# Soilbuild Business Space REIT

Buyout and Privatisation by Blackstone and Mr. Lim Chap Huat

**Extraordinary General Meeting**

11 March 2021



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Investors have no right to request the SB Manager to redeem or purchase their SB Units for so long as the SB Units are listed on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). It is intended that SB Unitholders may only deal in their SB Units through trading on the SGX-ST. Listing of the SB Units on the SGX-ST does not guarantee a liquid market for the SB Units.

The past performance of SB REIT and the SB Manager is not necessarily indicative of the future performance of SB REIT and the SB Manager.

The information and opinions contained in this presentation are subject to change without notice.

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Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including the Offeror Group, the IFA and the Independent Valuers), the sole responsibility of the directors of the SB Manager has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this presentation. The directors of the SB Manager do not accept any responsibility for any information relating to the Offeror Group or any opinion or rationale expressed by the Offeror Group, the IFA and/or the Independent Valuers.

**Offeror**. The directors of the Offeror (including any who may have delegated detailed supervision of the preparation of this document) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this presentation (excluding information relating to the SB Group or the SB Manager or any opinion or rationale expressed by the SB Group, SB Manager, the SB Independent Directors, the IFA or the Independent Valuers) are fair and accurate and that, where appropriate, no material facts in relation thereto have been omitted from this presentation, and the directors of the Offeror jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including the SB Group, the SB Manager, the SB Independent Directors, the IFA and the Independent Valuers), the sole responsibility of the directors of the Offeror has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this presentation. The directors of the Offeror do not accept any responsibility for any information relating to the SB Group or the SB Manager or any opinion or rationale expressed by the SB Group, the SB Manager, the SB Independent Directors, the IFA and/or the Independent Valuers.

**Forward-looking Statements**

All statements other than statements of historical facts included in this presentation are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". All statements regarding future financial position, operating results, business strategies, plans and future prospects of SB REIT, the SB Manager or the Offeror are forward-looking statements. These statements reflect the Offeror's or the SB Manager's (as the case may be) current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties and other factors which may cause the actual results, performance or achievements of SB REIT, the SB Manager or the Offeror, or industry results, to be materially different from any future results, performance or achievements, expressed or implied by such forward-looking statements.

Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes.

Such forward-looking statements and financial information are based on numerous assumptions regarding the Offeror's or the SB Manager's (as the case may be) present and future business strategies and the environment in which SB REIT, the SB Manager or the Offeror will operate in the future. Accordingly, actual future performance, outcomes and results may differ materially from these forward-looking statements and financial information.

Given the risks and uncertainties that may cause actual results or outcomes to differ materially from those expressed or implied in such forward-looking statements, SB Unitholders and investors of the Offeror and SB REIT should not place undue reliance on such forward-looking statements. None of SB REIT, the SB Manager, the SB Trustee, the Offeror and their respective affiliates or any of their advisers undertakes any obligation to update publicly or revise any forward-looking statements.

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# Introduction to the Transaction



# Introduction to the Transaction

## 1 The growth of SB REIT has been impacted by challenging market conditions

- Since the initial public offering ("**IPO**") of SB REIT, the board of directors and the management have remained committed to the growth and optimisation of SB REIT's portfolio to maximise value for SB Unitholders
- In recent years, this has been demonstrated through a strategic expansion into the Australian market and the disposal of select Singapore properties to realise value for SB Unitholders
- Despite these efforts, SB REIT has continued to trade at a high yield and was further impacted by the onset of COVID-19 in 2020 which contributed to an overall decline in the value of its property portfolio (refer to slide 21 for further details)
- The timing of a global recovery remains uncertain and as such, SB Unitholders remain exposed to challenging market conditions

## 2 The SB Independent Directors are presenting the Trust Scheme to the SB Unitholders for their consideration

- On 4 September 2020, the SB Manager was informed that the sponsor of SB REIT, Mr. Lim Chap Huat, had entered into a non-binding term sheet in relation to a possible transaction involving Mr. Lim Chap Huat, Mr. Lim Han Feng, Mr. Lim Han Qin and Mr. Lim Han Ren's (collectively, the "**Lim Family**") direct and deemed interest in SB REIT
- Thereafter, the SB Independent Directors of the SB Manager engaged in negotiations in relation to the acquisition of all SB Units by way of a trust scheme of arrangement (the "**Trust Scheme**")
- As the Trust Scheme represents a credible offer in the face of challenging market conditions, the SB Independent Directors wish to present it to the SB Unitholders for their consideration. KPMG Corporate Finance Pte Ltd has been appointed as the independent financial adviser ("**IFA**") to advise the SB Independent Directors and the SB Trustee
- The following slides detail the key terms of the Trust Scheme, the Offeror's rationale, a financial evaluation of the Adjusted Scheme Consideration, recommendations of the IFA and Independent Directors as well as timeline and approvals required

