFY 2016	October 2016
Payment of 3QFY 2016 distribution	November / December 2016
4th Quarter FY 2016	
Announcement of Financial Statements and Distribution for 4QFY 2016	January 2016
Payment of 4QFY 2016 distribution	February / March 2017

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

SB REIT Management Pte. Ltd.
25 Changi South Street 1
Singapore 486059
Tel: (65) 6542 2882
Fax: (65) 6415 4584
Email: sbreit_ir@soilbuild.com
Website: www.soilbuildreit.com

INDUSTRIAL MARKET RESEARCH COMMENTARY

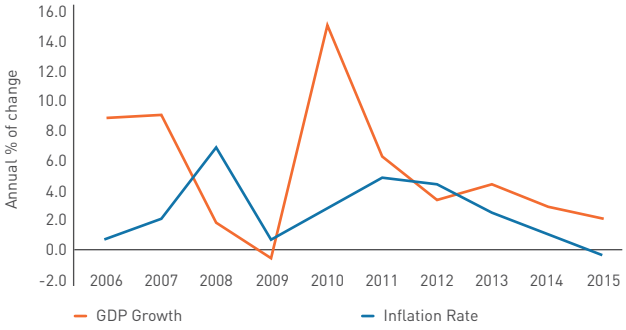
1 SINGAPORE ECONOMIC OVERVIEW

1.1 Singapore Economic Performance

Singapore registered a modest annual Gross Domestic Product ("**GDP**") growth of 2.0 per cent for the whole of 2015, mainly due to the muted performance of the manufacturing sector.

After three years of declining inflation rates, Singapore saw its first deflation since 2002 with a negative 0.5 per cent in 2015, largely attributed to lower oil prices, housing and car prices.

- **Exhibit 1-1: Singapore GDP Growth and Inflation Rates, 2006 - 2015**



Source: Ministry of Trade & Industry ("**MTI**"), Singstat, Knight Frank Research

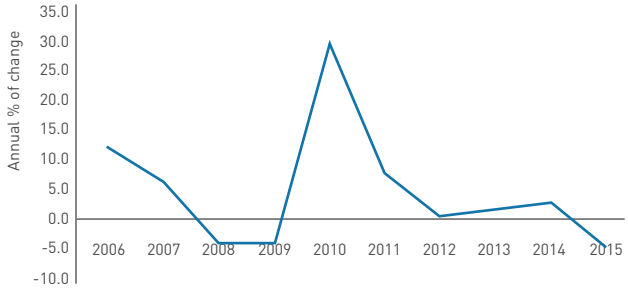
1.2 Manufacturing Output and Investment Commitments

Singapore's manufacturing sector saw an annual contraction of 5.2 per cent in 2015, compared to an annual expansion of 2.7 per cent in the preceding year (Exhibit 1-2).

All clusters, except chemicals, registered annual declines in output in 2015. The transport engineering cluster registered the highest annual contraction in output at 13.5 per cent. Despite a moderate 2.6 per cent annual decline from the biomedical manufacturing cluster, the medical technology segment within the cluster continued to enjoy strong growth in output with a 23.6 per cent annual increase in 2015. The petroleum segment within the chemicals cluster also saw an improvement from an annual decline of 8.5 per cent in 2014 to an annual growth of 8.5 per cent in 2015.

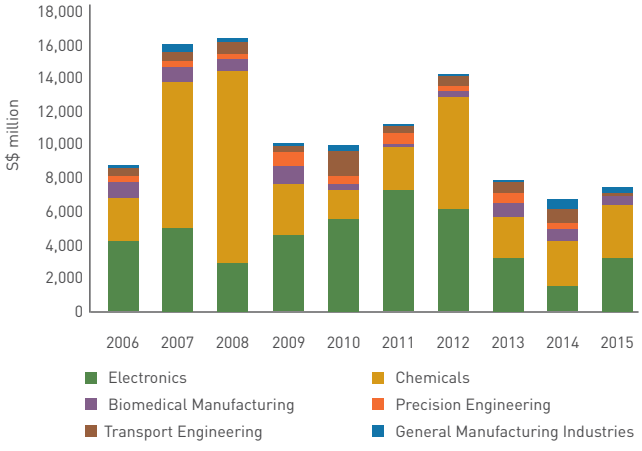
Notwithstanding soft manufacturing conditions, Singapore manufacturing fixed asset investment ("**FAI**") totalled S$8.30 billion in 2015, about 22.7 per cent higher than the FAI in 2014. The expansion was mainly attributed to the large annual injection of investment commitments in the electronics (97.6 per cent) and chemicals (37.4 per cent) clusters, which accounted for 39.3 per cent and 43.6 per cent of the total manufacturing FAI in 2015, respectively.

- **Exhibit 1-2: Singapore Index of Industrial Production, 2006 - 2015**



Source: Singstat, Knight Frank Research

- **Exhibit 1-3: Total Manufacturing Fixed Asset Investments (FAI), 2006 - 2015**



Source: Singstat, Knight Frank Research

1.3 Manufacturing Performance

Singapore's monthly manufacturing performance (released by the Economic Development Board ("**EDB**")) reported a 7.9 per cent year-on-year ("**y-o-y**") decline in December 2015 compared to a 5.5 per cent fall in November 2015.

All clusters, except biomedical manufacturing, posted y-o-y falls in December 2015. The transport engineering cluster experienced the largest y-o-y

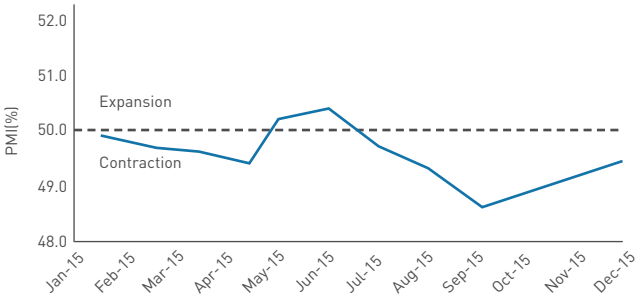
INDUSTRIAL MARKET RESEARCH COMMENTARY

decline by 26.4 per cent, mainly due to the decrease in output from the marine and offshore engineering segment (40.3 per cent y-o-y) amid the low oil price environment. Output from the electronics cluster fell by 12.4 per cent y-o-y despite an expansion in the electronic modules and components production segment. While the chemicals cluster saw healthy growth for ten consecutive months in 2015, it registered a marginal y-o-y decline of 0.3 per cent in December 2015 due to a contraction in the petrochemical segment arising from plant maintenance shutdown.

The biomedical manufacturing cluster was an outperformer, posting y-o-y growth of 16.2 per cent in December 2015 on the back of higher export demand from the medical technology segment (36.1 per cent y-o-y) and the expansion of the pharmaceutical segment (10.4 per cent y-o-y).

The Singapore Purchasing Managers' Index ("**PMI**") saw a slight improvement from 49.2 in November 2015 to 49.5 in December 2015. However, this reflects the sixth consecutive month of contraction in the manufacturing sector. The overall contraction in PMI was largely due to lower demand in new orders, new export orders and the production output. Input prices and employment continued to trend lower while stockholdings of finished goods and imports expanded.

- **Exhibit 1-4: Singapore Purchasing Managers' Index ("PMI"), January to December 2015**



Source: Singapore Institute of Purchasing & Materials Management ("**SIPMM**"), Knight Frank Research

1.4 Singapore Economic Outlook For 2016

Against the backdrop of rising macroeconomic volatility and stronger headwinds with market uncertainty, the economic outlook for Singapore remains cautious. The Ministry of Trade and Industry ("**MTI**") expects Singapore's economy to grow at a modest pace of one to three per cent in 2016, barring unforeseen macroeconomic and geopolitical circumstances.

Notwithstanding the stronger greenback and record-low oil prices that impacted manufacturing and export activities, the overall economy in the United States ("**US**") is expected to remain fairly firm, largely driven by domestic demand. Over in the East, China is likely to experience continuing economic headwinds as it seeks to rebalance its economy towards services and consumption-driven model amid the volatile equities market. Supported by the widely anticipated monetary easing in the Eurozone, private consumption is likely to improve and economic performance is projected to grow steadily, albeit at a slower pace in 2016 due to the weakening global demand that could impact export prospects in the Eurozone.

Singapore's economic performance will continue to be influenced by macroeconomic conditions, with the export-oriented industries such as manufacturing and wholesale trade sectors being most susceptible. Investors and industrialists in the manufacturing sector are expected to take on a cautious stance in monitoring market developments. While general manufacturing, chemicals, precision engineering, and electronics clusters could see less favourable business conditions ahead, growth in the biomedical manufacturing cluster is anticipated particularly in the pharmaceutical and medical technology segments with new product innovations and strong export demand.

At the domestic front, labour-intensive industries such as retail and food services are likely to grapple with high operating costs and business consolidation at least for the first half of 2016 due to the prevailing labour crunch situation, while the low oil prices take a toll on rig building activities in the marine and offshore segment, albeit less intensive than in 2015.

2 GOVERNMENT POLICIES FOR INDUSTRIAL PROPERTY MARKET

2.1 Revised Third Party Facilities Providers ("3PFPs") Policy by JTC Corporation ("JTC")

JTC has revised their policies for Third Party Facilities Providers ("**3PFPs**"), where land has been leased through Third-Party Build & Lease ("**B&L**") or Sale & Lease-Back ("**S&LB**") schemes. The respective changes took effect on 1 October 2015.

Reduced gross floor area ("**GFA**") requirement by anchor subtenants

JTC has reduced the required minimum GFA to 1,000 sq m from the initial 1,500 sq m, in recognition that many quality subtenants require smaller spaces than the initial minimum space quantum specified in the policy. This will allow more quality industrialists to qualify as anchor subtenants and thus, improving the opportunity for master tenants to achieve healthy occupancy rates.

Anchor Subtenants which remain status quo at renewal need not be reassessed

Existing anchor subtenants at renewal will now be required for reassessment only when there is a change (i.e. an increase or decrease) in their occupied GFA and/or usage. This will help to improve administrative efficiency and convenience for all parties involved. However, applications will still have to be submitted for extensions of subletting period.

Minimum occupation period of anchor subtenant upon renewal

After the policy review, JTC has introduced greater flexibility for both original and subsequent anchor subtenants (i.e. replacement of the original anchor subtenants). Subject to JTC approval, these anchor subtenants will be allowed to renew for any duration (depending on their business needs) after they have fulfilled their initial Minimum Occupation Period ("**MOP**"). With this revision, it reduces regulatory rigidity on these anchor subtenants and allows them to have greater flexibility in accordance to their business needs.

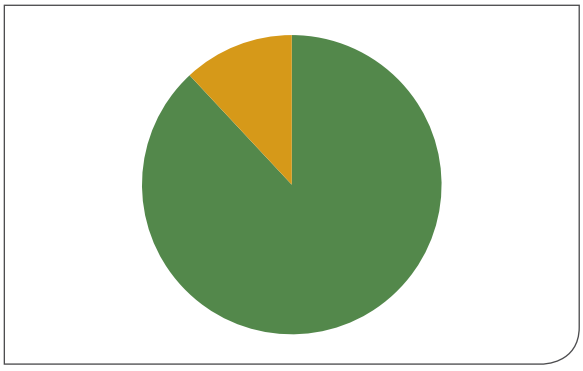
3 REVIEW OF SINGAPORE INDUSTRIAL PROPERTY MARKET

3.1 Overview of Industrial Property Stock

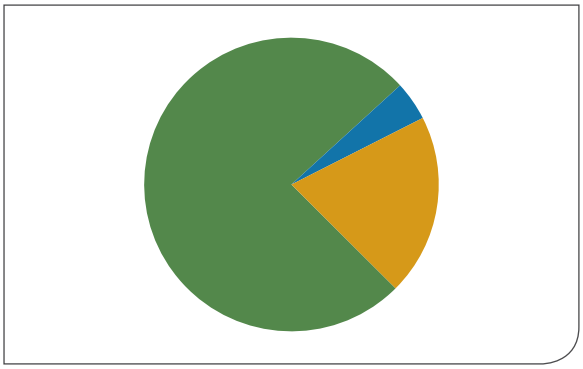
As at 2015, the total island-wide industrial stock is about 478.5 million sq ft (44.5 million sq m) of Net Lettable Area ("**NLA**"). Public industrial space accounted for 12 per cent of the total stock with the majority composition from the private sector. The three main types of industrial spaces are Factory, Business Park and Warehouse constituting 76 per cent, 4 per cent and 20 per cent of the total stock respectively.

Business Park available stock saw the highest annual increase of 10.1 per cent to reach 20.6 million sq ft (1.9 million sq m). The total stock for Factory space rose by 3.0 per cent to 362.3 million sq ft (33.7 million sq m); while Warehouse space increased by 5.6 per cent to 95.6 million sq ft (8.9 million sq m) in 2015.

- **Exhibit 3-1: Total Industrial Stock in Singapore ('000 sq ft net), 2015**



88% Private **12%** Public



76% Factory **20%** Warehouse
4% Business Park

Source: JTC, REALIS, Knight Frank Research

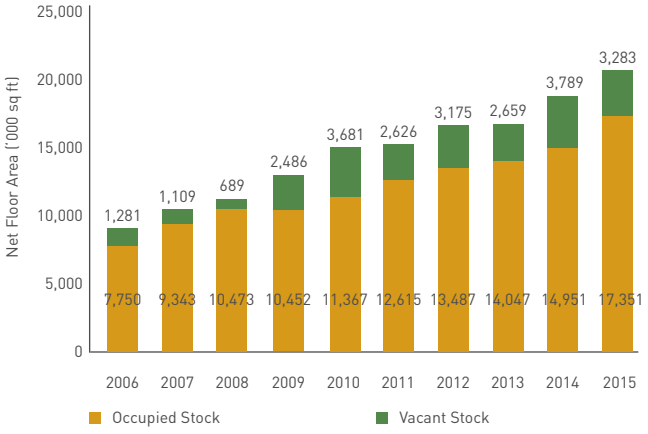
INDUSTRIAL MARKET RESEARCH COMMENTARY

3.2 Private and Public Business Parks

3.2.1 Existing Stock

As at Q4 2015, island-wide occupied stock increased by a notable 16.1 per cent to reach 17.4 million sq ft (1.6 million sq m), while vacant stock saw a 13.4 per cent decline in 2015. This is attributed to healthy take-up by companies with qualified trades who have relocated from offices to business parks as part of their cost savings strategy.

