CIRCULAR DATED 10 JUNE 2020

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

MANAGED BY

SB REIT MANAGEMENT PTE. LTD.
(Company Registration Number: 201224644N)

CIRCULAR TO UNITHOLDERS

IN RELATION TO:

(1) THE PROPOSED APPOINTMENT OF AN INTERESTED PERSON AS THE DESIGN & BUILD CONTRACTOR FOR THE REDEVELOPMENT OF 2 PIONEER SECTOR 1; AND

(2) THE WHITEWASH RESOLUTION IN RELATION TO THE RECEIPT OF MANAGEMENT FEE UNITS

Independent Financial Adviser



Provenance Capital Pte. Ltd.
(Company Registration Number 200309056E)
(Incorporated in the Republic of Singapore)

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CORPORATE INFORMATION

Directors of SB REIT Management Pte. Ltd. (as manager of Soilbuild REIT) (the "Manager")	:	Mr Chong Kie Cheong (Chairman, Independent and Non-Executive Director) Mr Ng Fook Ai Victor (Independent Non-Executive Director and Chairman of the Audit & Risk Committee) Mr Michael Ng Seng Tat (Independent Non-Executive Director and Chairman of the Nominating & Remuneration Committee) Mr Lim Chap Huat (Non-Executive Director) Ms Lim Cheng Hwa (Non-Executive Director)
Registered Office of the Manager	:	23 Defu South Street 1 Level 3 Singapore 533847
Trustee of Soilbuild REIT (the "Trustee")	:	DBS Trustee Limited 12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Adviser for the Proposed Appointment, the Whitewash Resolution and to the Manager	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Trustee	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Independent Financial Adviser (the "IFA")	:	Provenance Capital Pte. Ltd. 96 Robinson Road #13-01 SIF Building Singapore 068899

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

Directors of the Manager

Mr Chong Kie Cheong (Chairman, Independent and Non-Executive Director)
Mr Ng Fook Ai Victor (Independent Non-Executive Director and Chairman of the Audit & Risk Committee)
Mr Michael Ng Seng Tat (Independent Non-Executive Director and Chairman of the Nominating & Remuneration Committee)
Mr Lim Chap Huat (Non-Executive Director)
Ms Lim Cheng Hwa (Non-Executive Director)

Registered Office

23 Defu South Street 1
Level 3
Singapore 533847

10 June 2020

To: Unitholders of Soilbuild Business Space REIT

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

The Manager is seeking the approval from Unitholders by way of Ordinary Resolution for the resolutions stated below:

(a) Resolution 1: Proposed appointment of an Interested Person (as defined below), Soil-Build (Pte.) Ltd. ("**SBPL**"), as the Design & Build ("**D&B**") contractor ("**D&B Contractor**") for the proposed ramp-up warehouse facility at 2 Pioneer Sector 1 (the "**Proposed Appointment**") (see paragraph 2 of this Letter to Unitholders for further details); and

(b) Resolution 2: The Whitewash Resolution (see paragraph 3 of this Letter to Unitholders for further details).

In the event that Resolution 1 is not approved, the Manager will still proceed with the redevelopment by potentially awarding to the tenderer with the second highest score. However, this will result in higher development costs and downtime, higher exposure to any unforeseen development risk and less favourable progressive payment terms.

2. RESOLUTION 1: THE PROPOSED APPOINTMENT OF AN INTERESTED PERSON AS THE DESIGN & BUILD CONTRACTOR

2.1 Background

The Manager intends to redevelop the property located at 2 Pioneer Sector 1 (the "**Property**") into a 4 storey ramp-up warehouse. Following a process to obtain quotes from several contractors, the consultant quantity surveyor for the exercise has recommended appointing SBPL as the D&B contractor ("**D&B Contractor**") for the reasons listed in paragraph 2.2 of the Letter to Unitholders.

Background information on the Property

The Property was previously leased to several tenants, and they were issued the notice of termination to vacate the premises by 17 April 2020. As at the Latest Practicable Date, the Property is vacant. It currently has a Net Lettable Area and Gross Floor Area of 312,375 sq ft. The Property obtained the certificate of statutory completion ("**CSC**") on 15 July 1991. The land lease expires on 30 September 2046. As at 31 December 2019, if the current tenants were to continue to pay rental until the expiry of their rental, the total rental Soilbuild REIT would have obtained is approximately S$621,000.

One of the reasons for redeveloping the Property is due to default by the previous master lessee and the Manager is unable to find suitable anchor tenants who are willing to take on similar tenancy obligations as the previous master lessee for the building which is an integrated lanolin, lanolin derivative and cholesterol production facility. The redevelopment (which will involve demolishing the entire building and rebuilding it) will also allow Soilbuild REIT to increase the plot ratio of the building.

A plot ratio of 1.32 is preferred as this is expected to result in a valuation uplift. The Manager intends to enhance the plot ratio to 1.32 if JTC and the relevant authorities approve it.

The Property currently comprises seven blocks of office, laboratory, warehouse, production facilities and associated structures with plot ratio of 0.55. At a plot ratio of 1.00, the redevelopment will transform the property into a 3-storey ramp-up warehouse with open yard space. An additional floor can be built with a plot ratio of 1.32. The Manager is currently in negotiation with a few multi-national anchor users for the lease of the warehouse. As we have yet to execute any lease agreements, future rental income is dependent on actual occupancy and rental rates. For our redevelopment feasibility study, we have assumed monthly rental income of approximately S$0.8 million and S$1.0 million for plot ratios of 1.00 and 1.32 respectively.

Details of SBPL

SBPL is a wholly-owned subsidiary of Soilbuild Construction Group Ltd

("**Soilbuild Construction**"), which is listed on the Mainboard of the SGX-ST with a market capitalisation of S$31.1 million as at the Latest Practicable Date.

SBPL is A1-graded under CW01 (General Building) by the Singapore's Building and Construction Authority ("**BCA**") which allows it to tender for public sector projects in Singapore of unlimited contract value. In addition, SBPL is A2-graded under CW02 (civil engineering) by BCA which allows it to tender for public sector civil engineering projects with value of up to S$85.0 million.

As disclosed in the annual report of Soilbuild Construction for the financial year ended 31 December 2019, Soilbuild Construction is a leading builder with a long and successful track record of constructing a sterling award-winning portfolio of residential and business space properties. Since its inception in 1976, Soilbuild Construction has provided a full spectrum of real estate services which includes design and build, construction, turnkey construction, project management consultancy, procurement and mechanical & electrical installation. In projects which Soilbuild Construction had acted as the main contractor, it has achieved building excellence in winning HDB Construction Award and several architectural and environmental awards over the years.

The Lim Family owns 82.58% shareholding interest in Soilbuild Construction as at the Latest Practicable Date. SBPL is an associate of the controlling shareholder of the Manager, and therefore the appointment of SBPL would be an interested person transaction.

The following table sets out additional details for the redeveloped ramp-up warehouse facility at 2 Pioneer Sector 1.

Plot ratio 1.00

Details of redeveloped ramp-up warehouse facility at 2 Pioneer Sector 1		
Gross Floor Area	**Net Lettable Area**	**Expected time for completion of redevelopment**
53,189.70 sqm	50,782.60 sqm	14 calendar months from date of site handover to the D&B Contractor[1]

Plot ratio 1.32

Details of redeveloped ramp-up warehouse facility at 2 Pioneer Sector 1		
Gross Floor Area	**Net Lettable Area**	**Expected time for completion of redevelopment**
70,210.40 sqm	67,715.26 sqm	16 calendar months from date of site handover to the D&B Contractor[1]

2.2 Rationale and Benefits

The Manager instructed consultants to conduct a tender exercise for the D&B contract. The consultants comprised the consultant quantity surveyor, Oliver Ho & Associates ("**QS**") and Point Architects Pte Ltd ("**Architect**"). Four fee quotations were obtained before appointing the QS who had quoted the lowest fee. The Architect's fee is slightly below market rate. The Manager had considered the consultants' experience and their fee quotations in the selection process. Please refer to paragraph 4.2 of Appendix A for the QS's and Architect's track record.

1 Date of site handover to the D&B Contractor refers to the completion of phase 1 demolition works of existing facilities at the Property. In view of the current COVID-19 restriction orders in Singapore, demolition works can only commence after such restrictions are lifted and hence the commencement of the contract period will similarly be delayed until the completion of such demolition works ("**Date of Site Handover**").

The consultants conducted a pre-qualification exercise and shortlisted seven contractors of which two declined to participate. The remaining five contractors were pre-qualified and invited for the tender exercise called on 7 January 2020.

The tenderers were asked to submit tenders based on design scheme of 1.00 and 1.32 and to include proposals, if any for reduction in contract period, favourable progressive payment terms and value-engineering proposals without compromising Soilbuild REIT's requirements and to fully comply with building temporary occupation permit and CSC requirements.

The tender was called and closed in the QS's office. All communications with the tenderers were via the consultants. There were 2 types of communications comprising:

Type 1: The Consultant Quantity Surveyor and the Architect communicated the owner's requirements to the tenderers under the instruction of the owner's representative. These include:

- Tender calling date, closing date and time;
- Issuance of tender documents and drawings which captured the property owner's requirements.

Type 2: The consultants acted independently in communicating with the tenderers when tenderers sought clarification on the technicalities of the development. Such technical details require the consultants' professional advice and assistance. Nevertheless, the consultants kept the owner's representative posted on their communications with the tenderers. All tenderers received the same set of information from the consultants.

All five tenderers attended a joint site walkaround on 16 January 2020 to enable them to better understand the existing site condition.

The tender was closed on 5 February 2020, 12 pm. The tender committee opened the tender submissions at 2 pm on the same day at the QS's office. All tender submissions were retained by the QS for their evaluation. The tender committee comprised the Manager's asset management staff, a Finance staff, the QS and Architect. The members of the tender committee are neither interested persons nor their respective associates.

The QS and Architect recommended to shortlist the three most competitive tenderers for a tender interview. The other two tenderers were not considered for further evaluation as advised by the consultants as they have submitted tender prices exceeding S$100 million each, which were significantly higher than the submissions by the three shortlisted tenderers. The purpose of the tender interview was to ensure the tenderers fully understand and comply with the owner's requirements, to remind the tenderers to submit proposals for construction period reduction and favourable progressive payment terms which

were not submitted in the first round, and to request all the three tenderers to submit more competitive pricing.

The tender interview was conducted in the Architect's office on 11 February 2020. The interview panel comprised representatives from the Manager, Architect and QS. The interview was chaired by the QS.

Following the tender interview, the three lowest tenderers participated in the second tender submission based on the tender clarification list issued to them by the Consultant QS. The second tender submission was closed on 14 February 2020, 10.30 am in QS's office and was opened at 11 am on the same day.

The key tender evaluation criteria were discussed and agreed by the Manager before the tender exercise. It primarily followed the government's tender evaluation criteria with 60% weightage allocated to tender pricing and 40% allocated to qualitative factors. The qualitative factors include a 15% weightage accorded to reduction of construction period and 25% weightage accorded to favourable progressive payment terms. The QS adopted the scoring guidelines published in various government agencies' websites.

For the second tender submission, the tender pricings submitted by the 3 tenderers were very close, ranging from S$79.5 million to S$81.3 million based on the plot ratio 1.32 design scheme, and S$78.1 million to S$78.9 million based on the plot ratio 1.00 design scheme.

SBPL achieved the highest scores for both design schemes.

The second tender interview and a final negotiation session was conducted on 19 February 2020 between the Manager and SBPL in the Manager's office, facilitated by the consultants. Cost-saving value-engineering items were vigorously discussed. SBPL subsequently made a final submission which incorporated cost-savings value-engineering proposals.

The Architect having evaluated the final submission, has no objection to all the proposed items.

All other bids have been tabled before the Audit and Risk Committee.

The key building specifications include warehouse floors requiring (i) ESFR sprinkler (ii) FM2 floor flatness (iii) floor loading of 25KN/m^2 (iv) column grid of 11.4 m X 11.4 m (v) clear ceiling height of 12 metre (vi) ramp-up accessible by 40-footer containers, 2-directional. The property was valued on a vacant possession basis as at 31 December 2019. The relatively high cost of re-development is partly attributed to high property specifications such as high floor loading and ceiling height. The sum of the current property valuation and the redevelopment cost for plot ratio of 1.32 is S$139.7 million. Based on the valuation dated 6 March 2020 by Savills Valuation and Professional Services (S) Pte Ltd prepared on a "as if complete" basis, the valuation is S$142.0 million.

The sum of the current property valuation and the redevelopment cost for plot ratio of 1.00 is S$130.4 million. Based on the valuation dated 6 March 2020 by Savills Valuation and Professional Services (S) Pte Ltd prepared on a "as if complete" basis, the valuation is S$113.0 million. The higher construction cost for plot ratio 1.00 is due to the front loading of building specifications such as foundation and 25kn/m^2 reinforced concrete roof top carparking which allows ease of future conversion to enhanced plot ratio 1.32.