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# Transaction Summary



# Transaction Summary

| | |
|---|---|
| **Offeror** | Clay Holdings III Limited (the "**Offeror**")<br>• An entity wholly-owned by Clay Holdings II Limited ("**Offeror HoldCo**"), which is owned by Clay Holdings I Limited ("**Blackstone SPV**") and Mr. Lim Chap Huat |
| **Transaction Structure** | Buyout and privatisation of SB REIT, to be effected through:<br>• The proposed acquisition of all the issued SB Units held by SB Unitholders, by way of the Trust Scheme, in accordance with the Singapore Code on Take-overs and Mergers; and<br>• The sale of all the assets in Australia ("**Australian Assets**") by way of the sale of 100% of the units in Soilbuild Australia Trust to entities controlled by Blackstone SPV ("**Australian Asset Disposal**")(1), which is inter-conditional with the Trust Scheme |
| **Scheme Consideration** | • S$0.550 per SB Unit ("**Scheme Consideration**"), entirely in cash(2)<br>• The Scheme Consideration will be reduced by the amount of any distributions which are not Permitted Distributions declared, made or paid by the SB Manager for the financial period between 1 October 2020 and 31 March 2021(3)<br>• On 21 January 2021, the SB Manager announced the 4Q2020 Distribution. The books closure date for this distribution was 29 January 2021. Accordingly, the Scheme Consideration of S$0.550 per SB Unit to be received by SB Unitholders will be reduced by the 4Q2020 Distribution amount, resulting in an **Adjusted Scheme Consideration of S$0.53806 per SB Unit** (the "**Adjusted Scheme Consideration**") |

Notes:

**(1)** **For the avoidance of doubt, the Australian Asset Disposal will not reduce the Adjusted Scheme Consideration.** Assuming that the Trust Scheme becomes effective in accordance with its terms, there will be no economic effect to the SB Unitholders as a result of the Australian Asset Disposal. The Scheme Consideration to be paid to the SB Unitholders upon the Trust Scheme becoming effective in accordance with its terms takes into account the value of the Australian Assets.

(2) The Adjusted Scheme Consideration payable to each member of the Lim Family, Soilbuild Group Holdings Ltd. and the SB Manager upon the Trust Scheme becoming effective in accordance with its terms, shall be satisfied by the allotment and issuance of new shares in the Offeror HoldCo to Mr. Lim Chap Huat on the Scheme Settlement Date, rather than being settled by the Offeror in cash.

