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

ANNOUNCEMENT

PROPOSED ACQUISITION OF BUKIT BATOK CONNECTION AND THE ENTRY INTO OF THE MASTER LEASE AGREEMENT IN RELATION TO BUKIT BATOK CONNECTION

1. INTRODUCTION

1.1 Proposed Acquisition of Bukit Batok Connection and the entry into of the Master Lease Agreement in relation to Bukit Batok Connection

SB REIT Management Pte. Ltd., as manager of Soilbuild Business Space REIT ("**Soilbuild REIT**", and the manager of Soilbuild REIT, the "**Manager**"), is pleased to announce that DBS Trustee Limited, in its capacity as trustee of Soilbuild REIT (the "**Trustee**"), has on 14 June 2016 entered into a sale and purchase agreement ("**SPA**") with SB (Westview) Investment Pte. Ltd. ("**SB Westview**") in relation to the proposed acquisition (the "**Proposed Acquisition**") of the property located at 2 Bukit Batok Street 23, Singapore 659554 and commonly known as Bukit Batok Connection (the "**Property**") (the "**Proposed Acquisition**"). SB Westview is a subsidiary of Soilbuild Group Holdings Ltd.

On completion of the Proposed Acquisition, the Trustee will also enter into a master lease agreement with SB Westview (the "**Master Lease Agreement**") in relation to the lease-back of the Property to SB Westview for a term of seven years on a double net lease basis[1] (the "**Master Lease**", together with the Proposed Acquisition, the "**Proposed Transaction**").

1.2 Information on the Property

The Property is a 9-storey clean and light industrial development held under a state lease issued by the President of the Republic of Singapore as Head Lessor and registered at the Singapore Land Authority for a leasehold term of 30 years commencing from 26 November 2012. The Property received its Temporary Occupation Permit ("**TOP**") on 20 May 2015. The Property offers a wide range of unit sizes ranging from 2,000 sq ft to 8,000 sq ft. The unit layouts are functional with high floor to ceiling height of 6.0 metres. Every unit comes with exclusive parking lots for direct loading and unloading. In addition, the

1 "**Double net lease**" refers to a lease whereby the lessee pays for rent and the following property-related expenses: (i) property tax and (ii) insurance, day-to-day maintenance and upkeep of the property including but not limited to cleaning, security, utilities, servicing of all mechanical and electrical items.

ramp-up factory allows 20-footer container access to all levels with great convenience. These specifications and design concepts of the Property would facilitate tenants in their daily operation.

The Property is strategically located in Bukit Batok and is surrounded by a high mix of residential, retail, and food & beverage amenities at Bukit Batok Central and West Mall. It is in close proximity to Bukit Batok and Jurong East MRT. It is easily accessible via major expressways, such as Pan Island Expressway ("**PIE**") and Ayer Rajah Expressway ("**AYE**").

The table below sets out a summary of selected information on the Property as at 31 May 2016.

Land Area (sq ft)	161,577
Gross Floor Area (sq ft)	403,591
Net Lettable Area (sq ft)	377,776
Number of Storeys	9
Land Tenure	Leasehold for a term of 30 years commencing from 26 November 2012
Number of Car Park Lots	306 Car lots and 190 Lorry lots

1.3 RELATIONSHIP WITH SB WESTVIEW

As at the date of this announcement, Mr Lim Chap Huat holds an aggregate interest in 234,534,444 units in Soilbuild REIT ("**Units**"), which is equivalent to approximately 24.9% of the total number of Units in issue, and is therefore regarded as a "controlling Unitholder" of Soilbuild REIT under both the Listing Manual of the SGX-ST (the "**Listing Manual**") and Appendix 6 of the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**"). In addition, Mr Lim Chap Huat, through Soilbuild Group Holdings Ltd, holds 100% of the issued shares of the Manager and is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

As Mr Lim Chap Huat holds an indirect 100.0% interest in SB Westview, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, SB Westview (being an associate of a "controlling Unitholder" and 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 Acquisition 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 of Soilbuild REIT ("**Unitholders**") is required. The entry into of the Master Lease Agreement will constitute an "interested person transaction" under Chapter 9 of the Listing Manual.