Exhibit 3-2: Occupied and Vacant Stock of Business Park, 2006 - 2015



Source: REALIS, Knight Frank Research

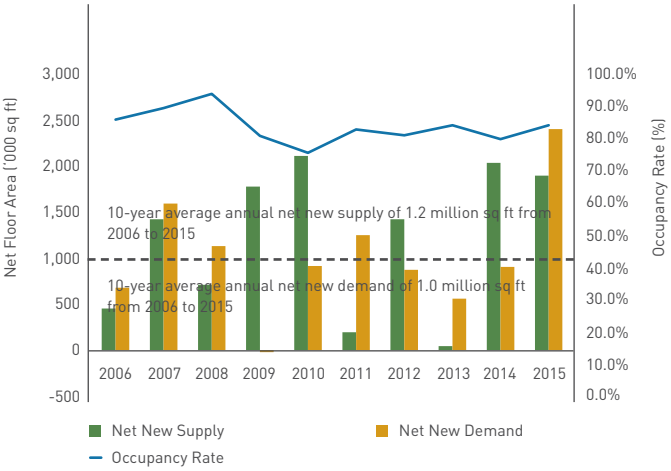
3.2.2 New Supply, New Demand and Occupancy

Net new supply for business park space stood at 1.9 million sq ft (176,000 sq m) in 2015, a 6.9 per cent y-o-y decline from 2.0 million sq ft (189,000 sq m) in 2014. This is about 57.1 per cent higher than the ten-year average annual net new supply of about 1.2 million sq ft (112,000 sq m) between 2006 and 2015 period.

The net new demand of business park space stood at 2.4 million sq ft (223,000 sq m) in 2015, a substantial 165.5 per cent annual increase from the previous year, and 133.5 per cent higher than 10-year average annual net new demand of 1.0 million sq ft (96,000 sq m) from 2006 to 2015 period.

Progressive tenant relocations to both existing and new business park space has contributed to an improvement in island-wide occupancy to reach 84.1 per cent in 2015, with net new demand exceeding net new supply by 26.7 per cent in the year.

Exhibit 3-3: New Supply, New Demand and Occupancy Rate of Business Park Space, 2006 – 2015



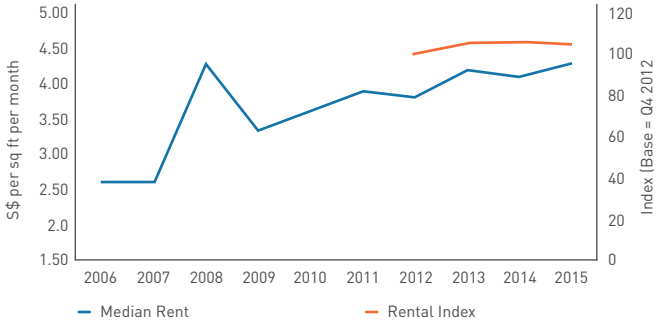
Source: REALIS, Knight Frank Research

3.2.3 Rents

Island-wide median rents of business park space saw an improvement of 4.9 per cent y-o- y to S$4.29 per sq ft per month ("**psf pm**") in Q4 2015. However, the JTC Rental Index for Business Park (which takes into account island-wide rental transactions of business park space) posted a marginal y-o-y decline by 1.2 per cent.

The higher occupancy translated to rental increases in business park space particularly those with good location and building specifications, while those located in less accessible locations with dated specifications faced greater downward pressure in rentals. On the back of the challenging business environment and in a bid to save business costs, tenants with qualifying trades viewed business park space as a viable and cheaper alternative compared to the relatively higher office rents in the Central Business District ("**CBD**"). Major corporations such as Google will be moving to Mapletree Business City II ("**MBCII**"). Coupled with the existing limited new business park space, rents in preferred business park developments are demonstrating greater stability or upward movement.

Exhibit 3-4: Median Rent and JTC Rental Index of Business Park Space, as at Q4 2015



* Median rents are based on island-wide actual rental transactions and as at fourth quarter of each corresponding year

** JTC Rental Index of business park space only available from Q4 2012 onwards

Source: REALIS, Knight Frank Research

Exhibit 3-5: Monthly Rents (S$ per sq ft per month) of Business Park Space Island-wide

Period	Minimum (S$)	25th Percentile (S$)	Median (S$)	75th Percentile (S$)	Maximum (S$)
Q1 2014	3.10	3.90	4.19	4.58	10.01
Q2 2014	2.99	3.80	4.16	4.36	6.40
Q3 2014	2.86	3.80	4.00	4.33	5.60
Q4 2014	3.00	3.80	4.09	4.31	6.10
Q1 2015	3.30	3.80	4.00	4.31	5.90
Q2 2015	3.50	3.90	4.17	4.68	5.80
Q3 2015	2.91	3.82	4.11	4.36	5.60
Q4 2015	3.00	4.07	4.29	4.85	5.60

Source: REALIS, Knight Frank Research

3.2.4 Major Upcoming Projects

Based on JTC's Q4 2015 quarterly market report, all known business park developments is slated for completion by end of 2016.

Exhibit 3-6: Selected Major Upcoming Business Park Developments in 2016

Project Name / Type	Street Name	Planning Region	Developer	Total Floor Space in Project (sq ft, GFA)
Ascent	Science Park Drive	Central	Ascendas Land (S) Pte Ltd	509,240
Business park development	Ayer Rajah Crescent	Central	SHINE Systems Assets Pte Ltd	230,670
Business park development	Vista Exchange Green	Central	BP-Vista LLP	154,462
Mapletree Business City II	Pasir Panjang Road	Central	Mapletree Business City Pte Ltd	1,116,862

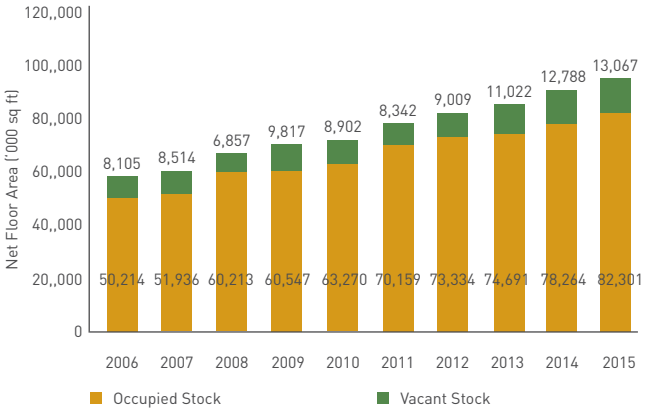
Source: REALIS, Knight Frank Research

3.3 Private Multiple-user Factory

3.3.1 Existing Stock

The available stock of private multiple-user factory totalled 95.4 million sq ft (8.9 million sq m) NLA in 2015, a 4.7 per cent increase from the preceding year. Total occupied stock grew 5.2 per cent to reach 82.3 million sq ft (7.6 million sq m) in 2015. Meanwhile, vacant stock for multiple-user factory space grew by a marginal 2.2 per cent to 13.1 million sq ft (1.2 million sq m), albeit with a significantly lower annual growth from 2014 which saw a 16.0 per cent annual increase.

Exhibit 3-7: Occupied and Vacant Stock of Private Multiple-user Factory, 2006 - 2015



Source: REALIS, Knight Frank Research

INDUSTRIAL MARKET RESEARCH COMMENTARY

3.3.2 New Supply, New Demand and Occupancy

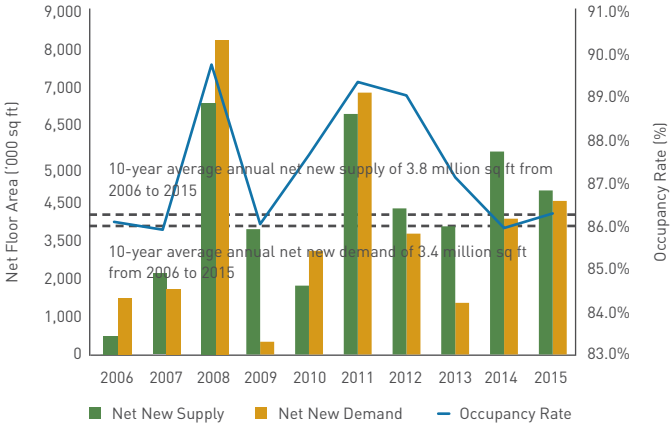
Net new supply reached 4.3 million sq ft (401,000 sq m) NLA in 2015, largely due to completions of smaller multiple-user factory space during the year. Although this is 19.2 per cent lower compared to that of 2014, the net new supply in 2015 is about 15.0 per cent higher than the ten-year average annual net new supply of 3.8 million sq ft (349,000 sq m) between 2006 and 2015.

Net new demand of private multiple-user factory space significantly slowed with the segment experiencing an annual growth rate of 13.0 per cent to reach 4.0 million sq ft in 2015, a large gap from the 163.5 per cent annual growth in the preceding year. In view of expected economic headwinds and to remain financially sustainable, industrialists could have placed their business expansion plans on hold, resulting in a lower demand for factory spaces.

Despite a lower growth in net new demand during the year, occupancy rate improved marginally to 86.3 per cent in 2015. A narrowing gap of net new supply exceeding net new demand is observed from 49.4 per cent in 2014 to 6.9 per cent in 2015, indicating a relatively healthy absorption of private multiple-user factory space.

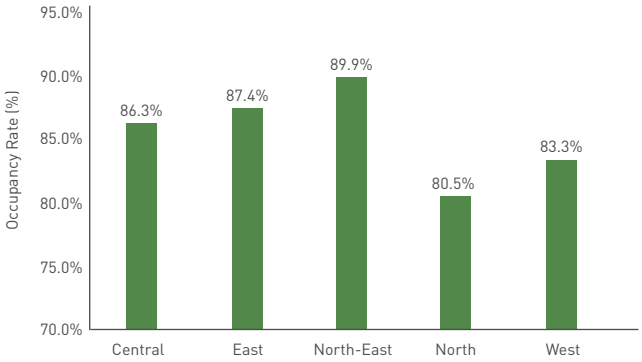
As at Q4 2015, North-East Planning Region registered the highest occupancy at 89.9 per cent while the North Planning Region saw the lowest occupancy at 80.5 per cent.

Exhibit 3-8: New Supply, New Demand and Occupancy Rate of Private Multiple-user Factory, 2006 - 2015



Source: REALIS, Knight Frank Research

Exhibit 3- 9: Occupancy Rates of Private Multiple-user Factory by Planning Regions, as at Q4 2015



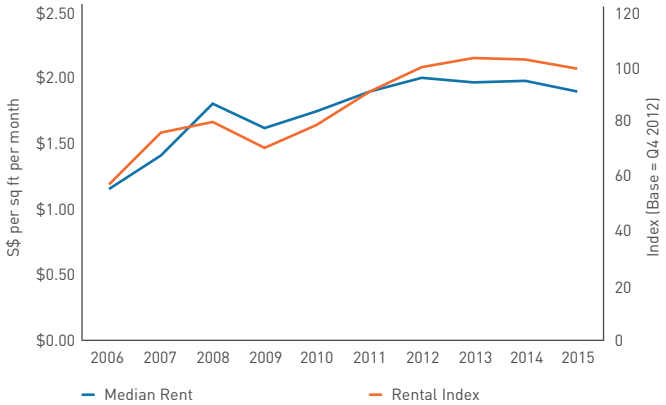
Source: REALIS, Knight Frank Research

3.3.3 Rents

Island-wide median rents of private multiple-user factory space slipped 4.0 per cent y-o-y to S$1.90 psf pm in Q4 2015, while the JTC Rental Index for multiple-user factory saw a 3.3 per cent decline during the same period.

As at Q4 2015, multiple-user factory rents in all planning regions registered y-o-y declines, with the highest y-o-y decrease of 11.3 per cent in the North-East Region, while the Central Region experienced a moderate 0.3 per cent y-o-y fall. During the same period, rents in North, West and East Regions fell by 2.2 per cent, 5.7 per cent and 8.0 per cent respectively.

