



(a real estate investment trust constituted on 13 December 2012
under the laws of the Republic of Singapore)

ANNOUNCEMENT

LAUNCH OF PREFERENTIAL OFFERING TO RAISE GROSS PROCEEDS OF UP TO APPROXIMATELY S\$59.4 MILLION

1. INTRODUCTION

SB REIT Management Pte. Ltd., as manager (the "**Manager**") of Soilbuild Business Space REIT ("**Soilbuild REIT**"), wishes to announce the proposed pro-rata and non-renounceable preferential offering of up to 94,353,672 new units in Soilbuild REIT (the "**New Units**") on the basis of 1 New Unit for every 10 existing units in Soilbuild REIT (the "**Units**") held as at a date and time to be separately announced (the "**Preferential Offering Books Closure Date**") to Entitled Unitholders (as described in paragraph 9 below) (fractions of a new Unit to be disregarded) at the issue price of S\$0.63 per New Unit (the "**Issue Price**") to raise gross proceeds of up to approximately S\$59.4 million and net proceeds of up to approximately S\$59.2 million (the "**Preferential Offering**").

The Issue Price of S\$0.63 per New Unit represents a discount of 8.2% to the volume weighted average price of S\$0.6865 per Unit for trades in the Units done on Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the full Market Day¹ on 18 August 2016.

Mr Lim Chap Huat has provided an irrevocable undertaking to the Manager (the "**Undertaking**") that he will (i) accept, subscribe and pay in full and/or procure that Soilbuild Group Holdings Ltd ("**SBGH**") accepts, subscribes and pays in full for the total provisional allotment of New Units to him and SBGH under the Preferential Offering and (ii) accept, subscribe and pay in full and/or procure that SBGH accepts, subscribes and pays in full for such number of excess New Units as would result in the resultant aggregate unitholding of Mr Lim Chap Huat, SBGH and Mr Lim Chap Huat's immediate family members being not more than 29.3% of the total issued Units in Soilbuild REIT immediately following the Preferential Offering, the details of which are set out in paragraph 3 below.

The Manager is of the view that the Preferential Offering does not need to be underwritten as (i) one of the conditions precedent of the Proposed Acquisition (as defined herein) is that the Proposed Acquisition is subject to Soilbuild REIT obtaining funds on acceptable terms to finance the Proposed Acquisition and (ii) Mr Lim Chap Huat is providing the Undertaking. Taking into account the Undertaking, the minimum gross proceeds which will

¹ "**Market Day**" refers to a day on which the SGX-ST is open for securities trading.

be raised from the Preferential Offering is approximately S\$15.1 million.

As the net proceeds from the Preferential Offering will be used to partially finance the Proposed Acquisition, the Manager intends to also employ additional means of financing, including unsecured debt borrowings, to fully finance the Proposed Acquisition.

The Manager is of the view that the minimum proceeds to be raised from the Preferential Offering will be sufficient to meet Soilbuild REIT's present funding requirements given that one of the conditions precedent of the Proposed Acquisition is that the Proposed Acquisition is subject to Soilbuild REIT obtaining funds on acceptable terms to finance the Proposed Acquisition.

The Manager has appointed Religare Capital Markets (Singapore) Pte. Limited as the Sole Lead Manager in relation to the Preferential Offering. As the Preferential Offering is not underwritten by the Sole Lead Manager, the number of New Units to be issued under the Preferential Offering may be less than 94,353,672 New Units and accordingly, the gross proceeds raised may be less than approximately S\$59.4 million.

2. DETAILS OF THE PREFERENTIAL OFFERING

As the Preferential Offering is made on a non-renounceable basis, the provisional allotments of New Units cannot be renounced in favour of a third party or traded on the SGX-ST. Each Entitled Unitholder will be provisionally allotted the New Units under the Preferential Offering on the basis of their unitholdings in Soilbuild REIT as at the Preferential Offering Books Closure Date (fractions of a New Unit to be disregarded).

Entitled Unitholders are at liberty to accept or decline their provisional allotments of New Units and are eligible to apply for additional New Units in excess of their provisional allotments under the Preferential Offering ("**Excess New Units**"). Entitled Unitholders are prohibited from trading, transferring, assigning or otherwise dealing with (in full or in part) their (i) provisional allotments of New Units or (ii) eligibility to apply for Excess New Units.