A circular is expected to be issued to Unitholders in due course (the "**Circular**"), together with a notice of extraordinary general meeting, for the purpose of seeking the approval of

Unitholders for the Proposed Transaction.

2. DETAILS OF THE PROPOSED TRANSACTION

2.1 Valuation and Purchase Consideration

The Manager has commissioned an independent property valuer, Knight Frank Pte Ltd ("**Knight Frank**"), and the Trustee has commissioned another independent property valuer, CBRE Pte Ltd ("**CBRE**", and together with Knight Frank, the "**Independent Valuers**"), to value the Property. The open market values of the Property are S$96.6 million and S$96.0 million as stated by Knight Frank and CBRE in their respective valuation reports dated 12 May 2016. The methods used by the Independent Valuers were the discounted cash flow method and the capitalisation method.

The Purchase Consideration payable to SB Westview in connection with the Proposed Acquisition is S$96.3 million.

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.

2.2 Estimated Total Acquisition Cost

The total cost of the Proposed Acquisition (the "**Total Acquisition Cost**") is estimated to be approximately S$100.49 million, comprising:

2.2.1 the Purchase Consideration of S$96.30 million;

2.2.2 the acquisition fee payable in Units to the Manager for the Proposed Acquisition of S$0.96 million[1]; and

2.2.3 the estimated stamp duty, professional and other fees and expenses of approximately S$3.23 million incurred or to be incurred by Soilbuild REIT in connection with the Proposed Acquisition.

2.3 Principal Terms and Conditions of the Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement include, among others, the following conditions precedent:

2.3.1 Unitholders' approval of the Proposed Transaction being obtained;

2.3.2 the Trustee obtaining funds, on terms acceptable to the Trustee (whether by way of debt facilities from banks and/or other financial institutions and/or equity fund raising exercises and/or perpetual securities issue exercises), to finance the Proposed Acquisition; and

2.3.3 (in the event that the Manager launches any equity fund raising exercises involving the issuance of new Units), (a) no stop order or similar order having been issued by the Monetary Authority of Singapore or any court or other judicial,

1 As the Proposed Acquisition will constitute an "**interested party transaction**" under the Property Funds Appendix, the Acquisition Fee Units shall not be sold within one year from the date of issuance in accordance with Paragraph 5.6 of the Property Funds Appendix.

governmental or regulatory authority in relation to such proposed equity funds raising exercises and (b) the in-principle approval of SGX-ST for the listing and quotation of the new Units not having been revoked or withdrawn.

SB Westview shall at its own cost and expenses carry out such works as may be necessary for the purposes of obtaining the Certificate of Statutory Completion in respect of the Property (the "**CSC**"), apply for and obtain the CSC.

In the event that the CSC is not obtained and delivered to the Trustee by the date falling 18 months from Completion, the Trustee may, but shall not be obliged to, carry out such works and do such things as may be necessary to obtain the CSC, and all costs and expenses in relation thereto shall be entirely borne and paid/reimbursed by SB Westview.

2.4 Principal Terms and Conditions of the Master Lease Agreement

The Master Lease Agreement will commence on the date of completion of the Proposed Acquisition and will be for a lease term of seven years.

The principal terms of the Master Lease Agreement include, among others, the following:

2.4.1 the rental under the Master Lease Agreement is S$8.0 million for the initial year, with a rental escalation of up to 2.0% per annum, provided always that the Trustee as landlord shall notify SB Westview, as master lessee, in writing no later than one month before the commencement of each year during the term of seven years, the quantum of applicable rent for the relevant year;

2.4.2 SB Westview, as master lessee, will be paying the Security Deposit[1];

2.4.3 Soilbuild Group Holdings Ltd., the parent company of SB Westview, will be giving the Trustee as landlord a corporate guarantee in respect of SB Westview's obligations, as master lessee, under the Master Lease Agreement;

2.4.4 SB Westview:

(i) shall not do or omit to do anything which will cause the Trustee to be in breach of its obligations contained or referred to in the State Lease and shall not do or permit to be done anything which may result in the Trustee being in breach of its obligations under the State Lease;