Exhibit 3-10: Median Rent and JTC Rental Index of Private Multiple-user Factory, as at Q4 2015



* Median rents are based on island-wide actual rental transactions and as at fourth quarter of each corresponding year

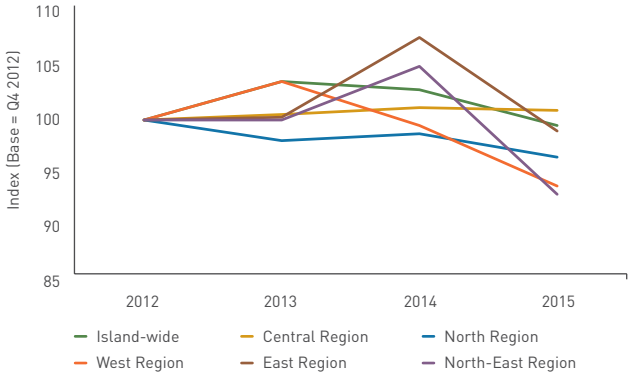
Source: REALIS, Knight Frank Research

- **Exhibit 3-11: Monthly Rents (S$ per sq ft per month) of Private Multiple-user Factory Spaces, Q1 2014 – Q4 2015**

Period	Minimum (S$)	25th Percentile (S$)	Median (S$)	75th Percentile (S$)	Maximum (S$)
Q1 2014	0.62	1.66	2.00	2.47	9.29
Q2 2014	0.89	1.64	1.98	2.43	4.95
Q3 2014	0.90	1.66	1.91	2.40	5.00
Q4 2014	0.87	1.69	1.98	2.40	5.35
Q1 2015	0.87	1.65	1.95	2.38	5.30
Q2 2015	0.92	1.60	1.90	2.27	5.60
Q3 2015	0.86	1.53	1.88	2.28	4.65
Q4 2015	0.71	1.57	1.90	2.35	4.99

Source: REALIS, Knight Frank Research

- **Exhibit 3-12: JTC Rental Indices of Multiple-user Factory by Planning Regions, 2012 - 2015**



* Data as at fourth quarter of each corresponding year

Source: JTC, Knight Frank Research

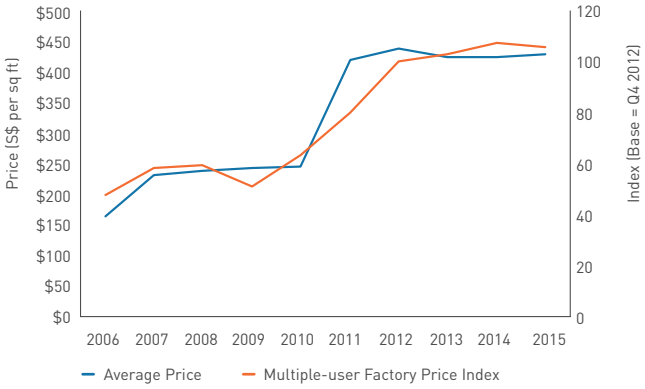
Before 4th Quarter 2014, the rental index is computed based on transactions of multiple-user factories and multiple-user warehouses in the Central region, with weights updated every quarter using past 12 quarters transaction values. From 4th Quarter 2014, the rental index is computed based on island-wide transactions of multiple-user factories, single-user factories, business parks and warehouses. The weights used are fixed using 2012 transaction values. The rental index is also re-scaled to 100 at 4th Quarter 2012. Due to rounding, there could be some differences in the quarterly rental index change compared to the rental index before re-scaling

3.3.4 Prices

A total of 687 caveats [1] were lodged in 2015 for multiple-user factory space (upper floor strata-titled factory units), a 32.8 per cent fall from the previous year and registering the lowest transaction volume on an annual basis since the implementation of Seller's Stamp Duty ("**SSD**") in 2013.

Amid the low transaction volume, the island-wide average price of upper-floor strata-titled factory units increased by 0.8 per cent y-o-y to S$429 per sq ft ("**psf**") in Q4 2015. This is mainly attributed to the high-priced transaction of freehold Primax industrial development (269 sq ft) at S$604 psf, as well as a larger proportion of 60-year leasehold and freehold resale transactions during the period.

- **Exhibit 3-13: JTC Price Index and Average Prices* of Multiple-user Factory Spaces, 2006 – 2015**



* Price transactions are based on units on upper floors only and as at fourth quarter of each year

Source: REALIS (as at 19 Jan 2016), Knight Frank Research

3.3.5 Major Upcoming Projects

- **Exhibit 3-14: Selected Major Upcoming Private Multiple-user Factory Developments in 2016**

Project Name / Type	Street Name	Planning Region	Developer	Total Floor Space in Project (sq ft, GFA)
ACE @ Buroh	Buroh Crescent	West	OKH Buroh Pte Ltd	475,800
E9 Premium	Woodlands Industrial Park E9	Central	Incorporated Woodlands Pte Ltd	451,400
Interlocal Building	Pasir Panjang Road	Central	Interlocal Exim Pte Ltd	380,000
Mapex	Jalan Pemimpin	Central	Sarafield Investments Pte Ltd	245,800
T99	Tuas South Avenue 10	West	Soon Hock Group Pte Ltd	596,900
The Index	Tuas South Avenue 3	West	Grow-Tech Properties Pte Ltd	596,400
West Connect Building	Buroh Street	West	Publique Realty (Jurong) Pte Ltd	737,100

Source: JTC, Knight Frank Research

Notes: [1] Based on caveats lodged from REALIS as at 19 January 2016

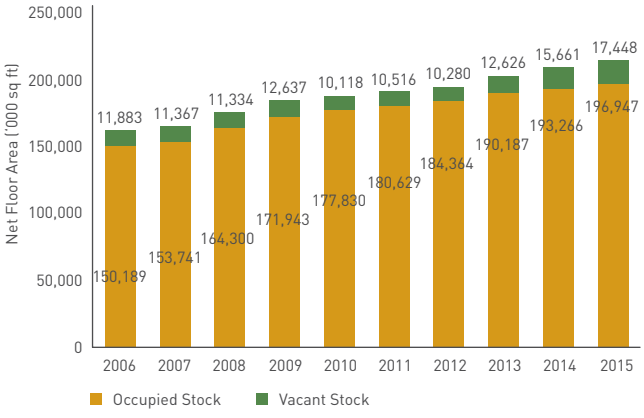
INDUSTRIAL MARKET RESEARCH COMMENTARY

3.4 Private Single-user Factory

3.4.1 Existing Stock

Total available stock of private single-user factory is approximately 214.4 million sq ft (19.9 million sq m) NLA in 2015, representing a marginal increase of 2.6 per cent from the preceding year. Occupied stock grew at a modest rate of 1.9 per cent to reach 196.9 million sq ft (18.3 million sq m) by the end of 2015. Vacant stock for private single-user factory space rose by an annual rate of 11.4 per cent in 2015 to 17.4 million sq ft (1.6 million sq m), albeit a slower growth rate compared to 2014 which saw a notable 24.0 per cent growth.

- **Exhibit 3-15: Occupied and Vacant Stock of Private Single-user Factory, 2006 - 2015**



Source: REALIS, Knight Frank Research

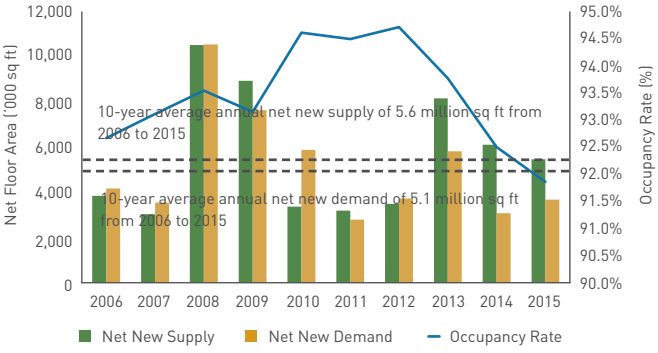
3.4.2 New Supply, New Demand and Occupancy

Net new supply of private single-user factory totalled around 5.5 million sq ft (508,000 sq m) NLA in 2015, a decline of 10.6 per cent from the preceding year. The annual net new supply in 2015 is about 2.7 per cent lower than the ten-year average net new supply of 5.6 million sq ft (521,900 sq m) for the period between 2006 and 2015.

Net new demand of private single-user factory aggregated 3.7 million sq ft (342,000 sq m), a notable 19.6 per cent annual increase in 2015 after recovering from a 47.1 per cent annual decline in net new demand in 2014. With the net new supply exceeding net new demand since 2013, occupancy for private single-user factory continued to trend downwards and slipped 0.6 percentage points ("**ppt**") to 91.9 per cent in 2015.

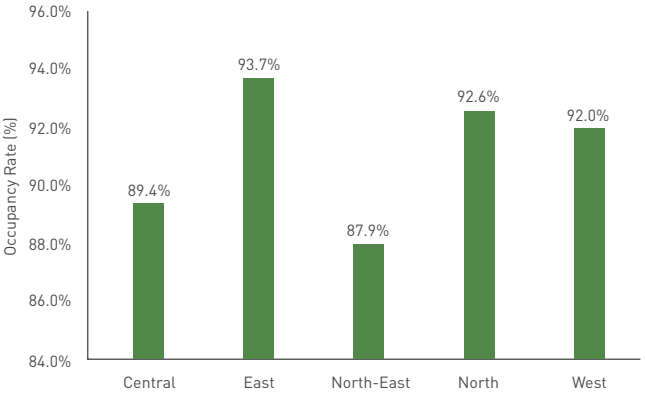
As at Q4 2015, the East Planning Region enjoyed the highest occupancy of 93.7 per cent, while North-East Region registered the lowest occupancy among the five planning regions at 87.9 per cent.

- **Exhibit 3-16: New Supply, New Demand and Occupancy Rate of Private Single-user Factory, 2006 - 2015**



Source: REALIS, Knight Frank Research

- **Exhibit 3-17: Occupancy Rates of Private Single-user Factory by Planning Region, as at Q4 2015**

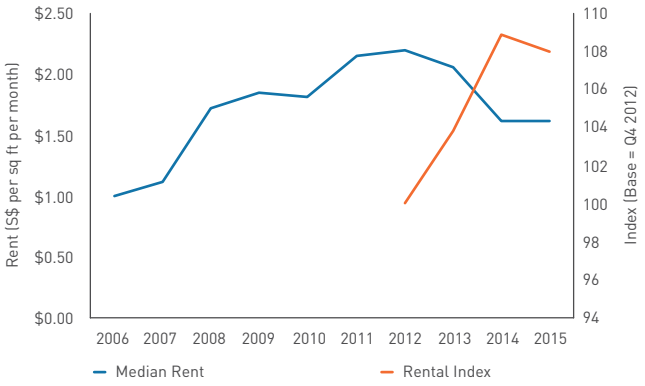


Source: REALIS, Knight Frank Research

3.4.3 Rents

Island-wide median rents of private single-user factory space remained unchanged at S$1.61 psf pm in Q4 2015, while the JTC Rental Index slipped 0.8 per cent y-o-y during the same period.

Exhibit 3-18: Median Rent and JTC Rental Index of Private Single-User Factory, as at Q4 2015



* Median rents are based on island-wide actual rental transactions and as at fourth quarter of each corresponding year

** Rental index for private single-user factory space is only available from Q4 2012 onwards

Source: REALIS, Knight Frank Research

Exhibit 3-19: Monthly rents (S$ per sq ft per month) of Private Single-User Factory Spaces, Q1 2014 – Q4 2015

Period	Minimum (S$)	25th Percentile (S$)	Median (S$)	75th Percentile (S$)	Maximum (S$)
Q1 2014	0.47	1.64	2.10	3.11	10.65
Q2 2014	0.64	1.60	2.00	2.73	4.86
Q3 2014	0.74	1.62	2.05	2.73	4.62
Q4 2014	1.00	1.42	1.61	1.97	3.30
Q1 2015	1.05	1.50	1.60	1.85	3.30
Q2 2015	1.00	1.46	1.60	1.99	3.80
Q3 2015	0.99	1.41	1.61	1.94	3.99
Q4 2015	0.92	1.45	1.61	1.88	3.81

Source: REALIS, Knight Frank Research

3.4.4 Major Upcoming Projects

Exhibit 3-20: Selected Major Upcoming Single-user Factory Developments in 2016

Project Name / Type	Street Name	Planning Region	Developer	Total Floor Space in Project (sq ft, GFA)
Single-user factory	Depot Road	Central	Mapletree Industrial Trust Management Ltd	824,600
Single-user factory	Tampines Avenue 10	East	Reebonz Pte Ltd	568,400
Single-user factory	Woodlands Avenue 12	North	Global Switch Property (S) Pte Ltd	392,000
Single-user factory	Yishun Industrial Park A	North	ASM Technology Singapore Pte Ltd	384,500
Single-user factory	Senoko South Road	North	Kong Hwee Iron Works & Construction Pte Ltd	269,100
Single-user factory	Senoko Drive	North	Chuan Lim Construction & Engineering	268,900
Single-user factory	Riverside Road	North	DataCentre One Pte Ltd	250,200
Single-user factory	Yung Ho Road	West	Singapore Telecommunications Ltd	231,100
Single-user factory	Penjuru Road	West	Mencast Marine Pte Ltd	215,300
Single-user factory	Tuas South Avenue 5	West	Shell Eastern Petroleum Pte Ltd	213,000

Source: JTC, Knight Frank Research

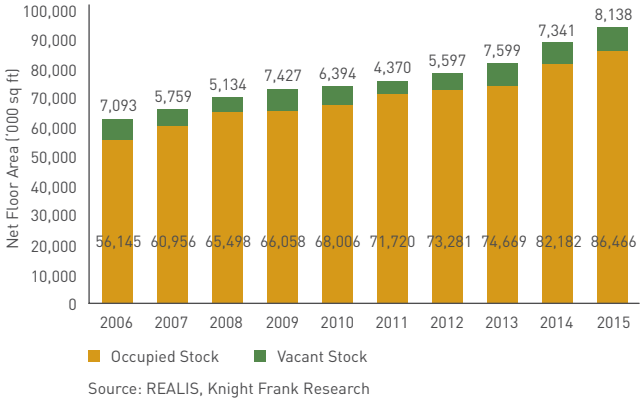
3.5 Private Single-user and Multiple-user Warehouse

3.5.1 Existing Stock

Total existing stock for private warehouses reached 94.6 million sq ft (8.8 million sq m) NLA, a 5.7 per cent increase from the preceding year. Occupied stock expanded from 82.2 million sq ft (7.6 million sq m) NLA in 2014 to 86.5 million sq ft (8.0 million sq m) in 2015, reflecting a 5.2 per cent annual growth. Vacant stock increased by 10.9 per cent to reach 8.1 million sq ft (756,000 sq m) in 2015, after a reduction of 3.4 per cent in vacant stock in 2014.