In summary, the Manager believes that the appointment of SBPL as the D&B Contractor is beneficial for Unitholders for the following reasons:

(i) **Highest scoring in overall tender evaluation**

SBPL has scored the highest scores for the overall tender evaluation and scoring system which primarily followed the Singapore Government's guidelines for public tenders and this can be found in the Building and Construction Authority's website:

https://www1.bca.gov.sg/procurement/tender-stage/price-quality-method-pqm-framework.

(ii) **Shortest contract period**

SBPL has offered the shortest contract period with a two-month reduction to the contract period stipulated in the tender document and addendum. The development period is reduced by two months which provides the following benefits:

(a) reduces Soilbuild REIT's risk exposure to any unforeseen development risk; and

(b) minimises downtime whereby early completion of the development will be potentially income generating.

If there are delays liquidated damages of S$20,000 per day for plot ratio of 1.00 and S$28,000 per day for plot ratio of 1.32 would be imposed, which is in line with the amount for the other bidders.

(iii) **Most favourable progressive payment terms**

SBPL have offered the most favourable progressive payment terms compared to the other contractors. Soilbuild REIT will make progressive payment of the construction cost as the construction progresses on site up to 50.0% of the D&B Contract amount. Thereafter, the subsequent progressive payment will be deferred till project completion and the building owner shall pay the remaining 50.0% of the payment due within a week from the date of the building Temporary Occupation Permit. The financing cost savings are estimated to be approximately S$392,000. In contrast, the payment terms of one contractor was an extension of the

standard 35 days' payment terms by another 25 days to 60 days whereas the other contractor did not offer any favourable progressive payment terms.

(iv) **Cost-saving value-engineering options resulting in lowest construction cost achieved during the tender exercise**

SBPL has provided cost-saving value-engineering options in the tender exercise (such as open concept to external staircase, change the slanted smoke canopy, change the louvers to slanted smoke canopy, omit skim coat to ceiling, omit chequered plates, omit two steel staircases and replace with parapet wall with skim coat and paint, redesign of structural steel system to roof and omit 1 row of RC columns, reduce the width of the covered driveway, omit 1 sub-station, reduce the length of drive-up ramp, change the height of RC wall with BRC fence, performance base engineering smoke control system for authority compliance.) As a result, the construction cost is lower than the next lowest quote by S$2,277,092 for plot ratio 1.00 design scheme and S$1,273,800 for plot ratio 1.32 design scheme. The final submission tender pricing was S$78.2 million based on the plot ratio 1.32 design scheme and S$75.8 million based on the plot ratio 1.00 design scheme.

2.3 Principal Terms and Conditions of the Appointment of SBPL as the D&B Contractor

SBPL will be appointed as the D&B Contractor for the proposed ramp-up warehouse facility at 2 Pioneer Sector 1 pursuant to the terms of the design and build contract (the "**D&B Contract**"):

(i) at S$75,824,908 (before Goods and Service Tax ("**GST**")) for a contract period of 14 calendar months with effect from the Date of Site Handover to the D&B Contractor, based on plot ratio 1.00 design scheme which is the plot ratio permitted in the Urban Redevelopment Authority's Master Plan for this site; and

(ii) upon JTC Corporation and relevant authorities' approval to increase the plot ratio to 1.32, Manager will activate within six months (from the Date of Site Handover to the D&B Contractor) to increase the plot ratio to 1.32 with a D&B Contract amount of S$78,213,000 (before GST) for a revised contract period of 16 calendar months.

The contract period for SBPL will commence on the Date of Site Handover which refers to the completion of phase 1 demolition works of existing facilities at the Property, and not from the date of approval of the Proposed Appointment as announced by the Manager on 19 March 2020. This is so in view of the current COVID-19 restriction orders in Singapore, as construction work by D&B Contractor can only commence after phase 1 of the demolition works have been

completed and the demolition works can only commence after such restriction orders are lifted. Hence, the commencement of the contract period will similarly be deferred until the completion of such demolition works.

Pursuant to the Trust Deed, the Manager is entitled to receive a development management fee equivalent to 3.0% of the total project costs incurred in Development Projects undertaken and managed by the Manager on behalf of Soilbuild REIT. In relation to the appointment of SBPL as the D&B Contractor, the Manager has waived its development management fee for any differential premium charged by the Singapore Land Authority for increasing the allowable plot ratio of 1.00 to 1.32.

2.4 Interested Person Transaction

Under Chapter 9 of the Listing Manual, where Soilbuild REIT proposes to enter into a transaction with an Interested Person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same Interested Person during the same financial year) is equal to or exceeds 5.0% of Soilbuild REIT's latest audited net tangible assets ("**NTA**"), Unitholders' approval is required in respect of the transaction. Based on the audited financial statements of Soilbuild REIT for the financial year ended 31 December 2019, the audited NTA of Soilbuild REIT including perpetual securities issued was approximately S$812.5 million as at 31 December 2019. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by Soilbuild REIT with an Interested Person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S$100,000) entered into with the same Interested Person during the current financial year, equal to or in excess of S$40.6 million (being 5.0% of the audited NTA of Soilbuild REIT as at 31 December 2019), such a transaction would be subject to Unitholders' approval. Given the estimated D&B Contract amount of S$78.2 million for plot ratio 1.32 design scheme (which is approximately 9.6% of the latest audited NTA of Soilbuild REIT), the value of the D&B Contract exceeds the said threshold.[1]

As at the Latest Practicable Date, Mr Lim Chap Huat wholly-owns SBGH and through SBGH, holds 100.0% of the issued shares of the Manager. Mr Lim Chap Huat is therefore regarded as a "controlling shareholder" of the Manager under the Property Funds Appendix and is (for the purposes of the Listing Manual) an "interested person".

As Mr Lim Chap Huat holds an indirect interest of 74.61% in the D&B Contractor

1 The audited NTA figures set out in this paragraph is computed taking into account the perpetual securities issued. Assuming that the perpetual securities are not taken into account as the equity in computing the NTA, the audited NTA of Soilbuild REIT will be S$ 746.8 million and 5% of such amount will be S$37.3 million, and the D&B Contract amount will be 10.5% of such NTA.

(SBPL), for the purposes of Chapter 9 of the Listing Manual, the D&B Contractor (being an associate of a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" of Soilbuild REIT.

Therefore, the Proposed Appointment will constitute an "interested person transaction" under Chapter 9 of the Listing Manual, in respect of which the approval of Unitholders is required.

2.5 Advice of the Independent Financial Adviser

The Manager has appointed Provenance Capital Pte. Ltd. as the IFA to advise the independent directors of the Manager (the "**Independent Directors**"), the audit and risk committee of the Manager (the "**Audit and Risk Committee**") and the Trustee in relation to the Proposed Appointment. A copy of the letter from the IFA to the Independent Directors and members of the Audit and Risk Committee and the Trustee (the "**IFA Letter**"), containing its advice with respect to the Proposed Appointment in full, is set out in **Appendix A** of this Circular and Unitholders are advised to read the IFA Letter carefully.

The IFA's opinion is extracted and set out in italics below:

"*In arriving at our opinion in respect of the IPT, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:*

(a) rationale and benefits of the IPT;

(b) salient points noted in the tender exercise;

(c) approval by the Audit & Risk Committee; and

(d) other relevant considerations.

Overall, having considered the above and the information available to us as at the Latest Practicable Date, we are of the opinion that the IPT is on normal commercial terms and is not prejudicial to the interests of Soilbuild REIT and its Minority Unitholders.*"*

3. RESOLUTION 2: THE WHITEWASH RESOLUTION

3.1 Background

The Manager and its concert parties currently hold 29.88% of the Units in issue. It is expected that the next issuance of management fees Units in relation to 1Q2020 (being, the period from 1 January 2020 to 31 March 2020) ("**Management Fee Units**") would result in the Manager and its concert parties holding more than 30% of the Units in Issue.

3.2 Rule 14 of the Code

The Manager proposes to seek approval from Independent Unitholders for a waiver of their right to receive a Mandatory Offer from the Manager and parties acting in concert with it for the remaining issued Units not owned or controlled by the Manager and parties acting in concert with it pursuant to Rule 14 of the Code, in the event that the Manager receives such number of Management Fee Units which would result in the Manager and its concert parties holding more than 30% of the Units in Issue.

Accordingly, this would exceed the threshold pursuant to Rule 14.1(a) of the Code. Rule 14.1(a) of the Code states that the Manager and parties acting in concert with it would be required to make a Mandatory Offer if the Manager and parties acting in concert with it, acquire additional Units which increase their aggregate unitholding in Soilbuild REIT to 30.0% or more.

Unless waived by the SIC, pursuant to Rule 14.1(a) of the Code, the Manager and parties acting in concert with it would then be required to make a Mandatory Offer. The SIC has granted this waiver subject to, inter alia, the Whitewash Resolution being approved by Independent Unitholders at the EGM.

To the best of the knowledge of the Manager, the Manager and parties acting in concert with it hold, in aggregate, 377,714,690 Units representing 29.88% of the voting rights of Soilbuild REIT as at the Latest Practicable Date. The Manager and parties acting in concert with it do not hold any instruments convertible into and options in respect of Units in Soilbuild REIT.

The maximum possible increase in the unitholdings of the Manager would occur in the scenario where the Manager elects to receive its full entitlement to the Management Fees in Units, which amounts to 4,207,837 Units (based on the quantum of the Management Fees of S$1,100,770.28 and the issue price of S$0.2616, as has been fixed in accordance with the terms of the Trust Deed). The aggregated unitholding of the Manager and parties acting in concert with it immediately after the issue of the Management Fee Units to the Manager will be 30.12% (based on an issue price of S$0.2616).

The following table sets out the respective unitholdings of the Manager and parties acting in concert with it if the Manager receives the Management Fee Units.

Unitholdings of the Manager and parties acting in concert with it		
	Before the Issue of the Management Fee Units[(1)]	**Immediately after the issue of the Management Fee Units**
Issued Units	1,263,903,222	1,268,111,059
Number of Units held by the Manager and parties acting in concert with it	377,714,690	381,922,527
Number of Units held by Unitholders, other than the Manager and parties acting in concert with it	886,188,532	886,188,532
% of issued Units held by the Manager and parties acting in concert with it	29.88%	30.12%
% of issued Units held by the Unitholders, other than the Manager and parties acting in concert with it	70.12%	69.88%

Note:

(1) The number of Management Fee Units is calculated based on an issue price of S$0.2616 per Unit computed based on the volume-weighted average price of Units traded in the last ten market days in March 2020.

The following table sets out the respective unitholdings of each of the Manager and parties acting in concert with it if the Manager receives the Management Fee Units.

Unitholdings of each of the Manager and parties acting in concert with it		
	Before the Issue of the Management Fee Units(1)	**Immediately after the issue of the Management Fee Units**
Mr Lim Chap Huat	116,922,419 (9.25%)	116,922,419 (9.22%)
Manager	4,351,290 (0.34%)	8,559,127 (0.67%)
SBGH	1 (0.00%)	1 (0.00%)
Lim Han Feng	85,000,000 (6.73%)	85,000,000 (6.70%)
Lim Han Qin	85,000,000 (6.73%)	85,000,000 (6.70%)
Lim Han Ren	85,000,000 (6.73%)	85,000,000 (6.70%)
Lim Chap Heng (Mr Lim Chap Huat's brother)	190,000 (0.015%)	190,000 (0.015%)
Lim Chap Seng (Mr Lim Chap Huat's brother)	275,000 (0.022%)	275,000 (0.022%)
Lim Xian Yong (son of Lim Chap Heng)	157,500 (0.012%)	157,500 (0.012%)
Lim Xian Da (son of Lim Chap Heng)	15,400 (0.0012%)	15,400 (0.0012%)
Lim Say Moi (Mr Lim Chap Huat's sister)	126,500 (0.010%)	126,500 (0.010%)
Teo Wei Shan (daughter of Lim Say Moi)	20,000 (0.0016%)	20,000 (0.0016%)
Lim Cheng Hwa	272,580 (0.022%)	272,580 (0.021%)
Teo Seng Wah(2)	300,000 (0.024%)	300,000 (0.024%)
Lim Hui Hua(2)	84,000 (0.0067%)	84,000 (0.0066%)

Notes:

(1) The number of Management Fee Units is calculated based on an issue price of S$0.2616 per Unit computed based on the volume-weighted average price of Units traded in the last ten market days in March 2020.

(2) A director of Soilbuild Business Space Holdings Pte. Ltd.

