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

PROPOSED ACQUISITION OF 61 & 71 TUAS BAY DRIVE, SINGAPORE 637428 & 637430

1. INTRODUCTION

SB REIT Management Pte. Ltd., as manager of Soilbuild Business Space REIT ("**Soilbuild REIT**", and the manager of Soilbuild REIT, the "**Manager**"), is pleased to announce that DBS Trustee Limited, in its capacity as trustee of Soilbuild REIT (the "**Trustee**"), has on 21 October 2014 entered into a conditional sale and purchase agreement ("**SPA**") with Provident Properties (I) Pte. Ltd. (the "**Vendor**") pursuant to which the Trustee has agreed to buy and the Vendor has agreed to sell the property located at 61 & 71 Tuas Bay Drive, Singapore 637428 & 637430 (the "**Property**"), together with the mechanical and electrical equipment of the Property (the "**Proposed Acquisition**").

On completion of the Proposed Acquisition, the Trustee, the Vendor and KTL Offshore Pte. Ltd. (the "**Master Tenant**") will enter into a novation agreement (the "**Novation Agreement**") to transfer the existing master lease from the Vendor to the Trustee (the "**Lease**", and together with the Proposed Acquisition, the "**Proposed Transaction**").

2. INFORMATION ON THE PROPERTY

The Property comprises two adjacent detached purpose-built factories located along Tuas Bay Drive, off Tuas South Avenue 1. No. 61 Tuas Bay Drive is a 3-storey industrial building with ancillary office while No. 71 Tuas Bay Drive is a part 2 / part 3-storey building development with ancillary office. The Property is situated within the Jurong Industrial Estate, some 30 kilometres from the city centre, with a total combined gross floor area of 208,057 square feet.

The Property is a URA leasehold estate of 60 years tenure commencing from 19 July 2006, with a remaining tenure of approximately 51.7 years. There are 3 sub-tenants at the Property from trade sectors including offshore & marine and logistics.

The Property was independently valued by Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. on 7 October 2014 at S$56.0 million (the "**Independent Valuation**") using the discounted cash flow method and the income capitalisation approach. The Independent Valuation takes into account that land premium has been paid upfront for the balance of the lease term.

3. DETAILS OF THE PROPOSED ACQUISITION AND PROPOSED TRANSACTION

a. Purchase Consideration and Valuation

The purchase consideration for the Property is S$55.0 million and was negotiated on a willing-buyer and willing-seller basis, taking into account the Independent Valuation.

b. Estimated Total Acquisition Cost

The estimated total cost of the Proposed Acquisition (the "**Total Acquisition Cost**") is approximately S$55.7 million, comprising:

i. the purchase consideration of S$55.0 million, made up of a deposit of S$550,000.00 paid on 21 October 2014 with the balance to be paid on completion;

ii. the acquisition fee payable to the Manager of S$0.6 million (being 1.0% of the total purchase consideration for the Property); and

iii. the estimated professional and other transaction fees and expenses incurred by Soilbuild REIT (inclusive of financing related expenses, due diligence costs and costs incurred in relation to the valuation reports) of approximately S$0.1 million.

c. Certain Terms and Conditions of the SPA

The Proposed Acquisition is subject to, *inter alia*, the Trustee having received satisfactory replies to legal requisitions.

d. Certain Terms and Conditions of the Novation Agreement

Upon completion of the Proposed Acquisition, the existing lease of 6.8 years (based on an assumed 31 October 2014 completion date) with the Master Tenant will be transferred to the Trustee. The rental payable for the first year is S$3.7 million. The lease will be on a double net[1] basis and subject to a rental escalation of 2.5% once every two years. Pursuant to the Novation Agreement, a security deposit equivalent to approximately one year rental will be provided by the Master Tenant by way of cash or bank guarantee.

4. RATIONALE FOR THE PROPOSED TRANSACTION

The Manager believes that the Proposed Transaction will bring the following benefits to Soilbuild REIT Unitholders ("**Unitholders**"):

a. Aligned with Soilbuild REIT's Growth Strategy

The Proposed Transaction is in line with the Manager's aim to invest in income-producing real estate and real estate-related assets used for business space purposes in Singapore, which will provide Unitholders with stable and growing

[1] "Double net rent" refers to the Master Tenant's obligation to pay rental to Soilbuild REIT as well as undertaking to pay property related expenses such as (i) property tax and (ii) day-to-day maintenance including cleaning, security, utilities, servicing of lifts and other mechanical and electrical items.

returns. The attractive initial net property income also provides an additional growth driver and complements the organic growth profile of its existing portfolio.

b. Merits of the Property

The Property has a long underlying land lease of 51.7 years with land premium fully paid up for the balance of the land lease tenure. It is located close to the Pan Island Expressway and Ayer Rajah Expressway, and is within close proximity to the upcoming Tuas West Road MRT Station, which is expected to be completed in 2016. The Property is also expected to benefit from the future consolidation of container port activities at Tuas Port.

c. Income Diversification

The Proposed Transaction is expected to benefit Unitholders by improving asset and tenant diversification to reduce the reliance of Soilbuild REIT's income stream on any single asset or lessee. It will also increase the weighted average lease expiry of Soilbuild REIT's portfolio and reduce lease expiry concentration in 2015.

5. METHOD OF FINANCING AND FINANCIAL EFFECTS OF THE ACQUISITION

a. Method of Financing

The Manager believes that Soilbuild REIT has sufficient financial flexibility and capacity to fund the Proposed Acquisition. The Proposed Acquisition will be funded in full by drawing down on part of the S$100 million term loan facility that was signed in May 2014. After the drawdown, the Aggregate Leverage (calculated as gross borrowings divided by total deposited property value) of Soilbuild REIT is expected to increase from 32.0% to 35.6%[2]. The Manager will make a further announcement when the Proposed Acquisition is completed.