INDUSTRIAL MARKET RESEARCH COMMENTARY

Exhibit 3-21: Occupied and Vacant Stock of Single-user and Multiple-user Warehouses, 2006 - 2015



Source: REALIS, Knight Frank Research

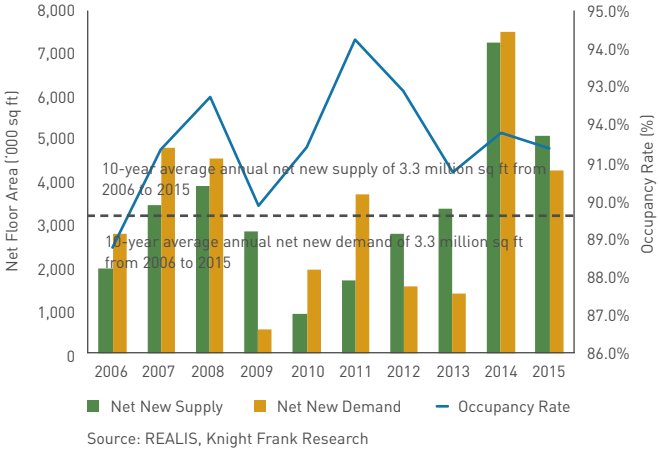
3.5.2 New Supply, New Demand and Occupancy

Net new supply for private warehouses saw a notable annual fall of 30.0 per cent to 5.1 million sq ft (472,000 sq m) in 2015. This is about 55.0 per cent above the ten-year average annual net new supply between 2006 and 2015 period.

Net new demand for private warehouses registered a 43.0 per cent annual decline to 4.3 million sq ft (398,000 sq m) NLA in 2015, which is about 29.0 per cent above the ten-year average annual net new demand of 3.3 million sq ft (307,700 sq m). Island-wide occupancy slipped 0.4 ppt to reach 91.4 per cent during the year of 2015.

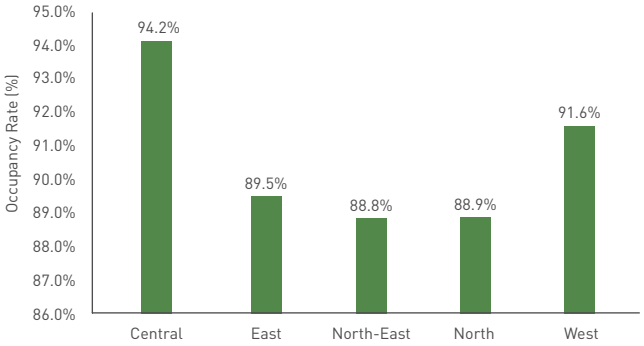
As at Q4 2015, the Central Region has the highest occupancy rate at 94.2 per cent, while the North-East Region registered the lowest occupancy rate at 88.8 per cent.

Exhibit 3-22: New Supply, New Demand and Occupancy Rate of Single-user and Multiple-user Warehouses, 2006 - 2015



Source: REALIS, Knight Frank Research

Exhibit 3-23: Occupancy Rates of Private Single-user and Multiple-user Warehouse by Planning Region, as at Q4 2015

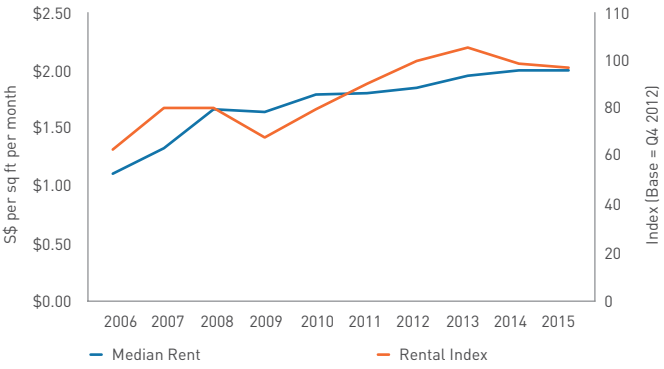


Source: REALIS, Knight Frank Research

3.5.3 Rents

As at Q4 2015, median rents of island-wide warehouse space remained unchanged from the previous year and reported an estimated S$2.00 psf pm. JTC Warehouse Rental Index, which takes into account island-wide warehouse rental transactions, saw a slight decline of 1.6 per cent y-o-y in 2015 from the previous year. The extent of decline in 2015 has narrowed compared to the 6.3 per cent y-o-y fall observed in 2014.

Exhibit 3-24: Median Rents and JTC Rental Index of Warehouse Space, as at Q4 2015



Source: JTC, REALIS, Knight Frank Research

- **Exhibit 3-25: Monthly Rents (S$ per sq ft per month) of Private Warehouses, Q1 2014 – Q4 2015**

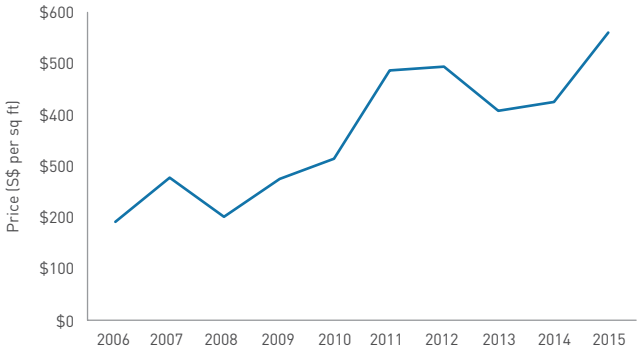
Period	Minimum (S$)	25th Percentile (S$)	Median (S$)	75th Percentile (S$)	Maximum (S$)
Q1 2014	0.80	1.60	1.95	2.30	3.83
Q2 2014	0.50	1.70	2.00	2.35	4.00
Q3 2014	0.90	1.69	1.97	2.32	4.00
Q4 2014	1.00	1.65	2.00	2.51	3.80
Q1 2015	0.96	1.75	2.10	2.62	4.20
Q2 2015	1.00	1.70	1.98	2.43	4.22
Q3 2015	1.03	1.68	2.01	2.50	4.38
Q4 2015	1.05	1.70	2.00	2.59	3.90

Source: JTC, REALIS, Knight Frank Research

3.5.4 Prices

Island-wide average price for private warehouse transactions (upper-floor units) is about S$561 psf in Q4 2015, representing an increase of 32.1 per cent y-o-y. A total of 43 caveats were lodged for upper-floor warehouse units for the whole of 2015, a notable 30.6 per cent fall from the preceding year. All caveats lodged in 2015 were from the resale market.

- **Exhibit 3-26: Average Prices* of Multiple-user Warehouse Space, 2006 – 2015**



* Price transactions are based on units on upper floors only and as at fourth quarter of each year

Source: REALIS (as at 19 Jan 2016), Knight Frank Research

3.5.5 Major Upcoming Projects

- **Exhibit 3-27: Selected Major Upcoming Private Warehouses in 2016**

Development Type	Location	Planning Region	Developer	Estimated GFA (sq ft)
Warehouse	Sungei Kadut Street 2	North	World Furnishing Hub Pte Ltd	274,000
Warehouse	Tagore Lane	North-East	M-7 Corporation Holding Pte. Ltd.	115,000
Warehouse	Jurong West Street 23	West	Supply Chain City Pte Ltd	1,406,000
Warehouse	Toh Guan Road East	West	Mapletree Logistics Trust Management Ltd	683,000
Warehouse	Penjuru Lane	West	Lee Huat Yap Kee Pte Ltd	305,000
Warehouse	Penjuru Lane	West	Asia Enterprises (Private) Limited	234,000
Warehouse	Jalan Ahmad Ibrahim	West	Pepperl + Fuchs (Mfg) Pte Ltd	191,000
Warehouse	Tuas South Street 11	West	Ho Lee Construction Pte Ltd	158,000
Warehouse	Penjuru Road	West	Kim Heng Marine & Oilfield Pte Ltd	147,000
Warehouse	Tuas South Street 11	West	Tiong Aik Construction Pte Ltd	108,000

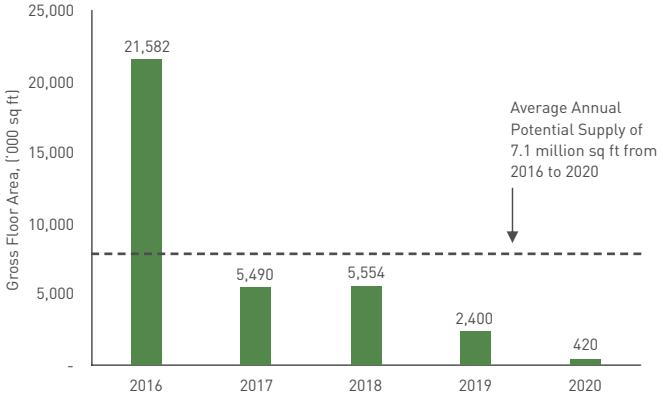
Source: JTC, Knight Frank Research

3.6 Upcoming Supply

As at Q4 2015, an estimated 35.4 million sq ft (3.3 million sq m) Gross Floor Area ("**GFA**") of private factory space (including business parks) is slated for completion by 2020. The bulk of upcoming supply of 21.6 million sq ft (2.0 million sq m) or about 60.9 per cent of the total upcoming supply will be ready by end of 2016. This supply is three times above the average annual potential supply of 7.1 million sq ft (658,600 sq m) during the five-year period between 2016 and 2020.

INDUSTRIAL MARKET RESEARCH COMMENTARY

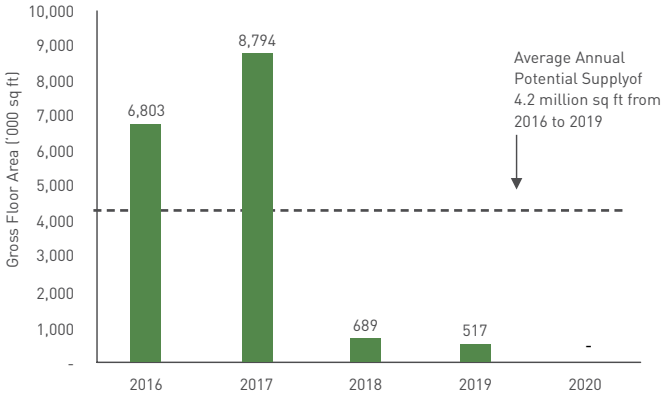
Exhibit 3-28: Upcoming Supply of Private Factory Space, by Expected Year of Completion as at Q4 2015



Source: REALIS, Knight Frank Research

An estimated 16.8 million sq ft (1.6 million sq m) GFA of private warehouse space is expected to be ready by 2019. For 2016 alone, about 6.8 million sq ft (0.6 million sq m) constituting 40.5 per cent of the total upcoming supply is slated for completion. This is 61.9 per cent higher than the average annual potential supply of private warehouse space, which is about 4.2 million sq ft (390,000 sq m) over a four-year period between 2016 and 2019.

Exhibit 3-29: Upcoming Supply of Private Warehouse, by Expected Year of Completion as at Q4 2015



Source: REALIS, Knight Frank Research

4 INDUSTRIAL MARKET OUTLOOK

Meeting the rising needs of new key manufacturing niches

While Singapore undergoes economic restructuring and establishes new niches for future opportunities of emerging industries and higher-value added manufacturing clusters, more new industrial spaces with better building specifications and designs are introduced in recent years to meet the increasing spatial needs of key growing industries such as 3D printing technology, Chemicals, Pharmaceutical, Medical and Biomedical manufacturing segments.

Business parks as alternative to prime office spaces for qualifying tenants

With a projected healthy demand from business spaces from a growing pool of qualifying trades such as technology, media and telecommunications ("**TMT**"), medical technology and e-commerce, the outlook for business park segment is expected to be moderately optimistic.

Some potential tenants are expected to continue seeking out and relocate to recently completed and upcoming business park developments, preferring this option as a viable and cheaper alternative to office spaces. Where no known new supply of business park space is projected beyond 2016, occupancy is likely to stay healthy especially for better- designed and well-located business park developments, with island-wide occupancy potentially ranging between 80.0 to 85.0 per cent, while rents are expected to grow by 2 to 3 per cent annually in 2016.

Private factory segment face challenges with a moderated manufacturing outlook

In the face of continuing business restructuring to remain sustainable, industrialists would be exercising greater prudence in terms of business expansion plans in the near term. With an anticipated large upcoming new private factory supply completing by end-2016, rental and price performance of private factory spaces are likely to face downside risks should demand for private factory space stay flat or decline.

The transaction volume of multiple-user factory units is expected to remain subdued this year. With a potential injection of over 6.6 million sq ft (616,000 sq

m) GFA of new multiple- user factory spaces in 2016, average prices of strata-titled industrial space is likely to remain flat for the first half of 2016 and trend downwards by between 1 and 2 per cent by end of 2016. It is envisaged that average rents for multiple-user factory space is likely to slip marginally in the range of 1 to 3 per cent y-o-y decline by end of 2016, barring unforeseen macroeconomic circumstances and policy changes.

The demand for single-user factory spaces is expected to be fairly moderated for 2016. Sublet tenants will have more options, given the wider availability of industrial spaces in the market. However, with most of these sublet tenants preferring to be located near their supporting trades and avoid incurring high relocation costs, it is expected that there will be minimal movements and rents will remain flat in this segment for this year.

Expanding e-commerce activities set higher momentum for logistics and warehousing industry

The warehousing and logistics segment is set to remain as one of industrial property market's key engines of growth, as Singapore establishes itself as one of the global logistics hubs. The fast-expanding e-commerce retailing industry that requires efficient logistics and warehousing support to carry out its business operations presents another growth opportunity for the warehouse segment.

Notwithstanding a large injection of upcoming new warehouse space, occupancy is likely to remain fairly healthy as most of the new warehouse space is expected to mainly cater to single-user types. Rental movement of warehouse space is projected to remain flat or to grow modestly by 1 to 2 per cent y-o-y by end of 2016.