3.3 Application of waiver from Rule 14 of the Code

An application was made to the SIC on 10 March 2020 for a ruling that a Mandatory Offer under Rule 14 of the Code need not be made by the Manager and parties acting in concert with it as a result of the increase in their unitholdings in Soilbuild REIT pursuant to the issuance of Management Fee Units to the Manager.

The SIC granted the waiver on 9 June 2020 for the Manager to make a Mandatory Offer under Rule 14 of the Code for Soilbuild REIT as a result of the issuance of the Management Fee Units to the Manager, subject to the satisfaction of the following conditions:

(i) a majority of holders of voting rights of Soilbuild REIT approve at a general meeting, before the proposed issuance of the Management Fee Units, the Whitewash Resolution by way of a poll to waive their rights to receive a

general offer from the Manager;

(ii) the Whitewash Resolution is separate from other resolutions;

(iii) the Manager and its concert parties as well as parties not independent of it abstain from voting on the Whitewash Resolution;

(iv) the Manager and its concert parties did not acquire or are not to acquire any Units or instruments convertible into and options in respect of Units in Soilbuild REIT (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Units which have been disclosed in this Circular):

(a) during the period between the first announcement of the proposed issuance of Management Fee Units ("**Proposed Issuance**") and the date Unitholders' approval is obtained for the Whitewash Resolution; and

(b) in the six months prior to the announcement of the Proposed Issuance but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Manager in relation to the Proposed Issuance,

(v) Soilbuild REIT appoints an independent financial adviser to advise the Independent Unitholders on the Whitewash Resolution;

(vi) Soilbuild REIT sets out clearly in this Circular:

(a) details of the proposed issuance of the Management Fee Units;

(b) the dilution effect of the issuance of the Management Fee Units to existing holders of voting rights;

(c) the number and percentage of voting rights in Soilbuild REIT as well as the number of instruments convertible into, rights to subscribe for and options in respect of Units in Soilbuild REIT held by the Manager and its concert parties at the Latest Practicable Date;

(d) the number and percentage of voting rights to be acquired by the Manager and its concert parties as a result of the acquisition of Management Fee Units by the Manager; and

(e) specific and prominent reference to the fact that Unitholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Manager at the highest price paid by the Manager and its concert parties for Units in Soilbuild REIT in the past six months preceding the commencement of the offer;

(vii) this Circular states that the waiver granted by the SIC to the Manager from

the requirement to make a general offer under Rule 14 of the Code is subject to the conditions set out in sub-paragraphs 3.3(i) to 3.3(vi) above;

(viii) Soilbuild REIT obtains the SIC's approval in advance for those parts of this Circular that refer to the Whitewash Resolution; and

(ix) to rely on the Whitewash Resolution, the approval for the Whitewash Resolution must be obtained within three months of the date of the SIC's approval and the acquisition of Management Fee Units by the Manager must be completed within three months of the approval of the Whitewash Resolution.

As at the Latest Practicable Date, the conditions as set out in paragraph 3.3(ii), (iv)(b), (v), (vi), (vii) and (viii) has been satisfied.

Independent Unitholders should note that by voting for the Whitewash Resolution, they are waiving their rights to receive a Mandatory Offer from the Manager at the highest price paid by the Manager and its concert parties for Units in the past six months preceding the commencement of the offer.

By voting in favour of the Whitewash Resolution, Independent Unitholders could also be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilutive effect resulting from the receipt of the Management Fee Units by the Manager in its own capacity.

3.4 Rationale for the Whitewash Resolution

The Whitewash Resolution is to enable the Manager to receive the Management Fee Units in its own capacity, and the rationale for allowing the Manager to do so is set out as follows.

Pursuant to the Trust Deed, the Management Fees are payable to the Manager in the form of cash and/or Units (as the Manager may elect). The Manager has been receiving management fees from Soilbuild REIT in the form of new Units of Soilbuild REIT, and is expected to continue to elect to receive the management fees in the form of new Units. Presently, The Manager and parties acting in concert with it own in total 29.88% of Soilbuild REIT. It was envisaged that in due course, the Manager and parties acting in concert with it may, upon the issuance of the new Units to the Manager in respect of the future Management Fees, trigger the 30.0% mandatory takeover threshold under the Code. Accordingly, without the Whitewash Resolution, and in view of Rule 14.1(a) of the Code, the Manager and parties acting in concert with it will need to make a takeover offer for Soilbuild REIT. It is not the intention of the Manager and parties acting in concert with it to make a Mandatory Offer.

The Manager is of the view that allowing it to receive the Management Fees in Units will demonstrate the long-term commitment of the Manager and of the

Sponsor to Soilbuild REIT. It will also further align the interests of the Manager with Unitholders, incentivising the Manager to raise the performance of Soilbuild REIT to the benefit of Unitholders.

3.5 Potential sale of existing Units by the Manager and parties acting in concert with it if the Whitewash Resolution is not passed

In the financial results for 1Q2020, the Manager had already recognised and treated its entitled management fee as being paid in the form of new Units. This would have the effect of conserving the cash balance of Soilbuild REIT and hence enhancing the amount available for distribution to Unitholders. On this basis, the distribution to Unitholders of S$0.00883 per Unit has already been made on 22 May 2020. In the event that the Whitewash Resolution is not passed, the Manager and parties acting in concert with it could dispose of some of its existing Units in order to facilitate the issuance of the Management Fee Units to the Manager without triggering the Mandatory Offer. In such a situation, the Manager would not be relying on the Whitewash Resolution for the purpose of issuing the Management Fee Units.

3.6 Advice of the Independent Financial Adviser

The Manager has appointed Provenance Capital Pte. Ltd. as the IFA to advise the Independent Directors, the Audit and Risk Committee and the Trustee in relation to the Whitewash Resolution. A copy of the IFA Letter, containing its advice with respect to the Whitewash Resolution in full, is set out in **Appendix B** of this Circular and Unitholders are advised to read the IFA Letter carefully.

The IFA's opinion is extracted and set out in italics below:

"*In arriving at our opinion in respect of the Whitewash Resolution, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:*

(a) rationale for the Whitewash Resolution;

(b) the terms of the issuance of the 1Q2020 Management Fee Units;

(c) pricing of the 1Q2020 Management Fee Units;

(d) dilution impact of the issuance of the 1Q2020 Management Fee Units on the Independent Unitholders; and

(e) other relevant considerations.

Overall, having considered the above and the information available to us as at the Latest Practicable Date, we are of the opinion that the terms of the issuance of the 1Q2020 Management Fee Units are fair and reasonable, and the Whitewash Resolution is not prejudicial to the interest of the Independent Unitholders."

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

4.1 Interests of Directors

As at the Latest Practicable Date, certain directors of the Manager ("**Directors**") collectively hold an aggregate direct and indirect interest in 122,558,290 Units. Further details of the interests in Units of Directors and Substantial Unitholders[1] are set below.

Mr Lim Chap Huat is a Non-Executive Director of the Manager. Ms Lim Cheng Hwa is a Non-Executive Director of the Manager. Mr Chong Kie Cheong is the Chairman and an Independent Non-Executive Director of the Manager. Mr Michael Ng Seng Tat is an Independent Non-Executive Director of the Manager. Mr Ng Fook Ai Victor is an Independent Non-Executive Director of the Manager.

Based on the Register of Directors' Unitholdings maintained by the Manager and save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the Units as at the Latest Practicable Date:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Lim Chap Huat(2)	97,988,491	7.753	23,285,219	1.842	121,273,710	9.595
Lim Cheng Hwa	272,580	0.022	-	-	272,580	0.022
Chong Kie Cheong	324,500	0.026	-	-	324,500	0.026
Michael Ng Seng Tat(3)	-	-	687,500	0.054	687,500	0.054
Ng Fook Ai Victor	-	-	-	-	-	-

Notes:

(1) The percentage is based on 1,263,903,222 Units in issue as at Latest Practicable Date.

(2) Mr Lim Chap Huat is deemed to be interested in one Unit held by SBGH as Mr Lim Chap Huat directly owns 100% of SBGH, 18,933,928 Units which are held through a nominee account, and 4,351,290 Units held by the Manager as he holds 100% of the Manager through SBGH. The Units held by the Manager relate to 3QFY2019 and 4QFY2019 base fees.

(3) Mr Michael Ng Seng Tat is deemed to be interested in 687,500 Units which are held through a nominee account.

4.2 Interests of Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders of Soilbuild REIT and their interests in the Units as at the Latest Practicable Date are as follows:

1 "**Substantial Unitholder**" refers to a person with an interest in Units constituting not less than 5.0% of all Units in issue.

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Lim Chap Huat(2)	97,988,491	7.753	23,285,219	1.842	121,273,710	9.595
Lim Han Feng(3)	61,400,000	4.858	23,600,000	1.867	85,000,000	6.725
Lim Han Qin(4)	61,400,000	4.858	23,600,000	1.867	85,000,000	6.725
Lim Han Ren(5)	72,400,000	5.728	12,600,000	0.997	85,000,000	6.725

Notes:

(1) The percentage is based on 1,263,903,222 Units in issue as at Latest Practicable Date.

(2) Mr Lim Chap Huat is deemed to be interested in one Unit held by SBGH as Mr Lim Chap Huat directly owns 100% of SBGH, 18,933,928 Units which are held through a nominee account, and 4,351,290 Units held by the Manager as he holds 100% of the Manager through SBGH. The Units held by the Manager relate to 3QFY2019 and 4QFY2019 base fees.

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

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

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

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders have an interest, direct or indirect, in the Proposed Appointment.

4.3 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Proposed Appointment or any other transactions contemplated in relation to the Proposed Appointment.

5 RECOMMENDATIONS

5.1 On the Proposed Appointment

Based on the advice of the IFA (as set out in the IFA Letter in **Appendix A** of this Circular) and the rationale and benefits of the Proposed Appointment as set out in paragraph 2.2 of the Letter to Unitholders, the Independent Directors and the Audit and Risk Committee is of the opinion that the Proposed Appointment is on normal commercial terms and is not prejudicial to the interests of Soilbuild REIT and its minority Unitholders (taking into consideration all factors and terms of other bids).

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the resolution to approve the Proposed Appointment.

5.2 On the Whitewash Resolution

The Independent Directors have considered the rationale for the Whitewash Resolution and concurred with the advice of the IFA (as set out in the IFA Letter in **Appendix B** of this Circular) in relation to the Whitewash Resolution. The Independent Directors believe that the Whitewash Resolution would be beneficial

to, and is in the interests of, Soilbuild REIT.

(See paragraph 3.4 for details of the rationale for the Whitewash Resolution and paragraph 3.6 for the advice of the IFA.)

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the resolution to approve the Whitewash Resolution.

6 EXTRAORDINARY GENERAL MEETING

The EGM will be convened and held by electronic means on Thursday, 25 June 2020 at 2.00 p.m., to transact the business set out in the Notice of Extraordinary General Meeting. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions in relation to the Proposed Appointment and the Whitewash Resolution. Approval by way of an Ordinary Resolution is required in respect of each resolution.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited ("**CDP**") as at 48 hours before the time fixed for the EGM.

7 ABSTENTIONS FROM VOTING

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested in the EGM.

(i) Resolution 1: the Proposed Appointment

Given that SBGH is interested in the Proposed Appointment, SBGH, Mr Lim Chap Huat and his associates (which together hold 377,437,790 Units (approximately 29.86%) as at the Latest Practicable Date) will abstain and will procure that their subsidiaries (including the Manager) will abstain, from voting at the EGM on the resolution in relation to the Proposed Appointment.

For the purposes of good corporate governance, Ms Lim Cheng Hwa, a Non-Executive Director and Mr Roy Teo, the Chief Executive Officer, will each abstain from voting on the resolution in relation to the Proposed Appointment in respect of Units (if any) held by them.

(ii) Resolution 2: the Whitewash Resolution

Pursuant to the SIC Waiver granted in relation to the Whitewash Resolution, the Manager and parties acting in concert with it and parties

not independent of the Manager are required to abstain from voting on the Whitewash Resolution.

8 ACTION TO BE TAKEN BY UNITHOLDERS

8.1 Date, Time and Conduct of EGM

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 which was gazetted on 13 April 2020, and which sets out the alternative arrangements in respect of, *inter alia*, general meetings of real estate investment trusts and business trusts, the EGM will be held by way of electronic means on Thursday, 25 June 2020 at 2.00 p.m. (Singapore time).

The Chairman of the EGM and the senior management and investor relations of the Manager of Soilbuild REIT, will conduct the proceedings of the EGM.

8.2 Notice of EGM and Proxy Form

Printed copies of the Notice of EGM and Proxy Form will be published on Soilbuild REIT's website at the URL https://www.soilbuildreit.com and will also be made available on the SGX website at the URL:

https://www.sgx.com/securities/company-announcements.