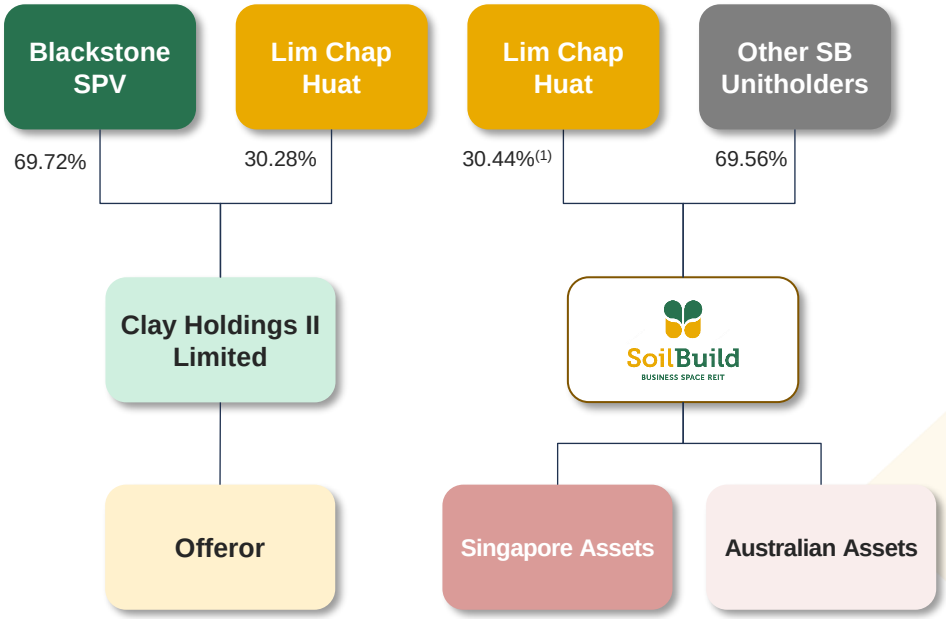
(3) For the avoidance of doubt, the Scheme Consideration will be reduced by the amount of any Ordinary Course Distributions in respect of the financial period for 1Q2021. For information only, SB REIT has declared, made and paid distributions of 1.194 Singapore cents per SB Unit, 1.100 Singapore cents per SB Unit, 0.745 Singapore cents per SB Unit and 0.883 Singapore cents per SB Unit for 4Q2020, 3Q2020, 2Q2020 and 1Q2020 respectively. 4Q2020, 3Q2020, 2Q2020 and 1Q2020 pertain to the financial periods from 1 October 2020 to 31 December 2020, 1 July 2020 to 30 September 2020, 1 April 2020 to 30 June 2020 and 1 January 2020 to 31 March 2020 respectively. The distributions made in 4Q2020, 3Q2020, 2Q2020 and 1Q2020 are not in any way indicative of any distribution that the SB Manager may declare in the future and should not in any way be construed as a dividend or distribution forecast

## Australian Asset Disposal

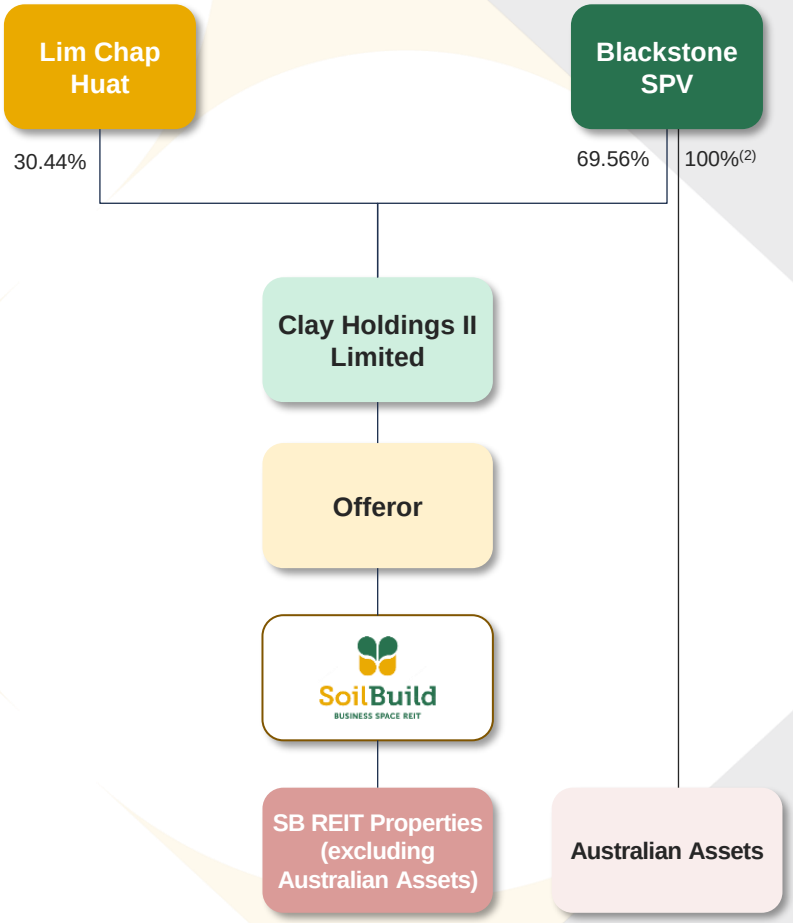
| | |
|---|---|
| **Structure and Rationale for the Australian Asset Disposal** | • The Trust Scheme is conditional upon, *inter alia*, the completion of the Australian Asset Disposal<br>• The Australian Asset Disposal is merely a structuring step with the sole intent of effect the Acquisition in the most time efficient manner<br>• The Australian Asset Disposal is intended to effect the Acquisition in an optimal and efficient manner, and is inter-conditional with the Trust Scheme and will complete on the same date as the effective date of the Trust Scheme but immediately prior to the Trust Scheme becoming effective in accordance with its terms<br>• The Adjusted Scheme Consideration to be paid to the SB Unitholders upon the Trust Scheme becoming effective in accordance with its terms takes into account the value of the Australian Assets. Accordingly, the Adjusted Scheme Consideration payable to SB Unitholders **will not be reduced** in any way by the amount of the Australian Asset Disposal Consideration payable to the SB Trustee and Soilbuild Business Space Holdings Pte. Ltd., a wholly-owned subsidiary of SB REIT. There will be no economic effect to the SB Unitholders as a result of the Australian Asset Disposal and the value of the Australian Asset Disposal Consideration is of no consequence to the SB Unitholders |
| **Australian Assets** | • Australian Assets refer to:<br>a) 14 Mort Street, Canberra, Australian Capital Territory, 2601 ("**14 Mort Street**");<br>b) 25 Grenfell Street, Adelaide, South Australia 5000 ("**25 Grenfell Street**"); and<br>c) Inghams Burton, 1118, 1120, 1122 – 1136 & 1138 – 1146 Port Wakefield Road, Burton, South Australia 5110 ("**Inghams Burton**") |
| **Approvals Required** | • The Australian Asset Disposal will require SB Unitholders' approval by way of an ordinary resolution<br>• The Australian Asset Disposal will not be effected if the Trust Scheme is not approved |