5 LIMITING CONDITIONS

This Report is subject to the following limiting conditions:

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b) It disclaims all responsibility and will accept no liability to any other party.

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f) Projections or forecasts in the course of the study are made to the best of the Knight Frank's judgment. However, Knight Frank's disclaims any liability for these projections or forecasts as they pertain to future market conditions, which may change due to unforeseen circumstances.

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TRUSTED PARTNER TO YOU

As a technology company with a focus on precision engineering, every detail in our advanced motor manufacturing facility in West Park matters. The team in Soilbuild REIT has been helpful in working with Dyson to ensure that our requests are looked into as quickly as possible when needed. For example, when we needed additional space, the team was very accommodating and helped us work out a solution. It's great that the management team has been so supportive and it has been a pleasure working with them.

Commentary by Dyson Operations Pte Ltd (Tenant at West Park BizCentral)

Peter Teo
General Manager

For more information about West Park **refer to page 34**





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 recognises the importance of 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, Solaris, an iconic building in our portfolio which scores high on sustainability 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 allow a rich biodiversity while providing open space for tenants to interact with nature; and
- Interior lighting system which works on sensors and switches off automatically when there is adequate daylight, reducing energy consumption. In advocating good green practices, electronic waste recycling bins are placed at our Business Park properties, Solaris and Eightrium, and rainwater is collected for flushing purposes. The light fittings in the basement carparks are also regularly reviewed and converted into energy-saving lighting.

West Park BizCentral was also awarded the BCA Greenmark Gold award.

ENVIRONMENTAL EFFORTS

Apart from 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.

TALENT AND EMPLOYEE DEVELOPMENT

The Manager recognises that employees are its most valuable resources and is committed to professional development and providing challenging opportunities whilst cultivating a balanced work-life environment for all employees.

In order to better attract talented individuals, Soilbuild Group focuses on identifying fresh graduates through scholarships and internships opportunities. The Group participated in the BCA-Industry Built Environment Undergraduate Scholarship program to offer potential

SUSTAINABILITY REPORT

candidates a chance to pursue their career in the built environment. Collaborating with BCA and local and overseas academic institutions, internship opportunities are also given to promising students, where interns with impressive performance may then be considered for full-time positions in the organisation. In order to better retain and motivate these talents, the Group has also initiated a staff mentorship programme designed to enhance their personal growth.

The Group also understands the importance of broadening the skillsets of its employees, and emphasise on operational safety, especially in the built environment industry. Regular trainings and skill-enhancement programmes were set up to provide property managers with the relevant expertise to better manage the properties in our portfolio.

As part of the employee wellness programme, various initiatives were implemented to foster work-life balance and to ensure their well-being. For instance, the Group provided free health talks and screenings to all employees during the haze period.

COMMUNITY INVOLVEMENT

Beyond active sustainability practices, the Manager recognises the importance of corporate social responsibility. In FY 2015, the Manager contributed to the SGX Bull Charge Run and One-North Run with beneficiaries including Asian Women's Welfare Association (AWWA), Autism Association, Fei Yue Community Services, Shared Services for Charities, Singapore Children Society (SCS) and the Movement for the Intellectually Disabled of Singapore (MINDS).

SGX Bull Charge Run 2015



One-North Run 2015



RESPONSIBILITY TOWARDS OUR STAKEHOLDERS

The Manager values corporate transparency and strives to uphold high standards of corporate governance and disclosure, in accordance to the principle and guidelines of the Code of Corporate Governance 2012.

In addition, the Manager places high emphasis on regular engagement of investors, analysts, media and the general public through its investor relations initiatives set out in pages 51-52.

CORPORATE GOVERNANCE

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

The Manager is committed to maintaining high standards of corporate governance and business integrity in line with the 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 (the "**SGX-ST**") 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 ("**MAS**") (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 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 Audit & Risk Committee (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 2015 to 31 December 2015, as well as the attendance of their membership, are as follows:

	Board Meetings		Audit & Risk Committee Meetings	
Name of Directors	**No. of meetings**	**Attendance**	**No. of meetings**	**Attendance**
Mr Chong Kie Cheong	6	6	4	4
Mr Ng Fook Ai Victor	3[1]	3	2[1]	2
Mr Benedict Andrew Lim Wee Yong	3[2]	2	2[2]	2
Mr Michael Ng Seng Tat	6	6	4	4
Mr Lim Chap Huat	6	6	N.A.	N.A.
Mr Ho Toon Bah	6	6	N.A.	N.A.
Ms Lim Cheng Hwa	6	6	N.A.	N.A.

[1] Mr Ng Fook Ai Victor was appointed as a Director on 22 May 2015.

[2] Mr Benedict Andrew Lim Wee Yong resigned on 7 May 2015.

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 of the training of the Directors will be borne by the Manager.

During the year, the Board was updated on the MAS' response to the consultation paper dated October 2014 on Enhancements to the Regulatory Regime Governing REITs and REIT managers released by MAS.

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:

CORPORATE GOVERNANCE

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

The Board currently consists of six Non-Executive Directors, three of whom are independent. This composition complies with the Code's requirement that at least one-third of the Board should comprise Independent Directors, where the Chairman of the Board is independent. This enables 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 Management through a robust exchange of ideas and views to help shape the strategic process.

As at 31 December 2015, the Board members are:

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 14 of this Annual Report.

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

The Chairman is an independent director and half the Board comprises independent directors. This allows the Directors to engage in robust deliberations with Management and provide external, diverse and objective insights into issues brought before the Board. Further, such composition and separation of the roles of the Chairman and the CEO provides oversight to ensure that Management discharges its roles 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 Board 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 Board 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 Board 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 Management.

CORPORATE GOVERNANCE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

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. 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 Management work together with integrity and competence, and that the Board engages 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.

Based on the current scale of operations of the Manager, the Board does not consider it necessary to establish a nominating committee as the Board performs the functions that a nominating committee would otherwise perform, namely, it administers nomination to the Board, reviews the structure, size and composition of the Board and reviews the independence of the Directors. 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 Board 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 Board conducts an annual review to assess the independence of each Director, the performance of the Board as a whole, and the contribution of each Director to the effectiveness of the Board. The Board 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. Details of such directorships and other principal commitments of the Directors may be found on pages 12 to 14. 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.

For FY 2016, the Manager has established a Nominating and Remuneration Committee ("**NRC**") in March 2016, comprising Mr Michael Ng Seng Tat (NRC Chairman), Mr Ng Fook Ai Victor (NRC Member) and Ms Lim Cheng Hwa (NRC Member).

CORPORATE GOVERNANCE

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 2015.

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.

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.

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

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

All Directors have separate and independent access to the Management, the Company Secretary, as well as the internal and external auditors at all times. The Company Secretary (and/or her nominees) attend 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.

CORPORATE GOVERNANCE

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.

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

Based on the current scale of operations of the Manager, the Board is of the view that it is not necessary to form a dedicated Remuneration Committee. The Manager submits all material remuneration policy matters to the Board for review and determination. The Board may also from time to time appoint a sub-committee within or outside the Manager to assist the Board in the discussion and recommendation for matters relating to employee remuneration and similar issues.

From FY 2016 onwards, remuneration policy matters will be under the purview of the NRC; its establishment stated in Principle 4.

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

Specifically, the Board, with the assistance of the Sponsor's human resource function:

- establishes compensation polices for key executives;

CORPORATE GOVERNANCE

- 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 to advise as required.

In determining the actual quantum of remuneration, the Board had taken into account the extent to which the performance conditions have been met, and is of the view that remuneration is aligned to performance during FY 2015.

Directors are only paid basic fees for their board and board committee membership. 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,

CORPORATE GOVERNANCE

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 2015 are as follows:

Board members	Membership	S$'000
Mr Chong Kie Cheong	Chairman, Independent Non-Executive Director and Audit & Risk Committee Member	70
Mr Ng Fook Ai Victor[1]	Independent Non-Executive Director and Audit & Risk Committee Chairman	37
Mr Benedict Andrew Lim Wee Yong[2]	Independent Non-Executive Director and Audit & Risk Committee Chairman	21
Mr Michael Ng Seng Tat	Independent Non-Executive Director and Audit & Risk Committee Member	40
Mr Ho Toon Bah	Non-Executive Director	40
Mr Lim Chap Huat	Non-Executive Director	40
Ms Lim Cheng Hwa	Non-Executive Director	40
		288

[1] Mr Ng Fook Ai Victor was appointed as a Director on 22 May 2015.

[2] Mr Benedict Andrew Lim Wee Yong resigned on 7 May 2015.

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	64%	36%	Nm[1]
Shane Hagan[2]	100%	–	Nm[1]

[1] Nm – Not meaningful

[2] Shane Hagan's last day of service with the Manager as the Chief Executive Officer was 30 October 2015.

Although Guidelines 9.2 and 9.3 of the Code recommend the disclosure of the full remuneration of the CEO on a named basis and the disclosure of remuneration of each of the other top 5 key executives (other than the CEO) in bands of S$250,000, the Board believes that the full disclosure of the remuneration of the CEO and the disclosure of the remuneration of the top 5 key executives may hamper the Company's efforts to retain and nurture its talent pool in a highly competitive human resource environment. The Manager is of the view that such non-disclosure will not be prejudicial to the interests of Unitholders as the information provided regarding the Manager's remuneration policies is sufficient to enable Unitholders to understand the link between remuneration paid to the CEO and the top 5 key executives, and performance.

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 growth in revenue, tenant retention, operating cost control and capital management. This clearly aligns staff remuneration with the long term interests of Soilbuild REIT's 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 2015.

CORPORATE GOVERNANCE

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, 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.

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

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

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

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

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

CORPORATE GOVERNANCE

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

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

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 are adequate and effective as at 31 December 2015 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 Management and the ARC.

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

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

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 2015, the members of the ARC are:

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

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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 external auditors and review of the adequacy of external audits in respect of cost, scope and performance.

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

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

- reviewing transactions constituting Related Party Transactions;

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

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

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

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

- ensuring that the internal audit and accounting function is adequately resourced and has appropriate standing with Soilbuild REIT;

- the appointment, re-appointment or removal of internal auditors (including the review of their fees and scope of work);

- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;

- reviewing the appointment, re-appointment or removal of external auditors;

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

- reviewing, on an annual basis, the independence and objectivity of the external auditors;

- meeting with external and internal auditors, without the presence of the executive officers, 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;

CORPORATE GOVERNANCE

- 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 2015, the aggregate amount of audit fees paid and payable by Soilbuild REIT to the external auditors was S$159,000, comprising non-audit service fees of S$54,000 and audit service fees of S$105,000. The re-appointment of the external auditors will be subject to approval by way of ordinary resolution of the Unitholders of Soilbuild REIT's third Annual General Meeting ("**AGM**") to be held on 21 April 2016.

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

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

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

The 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 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 ARC is satisfied that Soilbuild REIT has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST. The ARC has assessed the performance of the external auditor based on factors such as the performance and quality of their audit and the independence of the auditor. The ARC has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as the external auditors for FY 2016 at the forthcoming AGM.

CORPORATE GOVERNANCE

INTERNAL AUDIT

Principle 13

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

The internal audit function is outsourced to PricewaterhouseCoopers LLP ("**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.

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 Soilbuild REIT's 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.

CORPORATE GOVERNANCE

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 21 April 2016. All Unitholders are sent a 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 and Soilbuild REIT's website. 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, 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 to the SGX-ST 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.

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

CORPORATE GOVERNANCE

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 149 to 150 for the disclosure.

Role of the Audit & Risk Committee for Related Party Transactions

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

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

Dealings in Units

The Board has adopted an internal compliance code of conduct to provide guidance to its Directors, key officers and employees in respect of dealing in Soilbuild REIT's 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, with the announcement to be posted on the internet at the SGX-ST website: http://www.sgx.com.

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

CORPORATE GOVERNANCE

- 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 public announcement 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 2015 save for the Interested Person Transactions set out in pages 149 to 150 of this Annual Report.

Dealings with Conflicts of Interest

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

- The Manager will not manage any other REIT which invests in the same type of properties as Soilbuild REIT.
- All key executive officers will be working exclusively for the Manager and will not hold other executive positions in other entities.
- All resolutions in writing of the Directors in relation to matters concerning Soilbuild REIT must be approved by at least a majority of the Directors, including at least one Independent Director.
- At least one third of the Board shall comprise Independent Directors, except that in certain stipulated circumstances, half of the Board shall comprise Independent Directors.
- In respect of matters in which Soilbuild Group Holdings Ltd. (the "**Sponsor**") and/or its subsidiaries have 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 and/or its subsidiaries.
- 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.
- 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 Group.

CORPORATE GOVERNANCE

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.

Utilisation of Proceeds from the Private Placement

The Manager raised gross proceeds from the private placement of S$90.0 million on 5 May 2015 and the following sets out the sources and applications of the Private Placement proceeds as at 31 December 2015:

	S$'000
Gross proceeds from the Private Placement	90,000
Less:-	
Acquisition of investment property in 2015	(88,400)
Private placement issue expenses paid in 2015	(1,600)
	–

Such use is in accordance with the intended use and is materially in accordance with the allocated percentage of the gross proceeds of the Private Placement as stated in the Launch Announcement on 22 April 2015.

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 2015

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 91 to 146, 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

Soh Ee Fong
Director

Singapore, 17 March 2016

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2015

In the opinion of the directors of SB REIT Management Pte. Ltd. (the "**Manager**"), the accompanying financial statements set out on pages 91 to 146 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 2015, 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 2016

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2015

To the Unitholders of Soilbuild Business Space REIT

We have audited the accompanying financial statements of Soilbuild Business Space REIT ("**Soilbuild REIT**" or the "**Trust**") set out on pages 91 to 146, which comprise the Statement of Financial Position and Statement of Portfolio as at 31 December 2015, 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 financial year then ended, and a summary of significant accounting policies and other explanatory information.