8.3 No personal attendance at EGM

Due to the current COVID-19 restriction orders in Singapore, a Unitholder will not be able to attend the EGM in person.

8.4 Alternative arrangements for participation at the EGM

Unitholders may participate at the EGM by:

(i) observing and/or listening to the EGM proceedings via live audio-visual webcast or live audio-only stream;

(ii) submitting questions in advance of the EGM; and

(iii) appointing the Chairman of the meeting as proxy to attend, speak and vote on their behalf at the EGM.

Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the meeting in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairman of the meeting as proxy at the EGM, are set out in the Notice of EGM.

8.5 Key Dates and Times

The table below sets out the key dates/deadlines for Unitholders to note:

Key dates	Actions
10 June 2020 (Wednesday)	Unitholders may begin to pre-register at URL https://soilbuildreitagm.listedcompany.com/2020agm for live audio-visual webcast/live audio-only stream of the EGM proceedings.
2 p.m. on 16 June 2020 (Tuesday)	Deadline for CPF or SRS investors who wish to appoint the Chairman of the meeting as proxy to approach their respective CPF Agent Banks or SRS Operators to submit their votes.
2 p.m. on 23 June 2020 (Tuesday)	Deadline for Unitholders to submit questions in advance.
2 p.m. on 23 June 2020 (Tuesday)	Deadline for Unitholders to: • pre-register for live audio-visual webcast/live audio-only stream of the EGM proceedings; and • submit Proxy Forms.
2 p.m. on 24 June 2020 (Wednesday)	Authenticated Unitholders will receive an email which will contain user ID and password details, as well as instructions on how to access the live audio-visual webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceedings (the "**Confirmation Email**"). Unitholders who do not receive the Confirmation Email by 2 a.m. on 24 June 2020, but have registered by the 23 June 2020 deadline should contact the Manager, at (+65) 6415 7351 / (+65) 6415 5985 or email SBReit_IR@soilbuild.com.
2 p.m. on 25 June 2020 (Thursday)	• Click on the link in the Confirmation Email and enter the user ID and password to access the live audio-visual webcast of the EGM proceedings; or • Call the toll-free telephone number in the Confirmation Email to access the live audio-only stream of the EGM proceedings

8.6 Important Reminder

Due to the constantly evolving COVID-19 situation in Singapore, the Manager

may be required to change the arrangements for the EGM at short notice. Unitholders should check the Manager's website at the URL https://soilbuildreit.com for the latest updates on the status of the EGM.

9 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Appointment and the Whitewash Resolution, Soilbuild REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

10 CONSENT

The IFA (being Provenance Capital Pte. Ltd.) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA Letters and all references thereto, in the form and context in which they are included in this Circular.

11 DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager[1] at 23 Defu South Street 1, Level 3, Singapore 533847 from the date of this Circular up to and including the date falling three months after the date of this Circular:

(i) the form of the D&B Contract;

(ii) the IFA Letters; and

(iii) the written consent of the IFA.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Soilbuild REIT is in existence.

1 Prior appointment with the Manager (telephone: (+65) 6415 7351/(+65) 6415 5985) will be appreciated.

Yours faithfully

SB REIT Management Pte. Ltd.
(as manager of Soilbuild Business Space REIT)
(Company Registration No. 201224644N)

Mr Chong Kie Cheong
Chairman and Non-Executive Director

IMPORTANT NOTICE

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.

This Circular may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

1Q2020	:	The period from 1 January 2020 to 31 March 2020
%	:	Per centum or percentage
Architect	:	The architect conducting the D&B tender exercise, Point Architects Pte Ltd
Audit and Risk Committee	:	The audit and risk committee of the Manager
BCA	:	Building and Construction Authority
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 10 June 2020
Code	:	Singapore Code of Take-overs and Mergers
Consultant QS	:	Consultant Quantity Surveyor
CSC	:	Certificate of Statutory Completion
Date of Site Handover	:	The completion of phase 1 demolition works of existing facilities at the Property. In view of the current COVID-19 restriction orders in Singapore, demolition works can only commence after such restrictions are lifted and hence the commencement of the contract period will similarly be delayed until the completion of such demolition works.
D&B	:	Design and Build
D&B Contract	:	D&B contract
D&B Contractor	:	D&B contractor
Development Project	:	Shall have the meaning ascribed to it in the Trust Deed
Directors	:	The directors of the Manager, and "Director" means any one of them
EGM	:	The extraordinary general meeting of Unitholders to be convened and held by electronic means on Thursday, 25 June 2020 at 2.00 p.m., to transact the business set out in the Notice of Extraordinary General Meeting
GST	:	Goods and Service tax
IFA	:	Provenance Capital Pte. Ltd.

IFA Letter	:	The letters from the IFA to the Independent Directors, the Audit and Risk Committee of the Manager and the Trustee containing its advice with respect to the Proposed Appointment or the Whitewash Resolution (as the case may be, and collectively, the "**IFA Letters**"), as set out in **Appendix A** and **Appendix B** of this Circular, respectively
Independent Directors	:	The independent directors of the Manager
Independent Unitholders	:	Unitholders other than the Manager, parties acting in concert with the Manager and parties which are not independent of the Manager
Interested Person	:	Means "interested person" under Chapter 9 of the Listing Manual
IPT	:	Interested Person Transaction
Latest Practicable Date	:	8 June 2020, being the latest practicable date prior to the printing of this Circular
Listing Manual	:	The Listing Manual of the SGX-ST
Management Fee	:	The management fee which the Manager is entitled to under the Trust Deed
Management Fee Units	:	The new Units that will be issued as payment of the base component of the Management Fee that the Manager is entitled to under the Trust Deed in relation to the period from 1 January 2020 to 31 March 2020
Manager	:	SB REIT Management Pte. Ltd., in its capacity as manager of Soilbuild REIT
Mandatory Offer	:	A general offer made pursuant to Rule 14 of the Code
MAS	:	Monetary Authority of Singapore
NTA	:	Net tangible assets
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
Property	:	The property located at 2 Pioneer Sector 1
Property Funds	:	Appendix 6 of the Code on Collective Investment

Appendix		Schemes issued by the MAS
Proposed Appointment	:	Shall have the meaning ascribed to it in paragraph 1 of the Letter to Unitholders
Proposed Issuance	:	The proposed issuance of Management Fee Units to the Manager
QS	:	The consultant quantity surveyor conducting the D&B tender exercise, Oliver Ho & Associates
S$ and **cents**	:	Singapore dollars and cents
SBGH	:	Soilbuild Group Holdings Ltd.
SBPL	:	Soil-Build (Pte.) Ltd.
SGX-ST	:	Singapore Exchange Securities Trading Limited
SIC	:	Securities Industry Council
SIC Waiver	:	The waiver, granted by the SIC on 9 June 2020, of the requirement by the Manager and parties acting in concert with the Manager to make a Mandatory Offer for the remaining Units not owned or controlled by the Manager and parties acting in concert with the Manager, in the event that they incur an obligation to make a Mandatory Offer pursuant to Rule 14 of the Code as a result of the receipt of the Management Fee Units
Soilbuild Construction	:	Soilbuild Construction Group Ltd
Soilbuild REIT	:	Soilbuild Business Space REIT
Sponsor	:	Sponsor of Soilbuild REIT, being SBGH
Substantial Unitholder	:	A person with an interest in Units constituting not less than 5.0% of the total number of Units in issue
Trust Deed	:	The trust deed dated 13 December 2012 constituting Soilbuild REIT (as amended, restated, or supplemented from time to time)
Trustee	:	DBS Trustee Limited, in its capacity as trustee of Soilbuild REIT
Unit	:	A unit representing an undivided interest in Soilbuild REIT
Unitholder	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term

		"Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units
Whitewash Resolution	:	The proposed whitewash resolution for the waiver of the rights of Independent Unitholders to receive a Mandatory Offer from the Manager and parties acting in concert with it for all the remaining Units not owned or controlled by the Manager and parties acting in concert with it

The terms "Depositor" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

10 June 2020

To: The Directors of SB REIT Management Pte. Ltd. ("**Manager**"),
as Manager of Soilbuild Business Space REIT ("**Soilbuild REIT**")
(who are deemed independent in respect of the IPT)

Mr Chong Kie Cheong	(Chairman, Independent Non-Executive Director)
Mr Ng Fook Ai Victor	(Independent Non-Executive Director)
Mr Michael Ng Seng Tat	(Independent Non-Executive Director)

To: DBS Trustee Limited
(in its capacity as trustee of Soilbuild REIT) ("**Trustee**")

Dear Sirs,

AWARD OF CONSTRUCTION CONTRACT TO AN INTERESTED PERSON

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the unitholders of Soilbuild Business Space REIT ("**Unitholders**") dated 10 June 2020 ("**Circular**"). The latest practicable date as referred to in the Circular and for the purpose of this letter ("**Letter**") is 8 June 2020 ("**Latest Practicable Date**").*

1. INTRODUCTION

1.1 On 19 March 2020, the Manager announced, *inter alia*, the proposed redevelopment of the property at 2 Pioneer Sector 1, Singapore 628414 ("**Property**") into a new ramp-up warehouse facility ("**Proposed Redevelopment**") and the proposed appointment ("**Proposed Appointment**") of Soil-Build (Pte.) Ltd. ("**SBPL**") as the design and build contractor ("**D&B Contractor**") for the Proposed Redevelopment.

The Proposed Appointment is an interested person transaction ("**IPT**"), and is subject to the approval of Unitholders at the extraordinary general meeting ("**EGM**") and the opinion of the independent financial adviser "(**IFA**").

The design and build contract ("**D&B Contract**") for the Proposed Redevelopment is:

(i) at a contract sum ("**Contract Sum**") of S$75,824,908 (before GST) for a contract period of 14 months based on a plot ratio 1.0 design scheme which is the plot ratio permitted in the URA's Master Plan for the site; and

(ii) upon JTC and relevant authorities' approval to increase the plot ratio to 1.32, the Manager will activate within 6 months from the date of site handover to the D&B Contractor ("**Date of Site Handover**") to increase the plot ratio to 1.32 with the Contract Sum of S$78,213,000 (before GST) for a revised contract period of 16 months.

The appointment of SBPL as the D&B Contractor will take effect upon the passing of the ordinary resolution for the Proposed Appointment at the EGM.

The contract period for SBPL will commence on the Date of Site Handover which refers to the completion of phase 1 demolition works of existing facilities at the Property, and not from the

date of the EGM for the approval of the Proposed Appointment as announced by the Company on 19 March 2020. This is so in view of the current COVID-19 restriction orders in Singapore, as construction work by D&B Contractor can only commence after phase 1 of the demolition works have been completed and the demolition works can only commence after such restriction orders are lifted. Hence, the commencement of the contract period will similarly be deferred until the completion of such demolition works.

Upon the appointment of the D&B Contractor, application will be made to JTC and the relevant authorities for their approval to increase the plot ratio to 1.32. It is currently envisaged that such approval from the relevant authorities would be obtained within 6 months from the Date of Site Handover and accordingly, the Manager will also be able to activate to increase the plot ratio to 1.32 for the Proposed Redevelopment within this 6 months period.

1.2 Soilbuild REIT (together with its subsidiaries, the "**Group**") is a Singapore real estate investment trust listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

Mr Lim Chap Huat is the Non-Executive Director of the Manager. Mr Lim Chap Huat is the sole owner of Soilbuild Group Holdings Ltd ("**Sponsor**"), the Sponsor of Soilbuild REIT, which is, in-turn, the sole owner of the Manager. As at the Latest Practicable Date, Mr Lim Chap Huat is a substantial Unitholder of Soilbuild REIT, and together with the Units held by his family members ("**Lim Family**"), own a controlling interest in Soilbuild REIT, amounting to 29.82% of the total number of outstanding Units of 1,263,903,222 Units.

SBPL is a wholly-owned subsidiary of Soilbuild Construction Group Ltd ("**Soilbuild Construction**"), a company listed on the Main Board of the SGX-ST.

Mr Lim Chap Huat is the Executive Chairman and the controlling shareholder of Soilbuild Construction, with a direct shareholding interest of 74.61%. As at the Latest Practicable Date, the Lim Family holds 82.58% shareholding interest in Soilbuild Construction.

Mr Lim Chap Huat is deemed as an interested person under Chapter 9 of the listing manual of the SGX-ST ("**Listing Manual**"), as well as an interested party under the Property Funds Appendix (as defined in the Circular) ("**Interested Person**"). Accordingly, the Proposed Appointment would constitute an interested person transaction pursuant to Chapter 9 of the Listing Manual as well as an interested party transaction pursuant paragraph 5 of the Property Funds Appendix.

