

Soilbuild Business Space REIT

Buyout and Privatisation by Blackstone
and LCH

14 December 2020



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

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Introduction to the Transaction



Introduction to the Transaction

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

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

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

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

Transaction Summary



Transaction Summary

Offeror	<ul style="list-style-type: none"> Clay Holdings III Limited (the “Offeror”) <ul style="list-style-type: none"> An entity wholly-owned by Clay Holdings II Limited (“HoldCo”), which is owned by Clay Holdings I Limited (“BX SPV”) and LCH
Transaction Structure	<p>Buyout and privatisation of SB REIT, to be effected through:</p> <ul style="list-style-type: none"> The proposed acquisition of all the issued SB Units held by SB Unitholders, by way of the Trust Scheme, in accordance with the Singapore Code on Take-overs and Mergers; and The sale of all the assets in Australia (“Australian Assets”) held by SB REIT to entities controlled by BX SPV (“Australian Asset Disposal”)⁽¹⁾, which is inter-conditional with the Trust Scheme
Scheme Consideration	<ul style="list-style-type: none"> <u>\$S\$0.550 per SB Unit (“Scheme Consideration”), entirely in cash⁽²⁾</u> The Scheme Consideration will be reduced by the amount of any distribution declared, made or paid by the SB Manager for the financial period between 1 October 2020 and 31 March 2021⁽³⁾ For information only, SB REIT has declared, made and paid distributions of 1.100 Singapore cents per SB Unit, 0.745 Singapore cents per SB Unit and 0.883 Singapore cents per SB Unit for 3Q2020, 2Q2020 and 1Q2020 respectively⁽⁴⁾

Notes:

- (1) **For the avoidance of doubt, the Australian Asset Disposal will not reduce the Scheme Consideration.** Assuming that the Trust Scheme becomes effective in accordance with its terms, there will be no economic effect to the SB Unitholders as a result of the Australian Asset Disposal. The Scheme Consideration to be paid to the SB Unitholders upon the Trust Scheme becoming effective in accordance with its terms takes into account the value of the Australian Assets.
- (2) The Scheme Consideration payable to each member of the Family, the SB Manager and Soilbuild Group Holdings Ltd. upon the Trust Scheme becoming effective in accordance with its terms, shall be satisfied by the allotment and issuance of new shares in HoldCo to LCH on the Scheme Settlement Date, rather than being settled by the Offeror in cash.
- (3) Should the Effective Date fall on a date after 31 March 2021, the SB Manager shall be entitled to declare, make or pay any distributions declared on and after 1 April 2021 that are entirely in respect of a financial period commencing on and after 1 April 2021 (including part of any financial period where such financial period commences on and after 1 April 2021) where such financial period (or part thereof, as applicable) has, at the time of declaration, already concluded and which distributions are in the ordinary and usual course of business in accordance with past practice (and are not exceptional or one-off in nature) without any adjustment to the Scheme Consideration and the SB Unitholders shall have the right to receive and retain such distributions in addition to the Scheme Consideration (“**Permitted Distributions**”).
- (4) 3Q2020, 2Q2020 and 1Q2020 pertain to the financial periods from 1 July 2020 – 30 September 2020, 1 April 2020 – 30 June 2020 and 1 January 2020 – 30 March 2020 respectively. The distributions made in 3Q2020, 2Q2020 and 1Q2020 are not in any way indicative of any distribution that the SB Manager may declare in the future and should not in any way be construed as a dividend or distribution forecast.

