CIRCULAR DATED 2 FEBRUARY 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your units in Soilbuild Business Space REIT ("**Soilbuild REIT**"), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, 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.

SoilBuild
BUSINESS SPACE REIT

(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: THE PROPOSED DIVESTMENT OF A PROPERTY KNOWN AS KTL OFFSHORE, AND THE MECHANICAL AND ELECTRICAL EQUIPMENT THEREIN, AND THE ENTRY INTO OF THE DEED OF NOVATION TO NOVATE THE LEASE AGREEMENT (AS DEFINED HEREIN) IN RELATION THERETO AS AN INTERESTED PERSON TRANSACTION (AS DEFINED HEREIN)

Independent Financial Adviser to the Independent Directors and the Audit & Risk Committee of the Manager

CIMB

CIMB BANK BERHAD (13491-P)
Singapore Branch
(Incorporated in Malaysia)

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	:	Monday, 19 February 2018 at 10.30 a.m.
Date and time of Extraordinary General Meeting ("**EGM**")	:	Wednesday, 21 February 2018 at 10.30 a.m.
Place of EGM	:	Raffles City Convention Centre (Atrium Ballroom), 80 Bras Basah Road, Singapore 189560

TABLE OF CONTENTS

Page

CORPORATE INFORMATION ii

OVERVIEW 1

INDICATIVE TIMETABLE 4

LETTER TO UNITHOLDERS

1. Summary of Approval Sought 5
2. The Proposed Transaction 5
3. Rationale for and Benefits of the Proposed Transaction 10
4. Details and Financial Information of the Proposed Divestment 10
5. Recommendation on the Proposed Transaction 15
6. Extraordinary General Meeting 15
7. Abstentions from Voting 15
8. Action to be Taken by Unitholders 15
9. Directors' Responsibility Statement 16
10. Consents 16
11. Documents Available for Inspection 16

IMPORTANT NOTICE 17

GLOSSARY 18

APPENDICES

Appendix A - Details of the Property, the Existing Properties and the Revised Portfolio A-1

Appendix B - Valuation Certificates B-1

Appendix C - Independent Financial Adviser's Letter C-1

NOTICE OF EXTRAORDINARY GENERAL MEETING D-1

PROXY FORM

CORPORATE INFORMATION

Directors of SB REIT Management Pte. Ltd. (the manager of Soilbuild REIT) (the "Manager")	:	Mr Chong Kie Cheong (Chairman and Independent Non-Executive Director) Mr Ng Fook Ai Victor (Independent Non-Executive Director and Chairman of Audit & Risk Committee) Mr Michael Ng Seng Tat (Independent Non-Executive Director) Mr Lim Chap Huat (Non-Executive Director) Mr Ho Toon Bah (Non-Executive Director) Ms Lim Cheng Hwa (Non-Executive Director)
Registered Office of the Manager[1]	:	25 Changi South Street 1 SB Building Singapore 486059
Trustee of Soilbuild REIT (the "Trustee")	:	DBS Trustee Limited 12 Marina Boulevard, Level 44 DBS Asia Central @ Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Adviser for the Proposed Transaction 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
Unit Registrar and Unit Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Independent Financial Adviser to the Independent Directors and the Audit & Risk Committee of the Manager (the "IFA")	:	CIMB Bank Berhad, Singapore Branch 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623
Independent Valuers	:	Savills Valuation and Professional Services (S) Pte Ltd (appointed by the Manager) 30 Cecil Street #20-03 Prudential Tower Singapore 049712 CBRE Pte. Ltd. (appointed by the Trustee) 6 Battery Road #32-01 Singapore 044909

1 The registered office of the Manager will be at 23 Defu South Street 1, Singapore 533847 from 5 February 2018 onwards.

OVERVIEW

The following overview is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 18 to 21 of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

SUMMARY OF APPROVAL SOUGHT

The Manager seeks approval from unitholders of Soilbuild REIT ("**Unitholders**") for the proposed divestment (the "**Proposed Divestment**") of the property located at 61 Tuas Bay Drive Singapore 637428 ("**61 Tuas Bay Drive**") and 71 Tuas Bay Drive Singapore 637430 ("**71 Tuas Bay Drive**"), commonly known as KTL Offshore (collectively, the "**Property**") and the mechanical and electrical equipment therein to SB (Pioneer) Investment Pte. Ltd. (the "**Purchaser**"), as well as the entry into of the deed of novation (the "**Novation Deed**") with the Purchaser and KTL Offshore Pte. Ltd..

The Purchaser is a wholly-owned subsidiary of Soilbuild Group Holdings Ltd. ("**SBGH**"). SBGH is the sponsor of Soilbuild REIT.

The Trustee had on 28 December 2017 entered into a put and call option agreement (the "**Option Agreement**") with the Purchaser in connection with the Proposed Divestment. Pursuant to the Option Agreement, the Trustee has granted the Purchaser a call option ("**Call Option**") over the Property and the mechanical and electrical equipment therein and the Purchaser has granted the Trustee a put option ("**Put Option**") over the Property and the mechanical and electrical equipment therein.

Under the terms of the Novation Deed, the Trustee will, upon completion of the Proposed Divestment ("**Completion**"), novate the lease agreement in relation to the lease of the Property to KTL Offshore Pte. Ltd. expiring on 25 August 2021 (the "**KTL Lease Agreement**"), as supplemented by a deed to the KTL Lease Agreement entered into by the Trustee and KTL Offshore Pte. Ltd. on 28 August 2017 (the "**Deed**", together with the KTL Lease Agreement, the "**Lease Agreement**") to the Purchaser (the "**Novation**", and together with the Proposed Divestment, the "**Proposed Transaction**").

Description of the Property

Soilbuild REIT had completed the acquisition of the Property on 31 October 2014. The Property was acquired from Provident Properties (I) Pte. Ltd., an unrelated third party, for a purchase consideration of S$55.0 million.

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

The Property is comprised in a leasehold estate granted by the Urban Redevelopment Authority ("**URA**") for 60 years commencing from 19 July 2006, with a remaining term of approximately 48.5 years as at 26 January 2018. The Property is currently leased to KTL Offshore Pte. Ltd. as the master lessee under a lease agreement which expires on 25 August 2021 (the "**Master Lease**"). As at 26 January 2018, being the latest practicable date prior to the printing of this circular ("**Latest Practicable Date**"), based on the terms of the Master Lease, the rental payable by KTL Offshore Pte. Ltd. is S$3.8 million. The lease is on a double net[1] basis and subject to a rental escalation of 2.5% once every two years and 4.0% for the final year of the lease term.

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

As at 31 December 2017, Soilbuild REIT's trade receivable due from KTL Offshore Pte. Ltd. was approximately S$2.02 million and comprised approximately 6 months, or S$1.94 million of rent and other charges, including late payment interest of approximately S$0.04 million and recharge of property tax of approximately S$0.04 million. Pursuant to the Deed, Soilbuild REIT has agreed to forbear from exercising its rights and remedies against KTL Offshore Pte. Ltd. up till 24 August 2023 ("**Forbearance Period**") with respect to a sum of S$1.5 million (the "**Specified Sum**") from the approximately S$2.02 million trade receivable due. Pursuant to the Novation Deed, the Purchaser is entitled to the trade receivable due from KTL Offshore Pte. Ltd. to it prior to the date of the Novation and in return, the Purchaser shall pay Soilbuild REIT an amount equivalent to such trade receivable due. For the avoidance of doubt, this payment is not part of the S$55.0 million purchase consideration for the Property.

The conditions to forbearance include the provision of increasing KTL Offshore Pte. Ltd.'s existing security deposit by S$1.5 million (comprising approximately 4 months' rent and other charges) from S$3.8 million to S$5.3 million and the delivery of a second insurance guarantee for the sum of S$1.5 million for the period from 26 August 2021 to 24 August 2023 from KTL Offshore Pte. Ltd. to Soilbuild REIT not later than 30 days before 25 August 2021.

KTL Offshore Pte. Ltd. is required to pay interest at the rate of 6% per annum on the Specified Sum. Soilbuild REIT shall be entitled to immediately terminate the Forbearance Period prior to 24 August 2023 in the event of a breach by KTL Offshore Pte. Ltd. of any of its obligations under the Deed or the occurrence of any new breach or default under the Lease Agreement. Soilbuild REIT has received an insurance guarantee from Etiqa Insurance Pte. Ltd. amounting to S$5.3 million pursuant to the Deed.

(See **Appendix A** of this Circular for further details of the Property.)

Valuation and Purchase Consideration

The Manager has commissioned an independent property valuer, Savills Valuation and Professional Services (S) Pte Ltd ("**Savills**"), and the Trustee has commissioned another independent property valuer, CBRE Pte. Ltd. ("**CBRE**", and together with Savills, the "**Independent Valuers**"), to value the Property. The open market values of the Property as determined by Savills and CBRE and stated in their valuation reports dated 21 December 2017 (in the case of Savills) and 14 December 2017 (in the case of CBRE) are S$53.0 million and S$50.4 million respectively. The methods used by Savills were the income capitalisation method, discounted cash flow analysis and direct comparison method and the methods used by CBRE were the discounted cash flow analysis and the capitalisation analysis.

The purchase consideration (the "**Purchase Consideration**") payable by the Purchaser in connection with the Proposed Divestment is S$55.0 million. The Purchase Consideration will be paid to the Trustee fully in cash.

The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis taking into account the independent valuations of the Property set out above.

(See paragraph 2 of the Letter to Unitholders for further details.)

Estimated Total Divestment Cost

The total cost of the Proposed Divestment (the "**Total Divestment Cost**") comprises the estimated professional and other fees and expenses of approximately S$0.3 million incurred or to be incurred by Soilbuild REIT in connection with the Proposed Divestment.

The Manager has waived the divestment fee payable to it pursuant to the trust deed dated 13 October 2012 constituting Soilbuild REIT, as amended, varied or supplemented from time to time (the "**Trust Deed**") and intends to finance the Total Divestment Cost with the Purchase Consideration.

Interested Person Transaction and Interested Party Transaction

As at 26 January 2018, Mr Lim Chap Huat holds an aggregate interest in 89,882,965 units in Soilbuild REIT ("**Units**"), which is equivalent to approximately 8.543% of the total number of Units in issue. In addition, 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 Appendix 6 of the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**") and is (for the purposes of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**" and the Listing Manual, the "**Listing Manual**")) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of Soilbuild REIT.

As Mr Lim Chap Huat holds an indirect 100.0% interest in the Purchaser, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Purchaser (being an associate of a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of Soilbuild REIT.

Therefore, the Proposed Divestment will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required. The entry into of the Novation Deed will also constitute an "interested person transaction" under Chapter 9 of the Listing Manual.

Given that the Purchase Consideration is S$55.0 million and the value of the Lease Agreement, which will be novated to the Purchaser pursuant to the Novation Deed, is S$14.0 million as at 26 January 2018[1] (which in aggregate is 9.2% of both the latest audited net tangible assets ("**NTA**") and the net asset value ("**NAV**") of Soilbuild REIT as at 31 December 2016), the value of the Proposed Transaction exceeds 5.0% of the NTA and the NAV of Soilbuild REIT. Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution (as defined herein) of the Unitholders for the Proposed Transaction.

(See paragraph 4.3 of the Letter to Unitholders for further details.)

Rationale for and Benefits of the Proposed Transaction

The Manager believes that the Proposed Transaction will bring the following key benefits to Unitholders:

- unlocks and releases capital back to Soilbuild REIT, allowing Soilbuild REIT to pursue its growth strategies;
- allows Soilbuild REIT to improve its portfolio diversification; and
- minimises Soilbuild REIT's exposure to credit risk.

(See paragraph 3 of the Letter to Unitholders for further details.)

Use of Sale Proceeds

After taking into account Total Divestment Cost, the net proceeds from the Proposed Divestment would be approximately S$54.7 million, resulting in an estimated net gain from the Proposed Divestment of approximately S$1.7 million (based on the valuation by Savills of S$53.0 million[2]). The net proceeds of the Proposed Divestment may be used to fund new acquisitions, repay debt, finance any capital expenditure and asset enhancement works, capital distribution, and/or to finance general corporate and working capital requirements.

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1 The value of the Lease Agreement as at 26 January 2018 is computed by totalling the amount of rent payable by KTL Offshore Pte. Ltd. under the Lease Agreement from 26 January 2018 to 25 August 2021 (being the date of expiry of the Lease Agreement). The lease is on a double net basis and subject to a rental escalation of 2.5% once every two years and 4.0% for the final year of the lease term.

2 Calculated based on the higher of the two independent valuations of the Property by the Independent Valuers, being the valuation by Savills of S$53.0 million. For Unitholders' information, the carrying amount of the Property as reflected in Soilbuild REIT's annual report for the financial year ended 31 December 2016 is S$56.0 million, which is based on the independent valuation undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd..

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the EGM is indicative only and is subject to change at the Manager's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

Event		Date and Time
Last date and time for lodgement of Proxy Forms	:	Monday, 19 February 2018 at 10.30 a.m.
Date and time of the EGM	:	Wednesday, 21 February 2018 at 10.30 a.m.
If approval for the Proposed Divestment is obtained at the EGM:		
Target date for Completion	:	28 February 2018 (or such other date as may be agreed between the Trustee and the Purchaser)

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

Directors of the Manager	**Registered Office**[1]
Mr Chong Kie Cheong (Chairman and Independent Non-Executive Director)	25 Changi South Street 1 SB Building
Mr Ng Fook Ai Victor (Independent Non-Executive Director and Chairman of Audit & Risk Committee)	Singapore 486059
Mr Michael Ng Seng Tat (Independent Non-Executive Director)	
Mr Lim Chap Huat (Non-Executive Director)	
Mr Ho Toon Bah (Non-Executive Director)	
Ms Lim Cheng Hwa (Non-Executive Director)	2 February 2018

To: Unitholders of Soilbuild REIT

Dear Sir/Madam

1 SUMMARY OF APPROVAL SOUGHT

The Manager is convening the EGM to seek the approval from Unitholders in relation to the Proposed Transaction for which approval by way of an Ordinary Resolution[2] is required.

2 THE PROPOSED TRANSACTION

2.1 Description of the Property

Soilbuild REIT had completed the acquisition of the Property on 31 October 2014. The Property was acquired from Provident Properties (I) Pte. Ltd., an unrelated third party, for a purchase consideration of S$55.0 million.

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

The Property is comprised in a leasehold estate granted by URA for 60 years commencing from 19 July 2006, with a remaining term of approximately 48.5 years as at 26 January 2018. The Property is currently leased to KTL Offshore Pte. Ltd. as the master lessee under a lease agreement which expires on 25 August 2021. As at the Latest Practicable Date, based on the the terms of the Master Lease, the rental payable by KTL Offshore Pte. Ltd. for the first year of the lease under the Lease Agreement is S$3.8 million. The lease is on a double net[3] basis and subject to a rental escalation of 2.5% once every two years and 4.0% for the final year of the lease term.

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1 The registered office of the Manager will be at 23 Defu South Street 1, Singapore 533847 from 5 February 2018 onwards.

2 "**Ordinary Resolution**" means 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.

3 "**Double net rent**" refers to KTL Offshore Pte. Ltd.'s obligation to pay rental to Soilbuild REIT as well as undertaking to pay property related expenses such as (i) property tax and (ii) day-to-day maintenance including cleaning, security, utilities, servicing of lifts and other mechanical and electrical items.

As at 31 December 2017, Soilbuild REIT's trade receivable due from KTL Offshore Pte. Ltd. was approximately S$2.02 million and comprised approximately 6 months, or S$1.94 million of rent and other charges, including late payment interest of approximately S$0.04 million and recharge of property tax of approximately S$0.04 million. Pursuant to the Deed, Soilbuild REIT has agreed to forbear from exercising its rights and remedies against KTL Offshore Pte. Ltd. during the Forbearance Period with respect to the Specified Sum of S$1.5 million. Pursuant to the Novation Deed, the Purchaser is entitled to the trade receivable due from KTL Offshore Pte. Ltd. to it prior to the date of the Novation and in return, the Purchaser shall pay Soilbuild REIT an amount equivalent to such trade receivable due. For the avoidance of doubt, this payment is not part of the S$55.0 million purchase consideration for the Property.

The conditions to forbearance include the provision of increasing KTL Offshore Pte. Ltd.'s existing security deposit by S$1.5 million (comprising approximately 4 months' rent and other charges) from S$3.8 million to S$5.3 million and the delivery of a second insurance guarantee for the sum of S$1.5 million for the period from 26 August 2021 to 24 August 2023 from KTL Offshore Pte. Ltd. to Soilbuild REIT not later than 30 days before 25 August 2021.