In accordance with Rule 906 of the Listing Manual, Unitholders' approval must be obtained for any IPT of a value equal to or more than 5.0% of the Group's latest audited net tangible assets ("**NTA**") or when aggregated with other IPTs with the same Interested Person during the same financial period, the value is equal to or more than 5.0% of the Group's latest audited NTA ("**5% Threshold**"). In obtaining such approval, pursuant to Rule 919 of the Listing Manual, the Interested Person and his associates are required to abstain from voting on the resolution approving the IPT. Accordingly, such resolution should only be voted on by Unitholders who are independent of the Interested Person and his associates ("**Independent Unitholders**" or "**Minority Unitholders**"). As an Interested Person, Mr Lim Chap Huat will abstain, and has undertaken to ensure that his associates will abstain, from voting on the ordinary resolution in relation to the IPT at the EGM. The family members of Mr Lim are deemed associates of Mr Lim under Chapter 9 of the Listing Manual.

There is a similar requirement pursuant to paragraph 5.2 of the Property Funds Appendix except that the 5% Threshold is based on the net asset value ("**NAV**") of the Group instead of NTA of the Group.

Based on the Group's latest audited accounts for the financial year ended 31 December 2019 ("**FY2019**"), the audited NTA attributable to Unitholders is S$746.8 million, and the NTA (including perpetual securities holders) is S$812.5 million.

As Soilbuild REIT does not have any intangible asset, the NAV of Soilbuild REIT is the same as its NTA. As the Contract Sum represents between 10.2% and 10.5% of Soilbuild REIT's latest audited NTA attributable to Unitholders, the Proposed Appointment, as an IPT, is subject to the approval of the Minority Unitholders at the EGM to be convened.

1.3 **As at the Latest Practicable Date**, the directors of the Manager ("**Directors**") are as follows:

(i) Mr Chong Kie Cheong, Chairman, Independent Non-Executive Director;
(ii) Mr Ng Fook Ai Victor, Independent Non-Executive Director;
(iii) Mr Michael Ng Seng Tat, Independent Non-Executive Director;
(iv) Mr Lim Chap Huat, Non-Executive Director; and
(v) Ms Lim Cheng Hwa, Non-Executive Director

Mr Lim Chap Huat is the Interested Person. Ms Lim Cheng Hwa is also a non-executive director of Soilbuild Construction, and hence, she is deemed as an associate of the Interested Person. Accordingly, Mr Lim Chap Huat and Ms Lim Cheng Hwa will abstain from making any recommendation to the Unitholders in relation to the IPT and from voting in respect of their unitholdings in Soilbuild REIT on the IPT at the EGM.

The Manager has confirmed that the remaining three Directors, Mr Chong Kie Cheong, Mr Ng Fook Ai Victor and Mr Michael Ng Seng Tat, who are all Independent Non-Executive Directors and members of the Audit & Risk Committee of Soilbuild REIT, are deemed as independent directors for the purpose of the IPT ("**Independent Directors**").

We note that the Trustee is also deemed independent of the IPT.

1.4 Pursuant to Rule 921(4)(a) of the Listing Manual, the IPT is also subject to the opinion of the IFA on whether the IPT is on normal commercial terms and not prejudicial to the interests of Soilbuild REIT and its Minority Unitholders.

Provenance Capital Pte. Ltd. ("**Provenance Capital**") has been appointed as the IFA to advise the Independent Directors and the Trustee on the IPT.

This Letter (with respect to the IPT) is issued pursuant to Rule 921(4)(a) of the Listing Manual, as well as addressed to the Independent Directors and the Trustee. This Letter sets out, *inter alia*, our evaluation and opinion on the IPT and forms part of the Circular which provides, *inter alia*, details of the IPT and the recommendation of the Independent Directors. This Letter is attached as Appendix A to the Circular.

Aside from our role as IFA for the IPT, we are concurrently appointed as IFA for the Whitewash Resolution in relation to the issuance of the 1Q2020 Management Fee Units to the Manager. Our Letter (with respect to the Whitewash Resolution) is attached as Appendix B to the Circular.

2. TERMS OF REFERENCE

Provenance Capital has been appointed as the IFA pursuant to Rule 921(4)(a) of the Listing Manual, as well as to advise the Independent Directors and the Trustee in respect of the IPT. We are not and were not involved in or responsible for, in any aspect, the discussions in relation to the IPT, nor were we involved in the deliberations leading up to the decision on the part of the Directors, the Manager and the Trustee to propose the IPT, and we do not, by this Letter, warrant the merits of the IPT, other than to express an opinion on whether the IPT is on normal

commercial terms and is not prejudicial to the interests of Soilbuild REIT and its Minority Unitholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the IPT or to compare their relative merits *vis-à-vis* alternative transactions previously considered by Soilbuild REIT, the Trustee or the Manager (if any) or that may otherwise be available to Soilbuild REIT, the Trustee or the Manager currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the responsibility of the Directors and/or the management of the Manager ("**Management**") although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In connection with the Proposed Redevelopment, the Manager had appointed the independent consultants ("**Consultants**") comprising (i) Oliver Ho & Associates as Consultant Quantity Surveyor ("**Consultant QS**"); and (ii) Point Architects Pte Ltd as Consultant Architect ("**Consultant Architect**") to conduct the tender process to select a D&B Contractor for the purpose of the Proposed Redevelopment. The Consultant QS, being the lead consultant planning and executing the tender exercise, had issued a Tender Evaluation and Recommendation Report dated 20 February 2020 ("**Tender Report**") and had recommended the award of the D&B Contract to SBPL.

We have been furnished with the above Tender Report. In this regard, we have placed sole reliance on the information contained therein. We are not involved and assume no responsibility for the Tender Report. We have not made any independent verification of the matters or bases set out in the Tender Report.

In the course of our evaluation, we have held discussions with the Directors and Management and/or their professional advisers (where applicable) and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and/or the professional advisers (where applicable) of Soilbuild REIT and the Manager, including information contained in the Circular. Whilst care has been exercised in reviewing the information which we have relied upon, we have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. We have nevertheless made such reasonable enquiries and judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular in relation to the IPT have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and exercised our judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

Save as disclosed, we would like to highlight that all information relating to the IPT, Soilbuild REIT, the Group and the Manager which we have relied upon in arriving at our opinion has been obtained from publicly available information and/or from the Directors, the Management and the professional advisers (where applicable). We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of Soilbuild REIT and/or the Group at any time or as at the Latest Practicable Date. We have nevertheless

made reasonable enquiries and exercised our judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of Soilbuild REIT and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of Soilbuild REIT and/or the Group after the IPT. Such review or comments, if any, remain the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter. We have not obtained from Soilbuild REIT and/or the Group any projection of the future performance including financial performance of the Soilbuild REIT and/or the Group, and we did not conduct discussions with the Directors and the Management on, and did not have access to, any business plan and financial projections of Soilbuild REIT and/or the Group.

In addition, we are not expressing any view herein as to the prices at which the Units may trade or the future value, financial performance or condition of Soilbuild REIT and/or the Group, upon or after the completion of the IPT or if Soilbuild REIT does not proceed with the IPT.

Our opinion as set out in this Letter is based upon the market, economic, industry, monetary and other conditions (if applicable) prevailing as at the Latest Practicable Date and the information and representations provided to us as at the Latest Practicable Date. In arriving at our opinion, with the consent of the Directors and the Manager, we have taken into account certain factors and have made certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Unitholders should take note of any announcements relevant to the IPT which may be released by the Manager after the Latest Practicable Date.

In rendering our advice and giving our recommendations, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Unitholder or any specific group of the Unitholder. As each Unitholder may have different investment objectives and profiles, we recommend that any individual Unitholder or group of Unitholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Soilbuild REIT, the Manager and the Trustee have been separately advised by their own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither Soilbuild REIT, the Directors, the Manager, the Trustee nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes, other than at the forthcoming EGM and for the purpose of the IPT, at any time and in any manner, without the prior written consent of Provenance Capital in each specific case.

We have prepared this Letter pursuant to Rule 921(4)(a) of the Listing Manual as well as for the use of the Independent Directors and the Trustee in connection with their consideration of the IPT and the Independent Directors' advice to the Minority Unitholders. The recommendation to be made by the Independent Directors to the Minority Unitholders shall remain their responsibility.

Our opinion in relation to the IPT should be considered in the context of the entirety of this Letter and the Circular.

Responsibility Statement by the Directors

The Directors have confirmed that, to the best of their knowledge and belief, all material information relating to Soilbuild REIT, the Group and the Manager provided to us in connection with the IPT is true, complete and accurate in all material respects and there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the IPT to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

3. BRIEF INFORMATION ON SOILBUILD REIT

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

Soilbuild REIT was listed on the Main Board of the SGX-ST on 16 August 2013.

Business space refers to properties zoned as business park and industrial properties. As at the Latest Practicable Date, Soilbuild REIT's portfolio comprises 13 business space properties – 9 industrial properties and 4 business park properties as at the Latest Practicable Date. Of these, 10 properties are located in Singapore and 3 in Australia.

Soilbuild REIT is managed by the Manager, which is a wholly-owned subsidiary of the Sponsor, a leading integrated property group based in Singapore. Mr Lim Chap Huat is the sole shareholder of the Sponsor.

As at the Latest Practicable Date, Soilbuild REIT has 1,263,903,222 outstanding Units in issue. Based on the above outstanding number of Units and the last traded Unit price of S$0.425 on the Latest Practicable Date, the market capitalisation of Soilbuild REIT is approximately S$537.2 million.

Based on the Group's latest audited accounts for FY2019, the NAV/NTA attributable to Unitholders is S$746.8 million. As Soilbuild REIT does not have any intangible asset, the NAV of Soilbuild REIT is the same as its NTA.

Depending on the final plot ratio for the design scheme, the Contract Sum for the D&B Contract for the Proposed Redevelopment would amount to between S$75.8 million and S$78.2 million, representing between 10.2% and 10.5% of Soilbuild REIT's latest audited NTA attributable to Unitholders. Accordingly, the Proposed Appointment, as an IPT, is subject to the approval of the Minority Unitholders at the EGM and the opinion of the IFA.

4. REDEVELOPMENT OF THE PROPERTY

4.1 As announced by the Manager on 13 December 2019, Soilbuild REIT had re-entered and took possession of the Property on that date, and the lease with the tenant on the Property was deemed ended. In the above announcement, it was disclosed that Soilbuild REIT was exploring options with regards to the Property including asset enhancement opportunities to maximise the gross floor area, amongst other possibilities.

The Property is located at 2 Pioneer Section 1, Singapore 628414 and sited on a land area of 572,529 sq ft. The tenure of the land is a lease term of 60 years starting from 1 October 1986.

On 22 January 2020, the Manager had announced the revaluation of the properties held by the Group as at 31 December 2019, including the Property which was revalued at S$48.3 million by Colliers International Consultancy & Valuation (S) Pte Ltd.

The Manager had, among the various options explored, decided on the redevelopment of the Property into a ramp-up warehouse facility as the most viable option. As the Property is sited on leasehold land leased from JTC, the Manager has to present the redevelopment plans for the Property to JTC, including the option to increase the existing plot ratio of the Property from 1.0 to 1.32. The increase in plot ratio is subject to the approval of JTC and other relevant authorities. Application will be made to JTC and other relevant authorities to seek such approval following the approval of the Proposed Appointment at the EGM.

4.2 In connection with the redevelopment of the Property, the Manager had commissioned Point Architects Pte Ltd as the Consultant Architect to conceptualise the redevelopment design on the land site with different plot ratio options. The next stage was to prepare for authority submissions and conduct tender exercise to appoint a D&B Contractor.

Accordingly, the Manager had appointed Oliver Ho & Associates as the Consultant QS to pre-qualify the contractors, conduct the tender exercise and recommend to the Board on the appointment of the D&B Contractor.

A brief profile of the Consultant QS and the Consultant Architect is set out below based on information provided by them:

(a) Oliver Ho & Associates ("**OHA**")

OHA was established in 2003 under the principal, Oliver Ho. OHA is a quantity surveying & project management firm that specializes in contractual negotiation, arbitration, estimation and full-scope quantity surveying and project management of projects. It has extended its services to construction management and safety management as full support option to its clients.

OHA employs approximately 30 people and has completed various industrial, residential, commercial and warehouse projects in Singapore, Malaysia, Cambodia, Vietnam and Laos.

(b) Point Architects Pte Ltd ("**Point Architects**")

Point Architects was established in 1993 and is principally engaged in the provision of architectural design, master planning, interior design, ecological design, project management and contract administration. It employs approximately 13 people and has provided its services in various commercial, industrial and residential projects in Singapore.

4.3 The Consultant QS had recommended to appoint SBPL as the D&B Contractor for the Proposed Redevelopment as set out in its Tender Report dated 20 February 2020.