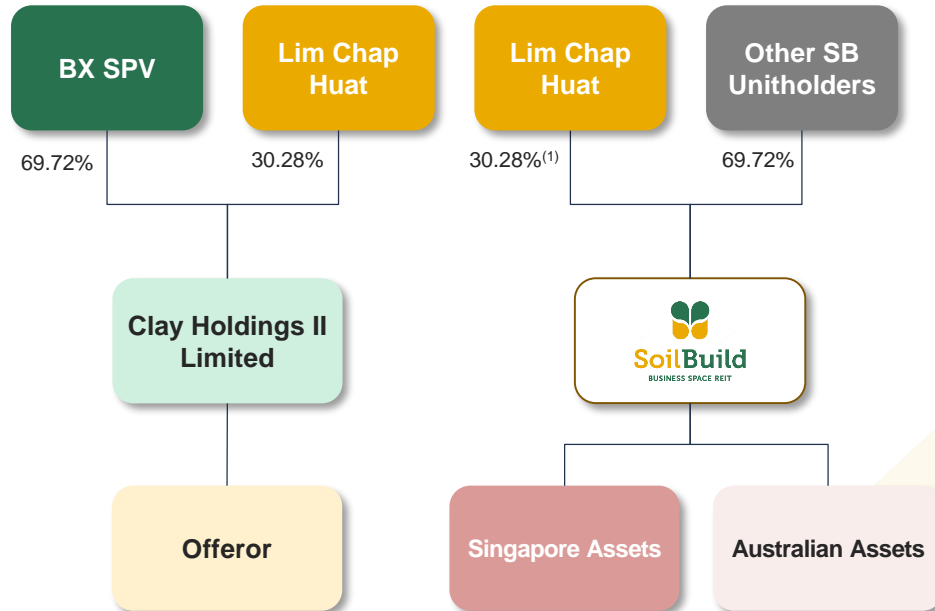
Australian Asset Disposal

Structure and Rationale for the Australian Asset Disposal	<ul style="list-style-type: none">• The Trust Scheme is conditional upon, <i>inter alia</i>, the completion of the sale of SB REIT's Australian Assets to Clay SG Holdings II Pte. Ltd. and Clay SG Holdings III Pte. Ltd.• The Australian Asset Disposal is intended to effect the proposed acquisition in an optimal and efficient manner, and is inter-conditional with the Trust Scheme and will complete on the same date as the effective date of the Trust Scheme but immediately prior to the Trust Scheme becoming effective in accordance with its terms• The Australian Asset Disposal <u>will not reduce</u> the Scheme Consideration. Assuming that the Trust Scheme becomes effective in accordance with its terms, there will be no economic effect to the SB Unitholders as a result of the Australian Asset Disposal. The Scheme Consideration to be paid to the SB Unitholders upon the Trust Scheme becoming effective in accordance with its terms takes into account the value of the Australian Assets
Australian Assets	<ul style="list-style-type: none">• Australian Assets refer to:<ul style="list-style-type: none">a) 14 Mort Street, Canberra, Australian Capital Territory, 2601 ("14 Mort Street");b) 25 Grenfell Street, Adelaide, South Australia 5000 ("25 Grenfell Street"); andc) Inghams Burton, 1118, 1120, 1122 – 1136 & 1138 – 1146 Port Wakefield Road, Burton, South Australia 5110 ("Inghams Burton")
Approvals Required	<ul style="list-style-type: none">• The Australian Asset Disposal will require SB Unitholders' approval by way of an ordinary resolution• The Australian Asset Disposal will not be effected if the Trust Scheme is not approved