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 these financial statements 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 for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of the Trust, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position and portfolio of Soilbuild REIT as at 31 December 2015, and the total return, distributable income, movements in Unitholders' funds and cash flows of Soilbuild REIT for the financial year ended on that date 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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

17 March 2016

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 $'000	2014 $'000
Non-current assets			
Investment properties	4	1,190,700	1,030,700
Derivative financial instruments	5	2,405	213
Deferred expenditure		1,002	743
		1,194,107	1,031,656
Current assets			
Trade and other receivables	6	2,436	816
Derivative financial instruments	5	484	–
Deferred expenditure		505	315
Other current assets	7	247	234
Cash and cash equivalents	8	16,751	20,951
		20,423	22,316
Total assets		1,214,530	1,053,972
Current liabilities			
Trade and other payables	9	7,557	6,569
Accrued operating expenses		2,558	2,115
Rental deposit		2,719	2,510
Derivative financial instruments	5	–	65
Borrowings	10	–	94,634
		12,834	105,893
Non-current liabilities			
Trade and other payables	9	33,009	–
Rental deposits		24,212	23,009
Borrowings	10	398,502	274,290
		455,723	297,299
Total liabilities		468,557	403,192
Net assets		745,973	650,780
Represented by:			
Unitholders' funds		745,973	650,780
Units in issue ('000)	11	934,442	812,993
Net asset value per Unit ($)	12	0.80	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 2015

	Note	2015 $'000	2014 $'000
Gross revenue	13	79,340	68,145
Property operating expenses	14	(11,563)	(10,783)
Net property income		67,777	57,362
Other income	15	–	367
Interest Income		643	18
Finance expenses	16	(13,490)	(9,676)
Manager's management fees	17	(6,442)	(5,477)
Trustee's fee		(196)	(185)
Other trust expenses	18	(1,168)	(879)
Net income		47,124	41,530
Net change in fair value of investment properties	4	4,535	901
Total return before tax		51,659	42,431
Income tax expense	19	–	–
Total return after tax before distribution		51,659	42,431
Earnings per Unit (cents)			
Basic and diluted earnings per Unit based on total return after tax before distribution	20	5.79	5.25
Basic and diluted earnings per Unit based on total return after tax before distribution and excluding net change in fair value of investment properties	20	5.28	5.13

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 2015

	Note	2015 $'000	2014 $'000
Total return after tax before distribution		51,659	42,431
Adjustment for net effect of non-tax deductible items (Note A)		6,208	7,742
Income available for distribution to Unitholders		57,867	50,173
Distributions to Unitholders:			
Distribution of 1.510 cents per Unit for the financial period from 01 October 2013 to 31 December 2013		–	(12,149)
Distribution of 1.562 cents per Unit for the financial period from 01 January 2014 to 31 March 2014		–	(12,603)
Distribution of 1.500 cents per Unit for the financial period from 01 April 2014 to 30 June 2014		–	(12,134)
Distribution of 1.546 cents per Unit for the financial period from 01 July 2014 to 30 September 2014		–	(12,537)
Distribution of 1.585 cents per Unit for the financial period from 01 October 2014 to 31 December 2014		(12,886)	–
Distribution of 1.633 cents per Unit for the financial period from 01 January 2015 to 31 March 2015		(13,321)	–
Distribution of 0.628 cents per Unit for the financial period from 01 April 2015 to 04 May 2015		(5,123)	–
Distribution of 0.987 cents per Unit for the financial period from 05 May 2015 to 30 June 2015		(9,176)	–
Distribution of 1.625 cents per Unit for the financial period from 01 July 2015 to 30 September 2015		(15,144)	–
Total Unitholders' distribution paid in the financial year		(55,650)	(49,423)
Income available for distribution to Unitholders at end of the financial year (Note B)		15,103	12,899
Number of units issued at end of the financial year in '000		934,442	812,993
Total distribution per unit at end of financial year (excluding income from the private trust)		6.487 cents	6.193 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 2015

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

	Note	2015 $'000	2014 $'000
- Manager's management fees paid or payable in Units	17	6,442	5,477
- Trustee's fees		196	185
- Amortisation of debt arrangement and prepayment fee	16	2,058	2,093
- Non-tax deductible re-financing related expenses		305	–
- Rent-free income		(262)	(588)
- Property management fee	14	1,236	1,022
- Lease management fee	14	618	511
- Other income	15	–	(367)
- Net change in fair value of investment properties	4	(4,535)	(901)
- Other non-tax deductible items		150	310
Adjustment for net effect of non-tax deductible items		6,208	7,742

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

	2015 $'000	2014 $'000
Income available for distribution to Unitholders	57,867	50,173
Distribution of 1.562 cents per Unit for the financial period from 01 January 2014 to 31 March 2014	-	(12,603)
Distribution of 1.500 cents per Unit for the financial period from 01 April 2014 to 30 June 2014	-	(12,134)
Distribution of 1.546 cents per Unit for the financial period from 01 July 2014 to 30 September 2014	-	(12,537)
Distribution of 1.633 cents per Unit for the financial period from 01 January 2015 to 31 March 2015	(13,321)	-
Distribution of 0.628 cents per Unit for the financial period from 01 April 2015 to 04 May 2015	(5,123)	-
Distribution of 0.987 cents per Unit for the financial period from 05 May 2015 to 30 June 2015	(9,176)	-
Distribution of 1.625 cents per Unit for the financial period from 01 July 2015 to 30 September 2015	(15,144)	
Income available for distribution to Unitholders at end of the financial year	15,103	12,899

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

STATEMENT OF PORTFOLIO

As at 31 December 2015

Description of property	Acquisition date	Tenure of land	Term of lease	Remaining term of lease	Acquired from	Location	Latest Valuation $'000	Valuation Date	Carrying value 2015 $'000	Percentage of net assets 2015 %
Investment properties in Singapore – by asset type										
Business park:										
Eightrium @ Changi Business Park	16 Aug 2013	Leasehold	60 years[1]	50 years	Soilbuild Group Holdings Ltd.	15A Changi Business Park Central 1	102,800	31 Dec 2015	102,800	13.8
Solaris	16 Aug 2013	Leasehold	60 years[1]	52 years	Soilbuild Group Holdings Ltd.	1 Fusionopolis Walk	360,000	31 Dec 2015	360,000	48.3
Industrial property:										
Tuas Connection	16 Aug 2013	Leasehold	43 years	35 years	Soilbuild Group Holdings Ltd.	1 to 10, 12, 14, 16, 18 & 20 Tuas Loop	126,000	31 Dec 2015	126,000	16.9
West Park BizCentral	16 Aug 2013	Leasehold	60 years[1]	53 years	Soilbuild Group Holdings Ltd.	20, 22, 24, 26, 28, 30 & 32 Pioneer Crescent	319,000	31 Dec 2015	319,000	42.7
NK Ingredients	15 Feb 2013	Leasehold	60 years[1]	31 years	NK Ingredients Pte. Ltd.	2 Pioneer Sector 1	62,000	31 Dec 2015	62,000	8.3
COS Printers	19 Mar 2013	Leasehold	49 years[2]	27 years	C.O.S. Printers Pte. Ltd.	9 Kian Teck Crescent	11,200	31 Dec 2015	11,200	1.5
Beng Kuang Marine	10 May 2013	Leasehold	60 years	41 years	PICCO Enterprise Pte. Ltd.	38 Tuas View Square	16,500	31 Dec 2015	16,500	2.2
Tellus Marine	26 May 2014	Leasehold	60 years[1]	38 years	Tellus Marine Engineering Pte. Ltd.	39 Senoko Way	15,700	31 Dec 2015	15,700	2.1
KTL Offshore	31 Oct 2014	Leasehold	60 years	51 years	Provident Properties (I) Pte. Ltd.	61 & 71 Tuas Bay Drive	56,000	31 Dec 2015	56,000	7.5
Speedy-Tech	23 Dec 2014	Leasehold	50 years[3]	34 years	Speedy-Tech Electronics Ltd.	20 Kian Teck Lane	24,500	31 Dec 2015	24,500	3.3
Technics Offshore	27 May 2015	Leasehold	54 years[4]	22 years	Technics Oil & Gas Limited	72 Loyang Way	97,000	31 Dec 2015	97,000	13.0
Investment properties, at valuation :							1,190,700		1,190,700	159.6
Other assets and liabilities (net)									(444,727)	(59.6)
Net assets									745,973	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 CBRE Pte. Ltd. as at 31 December 2015. 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 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 2015

	Note	Units in issue $'000	Hedging reserve $'000	Accumulated profits $'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	21	(1,358)	–	–	(1,358)
Distributions to public trust 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	22	–	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**

STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2015

	Note	Units in issue $'000	Hedging reserve $'000	Accumulated profits $'000	Total $'000
Net assets attributable to Unitholders as at 1 January 2014		**610,274**	**(1,605)**	**38,258**	**646,927**
Operations					
Total return for the financial year		–	–	42,431	42,431
Net increase in assets resulting from operations		–	–	42,431	42,431
Unitholders' transactions					
Issuance of Units in lieu of management fees	11	6,589	–	–	6,589
Establishment and issuance costs	21	2,503	–	–	2,503
Distributions to public trust Unitholders		–	–	(49,423)	(49,423)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		9,092	–	(49,423)	(40,331)
Other transactions					
Effective portion of changes in fair value of financial derivatives	22	–	1,753	–	1,753
Net increase in net assets resulting from hedging transactions		–	1,753	–	1,753
Net assets attributable to Unitholders as at 31 December 2014		**619,366**	**148**	**31,266**	**650,780**

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 2015

	Note	2015 $'000	2014 $'000
Operating activities:			
Net income		47,124	41,530
Adjustments for :			
Other income	15	–	(367)
Finance expenses	16	11,432	7,583
Amortisation of debt arrangement and prepayment fee	16	2,058	2,093
Management fees paid and payable in Units (Note A)		8,296	7,012
Operating cash flows before changes in working capital		68,910	57,851
Changes in working capital			
Increase in trade and other receivables		(1,620)	(622)
Increase in other current assets		(13)	(159)
Increase in deferred expenditure		(449)	(986)
Increase in trade and other payables and accrued operating expenses		209	2,179
Increase in rental deposits		1,412	2,766
Total change in working capital		(461)	3,178
Cash flows from operations		68,449	61,029
Interest paid		(11,371)	(7,384)
Net cash flows generated from operating activities		57,078	53,645
Investing activities:			
Purchase of investment properties	4	(98,092)	(94,636)
Capital expenditure on investment properties		(25,490)	(163)
Net cash flows used in investing activities		(123,582)	(94,799)
Financing activities:			
Proceeds from borrowings		127,117	93,500
Repayment of borrowings		(95,000)	–
Proceeds from issuance of new Units (Private Placement)	11	89,999	–
Payment of prepayment fees		(113)	–
Establishment and issuance costs		(1,358)	(148)
Payment of upfront debt arrangement costs		(2,691)	(2,000)
Distributions to public trust Unitholders		(55,650)	(49,423)
Net cash flows generated from financing activities		62,304	41,929
Net (decrease)/increase in cash and cash equivalents		(4,200)	775
Cash and cash equivalents at beginning of the year		20,951	20,176
Cash and cash equivalents at end of the financial year	8	16,751	20,951

Note A – Management fees paid and payable in Units

6,890,794 (2014: 6,168,014) Units were issued as payment of base fee, property management fee and lease management fees to the Manager and the Property Manager amounting to $5,651,000 (2014: $4,860,000) for the period ended 30 September 2015. 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 2015 and the performance fee for the financial year ended 31 December 2015 amounting to $2,645,000 (2014: $2,152,000) in the form of Units.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

1. GENERAL (CONT'D)

1.2 MANAGER'S MANAGEMENT FEES (CONT'D)

In accordance with Clause 15.1.4 of the Trust Deed, payment of the performance fee is on an annual basis. This basis of computation aligns the interests of the Manager and the unitholders by incentivising the Manager to act in a manner that maximises the distribution to the unitholders year on year. If there is no growth in DPU from the preceding financial year, no performance fee will be payable to the Manager, Therefore, in order to achieve sustainability in the level of DPU growth and continuing payment of the performance fee, the Manager is discouraged from taking on excessive short-term risks such as deferring asset enhancement initiatives or taking on shorter leases with higher rents;

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

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

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

The rationale of the Manager charging fees is as follows:

(i) In accordance with Clause 15.1.1 of the Trust Deed, the base fee computed based on 10.0% of distributable income is recurring and enables the Manager to cover operational and administrative overhead incurred in the management of the portfolio. By pegging the base fee to the distributable income instead of assets under management, the Manager is 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 2015

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 of the Trust Deed, 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 2015

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 2015

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 2015

1. GENERAL (CONT'D)

1.4 FEES UNDER THE PROPERTY MANAGEMENT AGREEMENT (CONT'D)

Marketing services commissions for new leases (continued)

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 2015

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.

(vi) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

1. GENERAL (CONT'D)

1.6 DISTRIBUTION POLICY

The Trust's distribution policy is to distribute 100% of the Trust's annual distributable income for the period from the Listing Date to 31 December 2014. Thereafter, the Trust will 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. The actual proportion of annual distributable income distributed to Unitholders beyond 31 December 2014 may be greater than 90% to the extent that the Manager believes it to be appropriate, 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.

Contemporaneously with the listing of the Units on the SGX-ST, the Trust made a distribution of an aggregate amount based on the Manager's best estimate of the Trust's remaining net income (net of tax payable thereon by the Trust) for the period from the date of the constitution of the Trust to the day immediately preceding the Listing Date (the "**Private Trust Distribution**"), to the Sponsor, being the sole existing Unitholder of the Trust prior to Listing Date. For the avoidance of doubt, the private trust distribution represents the retained earnings pertaining to rental income received by the properties held by the Trust acquired prior to the Listing Date less applicable expenses incurred prior to the Listing Date and is not funded with the proceeds from the offering.