The New Units under the Preferential Offering represented by the provisional allotments of (i) Entitled Unitholders who decline or do not accept, in full or in part, their provisional allotments of New Units under the Preferential Offering and/or (ii) ineligible Unitholders, may be issued to satisfy applications for Excess New Units as the Manager may, in its absolute discretion, deem fit.

In the allotment of Excess New Units, preference will be given to the rounding of odd lots. Directors of the Manager and substantial Unitholders who have control or influence over the Manager in connection with the day-to-day affairs of the Manager or the terms of the Preferential Offering, or have a representation (direct or through a nominee) on the board of the Manager will rank last in priority for the rounding of odd lots and allotment of Excess New Units.

3. COMMITMENT BY MR LIM CHAP HUAT

To demonstrate his support for Soilbuild REIT and the Preferential Offering, Mr Lim Chap Huat, who owns an aggregate interest of approximately 25.16% in Soilbuild REIT, directly

and through SBGH, as at the date of this announcement, has provided an irrevocable undertaking to the Manager that:

- (i) he will accept, subscribe and pay in full and/or procure that SBGH accepts, subscribes and pays in full for the total provisional allotment of New Units to him and SBGH respectively under the Preferential Offering (the “**Entitlement Acceptance**”); and
- (ii) he will accept, subscribe and pay in full for such number of excess New Units under the Preferential Offering to the extent that they remain unsubscribed after satisfaction of all applications (if any) for excess New Units by way of making an application for excess New Units (the “**Excess Application**”), so that, when aggregated with (i) his current unitholding and entitlements, (ii) the current unitholding and entitlements of SBGH under the Preferential Offering, and (iii) the unitholdings and any New Units subscribed for by Mr Lim Chap Huat’s immediate family members pursuant to the Preferential Offering², will not exceed such number of Units representing more than 29.3% of the total issued Units following the Preferential Offering.

4. USE OF PROCEEDS

Subject to relevant laws and regulations, the Manager intends to use all of the net proceeds of up to approximately S\$59.2 million from the Preferential Offering to partially fund the proposed acquisition (the “**Proposed Acquisition**”) of the property located at 2 Bukit Batok Street 23, Singapore 659554 and commonly known as Bukit Batok Connection (the “**Property**”) and the associated costs, with the balance of the net proceeds of the Preferential Offering, if any, to be used for general corporate and/or working capital purposes.

Notwithstanding its current intention, in the event that the Manager does not complete the Proposed Acquisition, the Manager may, subject to relevant laws and regulations, use the net proceeds from the Preferential Offering at its absolute discretion for other purposes.

Pending the deployment of the net proceeds from the Preferential Offering, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions or used to repay outstanding borrowings or for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements on the utilisation of the net proceeds of the Preferential Offering via SGXNET as and when such funds are materially utilised and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

² Mr Lim Chap Huat’s immediate family members currently hold 22,690,000 Units.

5. RATIONALE FOR THE PREFERENTIAL OFFERING

The Manager believes that the Preferential Offering will bring the following benefits to unitholders of Soilbuild REIT (“**Unitholders**”):

5.1 Benefits of the Proposed Acquisition

The Manager believes that using the net proceeds of the Preferential Offering to partially fund the Proposed Acquisition will bring the following key benefits to Unitholders as a result of the Proposed Acquisition:

- Enables Soilbuild REIT to capitalise on the competitive strengths of the Property
- Provides Revenue Diversification for Soilbuild REIT
- Expected increase in distributable income to Unitholders
- Increased portfolio size creates stronger platform for further acquisition growth
- The seven-year Master Lease Agreement assures Soilbuild REIT a medium term secured rental income

(See Soilbuild REIT’s circular dated 3 August 2016 for further details.)

5.2 Strengthen Soilbuild REIT’s balance sheet and capital structure and enhance its financial flexibility

Soilbuild REIT’s Aggregate Leverage immediately after the Preferential Offering would be (i) 39.4% assuming that the Preferential Offering raises the minimum net proceeds of S\$14.8 million; and (ii) 36.0% assuming that the Preferential Offering raises the maximum net proceeds of S\$59.2 million³, and in both (i) and (ii), assuming that the Proposed Acquisition will be funded immediately after the Preferential Offering and that the balance of the total acquisition cost of the Proposed Acquisition is funded by debt.

