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

PROPOSED DIVESTMENT OF 72 LOYANG WAY

1. INTRODUCTION

1.1 Proposed Divestment of 72 Loyang Way

SB REIT Management Pte. Ltd., as manager of Soilbuild Business Space REIT ("**Soilbuild REIT**", and as manager of Soilbuild REIT, the "**Manager**") wishes to announce that DBS Trustee Limited, in its capacity as trustee of Soilbuild REIT (the "**Trustee**"), has on 21 March 2019 entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with Kim Hock Enterprise Pte. Ltd. (the "**Purchaser**"), being an unrelated third party, in relation to the proposed divestment (the "**Proposed Divestment**") of the property located at 72 Loyang Way, Singapore 508762 (the "**Property**") and the mechanical and electrical equipment therein. The Proposed Divestment is for a sale consideration of S$34.08 million.

1.2 Information on the Property

The Property is an integrated facility comprising two blocks of three-storey and four-storey ancillary office, two high ceiling single-storey production facilities, a blasting and spray painting chamber, a working dormitory and a jetty with 142 metres of sea frontage. The Property is situated within the Loyang Industrial Estate, approximately 20 kilometres from the city centre, with a total combined net lettable area of 171,293 square feet.

The Property is situated on a number of JTC leasehold estate land titles which collectively expire on 20 March 2038. The remaining tenure is approximately 19.0 years as at the date of this announcement.

2. DETAILS OF THE DIVESTMENT

2.1 Transaction Amount and Valuation

The Property was independently valued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd (the "**Valuer**"), on 31 December 2018 at S$34.0 million using Income Capitalisation Method, Discounted Cash Flow (DCF) Analysis and Comparison Method.

The consideration (the "**Sale Consideration**") payable by the Purchaser in connection with the Proposed Divestment is S$34.08 million. The Sale Consideration will be paid to the Trustee fully in cash and was arrived at on a willing-buyer and willing-seller basis taking into

account the independent valuation of the Property. The Purchaser has paid an amount equivalent to 5% of the Sale Consideration as deposit and will pay the balance of the Sale Consideration on completion of the Proposed Divestment (to take place after fulfilment of the conditions to completion in the Sale and Purchase Agreement).

2.2 Estimated Total Divestment Cost

The total cost of the Proposed Divestment (the "**Total Divestment Cost**") is approximately S$25,000. The Total Divestment Cost comprises mainly the professional fees.

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 Sale Consideration.

2.3 Principal Terms of the Sale and Purchase Agreement

The Sale and Purchase 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. The completion of the Proposed Divestment is subject to approval by JTC Corporation and is expected to take place in the second quarter of 2019.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED DIVESTMENT

The rationale for and benefits of the proposed divestments have been outlined below:

- The Manager believes that the Proposed Divestment will unlock and release capital back to Soilbuild REIT. The sale proceeds from the Proposed Divestment will be utilised for either the repayment of borrowings to reduce Soilbuild REIT's aggregate leverage or future acquisition, asset enhancement initiatives or other growth opportunities to enhance returns to Unitholders. The Proposed Divestment is also in line with the Manager's strategy of proactively evaluating and rejuvenating its portfolio.

- Due to prolonged weakness in the marine offshore and oil & gas sector coupled with JTC's anchor tenant ruling which requires the anchor tenant to satisfy JTC's requirements such as usage, value-added, remuneration per worker, as well as occupying at least 70% of the premises Gross Floor Area (GFA), it was challenging finding a suitable replacement tenant.

- Given the relatively short balance land lease tenure of 19 years [(1)], the Manager seeks to realise the maximum value of 72 Loyang Way before its value declines further over time. Holding a low-yielding property indefinitely in anticipation of a recovery in the marine offshore and oil & gas sector may weaken current portfolio performance.

- With the divestment, the portfolio metrices such as the weighted average land lease (by valuation) is expected to improve from 47.4[(2)] years to 48.2 years and portfolio

[(1)] As at 31 December 2018.
[(2)] As at 7 February 2019.

occupancy would improve from 89.5% [(1)] to 92.2%.

4. USE OF SALE PROCEEDS

After taking into account the divestment related expenses, the net proceeds from the Proposed Divestment would be approximately S$34.055 million, resulting in an estimated net gain from the Proposed Divestment of approximately S$55,000. 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.

5. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED DIVESTMENT

Assuming that the Proposed Divestment had taken place on 1 January 2018, the distribution per unit ("**DPU**", and unit of Soilbuild REIT, "**Unit**") and net asset value ("**NAV**") per Unit of Soilbuild REIT for the financial period from 1 January 2018 to 31 December 2018 would be as follows:

Pro Forma Distribution per Unit (DPU) Effect of the Sale

Based on FY2018 Financial Statements	**Effects of the Sale**	
	Before the sale	**After the sale**
DPU (Singapore cents)	5.284[1]	5.300[1,2]

Pro Forma Net Asset Value (NAV) per Unit Effect of the Sale

Based on FY2018 Financial Statements	**Effects of the Sale**	
	Before the sale	**After the sale**
NAV per Unit ($)	0.63	0.63[2]

1 Includes one-off receipt of liquidation proceeds of S$3.25 million from Technics Offshore Engineering Pte. Ltd. ("**TOE**")

2 Assuming that the net sale proceeds from the Proposed Divestment of S$34.055 million will be utilised for the repayment of borrowings as at 1 January 2018 with finance expense savings of 3.38% per annum.

The pro forma financial effects of the Proposed Divestment have been prepared based on the audited consolidated financial statements of Soilbuild REIT for the financial period from 1 January 2018 to 31 December 2018 and are strictly for illustrative purposes. They are not indicative of the actual financial effects of the Proposed Divestment on the DPU and NAV per Unit, nor are they indicative of the financial performance of Soilbuild REIT.

6. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this announcement, certain director(s) of the Manager collectively hold an aggregate direct and indirect interest in 102,575,595 Units and Mr Lim Chap Huat, a Non-Executive Director of the Manager, holds 100.0% of the Manager.

Save as disclosed above and based on the information available to the Manager, none of the directors of the Manager or the Controlling Unitholder (as defined in the Listing Manual

of the Singapore Exchange Securities Trading Limited) has any interest, direct or indirect, in the Proposed Divestment. The directors of the Manager have not received any notification of interest in the Proposed Divestment from any Controlling Unitholder.

7. OTHER INFORMATION

7.1 Directors' Service Contracts

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

7.2 Relative Figures computed on the Bases set out in Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual classifies transactions by Soilbuild REIT into (i) non-discloseable transactions, (ii) discloseable transactions and (iii) major transactions, depending on the size of the relative figures computed on, inter alia, the following applicable bases of comparison set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual:

(i) the net asset value of the assets to be disposed of, compared with Soilbuild REIT's net asset value;

(ii) the net profits attributable to the assets disposed of, compared with Soilbuild REIT's net profits; and

(iii) the aggregate value of the consideration received, compared with Soilbuild REIT's market capitalisation.

The relative figures for the Proposed Divestment using the applicable bases of comparison described above are set out in the table below:

Comparison of	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 2018	4.6%
Rule 1006(b) Net profits attributable to the assets disposed of compared to Soilbuild REIT's net profits for the financial year ended 31 December 2018	1.7%[1]
Rule 1006(c) Aggregate value of consideration received, compared with Soilbuild REIT's market capitalisation	5.3%[2]

Notes:

1 Excludes receipt of one-off liquidation proceeds of S$3.25 million from TOE. If the liquidation proceeds are included, the net profits attributable to 72 Loyang Way as compared to Soilbuild REIT's net profits for the financial year ended 31 December 2018 is 7.2%.

2 This figure is based on Soilbuild REIT volume weighted average price of S$0.602 per Unit on 20 March 2019, being the Market Day immediately prior to the date of the entry of the Sale and Purchase Agreement.

7.3 Documents for Inspection

Copies of the following documents are available for inspection during normal business hours

at the registered office of the Manager[3] at 23 Defu South Street 1, Level 3, Singapore 533847 from the date of this announcement up to and including the date falling three months after the date of this announcement:

(i) the Sale and Purchase Agreement

(ii) the independent valuation report on the Property issued by the Valuer; and

(iii) the Trust Deed.

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

Mr Roy Teo
Chief Executive Officer
21 March 2019

About Soilbuild Business Space REIT

Soilbuild Business Space REIT ("**Soilbuild REIT**") is a Singapore and Australia-focused real estate investment trust ("**REIT**") with a portfolio of business parks and industrial properties used by industries engaging in manufacturing, engineering, logistic, warehousing, electronics, marine, oil & gas, research and development and value-added knowledge-based activities. Major tenants of the REIT include Dyson Operations, Ubisoft Singapore, Nestle Singapore and John Wiley & Sons. Its Singapore portfolio of properties include Solaris, a landmark development in one-north, Eightrium @ Changi Business Park, Tuas Connection, West Park BizCentral and Bukit Batok Connection. Its Australia portfolio includes an office building at 14 Mort Street in Canberra and a poultry production and processing facility known as Inghams Burton in Adelaide. Soilbuild REIT's portfolio comprises 11 properties in Singapore and 2 properties in Australia with a total net lettable area of 4.03 million square feet and an occupancy rate of 89.5% as at 31 December 2018. Soilbuild REIT was listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 16 August 2013 ("**Listing Date**").

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3 Prior appointment with the Manager will be appreciated.

IMPORTANT NOTICE

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

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