## Pro-forma Unitholding and Corporate Structure of SB REIT

### Structure of SB REIT immediately before the Transaction




### Structure of SB REIT immediately after the Transaction




Notes:
(1) This includes the direct and deemed interests held by the Lim Family, Soilbuild Group Holdings Ltd. and the SB Manager.
(2) The Australian assets will be 99% held by Clay SG Holdings II Pte. Ltd. ("**CSH2**") and 1% held by Clay SG Holdings III Pte. Ltd. ("**CSH3**") immediately after completion of the Australian Asset Disposal. CSH3 is in turn wholly-owned by CSH2, while CSH2 is wholly-owned by Blackstone SPV.

# Recommendation by the IFA, directors of the SB Manager and SB Independent Director



# What is the opinion of the IFA and what are the recommendations of the directors of the SB Manager and the SB Independent Directors?

## Recommendation of the directors of the SB Manager on the SB Trust Deed Amendments Resolution

Having regard to the above and the rationale for the SB Trust Deed Amendments as set out in Paragraph 4 of this Letter to SB Unitholders, the directors of the SB Manager are of the opinion that the SB Trust Deed Amendments would be beneficial to, and be in the interests of SB REIT.

Accordingly, the directors of the SB Manager recommend that SB Unitholders **VOTE IN FAVOUR** of the SB Trust Deed Amendments Resolution at the Extraordinary General Meeting.

**Directors of the SB Manager**

## Recommendation of the SB Independent Directors on the Australian Asset Disposal Resolution

Having regard to the above and the terms of and rationale for the Australian Asset Disposal as set out in Paragraph 3 of this Letter to SB Unitholders, the SB Independent Directors are of the opinion that the Australian Asset Disposal would be beneficial to, and be in the interests of SB REIT.

Accordingly, the SB Independent Directors recommend that SB Unitholders **VOTE IN FAVOUR** of the Australian Asset Disposal Resolution at the Extraordinary General Meeting.

**SB Independent Directors**

**IT IS IMPORTANT THAT YOU READ THE ABOVE EXTRACTS TOGETHER WITH AND IN THE CONTEXT OF THE LETTER TO SB UNITHOLDERS AND THE IFA LETTER, WHICH CAN BE FOUND ON PAGES 22 TO 83 OF AND APPENDIX A TO THE SCHEME DOCUMENT RESPECTIVELY. YOU ARE ADVISED AGAINST RELYING SOLELY ON THESE EXTRACTS, WHICH ARE ONLY MEANT TO DRAW ATTENTION TO THE OPINION OF THE IFA AND RECOMMENDATIONS OF THE DIRECTORS OF THE SB MANAGER AND THE SB INDEPENDENT DIRECTORS.**

# What is the opinion of the IFA and what are the recommendations of the directors of the SB Manager and the SB Independent Directors?