(in SGD million)	As of 30 June 2016	Immediately after the Preferential Offering based on the minimum net proceeds and taking into account the Proposed Acquisition ⁽¹⁾	Immediately after the Preferential Offering based on the maximum net proceeds and taking into account the Proposed Acquisition ⁽²⁾
Borrowings and Deferred Payment	440.0	521.8	477.5
Deposited Property	1,227.2	1,324.8	1,324.8
Aggregate Leverage	35.9%	39.4%	36.0%

3 Calculated based on 94,353,672 New Units to be issued under the Preferential Offering at S\$0.63 per Unit and assuming full subscription of the New Units.

Note:

- (1) Assuming the Preferential Offering raises minimum net proceeds of S\$14.8 million.
- (2) Assuming the Preferential Offering raises maximum net proceeds of S\$59.2 million

Following the Preferential Offering and taking into account the Proposed Acquisition, Soilbuild REIT is expected to have borrowing capacity of approximately S\$87.4 million based on an assumed Aggregate Leverage of 40%, which will enable Soilbuild REIT to capitalise on potential growth opportunities, as and when they may arise. Soilbuild REIT will continue to evaluate growth opportunities in a disciplined manner taking into account its weighted average cost of capital.

5.3 Possible increase in trading liquidity of Units

The New Units to be issued pursuant to the Preferential Offering will increase the number of Units in issue by between approximately 23.90 million Units and 94.35 million Units, which represents an increase of 2.5% to 10.0% of the total number of Units currently in issue.

This increase in the total number of Units in issue may improve the trading liquidity of the Units.

6. AUTHORITY TO ISSUE NEW UNITS

The New Units will be issued pursuant to a general mandate (the “**General Mandate**”) given to the Manager at the annual general meeting (“**AGM**”) held on 21 April 2016, pursuant to which the Manager may, during the period from 21 April 2016 to (i) the conclusion of the next AGM of Soilbuild REIT or (ii) the date by which the next AGM of Soilbuild REIT is required by applicable regulations to be held, whichever is earlier, issue new Units and/or securities, warrants, debentures or other instruments convertible into Units (“**Convertible Securities**”) such that the number of new Units (and/or Units into which the Convertible Securities may be converted) does not exceed 50.0% of the total number of Units in issue (excluding treasury Units, if any) as at 21 April 2016 (the “**Base Figure**”), of which the aggregate number of new Units (and/or Units into which the Convertible Securities may be converted) issued other than on a pro-rata basis to existing Unitholders, shall not be more than 20.0% of the Base Figure.

As at 21 April 2016, the number of Units in issue was 938,010,400.

The amount of Units that can be issued under the General Mandate is 469,005,200 Units. The Manager has issued 5,526,326 Units since 21 April 2016 on a non pro-rata basis (the “**Issued Units**”).

Up to 94,353,672 New Units will be issued pursuant to the Preferential Offering, which together with the Issued Units would constitute up to 21.3% of the Base Figure, which is within the 50.0% limit for a pro-rata issue of new Units.

Accordingly, the prior approval of the Unitholders is not required for the issue of the New Units under the Preferential Offering.

7. ELIGIBILITY TO PARTICIPATE IN THE PREFERENTIAL OFFERING

Entitled Unitholders. Only Entitled Depositors (as defined herein) are eligible to participate in the Preferential Offering.

Entitled Depositors. Unitholders with Units standing to the credit of their respective securities accounts with The Central Depository (Pte) Limited (“**CDP**”) as at the Preferential Offering Books Closure Date (“**Depositors**”) will be provisionally allotted with New Units under the Preferential Offering on the basis of 1 New Units for every 10 existing Units then standing to the credit of their securities accounts with CDP (fractions of a New Unit to be disregarded).

To be “**Entitled Depositors**”, Depositors must have registered addresses in Singapore with CDP as at the Preferential Offering Books Closure Date or, if they have registered addresses outside Singapore, must provide CDP with a registered address in Singapore for the service of notices and documents at least three Market Days prior to the Preferential Offering Books Closure Date, in order to receive their provisional allotment of New Units under the Preferential Offering.