The Sponsor has agreed with each of the Trustee and the Manager that the private trust distribution will constitute full and final settlement of its distribution entitlement for the period from the date of the constitution of the Trust to the day immediately preceding the Listing Date. Conversely, the Trustee and the Manager have agreed with the Sponsor that they will not seek reimbursement from the Sponsor if the actual net income of the Trust for this period is subsequently determined to be a lesser amount than that estimated by the Manager. Accordingly, the Trust will benefit from the surplus if the Trust's actual net income for the period is more than the amount estimated by the Manager, or bear the deficit if its actual net income for the period is less than the amount estimated by the Manager. The Sponsor has provided an undertaking to the Manager and the Trustee that the Sponsor will be responsible for and pay promptly any income tax liability of the Trust which is attributable to the period commencing from the date of constitution of the Trust up to and including the date one day before the Units are listed on the SGX-ST and any Singapore stamp duty (including late payment penalties (if any) which may be payable on any of the sale and purchase agreements, or any other document in relation to the third party master leased properties.

Upon the Trust being admitted to the Main Board of the SGX-ST, it will make distributions to Unitholders 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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 2015. The adoption of these standards did not have any effect on the financial performance or position of the Trust.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Description	Effective for annual periods beginning on or after
Improvements to FRS:	
Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
Amendments to FRS 1 Disclosure Initiative	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018

Except for FRS 109, 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 is 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. Adopting the expected credit losses requirements will require the Trust to make changes to its current systems and processes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Manager is currently assessing the impact of FRS 109 and plans to adopt the 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.

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 Manager makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.6 IMPAIRMENT OF NON-FINANCIAL ASSETS (CONT'D)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.7 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial assets (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.7 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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.

(iii) *Interest income*

Interest income is recognised using the effective interest method.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.15 TAXATION (CONT'D)

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

A qualifying Unitholder is a Unitholder who is:

(a) A tax resident Singapore-incorporated company;

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

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

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

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

A foreign non-individual investor is a Unitholder who:

(a) does not have any permanent establishment in Singapore; or

(b) carries on any operation in Singapore through a permanent establishment in Singapore, but the funds used to acquire the Units in the Trust are not obtained from that operation in Singapore.

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

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

The income tax concession for REITs has been extended for five years 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.15 TAXATION (CONT'D)

(iv) Sales tax (cont'd)

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

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.18 HEDGE ACCOUNTING (CONT'D)

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 2015

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 2015.

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 25(b).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

4. INVESTMENT PROPERTIES

	2015 $'000	2014 $'000
Statement of financial position:		
Beginning of financial year	1,030,700	935,000
Purchase of investment properties	98,092	94,636
Capital expenditure on investment properties	57,373	163
Net change in fair value of investment properties	4,535	901
At 31 December	1,190,700	1,030,700
Statement of total return:		
Rental income from investment properties:		
- Minimum lease payments	77,470	66,401
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	11,563	10,783

The Trust has a contractual obligation to purchase the Tellus Marine Annex from the vendor for $3,418,000 upon the completion of the Annex.

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 CBRE Pte. Ltd. as at 31 December 2015. 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 25. 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 $679.0 million (2014: $909.0 million) as security for bank loans granted (Note 10).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

5. DERIVATIVES

	Maturity	2015 Contract nominal amount $'000	2015 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%

	Maturity	2014 Contract nominal amount $'000	2014 Assets/ (Liabilities) $'000
Current:			
Interest rate swaps	2015	70,000	(65)
Non-current:			
Interest rate swaps	2016-2018	236,000	213
Total financial assets at fair value through profit or loss		306,000	148
As a percentage of net asset value as at 31 December 2014			0.02%

Interest rate swaps

Interest rate swaps are used to hedge interest rate risk arising from the underlying floating interest rates of the respective bank loans. Under the interest rate swaps, the Trust pays fixed rates of interest ranging from 0.565% to 1.45% per annum (2014: 0.565% to 1.380% per annum) for terms of one to three years (2014: one to four years).

The Trust designates these interest rate swaps as cash flow hedges which were assessed to be effective. An unrealised gain of $2,889,000 (2014: $148,000) 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 2015

6. TRADE AND OTHER RECEIVABLES

	Note	2015	2014
		$'000	$'000
Trade receivables		1,396	253
Unbilled receivables		844	577
Other receivables		149	6
Amounts due from a related party (trade)		47	-
Amounts due from a related party (non-trade)		-	2
		2,436	838
Less: Allowance for impairment of trade receivables		–	(22)
		2,436	816
Trade and other receivables		2,436	816
Add: Deposits	7	219	206
Add: Cash and cash equivalents	8	16,751	20,951
Total loans and receivables		19,406	21,973

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.

The trade receivables are charged or assigned by way of security for credit facilities granted to the Trust (Note 10).

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 $1,396,000 (2014: $253,000) 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:

	2015	2014
	$'000	$'000
Trade receivables past due but not impaired:		
Less than 30 days	835	175
30 - 60 days	425	38
60 - 90 days	21	14
More than 90 days	115	26
	1,396	253

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

6. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are impaired

In 2014, 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:

	2015	2014
	$'000	$'000
Trade receivables – nominal amounts	–	53
Less: Allowance for impairment	–	(22)
	–	31

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.

7. OTHER CURRENT ASSETS

	2015	2014
	$'000	$'000
Prepayment	28	28
Deposits	219	206
	247	234

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

8. CASH AND CASH EQUIVALENTS

	2015	2014
	$'000	$'000
Cash at bank	16,751	20,951

Cash and cash equivalents are denominated in SGD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

9. TRADE AND OTHER PAYABLES

	Note	2015 $'000	2014 $'000
Current:			
Trade payables		145	240
Other payables		2,235	2,223
Amount due to Trustee		36	33
Amounts due to related parties (trade)		3,279	2,874
Amounts due to related parties (non-trade)		8	73
Deferred amortisation of interest cost on interest-free related party loan		667	–
Interest payable		1,187	1,126
		7,557	6,569
Non-Current:			
Other payables		31,883	–
Deferred amortisation of interest cost on interest-free related party loan		1,126	–
		33,009	–
Trade and other payables		40,566	6,569
Add: Rental deposits		26,931	25,519
Add: Borrowings	10	398,502	368,924
Add: Accrued operating expenses		2,558	2,115
Less: Sales tax payables		(1,108)	(758)
Total financial liabilities carried at amortised cost		467,449	402,369

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 $602,000 (2014: $558,000) and the Manager of $2,666,000 (2014: $2,315,000). 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 amounts due to the Property Manager of nil (2014: $29,000) and the Manager of $8,000 (2014: $44,000). 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 2015

10. BORROWINGS

	Maturity	2015 $'000	2014 $'000
Interest bearing - Current:			
SGD Bank loans at SOR - $285 million facility			
- Facility A	2015	–	95,000
Less: Unamortised upfront debt arrangement fee		–	(366)
		–	94,634
Interest bearing - Non-current:			
SGD Bank loans at SOR - $285 million facility			
- Facility B	2016	–	95,000
- Facility C	2017	–	90,000
SGD Bank loans at SOR - $100 million facility			
- Facility A	2018	15,000	15,000
- Facility B	2018	82,500	78,500
SGD Bank loans at SOR - $185 million facility	2020	185,000	–
$100 million SGD Medium Term Notes ("**MTN**")	2018	100,000	–
		382,500	278,500
Less: Unamortised upfront debt arrangement and prepayment fee		(5,322)	(4,210)
		377,178	274,290
Interest free loan from related party	2018	23,117	–
Less: Deferred amortisation		(1,793)	–
		398,502	274,290
Total borrowings		398,502	368,924

$285 million facility

The borrowings are secured term loan facilities of $285 million provided by six financial institutions with staggered maturities of two, three and four year terms from the date of the facility agreements. The loans bear floating interest equal to the SGD swap-offer rate ("**SOR**").

The loans are repayable upon maturity. The Trust 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 certain investment properties;
- A first legal charge over relevant bank accounts of the Trust;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

10. BORROWINGS (CONT'D)

$285 million facility (cont'd)

- A first legal assignment of all rights, titles, benefits and interest under each of the lease agreements and sales agreements in respect of certain investment properties;
- An assignment of the guarantee from Soilbuild Group Holdings Ltd. to the banks for all obligations, liabilities and undertaking of SB (Solaris) Investment Pte. Ltd. in connection with the master lease agreements for Solaris;
- A first legal assignment of all rights, titles and benefits arising from all insurance policies relating to certain investment properties; and
- A debenture incorporating a fixed and floating charge over all the Trust's assets in connection with the secured properties.

In May 2015, the first tranche amounting to $95.0 million was repaid with the MTN proceeds.

In September 2015, the remaining tranches of $95.0 million and $90.0 million which are repayable in August 2016 and August 2017 respectively were refinanced with the proceeds of the $185 million facility.

$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 2015

10. BORROWINGS (CONT'D)

$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. The bank loans that are on floating interest rates were hedged by interest rate swaps (Note 5) previously entered to hedge the second and third tranches of the $285 million facility.

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.

$100 million MTN facility

In April 2015, Soilbuild REIT established an $500,000,000 Multicurrency Debt Issuance Programme, under which it may from time to time issue notes and perpetual securities in series or tranches denominated in Singapore dollars or any other currency agreed between the Issuer and the relevant dealer(s) on the same or different issue dates.

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

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 this 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 tranche of the loan amounting to $23.1 million to Soilbuild REIT on 17 March 2015 and will extend the balance $31.9 million to Soilbuild REIT on 18 March 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

11. UNITS IN ISSUE

	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
Beginning of the financial year	812,993	634,090	804,541	627,501
Units issued pursuant to the Private Placement	111,800	89,999	–	–
Units issued in lieu of Manager's management fees	9,649	7,802	8,452	6,589
At 31 December	934,442	731,891	812,993	634,090

During the financial year, 9,648,506 new units (2014: 8,452,468) at the issue price range of $0.78 to $0.85 (2014: $0.76 to $0.80) per unit, in respect of the payment of base fee, lease management fee, property management fee and performance fees for the period from 1 October 2014 to 30 September 2015 (2014: 1 October 2013 to 30 September 2014) were issued.

During the financial year, 111,800,000 new units (2014: Nil) at the issue price at $0.805 per unit were issued in pursuant to the Private Placement.

The issue prices 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.

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

12. NET ASSET VALUE PER UNIT

	Note	2015 $'000	2014 $'000
Net assets		745,973	650,780
Total issued and issuable Units at the end of the financial year ('000)	11	934,442	812,993
Net asset value per Unit		$0.80	$0.80

13. GROSS REVENUE

	2015 $'000	2014 $'000
Rental income	77,470	66,401
Car park income	926	899
Others	944	845
	79,340	68,145

14. PROPERTY OPERATING EXPENSES

	2015 $'000	2014 $'000
Land rent	2,146	2,216
Property tax	4,278	4,209
Property management fee	1,236	1,022
Lease management fee	618	511
Other property expenses	3,285	2,825
	11,563	10,783

15. OTHER INCOME

Included in other income is the reimbursement from the private trust unitholder for income tax expenses in relation to the private trust.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16. FINANCE EXPENSES

	2015 $'000	2014 $'000
Interest expense		
- Loan from related company (notional interest expense)	515	–
- Bank loans	8,249	5,830
- MTN	2,127	–
Financing fee of interest rate swap	541	1,753
	11,432	7,583
Amortisation of debt arrangement and prepayment fees	2,058	2,093
	13,490	9,676

17. MANAGER'S MANAGEMENT FEES

	2015 $'000	2014 $'000
Base fee	5,787	5,017
Performance fee	655	460
	6,442	5,477

18. OTHER TRUST EXPENSES

	2015 $'000	2014 $'000
Auditors' remuneration	105	100
Valuation fee	109	42
Professional fees	445	388
Other trust expenses	509	349
	1,168	879

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

19. 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 2015 and 31 December 2014 are as follows:

	2015 $'000	2014 $'000
Total return before tax	51,659	42,431
Tax using Singapore tax rate of 17%	8,782	7,213
Adjustments:		
Non-tax deductible items	1,871	1,632
Income not subject to taxation	(45)	(163)
Net change in fair value of investment properties	(771)	(153)
Tax transparency	(9,837)	(8,529)
Income tax expense recognised in profit or loss	–	–

20. 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.

	2015 $'000	2014 $'000
Total return after tax before distribution	51,659	42,431
Total return after tax and excluding net change in fair value of investment properties	47,124	41,530
Weighted average number of Units in issue during the financial year ('000)	891,846	808,887
Basic and diluted earnings per Unit based on:		
Total return after tax before distribution	5.79 cents	5.25 cents
Total return after tax and excluding net change in fair value of investment properties	5.28 cents	5.13 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 2015

21. 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 and the private placement on 5 May 2015. 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.

22. HEDGING RESERVE

	2015	2014
	$'000	$'000
Beginning of the financial year	148	(1,605)
Effective portion of changes in fair value of financial derivatives	2,741	1,753
At 31 December	2,889	148

Hedging reserve contain the effective portion of the cash flow hedge relationships incurred as at the reporting date. $2,889,000 (2014: $148,000) is made up of the net movement in cash flow hedges and the effective portion of the interest rate swaps.

23. 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:

	2015	2014
	$'000	$'000
Income:		
Carpark management licence income received from the Property Manager	523	498
Master lease and other rental income received from related companies	20,354	20,578
Expenses:		
Manager's management fees paid/payable to the Manager	6,442	5,477
Lease management fees and commissions paid/payable to the Manager	1,055	738
Acquisition fees paid/payable to the Manager	970	920
Trustee's fees paid/payable to the Trustee	196	185
Property management fees, marketing services commissions and reimbursable expenses paid/payable to the Property Manager	1,760	2,083
Comprehensive operational and maintenance service fees paid/payable to the Property Manager	948	920
Repair and replacement work fees paid/payable to a related company	5	–
Others:		
Recharge of property tax to a related company	19	12
Recharge of equipment hire to a related company	1	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. 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 20 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 2015 and 31 December 2014 amounted to $2,146,000 (2014: $2,216,000).