Following the approval of the IPT by the Audit & Risk Committee of Soilbuild REIT, the Manager had announced the Proposed Appointment on 19 March 2020, subject to the approval from the Minority Unitholders at the EGM and the opinion of the IFA.

The terms of the D&B Contract for the Proposed Redevelopment are as follows:

(i) at the Contract Sum of S$75,824,908 (before GST) for a contract period of 14 months based on a plot ratio 1.0 design scheme which is the plot ratio permitted in the URA's Master Plan for the site; and

(ii) upon JTC and relevant authorities' approval to increase the plot ratio to 1.32, the Manager will activate within 6 months from the Date of Site Handover to increase the plot ratio to 1.32 with the Contract Sum of S$78,213,000 (before GST) for a revised contract period of 16 months.

The appointment of SBPL as the D&B Contractor will take effect upon the passing of the ordinary resolution for the Proposed Appointment at the EGM.

The contract period for SBPL will commence on the Date of Site Handover which refers to the completion of phase 1 demolition works of existing facilities at the Property, and not from the date of the EGM for the approval of the Proposed Appointment as announced by the Company on 19 March 2020. This is so in view of the current COVID-19 restriction orders in Singapore, as construction work by D&B Contractor can only commence after phase 1 of the demolition works have been completed and the demolition works can only commence after such restriction orders are lifted. Hence, the commencement of the contract period will similarly be deferred until the completion of such demolition works.

Upon the appointment of the D&B Contractor, application will be made to JTC and the relevant authorities for their approval to increase the plot ratio to 1.32. It is currently envisaged that such approval from the relevant authorities would be obtained within 6 months from the Date of Site Handover and accordingly, the Manager will also be able to activate to increase the plot ratio to 1.32 for the Proposed Redevelopment within this 6 months period.

4.4 The Tender Report has provided details on:

(i) how the tender exercise was conducted;

(ii) the evaluations of the tender submissions by the Consultant QS and Consultant Architect (collectively "**Consultants**");

(iii) discussions and clarifications with the tenderers during the tender interviews; and

(iv) how Consultant QS had computed the tender evaluation scores in accordance to government's guidelines for public tenders.

The Tender Report further described the Manager's follow-up actions based on the 2 Consultants' evaluations and recommendations, and the Manager's negotiations with the shortlisted tenderer on cost-savings measures to reduce the redevelopment cost on the Proposed Redevelopment.

In summary, Consultant QS had recommended to appoint SBPL as the D&B Contractor based on the following justifications:

(a) it had the highest score for the overall tender evaluation and scoring system which primarily followed the government's guidelines for public tenders;

(b) it had offered the shortest contract period which reduces Soilbuild REIT's risk exposure in terms of redevelopment risk;

(c) it had offered the most favourable progressive payment terms to the Manager; and

(d) it had demonstrated cost-saving value-engineering capabilities in its tender exercise.

5. EVALUATION OF THE IPT

In our evaluation of the IPT, we have given due consideration to, *inter alia*, the following key factors:

(a) rationale and benefits of the IPT;

(b) salient points noted in the tender exercise;

(c) approval by the Audit & Risk Committee; and

(d) other relevant considerations.

5.1 Rationale and benefits of the IPT

It is not within our terms of reference to comment or express an opinion on the commercial merits of the IPT or the future prospects of Group. Nevertheless, we have reviewed the rationale and benefits of the IPT as set out in Section 2.2 of the Circular which are the justifications for the IPT. A summary of the justifications for the IPT is set out in Section 4.4 above and Section 5.2 below of this Letter.

5.2 Salient points noted in the tender exercise

We have noted the following salient points in the Tender Report with respect to the handling of the tender exercise to show that the deliberation and recommendation of the award of the D&B Contract to SBPL was arrived at based on arm's length commercial evaluation, and which is not prejudicial to the interests of Soilbuild REIT and the Minority Unitholders:

(a) The Consultants had conducted a pre-qualification exercise based on the pre-qualification criteria for the D&B Contract. Of the 7 shortlisted contractors, 2 contractors had declined to participate and the remaining 5 contractors (including SBPL) were pre-qualified and invited for the tender exercise;

(b) All communications with the tenderers were via the Consultants. Fundamentally, the Employer (that is, the Manager) was not in direct communication with any of the tenderers.

(c) When the tender was closed (Tender Submission No. 1), the Tender Committee had opened the tender submissions in the office of the Consultant QS and such tender submissions were retained by the Consultants for their evaluation. The Tender Committee had comprised the 2 independent Consultants, the Employer's Representatives and the Owner's Finance (finance representative of Soilbuild REIT).

(d) Following from Tender Submission No. 1, the Consultant QS had recommended to the Employer to call for the 3 most competitive tenderers to submit Tender Submission No. 2. The Tender Committee had opened the tender submissions in the office of the Consultant QS.

After clarification and discussion with the Consultant QS, the tender pricings submitted by the 3 tenderers were very close, ranging from S$79.5 million to S$81.3 million based on the plot ratio 1.32 design scheme, and S$78.1 million to S$78.9 million based on the plot ratio 1.0 design scheme. SBPL's tender pricing was at the upper end of these ranges.

Competitiveness in tender pricing is one of 3 criteria in the evaluation of the tenders, with a 60% weightage. The other 2 criteria are proposal to reduce construction period (15% weightage) and favourable progressive payment terms (25% weightage).

After taking into consideration all the 3 evaluation criteria, SBPL had the highest score of 99%, while the other 2 tenderers had scored 75% and 80% for both design schemes. Based on the above, SBPL was deemed the winning tenderer.

(e) The Consultant QS had advised the Employer to negotiate with the winning tenderer (SBPL) who had scored the highest score for the overall tender evaluation criteria to resubmit their cost-saving value engineering proposals as the Employer wanted to bring down the redevelopment cost of the Proposed Redevelopment. A final negotiation between the Employer and the final tenderer was conducted in the Employer's office, facilitated by the Consultants. SBPL had submitted their Tender Submission No. 3 (final submission) including the cost-savings amounts, i.e. tender pricing of S$78.2 million based on the plot ratio 1.32 design scheme and S$75.8 million based on the plot ratio 1.0 design scheme. The Consultant Architect had evaluated the final cost-savings value-engineering proposals submitted by SBPL and has no objection to all the proposed items.

(f) The Consultant QS had recommended to appoint SBPL as the D&B Contractor for the following reasons:

(i) it has the highest scores for the overall tender evaluation and scoring system which primarily followed the government's guidelines for public tenders;

(ii) it has offered the shortest contract period as compared with the other 2 tenderers;

(iii) it has offered the most favourable progressive payment terms to the Employer compared with the other 2 tenderers; and

(iv) it has demonstrated cost-saving value-engineering capabilities.

5.3 Approval by the Audit & Risk Committee

Following the recommendation by the Consultant QS, the Manager had sought the approval of the Audit & Risk Committee to approve the IPT. The Audit & Risk Committee comprising the Independent Directors had approved the IPT, pending the opinion of the IFA and the approval of Minority Unitholders at the EGM.

5.4 Other relevant considerations

5.4.1 Contract Sum within the limits of the Property Funds Appendix

(a) Pursuant to paragraph 7.1(b) of the Property Funds Appendix, a property fund should not undertake property development activities whether on its own, in a joint venture with others, or by investing in unlisted property development companies, unless the property fund intends to hold the development property upon completion.

We understand from the Manager that Soilbuild REIT intends to hold the Property upon completion of the redevelopment.

(b) Pursuant to paragraph 7.1(d) of the Property Funds Appendix, the total contract value of property development activities undertaken and investments in uncompleted property developments by the REIT should not exceed 10% of the property fund's deposited property. The total contract value of property development activities may exceed 10% of the property funds' deposited property (subject to a maximum of 25% of the property fund's deposited property) only if:

(i) the additional allowance of up to 15% of the property fund's deposited property is utilised solely for the redevelopment of an existing property that has been held by

the property fund for at least 3 years and which the property fund will continue to hold for at least 3 years after completion of the redevelopment; and

(ii) the property fund obtains the specific approval of participants at a general meeting for the redevelopment of the property.

Deposited property means the value of the property funds' total assets based on the latest valuation.

Based on Soilbuild REIT's total assets of S$1,407 million as at 31 December 2019, and depending on the final plot ratio for the design scheme of the Proposed Redevelopment, the Manager had estimated the total contract value/project cost of the Proposed Redevelopment would amount to between S$82.1 million and S$91.4 million, which represents 5.8% to 6.5% of the total assets, and hence within the 10% threshold.

We further understand from the Manager that aside from the Property, Soilbuild REIT does not presently have any other investments in uncompleted property developments.

5.4.2 The Manager is entitled to development management fee on the Proposed Redevelopment

As stipulated in the Trust Deed, the Manager is entitled to development management fee equivalent to 3% of the total project costs incurred in a development project undertaken and managed by the Manager on behalf of the Trust. However, in relation to the Proposed Appointment of SBPL as the D&B Contractor, the Manager has decided to waive its development management fee in relation to any differential premium which may be charged by the Singapore Land Authority ("**SLA**") for the increase in the allowable plot ratio from 1 to 1.32.

Such 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 is finalised. Subject to the Property Funds Appendix, the development management fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect).

Based on the Manager's estimated project costs for the Proposed Redevelopment, and taking into account the waiver by the Manager to charge development management fees on the differential premium charged by SLA for increasing the existing allowable plot ratio from 1 to 1.32, the estimated development management fee is between S$2.4 million and S$2.5 million which will be payable over the construction period of between 14 and 16 months. On a monthly basis, the projected instalment is approximately S$0.2 million.

Presently, the Manager intends to receive the development management fee in cash.

The Manager is of the view that the cashflow of the REIT is sufficient to pay the development management fee as it intends to fund the development cost mainly with debt and is in discussion with various lenders to obtain the necessary credit facilities. SBPL had also provided a deferred payment arrangement for the payment of the construction cost where progressive payment of up to 50% of the construction cost will be made as the construction progresses and the remaining 50% will be deferred until project completion. The Manager has also represented that in the event the redevelopment cost is fully funded by debt, Soilbuild REIT's aggregate leverage will remain below the relevant 50% threshold as set out in paragraph 9 of the Property Funds Appendix under the caption entitled "Aggregate Leverage Limit", as reflected in the revised Code on Collective Investment Schemes issued on 16 April 2020.

The Manager does not expect the development management fee and total construction cost to have any material impact on the distribution per Unit ("**DPU**") as such costs will be capitalised.

5.4.3 Consultant QS is the Project Manager for the Proposed Redevelopment

As stipulated in the Property Management Agreement entered into between Soilbuild REIT, the Manager and SB Property Services Pte Ltd ("**SBPS**"), SBPS is to act as the Project Manager to provide project management services at 1.35% of the construction cost or S$980,000 whichever is higher (where the construction cost exceeds S$70 million but do not exceed S$100 million).

SBPS is a wholly-owned subsidiary of the Sponsor.

As SBPL, an Interested Person, is recommended for appointment as the D&B Contractor for the Proposed Redevelopment, for good corporate governance, the Manager has recommended an external unrelated third party to be the Project Manager. In this regard, the Audit & Risk Committee had approved for the Consultant QS to be the Project Manager at the agreed management fee as determined between the Consultant QS and the Manager.

5.4.4 SBPL is wholly-owned by Soilbuild Construction

SBPL is a wholly-owned subsidiary of Soilbuild Construction, which is listed on the Main Board of the SGX-ST with a market capitalisation of S$31.1 million as at the Latest Practicable Date.

SBPL is A1-graded under CW01 (General Building) by the Singapore's Building and Construction Authority ("**BCA**") which allows it to tender for public sector projects in Singapore of unlimited contract value. In addition, SBPL is A2-graded under CW02 (civil engineering) by BCA which allows it to tender for public sector civil engineering projects with value of up to S$85.0 million.

As disclosed in the annual report of Soilbuild Construction for the financial year ended 31 December 2019, Soilbuild Construction is a leading builder with a long and successful track record of constructing a sterling award-winning portfolio of residential and business space properties. Since its inception in 1976, Soilbuild Construction has provided a full spectrum of real estate services which includes design and build, construction, turnkey construction, project management consultancy, procurement and mechanical & electrical installation. In projects which Soilbuild Construction had acted as the main contractor, it has achieved building excellence in winning HBD Construction Award and several architectural and environmental awards over the years.

The Lim Family owns 82.58% shareholding interest in Soilbuild Construction as at the Latest Practicable Date.

6. OUR OPINION

In arriving at our opinion in respect of the IPT, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

(a) rationale and benefits of the IPT;

(b) salient points noted in the tender exercise;

(c) approval by the Audit & Risk Committee; and

(d) other relevant considerations.

Overall, having considered the above and the information available to us as at the Latest Practicable Date, we are of the opinion that the IPT is on normal commercial terms and is not prejudicial to the interests of Soilbuild REIT and its Minority Unitholders.