Foreign Unitholders. The making of the Preferential Offering may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical reasons and in order to avoid any violation of the securities legislation applicable in countries (other than Singapore) where Unitholders may have as their addresses registered with CDP, the Preferential Offering will not be extended to Unitholders whose registered addresses with CDP are outside Singapore, and who have not, at least three Market Days prior to the Preferential Offering Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents. Unitholders whose registered addresses with CDP are outside Singapore and who wish to participate in the Preferential Offering will have to provide CDP with addresses in Singapore for the service of notices and documents at least three Market Days prior to the Preferential Offering Books Closure Date. Details of the Preferential Offering and procedures for acceptance of and payment and excess application for provisional allocations of New Units under the Preferential Offering by Entitled Unitholders will be set out in an instruction booklet to be despatched to Entitled Unitholders in due course (the “**Instructions Booklet**”). A further announcement on the despatch will be made by the Manager at the appropriate time.

For the avoidance of doubt, even if a Unitholder has provided a Singapore address as aforesaid, the offer of New Units under the Preferential Offering to him will be subject to compliance with applicable securities laws outside Singapore.

The Preferential Offering Books Closure Date will be separately announced in due course.

8. STATUS OF NEW UNITS

The New Units issued pursuant to the Preferential Offering will, upon issue, rank *pari passu* in all respects with the Units in issue on the day immediately prior to the date on which the New Units are issued pursuant to the Preferential Offering, including the right to Soilbuild REIT’s distributable income from 1 July 2016 up to the day immediately prior to the date on which the New Units are issued pursuant to the Preferential Offering as well as all distributions thereafter.

9. APPLICATION TO THE SGX-ST FOR APPROVAL IN PRINCIPLE

The Manager will make a formal application to the SGX-ST for the listing of, dealing in, and quotation of, the New Units on the Main Board of the SGX-ST. An appropriate announcement will be made upon the receipt of such in-principle approval from the SGX-ST.

10. FINANCIAL STATEMENTS OF SOILBUILD REIT

The audited financial statements of Soilbuild REIT for the period from 13 December 2012 (date of constitution of Soilbuild REIT) to 31 December 2013 (“**FP2013**”), the audited financial statements of Soilbuild REIT for the financial year ended 31 December 2014 (“**FY2014**”), the audited financial statements of Soilbuild REIT for the financial year ended 31 December 2015 (“**FY2015**”) and the unaudited financial statements of Soilbuild REIT for the financial quarters ended 31 March 2016 and 30 June 2016 (collectively, the “**Financial Statements**”), together with the relevant notes to the Financial Statements, and the annual reports of Soilbuild REIT for FP2013, FY2014 and FY2015 (the “**Annual Reports**”), are available on the website of Soilbuild REIT at www.soilbuildreit.com.

The Financial Statements (including the relevant notes to the Financial Statements) and Annual Reports contain the statement of total return, statement of financial position and statement of cash flows and financial review in respect of FP2013, FY2014 and FY2015 and the 6-month period ended 30 June 2016.

BY ORDER OF THE BOARD

SB REIT Management Pte. Ltd.

(Company Registration No. 201224644N)

As Manager of Soilbuild Business Space REIT

Mr Roy Teo

Chief Executive Officer

19 August 2016

About Soilbuild Business Space REIT

Soilbuild REIT is a Singapore-focused real estate investment trust (“**REIT**”) with a portfolio of business parks and industrial properties used by industries engaging in manufacturing, engineering, logistic, warehousing, electronics, marine, oil & gas, research and development and

value-added knowledge-based activities. Its portfolio of properties includes Solaris, a landmark development in one-north, Eightrium @ Changi Business Park, Tuas Connection and West Park BizCentral. Soilbuild REIT's portfolio has a net lettable area of 3.53 million square feet and an occupancy rate of 92.0% as at 30 June 2016.

For media queries, please contact:

Ms Denise Ng

Investor Relations

DID: +65 6415 4560

Email: denise.ng@soilbuild.com

Website: www.soilbuildreit.com

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The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of Soilbuild REIT is not necessarily indicative of the future performance of Soilbuild REIT.

All figures in this announcement unless expressed differently or otherwise stated are rounded off to one decimal place.