(ii) shall not do or omit to do anything which will cause the Trustee to be in breach of its obligations of any additional or supplemental documents made or to be made from time to time between the Trustee and the Head Lessor pursuant to the State Lease, in relation to the Property, where copies of such additional or supplemental documents have been furnished to SB Westview;

(iii) shall comply with, perform, observe and be bound by the conditions (if any) in relation to the use and occupation of the Property imposed by the Head Lessor or any other relevant authority in granting its consent to the lease of the Property by the Trustee to SB Westview; and

1 "**Security Deposit**" refers to the security deposit equivalent to 12 months of the monthly rent payable for each year to be paid by SB Westview to the Trustee pursuant to the Master Lease Agreement.

2.4.5 SB Westview shall bear all development levy and/or fees charged or to be charged by the Urban Redevelopment Authority in respect of the Temporary Grant of Written Permission dated 9 March 2016 (the "**Temporary Grant of Written Permission**") granted in respect of the continued use of unit #01-17 as temporary industrial canteen and shall, at its own cost and expense, renew the Temporary Grant of Written Permission(s) from time to time such that the continued use of unit #01-17 as temporary industrial canteen is maintained throughout the term of seven years.

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 The Proposed Acquisition is in line with Soilbuild REIT's investment strategy

The Proposed Acquisition is in line with the Manager's aims to deliver predictable distributions and to enhance the value of Soilbuild REIT's property portfolio over time through, *inter alia*, selectively acquiring additional properties that meet the Manager's investment criteria. The Proposed Acquisition is in line with the Manager's investment strategy of investing on a long-term basis, directly or indirectly, in a portfolio of income-producing real estate used primarily for business space purposes so as to deliver stable distributions and sustainable total returns to the Unitholders.

3.2 Enables Soilbuild REIT to capitalise on the competitive strengths of the Property

3.2.1 Strategic location and good connectivity

The Property is strategically located on Bukit Batok Street 23 in an area zoned for industrial usage within Bukit Batok planning area. The property is surrounded by a mix of residential, industrial and retail development with established infrastructure, facilities and amenities. In addition, Bukit Batok Central and West Mall offer a wide range of retail and food & beverage amenities to end-users. The availability of amenities further enhances the attractiveness of the Property to end-users.

The Property is in close proximity to transport nodes such as Bukit Batok Mass Rapid Transit ("**MRT**") station, which serves the North South line; and Jurong East MRT station, which serves the North South line and the East West line. The Property is also well served by major expressways, such as the PIE and AYE, providing end-users with good accessibility to city centre as well as Woodlands and Tuas checkpoints.

3.2.2 Well-positioned asset with high property specifications

The Property offers a wide range of unit sizes ranging from 2,000 sq ft to 8,000 sq ft. Every unit comes with a functional layout, high floor to ceiling height of 6.0 metres and heavy floor loading of 15 kN/m^2. The Property's high specifications is well positioned to attract a wide range of end-user in the manufacturing, logistics, trading & distribution, mass media, data centre, research & development, design and communications industry.

Every unit has direct access to its own dedicated parking lots. In addition, the ramp up facility allows 20-footer container truck access to all levels. These specifications and design concept of the Property would facilitate tenants in their daily operation.

3.2.3 Large pool of residents within Bukit Batok

The Property is located within close proximity to the Bukit Batok residential precinct which provides end-users with a primary customer base as well as immediate access to the labour supply within the region. Bukit Batok planning area houses approximately 44,000 [1] household and has a large pool of approximately 139,270[2] Singapore residents. The presence of a large resident pool in the vicinity enhances the appeal of the Property to industrialists.

3.3 Provides Revenue Diversification for Soilbuild REIT

The Proposed Acquisition is expected to benefit Unitholders by improving revenue diversification and reducing the reliance of Soilbuild REIT's revenue stream on any single property. The Manager expects that the maximum contribution to Soilbuild REIT's gross revenue by any single property within Soilbuild REIT's property portfolio will decrease from approximately 29.6% [3] to 26.9% following the Proposed Acquisition. The Proposed Acquisition will diversify Soilbuild REIT's revenue stream and strengthen Soilbuild REIT's market presence in the western region of Singapore.

3.4 Increased portfolio size creates stronger platform for further acquisition growth

The Proposed Acquisition will increase the valuation of Soilbuild REIT's portfolio from S$1.19 billion[4] to S$1.29 billion. The Manager believes that the increased portfolio size will create a stronger platform for further acquisition growth due primarily to better access to both the capital markets and the debt markets.

3.5 The seven-year Master Lease Agreement assures Soilbuild REIT a medium term of secured rental income

The Property will be leased to SB Westview, as master lessee, pursuant to the Master Lease Agreement for a term of seven years. The seven-year tenure of the Master Lease Agreement is expected to provide Soilbuild REIT with a medium term of secured rental income.

The rental payment for the first year under the Master Lease Agreement is fixed at S$8.0 million. The Master Lease Agreement will be on a double-net basis and subject to a rental escalation of up to 2.0% every year. The fixed rent provides income certainty and downside protection to Soilbuild REIT. In addition, SB Westview will give security deposits in the form of cash or bank guarantees amounting to 12 months of the prevailing rent and a corporate guarantee from its parent company, Soilbuild Group Holdings Ltd. This

1 **Source**: Singapore Statistics – Census of Population 2010.

2 **Source**: Singapore Statistics – Singapore Resident by Planning Area 2015.

3 Based on FY2015 gross revenue and West Park BizCentral being the largest contributor to gross revenue and assuming completion of the property on 1 January 2015 and Soilbuild REIT held and operated the Property through to 31 December 2015.

4 Based on Soilbuild REIT's existing portfolio valuation as at 31 December 2015.

mitigates any risk on income caused by the uncertainty and volatility of the global economic conditions.

In addition, SB Westview will bear all property tax, property maintenance, insurance and all other outgoings and expenses during the lease term.

4. METHOD OF FINANCING AND FINANCIAL EFFECTS

4.1 Method of Financing

The Manager intends to adopt an optimal financing plan to finance the Proposed Acquisition, so as to ensure that the Proposed Acquisition will provide overall yield accretion to Unitholders.

Depending on the market conditions, the Manager may finance the Total Acquisition Cost through:

(i) debt financing;

(ii) a combination of debt and equity financing; and/or

(iii) the issuance of perpetual securities.

Should the Manager finance the Proposed Acquisition fully by debt, Soilbuild REIT's aggregate leverage will increase from 36.0% to 40.8%. Post-Acquisition, the Manager intends to maintain the aggregate leverage within Soilbuild REIT's long term target range between 35.0% and 40.0%.

4.2 Pro Forma Financial Effects of the Proposed Acquisition

Relevant information relating to the pro forma financial effects of the Proposed Acquisition, including its impact on the net asset value per Unit, the distribution per Unit and Soilbuild REIT's aggregate leverage, will be disclosed in the Circular.

5. AUDIT & RISK COMMITTEE STATEMENT

The Audit & Risk Committee of the Manager will obtain an opinion from CIMB Bank Berhad, Singapore Branch, which has been appointed as the independent financial adviser, on the Proposed Transaction before forming its view, which will be disclosed in the Circular, as to whether the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of Soilbuild REIT and its minority Unitholders.

6. OTHER INTERESTED PERSON TRANSACTIONS

There are no other interested person transactions exceeding S$100,000 entered into between Soilbuild REIT and Soilbuild Group Holdings Ltd and Mr Lim Chap Huat and their respective subsidiaries and associates, during the course of the current financial year up to the date of this announcement.

7. 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 235,869,444 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 31 May 2016:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Mr Chong Kie Cheong	250,000	0.03	-	-	250,000	0.03
Mr Ng Fook Ai Victor	-	-	-	-	-	-
Mr Michael Ng Seng Tat	625,000	0.07	-	-	625,000	0.07
Mr Lim Chap Huat(2)	234,534,443	24.93	1	0.00	234,534,444	24.93
Mr Ho Toon Bah(3)	100,000	0.01	150,000	0.02	250,000	0.03
Ms Lim Cheng Hwa	210,000	0.02	-	-	210,000	0.02

Notes:

(1) The percentage is based on 940,678,444 Units in issue as at the date of this announcement.

(2) Mr Lim Chap Huat is deemed to be interested in the 1 unit held by Soilbuild Group Holdings Ltd as Mr Lim Chap Huat directly owns 100% of Soilbuild Group Holdings Ltd.

(3) Mr Ho Toon Bah is deemed to be interested in 150,000 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 the date of this announcement are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Lim Chap Huat(2)	234,534,443	24.93	1	-	234,534,444	24.93
Schroders plc(3)	-	-	75,029,100	7.98	75,029,100	7.98

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

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	
	No. of Units	%(1)	No. of Units	%(1)		%(1)
Wealthy Fountain Holdings Inc	65,023,000	6.91	-	-	65,023,000	6.91
Shanghai Summit Pte Ltd(4)	-	-	65,023,000	6.91	65,023,000	6.91
Tong Jinquan(5)	3,902,000	0.41	65,023,000	6.91	68,925,000	7.32

Notes:

(1) The percentage is based on 940,678,444 Units in issue as at the date of this announcement.

(2) Lim Chap Huat is deemed to be interested in 1 unit held by Soilbuild Group Holdings Ltd. as Lim Chap Huat directly owns 100% of Soilbuild Group Holdings Ltd.

(3) Purchased on behalf of clients as Investment Managers and based on SGX filing as at 25 April 2016.

(4) Shanghai Summit Pte Ltd is the sole shareholder of Wealthy Fountain Holdings Inc and accordingly, is deemed to be interested in the 65,023,000 units held by Wealthy Fountain Holdings Inc.

(5) Wealthy Fountain Holdings Inc is wholly owned by Tong Jinquan through Shanghai Summit Pte Ltd.

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

8. OTHER INFORMATION

8.1 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.

8.2 Disclosure under Rule 1010(13) of the Listing Manual

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

(i) the net profits attributable to the assets acquired, compared with the Soilbuild REIT's net profits;

(ii) the aggregate value of the consideration given, compared with the Soilbuild REIT's capitalisation; and

(iii) the number of Units issued by Soilbuild REIT as consideration for the Proposed Acquisition, compared with the number of Units previously in issue.

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

	Percentage
Rule 1006(b) Net profits attributable to the assets acquired compared to Soilbuild REIT's net profits	12.3% (1)
Rule 1006(c) Aggregate value of consideration to be given compared with Soilbuild REIT's market capitalisation	14.8%(2)
Rule 1006(d) Number of units to be issued by Soilbuild REIT as consideration for an acquisition compared with the number of units previously in issue	N.A.

Notes:

(1) This figure is based on asset net profit of S$5.8 million assuming Proposed Acquisition is funded on a capital structure of 37.5% debt (being the midpoint of the long term target aggregate leverage range) and 62.5% equity financing and Soilbuild REIT FY2015 net profit of S$47.1 million (excluding net change in fair value of investment properties).

(2) This figure is based on Soilbuild REIT's volume weighted average price of S$0.6916 per Unit on 13 June 2016, being the market day immediately prior to the entry into of the Sale and Purchase Agreement.

8.3 Documents 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 from the date of this announcement up to and including the date falling three months after the date of this announcement:

(i) the SPA (which contains the form of the Master Lease Agreement);

(ii) the independent valuation report on the Property issued by Knight Frank;

(iii) the independent valuation report on the Property issued by CBRE;

(iv) the trust deed dated 13 October 2012 constituting Soilbuild REIT, as amended, varied or supplemented from time to time.

1 Prior appointment with the Manager will be appreciated.

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

14 June 2016

About Soilbuild Business Space REIT

Soilbuild REIT is a Singapore-focused real estate investment trust ("**REIT**") with a portfolio of business parks and industrial properties used by industries engaging in manufacturing, engineering, logistic, warehousing, electronics, marine, oil & gas, research and development and value-added knowledge-based activities. Its portfolio of properties includes Solaris, a landmark development in one-north, Eightrium @ Changi Business Park, Tuas Connection and West Park BizCentral. Soilbuild REIT's portfolio has a net lettable area of 3.53 million square feet and an occupancy rate of 94.8% as at 31 March 2016.

For media queries, please contact:

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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.