KTL Offshore Pte. Ltd. is required to pay interest at the rate of 6% per annum on the Specified Sum. Soilbuild REIT shall be entitled to immediately terminate the Forbearance Period prior to 24 August 2023 in the event of a breach by KTL Offshore Pte. Ltd. of any of its obligations under the Deed or the occurrence of any new breach or default under the Lease Agreement. Soilbuild REIT has received an insurance guarantee from Etiqa Insurance Pte. Ltd. amounting to S$5.3 million pursuant to the Deed.

(See **Appendix A** of this Circular for further details of the Property.)

2.2 Details of the Proposed Divestment and the Independent Valuations

The Trustee had on 28 December 2017 entered into an Option Agreement with the Purchaser in connection with the Proposed Divestment. Pursuant to the Option Agreement, the Trustee has granted the Purchaser a Call Option over the Property and the mechanical and electrical equipment therein and the Purchaser has granted the Trustee a Put Option over the Property and the mechanical and electrical equipment therein. The Purchaser is a wholly-owned subsidiary of the sponsor of Soilbuild REIT.

The Manager has commissioned an independent property valuer, Savills, and the Trustee has commissioned another independent property valuer, CBRE, to value the Property. The open market values of the Property as determined by Savills and CBRE and stated in their valuation reports dated 21 December 2017 (in the case of Savills) and 14 December 2017 (in the case of CBRE) are S$53.0 million and S$50.4 million respectively. The methods used by Savills were the income capitalisation method, discounted cash flow analysis and direct comparison method and the methods used by CBRE were the discounted cash flow analysis and the capitalisation analysis.

The Purchase Consideration payable by the Purchaser in connection with the Proposed Divestment is S$55.0 million. The Purchase Consideration will be paid to the Trustee fully in cash.

The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis taking into account the independent valuations of the Property set out above.

2.3 Principal Terms and Conditions of the Option Agreement

The Option Agreement contains customary provisions relating to the Proposed Divestment, including representations and warranties, indemnities and pre-completion covenants regarding the operation of the business, limitations of the Trustee's liabilities and other commercial terms.

Under the terms of the Option Agreement:

(i) pursuant to the Call Option, the Purchaser has the right, subject to the terms and conditions of the Option Agreement, to accept the Trustee's offer to sell to the Purchaser the Property together with the mechanical and electrical equipment therein at the Purchase Consideration on the terms of the Option Agreement and the Purchase Conditions (as defined herein); and

(ii) pursuant to the Put Option, the Trustee has the right, subject to the terms and conditions of the Option Agreement, to accept the Purchaser's offer to buy the Property together with the mechanical and electrical equipment therein at the Purchase Consideration on the terms of the Option Agreement and the Purchase Conditions.

The exercise of the Call Option by the Purchaser and the exercise of the Put Option by the Trustee shall, in each case, be conditional upon the approval of the Unitholders being obtained at a general meeting of Soilbuild REIT to the Proposed Divestment by 29 March 2018, or such other date as may be mutually agreed between the Trustee and the Purchaser ("**Unitholders' Approval**"). The Purchaser is entitled to exercise the Call Option within seven Business Days[1] commencing on the date of service by the Trustee to the Purchaser of a written notice upon obtaining Unitholders' Approval (or such other period as may be agreed in writing between the Trustee and the Purchaser) (the "**Call Option Exercise Period**"). The Trustee is entitled to exercise the Put Option during the period of seven Business Days commencing from the expiry of the Call Option Exercise Period only if the Purchaser does not exercise the Call Option.

The Proposed Divestment is subject to, among others, the following conditions (the "**Purchase Conditions**"):

(i) title to the Property and the mechanical and electrical equipment therein being free from any mortgage, charge, pledge, lien, security interest or encumbrance or any other agreement or arrangement having substantially the same economic effect, including any retention of title arrangement, option or first right of refusal for purchase, affecting the title to the Property or the title to the mechanical and electrical equipment therein at Completion;

(ii) there being no Material Damage (as defined in the Option Agreement) to the Property and/or the mechanical and electrical equipment therein caused by or due to the negligence or default or omission on the part of the Purchaser, its agents, contracts or employees;

(iii) the Purchaser not receiving from any governmental or other regulatory authority, department or body an unsatisfactory reply to its legal requisitions in respect of the Property. An unsatisfactory legal requisition reply shall include the following:

  (a) any reply which discloses that any material part of the Property is affected by any road, backlane or drainage proposal or government gazette notification or any other proposed scheme regardless of whether such proposal or scheme is to be implemented before, on or after the date of Completion;

  (b) any reply which discloses that any material part of the Property is affected by any notice which has not been complied with by the Trustee and with which the Trustee is unable to comply with before the date of Completion;

  (c) any reply from the Land Transport Authority (Rapid Transit Systems) indicating that any material part of the Property is affected by any of the matters stated in the said Authority's prescribed requisition form or which indicates that any material part of the Property is within the safeguarded route protection corridor of any future MRT line; and

  (d) any reply from the Building and Construction Authority which discloses that the building(s) erected on the Property are affected by structural defects;

(iv) there being no acquisition nor notice of intended acquisition of any material part of the Property by the government or other competent authority; and

(v) on Completion and upon the entering into of the Novation Deed, the Purchaser shall pay over to the Trustee the rent, licence fees, service charge, and all other moneys due to the Vendor by KTL Offshore Pte. Ltd. from time to time pursuant to the Lease Agreement (the "**Arrears**") and the Purchaser shall be entitled to the full rights and benefits of the Arrears from KTL Offshore Pte. Ltd..

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1 "**Business Day**" means a day (other than a Saturday, Sunday or any gazetted public holiday in Singapore) on which commercial banks are open for business in Singapore.

2.4 Estimated Total Divestment Cost

The Total Divestment Cost comprises the estimated professional and other fees and expenses of approximately S$0.3 million incurred or to be incurred by Soilbuild REIT in connection with the Proposed Divestment.

The Manager has waived the divestment fee payable to it pursuant to the Trust Deed and intends to finance the Total Divestment Cost with the Purchase Consideration.

2.5 Principal Terms and Conditions of the Novation Deed

The Lease Agreement will be novated to the Purchaser pursuant to the Novation Deed on the date of Completion.

The lease under the Lease Agreement is for a term expiring on 25 August 2021. Post-Novation, the rental payable to the Purchaser by KTL Offshore Pte. Ltd. for the first year of the lease under the Lease Agreement will be S$3.8 million. The lease is on a double net[1] basis and subject to a rental escalation of 2.5% once every two years and 4.0% for the final year of the lease term.

Pursuant to the terms of the Novation Deed, from the date of Completion:

(i) the Purchaser shall be substituted in place of the Trustee as a party to the Lease Agreement, which shall be construed and treated in all respects as if the Purchaser were named therein instead of the Trustee and the Purchaser shall be entitled to the full rights and benefits of the Arrears from KTL Offshore Pte. Ltd.;

(ii) the Purchaser shall duly and punctually perform all duties and discharge all liabilities and obligations whatsoever from time to time to be performed or discharged by the Purchaser under or by virtue of the Lease Agreement and be bound by the terms of the Lease Agreement in every way as if the Purchaser were named in the Lease Agreement in lieu of the Trustee;

(iii) the Trustee assigns and agrees to assign absolutely to the Purchaser all the Trustee's rights and benefits in, under or arising out of the insurance guarantee issued by Etiqa Insurance Pte. Ltd. and furnished by KTL Offshore Pte. Ltd. to the Trustee pursuant to the terms of the Lease Agreement; and

(iv) the Trustee is discharged of all its rights and obligations under the Lease Agreement.

2.6 Advice of the Independent Financial Adviser

The Manager has appointed the IFA to advise the Independent Directors and the Audit & Risk Committee in relation to the Proposed Transaction. A copy of the letter from the IFA (the "**IFA Letter**"), containing its advice in full, is set out in **Appendix C** of this Circular and Unitholders are advised to read the IFA Letter carefully.

The IFA considered the following factors in arriving at its opinion on whether the terms of the Proposed Transaction are on normal commercial terms and whether they are prejudicial to the interests of Soilbuild REIT and the minority Unitholders:

(i) the rationale for the Proposed Transaction where the Proposed Transaction will unlock and release capital back to Soilbuild REIT, improve Soilbuild REIT's portfolio diversification and minimise Soilbuild REIT's exposure to credit risk;

(ii) the Purchase Consideration is above both market valuations of the Property as appraised by CBRE and Savills;

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

(iii) the price-per-square foot ("**PSF**") (based on NLA and gross floor area ("**GFA**")) for the Property implied in the Purchase Consideration is above the corresponding mean and median PSF of the Comparable Properties[1];

(iv) the PSF/year (based on NLA and GFA) for the Property implied in the Purchase Consideration is within the range of the PSF/year of the Comparable Properties;

(v) the PSF and PSF/year (based on GFA) for the Property implied in the Purchase Consideration is above the corresponding mean and median PSF and PSF/year of the Comparable Transactions[2];

(vi) the Property is to be divested at a premium to its latest market valuation which is above the corresponding median premium of the Comparable Transactions;

(vii) the net property income yield of the Property implied in the Purchase Consideration at 6.7% is within range of the net property yields of the other industrial REITs listed on the SGX-ST;

(viii) the Proposed Divestment will result in an estimated net gain of approximately S$1.7 million;

(ix) the pro-forma financial effects of the Proposed Transaction on Soilbuild REIT, where the Proposed Transaction is NAV neutral and the aggregate leverage decreases from 40.6% to 37.7%;

(x) the proposed transaction provides Soilbuild REIT with balance sheet flexibility where the additional debt headroom could be used to fund new acquisitions, finance any capital expenditure and asset enhancement works, capital distribution, and/or to finance general corporate and working capital requirements;

(xi) the factors described in paragraph 3.4.1 on the Deed in particular, the likelihood of a reduction in the distribution available to Unitholders for the financial year ended 31 December 2018 if rent of the Property continues to be unpaid after August 2018 given the material uncertainty related to the going concern of KTL Global Limited;

(xii) Soilbuild REIT being able to collect all unpaid rent and other charges due from KTL Offshore Pte. Ltd. in relation to the Lease Agreement upon Completion of the Proposed Transaction;

(xiii) the Manager having explored alternative options but is of the view that these either would not meet its required yield or be in line with Soilbuild REIT's strategy; and

(xiv) no other offers for the Property which are more favourable than the Proposed Transaction have been received as at the Latest Practicable Date.

Based upon, and having considered, *inter alia*, the factors set out in the IFA Letter and the information that has been made available to the IFA as at the Latest Practicable Date, the IFA is of the opinion that the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of Soilbuild REIT and its minority Unitholders in accordance with Chapter 9 of the Listing Manual.

The IFA is of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the resolution in connection with the Proposed Transaction to be proposed at the EGM based on IFA letter.

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1 "**Comparable Properties**" refers to the industrial and warehouse properties in Singapore (not including business parks and high-tech properties) held by Soilbuild REIT (excluding the Property) and other real estate investment trusts ("**REITs**") listed on the SGX-ST as defined in the IFA Letter set out in **Appendix C** of this Circular.

2 "**Comparable Transactions**" refers to recent divestments of industrial and warehouse properties in Singapore (not including business parks and several high-tech properties) by other REITs listed on the SGX-ST which were announced since 1 January 2016 as defined in the IFA Letter set out in **Appendix C** of this Circular.

3 RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSACTION

The Manager believes that the Proposed Transaction will bring the following key benefits to Unitholders:

3.1 Unlocks and releases capital back to Soilbuild REIT, allowing Soilbuild REIT to pursue its growth strategies

Given the relatively short remaining lease term under the Lease Agreement and the increasing credit risk arising from the Lease Agreement, the Proposed Divestment is timely and in line with Manager's strategy of proactively evaluating and rejuvenating its portfolio.

The Proposed Divestment will also unlock and release capital back to Soilbuild REIT. The sale proceeds from the Proposed Divestment, including the Arrears to be received from the Purchaser to the Trustee on Completion of the Proposed Divestment, will be utilised for the repayment of borrowings to reduce Soilbuild REIT's Aggregate Leverage and increase its flexibility to undertake future acquisition, asset enhancement initiatives or other growth opportunities to enhance returns to Unitholders.

3.2 Allows Soilbuild REIT to improve its portfolio diversification

The Proposed Divestment will reduce Soilbuild REIT's exposure to the marine offshore and oil & gas industry from 13.6% to 9.0%, creating an opportunity for Soilbuild REIT to diversify its tenant base. In light of the current weakness in the marine sector, the Manager believes that greater trade sector diversification will allow Soilbuild REIT to ride through the economic and industry cycles.

3.3 Minimises Soilbuild REIT's exposure to credit risk

The Proposed Transaction minimises Soilbuild REIT's exposure to credit risk in the form of non-payment of sums due from KTL Offshore Pte. Ltd..

While Soilbuild REIT's credit risk in relation to KTL Offshore Pte. Ltd. was mitigated by the insurance guarantee from Etiqa Insurance Pte. Ltd., following the completion of the Proposed Divestment and the Novation, Soilbuild REIT will no longer be exposed to KTL Offshore Pte. Ltd..

4 DETAILS AND FINANCIAL INFORMATION OF THE PROPOSED DIVESTMENT

4.1 Use of Sale Proceeds

After taking into account the Total Divestment Cost, the net proceeds from the Proposed Divestment would be approximately S$54.7 million, resulting in an estimated net gain from the Proposed Divestment of approximately S$1.7 million[1]. The net proceeds of the Proposed Divestment may be used to fund new acquisitions, repay debt, finance any capital expenditure and asset enhancement works, capital distribution, and/or to finance general corporate and working capital requirements.

4.2 Pro Forma Financial Effects of the Proposed Divestment

The pro forma financial effects of the Proposed Divestment on the distributions per Unit ("**DPU**") and NAV per Unit presented below are strictly for illustrative purposes and were prepared based on the unaudited financial statements of Soilbuild REIT for the financial year ended 31 December 2017, taking into account the Total Divestment Cost.

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1 Calculated based on the higher of the two independent valuations of the Property by the Independent Valuers, being the valuation by Savills of S$53.0 million. For Unitholders' information, the carrying amount of the Property as reflected in Soilbuild REIT's annual report for the financial year ended 31 December 2016 is S$56.0 million, which is based on the independent valuation undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd..

(I) Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Divestment on Soilbuild REIT's DPU for the financial year ended 31 December 2017, as if the Proposed Divestment was completed on 1 January 2017 are as follows:

	Effects of the Proposed Divestment	
	Before the Proposed Divestment	**After the Proposed Divestment[1]**
Net Income (S$'000)	52,221	52,076[2]
Distributable Income (S$'000)	59,927	57,832
Distributable Income attributable to Unitholders (S$'000)	59,927	57,832
Issued Units ('000)	1,052,111	1,051,908
DPU based on Lease Agreement (cents)	5.712	5.513

Notes:

(1) Assuming that the net proceeds from the Proposed Divestment of S$54.7 million will be utilised for the repayment of borrowings as at 1 January 2017 with finance expense savings of 3.31% per annum.

(2) Includes gain from the Proposed Divestment of S$1.7 million.

(II) Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Divestment on Soilbuild REIT's NAV per Unit as at 31 December 2017, as if the Proposed Divestment was completed on 1 January 2017 are as follows:

	Effects of the Proposed Divestment	
	Before the Proposed Divestment	**After the Proposed Divestment[1]**
NAV (S$'000)	668,638	669,759
Issued Units ('000)	1,052,111	1,051,908
NAV per Unit attributable to Unitholders (S$)	0.64	0.64

Note:

(1) Assuming that the net proceeds from the Proposed Divestment of S$54.7 million will be utilised for the repayment of borrowings as at 1 January 2017 with finance expense savings of 3.31% per annum.

(III) Pro Forma Capitalisation

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma capitalisation of Soilbuild REIT as at 31 December 2017, as if the Proposed Divestment was completed on 1 January 2017, is as follows:

	Effects of the Proposed Divestment	
	Before the Proposed Divestment	**After the Proposed Divestment[1]**
Current		
Unsecured loans and borrowings (S$'000)	147,420	92,680
Non-Current		
Unsecured loans and borrowings (S$'000)	144,846	144,846
Secured loans and borrowings (S$'000)	182,093	182,093
Total loans and borrowings (S$'000)	**474,359**	**419,619**
Unitholders' funds (S$'000)	668,638	669,759

	Effects of the Proposed Divestment	
Total Capitalisation	**1,142,997**	**1,089,378**
Aggregate Leverage[(1)]	**40.6%**	**37.7%**

Note:

(1) Assuming that the net proceeds from the Proposed Divestment of S$54.7 million will be utilised for the repayment of borrowings as at 1 January 2017.