Our opinion, as disclosed in this Letter, is based solely on publicly available information and information provided by the Directors and the Management and does not reflect any projections of future financial performance of Soilbuild REIT or the Group after the completion of the IPT. In addition, our opinion is based on the economic and market conditions prevailing as at the Latest Practicable Date and is solely confined to our views on the IPT.

This Letter is prepared pursuant to Rule 921(4)(a) of the Listing Manual, as well as addressed to the Independent Directors and the Trustee. The recommendation to be made by the Independent Directors to the Minority Unitholders shall remain their responsibility. Whilst a copy of this Letter may be reproduced in the Circular, neither Soilbuild REIT, the Trustee, the Directors, the Manager nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes other than for the purpose of the forthcoming EGM and for the purpose of the IPT, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

Our opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

10 June 2020

To: The Directors of SB REIT Management Pte. Ltd. ("**Manager**"),
as Manager of Soilbuild Business Space REIT ("**Soilbuild REIT**")
(who are deemed independent in respect of the Whitewash Resolution)

Mr Chong Kie Cheong	(Chairman, Independent Non-Executive Director)
Mr Ng Fook Ai Victor	(Independent Non-Executive Director)
Mr Michael Ng Seng Tat	(Independent Non-Executive Director)

To: DBS Trustee Limited
(in its capacity as trustee of Soilbuild REIT) ("**Trustee**")

Dear Sirs,

WHITEWASH RESOLUTION FOR THE CONCERT PARTY GROUP PURSUANT TO THE ISSUANCE OF THE 1Q2020 MANAGEMENT FEE UNITS

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the unitholders of Soilbuild Business Space REIT ("**Unitholders**") dated 10 June 2020 ("**Circular**"). The latest practicable date as referred to in the Circular and for the purpose of this letter ("**Letter**") is 8 June 2020 ("**Latest Practicable Date**").*

1. INTRODUCTION

1.1 The Manager has, in the past few years, elected to receive its entitled management fees from Soilbuild REIT in the form of new Units. Presently, Mr Lim Chap Huat and parties deemed acting in concert with him (which includes the Manager) ("**Concert Party Group**") own in total 29.88% of the total number of outstanding Units as the Latest Practicable Date.

The Manager intends to continue to elect to receive its entitled management fees in the form of new Units for the first quarter ended 31 March 2020 ("**1Q2020**") ("**1Q2020 Management Fee Units**"). Based on the financial results of Soilbuild REIT for 1Q2020 as announced on 16 April 2020, the Manager is entitled to a management fee of approximately S$1.1 million.

As the issuance of the 1Q2020 Management Fee Units to the Manager will result in the Concert Party Group holding 30% or more of the enlarged number of Units, the Concert Party Group will be required under the Singapore Code on Take-overs and Mergers ("**Code**") to make a mandatory general offer ("**Mandatory Offer**") for the remaining Units not already owned or controlled by the Concert Party Group pursuant to Rule 14.1 of the Code, unless such an obligation is waived by the Securities Industry Council ("**SIC**").

As it is not the intention of Concert Party Group to make a general takeover offer for the remaining Units of Soilbuild REIT, an application has been made to seek an exemption from the SIC to waive the obligation of Concert Party Group to make the Mandatory Offer ("**Whitewash Waiver**") pursuant to the issuance of the 1Q2020 Management Fee Units.

1.2 The SIC had, on 9 June 2020, granted the Whitewash Waiver to the Concert Party Group, subject to the satisfaction of certain conditions, including, *inter alia*, the approval of the

proposed whitewash resolution ("**Whitewash Resolution**") by the majority of Unitholders other than the Concert Party Group ("**Independent Unitholders**") present and voting at the EGM, by way of a poll, to waive their rights to receive a Mandatory Offer from the Concert Party Group, and the appointment of an IFA to advise the Independent Unitholders on the Whitewash Resolution.

Accordingly, the issuance of the 1Q2020 Management Fee Units is subject to the approval of the Whitewash Resolution by the Independent Unitholders.

1.3 Provenance Capital has been appointed as the IFA in respect of the Whitewash Resolution to advise the directors of the Manager and the Trustee who are deemed independent of the Whitewash Resolution, on whether the terms of the issuance of the 1Q2020 Management Fee Units are fair and reasonable, and whether or not the Whitewash Resolution is prejudicial to the interest of the Independent Unitholders.

The Non-Executive Directors, namely Mr Lim Chap Huat and Ms Lim Cheng Hwa, are deemed members of the Concert Party Group. Accordingly, they will recuse themselves from all deliberations of the Board and abstain from making any recommendation to the Unitholders in relation to the Whitewash Resolution and from voting in respect of their unitholdings in Soilbuild REIT on the Whitewash Resolution at the EGM.

The remaining three Directors, namely Mr Chong Kie Cheong, Mr Ng Fook Ai Victor and Mr Michael Ng Seng Tat, who are all Independent Non-Executive Directors and members of the Audit & Risk Committee of Soilbuild REIT, are deemed as independent directors for the purpose of the Whitewash Resolution ("**Independent Directors**").

We note that the Trustee is also deemed independent of the Whitewash Resolution.

This Letter (with respect to the Whitewash Resolution) is therefore addressed to the Independent Directors and the Trustee and sets out, *inter alia*, our evaluation of the terms of the 1Q2020 Management Fee Units and our recommendation on the Whitewash Resolution. This Letter (with respect to the Whitewash Resolution) forms part of the Circular which provides, *inter alia*, details of the Whitewash Resolution and the recommendations of the Independent Directors. This Letter is attached as Appendix B to the Circular.

Aside from our role as IFA for the Whitewash Resolution, we are concurrently appointed as IFA for the IPT in relation to the award of the D&B Contract to the Interested Person. Our Letter (with respect to the IPT) is attached as Appendix A to the Circular.

2. TERMS OF REFERENCE

Provenance Capital has been appointed as the IFA to advise the Independent Directors and the Trustee in respect of the Whitewash Resolution. We are not and were not involved in or responsible for, in any aspect, the discussions in relation to the issuance of the 1Q2020 Management Fee Units, nor were we involved in the deliberations leading up to the decision on the part of the Directors, the Manager or the Trustee to propose the issuance of the 1Q2020 Management Fee Units, and we do not, by this Letter, warrant the merits of the issuance of the 1Q2020 Management Fee Units and the Whitewash Resolution, other than to express an opinion on whether the terms of the issuance of the 1Q2020 Management Fee Units are fair and reasonable and whether or not the Whitewash Resolution is prejudicial to the interest of the Independent Unitholders when considered in the context of the issuance of the 1Q2020 Management Fee Units.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the issuance of the 1Q2020 Management Fee Units and the Whitewash Resolution or to compare their relative merits *vis-à-vis* alternative transactions previously considered by Soilbuild REIT, the Manager or the Trustee (if any) or that may otherwise be available to Soilbuild REIT, the Manager or the Trustee currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the responsibility of the Directors and/or the Manager although we may draw upon the views of the Directors and/or the Manager or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have held discussions with the Directors and management of the Manager ("**Management**") and/or their professional advisers (where applicable) and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and/or the professional advisers (where applicable) of Soilbuild REIT and the Manager, including information contained in the Circular. Whilst care has been exercised in reviewing the information which we have relied upon, we have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. We have nevertheless made such reasonable enquiries and judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular in relation to the issuance of the 1Q2020 Management Fee Units and the Whitewash Resolution have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and exercised our judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

Save as disclosed, we would like to highlight that all information relating to the issuance of the 1Q2020 Management Fee Units, the Whitewash Resolution, Soilbuild REIT, the Group and the Manager which we have relied upon in arriving at our opinion has been obtained from publicly available information and/or from the Directors, the Management and the professional advisers (where applicable). We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of Soilbuild REIT and/or the Group at any time or as at the Latest Practicable Date. We have nevertheless made reasonable enquiries and exercised our judgment on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of Soilbuild REIT and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of Soilbuild REIT and/or the Group after the issuance of the 1Q2020 Management Fee Units. Such review or comments, if any, remain the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter. We have not obtained from Soilbuild REIT and/or the Group any projection of the future performance including financial performance of the Soilbuild REIT and/or the Group, and we did not conduct discussions with the Directors

and the Management on, and did not have access to, any business plan and financial projections of Soilbuild REIT and/or the Group.

In addition, we are not expressing any view herein as to the prices at which the Units may trade or the future value, financial performance or condition of Soilbuild REIT and/or the Group, upon or after the issuance of 1Q2020 Management Fee Units.

We have not made an independent evaluation or appraisal of the assets and liabilities of Soilbuild REIT and/or the Group (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation or appraisal.

Our opinion as set out in this Letter is based upon the market, economic, industry, monetary and other conditions (if applicable) prevailing as at the Latest Practicable Date and the information and representations provided to us as of the Latest Practicable Date. In arriving at our opinion, with the consent of the Directors and the Manager, we have taken into account certain factors and have made certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Unitholders should take note of any announcements relevant to the issuance of the 1Q2020 Management Fee Units and/or the Whitewash Resolution which may be released by the Manager after the Latest Practicable Date.

In rendering our advice and giving our recommendations, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Unitholder or any specific group of the Unitholder. As each Unitholder may have different investment objectives and profiles, we recommend that any individual Unitholder or group of Unitholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Soilbuild REIT, the Manager and the Trustee have been separately advised by their own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither Soilbuild REIT, the Directors, the Manager, the Trustee nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes, other than at the forthcoming EGM and for the purpose of the Whitewash Resolution, at any time and in any manner, without the prior written consent of Provenance Capital in each specific case.

We have prepared this Letter for the use of the Independent Directors and the Trustee in connection with their consideration of the Whitewash Resolution and the Independent Directors' advice to the Independent Unitholders. The recommendation to be made by the Independent Directors to the Independent Unitholders shall remain their responsibility.

Our opinion in relation to the Whitewash Resolution should be considered in the context of the entirety of this Letter and the Circular.

Responsibility Statement by the Directors

The Directors have confirmed that, to the best of their knowledge and belief, all material information relating to Soilbuild REIT, the Group and the Manager provided to us in connection

with the issuance of the 1Q2020 Management Fee Units and the Whitewash Resolution is true, complete and accurate in all material respects and there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the issuance of the 1Q2020 Management Fee Units and/or Whitewash Resolution to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

3. TERMS OF THE ISSUANCE OF THE 1Q2020 MANAGEMENT FEE UNITS

3.1 Pursuant to Clause 15.1 of the Trust Deed, the Manager is entitled to receive for its own account out of the Deposited Property, management fee which comprises the base fee and performance fee, if applicable. The base fee is a fee not exceeding the rate of 10% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the annual distributable income of Soilbuild REIT.

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. 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.

In accordance with Clause 15.1.4 of the Trust Deed, where the management fee is payable in the form of Units, such payment shall be made within 30 days of the last day of every calendar quarter (in relation to the base fee) and every financial year (in relation to the performance fee) (or such longer period as the Manager may determine in the event that the base fee and/or performance fee cannot be computed within 30 days of the last day of the relevant period), in arrears.

Further, where the management fee is paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased with the base fee and/or the performance fee (as the case may be) attributable to the relevant period at an issue price equal to the Market Price.

For this purpose, the Market Price means the volume weighted average traded price ("**VWAP**") of a Unit for all trades on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the last 10 business days immediately preceding (a) (in relation to the base fee) the end of the relevant financial quarter for which such base fee relates to and/or (b) (in relation to the performance fee) the end of the relevant financial year for which such performance fee relates to, or if the Manager believes that the foregoing calculation does not provide a fair reflection of the Market Price of a Unit (which may include, among others, instances where the trades on the Units are very low or where there is disorderly trading activity in the Units, means an amount as determined by the Manager (after consultation with a stockbroker approved by the Trustee), and as approved by the Trustee, as being the fair Market Price.

3.2 The Manager had, for the last few years, elected to receive its entitled management fee quarterly in the form of new Units at issue prices which were determined in accordance with Clause 15.1.4 of the Trust Deed.

For FY2019, the Manager was entitled to the base component of the management fee only and the details of the issuance of new Units in the 4 quarters for FY2019 are as follows:

Quarters in 2019	Entitled management fees	Number of Units	Issue Price per Unit	Enlarged number of Units
1 January to 31 March	S$1,248,414.85	2,056,357	S$0.6071	1,065,391,852

1 April to 30 June	S$1,244,589.66	2,025,040	S$0.6146	1,067,416,892
1 July to 30 September	S$1,143,471.62	2,159,123	S$0.5296	1,261,711,055
1 October to 31 December	S$1,148,914.80	2,192,167	S$0.5241	1,263,903,222

For 1Q2020, the Manager's entitled management fee is S$1,100,770.28, which also comprises only the base component. The Manager intends to continue to elect to receive such management fee in the form of new Units, that is, the 1Q2020 Management Fee Units.