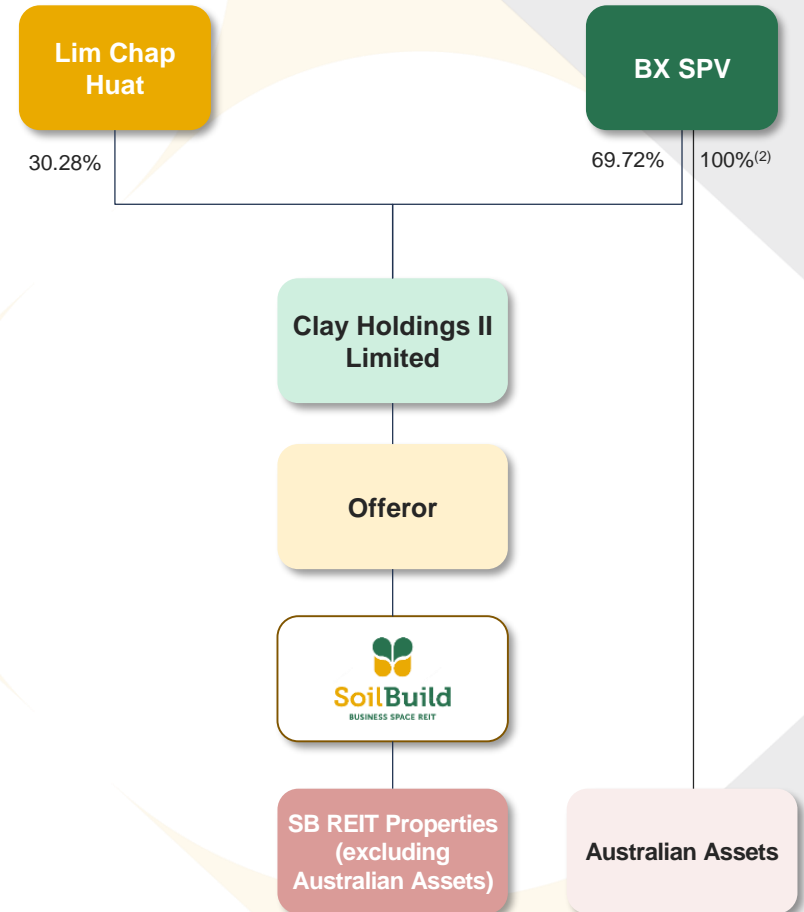
Transaction Summary

Pro-forma Unitholding and Corporate Structure of SB REIT

Structure of SB REIT immediately before the Transaction



Structure of SB REIT immediately after the Transaction



Notes:

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

Offeror's Transaction Rationale



Offeror's Transaction Rationale

Opportunity for SB Unitholders to exit SB REIT

A

Growing SB REIT through DPU accretive acquisitions requires its DPU yield to trade sufficiently low as well as its ability to effectively raise capital and debt to fund such acquisitions

B

Due to constraints faced, SB REIT has lagged in growth compared to its industrial S-REIT peers

C

Consequently, SB REIT is still far from the size threshold required for index inclusion into the EPRA Nareit index

D

These factors have collectively contributed towards: (1) the SB Unit price underperforming the broader FTSE ST REIT index since IPO; (2) SB REIT's relatively limited analyst following; and (3) SB Units' relatively low daily trading volume

E

Faced with these outcomes, the Sponsor has considered several options to unlock value for SB Unitholders, and believes that the proposal by BX SPV presents the best option for minority SB Unitholders

1 Opportunity for SB Unitholders to Exit SB REIT

Growing SB REIT through DPU accretive acquisitions requires its DPU yield to trade sufficiently low as well as its ability to effectively raise capital to fund such acquisitions

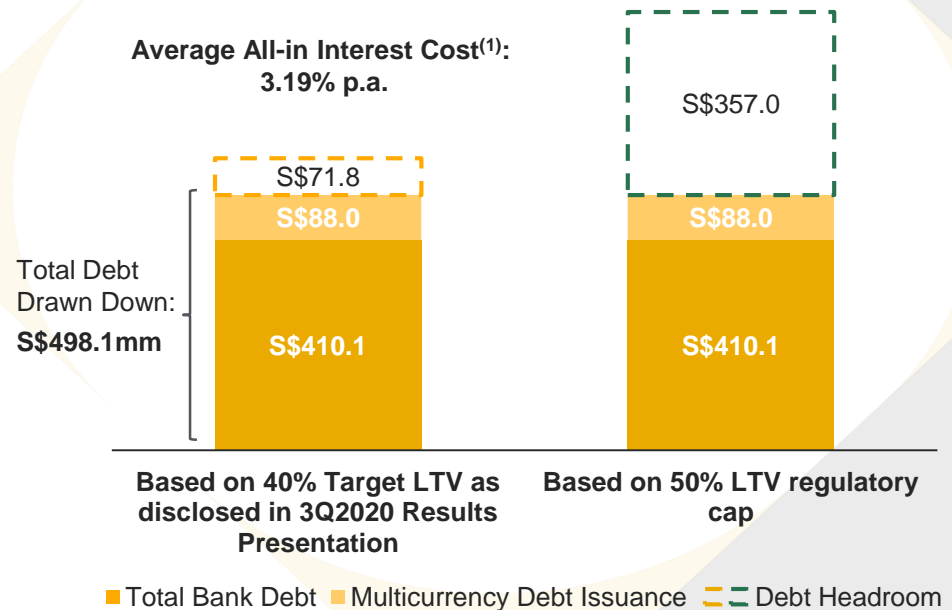
Equity Issuances since IPO (S\$mm)

Ann. Date	Offering Type	Offering Size	Disc. to Close	LTM DPU Yield ⁽²⁾	% Offering Filled
Apr-15	Placement	90	2.80%	7.78%	100%
Aug-16	Preferential	59	8.20%	10.10%	100%
Aug-19	Preferential	102	8.40%	9.57%	82%

- Growing SB REIT through DPU accretive acquisitions also requires support from the minority SB Unitholders to subscribe for their pro-rata share of equity issuance
- The last round of equity fund raising was only 82% filled, with the balance of 34.6mm SB Units subscribed by the underwriting banks

Debt Headroom⁽¹⁾ (S\$mm)

- SB REIT has a relatively low debt headroom of ~S\$70mm at a 40% Loan-to-Value ratio ("LTV") which is SB REIT's target leverage level
- Increasing LTV over 40% may increase the cost of debt and risk profile of SB REIT



Source: SB REIT filings

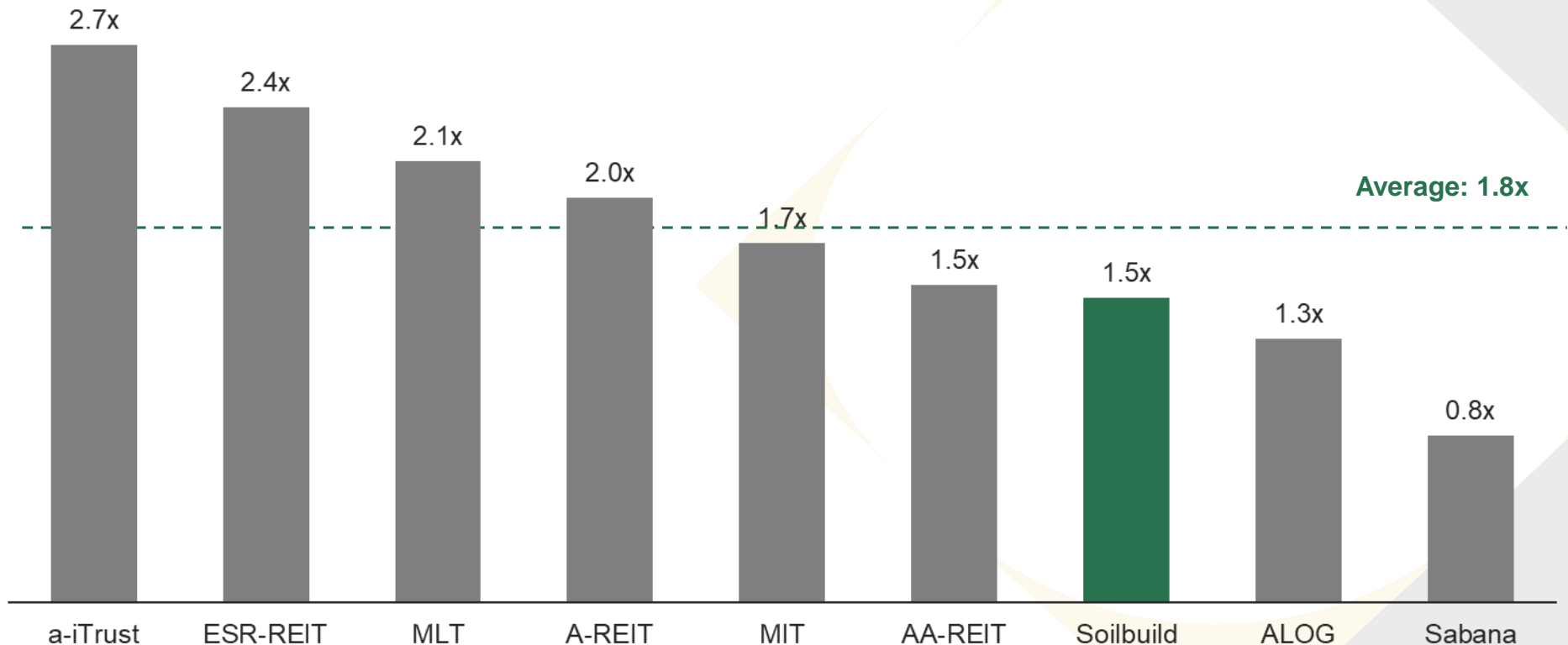
(1) As of 30 September 2020.

(2) Based on distributions for last twelve months ("LTM") divided by the offering price.

1 Opportunity for SB Unitholders to Exit SB REIT

Due to constraints faced, SB REIT has lagged in growth compared to its industrial S-REITs peers. Since its IPO in August 2013, SB REIT's assets have only grown 1.5x, compared to the average of 1.8x of its peers

Total Assets Growth⁽¹⁾⁽²⁾



Source: SGX filings

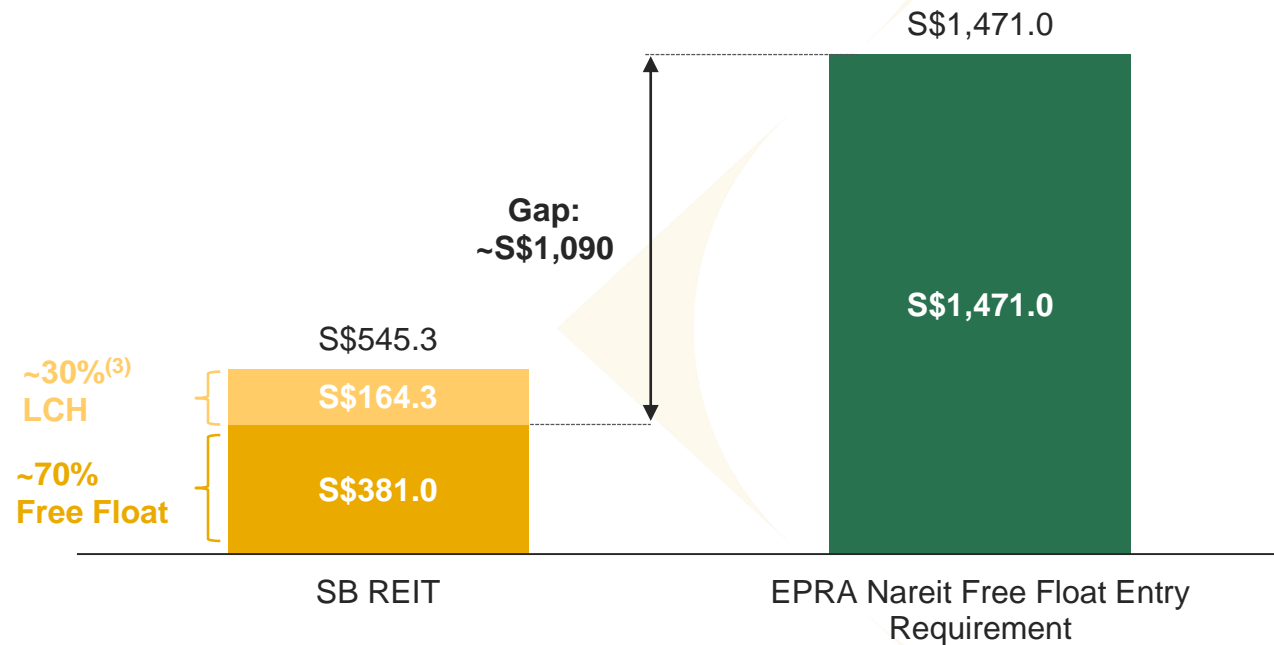
(1) Based on latest total assets disclosed as at 31 August 2020, being the last full trading day (the "Last Full Trading Day") immediately prior to the date of the initial holding announcement on 4 September 2020 by the SB Manager ("Holding Announcement").

(2) Excludes EC World REIT and Frasers Logistics & Commercial Trust (previously known as Frasers Logistics & Industrial Trust) which were listed after SB REIT's IPO date.

1 Opportunity for SB Unitholders to Exit SB REIT

Consequently, SB REIT still has a long way to go before index inclusion. Most of the large cap REITs trade at lower DPU yields partly because they are part of key REIT indices which is likely to confer better trading liquidity, larger institutional following, stronger valuations and hence a lower cost of capital

SB REIT Free Float vs EPRA Nareit Free Float Entry Requirement⁽¹⁾⁽²⁾ (S\$mm)



Source: FTSE Russell, Bloomberg L.P.