## Opinion of the IFA on the Trust Scheme Resolution

"

After carefully considering the information available to us and our analysis set out above as at the Latest Practicable Date, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on 10 February 2021, and subject to our terms of reference set out in section 2 of this letter, we are of the opinion that the terms of the Proposed Transaction are **FAIR AND REASONABLE** from a financial point of view. Accordingly, we advise the SB Independent Directors to recommend that the SB Unitholders **VOTE IN FAVOUR** of the Proposed Transaction at the Trust Scheme Meeting…

**KPMG Corporate Finance Pte Ltd**
**IFA**

## Recommendation of the SB Independent Directors on the Trust Scheme Resolution

"

The SB Independent Directors, having considered carefully the terms of the Trust Scheme and the advice given by the IFA in the IFA Letter as set out in Appendix A to this Scheme Document, recommend that SB Unitholders **VOTE IN FAVOUR** of the Trust Scheme Resolution at the Trust Scheme Meeting.

**SB Independent Directors**

**IT IS IMPORTANT THAT YOU READ THE ABOVE EXTRACTS TOGETHER WITH AND IN THE CONTEXT OF THE LETTER TO SB UNITHOLDERS AND THE IFA LETTER, WHICH CAN BE FOUND ON PAGES 22 TO 83 OF AND APPENDIX A TO THE SCHEME DOCUMENT RESPECTIVELY. YOU ARE ADVISED AGAINST RELYING SOLELY ON THESE EXTRACTS, WHICH ARE ONLY MEANT TO DRAW ATTENTION TO THE OPINION OF THE IFA AND RECOMMENDATIONS OF THE DIRECTORS OF THE SB MANAGER AND THE SB INDEPENDENT DIRECTORS.**

# Timeline and Approvals Required



# The Trust Scheme and the Australian Asset Disposal will be subject to approval of the SB Unitholders and various other conditions

| SB Unitholder Approvals | Requirements |
|---|---|
| **Amendment of SB Trust Deed** (Extraordinary Resolution) *("SB Trust Deed Amendments Resolution")* | ▪ Approval of not less than **75.0%** of the total number of votes cast(1) |
| **The Australian Asset Disposal** (Ordinary Resolution) ("*Australian Asset Disposal Resolution*") | ▪ Approval of more than **50.0%** of the total number of votes cast(1)<br>▪ The Lim Family, Ms. Lim Cheng Hwa, Soilbuild Group Holdings Ltd. and the SB Manager have voluntarily agreed to abstain from voting |
| **Approval for the Trust Scheme(2)** ("*Trust Scheme Resolution*") | ▪ Subject to the SB Trust Deed Amendments Resolution and the Australian Asset Disposal Resolution being approved by SB Unitholders, approval by a majority in number representing at least 75.0% in value of the total number of SB Units held by SB Unitholders present and voting by proxy(1)<br>▪ The outcome of the Trust Scheme Meeting will be decided **solely by independent SB Unitholders**<br>▪ The Offeror and its concert parties (including Offeror HoldCo, Blackstone SPV, SBGH, Ms. Lim Cheng Hwa and the Lim Family), and the common substantial SB Unitholders or shareholders (as the case may be) of SB REIT and the Offeror will abstain from voting |

| Other Approvals | Requirements |
|---|---|
| **Court and Regulatory Approvals** | ▪ Court sanction for (1) convening of the Trust Scheme Meeting and (2) the approval of the Trust Scheme (if approved at the Trust Scheme Meeting)<br>▪ Satisfaction of regulatory approvals and other conditions |

**The Trust Scheme Resolution is contingent upon the approval of the SB Trust Deed Amendments Resolution and the Australian Asset Disposal Resolution**