The Manager confirms that based on the trades done on the Units for the last 10 business days ending on 31 March 2020, the VWAP of the Units is S$0.2616 ("**Issue Price**"). Accordingly, the 1Q2020 Management Fee Units would amount to 4,207,837 Units, fractional Units to be disregarded. The salient information of the 1Q2020 Management Fee Units proposed to be issued is set out in the table below.

Quarter in 2020	Entitled management fees	Number of Units	Issue Price per Unit	Enlarged number of Units
1 January to 31 March	S$1,100,770.28	4,207,837	S$0.2616	1,268,111,059

For the avoidance of doubt, all other fees payable to the Manager and/or other members of the Concert Party Group, including the potential development fee in relation to the redevelopment of the Project (as set out in our Letter (with respect to the IPT) and property management fees will be payable in cash as they are not subject of the Whitewash Waiver and the Whitewash Resolution. The Concert Party Group has been cautioned to take note of its takeover obligations under the Code in this regard.

3.3 The issuance of the 1Q2020 Management Fee Units is conditional upon the approval of the Whitewash Resolution. If approved, the Manager expects the issuance of the 1Q2020 Management Fee Units to take effect after the Whitewash Resolution has been passed at the EGM. The 1Q2020 Management Fee Units will, upon issue, rank *pari passu* in all respects with the existing Units in issue.

Pursuant to the issuance of the 1Q2020 Management Fee Units to the Manager, the Concert Party Group will increase their existing interest in Soilbuild REIT from 29.88% (based on the existing number of Units) to 30.12% (based on the enlarged number of Units), and the Independent Unitholders' interest in Soilbuild REIT will be diluted from 70.12% to 69.88% accordingly.

4. THE WHITEWASH RESOLUTION

4.1 Under Rule 14.1 of the Code (read with the definition of REIT), where (a) any person who acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carrying 30% or more of the voting rights in the company; or (b) any person who together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in the company and such person, or any person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% voting rights, he is required to make a mandatory general offer for all the shares in the company which he does not already own or control.

4.2 As at the Latest Practicable Date, the Concert Party Group owns, in aggregate, 377,714,690 Units, representing 29.88% of total number of outstanding Units of 1,263,903,222 Units.

As set out in Sections 3.2 and 3.3 above, the issuance of the 1Q2020 Management Fee Units to the Manager will result in the Concert Party Group holding 30.12% of the enlarged Soilbuild

REIT. Accordingly, the Concert Party Group will be required to make a Mandatory Offer for the Units not already owned or controlled by them pursuant to Rule 14.1 of the Code unless such obligation is waived by the SIC and the Whitewash Resolution is approved by the Independent Unitholders at the EGM.

An application was made to the SIC on behalf of the Concert Party Group for the Whitewash Waiver to waive the Concert Party Group of its obligation to make the Mandatory Offer for the Company under Rule 14.1 of the Code as a result of the Manager receiving the 1Q2020 Management Fee Units.

4.3 The SIC had, on 9 June 2020, granted the Whitewash Waiver to the Concert Party Group, subject to the satisfaction of certain conditions, the details of which are set out in Section 3.3 of the Circular.

The Independent Unitholders are therefore asked to vote, on a poll, on the Whitewash Resolution as an ordinary resolution in the Notice of EGM set out in the Circular.

We recommend that the Independent Directors advise the Independent Unitholders that:

(a) by voting in favour of the Whitewash Resolution, they will be waiving their rights to a general offer from the Manager at the highest price paid by the Manager and its concert parties for the Units in the past 6 months preceding the commencement of the offer; and

(b) by voting in favour of the Whitewash Resolution, it will enable the issuance of the 1Q2020 Management Fee Units to the Manager.

The Concert Party Group should note that the Whitewash Waiver granted by the SIC is in relation only to the issuance of the 1Q2020 Management Fee Units. If the Manager intends to continue to receive future management fees in the form of new Units, the Concert Party Group's interest in Soilbuild REIT will continue to increase. In this regard, the Concert Party Group has been cautioned to observe its obligations under the Code, in particular Rule 14.1(b), as a result of any subsequent dealings in the Units and the issuance of Units to the Manager and/or members of the Concert Party Group in the future.

5. EVALUATION OF THE WHITEWASH RESOLUTION

In our evaluation of the Whitewash Resolution, we have given due consideration to, *inter alia*, the following key factors:

(a) rationale for the Whitewash Resolution;

(b) the terms of the issuance of the 1Q2020 Management Fee Units;

(c) pricing of the 1Q2020 Management Fee Units;

(d) dilution impact of the issuance of the 1Q2020 Management Fee Units on the Independent Unitholders; and

(e) other relevant considerations.

5.1 Rationale for the Whitewash Resolution

It is not within our terms of reference to comment or express an opinion on the merits of the Whitewash Resolution. Nevertheless, we have reviewed the Company's rationale for the Whitewash Resolution as set out in Section 3.4 of the Circular.

The Whitewash Resolution, if passed, will enable the Manager to receive its entitled management fee for 1Q2020 in the form of new Units.

5.2 The terms of the issuance of the 1Q2020 Management Fee Units

As set out in Section 3 of this Letter, the terms of the issuance of the 1Q2020 Management Fee Units are determined in accordance with the Trust Deed, in particular:

(a) the management fee is determined based on 10% of the distributable income.

Based on the results announcement of Soilbuild REIT for 1Q2020, the management fee was determined to be S$1,116,000 (representing 10% of distributable income), of which the entitled management fee to be paid in the form of new Units is S$1,100,770.28;

(b) the Issue Price of the Units is based on the VWAP for trades done on the Units on the SGX-ST over the last 10 business days immediately preceding the end of the relevant financial quarter for which the management fee relates to.

The Manager confirms that with respect to the management fee for 1Q2020, the Issue Price for the Units has been determined to be S$0.2616, based on the VWAP for the last 10 business days ending on 31 March 2020.

We observed that over the last 12 months period from 1 April 2019 to 31 March 2020, the Units were regularly traded on the SGX-ST although the trading liquidity on the Units was relatively low, representing 0.19% of the public float of the Units(1).

Note:

(1) based on the public float of 70.0% of the outstanding Units as at 12 March 2020 as disclosed in the annual report of Soilbuild REIT for FY2019 and the average daily traded volume of the Units.

(c) based on the Manager's entitled management fee for 1Q2020 of S$1,100,770.28 and the Issue Price of S$0.2616, the number of 1Q2020 Management Fee Units is 4,207,837 Units; and

(d) the above basis of determining the number of Units paid to the Manager for its entitled management fees has been consistently applied by the Manager and Soilbuild REIT in the past few years.

5.3 Pricing of the 1Q2020 Management Fee Units

The Issue Price for the 1Q2020 Management Fee Units of S$0.2616 is determined based on the VWAP for trades done on the Units on the SGX-ST over the 10 business days ending on 31 March 2020, being the end of the financial quarter to which the 1Q2020 Management Fee Units relates.

We have observed the following practices in other real estate investment trusts ("**REITs**") listed on the SGX-ST:

(a) it is common for listed REITs to issue units to their respective managers for their management fees instead of cash payments.

As at the Latest Practicable Date, of the 36 REITs listed on the SGX-ST, we observed that a majority of them have announced the payment of management fees in the form of units instead of cash;

(b) the basis of determining the issue price for the issuance of such units is based on VWAP for trades done on the units on the SGX-ST over a pre-determined period.

Of those REITs that have announced the payment of management fees in the form of units, a majority of them have determined the issue price of the issuance of units based on the VWAP over the last 10 business days immediately preceding the end of the relevant financial quarter to which the respective management fee relates.

Therefore, the Issue Price for the issuance of 1Q2020 Management Fee Units is in line with prevailing market practice.

5.4 Dilution impact of the issuance of the 1Q2020 Management Fee Units on the Independent Unitholders

The dilution effect arising from the issuance of the 1Q2020 Management Fee Units on the existing Unitholders, on the basis that the Whitewash Resolution is passed by the Independent Unitholders, is shown in the table below:

	Existing unitholding before the issuance of the 1Q2020 Management Fee Units		**Enlarged unitholding after the issuance of the 1Q2020 Management Fee Units**	
	Units held	**%**	**Units held**	**%**
Concert Party Group	377,714,690	29.88	381,922,527	30.12
Independent Unitholders	886,188,532	70.12	886,188,532	69.88
Total	**1,263,903,222**	**100.00**	**1,268,111,059**	**100.00**

As shown in the table above, the Concert Party Group will have a slight increase of 0.24% in its interest in Soilbuild REIT, from 29.88% to 30.12% after the issuance of the 1Q2020 Management Fee Units. Similarly, the dilution impact on the Independent Unitholders will also be insignificant, as the aggregate interest of the Independent Unitholders will decrease by 0.24% from 70.12% to 69.88%.

Independent Unitholders should note that the Whitewash Resolution, if approved at the forthcoming EGM, will waive the requirement of the Concert Party Group from making the Mandatory Offer for all the remaining Units at the highest price paid or agreed to be paid by Concert Party Group in the last six months preceding the commencement of the offer, as a result of the issuance and allotment of the 1Q2020 Management Fee Units.

5.5 Other relevant considerations

5.5.1 Financial effects of the issuance of the 1Q2020 Management Units

As the Issue Price of S$0.2616 is at a significant discount to the NAV per Unit of S$0.58 as at 31 March 2020, the issuance of the 1Q2020 Management Fee Units will have a dilutive effect. However, as the dollar amount of the management fee for 1Q2020 to be paid in new Units is approximately S$1.1 million, overall, the issuance of the 1Q2020 Management Fee Units does not have a significant financial effect on the NAV per Unit as the dilution impact is only 0.18%.

The Manager had commented that the payment of management fees in Units, which is non-cash, will increase the total amount available for distribution to Unitholders.

5.5.2 The issuance of 1Q2020 Management Fee Units is conditional upon the Whitewash Waiver

Based on the current unitholding interest of the Concert Party Group, the issuance of the 1Q2020 Management Fee Units to the Manager is conditional upon the Whitewash Waiver. If the ordinary resolution for the Whitewash Waiver is not passed and the issuance of 1Q2020 Management Fee Units does not take place, then pursuant to Clause 15.1.4(v) of the Trust Deed, the Manager's entitled management fee will be paid in the form of cash. This will have an impact on the cash balance of Soilbuild REIT and the amount available for distribution to Unitholders.

Clarification from the Manager

The Manager further clarifies that in the financial results for 1Q2020, it had already recognised and treated its entitled management fee as being paid in the form of new Units. This would have the effect of conserving the cash balance of Soilbuild REIT and hence enhancing the amount available for distribution to Unitholders. On this basis, the distribution to Unitholders of S$0.00883 per Unit has already been made on 22 May 2020.

In the event that the Whitewash Resolution is not passed, the Concert Party Group could dispose of some of its existing Units in order to facilitate the issuance of the 1Q2020 Management Fee Units to the Manager without triggering the Mandatory Offer. In such a situation, the Manager would not be relying on the Whitewash Resolution for the purpose of issuing the 1Q2020 Management Fee Units.

6. OUR OPINION

In arriving at our opinion in respect of the Whitewash Resolution, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

(a) rationale for the Whitewash Resolution;

(b) the terms of the issuance of the 1Q2020 Management Fee Units;

(c) pricing of the 1Q2020 Management Fee Units;

(d) dilution impact of the issuance of the 1Q2020 Management Fee Units on the Independent Unitholders; and

(e) other relevant considerations.

Overall, having considered the above and the information available to us as at the Latest Practicable Date, we are of the opinion that the terms of the issuance of the 1Q2020 Management Fee Units are fair and reasonable, and the Whitewash Resolution is not prejudicial to the interest of the Independent Unitholders.

Our opinion, as disclosed in this Letter, is based solely on publicly available information and information provided by the Directors and the Management and does not reflect any projections of future financial performance of Soilbuild REIT or the Group after the issuance of the 1Q2020 Management Fee Units. In addition, our opinion is based on the economic and market conditions prevailing as at the Latest Practicable Date and is solely confined to our views on the Whitewash Resolution, when considered in the context of the issuance of the 1Q2020 Management Fee Units.

This Letter is prepared pursuant to the conditions of the Whitewash Waiver, as well as addressed to the Independent Directors and the Trustee for their benefit and for the purpose of their consideration of the Whitewash Resolution. The recommendation to be made by the Independent Directors to the Independent Unitholders shall remain their responsibility. Whilst a copy of this Letter may be reproduced in the Circular, neither Soilbuild REIT, the Trustee, the Directors, the Manager nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes other than for the purpose of the forthcoming EGM and for the purpose of the Whitewash Resolution, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

Our opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer