

CIRCULAR DATED 3 AUGUST 2016

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.



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 No. 201224644N)

CIRCULAR TO UNITHOLDERS IN RELATION TO:

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

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



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	:	Tuesday, 16 August 2016 at 2.30 p.m.
Date and time of Extraordinary General Meeting (“ EGM ”)	:	Thursday, 18 August 2016 at 2.30 p.m.
Place of EGM	:	Raffles City Convention Centre Olivia 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	11
4. Details and Financial Information of the Proposed Acquisition	13
5. Recommendation on the Proposed Transaction	20
6. Extraordinary General Meeting	20
7. Abstentions from Voting	20
8. Action to be Taken by Unitholders	20
9. Directors' Responsibility Statement	21
10. Consents	21
11. Documents Available for Inspection	21
IMPORTANT NOTICE	23
GLOSSARY	24
 APPENDICES	
Appendix A – Details of the Property, the Existing Properties and the Enlarged 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	: 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	: Knight Frank Pte Ltd (appointed by the Manager) 16 Raffles Quay #30-01 Hong Leong Building Singapore 048581 CBRE Pte Ltd (appointed by the Trustee) 6 Battery Road #32-01 Singapore 044909

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 24 to 27 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 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**”) from SB (Westview) Investment Pte. Ltd. (“**SB Westview**”), as well as the entry into of 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 basis¹ (the “**Master Lease**”, together with the Proposed Acquisition, the “**Proposed Transaction**”). SB Westview is a subsidiary of Soilbuild Group Holdings Ltd.

On 14 June 2016, DBS Trustee Limited, in its capacity as trustee of Soilbuild REIT (the “**Trustee**”), had entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with SB Westview in connection with the Proposed Acquisition. In connection with the Proposed Acquisition, the Trustee will enter into the Master Lease Agreement with SB Westview in relation to the Master Lease, the form of which is attached in the Sale and Purchase Agreement.

Description of 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 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**”).

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

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.

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 (the “**Purchase Consideration**”) payable to SB Westview in connection with the Proposed Acquisition is S\$96,300,000.

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.)

Total Acquisition Cost

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

- (i) the Purchase Consideration of S\$96.30 million;
- (ii) the acquisition fee (the “**Acquisition Fee**”) payable in units of Soilbuild REIT (“**Units**”) to the Manager for the Proposed Acquisition (the “**Acquisition Fee Units**”) of S\$0.96 million¹; and
- (iii) 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.

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) a combination of debt and equity financing; and/or
- (ii) the issuance of perpetual securities.

(See paragraph 2.5 of the Letter to Unitholders for further details.)

Interested Person Transaction and Interested Party Transaction

As at 29 July 2016, Mr Lim Chap Huat holds an aggregate interest in 237,392,726 Units, which is equivalent to approximately 25.2% 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 the Property Funds Appendix. In addition, Mr Lim Chap Huat,

¹ As the Proposed Acquisition will constitute an “**interested party transaction**” under Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”) issued by the Monetary Authority of Singapore (“**MAS**”), 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.

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” of Soilbuild REIT 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 is required. The entry into of the Master Lease Agreement will constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

Given that the Purchase Consideration is S\$96.3 million and the value of the Master Lease Agreement is S\$59.5 million (which in aggregate is 20.9% of both the latest audited net tangible assets (“**NTA**”) and the net asset value (“**NAV**”) of Soilbuild REIT as at 31 December 2015), 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 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:

- The Proposed Acquisition is in line with Soilbuild REIT’s investment strategy
- Enables Soilbuild REIT to capitalise on the competitive strengths of the Property
- Provides Revenue Diversification for Soilbuild REIT
- Expected increase in distributable income to Unitholders
- Increased portfolio size creates stronger platform for further acquisition growth
- The seven-year Master Lease Agreement assures Soilbuild REIT a medium term of secured rental income

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	: Tuesday, 16 August 2016 at 2.30 p.m.
Date and time of the EGM	: Thursday, 18 August 2016 at 2.30 p.m.
If approval for the Proposed Acquisition is obtained at the EGM:	
Target date for Completion	: 30 September 2016 (or such other date as may be agreed between the Trustee and SB Westview)



BUSINESS SPACE REIT

(a real estate investment trust constituted

on 13 December 2012 under the laws of the Republic of Singapore)

Directors of the Manager

Mr Chong Kie Cheong (Chairman 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

25 Changi South Street 1

SB Building

Singapore 486059

3 August 2016

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 Resolution¹ is required.

2. THE PROPOSED TRANSACTION

2.1 Description of 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 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 ramp-up factory allows 20-footer container access to all levels with great convenience. These specifications and design concept 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, i.e. PIE and AYE.

(See **Appendix A** of this Circular for further details of the Property, which includes information on the occupancy rate and information on the sub-tenants profile.)

¹ "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.

2.2 Details of the Proposed Acquisition and the Independent Valuations

On 14 June 2016 the Trustee has entered into the Sale and Purchase Agreement with SB Westview in connection with the Proposed Acquisition. SB Westview is a subsidiary of Soilbuild Group Holdings Ltd.

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

The Manager has commissioned an independent property valuer, Knight Frank, and the Trustee has commissioned another independent property valuer, CBRE, 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 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 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, 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, 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 Total Acquisition Cost

The Total Acquisition Cost is estimated to be approximately S\$100.49 million, comprising:

2.4.1 the Purchase Consideration of S\$96.30 million;

2.4.2 the Acquisition Fee (payable by issuance of the Acquisition Fee Units to the Manager) of S\$0.96 million¹; and

2.4.3 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.

2.5 Method of Financing

The Manager intends to finance the Total Acquisition Cost through:

- (i) a combination of debt and equity financing; and/or
- (ii) the issuance of perpetual securities.

The table below sets out the change to Soilbuild REIT's Aggregate Leverage² through three different funding scenarios purely for illustrative purposes. There is no assurance that the actual financing plan will be similar to Scenario A, Scenario B or Scenario C.

	Soilbuild REIT's Aggregate Leverage		
Method of Financing	Scenario A: 36.0% Debt Financing and 64.0% Equity Financing	Scenario B: 50.0% Debt Financing and 50.0% Equity Financing	Scenario C: 100.0% through Issuance of Perpetual Securities
Before the Acquisition	36.0%	36.0%	36.0%
After the Acquisition	36.0%	37.1%	33.3%

Post-Acquisition, the Manager intends to maintain the aggregate leverage within Soilbuild REIT's long term target range of between 35.0% and 40.0%.

2.6 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:

2.6.1 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;

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.

2 The ratio of the value of borrowings and deferred payments (if any) to the value of deposited property of Soilbuild REIT (the "Deposited Property").

2.6.2 SB Westview as Master Lessee will be paying the Security Deposit¹;

2.6.3 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;

2.6.4 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; and
- (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;

2.6.5 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; and

2.6.6 in the event that Soilbuild REIT were to subsequently dispose of the Property during the term of the Master Lease, the Trustee has the right to assign or transfer the Master Lease Agreement to the buyer of the Property, and the Master Lessee must accept the buyer of the Property as its new landlord, and for the avoidance of doubt, there is no right for SB Westview as Master Lessee to terminate the Master Lease Agreement as a result of such sale.

2.7 Underlying Sub-Leases

The Property was recently completed and only received its TOP on 20 May 2015. Accordingly, the Master Lessee is still in the process of leasing out the Property to sub-tenants. As at the 30 June 2016, sub-tenants occupy 40.3% of the Property.

The passing rent of the Property (computed based on the total rental payable by the sub-tenants and Carpark and other income divided by the area occupied by these sub-tenants) is S\$1.92 per square foot per month.

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.

The rental payable pursuant to the Master Lease Agreement is S\$1.76 per square foot per month (computed based on rental for the initial year divided by the total net lettable area of the Property). If the rental for the Master Lease is adjusted to add back the maintenance cost and property tax (i.e. adjusted to take into account the double net rental rate), the rental would be S\$2.04 per square foot per month.

The passing rent of the Property of S\$1.92 per square foot per month, the Master Lease rent of S\$1.76 per square foot per month and the adjusted Master Lease rent of S\$2.04 per square foot per month are comparable to the rentals in comparable properties around the Bukit Batok region based on the Urban Redevelopment Authority (“URA”) Real Estate Information System (REALIS) rental statistics for multiple-user factory in the Bukit Batok Planning Area¹ as set out in the table below.

Quarter	Bukit Batok Planning Area Rentals (S\$ per square foot per month)				
	Minimum	25th Percentile	Median	75th Percentile	Maximum
2013Q2	1.29	1.91	2.30	2.57	3.00
2013Q3	0.86	1.92	2.25	2.56	6.05
2013Q4	1.22	1.94	2.24	2.69	5.33
2014Q1	1.41	2.00	2.15	2.47	6.50
2014Q2	1.24	1.94	2.17	2.50	4.94
2014Q3	1.35	1.91	2.25	2.60	3.84
2014Q4	1.12	1.88	2.19	2.42	3.15
2015Q1	1.57	1.92	2.15	2.40	3.33
2015Q2	1.09	1.94	2.17	2.44	3.50
2015Q3	1.37	1.84	2.06	2.33	3.00
2015Q4	1.30	1.89	2.10	2.35	3.22
2016Q1	1.35	1.93	2.09	2.29	3.18
2016Q2	1.36	1.79	1.98	2.35	2.71

Source: URA, REALIS

The gross rental received by the Master Lessee from the underlying sub-tenants is S\$3.3 million² per annum based on the current underlying sub-tenant occupancy rate of 40.3% and the gross rental payable by the Master Lessee pursuant to the Master Lease Agreement is S\$8.0 million for the initial year.