Standard & Poor's has on 31 July 2014, re-affirmed its long term corporate credit rating of BBB- with a stable outlook for Soilbuild REIT.

b. Disclosure Requirements

The relative figures for the Acquisition computed based on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST are set out below:

	As at the latest practicable date of 20 October 2014
Rule 1006 (a): Net asset value of the asset to be disposed of compared with Soilbuild REIT's net asset value	Not applicable
Rule 1006 (b): Net profits attributable to the asset acquired compared to Soilbuild REIT's net profits	6.5%[1]

Rule 1006 (c): Purchase consideration against market capitalisation of Soilbuild REIT	8.5% [2]
Rule 1006 (d): Number of Consideration Units to be issued to partly satisfy the Purchase Consideration against the number of units previously in issue	Not applicable
Rule 1006 (e): The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not applicable

Notes:

(1) Based on net property income ("NPI") which is a proxy to net profits for real estate investment trusts. The NPI of Soilbuild REIT is derived from the audited financial statements for the financial period from 13 December 2012 (date of constitution) to 31 December 2013. As the financials for this period include the results of the private trust prior to listing, the attributable NPI covers the period from 16 August 2013 (date of listing on SGX-ST) to 31 December 2013 ("FP2013") for the purposes of this calculation.

(2) The market capitalisation of Soilbuild REIT is calculated at the close of business on 20 October 2014, being the market day preceding the date of the SPA.

Based on the relative figures computed under Rule 1006 (b) and (c), the Proposed Acquisition is a discloseable transaction under Chapter 10 of the Listing Manual. The Manager is of the view that the Proposed Acquisition is in the ordinary course of Soilbuild REIT as the Property being acquired is within the investment mandate of Soilbuild REIT and does not change its risk profile.

c. Financial Effects

i. Assumptions

The pro forma financial effects of the Proposed Acquisition on the distribution per unit ("**DPU**") and the net asset value ("**NAV**") per unit presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of Soilbuild REIT[2], assuming that the Proposed Acquisition will be funded fully by debt financing.

The pro forma financial effects are for illustrative purposes and do not represent Soilbuild REIT's DPU and NAV per unit following the completion of the Proposed Acquisition.

[2] Audited financial statements of Soilbuild REIT are as disclosed in Soilbuild REITs FY2013 Annual Report as adjusted for the attributable period from 16 August 2013 (date of listing on SGX-ST) to 31 December 2013, to highlight the effect of the Proposed Acquisition post-listing.

ii. Pro Forma Financial Effects for FP2013

- **Pro Forma DPU**

FOR ILLUSTRATIVE PURPOSES ONLY: the pro forma financial effects of the Proposed Acquisition on the DPU for FP2013, as if Soilbuild REIT had completed the Proposed Acquisition on 16 August 2013 (Listing Date) and held the Property through to 31 December 2013, are as follows:

	Pro Forma Effects for the period from 16 August 2013 to 31 December 2013	
	Before the Proposed Acquisition	**After the Proposed Acquisition**
Net Property Income	20,605	21,953
Distributable Income (S$'000)	18,263	18,773[(1)]
No. of Units ('000)[(2)]	804,541	804,541
DPU (cents)	2.27	2.33

Notes:

(1) Includes (i) pro forma gross rental revenue from the Property and (ii) deduction of additional borrowing costs, REIT Manager's base fees, insurance premium and other property expenses for FP2013.

(2) Number of issued units as at 31 December 2013.

- **Pro Forma NAV per unit**

FOR ILLUSTRATIVE PURPOSES ONLY: the pro forma financial effects of the Proposed Acquisition on the NAV per unit as at 31 December 2013, as if the Proposed Acquisition was completed on 31 December 2013, are as follows:

	Pro Forma Effects as at 31 December 2013	
	Before the Proposed Acquisition	**After the Proposed Acquisition**
NAV (S$'000)	646,927	646,927
No. of Units ('000)	804,541	804,541
NAV per unit (cents)	0.80	0.80

6. INTEREST OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this announcement, certain directors of the Manager (the "**Directors**") collectively hold an aggregate direct and indirect interest in 218,053,954 units in Soilbuild REIT ("**Units**) and Mr Lim Chap Huat holds 100.0% of the Manager.

Save as disclosed above, and based on the information available to the Manager, none of the directors of the Manager or the controlling Unitholders has any interest, direct or indirect, in the Proposed Acquisition. No person is proposed to be appointed as a director of the Manager in connection with the Proposed Acquisition or any other transactions contemplated in relation to the Proposed Acquisition.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the valuation report and the SPA are available for inspection during business hours at the registered office of the Manager at 25 Changi South Street 1, SB Building, Singapore 486059, for a period of three months commencing from the date of this Announcement.

BY ORDER OF THE BOARD
SB REIT Management Pte Ltd
As Manager of Soilbuild Business Space REIT
(Company Registration No. 201224644N)

Shane Hagan
Chief Executive Officer
21 October 2014

About Soilbuild Business Space REIT

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 3,050,588 square feet and an occupancy rate of 99.9% as at 30 September 2014.

For media queries, please contact:

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IMPORTANT NOTICE

The value of the 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, DBS Trustee Limited (as trustee of Soilbuild REIT) or any of their respective affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of the Manager is not indicative of the future performance of the Manager.