4.3 Discloseable Transaction

(i) Discloseable Transaction

Chapter 10 of the Listing Manual governs the acquisition or divestment of assets, including options to acquire or dispose of assets, by Soilbuild REIT. Such transactions are classified into the following categories:

(a) non-discloseable transactions;
(b) discloseable transactions;
(c) major transactions; and
(d) very substantial acquisitions or reverse takeovers.

A transaction by Soilbuild REIT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

(i) the NAV of the assets to be disposed of, compared with Soilbuild REIT's NAV;
(ii) the net profits attributable to the assets acquired, compared with Soilbuild REIT's net profit;
(iii) the aggregate value of the consideration given or received, compared with Soilbuild REIT's market capitalisation; and
(iv) the number of Units issued by Soilbuild REIT as consideration for an acquisition, compared with the number of Units previously in issue.

Where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the transaction is classified as a discloseable transaction.

(ii) Relative Figures computed on the Bases set out in Rule 1006

The relative figures for the Proposed Divestment using the applicable bases of comparison described in sub-paragraph 4.3(i) above are set out in the table below.

	Property	Soilbuild REIT	Percentage
Rule 1006(a) Net asset value of the assets to be disposed of, compared with Soilbuild REIT's net asset value for the financial year ended 31 December 2017	S$53.0 million	S$668.6 million	7.9%
Rule 1006(b) Net profits attributable to the assets disposed of compared to Soilbuild REIT's net profits[(1)] for the financial year ended 31 December 2017	S$3.5 million	S$52.2 million	6.7%
Rule 1006(c) Aggregate value of consideration to be given compared with Soilbuild REIT's market capitalisation[(2)]	S$55.0 million	S$702.0 million	7.8%

Notes:

(1) Assuming net sales proceeds had been used for repayment of borrowings as at 1 January 2017, net profits attributable to the assets disposed of compared to Soilbuild REIT's net profits would have been 3.6%.

(2) This figure is based on Soilbuild REIT volume weighted average price of S$0.6672 per Unit on 27 December 2017, being the Market Day[1] immediately prior to the date of the entry of the Option Agreement.

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

4.4 Requirement of Unitholders' Approval

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 NTA, Unitholders' Approval is required in respect of the transaction. Based on the Soilbuild REIT's audited financial statements for the year ended 31 December 2016, the NTA of Soilbuild REIT was S$751.7 million as at 31 December 2016. 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$37.6 million, such a transaction would be subject to Unitholders' Approval.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' Approval for an interested party transaction by Soilbuild REIT whose value exceeds 5.0% of Soilbuild REIT's latest audited NAV. Based on Soilbuild REIT's audited financial statements for the year ended 31 December 2016, the NAV of Soilbuild REIT was S$751.7 million as at 31 December 2016. Accordingly, if the value of a transaction which is proposed to be entered into by Soilbuild REIT with an interested party is equal to or greater than S$37.6 million, such a transaction would be subject to Unitholders' Approval.

Given the Purchase Consideration and the value of the Lease Agreement of S$14.0 million as at 26 January 2018[1] (which is together 9.2% of both the NTA and the NAV of Soilbuild REIT as at 31 December 2016), the value of the Proposed Transaction exceeds the respective thresholds under the Listing Manual and the Property Funds Appendix in respect of interested person transactions and interested party transactions and would therefore be subject to Unitholders' approval.

As at the Latest Practicable Date, Mr Lim Chap Huat, holds an aggregate interest in 89,882,965 Units, which is equivalent to approximately 8.543% of the total number of Units in issue. In addition, 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" and (for the purposes of the Property Funds Appendix) an "interested party" of Soilbuild REIT.

As Mr Lim Chap Huat holds an indirect 100.0% interest in the Purchaser, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Purchaser (being an associate of a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of Soilbuild REIT.

Therefore, the Proposed Divestment will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required. The entry into of the Novation Deed will constitute an "interested person transaction" under Chapter 9 of the Listing Manual.

There are no interested person transactions exceeding S$100,000 entered into between Soilbuild REIT, the Purchaser, Mr Lim Chap Huat and their respective subsidiaries and associates during the course of the current financial year up to the Latest Practicable Date which are the subject of aggregation pursuant to Rule 906 of the Listing Manual. This does not include transactions which have been specifically approved by Unitholders upon purchase of Units during the initial public offering and listing of Soilbuild REIT[2].

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1 The value of the Lease Agreement as at 26 January 2018 is computed by totalling the amount of rent payable by KTL Offshore Pte. Ltd. under the Lease Agreement from 26 January 2018 to 25 August 2021 (being the date of expiry of the Lease Agreement). The lease is on a double net basis and subject to a rental escalation of 2.5% once every two years and 4.0% for the final year of the lease term.

2 The fees paid to the Manager and the property manager, as disclosed on page 169 of the Soilbuild REIT IPO prospectus dated 7 August 2013, are exempted from Rules 905 and 906 of the Listing Manual, having been specifically approved by Unitholders upon purchase of the Units during the initial public offering and listing of Soilbuild REIT, to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect Soilbuild REIT.

4.5 Interests of Directors and Substantial Unitholders

As at 26 January 2018, certain director(s) of the Manager collectively hold an aggregate direct and indirect interest in 91,351,465 Units. Further details of the interests in Units of Directors and Substantial Unitholders[1] are set below.

Mr Chong Kie Cheong is the Chairman and an Independent Non-Executive Director of the Manager. Mr Ng Fook Ai Victor is an Independent Non-Executive Director and Chairman of the Audit & Risk Committee of the Manager. Mr Michael Ng Seng Tat is an Independent Non-Executive Director of the Manager. Mr Lim Chap Huat is a Non-Executive Director of the Manager. Mr Ho Toon Bah is a Non-Executive Director of the Manager. Ms Lim Cheng Hwa is a 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 26 January 2018:

	Direct Interest		Deemed Interest		Total No. of Units held	
Name of Directors	**No. of Units**	**%(1)**	**No. of Units**	**%(1)**		**%(1)**
Mr Chong Kie Cheong	275,000	0.03	–	–	275,000	0.03
Mr Ng Fook Ai Victor	–	–	–	–	–	–
Mr Michael Ng Seng Tat(2)	–	–	687,500	0.07	687,500	0.07
Mr Lim Chap Huat(3)	89,882,964	8.54	1	–	89,882,965	8.54
Mr Ho Toon Bah(4)	–	–	275,000	0.03	275,000	0.03
Ms Lim Cheng Hwa	231,000	0.02	–	–	231,000	0.02

Notes:

(1) The percentage is based on 1,052,111,365 Units in issue as at the Latest Practicable Date.

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

(3) Mr Lim Chap Huat is deemed to be interested in the one Unit held by SBGH as Mr Lim Chap Huat directly owns 100% of SBGH.

(4) Mr Ho Toon Bah is deemed to be interested in 110,000 Units held through a nominee account and 165,000 Units held by Ms Tan Swee Fong, the wife of Mr Ho Toon Bah.

Based on the information available to the Manager, the Substantial Unitholders of Soilbuild REIT and their interests in the Units as at 26 January 2018 are as follows:

	Direct Interest		Deemed Interest		Total No. of Units held	
Name of Substantial Unitholders	**No. of Units**	**%(1)**	**No. of Units**	**%(1)**		**%(1)**
Mr Lim Chap Huat(2)	89,882,964	8.54	1	–	89,882,965	8.54
Mr Lim Han Ren	70,000,000	6.65	–	–	70,000,000	6.65
Mr Lim Han Qin(3)	59,000,000	5.60	11,000,000	1.05	70,000,000	6.65
Mr Lim Han Feng(4)	59,000,000	5.60	11,000,000	1.05	70,000,000	6.65
Schroders plc(5)	–	–	55,085,030	5.24	55,085,030	5.24
Wealthy Fountain Holdings Inc(6)	–	–	68,142,900	6.48	68,142,900	6.48
Shanghai Summit Pte Ltd(7)	–	–	68,142,900	6.48	68,142,900	6.48
Mr Tong Jinquan(8)	–	–	70,659,900	6.72	70,659,900	6.72

Notes:

(1) The percentage is based on 1,052,111,365 Units in issue as at the 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.

(3) Mr Lim Han Qin is deemed to be interested in 11,000,000 Units held through a nominee account.

(4) Mr Lim Han Feng is deemed to be interested in 11,000,000 Units held through a nominee account.

(5) Purchased on behalf of clients as Investment Managers.

(6) Wealthy Fountain Holdings Inc is deemed to be interested in 68,142,900 Units held through a nominee account.

(7) Shanghai Summit Pte Ltd is the sole shareholder of Wealthy Fountain Holdings Inc and accordingly, is deemed to be interested in the 68,142,900 Units held by Wealthy Fountain Holdings Inc.

(8) Mr Tong Jinquan is deemed to be interested in 2,517,000 Units held through a nominee account and 68,142,900 Units held indirectly by Wealthy Fountain Holdings Inc. Wealthy Fountain Holdings Inc is indirectly wholly owned by Mr Tong Jinquan through Shanghai Summit Pte Ltd.

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

Save as disclosed above and based on information available to the Manager as at 26 January 2018, none of the Directors or the Substantial Unitholders have an interest, direct or indirect, in the Proposed Transaction.

4.6 Directors' Service Contracts

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

5 RECOMMENDATION ON THE PROPOSED TRANSACTION

Based on the opinion of the IFA (being CIMB Bank Berhad, Singapore Branch) (as set out in the IFA Letter in **Appendix C** of this Circular) and the rationale for the Proposed Transaction as set out in paragraph 3 above, the Independent Directors and the Audit & Risk Committee is of the view that the Proposed Transaction is on normal commercial terms and would not be prejudicial to the interests of Soilbuild REIT and its minority Unitholders.

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

6 EXTRAORDINARY GENERAL MEETING

The EGM will be held on Wednesday, 21 February 2018 at 10.30 a.m. at Raffles City Convention Centre (Atrium Ballroom), 80 Bras Basah Road, Singapore 189560, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of EGM, which is set out on pages D-1 to D-2 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions. Approval by way of an Ordinary Resolution is required in respect of the Proposed Transaction.

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

Under Rule 919 of the Listing Manual, where a meeting is held to obtain Unitholders' Approval, the interested person and any associate of the interested person must not vote on the resolutions, nor accept appointments as proxies unless specific instructions as to voting are given.

Given that the Property and the mechanical and electrical equipment therein will be acquired from an associate of Mr Lim Chap Huat (a Non-Executive Director of the Manager), being the Purchaser, Mr Lim Chap Huat and his associates and his immediate family members (which together hold 300,459,965 Units (approximately 28.56%) as at the Latest Practicable Date) will abstain from voting on the resolutions. They will also not accept appointments as proxies unless specific instructions as to voting are given.

8 ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than Monday, 19 February 2018 at 10.30 a.m., being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of the resolutions must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution. If a Unitholder (being an independent Unitholder) wishes to appoint Mr Lim Chap Huat, Mr Ho Toon Bah and Ms Lim Cheng Hwa as his/her proxy/proxies for the EGM, he/she should give specific instructions in his/her Proxy Form as to the manner in which his/her vote is to be cast in respect of the resolutions.

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 Transaction, 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 CONSENTS

Each of the IFA (being CIMB Bank Berhad, Singapore Branch) and the Independent Valuers (being Savills and CBRE) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the valuation certificates and all references thereto, in the form and context in which they are included in this Circular.

11 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager[1] at 25 Changi South Street 1, SB Building, Singapore 486059[2] from the date of this Circular up to and including the date falling three months after the date of this Circular:

(i) the Option Agreement
(ii) the Novation Deed;
(iii) the IFA Letter;
(iv) the independent valuation report on the Property issued by Savills;
(v) the independent valuation report on the Property issued by CBRE;
(vi) the audited financial statements of Soilbuild REIT for the year ended 31 December 2016;
(vii) the written consents of each of the IFA and the Independent Valuers; and
(viii) the Trust Deed.

Yours faithfully

SB REIT Management Pte. Ltd.
(as manager of Soilbuild Business Space REIT)
(Company Registration Number: 201224644N)

Mr Chong Kie Cheong
Chairman and Independent Non-Executive Director

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1 Prior appointment with the Manager will be appreciated.

2 The registered office of the Manager will be at 23 Defu South Street 1, Singapore 533847 from 5 February 2018 onwards.

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 or purchase their Units for so long as the Units are listed on the SGX-ST. 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 indicative of the future performance of Soilbuild REIT. Similarly, the past performance of the Manager is not indicative of the future performance of the Manager.

This Circular may contain forward-looking statements that involve assumptions, 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 other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on 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:

61 Tuas Bay Drive	:	The property located at 61 Tuas Bay Drive Singapore 637428
71 Tuas Bay Drive	:	The property located at 71 Tuas Bay Drive Singapore 637430
%	:	Per centum or percentage
Aggregate Leverage	:	The ratio of the value of borrowings and deferred payments (if any) to the value of the Deposited Property
Arrears	:	The rent, licence fees, service charge, and all other moneys due to the Trustee by KTL Offshore Pte. Ltd. from time to time pursuant to the Lease Agreement
Audit & Risk Committee	:	The Audit & Risk Committee of the Manager
Business Day	:	Means a day (other than a Saturday, Sunday or any gazetted public holiday in Singapore) on which commercial banks are open for business in Singapore
Call Option	:	The call option granted by the Trustee to the Purchaser over the Property and the mechanical and electrical equipment therein pursuant to the Option Agreement
Call Option Exercise Period	:	Means the period during which the Call Option may be exercised
CBRE	:	CBRE Pte. Ltd.
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 2 February 2018
Comparable Properties	:	The industrial and warehouse properties in Singapore (not including business parks and high-tech properties) held by Soilbuild REIT (excluding the Property) and other REITs listed on the SGX-ST as defined in the IFA letter
Comparable Transactions	:	Recent divestments of industrial and warehouse properties in Singapore (not including business parks and several high-tech properties) by other REITs listed on the SGX-ST which were announced since 1 January 2016 as defined in the IFA letter
Completion	:	Completion of the Proposed Divestment
Deed	:	The supplemental deed to the KTL Lease Agreement dated 28 August 2017
Deposited Property	:	The gross assets of Soilbuild REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed
Double net basis	:	Refers to KTL Offshore Pte. Ltd.'s obligation to pay rental to Soilbuild REIT as well as undertaking to pay property related expenses such as (i) property tax and (ii) day-to-day maintenance including cleaning, security, utilities, servicing of lifts and other mechanical and electrical items

DPU	:	Distribution per Unit
EGM	:	The extraordinary general meeting of Unitholders to be held on Wednesday, 21 February 2018 at 10.30 a.m. at Raffles City Convention Centre (Atrium Ballroom), 80 Bras Basah Road, Singapore 189560, to approve the matters set out in the Notice of Extraordinary General Meeting on pages D-1 to D-2 of this Circular
Existing Properties	:	The portfolio of properties currently held by Soilbuild REIT
Forbearance Period	:	The period from to 28 August 2017 to 24 August 2023
GFA	:	Gross floor area
IFA	:	CIMB Bank Berhad, Singapore Branch
IFA Letter	:	The letter from the IFA to the Independent Directors and the Audit & Risk Committee of the Manager containing its advice as set out in **Appendix C** of this Circular
Independent Directors	:	The independent directors of the Manager, being Mr Chong Kie Cheong, Mr Ng Fook Ai Victor and Mr Michael Ng Seng Tat
Independent Valuers	:	Savills and CBRE
KTL Lease Agreement	:	The lease agreement in relation to the lease of the Property to KTL Offshore Pte. Ltd. as master lessee, expiring on 25 August 2021
Latest Practicable Date	:	26 January 2018, being the latest practicable date prior to the printing of this Circular
Lease Agreement	:	The KTL Lease Agreement together with the Deed
Listing Manual	:	The Listing Manual of the SGX-ST
Manager	:	SB REIT Management Pte. Ltd., in its capacity as manager of Soilbuild REIT
Market Day	:	A day on which the SGX-ST is open for trading in securities
Master Lease	:	The lease agreement under which the Property is leased to KTL Offshore Pte. Ltd. and which expires on 25 August 2021
NAV	:	Net asset value, which means the total assets less total liabilities
NTA	:	Net tangible asset value, which means the total assets (excluding intangible assets) less total liabilities
Novation	:	The novation of the Lease Agreement to the Purchaser
Novation Deed	:	The deed of novation in relation to the Novation

Option Agreement	:	The put and call option agreement entered into by the Trustee and the Purchaser dated 28 December 2017 in connection with the Proposed Divestment
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 61 Tuas Bay Drive Singapore 637428 and 71 Tuas Bay Drive Singapore 637430, commonly known as KTL Offshore
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore
Proposed Divestment	:	The proposed divestment of the Property and the mechanical and electrical equipment therein
Proposed Transaction	:	The Proposed Divestment and the entry into of the Novation Deed
PSF	:	Price-per-square foot
Purchase Conditions	:	The conditions to the Proposed Divestment
Purchase Consideration	:	The purchase consideration of S$55.0 million for the Proposed Divestment
Purchaser	:	SB (Pioneer) Investment Pte. Ltd.
Put Option	:	The put option granted by the Purchaser to the Trustee over the Property and the mechanical and electrical equipment therein pursuant to the Option Agreement
Revised Portfolio	:	The Existing Properties less the Property
REITs	:	Real estate investment trusts
S$ and cents	:	Singapore dollars and cents
Savills	:	Savills Valuation and Professional Services (S) Pte Ltd
SBGH	:	Soilbuild Group Holdings Ltd.
SGX-ST	:	Singapore Exchange Securities Trading Limited
Soilbuild REIT	:	Soilbuild Business Space REIT
Specified Sum	:	The sum of S$1.5 million due from KTL Offshore Pte. Ltd. to Soilbuild REIT
sq ft	:	Square feet
Substantial Unitholder	:	A person with an interest in Units constituting not less than 5.0% of the total number of Units in issue

Total Divestment Cost	:	The total cost of the Proposed Divestment to Soilbuild REIT
Trust Deed	:	The trust deed dated 13 October 2012 constituting Soilbuild REIT, as amended, varied, 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
Unitholders' Approval	:	The approval of the Unitholders to the Proposed Divestment obtained at a general meeting of Soilbuild REIT
URA	:	Urban Redevelopment Authority

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.

APPENDIX A

DETAILS OF THE PROPERTY, THE EXISTING PROPERTIES AND THE REVISED PORTFOLIO

1 THE PROPERTY

1.1 Description of the Property

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

The Property is comprised in a leasehold estate granted by URA for 60 years commencing from 19 July 2006, with a remaining term of approximately 48.5 years as at 26 January 2018. The Property is leased to KTL Offshore Pte Ltd as the master lessee.

Location	61 Tuas Bay Drive Singapore 637428 and 71 Tuas Bay Drive Singapore 637430
Land Area (sq ft)	279,855
Gross Floor Area (sq ft)	208,057
Net Lettable Area (sq ft)	208,057
Number of Tenants	1
Number of Storeys	61 Tuas Bay Drive: 3 71 Tuas Bay Drive: Part 2/3
Land Tenure	Leasehold for a term of 60 years commencing from 19 July 2006
Occupancy Rate (as at 26 January 2018)	100%

1.2 Lease Agreement

The Property is leased to KTL Offshore Pte. Ltd. for a lease term expiring on 25 August 2021.

As at the Latest Practicable date, based on the terms of the Master Lease, the rental payable to the Purchaser by KTL Offshore Pte. Ltd. for the first year of the lease is S$3.8 million. The lease is on a double net[1] basis and subject to a rental escalation of 2.5% once every two years and 4.0% for the final year of the lease term.

2 EXISTING PROPERTIES AND THE REVISED PORTFOLIO

Soilbuild REIT's existing property portfolio comprises 12 properties located in Singapore, with 10 industrial properties and 2 business park properties. The table below sets out selected information on the Existing Properties and the Revised Portfolio as at 31 December 2017 (unless otherwise indicated).

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

	The Property	Existing Properties	Revised Portfolio
Gross Floor Area (sq ft)	208,057	4,205,062	3,997,005
Net Lettable Area (sq ft)	208,057	3,901,480	3,693,423
Number of Tenants	1	115[(1)]	114
Carrying Value (S$ million)	53.0	1,163.6	1,110.6
Committed Occupancy (%)	100.0	92.7	92.3
Weighted Average Lease to Expiry (by Gross Rental Income) (years)	3.9	3.0	3.0
Weighted Average Land Lease to Expiry (by Valuation) (years)	48.6	43.4	43.1

Note:

(1) Inclusive of underlying tenants in Solaris as at 31 December 2017.

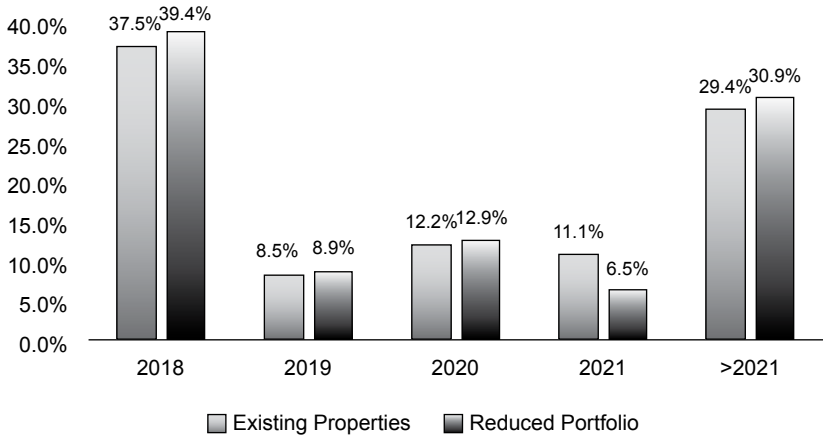
2.1 Property Segment Analysis for Existing Properties and Revised Portfolio as at 31 December 2017

The chart below provides a breakdown by asset value of the different property segments represented in the Existing Properties and the Revised Portfolio.

	Existing Properties	Revised Portfolio
Business Park (S$ million)	448.0	448.0
Industrial (S$ million)	715.6	662.6
Total (S$ million)	1,163.6	1,110.6

2.2 Lease Expiry Profile for the Existing Properties and the Revised Portfolio

The chart below illustrates the lease expiry profile for the Existing Properties and Revised Portfolio by gross rental income as at 31 December 2017.



Lease Expiry by Gross Rental Income	2018	2019	2020	2021	>2021
Existing Properties	37.5%	8.5%	12.2%	11.1%	29.4%
Revised Portfolio	39.4%	8.9%	12.9%	6.5%	30.9%

2.3 Top Ten Tenants for the Existing Properties and the Revised Portfolio as at 31 December 2017

The tables below sets out the gross rental income contribution by the top ten tenants of the Existing Properties and the Revised Portfolio, including underlying tenants in Solaris.

Existing Properties

Tenant Ranking	Tenant (including Solaris' underlying tenant)	% of gross rental income
1	SB (Westview) Investment Pte. Ltd.	9.1%
2	NK Ingredients Pte Ltd	5.8%
3	SPRING Singapore	4.9%
4	KTL Offshore Pte Ltd	4.3%
5	Autodesk Asia Pte Ltd	4.2%
6	Mediatek Singapore Pte Ltd	3.9%
7	Nestle Singapore (Pte) Ltd	3.0%
8	John Wiley & Sons (Singapore) Pte Ltd	2.5%
9	Dyson Operations Pte Ltd	2.3%
10	Speedy-Tech	2.2%

Revised Portfolio

Tenant Ranking	Tenant (including Solaris' underlying tenant)	% of gross rental income
1	SB (Westview) Investment Pte. Ltd.	9.5%
2	NK Ingredients Pte Ltd	6.0%
3	SPRING Singapore	5.1%
4	Autodesk Asia Pte Ltd	4.4%
5	Mediatek Singapore Pte Ltd	4.1%
6	Nestle Singapore (Pte) Ltd	3.2%
7	John Wiley & Sons (Singapore) Pte Ltd	2.6%
8	Dyson Operations Pte Ltd	2.4%
9	Speedy-Tech	2.3%
10	Ubisoft Singapore Pte Ltd	2.3%

2.4 Trade Sector Analysis for the Existing Properties and the Revised Portfolio (as at 31 December 2017)

The table below provides a breakdown by gross rental income of the different trade sectors represented in the Existing Properties and the Revised Portfolio, including underlying tenants in Solaris.

Existing Properties

Trade Sector (Including Solaris' underlying tenants)	% of gross rental income
Precision Engineering, Electrical and Machinery Products	15.3%
Marine Offshore	11.8%
Information Technology	11.6%
Real Estate and Construction	11.1%
Chemicals	8.9%
Electronics	8.0%
Government Agency	4.8%

Existing Properties

Trade Sector (Including Solaris' underlying tenants)	**% of gross rental income**
Others	4.6%
Publishing, Printing & Reproduction of Recorded Media	4.1%
Fabricated Metal Products	4.0%
Food Products & Beverages	3.7%
Supply Chain Management, 3rd Party Logistics, Freight Forwarding	3.4%
Education & Social Services	2.4%
Oil & Gas	1.8%
Telecommunication & Datacentre	1.7%
Financial	1.6%
Pharmaceutical & Biological	1.2%

Revised Portfolio

Trade Sector (Including Solaris' underlying tenants)	**% of gross rental income**
Precision Engineering, Electrical and Machinery Products	16.2%
Information Technology	12.2%
Real Estate and Construction	11.6%
Chemicals	9.4%
Electronics	8.4%
Marine Offshore	7.1%
Government Agency	5.1%
Others	4.8%
Publishing, Printing & Reproduction of Recorded Media	4.4%
Fabricated Metal Products	4.2%
Food Products & Beverages	3.9%
Supply Chain Management, 3rd Party Logistics, Freight Forwarding	3.6%
Education & Social Services	2.5%
Oil & Gas	1.9%
Telecommunication & Datacentre	1.8%
Financial	1.6%
Pharmaceutical & Biological	1.3%

APPENDIX B

VALUATION CERTIFICATES

Valuation Certificate

savills

Property Address	**61 and 71 Tuas Bay Drive, Singapore 637428/30**
Client	SB REIT Management Pte. Ltd. (in its capacity as manager of Soilbuild REIT)
Purpose of Valuation	For the proposed divestment by Soilbuild REIT and inclusion in the circular to the holders of units in Soilbuild REIT in connection therewith
Legal Description	Lots 3967M and 3966C (61 and 71 Tuas Bay Drive respectively), both of Mukim 7
Tenure	Leasehold 60 years commencing on 19 July 2006 (we are instructed to value based on balance un-expired interest of about 48.6 years)
Registered Lessee	DBS Trustee Limited (in its capacity as trustee of Soilbuild REIT)
Brief Description	The subject property comprises a 3-storey detached industrial building (namely, 61 Tuas Bay Drive) and a part 2-/part 3-storey detached industrial building (namely, 71 Tuas Bay Drive), accommodating production/warehouse areas and ancillary offices. The Temporary Occupation Permits (TOP) for 61 and 71 Tuas Bay Drive were issued on 6 May 2008 and 6 January 2009 respectively whilst the Certificate of Statutory Completion (CSC) for 61 and 71 Tuas Bay Drive were obtained on 27 August 2009 and 22 May 2009 respectively. There was addition and alteration ("A&A") work carried out to roof over the existing 3rd storey open production area of 61 Tuas Bay Drive. The CSC for this A&A work was issued on 10 May 2012. The subject property was in average condition as at the date of our inspection.
Site Area	25,999.4 sm, subject to final survey
Gross Floor Area	Approximately 19,329.2 sm, as provided and subject to final survey
Lettable Floor Area	Approximately 19,329.2 sm, as provided and subject to final survey
Tenancy Details	Based on the information provided to us, the entire property is leased to KTL Offshore Pte. Ltd. ("Tenant") for 6 years 9 months and 25 days commencing on 1 November 2014 with an option to renew for a further term of 5 years. The commencement rent is $3,710,969 per annum with rent reviews fixed at 2.5% at the start of the 3rd year and the 5th year and at 4.0% at the start of the 6th year. The current passing rent is $3,803,743 per annum. The Tenant is responsible for general property repairs and maintenance expenses as well as property tax and insurance while the landlord is responsible for property management fee.
Annual Value as assessed for Property Tax	$3,771,000
Master Plan Zoning (2014)	"Business 2" with a gross plot ratio of 1.0
Land Premium	Land premium has been paid upfront
Permitted Use	For any use or uses that may be permitted by the Competent Authority under the Planning Act (Cap 232) for a "Business 2" zoning in accordance with the Master Plan Written Statement
Basis Of Valuation	As-Is basis and subject to the existing lease arrangement
Valuation Approaches	Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method
Date of Valuation	21 December 2017
Capitalisation Rate	6.00%
Terminal Capitalisation Rate	6.25%
Discount Rate	8.00%
Rate of Lettable Floor Area	$2,742/sm
Recommended Market Value	**$53,000,000**
Prepared by	Kamal Hamdi — Licensed Appraiser No AD041-2006388F Liaw Hin Sai — Licensed Appraiser No AD041-2007108I Savills Valuation & Professional Services (S) Pte Ltd

This valuation amount is exclusive of GST

Valuation Certificate



Property:	KTL Offshore 61 & 71 Tuas Bay Drive Singapore 637428 & 637430
Client:	DBS Trustee Limited (in its capacity as trustee of Soilbuild REIT)
Trust:	Soilbuild REIT
Purpose:	Divestment
Interest Valued:	Leasehold for a term of 60 years commencing from 19 July 2006. Balance term 48.59 years.
Basis of Valuation:	Market Value subject to existing tenancy and occupational arrangements and Market Value with Vacant Possession
Registered Owner:	DBS Trustee Limited (in its capacity as trustee of Soilbuild Business Space REIT ("Soilbuild REIT"))
Land Area:	25,999.4 square metres
Town Planning:	"Business 2" with a plot ratio of 1.0
Brief Description:	The Property comprises two adjacent single-user detached industrial buildings with an adjacent open yard for external storage. No. 61 Tuas Bay Drive is a 3-storey industrial building with ancillary office while No.71 Tuas Bay Drive is a part 2/ part 3-storey industrial building with ancillary office. The buildings are in average condition and are reasonably maintained, having regard to their age and use.
Tenancy Profile:	The whole of the Property is leased to KTL Offshore Pte. Ltd. as Master Lessee for a period of 10 years commencing on 26 August 2011. Certain lease conditions including the annual rental were subsequently amended via a Novation Agreement dated 31 October 2014, in conjunction with the acquisition of the property. Nonetheless, there was no change to the original lease duration.
Lease Condition:	The commencement rent is S$309,247 per month from 1 November 2014 and is subject to rental escalations of 2.5% once every two years. The tenant is required to pay all outgoing expenses including repairs and maintenance, security, insurance, utilities expenses and property tax but excluding structual building repairs and property management fees.
Annual Value:	$3,771,000 (Property tax is borne by Master Lessee)
Advised GFA (sqft):	208,057.0
Valuation Approaches:	Capitalisation Approach, Discounted Cash Flow Analysis & Cost Approach
Date of Valuation:	14 December 2017
Assessed Value: (existing tenancy & occupational arrangements)	$50,400,000 (Fifty Million Four Hundred Thousand Dollars) — This valuation is exclusive of GST.
Analysis:	
Capitalisation Rate:	6.50%
Terminal Yield:	6.65%
IRR (10 years):	8.00%
Value psf of GFA:	$242
Assessed Value: (Vacant Possession)	**$42,600,000** **(Forty Two Million Six Hundred Thousand Dollars)** — This valuation is exclusive of GST.
Assumptions, Disclaimers, Limitations & Qualifications	*This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.*
Prepared By:	**CBRE Pte. Ltd.**

Per: James Crawford AAPI MRICS
Registered Valuer
Executive Director - Valuation & Advisory Services

Per: Chia Hui Hoon BSc (Est. Mgt) Hons MSISV
Appraiser's License No. AD041-2006555E
Senior Director - Valuation & Advisory Services

APPENDIX C

INDEPENDENT FINANCIAL ADVISER'S LETTER

CIMB BANK BERHAD (13491-P)
SINGAPORE BRANCH
(Incorporated in Malaysia)

50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

2 February 2018

To: **The Independent Directors and Audit & Risk Committee**
SB REIT Management Pte. Ltd.
(as the Manager of Soilbuild Business Space REIT)
23 Defu South Street 1
Singapore 533847

DBS Trustee Limited
(as the Trustee of Soilbuild Business Space REIT)
12 Marina Boulevard, #44-01
DBS Asia Central @ Marina Bay Financial Centre Tower 3
Singapore 018982

Dear Sirs,

THE PROPOSED DIVESTMENT OF A PROPERTY KNOWN AS KTL OFFSHORE, AND THE MECHANICAL AND ELECTRICAL EQUIPMENT THEREIN, AND THE ENTRY INTO OF THE DEED OF NOVATION TO NOVATE THE LEASE AGREEMENT IN RELATION THERETO AS AN INTERESTED PERSON TRANSACTION

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*Unless otherwise defined or the context otherwise requires, all capitalised terms used in this letter shall have the same meaning as ascribed in the circular to the unitholders of Soilbuild Business Space REIT ("**Soilbuild REIT**") dated 2 February 2018 ("**Circular**").*

1 INTRODUCTION

On 28 December 2017, SB REIT Management Pte. Ltd. (the "**Manager**"), as manager of Soilbuild REIT, announced *inter alia* that DBS Trustee Limited, in its capacity as trustee of Soilbuild REIT (the "**Trustee**"), had entered into a put and call option agreement (the "**Option Agreement**") with SB (Pioneer) Investment Pte. Ltd. (the "**Purchaser**"), a wholly-owned subsidiary of Soilbuild Group Holdings Ltd. ("**SBGH**"), in connection with the proposed divestment (the "**Proposed Divestment**") of the property located at 61 Tuas Bay Drive Singapore 637428 ("**61 Tuas Bay Drive**") and 71 Tuas Bay Drive Singapore 637430 ("**71 Tuas Bay Drive**") and commonly known as KTL Offshore (collectively the "**Property**") and the mechanical and electrical equipment therein to the Purchaser. Pursuant to the Option Agreement, the Trustee has granted the Purchaser a call option ("**Call Option**") over the Property and the mechanical and electrical equipment therein and the Purchaser has granted the Trustee a put option ("**Put Option**") over the Property and the mechanical and electrical equipment therein.

The Property is currently leased to KTL Offshore Pte. Ltd. as the master lessee ("**Master Lessee**") under a lease agreement (the "**KTL Lease Agreement**") which expires on 25 August 2021 ("**Master Lease**"). As at the Latest Practicable Date, based on the terms of the Master Lease, the rental payable by KTL Offshore Pte. Ltd. is S$3.8 million per annum. The lease is on a double net[1] basis and subject to a rental escalation of 2.5% once every two years and 4.0% for the final year of the lease term.

As at 31 December 2017, Soilbuild REIT's trade receivable due from KTL Offshore Pte. Ltd. was approximately S$2.02 million and comprised approximately 6 months, or S$1.94 million of rent and other charges, late payment interest of approximately S$0.04 million and recharge of property tax of approximately S$0.04 million. The Trustee and KTL Offshore Pte. Ltd. entered into a supplemental deed to the KTL Lease Agreement on 28 August 2017 (the "**Deed**", together with the KTL Lease Agreement, the "**Lease Agreement**") under which Soilbuild REIT has agreed to forbear from exercising its rights and remedies against KTL Offshore Pte. Ltd. up till 24 August 2023 ("**Forbearance Period**") with respect to a sum of S$1.5 million (the "**Specified Sum**") from the approximately S$2.02 million trade receivable due.

The conditions to forbearance include the provision of increasing KTL Offshore Pte. Ltd.'s existing security deposit by S$1.5 million (comprising approximately 4 months' rent and other charges) from S$3.8 million to S$5.3 million and the delivery of a second insurance guarantee for the sum of S$1.5 million for the period from 26 August 2021 to 24 August 2023 from KTL Offshore Pte. Ltd. to Soilbuild REIT not later than 30 days before 25 August 2021.

KTL Offshore Pte. Ltd. is required to pay interest at the rate of 6% per annum on the Specified Sum. Soilbuild REIT shall be entitled to immediately terminate the Forbearance Period prior to 24 August 2023 in the event of a breach by KTL Offshore Pte. Ltd. of any of its obligations under the Deed or the occurrence of any new breach or default under the Lease Agreement. Soilbuild REIT has received an insurance guarantee from Etiqa Insurance Pte. Ltd. amounting to S$5.3 million pursuant to the Deed.

On completion of the Proposed Divestment ("**Completion**"), the Trustee will enter into a deed of novation ("**Novation Deed**") with the Purchaser and KTL Offshore Pte. Ltd. to novate the Lease Agreement to the Purchaser (the "**Novation**", and together with the Proposed Divestment, the "**Proposed Transaction**"). Pursuant to the Novation Deed, the Purchaser is entitled to the trade receivable due from KTL Offshore Pte. Ltd. to it prior to the date of the Novation and in return, the Purchaser shall pay Soilbuild REIT an amount equivalent to such trade receivable due. For the avoidance of doubt, this payment is not part of the S$55.0 million purchase consideration for the Property.

CIMB Bank Berhad, Singapore Branch ("**CIMB**") has been appointed as the independent financial adviser as required under Listing Rule 921(4) as well as to advise the independent directors of the Manager (the "**Independent Directors**"), the Audit & Risk Committee of the Manager (the "**ARC**"), and the Trustee on whether the Proposed Transaction is on normal commercial terms and not prejudicial to the interests of Soilbuild REIT and its minority Unitholders in accordance with Chapter 9 of the Listing Manual.

This letter sets out, *inter alia*, our opinion thereon and forms part of the Circular.

2 TERMS OF REFERENCE

We are not a party to any negotiation in relation to the Proposed Transaction. We are also not involved in the deliberation leading up to the decision by the Manager and the Trustee to undertake the Proposed Transaction. We do not, by this letter, warrant or make any representation whatsoever in relation to the merits (whether commercial, financial or otherwise) of the Proposed Transaction, other than to form an opinion on the Proposed Transaction.

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

For the purpose of arriving at our opinion, we have confined our evaluation to the bases set out herein. Our terms of engagement do not require us to conduct, and we have not conducted, any review of the business plan, operations, financial performance, financial condition or financial forecast of Soilbuild REIT, the Trustee or the Manager. We have also not made any evaluation or appraisal of the assets (including the property portfolio) and liabilities of Soilbuild REIT, the Trustee or the Manager and we have not been furnished any such evaluation and appraisal, except for the valuation reports issued by CBRE Pte. Ltd. ("**CBRE**") dated 14 December 2017 and issued by Savills Valuation And Professional Services (S) Pte Ltd ("**Savills**") dated 21 December 2017 (collectively, the "**Valuation Reports**"). The respective valuation certificates are set out in Appendix B to the Circular. We are not and do not purport to be property experts. In respect of the Valuation Reports, we have placed sole reliance thereon for the asset appraisal contained therein. We are not experts in the evaluation or appraisal of properties and we have not made any independent verification of the matters or bases set out in the Valuation Reports. We are not required to and have not obtained any quotations or transaction prices from any third parties in respect of the property which is the subject of the Proposed Transaction.

We have examined information provided to us by the management of the Manager. We have not independently verified such information, 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. However, we have made reasonable enquiries and exercised our judgment as we deemed necessary on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information.

We have relied upon the assurances of the directors of the Manager ("**Directors**") (including those who may have delegated supervision of the Circular) that they have taken all reasonable care to ensure that the facts stated and opinions expressed in the Circular (except this letter) are fair and accurate in all material respects and that no material facts have been omitted which would make any statement in the Circular misleading in any respect, and that they collectively and individually accept responsibility accordingly. However, in respect of this letter and the information provided to us in relation thereto, the sole responsibility of the Directors has been to ensure that the facts stated with respect to Soilbuild REIT, the Trustee, the Manager, the Property and the Proposed Transaction are, to the best of their knowledge and belief, fair and accurate in all material respects.

Our opinion in this letter are based upon market, economic, industry, monetary and other conditions prevailing on, and the information made available to us as at the Latest Practicable Date prior to the printing of this letter. Such conditions may change significantly over a short period of time. 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.

This letter does not purport to be a comprehensive or exhaustive description of all the considerations that may be relevant to Unitholders. In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Unitholder. As each Unitholder would have different investment objectives and profiles, we would advise that any individual Unitholder who may require specific advice in the context of his specific investment objectives or portfolio consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Manager has been separately advised by its own advisers in the preparation of the Circular (other than this letter). We are not involved in and have not provided 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, express or implied, on the content of the Circular (other than this letter).

While a copy of this letter may be reproduced in the Circular, neither the Manager, the Trustee, nor any of their respective directors or representatives may reproduce, disseminate or refer to this letter or any part thereof for any other purposes (other than for the purpose of any matter relating to the Proposed Transaction) at any time and in any manner without the prior written consent of CIMB in each specific case.

Our opinion in respect of the Proposed Transaction should be considered in the context of the entirety of this letter and the Circular.

3 THE PROPOSED TRANSACTION

3.1 Information on the Proposed Transaction

The terms of the Proposed Transaction are set out in Section 2 of the Circular. We set out below a summary of the key terms:

(i) The purchase consideration ("**Purchase Consideration**") payable by the Purchaser in connection with the Proposed Divestment is S$55.0 million. The Purchase Consideration will be paid to the Trustee fully in cash. The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis taking into account the independent valuations of the Property by CBRE and Savills.

(ii) The total cost of the Proposed Divestment (the "**Total Divestment Cost**") comprises the estimated professional and other fees and expenses of approximately S$0.3 million incurred or to be incurred by Soilbuild REIT in connection with the Proposed Divestment.

The Manager has waived the divestment fee payable to it pursuant to the trust deed dated 13 October 2012 constituting Soilbuild REIT, as amended, varied or supplemented from time to time (the "**Trust Deed**") and intends to finance the Total Divestment Cost with the Purchase Consideration.

(iii) The Option Agreement contains customary provisions relating to the Proposed Divestment, including representations and warranties, indemnities and pre-completion covenants regarding the operation of the business, limitations of the Trustee's liabilities and other commercial terms.

(a) Under the terms of the Option Agreement:

i. pursuant to the Call Option, the Purchaser has the right, subject to the terms and conditions of the Option Agreement, to accept the Trustee's offer to sell to the Purchaser the Property together with the mechanical and electrical equipment therein at the Purchase Consideration on the terms of the Option Agreement and the Purchase Conditions; and

ii. pursuant to the Put Option, the Trustee has the right, subject to the terms and conditions of the Option Agreement, to accept the Purchaser's offer to buy the Property together with the mechanical and electrical equipment therein at the Purchase Consideration on the terms of the Option Agreement and the Purchase Conditions.

(b) The exercise of the Call Option by the Purchaser and the exercise of the Put Option by the Trustee shall, in each case, be conditional upon the approval of the Unitholders being obtained at a general meeting of Soilbuild REIT to the Proposed Divestment by 29 March 2018, or such other date as may be mutually agreed between the Trustee and the Purchaser ("**Unitholders' Approval**").

(c) The Purchaser is entitled to exercise the Call Option within seven Business Days[1] commencing on the date of service by the Trustee to the Purchaser of a written notice upon obtaining the Unitholders' Approval (or such other period as may be agreed in writing between the Trustee and the Purchaser) (the "**Call Option Exercise Period**").

(d) The Trustee is entitled to exercise the Put Option during the period of seven Business Days commencing from the expiry of the Call Option Exercise Period only if the Purchaser does not exercise the Call Option.

(e) The Proposed Divestment is subject to, among others, the following conditions (the "**Purchase Conditions**"):

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1 "**Business Day**" means a day (other than a Saturday, Sunday or any gazetted public holiday in Singapore) on which commercial banks are open for business in Singapore.

i. title to the Property and the mechanical and electrical equipment therein being free from any mortgage, charge, pledge, lien, security interest or encumbrance or any other agreement or arrangement having substantially the same economic effect, including any retention of title arrangement, option or first right of refusal for purchase, affecting the title to the Property or the title to the mechanical and electrical equipment therein at Completion;

ii. there being no Material Damage (as defined in the Option Agreement) to the Property and/or the mechanical and electrical equipment therein caused by or due to the negligence or default or omission on the part of the Purchaser, its agents, contracts or employees;

iii. the Purchaser not receiving from any governmental or other regulatory authority, department or body an unsatisfactory reply to its legal requisitions in respect of the Property;

iv. there being no acquisition nor notice of intended acquisition of any material part of the Property by the government or other competent authority; and

v. on Completion and upon the entering into of the Novation Deed, the Purchaser shall pay over to the Trustee the rent, licence fees, service charge, and all other moneys due to Soilbuild REIT by KTL Offshore Pte. Ltd. from time to time pursuant to the Lease Agreement (the "**Arrears**") and the Purchaser shall be entitled to the full rights and benefits of the Arrears from KTL Offshore Pte. Ltd..

(iv) The principal terms and condition of the Novation Deed include, amongst others, the following:

(a) The Lease Agreement will be novated to the Purchaser pursuant to the Novation Deed on the date of Completion.

(b) The lease under the Lease Agreement is for a term expiring on 25 August 2021. Post-Novation, the rental payable to the Purchaser by KTL Offshore Pte Ltd for the first year of the lease under the Lease Agreement will be S$3.8 million per annum. The lease is on a double net[1] basis and subject to a rental escalation of 2.5% once every two years and 4.0% for the final year of the lease term.

(c) Pursuant to the terms of the Novation Deed, from the Completion date:

i. the Purchaser shall be substituted in place of the Trustee as a party to the Lease Agreement and the Purchaser shall be entitled to the full rights and benefits of the Arrears from KTL Offshore Pte. Ltd.;

ii. the Purchaser shall duly and punctually perform all duties and discharge all liabilities and obligations whatsoever from time to time to be performed or discharged by the Purchaser under or by virtue of the Lease Agreement and be bound by the terms of the Lease Agreement;

iii. the Trustee assigns and agrees to assign absolutely to the Purchaser all the Trustee's rights and benefits in, under or arising out of the insurance guarantee issued by Etiqa Insurance Pte. Ltd. and furnished by KTL Offshore Pte. Ltd. to the Trustee pursuant to the terms of the Lease Agreement; and

iv. the Trustee is discharged of all its rights and obligations under the Lease Agreement.

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

3.2 Information on the Property

Information on the Property is set out in Section 2.1 and Appendix A of the Circular. We set out below certain key information in relation to the Property.

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

(ii) The Property is comprised in a leasehold estate granted by Urban Redevelopment Authority for 60 years commencing from 19 July 2006, with a remaining term of approximately 48.5 years as at 26 January 2018. The Property is currently leased to KTL Offshore Pte. Ltd. as the master lessee under the Lease Agreement.

(iii) As at Latest Practicable Date, based on the terms of the Master Lease, the rental payable by KTL Offshore Pte. Ltd. is S$3.8 million per annum. The lease is on a double net[1] basis and subject to a rental escalation of 2.5% once every two years and 4.0% for the final year of the lease term.

(iv) The table below sets out a summary of selected information on the Property.

Location	61 Tuas Bay Drive Singapore 637428 and 71 Tuas Bay Drive Singapore 637430
Land Area (sq ft)	279,855
Gross Floor Area (sq ft)	208,057
Net Lettable Area (sq ft)	208,057
Number of Tenants	1
Number of Storeys	61 Tuas Bay Drive: 3 71 Tuas Bay Drive: Part 2/3
Land Tenure	Leasehold for a term of 60 years commencing from 19 July 2006
Occupancy Rate (as at 26 January 2018)	100%

3.2.1 History of Soilbuild REIT's ownership of the Property and the Master Lessee

Brief History of the Property

The Property was acquired from Provident Properties (I) Pte. Ltd., an unrelated third party, on 31 October 2014 for a purchase consideration of S$55.0 million. The underlying lease was novated at acquisition with a remaining lease term of 6.8 years from the acquisition date (i.e. lease term expiring on 25 August 2021). A security deposit in the form of an insurance bond equivalent to approximately 16 months of the average prevailing annual rent is held by Soilbuild REIT.

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

Master Lessee

The Master Lessee is KTL Offshore Pte. Ltd. whose principal activity is in the trading of rigging equipment and related services. KTL Offshore Pte. Ltd. is a wholly-owned subsidiary of KTL Global Limited, a limited liability company domiciled and incorporated in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited. The principal activity of KTL Global Limited is in investment holding, whilst its subsidiaries' principal activities include trading of rigging equipment and services, inspection and certification of lifting equipment and certification of wire ropes, provision of services to customers mainly in the offshore, oil and gas and marine industries, and developing and advancing the technology of synthetics material for use in the manufacture of heavy lift synthetic slings.

In light of the current weakness in the marine sector, KTL Global Limited has been loss-making since the financial year ended 30 June 2016. For the financial year ended 30 June 2017, KTL Global Limited incurred a net loss attributable to shareholders of S$29.6 million, which is 108.9% greater than the net loss attributable to shareholders of S$14.2 million incurred in the previous financial year. The net asset value of KTL Global Limited as at 30 June 2017 was S$0.1 million, which is 99.6% lower than the net asset value of S$30.2 million as at 30 June 2016. For the first quarter ended 30 September 2017, KTL Global Limited incurred a net loss attributable to shareholders of S$2.3 million, which is 10.0% lower than the net loss attributable to shareholders of S$2.6 million incurred in the corresponding quarter in the previous financial year. The net liabilities of KTL Global Limited as at 30 September 2017 was S$2.3 million as compared to a net asset value of S$0.1 million as at 30 June 2017.

We note from KTL Global Limited's annual report for the financial year ended 30 June 2017 that its independent auditor has drawn attention to KTL Global Limited's going concern status. Please refer to the independent auditor's report in KTL Global Limited's annual report for the financial year ended 30 June 2017 for more information. The following is extracted from the independent auditor's report and reproduced in *italics* below:

"Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of $29,634,000 during the year ended 30 June 2017 and, as of that date, the Group's current liabilities exceeded its current assets by $13,093,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern."

3.3 Evaluation of the Proposed Transaction

In our evaluation of whether the Proposed Transaction is on normal commercial terms and not prejudicial to the interests of Soilbuild REIT and its minority Unitholders in accordance with Chapter 9 of the Listing Manual, we have taken into consideration the following pertinent factors:

(i) Rationale for the Proposed Transaction;

(ii) Valuation of the Property as appraised by the Independent Valuers;

(iii) Valuation statistics implied in the Proposed Transaction as compared to those of:

  (a) the industrial and warehouse properties in Singapore (not including business parks and high-tech properties) held by Soilbuild REIT (excluding the Property) and other real estate investment trusts ("**REITs**") listed on the SGX-ST ("**Comparable Properties**"); and

  (b) recent divestments of industrial and warehouse properties in Singapore (not including business parks and several high-tech properties) by other REITs listed on the SGX-ST ("**Comparable Transactions**") which were announced since 1 January 2016;

(iv) Net property income yield of the Property implied in the Proposed Transaction as compared to the overall net property income yield of Soilbuild REIT (excluding the Property) and other industrial REITs listed on the SGX-ST ("**Industrial REITs**");

(v) Pro-forma financial effects of the Proposed Transaction on Soilbuild REIT; and

(vi) Other relevant considerations.

Generally, property valuations include a subjective evaluation of certain factors specific to the property such as, *inter alia*, location, size, tenure, infrastructure, future rental rates, and physical conditions. In our assessment, we would therefore attach most weight to the Valuation Reports as these are specific professional real estate appraisals of the Property having regards to its unique characteristics.

3.3.1 Rationale for the Proposed Transaction

The rationale for the Proposed Transaction is set out under Section 3 of the Circular. We set out below a summary of the reasons for, and benefits of, the Proposed Transaction:

(i) Unlocks and releases capital back to Soilbuild REIT, allowing Soilbuild REIT to pursue its growth strategies

Given the relatively short remaining lease term under the Lease Agreement and the increasing credit risk arising from the Lease Agreement, the Proposed Divestment is timely and in line with Manager's strategy of proactively evaluating and rejuvenating its portfolio.

The Proposed Divestment will also unlock and release capital back to Soilbuild REIT. The sale proceeds from the Proposed Divestment, including the Arrears to be received from the Purchaser to the Trustee on Completion of the Proposed Divestment, will be utilised for the repayment of borrowings to reduce Soilbuild REIT's Aggregate Leverage and increase its flexibility to undertake future acquisition, asset enhancement initiatives or other growth opportunities to enhance returns to Unitholders.

(ii) Allows Soilbuild REIT to improve its portfolio diversification

The Proposed Divestment will reduce Soilbuild REIT's exposure to the marine offshore and oil & gas industry from 13.6% to 9.0%, creating an opportunity for Soilbuild REIT to diversify its tenant base. In light of the current weakness in the marine sector, the Manager believes that greater trade sector diversification will allow Soilbuild REIT to ride through the economic and industry cycles.

(iii) Minimises Soilbuild REIT's exposure to credit risk

The Proposed Transaction minimises Soilbuild REIT's exposure to credit risk in the form of non-payment of sums due from KTL Offshore Pte. Ltd..

While Soilbuild REIT's credit risk in relation to KTL Offshore Pte. Ltd. was mitigated by the insurance guarantee from Etiqa Insurance Pte. Ltd., following the completion of the Proposed Divestment and the Novation, Soilbuild REIT will no longer be exposed to KTL Offshore Pte. Ltd..

3.3.2 Valuation of the Property as appraised by the Independent Valuers

CBRE was commissioned by the Trustee and Savills by the Manager to assess the market value of the Property. Please refer to Appendix B of the Circular for a copy of the valuation certificates.

In the Valuation Reports of CBRE and Savills, "market value" is defined as "the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Both CBRE and Savills have assessed the valuation on the basis that the existing lease arrangement with KTL Offshore Pte. Ltd. continues to expiry on 25 August 2021 and that the valuation also includes the Property's mechanical and electrical equipment.

The primary valuation methodologies adopted by CBRE and Savills in arriving at the market value of the Property are set out below:

Valuation methodology		Brief description in Valuation Report
CBRE		
(i)	Capitalisation approach	In the capitalisation approach, the adopted fully leased net income is capitalised over the remaining term of the lease from the valuation date at an appropriate investment yield. The adopted yield of 6.50% reflects the nature, location and tenancy profile of the property together with current market investment criteria, as evidenced by the sales evidence previously detailed. Thereafter, various capital adjustments are made, where appropriate, to the calculated core value.
(ii)	Discounted cash flow analysis	A discounted cash flow analysis over a 10-year investment horizon in which CBRE has assumed that the property is sold at the commencement of the eleventh year of the cash flow. This form of analysis allows an investor or owner to make an assessment of the long term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected internal rate of return, rental growth, sale price of the property at the end of the investment horizon, costs associated with the initial purchase of the property and also its disposal at the end of the investment period. CBRE has investigated the current market requirements for an investment return over a 10-year period from industrial property and conclude that market expectations are currently in the order of 7.75% to 8.25%. CBRE's derived value reflects a terminal yield of 6.65% and an internal rate of return of 8.00%. CBRE notes that the internal rate of return appears realistic when compared to returns available from alternative forms of investment and indicates a reasonable premium over the prevailing 10-year bond rate which traded between 2.08% and 2.47% during the last year.
Savills		
(i)	Income capitalisation method	Under the income capitalisation method, the net market income of the subject property is capitalised at an appropriate market capitalisation rate which reflects both the risk and benefits of the subject property as an investment. The adopted capitalisation rate of 6.00% reflects the nature, location, tenure, tenancy profile of the subject property together with the prevailing property market condition. Reference has been made from comparable yields derived from similar properties' transactions and capitalisation rates adopted by major REIT and funds in their portfolio valuation for similar asset type.

Valuation methodology		Brief description in Valuation Report
(ii)	Discounted cash flow analysis	A discounted cash flow analysis has been prepared taking into account the ability of the property to generate income over a 10-year period based on certain assumptions. The discounted cash flow analysis relates to a 10-year time frame during which rental growth patterns can be reasonably projected. Each year's net operating income during the period is discounted to arrive at the present value of expected future cash flows. The subject property's anticipated sale price at the end of the period (i.e. its terminal value) is also discounted to its present value and added to the discounted income stream to arrive at the total present market value of the property. Savills assumes the subject property will be sold after the end of Year 10 at a price based upon the forecast income at a terminal capitalisation rate of 6.25%. Costs associated with the disposal such as legal fees and sales commission at the end of the investment period have also been accounted for. Savills has taken into consideration the local market conditions as well as the wider global arena and studied current market requirements for investment return over a 10-year period from similar properties' transactions and alternative forms of investment. A discount rate of 8.00% is adopted for the subject property and Savills note that this rate appears realistic when compared to alternative forms of investment, delivering a reasonable premium over the prevailing 10-year Singapore government bond rate which is currently hovering around 2.20% averagely, as a proxy to the risk-free rate.
(iii)	Direct Comparison Method	Under the direct comparison method, a comparison is made with sales of similar properties in the subject or comparable localities. Adjustments are made for differences in location, size, tenure, age/condition, facilities provided and date of sale, etc., before arriving at the value of the subject property.

We note that both CBRE and Savills had adopted the capitalisation approach and the discounted cash flow analysis in their valuation methodologies to arrive at their respective valuation. Savills had also included the direct comparison method as an additional valuation methodology to arrive at its respective valuation.

Based on information provided by the Independent Valuers, the key assumptions used by the Independent Valuers for the capitalisation approach and discounted cash flow analysis are as follows:

	CBRE	Savills
Capitalisation approach		
Capitalisation rate	6.50%	6.00%
Discounted cash flow analysis		
Discount rate	8.00%	8.00%
Terminal capitalisation rate	6.65%	6.25%

Based on information provided by Savills, the main transactions that they have relied on in assessing the value of the Property under the direct comparison method are as follows:

Property	Land area (sm)	Approximate floor area (sm)	Sale price ($m)	Date of sale	Tenure	Floor rate (S$/sm)
33 Tuas View Walk 2	1,440.0	1,695.4	6.5	Jul-17	60 years with effect from 30 October 1996	3,834
65 Tech Park Crescent	7,967.7	9,975.2	17.7	Jun-17	60 years with effect from 18 August 1993	1,773
4 Tuas Basin Close	3,680.5	2,551.5	5.5	Mar-17	30 + 30 years with effect from 1 May 1994	2,156
					Mean	2,588
					Median	2,156
					Min	1,773
					Max	3,834
The Property[(1)]	**25,999.4**	**19,329.2**	**55.0**		**60 years with effect from 19 July 2006**	**2,845**

Note:

(1) The floor rate (S$/sm) of the Property is computed based on the Purchase Consideration of S$55.0 million divided by its respective approximate floor area of 19,329.2 sm.

Based on the above, we note that the floor rate for the Property implied in the Purchase Consideration is above the mean and median floor rate of the main transactions that Savills have relied on under the direct comparison method.

The market value of the Property as determined by CBRE and Savills are set out below:

	Valuation
CBRE	S$50,400,000
Savills	S$53,000,000
Average market valuation	S$51,700,000
Purchase Consideration payable by the Purchaser	S$55,000,000
Premium of Purchase Consideration to average market valuation	6.4%

As illustrated in the table above, we note that the Purchase Consideration is above both market valuations of the Property as valued by CBRE and Savills.

3.3.3 Comparison against other properties held by Soilbuild REIT and other industrial REITs listed on the SGX-ST

We set out in the table below a comparison of the price-per-square foot ("**PSF**") and PSF per year of remaining land tenure ("**PSF/year**") of the Property implied in the Purchase Consideration against those of the Comparable Properties.

We wish to highlight that although the Comparable Properties are broadly comparable to the Property in terms of them being light industrial and warehouse properties in Singapore, the list of Comparable Properties may not be exhaustive and may differ from the Property in terms of, *inter alia*, location, proximity to air and sea ports and expressways, building specifications (such as net usable area, storage capacity and space planning), services and support facilities (such as loading and unloading facilities and accessibility to auxiliary services), existing lease/rental arrangement, tenant composition, occupancy rates, competition from similar surrounding properties, remaining land tenure and other relevant factors. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

Name of REIT	No. of Comparable Properties	Valuation date	PSF by NLA[1] (S$)	PSF/year by NLA[2] (S$)	PSF by GFA[1] (S$)	PSF/year by GFA[2] (S$)
AIMS AMP Capital Industrial REIT	19	31-Mar-17	183.7	4.7	156.0	4.0
Ascendas REIT	30	31-Mar-17	207.0	5.9	172.0	5.0
ESR-REIT (formerly known as Cambridge Industrial Trust)	40	31-Dec-17	165.1	5.4	n.a.	n.a.
Mapletree Industrial Trust	68	31-Mar-17	195.5	5.5	144.6	4.1
Sabana Shari'ah Compliant Industrial REIT	11	31-Dec-17	n.a.	n.a.	191.1	6.0
Soilbuild Business Space REIT (excluding the Property)[3]	9	31-Dec-17	219.2	6.3	206.9	6.0
Viva Industrial Trust	4	31-Dec-17	316.6	11.4	306.7	10.6
		Mean	214.5	6.5	196.2	5.9
		Median	201.2	5.7	181.6	5.5
		Min	165.1	4.7	144.6	4.0
		Max	316.6	11.4	306.7	10.6
The Property[4]			**264.4**	**5.4**	**264.4**	**5.4**

Source: Announcements and latest available annual reports of the respective industrial REITs and the valuation reports from the respective independent property valuers.

Notes:

(1) PSF is computed as market valuation of a property divided by its area. The PSF of each of the Comparable Properties is the market valuation - weighted average PSF of all its properties based on the latest publicly available information on net lettable area ("**NLA**"), gross floor area ("**GFA**") and market valuation.

(2) PSF/year is computed as PSF of a property divided by its remaining land tenure. The PSF/year of each of the Comparable Properties is the market valuation - weighted average PSF/year of all its properties based on the latest publicly available information on NLA, GFA, market valuation and remaining land tenure.

(3) The Property has been excluded from the computation of the PSF and PSF/year of Soilbuild Business Space REIT.

(4) Based on the Purchase Consideration of S$55.0 million and the Property's NLA and GFA (both of which are at 208,057 sq ft).

Based on the above, we note that:

(i) The implied PSF (based on NLA) for the Property is above the mean and median PSF of the Comparable Properties;

(ii) the implied PSF/year (based on NLA) for the Property is lower than the mean and median but within the range of the PSF/year of the Comparable Properties;

(iii) the implied PSF (based on NLA) for the Property is 20.6% higher than that of the comparable properties in Soilbuild REIT (excluding the Property);

(iv) the implied PSF (based on GFA) for the Property is above the mean and median PSF of the Comparable Properties;

(v) the implied PSF/year (based on GFA) for the Property is lower than the mean and median but within the range of the PSF/year of the Comparable Properties; and

(vi) the implied PSF (based on GFA) for the Property is 27.8% higher than that of the comparable properties in Soilbuild REIT (excluding the Property).

We wish to highlight that the PSF and PSF/year of the Comparable Properties were based on their respective property portfolios, each of which are larger than the Property and comprises many properties spread over various locations. In contrast, the PSF and PSF/year of the Property is based on just two adjacent detached purpose-built factories in a single location which is far less diversified.

3.3.4 Comparison against recent divestments by industrial REITs listed on the SGX-ST

We set out in the table below a comparison of the PSF and PSF/year of the Property implied in the Purchase Consideration against those of recent similar property divestments by REITs listed on the SGX-ST which were announced since 1 January 2016.

We wish to highlight that although the properties divested in the Comparable Transactions are broadly comparable to the Property in terms of them being light industrial and warehouse in Singapore, the list of Comparable Transactions may not be exhaustive and may differ from the Property in terms of, *inter alia*, location, proximity to air and sea ports and expressways, building specifications (such as net usable area, storage capacity and space planning), services and support facilities (such as loading and unloading facilities and accessibility to auxiliary services), existing lease/rental arrangements, tenant composition, occupancy rates, competition from similar surrounding properties, remaining land tenure and other relevant factors. In addition, these transactions were entered into at different points in time under different market conditions and economic environment. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

Property	Seller	Announcement date	Sale consideration ($m)	Approximate GFA (sq ft)	PSF[(1)] (S$)	PSF/ year[(2)] (S$)
10 Soon Lee Road	AIMS AMP Capital Industrial Trust	15-Jan-18	8.2	87,640	93.2	4.0
84 Genting Lane	Ascendas REIT	22-Dec-17	16.7	128,273	130.0	5.9
87 Defu Lane 10	ESR REIT (formerly known as Cambridge Industrial Trust)	06-Jul-17	17.5	109,920	159.2	4.8

Property	Seller	Announcement date	Sale consideration ($m)	Approximate GFA (sq ft)	PSF[1] (S$)	PSF/ year[2] (S$)
23 Woodlands Terrace	Cambridge Industrial Trust	14-Jun-17	17.7	124,425	142.1	3.6
65 Tech Park Crescent	Mapletree Industrial Trust	08-Jun-17	17.7	107,373	164.8	4.6
10 Woodlands Link	Ascendas REIT	30-May-17	19.3	124,183	155.3	4.0
55 Ubi Avenue 3	Cambridge Industrial Trust	23-Jan-17	22.1	141,135	156.9	4.0
218 Pandan Loop	Sabana Shari'ah Compliant Real Estate Investment Trust	05-Dec-16	14.8	50,374	293.8	9.0
23 Tuas Avenue 10	Cambridge Industrial Trust	11-Apr-16	16.5	102,310	161.3	4.0
				Mean	161.8	4.9
				Median	156.9	4.0
				Min	93.2	3.6
				Max	293.8	9.0
The Property[3]	**Soilbuild Business Space REIT**		**55.0**	**208,057**	**264.4**	**5.4**

Source: Announcements made by the respective industrial REITs in relation to the Comparable Transactions, latest available annual reports of the respective industrial REITs and the valuation reports from the respective independent property valuers.

Notes:

(1) In respect of the Comparable Transactions, PSF is computed based on the sale consideration divided by the approximate GFA as set out in the relevant announcements made by the REITs.

(2) In respect of the Comparable Transactions, PSF/year is computed based on the PSF (by GFA) of each comparable transaction divided by the respective remaining land tenure of the subject property.

(3) Based on the Purchase Consideration of S$55.0 million and the GFA of 208,057 sq ft.

Based on the above, we note that:

(i) The implied PSF (based on the GFA) for the Property is above the mean and median PSF of the Comparable Transactions; and

(ii) the implied PSF/year (based on the GFA) for the Property is above the mean and median PSF/year of the Comparable Transactions

We also set out the table below a comparison of the premium of the Purchase Consideration to the latest market valuation of the Property against the corresponding premia in the Comparable Transactions.

Property	Seller	Announcement date	Valuation date	Sale consideration ($m)	Market valuation (S$m)	Premium to market value (%)
10 Soon Lee Road	AIMS AMP Capital Industrial Trust	15-Jan-18	30-Sep-17	8.2	6.4	27.7%
84 Genting Lane	Ascendas REIT	22-Dec-17	31-Mar-17	16.7	15.8	5.6%
87 Defu Lane 10	ESR REIT (formerly known as Cambridge Industrial Trust)	06-Jul-17	31-Dec-16	17.5	17.4	0.6%
23 Woodlands Terrace	Cambridge Industrial Trust	14-Jun-17	31-Dec-16	17.7	17.2	2.8%
65 Tech Park Crescent	Mapletree Industrial Trust	08-Jun-17	31-Mar-17	17.7	17.6	0.6%
10 Woodlands Link	Ascendas REIT	30-May-17	31-Mar-17	19.3	16.5	16.8%
55 Ubi Avenue 3	Cambridge Industrial Trust	23-Jan-17	31-Dec-16	22.1	22	0.6%
218 Pandan Loop	Sabana Shari'ah Compliant Real Estate Investment Trust	05-Dec-16	30-Jun-16	14.8	13	13.8%
23 Tuas Avenue 10	Cambridge Industrial Trust	11-Apr-16	31-Dec-15	16.5	15.7	5.1%
				Mean		8.2%
				Median		5.1%
				Min		0.6%
				Max		27.7%
The Property	**Soilbuild Business Space REIT**			**55.0**	**51.7**[(1)]	**6.4%**

Source: Announcements made by the respective industrial REITs in relation to the Comparable Transactions and the valuation reports from the independent property valuers.

Note:

(1) Based on the average market valuation of CBRE and Savills as disclosed in paragraph 3.3.2 of this letter.

Based on the above, we note that the Property is to be divested at a premium to market valuation which is above the corresponding median premia but below the corresponding mean premia of the Comparable Transactions.

3.3.5 Comparison against overall net property income yield of Industrial REITS

We set out in the table below a comparison of the net property income yield of the Property implied in the Purchase Consideration against the overall net property income yields of Industrial REITs.

We wish to highlight that certain of the Industrial REITs had acquired additional properties during the relevant financial year. While the market valuation of the property portfolio of the relevant Industrial REITs had accounted for such acquisitions, their net property income had not been adjusted for the full year contribution from such acquisitions. Accordingly, there is an inherent downward bias in the overall net property income yields of such Industrial REITs. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

Name of REIT	Financial Year End	Overall Net Property Income Yield[(1)]
AIMS AMP Capital Industrial REIT	31-Mar-17	6.8%
Ascendas REIT[(3)]	31-Mar-17	6.2%
ESR-REIT (formerly known as Cambridge Industrial Trust)[(3)]	31-Dec-17	4.7%
Mapletree Industrial Trust[(3)]	31-Mar-17	7.3%
Sabana Shari'ah Compliant Industrial REIT	31-Dec-17	5.6%
Soilbuild Business Space REIT (excluding the Property)[(2)]	31-Dec-17	6.3%
Viva Industrial Trust[(3)]	31-Dec-17	6.4%
	Mean	6.2%
	Median	6.3%
	Min	4.7%
	Max	7.3%
The Property[(4)]		6.7%

Source: Latest available full-year results announcements or annual reports of the respective Industrial REITs and the valuation reports from the respective independent property valuers.

Notes:

(1) Overall net property income yield for the Industrial REITs are computed based on the respective Industrial REIT's net property income in the financial year divided by the market valuation of its property portfolio (including properties held for divestment but excluding properties under development) as at the end of the financial year. Net property income yield can be reasonably used as a benchmark for comparison assuming that the income generating ability of a property is the sole factor for a divestment.

(2) The overall net property income yield for Soilbuild REIT excludes the rental contribution of the Property for the financial year. The overall net property income yield for Soilbuild REIT would be relatively unchanged at 6.3% if the rental contribution of the Property for the financial year was included in the computation.

(3) These Industrial REITs had acquired additional properties during the relevant financial year which will result in an inherent downward bias in their respective overall net property income yields.

(4) Net property income yield for the Property is computed based on the Property's net property income of approximately S$3.7 million (excluding late payment charges of approximately S$0.2 million) divided by the Purchase Consideration of S$55.0 million. The net property income yield of the Property would be 7.1% if late payment charges of approximately S$0.2 million was included in the computation.

Based on the above, we note that:

(i) The implied net property income yield of the Property at 6.7% is higher than the overall net property income yield of Soilbuild REIT (excluding the Property) of 6.3%; and

(ii) the implied net property income yield of the Property at 6.7% is within the range but higher than the mean and median overall net property yields of the Industrial REITs.

We wish to highlight that the overall net property income yields of the Industrial REITs are based on their respective property portfolios, each of which are larger than the Property and comprises many properties spread over various locations. In contrast, the net property income yield of the Property is based on just two adjacent detached purpose-built factories in a single location which is far less diversified, and hence would require a higher return to compensate for its higher risk profile relative to the Industrial REITs.

3.3.6 Use of sale proceeds and pro-forma financial effects of the Proposed Divestment

The use of sale proceeds is set out in Section 4.1 of the Circular. After taking into account Total Divestment Cost, the net proceeds from the Proposed Divestment would be approximately S$54.7 million, resulting in an estimated net gain from the Proposed Divestment of approximately S$1.7 million[1]. Unitholders should note that the net proceeds of the Proposed Divestment may be used to fund new acquisitions, repay debt, finance any capital expenditure and asset enhancement works, capital distribution, and/or to finance general corporate and working capital requirements.

The pro forma financial effects of the Proposed Divestment on Soilbuild REIT are set out in Section 4 of the Circular. Unitholders should note that such financial effects are pro forma in nature and are based on various assumptions as set out in Section 4.2 of the Circular. The following is extracted from Section 4.2 of the Circular and reproduced in *italics* below.

"(i) Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Divestment on Soilbuild REIT's DPU for the financial year ended 31 December 2017, as if the Proposed Divestment was completed on 1 January 2017 are as follows:

	Effects of the Proposed Divestment	
	Before the Proposed Divestment	***After the Proposed Divestment(1)***
Net Income (S$'000)	*52,221*	*52,076(2)*
Distributable Income (S$'000)	*59,927*	*57,832*
Distributable Income attributable to Unitholders (S$'000)	*59,927*	*57,832*
Issued Units ('000)	*1,052,111*	*1,051,908*
DPU based on Lease Agreement (cents)	*5.712*	*5.513*

Notes:

(1) Assuming that the net proceeds from the Proposed Divestment of S$54.7 million will be utilised for the repayment of borrowings as at 1 January 2017 with finance expense savings of 3.31% per annum.

(2) Includes gain from the Proposed Divestment of S$1.7 million.

(ii) Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Divestment on Soilbuild REIT's NAV per Unit as at 31 December 2017, as if the Proposed Divestment was completed on 1 January 2017 are as follows:

1 Calculated based on the higher of the two independent valuations of the Property by the Independent Valuers, being the valuation by Savills of S$53.0 million. For Unitholders' information, the carrying amount of the Property as reflected in Soilbuild REIT's annual report for the financial year ended 31 December 2016 is S$56.0 million, which is based on the independent valuation undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd..

	Effects of the Proposed Divestment	
	Before the Proposed Divestment	***After the Proposed Divestment(1)***
NAV (S$'000)	*668,638*	*669,759*
Issued Units ('000)	*1,052,111*	*1,051,908*
NAV per Unit attributable to Unitholders (S$)	*0.64*	*0.64*

Note:

(1) Assuming that the net proceeds from the Proposed Divestment of S$54.7 million will be utilised for the repayment of borrowings as at 1 January 2017 with finance expense savings of 3.31% per annum.

(iii) Pro Forma Capitalisation

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma capitalisation of Soilbuild REIT as at 31 December 2017, as if the Proposed Divestment was completed on 1 January 2017, is as follows:

	Effects of the Proposed Divestment	
	Before the Proposed Divestment	***After the Proposed Divestment(1)***
Current		
Unsecured loans and borrowings (S$'000)	*147,420*	*92,680*
Non-Current		
Unsecured loans and borrowings (S$'000)	*144,846*	*144,846*
Secured loans and borrowings (S$'000)	*182,093*	*182,093*
Total loans and borrowings (S$'000)	***474,359***	***419,619***
Unitholders' funds (S$'000)	*668,638*	*669,759*
Total Capitalisation (S$'000)	***1,142,997***	***1,089,378***
Aggregate leverage(1)	***40.6%***	***37.7%***

Note:

(1) Assuming that the net proceeds from the Proposed Divestment of S$54.7 million will be utilised for the repayment of borrowings as at 1 January 2017."

Based on the above assumptions and figures in relation to the financial effects of the Proposed Transaction, we note that:

(i) the Proposed Divestment will result in an estimated net gain of approximately S$1.7 million;

(ii) the pro forma DPU decreases from 5.712 Singapore cents to 5.513 Singapore cents;

(iii) the pro forma NAV per Unit remains largely unchanged at S$0.64;

(iv) the pro forma total capitalisation decreases from S$1,143 million to S$1,089 million; and

(v) the aggregate leverage decreases from 40.6% to 37.7%.

We wish to highlight that the pro-forma financial effects of the Proposed Transaction are for illustration purposes and should not be taken as an indication of the actual future financial performance or position of Soilbuild REIT following the Proposed Transaction. We wish to highlight that the pro-forma financial effects of the Proposed Transaction also assume all proceeds are used for the repayment of borrowings. In this regard, it should be noted that after the Proposed Transaction, Soilbuild REIT will have additional capacity and financial flexibility to make acquisitions, asset enhancement initiatives or other growth opportunities to enhance returns to Unitholders. The net proceeds of the Proposed Divestment may be used to fund new acquisitions, repay debt, finance any capital expenditure and asset enhancement works, capital distribution, and/or to finance general corporate and working capital requirements.

3.4 Other relevant considerations

3.4.1 Supplemental deed

As previously disclosed in Soilbuild REIT's third quarter results announcement for the financial year ending 31 December 2017 ("**FY2017**"), the Trustee and KTL Offshore Pte. Ltd. entered into a supplemental deed to the Lease Agreement on 28 August 2017 and the trade receivable due from KTL Offshore Pte Ltd was S$2.7 million as at 30 September 2017. The following is extracted from Soilbuild REIT's third quarter results announcement and reproduced in *italics* below:

*"The trade receivable due from KTL comprised approximately seven months of rent and other charges. The Trustee and KTL entered into a supplemental deed to the KTL lease agreement on 28 August 2017 ("**Deed**"). Under the Deed, Soilbuild REIT has agreed to forbear from exercising its rights and remedies up till 24 August 2023 ("**Forbearance Period**") with respect to a sum of S$1.5 million ("**Specified Sum**") due to Soilbuild REIT.*

The conditions to forbearance include the provision of increasing the existing security deposit by S$1.5 million (comprising approximately 4 months' rent and other charges) from S$3.8 million to S$5.3 million and the delivery of a second insurance guarantee for the sum of S$1.5 million for the period from 26 August 2021 to 24 August 2023 to Soilbuild REIT not later than 30 days before 25 August 2021.

KTL is required to pay interest at the rate of 6% p.a. on the Specified Sum. The lease with KTL expires on 25 August 2021. Soilbuild REIT shall be entitled to immediately terminate the Forbearance Period prior to 24 August 2023 in the event of a breach by KTL of any of its obligations under the Deed or the occurrence of any new breach or default under the lease. Soilbuild REIT has received an insurance bond from Etiqa Insurance amounting to S$5.3 million."

In our correspondence with the Manager, we note the following:

(i) Outstanding trade receivables due from KTL Offshore Pte. Ltd.

As at 31 December 2017, the amount of trade receivables due from KTL Offshore Pte. Ltd. was approximately S$2.02 million which comprised (i) approximately 6 months, or S$1.94 million of rent and other charges including the Specified Sum of S$1.5 million, (ii) late payment interest of approximately S$0.04 million and (iii) recharge of property tax of approximately S$0.04 million. It should also be noted that approximately S$2.7 million of trade receivables have been collected from KTL Offshore Pte. Ltd. out of invoices amounting to approximately S$4.7 million. The invoices amounting to approximately S$4.7 million represent the outstanding trade receivables of approximately $1.1 million as at 1 March 2017 and the rental invoices billed to KTL Offshore Pte. Ltd. for the period from March 2017 to December 2017 of approximately S$3.7 million.

(ii) Security deposit and insurance guarantee

As part of the conditions to forbearance, the existing security deposit was increased by S$1.5 million from S$3.8 million to S$5.3 million. This is backed by insurance bonds amounting to S$5.3 million. In the event of a breach by KTL Offshore Pte. Ltd. of any of its obligations under the Deed or the occurrence of any new breach or default under the Lease Agreement, Soilbuild REIT is able to call upon the security deposit (or failing, the insurance bonds) of S$5.3 million which we note is significantly lower than the value of the Lease Agreement of S$14.0 million as at 26 January 2018[1]. It should be noted there is no certainty that KTL Offshore Pte. Ltd. will be able to make payments in accordance with the Lease Agreement after August 2018 (being the date for which the security deposit will cover the rent payable by KTL Offshore Pte. Ltd. in the event of non-payment by KTL Offshore Pte. Ltd.).

(iii) Material uncertainty related to going concern of KTL Global Limited

As previously highlighted in paragraph 3.2.1 of this letter, we note that the independent auditors of KTL Global Limited (the parent company of KTL Offshore Pte. Ltd.) had included in the independent auditor's report a material uncertainty related to going concern in the audited financial statements for the financial year ended 30 June 2017.

3.4.2 Impact on DPU

(i) Impact on DPU for FY2017 if the Property is not divested

Soilbuild REIT has been recognising and will continue to recognise revenue from the rental of the Property in accordance with the Lease Agreement on the basis of the security deposit and the insurance bond which it is entitled to draw upon and will continue to do so up to the point where any unpaid rent due to Soilbuild REIT amounts to the aggregate amount of the security deposit of S$5.3 million. Assuming the rent on the Property continues to be unpaid as they fall due, Soilbuild REIT will be able to recognise revenue from the rental of the Property up to around August 2018, after which it would no longer be able to recognise revenue from the rental of the Property. As such, Soilbuild REIT's revenue and the DPU to Unitholders for FY2017 will remain unaffected by any non-collection of rent on the Property in FY2017. However, due to the mismatch of cash flow (i.e. recognition of revenue from Property with no cash collection), Soilbuild REIT may have to utilise its cash on hand or potentially explore debt or equity financing options to make payment of any such distributions.

(ii) Impact on DPU for FY2018 if the Property is not divested

As mentioned above, assuming the rent of the Property continues to be unpaid as they fall due, Soilbuild REIT will be able to recognise revenue from the rental of the Property only up to around August 2018. Thereafter, Soilbuild REIT would no longer be able to recognise revenue from the rental of the Property which would in turn correspondingly reduce the distribution available to Unitholders for the financial year ending 31 December 2018 ("**FY2018**") assuming the status quo.

3.4.3 Novation Deed

On Completion and upon entering into the Novation Deed by the Trustee, the Purchaser shall pay over to Soilbuild REIT a sum equivalent to the amount of the Arrears. Effectively, we note that Soilbuild REIT will be able to collect all unpaid rent and other charges due from KTL Offshore Pte Ltd in relation to the Lease Agreement upon Completion of the Proposed Transaction.

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1 The value of the Lease Agreement as at 26 January 2018 is computed by totalling the amount of rent payable by KTL Offshore Pte. Ltd. under the Lease Agreement from 26 January 2018 to 25 August 2021 (being the date of expiry of the Lease Agreement). The lease is on a double net basis and subject to a rental escalation of 2.5% once every two years and 4.0% for the final year of the lease term.

3.4.4 Indemnities by the Purchaser to Soilbuild REIT in connection with the Proposed Transaction

We have reviewed the purchase conditions under schedule 2 of the Option Agreement and note that the Purchaser has provided the following indemnities to Soilbuild REIT:

The Purchaser shall fully indemnify and keep Soilbuild REIT fully indemnified from and against

(i) any claim which may arise out of or in connection with any non-payment or failure by the Purchaser to pay goods and services tax in respect of the Purchase Consideration and all other moneys payable by the Purchaser under the Option Agreement;

(ii) all losses, damages, claims, demands, proceedings, actions, liabilities, costs, expenses, interest and penalties suffered or incurred by Soilbuild REIT in respect of the security deposits so transferred to the Purchaser;

(iii) all losses, damages, claims, demands, proceedings, actions, liabilities, costs, expenses, interest and penalties suffered or incurred by Soilbuild REIT arising out of or in connection with any claim for the security deposits by KTL Offshore Pte. Ltd. under the Lease Agreement;

(iv) all losses, damages, claims, demands, proceedings, actions, liabilities, costs, expenses, interest and penalties suffered or incurred by Soilbuild REIT as a result of the Purchaser's breach of its obligations to return to KTL Offshore Pte. Ltd. in accordance with the Lease Agreement, the insurance guarantee provided by KTL Offshore Pte. Ltd. pursuant to the provisions of the Lease Agreement; and

(v) all claims, demands, actions, proceedings, damages, losses, costs, expenses, and liabilities caused by any wrongful demand under the security deposit guarantee made by Soilbuild REIT at the request of the Purchaser.

3.4.5 Options Considered by the Manager

In our correspondence with the Manager, we understand from the Manager that it has considered the following options in relation to the Property.

(i) Re-let the Property

Assuming eviction of KTL Offshore Pte. Ltd. from the Property, the Manager can choose to re-let the Property to either a single master tenant or divide the Property into smaller units for lease to multiple tenants.

Based on the Manager's analysis of the prevailing rental market for industrial space using market data from REALIS and its own properties, it is of the view that it is unlikely to find a single replacement tenant as the Property is located in the heavy industrial, marine offshore and oil & gas sectors which has yet to recover.

In addition, the Manager had also instructed its marketing team to include the Property in its availability listing that is sent out to real estate agents. As at the Latest Practicable Date, no prospective tenants or offers have been received by the Manager.

Under a multi tenanted approach, the Manager notes that this would lower the lettable area which decreases the net property income and yield from the Property. The Manager is of the view that the resultant net property income using multi tenanted approach will affect the property yield and valuation. As such, recycling the capital through potential divestment will provide the Manager with financial flexibility in pursuing other higher yielding growth opportunities that enhance Unitholders' returns.

(ii) Asset enhancement of the Property

The Manager has considered (a) full demolition and rebuild or (b) asset enhancement to maximise plot ratio to achieve the maximum GFA of the Property.

Based on the Manager's analysis of the construction cost and production rental rate, it is of the view that redeveloping the Property into a modern ramp up industrial property does not provide Unitholders with higher returns as compared to re-letting the building on existing basis.

Under the asset enhancement approach, the Manager has considered adding an additional building over the open yard area and increasing the rental rates of the space thereafter. Taking into account the construction cost and production rental rate, the Manager is also of the view that the asset enhancement approach does not provide Unitholders with higher returns as compared to re-letting the building on existing basis.

(iii) Redevelopment for strata sale of the Property

In view of the balance land tenure and strategic location, the Manager has considered the redevelopment potential of the Property for strata sale. Based on the statistics extracted by the Manager, it notes that the number of strata sale transactions over the past 3 years is minimal with declining sale prices. The Manager is of the view that redeveloping the Property for strata sale will expose Soilbuild REIT to market uncertainties and the projected development value does not provide an adequate risk-adjusted return. The Manager is also of the view that the development for strata sale is also not in line with Soilbuild REIT's strategy of investing on a long term basis in a portfolio of income producing real estate assets.

3.4.6 No alternative offer for the Property

We understand that the Manager had received enquiries from real estate agents representing prospective buyers to purchase the Property in September 2017. Pursuant to this, the Manager had conducted site visits for two prospective buyers, however no offers were received. In addition, the Manager had spoken to several real estate agents on the potential sale of the Property. As at the Latest Practicable Date, no offers have been received by the Manager.

3.4.7 No divestment fee being paid to Manager

As highlighted in paragraph 3.1(ii) of this letter, the Manager has waived the divestment fee payable to it pursuant to the Trust Deed and intends to finance the Total Divestment Cost with the Purchase Consideration.

3.4.8 Market overview

We wish to highlight the following set out in the Valuation Reports of CBRE:

(i) The oversupply situation has slowly begun to dissipate as the influx of industrial space moderated. Total industrial stock rose by 0.8% q-o-q or 3.87 million square feet to 490.29 million square feet at the end of Q3 2017. Majority of this new supply comprised factory space which increased by 0.6% q-o-q or 2.09 million square feet, to 380.21 square feet at the end of Q3 2017.

(ii) Prospects seem sanguine in the industrial macroeconomic indicators as the growth in production in industrial output was the strongest in Q3 2017 at 18.4% y-o-y. Based on JTC Corporation ("**JTC**") statistics, factory segment recorded positive net absorption of 1.80 million square feet. This trailed net factory supply of 2.09 million square feet although occupancy rate maintained at 89.0%.

(iii) The JTC All Industrial Rental Index continued its downwards trajectory for the 10th consecutive quarters, declining by 1.1% q-o-q in Q3 2017. Based on the rental indices tracked by JTC, declining industrial rents has helped to generate greater leasing volume.

(iv) For the 10th consecutive quarter, JTC Price Indices registered a decline, albeit at a moderated pace. JTC's All Industrial Price Index declined by a smaller magnitude of 0.9% q-o-q or 7.4% y-o-y in 3Q2017.

(v) The occupier market is still under pressure with rising vacancy rates. Should macro indicators continue to improve, it is plausible that this will bode well for the industrial occupier market in the mid-term.

4 ABSTENTIONS ON VOTING

Given that the Property and the mechanical and electrical equipment therein will be acquired from an associate of Mr Lim Chap Huat, (a Non-Executive Director of the Manager), being the Purchaser, we note that Mr. Lim Chap Huat and his associates and his immediate family members (which together hold 300,459,965 Units (approximately 28.56%) as at the Latest Practicable Date) will abstain from voting on the Proposed Transaction.

5 OUR OPINION

In arriving at our opinion on whether the terms of the Proposed Transaction are on normal commercial terms and whether they are prejudicial to the interests of Soilbuild REIT and the minority Unitholders, we have considered, *inter alia*, the following factors which should be read in the context of the full text of this letter:

(i) the rationale for the Proposed Transaction where the Proposed Transaction will unlock and release capital back to Soilbuild REIT, improve Soilbuild REIT's portfolio diversification and minimise Soilbuild REIT's exposure to credit risk;

(ii) the Purchase Consideration is above both market valuations of the Property as appraised by CBRE and Savills;

(iii) the PSF (based on NLA and GFA) for the Property implied in the Purchase Consideration is above the corresponding mean and median PSF of the Comparable Properties;

(iv) the PSF/year (based on NLA and GFA) for the Property implied in the Purchase Consideration is within the range of the PSF/year of the Comparable Properties;

(v) the PSF and PSF/year (based on GFA) for the Property implied in the Purchase Consideration is above the corresponding mean and median PSF and PSF/year of the Comparable Transactions;

(vi) the Property is to be divested at a premium to its latest market valuation which is above the corresponding median premium of the Comparable Transactions;

(vii) the net property income yield of the Property implied in the Purchase Consideration at 6.7% is within range of the net property yields of the Industrial REITs;

(viii) the Proposed Divestment will result in an estimated net gain of approximately S$1.7 million;

(ix) the pro-forma financial effects of the Proposed Transaction on Soilbuild REIT, where the Proposed Transaction is NAV neutral and the aggregate leverage decreases from 40.6% to 37.7%;

(x) the proposed transaction provides Soilbuild REIT with balance sheet flexibility where the additional debt headroom could be used to fund new acquisitions, finance any capital expenditure and asset enhancement works, capital distribution, and/or to finance general corporate and working capital requirements;

(xi) the factors described in paragraph 3.4.1 on the Deed in particular, the likelihood of a reduction in the distribution available to Unitholders for FY2018 if rent of the Property continues to be unpaid after August 2018 given the material uncertainty related to the going concern of KTL Global Limited;

(xii) Soilbuild REIT being able to collect all unpaid rent and other charges due from KTL Offshore Pte. Ltd. in relation to the Lease Agreement upon Completion of the Proposed Transaction;

(xiii) the Manager having explored alternative options but is of the view that these either would not meet its required yield or be in line with Soilbuild REIT's strategy; and

(xiv) no other offers for the Property which are more favourable than the Proposed Transaction have been received as at the Latest Practicable Date.

Based upon, and having considered, *inter alia*, the factors described above and the information that has been made available to us as at the Latest Practicable Date, we are of the opinion that as of the Latest Practicable Date, the Proposed Transaction is on normal commercial terms and not prejudicial to the interests of Soilbuild REIT and its minority Unitholders in accordance with Chapter 9 of the Listing Manual.

This opinion is required under Listing Rule 921(4) as well as addressed to the Independent Directors, the ARC and the Trustee for their benefit in connection with and for the purpose of their consideration of the Proposed Transaction. Any statement or recommendation made by the Independent Directors in respect of the Proposed Transaction shall remain their responsibility. Our opinion does not and cannot take into account future circumstances, including market, economic, industry, monetary and other conditions after the Latest Practicable Date as these are factors beyond the ambit of our review.

This letter 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
CIMB BANK BERHAD, SINGAPORE BRANCH

JASON CHIAN SIET HENG
MANAGING DIRECTOR
INVESTMENT BANKING

ERIC WONG
DIRECTOR
INVESTMENT BANKING

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of the holders of units of Soilbuild Business Space REIT ("**Soilbuild REIT**", and the holders of units of Soilbuild REIT, "**Unitholders**") will be held on Wednesday, 21 February 2018 at 10.30 a.m. at Raffles City Convention Centre (Atrium Ballroom), 80 Bras Basah Road, Singapore 189560, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions (capitalised terms not otherwise defined herein shall bear the meanings ascribed to them in the circular dated 2 February 2018 to Unitholders (the "**Circular**")):

THE PROPOSED DIVESTMENT OF A PROPERTY KNOWN AS KTL OFFSHORE, AND THE MECHANICAL AND ELECTRICAL EQUIPMENT THEREIN, AND THE ENTRY INTO OF THE DEED OF NOVATION TO NOVATE THE LEASE AGREEMENT IN RELATION THERETO AS AN INTERESTED PERSON TRANSACTION (ORDINARY RESOLUTION)

That:

(i) approval be and is hereby given for the proposed divestment (the "**Proposed Divestment**") of the property located at 61 Tuas Bay Drive Singapore 637428 and 71 Tuas Bay Drive Singapore 637430, commonly known as KTL Offshore (the "**Property**") and the mechanical and electrical equipment therein to SB Pioneer Investment Pte. Ltd. (the "**Purchaser**"), on the terms and conditions set out in the put and call agreement dated 28 December 2017 (the "**Option Agreement**") entered into between DBS Trustee Ltd, in its capacity as trustee of Soilbuild REIT (the "**Trustee**") and the Purchaser, and the entry into of the Option Agreement be and is hereby approved and/or ratified;

(ii) approval be and is hereby given for the payment of all fees and expenses relating to the Proposed Divestment;

(iii) approval be and is hereby given for the proposed entry into of the deed of novation (the "**Novation Deed**") between the Trustee, the Purchaser and KTL Offshore Pte. Ltd. to novate the lease agreement with KTL Offshore Pte. Ltd. expiring on 25 August 2021 to the Purchaser, on the terms and conditions set out in the Novation Deed; and

(iv) SB REIT Management Pte. Ltd., as the manager of Soilbuild REIT, (the "**Manager**"), any director or the Chief Executive Officer of the Manager, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director or the Chief Executive Officer of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Soilbuild REIT to give effect to the Proposed Divestment and the entry into of the Novation Deed and all transactions in connection therewith.

BY ORDER OF THE BOARD
SB REIT Management Pte. Ltd.
(Company Registration Number: 201224644N)
As manager of Soilbuild REIT

Ngiam May Ling
Lim Hui Hua
Company Secretaries
Singapore
2 February 2018

Notes:

(1) A Unitholder who is not a relevant intermediary entitled to attend and vote at the EGM of Soilbuild REIT is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

(2) A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

"**relevant intermediary**" means:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore and who holds Units in that capacity; or

(c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(3) The proxy form must be deposited at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 no later than Monday, 19 February 2018 at 10.30 a.m., being 48 hours before the time fixed for the EGM of Soilbuild REIT.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM of Soilbuild REIT and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the EGM of Soilbuild REIT (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM of Soilbuild REIT (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the EGM and vote (please see Note 2 for the definition of "relevant intermediary").
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. **PLEASE READ THE NOTES TO THE PROXY FORM**

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 2 February 2018.

SOILBUILD BUSINESS SPACE REIT
(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)

PROXY FORM
Extraordinary General Meeting

I/We _____ (Name(s) _____ (NRIC /Passport /Company Registration Number)

of _____ (Address)

being a unitholder/unitholders of Soilbuild Business Space REIT ("**Soilbuild REIT**"), hereby appoint:

Name	**NRIC/Passport Number**	**Proportion of Unitholdings (Note 2)**	
		No. of Units	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport Number**	**Proportion of Unitholdings (Note 2)**	
		No. of Units	**%**
Address			

or, both of whom failing, the Chairman of the Extraordinary General Meeting of Soilbuild REIT ("**EGM**") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the EGM to be held at Raffles City Convention Centre (Atrium Ballroom), 80 Bras Basah Road, Singapore 189560, on Wednesday, 21 February 2018 at 10.30 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the EGM.

	Ordinary Resolution	**Number of Votes For ***	**Number of Votes Against ***
1	To approve the Proposed Divestment of the Property and the mechanical and electrical equipment therein and the Entry into of the Novation Deed in relation thereto		

* *If you wish to exercise all your votes "For" or "Against", please mark with an "/" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this _____ day of _____ 2018

Total Number of Units held

_____

Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

NOTES TO PROXY FORM:

1. A Unitholder who is not a relevant intermediary entitled to attend and vote at the EGM of Soilbuild REIT is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of Soilbuild REIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders of Soilbuild REIT, he/she should insert the aggregate number of Units. If no number is inserted, the proxy form will be deemed to relate to all the Units held by the Unitholder.
4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, no later than Monday, 19 February 2018 at 10.30 a.m., being 48 hours before the time fixed for the EGM.
5. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
7. The Manager shall be entitled to reject any Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register not less than 48 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.
8. All Unitholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.
9. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the EGM and his/her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.

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Affix Postage Stamp

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
(as Unit Registrar of Soilbuild Business Space REIT)

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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