Taking into account the opinion of the IFA on the Proposed Transaction, the board of directors of the Manager (with the directors other than the Independent Directors abstain given that this is an interested person transaction) is of the view that the Master Lease is on normal commercial terms and is not prejudicial to the interests of Soilbuild REIT and its minority Unitholders.

1 “Bukit Batok Planning Area” refers to the Bukit Batok planning area in the Western Region of Singapore designated by the URA under its Master Plan.

2 Annualised based on revenue received for the month of June 2016.

The rental of the Master Lease is based on comparable market rentals in comparable properties around the Bukit Batok region where the Property is located as illustrated in the table above which sets out the Bukit Batok Planning Area Rentals. It should be noted that as mentioned in paragraph 2.6 of the Letter to Unitholders above, there is a 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. In the event that the Master Lessee does not fulfil its obligations under the Master Lease Agreement, that would be a breach of the Master Lease Agreement, and Soilbuild REIT would be able to make a claim against the Master Lessee.

2.8 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 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 key factors considered and the key assumptions of the IFA are as follows:

- (i) the rationale for the Proposed Transaction;
- (ii) the Purchase Consideration is equal to the average market valuation of the Property as valued by CBRE and Knight Frank;
- (iii) the price per square foot (based on NLA) for the Property is within the range but is however above the mean and median price per square foot of the Comparable Properties¹, and is marginally higher (2.2%) than that of the comparable properties in Soilbuild REIT;
- (iv) the price per square foot for the Property is within the price range and is lower than the mean and median price per square foot of the Comparable Transactions². It is also lower than Soilbuild REIT's previous acquisition of 72 Loyang Way. The expected net property income yield of the Property is within the range and is higher than the mean and median net property income yield implied in the Comparable Transactions but is similar to that of 72 Loyang Way;
- (v) the net property income yield of the Property at 8.1% is higher than the overall net property income yield of Soilbuild REIT of 5.7%, and higher than the overall net property yields of other industrial REITs listed on the SGX-ST;
- (vi) the pro-forma financial effects of the Potential Transaction on Soilbuild REIT; and
- (vii) other relevant considerations as set out in paragraph 3.4 of the IFA Letter.

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Proposed Acquisition and the entry into of the Master Lease Agreement is based on normal commercial terms and is not prejudicial to the interests of Soilbuild REIT and its minority Unitholders.

1 "Comparable Properties" refers to "the industrial and manufacturing properties in Singapore (not including business parks and several high-tech properties) held by 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 acquisitions of industrial and manufacturing properties in Singapore (not including business parks and several high-tech properties) by REITs listed on the SGX-ST since 1 January 2015" as defined in the IFA Letter set out in **Appendix C** of this Circular.

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.

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 MRT, which serves the North South line; and Jurong East MRT, 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 checkpoint.

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/m¹. The Property's high specifications is well positioned to attract a wide range of end-users 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.

¹ **Source:** Singapore Statistics – Singapore Resident by Planning Area 2015.

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 44,000¹ households and has a large pool of approximately 139,270² 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 Expected increase in distributable income to Unitholders

Based on the Total Acquisition Cost, the Property is expected to generate an initial net property yield of approximately 7.7%⁴. The pro forma financial effects of the Proposed Acquisition on the distribution per Unit ("DPU") of Soilbuild REIT is disclosed in paragraph 4 below.

3.5 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 billion⁵ 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.

3.6 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.

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.

4 The property yield based on the net property income paid by the underlying tenants which occupies 40.3% of the Property is 2.69%. However, it should be noted that Soilbuild REIT would be receiving rental income from the Master Lessee and not the underlying tenants.

5 Based on Soilbuild REIT's Existing Properties valuation as at 31 December 2015.

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 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. DETAILS AND FINANCIAL INFORMATION OF THE PROPOSED ACQUISITION

4.1 Pro Forma Financial Effects of the Proposed Acquisition

The pro forma financial effects of the Proposed Acquisition on the DPU and NAV per Unit presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of Soilbuild REIT for the financial year ended 31 December 2015 (the “**Soilbuild REIT 2015 Audited Financial Statements**”), taking into account the Total Acquisition Cost, and assuming that:

- (i) **Scenario A** – the Purchase Consideration and the payment of the estimated stamp duty, professional and other fees and expenses of approximately S\$3.2 million incurred or to be incurred by Soilbuild REIT in connection with the Proposed Acquisition are funded by 36.0% debt financing and 64.0% equity financing;
- (ii) **Scenario B** – the Purchase Consideration and the payment of the estimated stamp duty, professional and other fees and expenses of approximately S\$3.2 million incurred or to be incurred by Soilbuild REIT in connection with the Proposed Acquisition are funded by 50.0% debt financing and 50.0% equity financing;
- (iii) **Scenario C** – the Purchase Consideration and the payment of the estimated stamp duty, professional and other fees and expenses of approximately S\$3.2 million incurred or to be incurred by Soilbuild REIT in connection with the Proposed Acquisition are fully funded by issuance of perpetual securities; and
- (iv) 1,426,666 new Units are issued for the Acquisition Fee¹ payable to the Manager at an illustrative price of S\$0.675 per new Unit (purely for illustrative purposes only).

¹ As the Acquisition will constitute an “interested party transaction” under the Property Funds Appendix issued by the MAS, the Acquisition Fee Units shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

4.1.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Acquisition on Soilbuild REIT's DPU for FY2015, as if the Proposed Acquisition was completed on 1 January 2015 and Soilbuild REIT held and operated the Property through to 31 December 2015 are as follows:

	Effects of the Proposed Acquisition			
	Before the Proposed Acquisition	After the Proposed Acquisition		
		Scenario A: 36.0% Debt Financing and 64.0% Equity Financing ⁽¹⁾	Scenario B: 50.0% Debt Financing and 50.0% Equity Financing ⁽²⁾	Scenario C: 100.0% through Issuance of Perpetual Securities ⁽³⁾
Net Income (S\$'000)	47,124	52,916	52,271	53,790
Distributable Income (S\$'000)	57,867	64,709	64,267	65,848
Distributable Income attributable to perpetual securities holder (S\$'000)	—	—	—	4,882
Distributable Income attributable to Unitholders (S\$'000)	57,867	64,709	64,267	60,966
Issued Units ('000)	934,442	1,036,186	1,014,386	936,372
DPU based on underlying sub-tenants (cents) ⁽⁴⁾	6.487	6.495	6.596	6.801
DPU based on actual Master Lease (cents)	6.487	6.514	6.615	6.823

Notes:

- (1) Based on an all-in interest cost of 3.32% per annum and 99,472,348 new Units issued at S\$0.650 per new Unit.
- (2) Based on an all-in interest cost of 3.32% per annum and 77,712,772 new Units issued at S\$0.650 per new Unit.
- (3) Based on issuance of Perpetual Securities at 4.87% per annum coupon rate.
- (4) The "DPU based on underlying sub-tenants" is computed based on the underlying passing rentals rate of S\$1.92 per square foot per month at an assumed stabilised occupancy rate of 90.1% (JTC Industrial average occupancy rate as at 1Q 2016) for the period from 1 January 2015 to 31 December 2015 (instead of the Master Lease rental).

4.1.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Acquisition on Soilbuild REIT's NAV per Unit as at 31 December 2015, as if the Proposed Acquisition was completed on 31 December 2015 are as follows:

	Effects of the Proposed Acquisition			
	Before the Proposed Acquisition	After the Proposed Acquisition		
		Scenario A: 36.0% Debt Financing and 64.0% Equity Financing ⁽¹⁾	Scenario B: 50.0% Debt Financing and 50.0% Equity Financing ⁽²⁾	Scenario C: 100.0% through Issuance of Perpetual Securities
NAV (S\$'000)	745,973	810,638	796,703	846,470 ⁽³⁾
Issued Units ('000)	934,442	1,035,341	1,013,581	935,868
NAV per Unit attributable to Unitholders (S\$)	0.80	0.78	0.79	0.80

Notes:

- (1) 99,472,348 new Units issued at S\$0.650 per new Unit.
- (2) 77,712,772 new Units issued at S\$0.650 per new Unit.
- (3) Includes S\$99,533,600 attributable to the holders of the Perpetual Securities.

4.1.3 Pro Forma Capitalisation

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma capitalisation of Soilbuild REIT as at 31 December 2015, as if the Proposed Acquisition was completed on 31 December 2015, is as follows:

	Effects of the Proposed Acquisition			
	Before the Proposed Acquisition	After the Proposed Acquisition		
		Scenario A: 36.0% Debt Financing and 64.0% Equity Financing ⁽¹⁾	Scenario B: 50.0% Debt Financing and 50.0% Equity Financing ⁽¹⁾	Scenario C: 100.0% through Issuance of Perpetual Securities
Current Unsecured loans and borrowings (S\$'000)	—	—	—	—
Non-Current Unsecured loans and borrowings (S\$'000)	121,086	156,918	170,853	121,086
Secured loans and borrowings (S\$'000)	277,416	277,416	277,416	277,416
Total loans and borrowings (S\$'000)	398,502	434,334	448,269	398,502

	Effects of the Proposed Acquisition			
	Before the Proposed Acquisition	After the Proposed Acquisition		
		Scenario A: 36.0% Debt Financing and 64.0% Equity Financing ⁽¹⁾	Scenario B: 50.0% Debt Financing and 50.0% Equity Financing ⁽¹⁾	Scenario C: 100.0% through Issuance of Perpetual Securities
Unitholders' funds (S\$'000)	745,973	810,638	796,703	746,936
Perpetual Securities (S\$'000)	–	–	–	99,534
Total Capitalisation (S\$'000)	1,144,475	1,244,972	1,244,972	1,244,972

Note:

(1) Debt financing assumed to be non-current unsecured loans and borrowings

4.2 Discloseable Transaction

4.2.1 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.

4.2.2 Relative Figures computed on the Bases set out in Rule 1006

The relative figures for the Proposed Acquisition using the applicable bases of comparison described in sub-paragraph 4.2.1 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.

4.3 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 2015 Audited Financial Statements, the NTA of Soilbuild REIT was S\$746.0 million as at 31 December 2015. 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\$37.3 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 the Soilbuild REIT 2015 Audited Financial Statements, the NAV of Soilbuild REIT was S\$746.0 million as at 31 December 2015. 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\$37.3 million, such a transaction would be subject to Unitholders' approval.

Given the Purchase Consideration and the value of the Master Lease Agreement of S\$155.8 million (which is 20.9% of both the NTA and the NAV of Soilbuild REIT as at 31 December 2015), the value of the Proposed Transaction exceeds the said thresholds.

As at 29 July 2016, Mr Lim Chap Huat, holds an aggregate interest in 237,392,726 Units, which is equivalent to approximately 25.2% of the total number of Units in issue, and is therefore regarded as a “controlling Unitholder” of Soilbuild REIT under both the Listing Manual and 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 is required. The entry into of the Master Lease Agreement will constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

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 30 June 2016, being the latest practicable date prior to the printing of this Circular (the “**Latest Practicable Date**”). This does not include the fees paid to the Manager and the property manager as these form part of the Exempted Agreements as disclosed on page 169 of the Soilbuild REIT IPO prospectus dated 7 August 2013 and are therefore not subject to aggregation pursuant to Rules 905 and 906 of the Listing Manual.

4.4 Interests of Directors and Substantial Unitholders

As at 29 July 2016, certain director(s) of the Manager collectively hold an aggregate direct and indirect interest in 238,727,726 Units. Further details of the interests in Units of Directors and Substantial Unitholders¹ 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.

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

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 29 July 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⁾	237,392,725	25.16	1	0.00	237,392,726	25.16
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 943,536,726 Units in issue as at 29 July 2016.
- (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 29 July 2016 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⁾	237,392,725	25.16	1	–	237,392,726	25.16
Schroders plc ⁽³⁾	–	–	72,968,300	7.73	72,968,300	7.73
Wealthy Fountain Holdings Inc	65,023,000	6.89	–	–	65,023,000	6.89
Shanghai Summit Pte Ltd ⁽⁴⁾	–	–	65,023,000	6.89	65,023,000	6.89
Tong Jinquan ⁽⁵⁾	3,902,000	0.41	65,023,000	6.89	68,925,000	7.30

Notes:

- (1) The percentage is based on 943,536,726 Units in issue as at 29 July 2016.
- (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 29 July 2016, none of the Directors or the Substantial Unitholders have an interest, direct or indirect, in the Proposed Acquisition.

4.5 Directors' Service Contracts

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

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 Thursday, 18 August 2016 at 2.30 p.m. at Raffles City Convention Centre, Olivia 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-3 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 will be acquired from an associate of Mr Lim Chap Huat, SB (Westview) Investment Pte. Ltd., Mr Lim Chap Huat and his associates (which include Soilbuild Group Holdings Ltd. (which holds 1 Unit)) and his immediate family members (which together holds 22,690,000 Units) will abstain from voting on the resolution.

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 Tuesday, 16 August 2016 at 2.30 p.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 Knight Frank 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 Manager¹ at 25 Changi South Street 1, SB Building, Singapore 486059 from the date of this Circular up to and including the date falling three months after the date of this Circular:

- (i) the Sale and Purchase Agreement (which contains the form of the Master Lease Agreement);
- (ii) the IFA Letter;
- (iii) the independent valuation report on the Property issued by Knight Frank;
- (iv) the independent valuation report on the Property issued by CBRE;
- (v) the Soilbuild REIT 2015 Audited Financial Statements;

¹ Prior appointment with the Manager will be appreciated.

- (vi) the written consents of each of the IFA and the Independent Valuers; and
- (vii) the Trust Deed.

Yours faithfully

SB REIT Management Pte. Ltd.

(as manager of Soilbuild Business Space REIT)

(Company Registration No. 201224644N)

Mr Chong Kie Cheong

Chairman and Independent Non-Executive Director

IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem 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:

%	:	Per centum or percentage
Acquisition Fee	:	The acquisition fee for the Proposed Acquisition which the Manager will be entitled to receive from Soilbuild REIT upon completion of the Proposed Acquisition
Acquisition Fee Units	:	The Units to be issued to the Manager as payment of the Acquisition Fee
Aggregate Leverage	:	The ratio of the value of borrowings and deferred payments (if any) to the value of the Deposited Property
Audit & Risk Committee	:	The Audit & Risk Committee of the Manager
AYE	:	Ayer Rajah Expressway
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 3 August 2016
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
DPU	:	Distribution per Unit
EGM	:	The extraordinary general meeting of Unitholders to be held on Thursday, 18 August 2016 at 2.30 p.m. at Raffles City Convention Centre, Olivia 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-3 of this Circular
Enlarged Portfolio	:	The Existing Properties and the Property
Existing Properties	:	The portfolio of properties currently held by Soilbuild REIT
FY 2015	:	The financial year ended 31 December 2015
IFA	:	CIMB Bank Berhad, Singapore Branch
IFA Letter	:	The letter from the IFA to the Independent Directors and the Audit 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	:	Knight Frank and CBRE
Knight Frank	:	Knight Frank Pte Ltd
CBRE	:	CBRE Pte Ltd
Latest Practicable Date	:	30 June 2016, being the latest practicable date prior to the printing of this Circular
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
MAS	:	Monetary Authority of Singapore
Master Lease Agreement	:	The master lease agreement to be entered into between the Trustee and SB Westview on Completion
Master Lessee	:	SB Westview
NAV	:	Net asset value, which means the total assets less total liabilities
NLA	:	Net lettable area, which comprises areas in a property that is primarily comprised of tenantable space, and excludes space used for building and centre management functions and common areas
NPI	:	Net property income, which means property income less property expenses
NTA	:	Net tangible asset value, which means the total assets (excluding intangible assets) less total liabilities
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
p.a.	:	Per annum
PIE	:	Pan Island Expressway
Property	:	The property located at 2 Bukit Batok Street 23, Singapore 659554 and commonly known as Bukit Batok Connection
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS

Proposed Acquisition	:	The proposed acquisition of the Property
Proposed Transaction	:	The Proposed Acquisition and the entry into of the Master Lease Agreement
Purchase Consideration	:	The purchase consideration of S\$96.3 million for the Acquisition
S\$ and cents	:	Singapore dollars and cents
Sale and Purchase Agreement	:	The sale and purchase agreement entered into by the Trustee and SB Westview dated 14 June 2016 in connection with the Proposed Acquisition
SB Westview	:	SB (Westview) Investment Pte. Ltd.
Security Deposit	:	A security deposit equivalent to 12 months of the monthly rent payable for each year to be paid by SB Westview as Master Lessee to the Trustee pursuant to the Master Lease Agreement
SGX-ST	:	Singapore Exchange Securities Trading Limited
Soilbuild REIT	:	Soilbuild Business Space REIT
Soilbuild REIT 2015 Audited Financial Statements	:	The audited consolidated financial statements of Soilbuild REIT for the financial year ended 31 December 2015
sq ft	:	Square feet
sq m	:	Square metre
Substantial Unitholder	:	A person with an interest in Units constituting not less than 5.0% of the total number of Units in issue
TOP	:	Temporary Occupation Permit
Total Acquisition Cost	:	The total cost of the Proposed Acquisition 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

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.

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

1. THE PROPERTY

1.1 Description of the Property

The Property is a 9-storey clean and light ramp-up 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 was completed in May 2015 and received its 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 and layouts with high ceiling height of 6.0 metres and heavy floor loading of 15 kN/m². Every unit has direct access to its 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.

The Property is strategically located on Bukit Batok Street 23 in an area zoned for industrial usage with established infrastructure facilities and amenities located nearby. It is in close proximity to Bukit Batok MRT and Jurong East MRT. 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 checkpoint.

Location	2 Bukit Batok Street 23, Singapore 659554
Land Area (sq ft)	161,577
Gross Floor Area (sq ft)	403,591
Net Lettable Area (sq ft)	377,776
Number of Tenant	Master Lease: 1 Underlying Sub-Tenants: 24
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
Occupancy Rate (as at 30 June 2016)	Master Lease: 100% Underlying Sub-Tenants: 40.3%

1.2 Master Lessee

The Property will be leased to SB (Westview) Investment Pte. Ltd., a subsidiary of the Soilbuild Group Holdings Ltd., as Master Lessee. The initial lease term is seven years from the completion date of the sale and purchase. Security deposits in the form of cash or bank guarantees amounting to 12 months' prevailing rent and a corporate guarantee from Soilbuild Group Holdings Ltd. will be held by Soilbuild REIT.

The initial annual rent will be S\$8.0 million with rental escalation of up to 2.0% per annum. As the Master Lease Agreement is structured as a double net lease, the Master Lessee, is further responsible for all property tax, property maintenance, insurance and all other outgoing expenses (save for property and lease management fees) during the lease term.

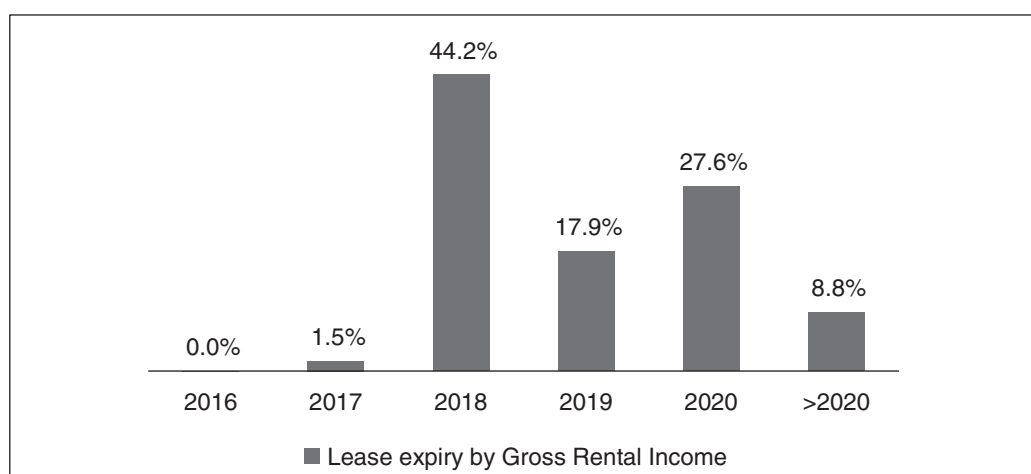
1.3 Sub-Tenants Profile

The sub-tenants of the Property comprise a mix of multi-national corporations (55.0% by gross rental income) and small and medium enterprises (45.0% by gross rental income).

The table below sets out the trade sector analysis of the sub-tenants of the Property by gross rental income.

Trade Sector	% of Gross Rental Income
Marine Offshore	26.2%
Food products & beverages	22.8%
Publishing, printing & reproduction of recorded media	11.5%
Real Estate & Construction	8.5%
Supply Chain Management, 3rd Party Logistics, Freight Forwarding	6.5%
Precision Engineering, Electrical and Machinery Products	5.2%
Fabricated metal products	4.0%
Pharmaceutical & Biological	1.6%
Others	13.7%

The chart below shows the lease expiry profile of the sub-tenants of the Property by gross rental income.



2. EXISTING PROPERTIES AND THE ENLARGED PORTFOLIO

Soilbuild REIT's existing property portfolio comprises 11 properties located in Singapore, with 9 industrial properties and 2 business park properties. The table below sets out selected information on the Existing Properties and the Enlarged Portfolio as at 30 June 2016 (unless otherwise indicated).

	The Property	Existing Properties	Enlarged Portfolio
Gross Floor Area (sq ft)	403,591	3,815,558	4,219,149
Net Lettable Area (sq ft)	377,776	3,537,792	3,915,568
Number of Tenants	24 ⁽¹⁾	109 ⁽¹⁾	133 ⁽¹⁾
Valuation (S\$ million)	96.3 ⁽²⁾	1,190.7 ⁽³⁾	1,287.0
Committed Occupancy (%)	100.0%	92.0%	92.8%
Weighted Average Lease to Expiry (by Gross Rental Income) (years)	7.0	4.6	4.8
Weighted Average Land Lease to Expiry (by Valuation) (years)	26.4	45.2	43.8

Notes:

- (1) Inclusive of underlying tenants at the Property and Solaris but does not include the master lessee at the Property and Solaris.
- (2) Based on average of the two valuations by Knight Frank (S\$96.6 million) and CBRE (S\$96.0 million) in their respective reports both dated 12 May 2016.
- (3) As at 31 December 2015.

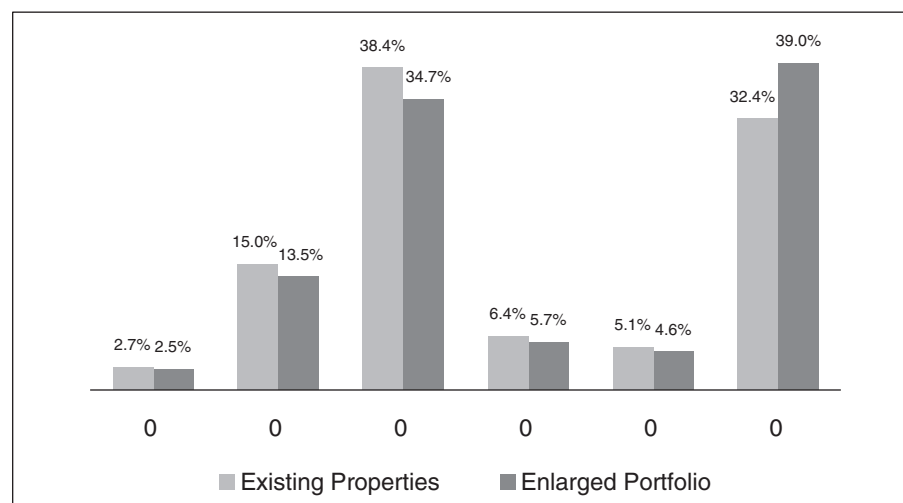
2.1 Property Segment Analysis for Existing Properties and Enlarged Portfolio as at 30 June 2016

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

	Existing Properties	Enlarged Portfolio
Business Park (S\$ million)	462.8	462.8
Industrial (S\$ million)	727.9	824.2
Total (S\$ million)	1,190.7	1,287.0

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

The chart below illustrates the lease expiry profile for the Existing Properties and Enlarged Portfolio by gross rental income as at 30 June 2016.



Lease Expiry by Gross Rental Income	2016	2017	2018	2019	2020	>2020
Existing Properties	2.7%	15.0%	38.4%	6.4%	5.1%	32.4%
Enlarged Portfolio	2.5%	13.5%	34.7%	5.7%	4.6%	39.0%

2.3 Top Ten Tenants for the Existing Properties and the Enlarged Portfolio as at 30 June 2016

The tables below sets out the gross rental income contribution by the top ten tenants of the Existing Properties and the Enlarged Portfolio.

Existing Properties		
Tenant Ranking	Tenant	% of gross rental income
1	Technics Offshore	9.4%
2	NK Ingredients Pte Ltd	5.8%
3	SPRING Singapore	4.5%
4	KTL Offshore Pte Ltd	4.4%
5	Mediatek Singapore Pte Ltd	4.1%
6	Autodesk Asia Pte Ltd	4.0%
7	Nestle Singapore (Pte) Ltd	3.4%
8	John Wiley & Sons (Singapore) Pte Ltd	2.9%
9	Dyson Operations Pte Ltd	2.5%
10	Crown Worldwide Pte Ltd	2.3%

Enlarged Portfolio		
Tenant Ranking	Tenant	% of gross rental income
1	SB (Westview) Investment Pte Ltd	8.7%
2	Technics Offshore	8.6%
3	NK Ingredients Pte Ltd	5.3%
4	SPRING Singapore	4.1%
5	KTL Offshore Pte Ltd	4.0%
6	Mediatek Singapore Pte Ltd	3.7%
7	Autodesk Asia Pte Ltd	3.7%
8	Nestle Singapore (Pte) Ltd	3.1%
9	John Wiley & Sons (Singapore) Pte Ltd	2.6%
10	Dyson Operations Pte Ltd	2.3%

2.4 Trade Sector Analysis for the Existing Properties and the Enlarged Portfolio (as at 30 June 2016)

The table below provides a breakdown by gross rental income of the different trade sectors represented in the Existing Properties.

Existing Properties	
Trade Sector	% of gross rental income
Precision Engineering, Electrical and Machinery Products	12.2%
Oil & Gas	12.2%
Marine Offshore	11.4%
Information Technology	10.7%
Electronics	10.1%
Chemicals	9.4%
Fabricated Metal Products	4.8%
Publishing, Printing & Reproduction of Recorded Media	4.6%
Government Agency	4.5%
Food Products & Beverages	4.2%
Supply Chain Management, 3rd Party Logistics, Freight Forwarding	3.4%
Real Estate & Construction	1.0%
Others	11.5%

The table below provides a breakdown by gross rental income of the different trade sectors represented in the Enlarged Portfolio.

Enlarged Portfolio	
Trade Sector	% of gross rental income
Precision Engineering, Electrical and Machinery Products	11.2%
Oil & Gas	11.1%
Marine Offshore	10.4%
Information Technology	9.8%
Real Estate & Construction	9.7%
Electronics	9.2%
Chemicals	8.6%
Fabricated Metal Products	4.4%
Publishing, Printing & Reproduction of Recorded Media	4.2%
Government Agency	4.1%
Food Products & Beverages	3.8%
Supply Chain Management, 3rd Party Logistics, Freight Forwarding	3.1%
Others	10.4%

VALUATION CERTIFICATES

Bukit Batok Connection
2 Bukit Batok Street 23, Singapore 659554
Date of Valuation: 15 April 2016

Valuation Certificate

Property: Bukit Batok Connection
2 Bukit Batok Street 23
Singapore 659554

Client: DBS Trustee Limited (as Trustee of Soilbuild Business Space REIT)

Trust: Soilbuild Business Space REIT

Purpose: Acquisition, Corporate Reporting And Mortgage Security Purpose

Interest Valued: Leasehold for a term of 30 years commencing from 26-11-2012. Balance term 26.62 years.

Basis of Valuation: Market Value subject to the proposed Master Lease.

Registered Owner: SB (Westview) Pte. Ltd.

Land Area: 15,011.1 square metres

Town Planning: "Business 1" with a plot ratio of 2.5

Brief Description: The property comprises a 9-storey ramp-up light industrial building suitable for light manufacturing and related activities as well as warehouse and logistics activities. The facility is partitioned to provide individual units, including smaller-sized light industrial accommodation on Level 2, with larger-sized units located on the 3rd to 9th levels. Level 1 incorporates units with glass shopfronts as well as a childcare centre and a canteen. Ample car and lorry parking lots are provided within in the property on Level 1 and the upper levels which are serviced by a vehicular ramp. The Temporary Occupation Permit (TOP) was granted 20th May 2015.



Tenancy Profile: The building is proposed to be leased to SB (Westview) Pte. Ltd. (the Master Lessee) for a period of 7 years. We assume that the lease commenced at the date of valuation.

Lease Condition: The proposed Master Lease is subject to fixed annual rental escalations of 2%. The contracted rent for Year 1 is \$S8,000,000 per annum. The tenant is required to pay all outgoing expenses including (but not limited to) repairs and maintenance, landscaping, utilities costs, security, insurance, property tax and capital expenditure, but excluding property and lease management fees.

Annual Value: \$2,252,000 (Property Tax borne by Master Lessee)

NLA (sqft): 377,776.0

GFA (sqft): 403,591.0

Valuation Approaches: Capitalisation Approach and Discounted Cash Flow Analysis

Date of Valuation: 15 April 2016

Date of Report: 12 May 2016

Assessed Value: \$96,000,000

This valuation is exclusive of GST.

(Ninety Six Million Dollars)

Analysis:

Capitalisation Rate: 6.50%

Terminal Yield: 7.00%

IRR (10 years): 8.00%

Value psf of NLA: \$254

Value psf of GFA: \$238

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: Li Hiaw Ho DipUrbVal (Auck) SNZPI FSISV
Appraiser's License, No. AD041-20024451
Executive Director - Valuation & Advisory Services

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

Valuation certificate

Property	: 2 Bukit Batok Street 23 "Bukit Batok Connection" Singapore 659554
Client	: DBS Trustee Limited (in its capacity as Trustee of Soilbuild Business Space REIT)
Purpose	: For acquisition, corporate reporting and mortgage security
Legal description	: Lot No. : 8788L Mukim : 5
Tenure	: Leasehold 30 years with effect from 26 November 2012 (Balance of about 26.5 years as at 12 May 2016)
Basis of valuation	: Market Value on existing use basis and subject to proposed Master Lease.
Registered lessee	: SB (Westview) Investment Pte. Ltd.
Master plan 2014	: "Business 1" with a gross plot ratio of 2.5
Brief description	: The Property is located at the north-western side of the cross junction of Bukit Batok Street 23, Bukit Batok Industrial Park A and Bukit Batok Street 24, off Bukit Batok East Avenue 6, and approximately 15.0 km from the City Centre. The Property consists of a block of 9-storey ramp-up factory building, a childcare centre and a temporary ancillary staff canteen. A total of 306 car park lots, 191 lorry/container lots and 4 handicapped lots are provided. The Temporary Occupation Permit was issued on 20 May 2015.
Land area	: 15,011.1 sm
Gross floor area	: 37,494.9 sm approximately
Net lettable area	: 35,096.6 sm approximately
Valuation approaches	: Capitalisation Approach and Discounted Cash Flow Analysis
Valuation date	: 12 May 2016
Market Value	: S\$96,600,000/- (Singapore Dollars Ninety-Six Million And Six Hundred Thousand Only)
Assumptions, disclaimers, limitations & qualifications	: <i>This valuation certificate is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this certificate which are made in conjunction with those included within the Limiting Conditions located at the end of this certificate. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorized, Knight Frank Pte Ltd is not liable for any loss arising from such unauthorised use or reliance. The document should not be reproduced without our written authority. The valuers have no pecuniary interest that would conflict with the proper valuation of the Property.</i>
Prepared by	: Knight Frank Pte Ltd



Png Poh Soon
MSc., B.Sc.(Real Estate) Hons., MSISV
Director
Valuation
Appraiser's Licence No: AD 041-2009900J
For and on behalf of Knight Frank Pte Ltd

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

3 August 2016

To: The Independent Directors and Audit & Risk Committee
SB REIT Management Pte. Ltd.
(as the Manager of Soilbuild Business Space REIT)
25 Changi South Street 1
Singapore 486059

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

Dear Sirs,

- (1) **THE PROPOSED ACQUISITION OF BUKIT BATOK CONNECTION**
- (2) **THE PROPOSED ENTRY INTO THE MASTER LEASE AGREEMENT IN RELATION TO BUKIT BATOK CONNECTION**

*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 3 August 2016 ("**Circular**").*

1. INTRODUCTION

On 14 June 2016, SB REIT Management Pte. Ltd. (the "**Manager**") announced *inter alia* that DBS Trustee Limited (the "**Trustee**"), as trustee of Soilbuild REIT, had entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with SB (Westview) Investment Pte Ltd (the "**SB Westview**"), for 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**"). In connection with the Proposed Acquisition, the Trustee will 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 (the "**Master Lease**", together with the Proposed Acquisition, the "**Proposed Transaction**").

CIMB Bank Berhad, Singapore Branch ("**CIMB**") has been appointed as the independent financial adviser 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.

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 12 May 2016 and issued by Knight Frank Pte Ltd ("**Knight Frank**") dated 12 May 2016 (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 Acquisition.

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 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 22 July 2016, being 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 22 July 2016 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 Acquisition are set out in Section 2 of the Circular. We set out below a summary of the key terms:

- (i) The Purchase Consideration is S\$96.3 million. The Purchase Consideration was negotiated on a willing buyer and willing seller basis and supported by independent valuations.
- (ii) The estimated Total Acquisition Cost is S\$100.49 million, comprising:
 - (a) the Purchase Consideration of S\$96.3 million;
 - (b) the Acquisition Fee (payable by issuance of the Acquisition Fee Units to the Manager) of S\$0.96 million; and
 - (c) 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.

- (iii) The Manager intends to finance the Total Acquisition Cost through:
 - (a) a combination of debt and equity financing (“**Scenarios A and B**”); or
 - (b) the issuance of perpetual securities (“**Scenario C**”).

There is no assurance that the actual financing plan will be similar to Scenario A, Scenario B or Scenario C.

- (iv) The principal terms of the Sale and Purchase Agreement include, among others, the following conditions precedent:
 - (a) Unitholders’ approval of the Proposed Transaction being obtained;
 - (b) the Trustee obtaining funds, on terms acceptable to the Trustee, to finance the Proposed Acquisition; and
 - (c) (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, 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.
- (v) Pursuant to the Sale and Purchase Agreement, 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.

3.2 Information on the Property, the Master Lease Agreement and the Underlying Sub-leases

3.2.1 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 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 was completed in May 2015 and received its 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 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.

- (ii) The Property is strategically located in Bukit Batok and is surrounded by a high mix of residential, retail, amenities and food & beverage 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**”).
- (iii) The table below sets out a summary of selected information on the Property as at 30 June 2016 (unless otherwise indicated).

Location	2 Bukit Batok Street 23, Singapore 659554
Land Area (sq ft)	161,577
Gross Floor Area (sq ft) (“GFA”)	403,591
Net Lettable Area (sq ft) (“NLA”)	377,776
Number of Tenant	Master Lease: 1 Underlying Sub-Tenants: 24
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
Occupancy Rate	Master Lease: 100% Underlying Sub-Tenants: 40.3%

3.2.2 Information on the Master Lease Agreement

The principal terms of the Master Lease Agreement are set in Section 2.6 of the Circular. The following is extracted from Section 2.6 of the Circular and reproduced in *italics* below.

“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:

- (i) *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;*
- (ii) *SB Westview as Master Lessee will be paying the Security Deposit¹;*
- (iii) *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;*
- (iv) *SB Westview:*
 - (a) *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;*

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.*

- (b) *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; and*
- (c) *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;*
- (v) *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; and*
- (vi) *in the event that Soilbuild REIT were to subsequently dispose of the Property during the term of the Master Lease, the Trustee has the right to assign or transfer the Master Lease Agreement to the buyer of the Property, and the Master Lessee must accept the buyer of the Property as its new landlord, and for the avoidance of doubt, there is no right for SB Westview as Master Lessee to terminate the Master Lease Agreement as a result of such sale.”*

Furthermore, we note that as the Master Lease Agreement is structured as a double net lease, the Master Lessee, is further responsible for all property tax, property maintenance, insurance and all other outgoing expenses (save for property and lease management fees) during the lease term.

3.2.3 Information on the Underlying Sub-leases

The following is extracted from Section 2.7 of the Circular and reproduced in *italics* below.

“The Property was recently completed and only received its TOP on 20 May 2015. Accordingly, the Master Lessee is still in the process of leasing out the Property to sub-tenants. As at the 30 June 2016, sub-tenants occupy 40.3% of the Property.

The passing rent of the Property (computed based on the total rental payable by the sub-tenants and Carpark and other income divided by the area occupied by these sub-tenants) is S\$1.92 per square foot per month.

The rental payable pursuant to the Master Lease Agreement is S\$1.76 per square foot per month (computed based on rental for the initial year divided by the total net lettable area of the Property). If the rental for the Master Lease is adjusted to add back the maintenance cost and property tax (i.e. adjusted to take into account the double net rental rate), the rental would be S\$2.04 per square foot per month.

The passing rent of the Property of S\$1.92 per square foot per month, the Master Lease rent of S\$1.76 per square foot per month and the adjusted Master Lease rent of S\$2.04 per square foot per month are comparable to the rentals in comparable properties around the Bukit Batok region based on the Urban Redevelopment Authority (“URA”) Real Estate Information System (REALIS) rental statistics for multiple-user factory in the Bukit Batok Planning Area¹ as set out in the table below.

Quarter	Bukit Batok Planning Area Rentals (S\$ per square foot per month)				
	Minimum	25th Percentile	Median	75th Percentile	Maximum
2013Q2	1.29	1.91	2.30	2.57	3.00
2013Q3	0.86	1.92	2.25	2.56	6.05
2013Q4	1.22	1.94	2.24	2.69	5.33
2014Q1	1.41	2.00	2.15	2.47	6.50
2014Q2	1.24	1.94	2.17	2.50	4.94
2014Q3	1.35	1.91	2.25	2.60	3.84
2014Q4	1.12	1.88	2.19	2.42	3.15
2015Q1	1.57	1.92	2.15	2.40	3.33
2015Q2	1.09	1.94	2.17	2.44	3.50
2015Q3	1.37	1.84	2.06	2.33	3.00
2015Q4	1.30	1.89	2.10	2.35	3.22
2016Q1	1.35	1.93	2.09	2.29	3.18
2016Q2	1.36	1.79	1.98	2.35	2.71

Source: URA, REALIS

The gross rental received by the Master Lessee from the underlying sub-tenant is S\$3.3 million² per annum based on the current underlying sub-tenant occupancy rate of 40.3% and the gross rental payable by the Master Lessee pursuant to the Master Lease Agreement is S\$8.0 million for the initial year.”

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) the rationale for the Proposed Transaction;
- (ii) the valuation of the Property as appraised by the Independent Property Valuers;
- (iii) the Purchase Consideration of the Property as compared to valuation of:
 - (a) the industrial and manufacturing properties in Singapore (not including business parks and several high-tech properties) held by real estate investment trusts (“REITs”) listed on the SGX-ST (“Comparable Properties”); and

¹ “Bukit Batok Planning Area” refers to the Bukit Batok planning area in the Western Region of Singapore designated by the URA under its Master Plan.

² Annualised based on revenue received for the month of June 2016.

- (b) recent acquisitions of industrial and manufacturing properties in Singapore (not including business parks and several high-tech properties) by REITs listed on the SGX-ST ("**Comparable Transactions**") since 1 January 2015;
- (iv) the net property income yield of the Property as compared to the overall net property income yield of Soilbuild REIT and other REITs listed on the SGX-ST;
- (v) the pro-forma financial effects of the Proposed Transaction on Soilbuild REIT; and
- (vi) other relevant considerations.

In our analysis, the Purchase Consideration for the Property was compared against the market valuation of the Comparable Properties and also against the purchase consideration of similar properties in recent acquisitions by other industrial REITs on a price per sq ft or price per sq m basis where information on yields is not available. We wish to highlight that such analysis serves merely as an illustrative guide as price per sq ft or price per sq m is likely to be distorted by the many differences amongst the properties. We would consider a comparison of yields more meaningful and representative than a comparison of price per sq ft or price per sq m. Net property income yield is the net operating income generated by the property divided by the price or valuation of the property. It represents income per dollar of investment on an annualised basis, that is, the investment return. 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 an acquisition.

Generally, property valuations include a subjective determination of certain factors specific to the property such as market position, competitive strengths 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) **Enhancement to the value of Soilbuild REIT's property portfolio.** The Proposed Transaction is in line with the Manager's strategy to enhance the value of Soilbuild REIT's property portfolio through investments in income-producing real estate used primarily for business space purposes, to deliver stable distributions and sustainable total returns to the Unitholders.
- (ii) **Competitive strength of the Property.** 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. The Property's close proximity to the Bukit Batok residential precinct provides end-users with a primary customer base as well as immediate access to the labour supply within the region. The Property is also well connected to transport nodes (e.g. MRT stations) and well served by major expressways.

The Property offers a wide range of unit sizes. Every unit comes with a functional layout, high floor to ceiling height and heavy floor loading. The Property's high specifications results in it being well positioned to attract a wide range of end-user.

- (iii) **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%¹ to 26.9% following the Proposed Transaction. The Proposed Transaction will diversify Soilbuild REIT's revenue stream and strengthen Soilbuild REIT's market presence in the western region of Singapore.
- (iv) **Expected increase in distributable income to Unitholders.** Based on the Total Acquisition Cost, the Property is expected to generate an initial net property yield of approximately 7.7%. The pro forma financial effects of the Proposed Acquisition on the distribution per Unit ("DPU") of Soilbuild REIT for FY2015 is disclosed in Section 3.3.6 of this letter.
- (v) **Stronger platform for further acquisition growth.** The Proposed Acquisition will increase the valuation of Soilbuild REIT's portfolio from S\$1.19 billion² 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.
- (vi) **Master Lease Agreement assures Soilbuild REIT secured rental income.** The seven-year tenure of the Master Lease Agreement is expected to provide Soilbuild REIT with secured rental income over the medium term. The Master Lease Agreement will be on a double-net basis, with the rental payment for the first year fixed and rental subject to escalation of up to 2.0% every year. The fixed rent provides income certainty and downside protection to Soilbuild REIT, as it provides for a minimum rental payment regardless of SB Westview's performance. In addition, SB Westview will give security deposits in the form of cash amounting to 12 months of the prevailing rent and a corporate guarantee from its parent company, Soilbuild Group Holdings Ltd. This mitigates any risk on income caused by the uncertainty and volatility of 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.

3.3.2 Valuation of the Property as appraised by the Independent Property Valuers

CBRE was commissioned by the Trustee and Knight Frank 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 Knight Frank, "market value" is defined as "the estimated amount for which an asset or liability should exchange on 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".

¹ Based on FY2015 gross revenue and West Park BizCentral being the largest contributor to gross revenue.

² Based on Soilbuild REIT's Existing Properties valuation as at 31 December 2015.

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

Valuation methodology	Brief description in Valuation Report
<u>CBRE</u>	
(i) Capitalisation approach	<p>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.</p> <p>The adopted yield 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.</p>
(ii) Discounted cash flow analysis	<p>A discounted cash flow analysis over a 10-year investment horizon has been carried out and the property is assumed to be 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.</p>

Valuation methodology	Brief description in Valuation Report
<u>Knight Frank</u>	
(i) Capitalisation approach	<p>In the capitalisation approach, the net income of the subject property is capitalised at a suitable rate of return for the balance lease term at a yield rate which is appropriate for the type of use, tenure and reflective of the quality of the investment, based on analysis of yields reflected in the sales of other property types.</p> <p>Capital adjustments such as letting-up allowance, leasing commissions, capital expenditure and capitalised rental reversions are then made to derive the capital value of the subject property.</p>

Valuation methodology	Brief description in Valuation Report
(ii) Discounted cash flow analysis	<p>A valuation using the discounted cash flow model is carried out over a period of ten years from 12 May 2016 (valuation date) to 12 May 2026 for the property. The property is hypothetically assumed to be sold after the end of the tenth year. The cash outflows (comprising operating expenses and property and lease management fees) are deducted from the cash inflows of the property (comprising rental income) to obtain the net cash flow. The stream of net cash flow is discounted at an estimated required rate of return applicable to that class of property to obtain the net present value.</p> <p>The discounted cash flow analysis is used as the property is an income-producing property. This form of analysis reflects investors' decision-making process and values the property in such a manner as to attain the desired level of investment return commensurate with the risk of that asset class. This method is also more precise as it takes into account the timing of receipts and payments. In undertaking this analysis, Knight Frank has also used a wide range of assumptions.</p>

We note that both the Independent Property Valuers had adopted the capitalisation approach and the discounted cash flow analysis as their primary valuation methodologies to arrive at their respective valuations. Based on information provided by the Independent Property Valuers, the key assumptions used by the Independent Property Valuers are as follows:

	CBRE	Knight Frank
<u>Capitalisation approach</u>		
Capitalisation rate	6.50%	7.00%
<u>Discounted cash flow analysis</u>		
Discount rate	8.00%	8.25%
Terminal capitalisation rate	7.00%	7.25%

The market value of the Property as at 12 May 2016 as determined by CBRE and Knight Frank are set out below:

	Valuation
CBRE	S\$96,000,000
Knight Frank	S\$96,600,000
Average market valuation	S\$96,300,000
Purchase Consideration	S\$96,300,000
Discount/Premium of Purchase Consideration to average market valuation	—

As illustrated in the table above, we note that the Purchase Consideration is equal to the average market valuation of the Property as valued by CBRE and Knight Frank.

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 sq ft of the Property against the valuation per sq ft 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 manufacturing 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), tenant composition, occupancy rates, competition from similar surrounding properties 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	Price per sq ft ⁽¹⁾ (\$)
AIMS AMP Capital Industrial REIT	13	31-Mar-16	195.2
Ascendas REIT	30	31-Mar-16	201.8
Cambridge Industrial Trust	15	31-Dec-15	240.6
Mapletree Industrial Trust	81	31-Mar-16	219.8
Sabana Shari'ah Compliant Industrial REIT	11	30-Jun-16	305.7
Soilbuild Business Space REIT	9	31-Dec-15	249.4
Viva Industrial Trust	3	31-Dec-15	261.4
Mean			239.1
Median			240.6
Min			195.2
Max			305.7
The Property (based on NLA)			254.9
The Property (based on GFA)			238.6

Source: Announcements and latest available annual reports of the respective industrial REITs and the Valuation Reports from the Independent Property Valuers.

Note:

- (1) In respect of the Comparable Properties, price per sq ft is computed based on the latest publicly available market valuation divided by the approximate NLA or (where information on NLA is not available as in the case of Viva Industrial Trust and a property in Sabana Shari'ah Compliant Industrial REIT) the GFA. In respect of the Property, price per sq ft is computed based on the Purchase Consideration divided by its NLA or GFA.

Based on the above, we note that:

- (i) the price per sq ft (based on NLA) for the Property is within the range but is however above the mean and median price per sq ft of the Comparable Properties; and
- (ii) the price per sq ft (based on NLA) for the Property is marginally higher (2.2%) than that of the comparable properties in Soilbuild REIT.

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

We set out in the table below a comparison of the price per sq ft of the Property against the price per sq ft of similar properties in recent acquisitions by REITs listed on the SGX-ST since 1 January 2015.

We wish to highlight that although the properties acquired in the Comparable Transactions are broadly comparable to the Property in terms of them being light industrial and manufacturing properties in Singapore, the list of Comparable Transactions may not be exhaustive and the properties listed herein 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), tenant composition, occupancy rates, competition from similar surrounding properties 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	Acquirer	Announcement date	Purchase consideration (\$m)	Approximate GFA (sq ft)	Price per sq ft ⁽¹⁾ (\$)	Expected net property income yield ⁽²⁾ (%)
11 Ubi Road 1	Viva Industrial Trust	29-Jul-15	80.7	253,058	318.9	7.0%
19 Tai Seng Avenue	Viva Industrial Trust	29-Jul-15	42.0	120,556	348.4	6.4%
30 Pioneer Road	Viva Industrial Trust	14-Jul-15	45.0	281,090	160.1	8.5%
72 Loyang Way	Soilbuild Business Space REIT	12-Mar-15	97.0	203,459	476.8	8.1%
160A Gul Circle	Cambridge Industrial Trust	18-Feb-15	16.2	86,079	188.2	n.a. ⁽³⁾
					Mean	7.5%
					Median	7.6%
					Min	6.4%
					Max	8.5%
The Property	Soilbuild Business Space REIT		\$96.3	403,591	238.6	8.1%

Source: Announcements made by the respective industrial REITs in relation to the Comparable Transactions and the Valuation Reports from the Independent Property Valuers.

Notes:

- (1) In respect of the Comparable Transactions, price per sq ft is computed based on the purchase consideration divided by the approximate GFA as set out in the relevant announcements made by the REITs. In respect of the Property, price per sq ft is computed based on the Purchase Consideration divided by its approximate GFA.
- (2) In respect of the Comparable Transactions, expected net property income yield represents the net property income yield estimated at the time of the acquisition as set out in the relevant announcement made by the REITs. In respect of the Property, expected net property income yield represents the yield estimated by the Manager for FY2015.
- (3) "n.a." denotes not available.

Based on the above, we note that:

- (i) the price per sq ft for the Property is within the price range and is lower than the mean and median price per sq ft of the Comparable Transactions; and
- (ii) the expected net property income yield of the Property is within the range and is higher than the mean and median net property income yield implied in the Comparable Transactions; and
- (iii) the price per sq ft of the Property is lower than Soilbuild REIT's previous acquisition of 72 Loyang Way. However, the Property's net property income yield is similar to that of 72 Loyang Way.

3.3.5 Comparison against overall net property income yield of Soilbuild REIT and other industrial REITs listed on the SGX-ST

We set out in the table below a comparison of the net property income yield of the Property against the overall net property income yields of Soilbuild REIT and other industrial REITs listed on the SGX-ST.

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 REIT had accounted for such acquisitions, the net property income of the relevant industrial REIT 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-16	5.7%
Ascendas REIT	31-Mar-16	5.9%
Cambridge Industrial Trust	31-Dec-15	6.1%
Mapletree Industrial Trust	31-Mar-16	6.9%
Sabana Shari'ah Compliant Industrial REIT	31-Dec-15	6.3%
Soilbuild Business Space REIT	31-Dec-15	5.7%
Viva Industrial Trust	31-Dec-15	4.5%
Mean		5.9%
Median		5.9%
Min		4.5%
Max		6.9%
The Property (based on the Proposed Consideration)		8.1%
The Property (based on the Total Acquisition Cost)		7.7%

Source: Latest available full-year results announcements or annual reports of the respective industrial REITs.

Note:

- (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 as at the end of the financial year.

Based on the above, we note that:

- (i) the net property income yield of The Property at 8.1% is higher than the overall net property income yield of Soilbuild REIT of 5.7%; and
- (ii) the net property income yield of The Property at 8.1% is higher than the overall net property yields of other industrial REITs listed on the SGX-ST.

3.3.6 Pro-forma financial effects of the Proposed Acquisition

The pro forma financial effects of the Proposed Acquisition on Soilbuild REIT are set out in Section 4.1 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 4.1 of the Circular. The various methods of funding will also result in different financial effects. The following is extracted from Section 4.1 of the Circular and reproduced in *italics* below.

“(i) Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Acquisition on Soilbuild REIT's DPU for FY2015, as if the Proposed Acquisition was completed on 1 January 2015 and Soilbuild REIT held and operated the Property through to 31 December 2015 are as follows:

	Effects of the Proposed Acquisition			
	Before the Proposed Acquisition	After the Proposed Acquisition		
		Scenario A: 36.0% Debt Financing and 64.0% Equity Financing⁽¹⁾	Scenario B: 50.0% Debt Financing and 50.0% Equity Financing⁽²⁾	Scenario C: 100.0% through Issuance of Perpetual Securities⁽³⁾
<i>Net Income (S\$'000)</i>	47,124	52,916	52,271	53,790
<i>Distributable Income (S\$'000)</i>	57,867	64,709	64,267	65,848
<i>Distributable Income attributable to perpetual securities holder (S\$'000)</i>	—	—	—	4,882
<i>Distributable Income attributable to Unitholders (S\$'000)</i>	57,867	64,709	64,267	60,966
<i>Issued Units ('000)</i>	934,442	1,036,186	1,014,386	936,372
<i>DPU based on underlying sub-tenants (cents)⁽⁴⁾</i>	6.487	6.495	6.596	6.801
<i>DPU based on actual Master Lease (cents)</i>	6.487	6.514	6.615	6.823

Notes:

- (1) Based on an all-in interest cost of 3.32% per annum and 99,472,348 new Units issued at S\$0.650 per new Unit.
- (2) Based on an all-in interest cost of 3.32% per annum and 77,712,772 new Units issued at S\$0.650 per new Unit.
- (3) Based on issuance of Perpetual Securities at 4.87% per annum coupon rate.
- (4) The “DPU based on underlying sub-tenants” is computed based on the underlying passing rentals rate of S\$1.92 per square foot per month at an assumed stabilised occupancy rate of 90.1% (JTC Industrial average occupancy rate as at 1Q 2016) for the period from 1 January 2015 to 31 December 2015 (instead of the Master Lease rental).

(ii) Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Acquisition on Soilbuild REIT's NAV per Unit as at 31 December 2015, as if the Proposed Acquisition was completed on 31 December 2015 are as follows:

	Effects of the Proposed Acquisition			
	Before the Proposed Acquisition	After the Proposed Acquisition		
		Scenario A: 36.0% Debt Financing and 64.0% Equity Financing ⁽¹⁾	Scenario B: 50.0% Debt Financing and 50.0% Equity Financing ⁽²⁾	Scenario C: 100.0% through Issuance of Perpetual Securities ⁽³⁾
NAV (S\$'000)	745,973	810,638	796,703	846,470 ⁽³⁾
Issued Units ('000)	934,442	1,035,341	1,013,581	935,868
NAV per Unit attributable to Unitholders (S\$)	0.80	0.78	0.79	0.80

Notes:

(1) 99,472,348 new Units issued at S\$0.650 per new Unit.

(2) 77,712,772 new Units issued at S\$0.650 per new Unit.

(3) Includes S\$99,533,600 attributable to the holders of the Perpetual Securities.

(iii) Pro Forma Capitalisation

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma capitalisation of Soilbuild REIT as at 31 December 2015, as if the Proposed Acquisition was completed on 31 December 2015, is as follows:

	Effects of the Proposed Acquisition			
	Before the Proposed Acquisition	After the Proposed Acquisition		
		Scenario A: 36.0% Debt Financing and 64.0% Equity Financing ⁽¹⁾	Scenario B: 50.0% Debt Financing and 50.0% Equity Financing ⁽¹⁾	Scenario C: 100.0% through Issuance of Perpetual Securities
Current Unsecured loans and borrowings (S\$'000)	—	—	—	—
Non-Current Unsecured loans and borrowings (S\$'000)	121,086	156,918	170,853	121,086
Secured loans and borrowings (S\$'000)	277,416	277,416	277,416	277,416
Total loans and borrowings (S\$'000)	398,502	434,334	448,269	398,502

	Effects of the Proposed Acquisition			
	Before the Proposed Acquisition	After the Proposed Acquisition		
		Scenario A: 36.0% Debt Financing and 64.0% Equity Financing⁽¹⁾	Scenario B: 50.0% Debt Financing and 50.0% Equity Financing⁽¹⁾	Scenario C 100.0% through Issuance of Perpetual Securities
<i>Unitholders' funds (S\$'000)</i>	745,973	810,638	796,703	746,936
<i>Perpetual Securities (S\$'000)</i>	–	–	–	99,534
Total Capitalisation (S\$'000)	1,144,475	1,244,972	1,244,972	1,244,972

Note:

(1) Debt financing assumed to be non-current unsecured loans and borrowings¹

(iv) Aggregate Leverage¹

Soilbuild REIT's aggregate leverage is set out in Section 2.5 of the Circular. The pro forma aggregate leverage of Soilbuild REIT is set out below for illustrative purposes:

	Effects of the Proposed Acquisition			
	Before the Proposed Acquisition	After the Proposed Acquisition		
		Scenario A: 36.0% Debt Financing and 64.0% Equity Financing	Scenario B: 50.0% Debt Financing and 50.0% Equity Financing	Scenario C 100.0% through Issuance of Perpetual Securities
Soilbuild REIT's aggregate leverage	36.0%	36.0%	37.1%	33.3%

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

- (i) the pro forma DPU increases for all the scenarios;
- (ii) the pro forma NAV per Unit decreases marginally for scenarios A and B and remains constant for scenario C; and
- (iii) the pro forma total capitalisation increases from S\$1,144.5 million to S\$1,245.0 million for all the scenarios.

¹ The ratio of the value of borrowings and deferred payments (if any) to the value of deposited property of Soilbuild REIT.

3.4 Other relevant considerations

3.4.1 Master Lease Agreement

In our correspondences with the Manager and Independent Property Valuers, we note the following:

Rental rates

- (i) CBRE stated that the contract rental rate is reasonable, although it is considered to be at the upper end of the acceptable market range.
- (ii) Knight Frank mentioned that the rental rate is generally higher than what it has observed for leases in the vicinity. However, it has also acknowledged that it is reasonable for new developments, with better specifications, to command a premium over older properties, and as such is of the view that the rental rate of the Property is reasonable and supportable.

Rental escalation

- (i) CBRE noted that the rate of escalation of up to 2.0% p.a. is considered reasonable in the context of a typical Master Lease Agreement.
- (ii) Knight Frank observed that the rental escalation rate of industrial properties average about 3.0% over 10 years trends. However, in light of a generally higher rental rate for the Property over leases in the vicinity and the current consumer price index of 2.0%; Knight Frank is of the view that the 2.0% rental escalation is reasonable and supportable.

Security deposit

Security deposit is a deposit placed as security for compliance by the lessee of all the provisions in the lease agreement and as security for the trustee in respect of any loss or damage resulting from any default by the lessee under the lease agreement. Pursuant to the Master Lease Agreement, SB Westview will place a security deposit equivalent to 12 months' rent with SB REIT. Soilbuild Group Holdings Ltd., the parent company of SB Westview, will also be giving the Trustee a corporate guarantee.

- (i) CBRE noted that the security deposit of 12 months is considered reasonable in the context of a typical Master Lease Agreement.
- (ii) Knight Frank is of the view that it is not unreasonable for the security deposit to be 12 months as it is normal to have a longer security deposit for master lessees of a single tenanted property as compared to lessees of multiple tenanted properties to mitigate the risk for the landlord as the landlord will take longer to secure another master lessee vis-à-vis multiple tenanted properties.

We further note the following based on publicly available information:

- (i) Soilbuild REIT's annual report states that eight of Soilbuild REIT's existing properties as at 31 December 2015 are supported by security deposits ranging from 6 to 18 months of prevailing rent in the form of either cash or bank guarantees.
- (ii) the amount of security deposits (in terms of months) in lease agreements entered into by other industrial REITs listed on the SGX-ST is as follows:

Name of REIT	Security Deposit (months)
AIMS AMP Capital Industrial REIT	4.7 average
Ascendas REIT	6 – 12 / 5.0 average
Cambridge Industrial Trust	9.1 average
Mapletree Industrial Trust	n.a.
Sabana Shari'ah Compliant Industrial REIT	n.a.
Viva Industrial Trust	n.a.

Source: Latest available annual reports of the respective industrial REITs.

3.4.2 Market overview

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

- (i) the stock of factory space stood at 35.57 million sq m as at 4Q 2015. The 4Q 2015 stock had increased by 1.142 million sq m compared to 4Q 2014 or 3.3% y-o-y of the overall factory space. On a y-o-y basis, the rate of factory completion had been increasing over the last 4 years with the rate of increase being the highest in 4Q 2014 at 3.9%. In terms of absolute quantum, new factory supply had increased the most in the West Region (where the Property is located) over the last 4 years.
- (ii) Singapore's manufacturing output contracted for the fifth consecutive quarter, falling 6.7% y-o-y in Q4 2015. For the whole of 2015, manufacturing output has declined a total of 5.2%. This is the first negative growth recorded since 2009 and also the worst performance since 2001. Overall vacancy rate of factory space maintained at 9.3% in Q4 2015. Relative to Q4 2014, vacancy has risen 0.5% off the back of weakness in the single-user factory segment.
- (iii) industrial property price index decreased by 1.5% q-o-q and 1.7% y-o-y in 4Q 2015. Investment interests in this segment have been slowing down over the last few quarters as mortgage limits, seller's stamp duty and the Total Debt Servicing Ratio curb investors' appetite.
- (iv) industrial property rental index decreased marginally by 1.1% q-o-q and by 2.1% y-o-y in 4Q 2015. The softening rent was partly affected by new supply injected in the market as well as slowdown in global economic growth and unstable global geopolitical situation. With a softer market and a step up in market competition, landlords will continue to be aggressive to attract and to retain new and existing tenants. Hence, industrial rents are likely to face downward pressure with overall industrial rents likely to reduce between 3% and 5% y-o-y in 2016.

4. ABSTENTIONS ON VOTING

We note that Mr Lim Chap Huat, his associates (which include Soilbuild Group Holdings Ltd. (which holds 1 Unit)), and his immediate family members (which together holds 22,690,000 Units) 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 based 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;
- (ii) the Purchase Consideration is equal to the average market valuation of the Property as valued by CBRE and Knight Frank;
- (iii) the price per square foot (based on NLA) for the Property is within the range but is however above the mean and median price per square foot of the Comparable Properties, and is marginally higher (2.2%) than that of the comparable properties in Soilbuild REIT;
- (iv) the price per square foot for the Property is within the price range and is lower than the mean and median price per square foot of the Comparable Transactions. It is also lower than Soilbuild REIT's previous acquisition of 72 Loyang Way. The expected net property income yield of the Property is within the range and is higher than the mean and median net property income yield implied in the Comparable Transactions but is similar to that of 72 Loyang Way;
- (v) the net property income yield of The Property at 8.1% is higher than the overall net property income yield of Soilbuild REIT of 5.7%, and higher than the overall net property yields of other industrial REITs listed on the SGX-ST;
- (vi) the pro-forma financial effects of the Potential Transaction on Soilbuild REIT; and
- (vii) other relevant considerations as set out in paragraph 3.4 of this letter.

Based upon, and having considered, *inter alia*, the factors described above and the information that has been made available to us as at 22 July 2016, we are of the opinion that as of 22 July 2016, the Proposed Transaction is, on balance, 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 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 22 July 2016 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

MAH KAH LOON

MANAGING DIRECTOR AND HEAD
INVESTMENT BANKING

ERIC WONG

DIRECTOR
INVESTMENT BANKING



B U S I N E S S S P A C E R E I T

(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 Thursday, 18 August 2016 at 2.30 p.m. at Raffles City Convention Centre, Olivia 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 3 August 2016 to Unitholders (the "**Circular**")):

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

That:

- (i) approval be and is hereby given for 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 from SB (Westview) Investment Pte. Ltd. ("**SB Westview**"), on the terms and conditions set out in the sale and purchase agreement dated 14 June 2016 (the "**Sale and Purchase Agreement**") entered into between DBS Trustee Ltd, in its capacity as trustee of Soilbuild REIT (the "**Trustee**"), and SB Westview, and the entry into of the Sale and Purchase 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 Acquisition;
- (iii) approval be and is hereby given for the proposed entry into of the master lease agreement (the "**Master Lease Agreement**") between the Trustee and SB Westview, on the terms and conditions set out in form of the master lease agreement contained in the Sale and Purchase Agreement;
- (iv) approval be and is hereby given for the proposed entry into of the corporate guarantee between Soilbuild Group Holdings Ltd. and the Trustee, on the terms and conditions set out in form of the corporate guarantee contained in the form of the Master Lease Agreement; and

- (v) SB REIT Management Pte. Ltd., as the manager of Soilbuild REIT, (the “**Manager**”), any director 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 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 Acquisition and the entry into of the Master Lease Agreement and all transactions in connection therewith.

BY ORDER OF THE BOARD

SB REIT Management Pte. Ltd.

(Registration Number: 201224644N)

as manager of Soilbuild Business Space REIT

Susie Low
Company Secretary
Singapore
3 August 2016

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 Tuesday, 16 August 2016 at 2.30 p.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.

This page has been intentionally left blank.



BUSINESS SPACE REIT

SOILBUILD BUSINESS SPACE REIT

(a real estate investment trust constituted on

13 December 2012 under the laws of the Republic of Singapore)

PROXY FORM

Extraordinary General Meeting

IMPORTANT

1. A relevant intermediary may appoint more than one proxy 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/SRS 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 3 August 2016.

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

and/or (delete as appropriate)

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

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, Olivia Ballroom, 80 Bras Basah Road, Singapore 189560, on Thursday, 18 August 2016 at 2.30 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions 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.

	Resolutions	Number of Votes For*	Number of Votes Against*
1	To approve the Proposed Acquisition of the Property and the Entry into of the Master Lease Agreement in Relation to the Property		

* 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 _____ 2016

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

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 Tuesday, 16 August 2016 at 2.30 p.m., being 48 hours before the time fixed for the EGM.

1st fold here

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

2nd fold here

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.

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.

This page has been intentionally left blank.