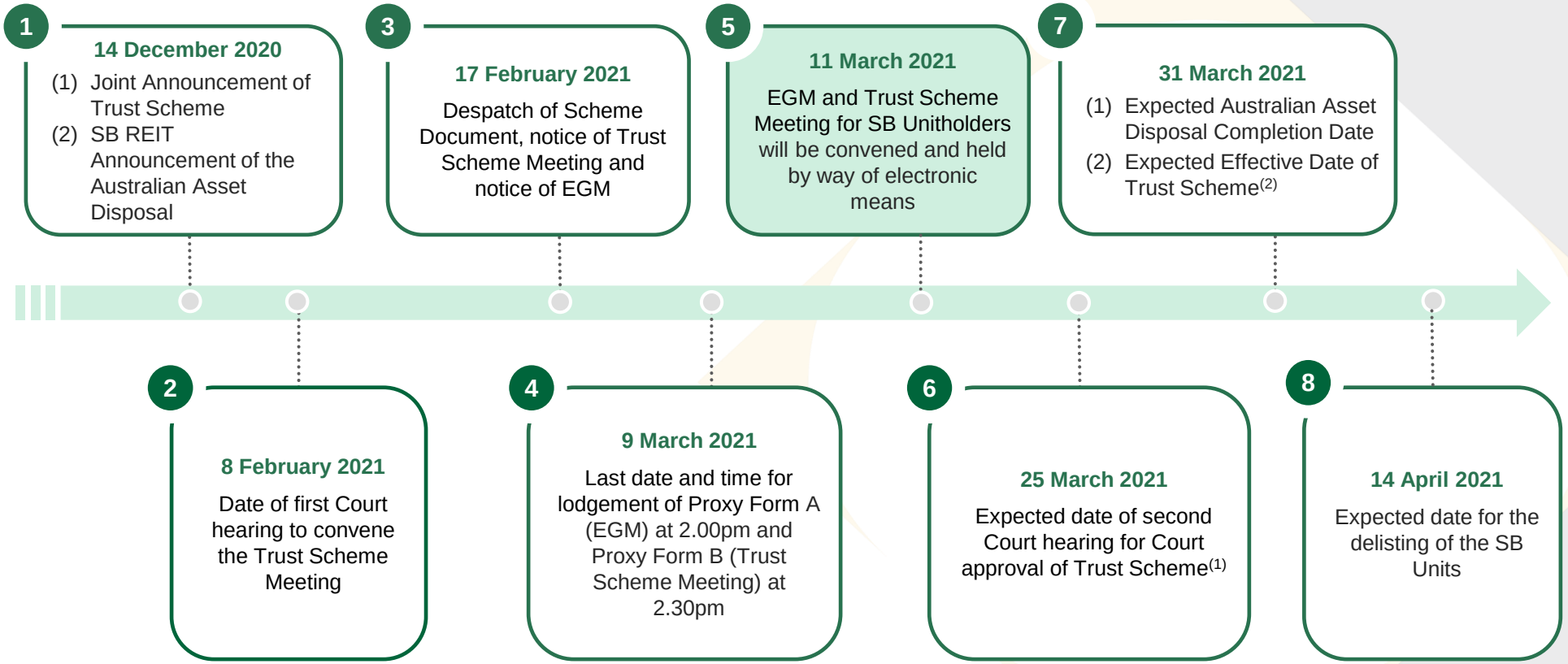
Notes:

(1) Due to the current COVID-19 situation in Singapore, SB Unitholders will not be able to attend the EGM and the Trust Scheme Meeting in person. If a SB Unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM and the Trust Scheme Meeting, he/she/it must appoint the Chairman of the EGM and the Chairman of the Trust Scheme Meeting (as the case may be) as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM and the Trust Scheme Meeting, respectively.

(2) The Trust Scheme Meeting will be adjourned if the SB Trust Deed Amendments Resolution and/or the Australian Asset Disposal Resolution are not passed at the EGM.

# Expected Indicative Timeline

**The Trust Scheme is expected to be effective by March 2021**




Notes: The above timeline is indicative only and may be subject to change. For the events listed above that are described as "expected", please refer to future SGXNET announcement(s) by the SB Manager for the exact dates of these events.

(1) The date of the Court hearing to approve the Trust Scheme will depend on the date that is allocated by the Court.

(2) The Trust Scheme will become effective upon written notification to the MAS of the grant of the Trust Scheme Court Order, which shall be effected by or on behalf of the Offeror, the SB Trustee or the SB Manager immediately within the same Business Day of the satisfaction or waiver (as the case may be) of the completion of the Australian Asset Disposal, provided the remaining Scheme Conditions are satisfied or waived, as the case may be, in accordance with the terms of the Implementation Agreement.




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# Thank You