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

	2015 $'000	2014 $'000
Not later than one year	2,093	2,164
Later than one year but not later than five years	8,374	17,749
Later than five years	51,420	176,494
	61,887	196,407

(b) Operating lease commitments – as lessor

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

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

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

	2015 $'000	2014 $'000
Not later than one year	74,081	68,884
Later than one year but not later than five years	168,551	147,109
Later than five years	154,964	80,872
	397,596	296,865

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. COMMITMENTS AND CONTINGENCIES (CONT'D)

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

Commitment with related parties

The Trust has entered into various lease agreements with tenures ranging from three to five years with SB (Solaris) Investment Pte. Ltd. and SB Storage Pte. Ltd. Future rental receivable under the lease agreement is expected to be $49,385,000 (2014: $71,294,000).

(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:

	2015	2014
	$'000	$'000
Capital commitment in respect of investment property	3,418	3,418

25. 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 2015

25. 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	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:			
Derivatives			
- 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

	Note	2014 $'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:			
Derivatives			
- Interest rate swap	5	148	–
As at 31 December 2014		148	–
Non-financial asset:			
Investment properties	4	–	1,030,700
As at 31 December 2014		–	1,030,700

There have been no transfers between the respective levels during the financial years ended 31 December 2015 and 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25. 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 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%

Description	Fair value at 31 December 2014 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurement:				
Investment properties	1,030,700	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 7.25% Discount rate: 7.75% to 8.50%

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25. 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):

	2015	2014
	$'000	$'000
Investment properties		
Opening balance	1,030,700	935,000
Purchase of investment properties	98,092	94,636
Capital expenditure on investment properties	57,373	163
Total gains or losses for the financial year included in profit or loss	4,535	901
Closing balance	1,190,700	1,030,700
Total gains or losses for the financial year included in profit or loss :		
- Net gain from fair value adjustment of investment properties	4,535	901

(iii) Valuation policies and procedures

The Chief Financial Officer ("**CFO**") oversees the Trust's financial reporting valuation process and is responsible for setting and documenting valuation policies and procedures. In this regard, the CFO reports to the Audit & Risk Committee.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25. 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 Audit & Risk Committee. The Audit & Risk Committee performs a high-level independent review of the valuation process and results and recommends if any revisions need to be made before presenting the results to the board of directors for approval.

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation fair value are as follows:

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Financial liabilities:				
Rental deposits (non-current)	24,212	23,459	23,009	22,298

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

26. 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.

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 & 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 equivalent, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(a) Credit risk (cont'd)

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).

(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 36.0% (2014: 35.4%) of the value of the Trust's total assets.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

26. 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
2014			
Financial assets:			
Trade and other receivables	816	–	816
Derivative financial instruments	–	213	213
Deposits	206	–	206
Cash and cash equivalents	20,951	–	20,951
Total undiscounted financial assets	21,973	213	22,186
Financial liabilities:			
Trade and other payables	5,811	–	5,811
Accrued operating expenses	2,115	–	2,115
Derivative financial instruments	65	–	65
Rental deposits	2,510	23,009	25,519
Borrowings	104,112	290,764	394,876
Total undiscounted financial liabilities	114,613	313,773	428,386
Total net undiscounted financial liabilities	(92,640)	(313,560)	(406,200)

(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 $274.5 million (2014: $306.0 million) whereby it receives variable rates equal to the Singapore swap offer rate on the notional amounts and pays fixed interest rates ranging from 0.565% to 1.450% (2014: 0.565% to 1.380%) per annum as at 31 December 2015.

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 $60,000 (2014: $506,000) higher or lower, arising as a result of lower/higher interest rates on floating rate borrowings. Hedging reserve in other comprehensive income would have been $2,059,000 (2014: $2,295,000) 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 2015

26. 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.

27. 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 January 2014, the Trust had obtained a credit rating of BBB - from Standard & Poor's Rating Services. As at 31 December 2015, the Trust's aggregate leverage stood at 36.0% (2014: 35.4%) of its Deposited Property, which is within the limit set in the Property Funds Appendix. As at 31 December 2015, the aggregate leverage computation included deferred payment amounting to $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.

28. FINANCIAL RATIOS

	2015	2014
	%	%
Expenses ratio [1]		
Excluding property operating expenses		
- including performance-related fee payable to the Manager	1.10	1.01
- excluding performance-related fee payable to the Manager	1.01	0.94
Expenses ratio[2]		
Including property operating expenses		
- including performance-related fee payable to the Manager	2.73	2.67
- excluding performance-related fee payable to the Manager	2.63	2.60

[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 2015

29. 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 2015 are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29. OPERATING SEGMENTS (CONT'D)

Business segment (cont'd)

	Business Park	Industrial	Total
	$'000	$'000	$'000
2014			
Gross revenue	26,057	42,088	68,145
Property operating expenses	(3,626)	(7,157)	(10,783)
Segment net property income	22,431	34,931	57,362
Interest income			18
Other income			367
Finance expenses			(9,676)
Manager's management fees			(5,477)
Trustee's fees			(185)
Other trust expenses			(879)
Net income before tax and fair value changes			41,530
Fair value change in investment properties	(18)	919	901
Total return before income tax			42,431
Income tax expense			-
Total return after income tax			42,431
Segment assets	402,614	630,173	1,032,787
Unallocated assets			21,185
Total assets			1,053,972
Segment liabilities	18,137	9,154	27,291
Unallocated liabilities			375,901
Total liabilities			403,192

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 $17,535,000 (2014: $17,025,000) arising from the revenue generated from the business park segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

30. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Distribution to Unitholders

Subsequent to the financial period ended 31 December 2015, the Manager declared a distribution of $15.1 million at 1.614 cents per Unit for the financial period from 1 October 2015 to 31 December 2015.

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

Subsequent to the quarter ended 31 December 2015, the Trust issued 3,568,710 Units at an issue price of $0.74 per Unit as payment of the fees to the Manager and the Property Manager, amounting to $2,645,000.

31. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Trust for the financial year ended 31 December 2015 were authorised for issue by the Manager and the Trustee on 17 March 2016.

SUPPLEMENTARY INFORMATION

For the financial year ended 31 December 2015

STATEMENT OF TOTAL RETURN FOR PRIVATE TRUST

	2015 $'000	2014 $'000
Other income	–	367
Other trust income	–	4
Total return before distribution	–	371

The Statement of Financial Position as at 31 December 2015 and 31 December 2014 are not presented as the Private Trust accounts have been finalised in the financial year ended 31 December 2014.

UNITHOLDERS' STATISTICS

ISSUED UNITS

There were 938,010,400 Units (voting rights: one vote per Unit) issued in Soilbuild REIT as at 29 February 2016. 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	0.04	12	0.00
100 - 1,000	1,573	19.02	1,550,552	0.16
1,001 - 10,000	3,777	45.68	21,535,690	2.30
10,001 - 1,000,000	2,886	34.91	158,767,443	16.93
1,000,001 and Above	29	0.35	756,156,703	80.61
TOTAL	8,268	100.00	938,010,400	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	No. of Units	%
1.	LIM CHAP HUAT	231,866,399	24.72
2.	DBS NOMINEES (PRIVATE) LIMITED	159,581,563	17.01
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	109,431,704	11.67
4.	HSBC (SINGAPORE) NOMINEES PTE LTD	73,452,300	7.83
5.	DBSN SERVICES PTE. LTD.	53,455,474	5.70
6.	RAFFLES NOMINEES (PTE) LIMITED	27,895,081	2.97
7.	NOMURA SINGAPORE LIMITED	22,760,000	2.43
8.	BANK OF SINGAPORE NOMINEES PTE. LTD.	10,955,548	1.17
9.	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	8,908,000	0.95
10.	UOB KAY HIAN PRIVATE LIMITED	7,496,600	0.80
11.	OCBC SECURITIES PRIVATE LIMITED	6,589,800	0.70
12.	DB NOMINEES (SINGAPORE) PTE LTD	5,289,356	0.56
13.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,108,200	0.54
14.	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,958,578	0.32
15.	ABN AMRO NOMINEES SINGAPORE PTE LTD	2,917,000	0.31
16.	PHILLIP SECURITIES PTE LTD	2,703,200	0.29
17.	LIM ENG CHONG	2,700,000	0.29
18.	CHONG AH LAN	2,600,000	0.28
19.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,513,500	0.27
20.	NTUC FAIRPRICE CO-OPERATIVE LTD	2,500,000	0.27
	TOTAL	741,682,303	79.08

UNITHOLDERS' STATISTICS

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS

As recorded in the Register of Substantial Unitholdings as at 29 February 2016[1]

	Substantial Unitholders	No. of Units Direct Interest	No. of Units Deemed Interest
1	Lim Chap Huat [2]	231,866,399	1
2	Schroders plc [3]	-	77,253,000
3	Wealthy Fountain Holdings Inc	65,023,000	-
4	Shanghai Summit Pte Ltd [4]	-	65,023,000
5	Tong Jinquan [5]	3,902,000	65,023,000

Notes:

[1] The percentage interest is based on total issued units of 938,010,400 as at 29 February 2016.

[2] Lim Chap Huat is deemed to be interested in the 1 unit held by Soilbuild Group Holdings Ltd. as Lim Chap Huat directly owns 100% of Soilbuild Group Holdings Ltd.

[3] 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 65,023,000 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 2016[1]

	Directors	No. of Units Direct Interest	No. of Units Deemed Interest
1	Lim Chap Huat [2]	228,297,689	1
2	Ho Toon Bah [3]	100,000	150,000
3	Lim Cheng Hwa	210,000	-
4	Michael Ng Seng Tat	625,000	-
5	Ng Fook Ai Victor	-	-
6	Chong Kie Cheong	250,000	-

Notes:

[1] The percentage interest is based on total issued Units of 934,441,690 as at 21 January 2016.

[2] Lim Chap Huat is deemed to be interested in the 1 unit held by Soilbuild Group Holdings Ltd. as Lim Chap Huat directly owns 100% of Soilbuild Group Holdings Ltd.

[3] Ho Toon Bah is deemed to be interested in 150,000 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 29 February 2016, approximately 57.1% 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: –

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 (Solaris) Investment Pte. Ltd.		
Rental income	17,535	–
SB Storage Pte. Ltd.		
Rental income	2,819	–
SB Property Services Pte. Ltd.		
West Park BizCentral – monthly licence fee	523	–
	20,877	–
Expenses:		
SB REIT Management Pte. Ltd.		
Base fee	5,787[1]	–
Performance fee	655[2]	–
Acquisition fee	970[3]	–
Lease management fee	618[4]	–
Lease renewal commission	437[5]	–
SB Property Services Pte. Ltd.		
Property management fee	1,236	–
Marketing services commissions for new leases	412[5]	–
West Park BizCentral – comprehensive operational and maintenance service	948	–
Reimbursable costs	112	–
DBS Trustee Limited		
Trustee fees	196	–
	11,371	–

ADDITIONAL INFORMATION

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 Performance fee, being a fee equal to a rate of 25.0% of the difference in distribution per unit ("**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.

3 Acquisition fee is capitalised in investment properties;

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

5 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 23 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 2015.

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.

FEES PAID TO THE MANAGER AND THE PROPERTY MANAGER

Asset/Fund management fees

	FY2015 S$'000
– Base fee	5,787
– Performance fee	655
– Lease management fee	618
Total fees paid to the Manager	7,060
% of total amount available for distribution (before all fees [1])	10.64%
% of total assets	0.58%
Property management fee	1,236
Total fees paid to the Property Manager	1,236
% of total amount available for distribution (before all fees [1])	1.86%
% of total assets	0.10%
Trustee fee	196
Total fees paid to the Trustee	196
% 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the holders of units of Soilbuild Business Space REIT ("**Soilbuild REIT**" and the holders of units of Soilbuild REIT, "**Unitholders**") will be held at Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593, Level 3, Summit 2 on Thursday, 21 April 2016 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 2015 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

Susie Low
Company Secretary

Singapore
28 March 2016

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 19 April 2016 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 Third Annual General Meeting (the "**Annual General Meeting**") of unitholders of Soilbuild REIT ("**Unitholders**") to be held at Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593, Level 3, Summit 2 on Thursday, 21 April 2016 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion as he/she/they will on any other matter arising at the Annual General Meeting and at any adjournment thereof.

If you wish to exercise all your votes "For" or "Against", please tick (**√**) within the box provided. Alternatively, please indicate the number of votes as appropriate.

No.	**Resolutions relating to:**	**For**	**Against**
1	To receive and adopt the Trustee's Report, the Manager's Statement, the Audited Financial Statements of Soilbuild REIT for the financial year ended 31 December 2015 and the Auditors' Report thereon.		
2	To re-appoint Ernst & Young LLP as the Auditors of Soilbuild REIT and authorise the Manager to fix the Auditors' 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 _____ 2016

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.

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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 and
Audit & Risk Committee Chairman

Mr Michael Ng Seng Tat
Independent Non- Executive Director 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

AUDIT & RISK COMMITTEE

Mr Ng Fook Ai Victor
Chairman

Mr Chong Kie Cheong
Member

Mr Michael Ng Seng Tat
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 Susie Low

STOCK EXCHANGE QUOTATION

BBG: SBREIT: SP
SGX: SV3U

Designed by and Produced by **Rockstar Atelier**

ANNUAL
REPORT
2015

SOILBUILD
BUSINESS SPACE REIT

SOILBUILD BUSINESS SPACE REIT

Company Registration Number:
201224644N

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BUSINESS SPACE INSPIRED BY YOU