(1) Market data as at 31 August 2020, being the Last Full Trading Day.

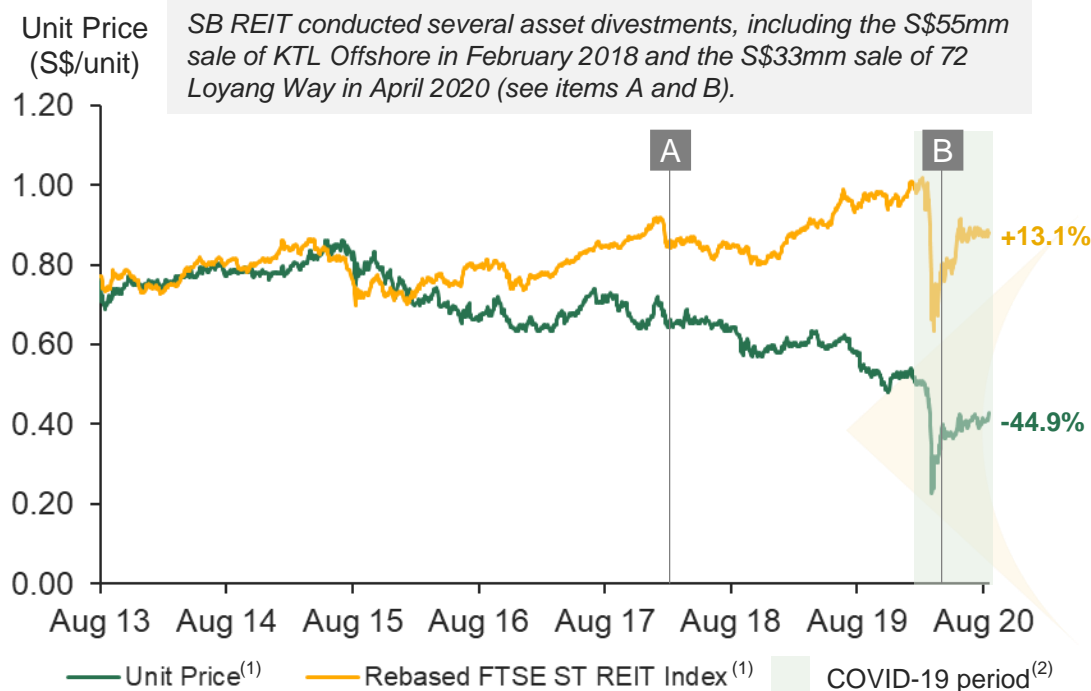
(2) Implied EPRA Nareit Free Float regular entry requirement for Developed Asia as at December 2020 and based on a USD:SGD exchange rate of 1.00:1.33745.

(3) This includes the direct and deemed interests held by the Family, Soilbuild Group Holdings Ltd. and the SB Manager.

1 Opportunity for SB Unitholders to Exit SB REIT

These factors have collectively contributed towards: (i) the SB Unit price underperforming the broader FTSE ST REIT index since IPO; (ii) SB REIT's relatively limited analyst following; and (iii) SB Units' relatively low daily trading volume

SB Unit Price Performance vs FTSE ST REIT Index



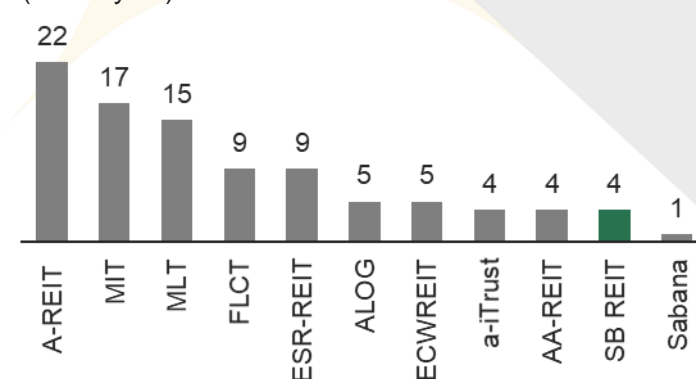
A Completion of the divestment of KTL Offshore on 28 February 2018

B Completion of the divestment of 72 Loyang Way on 14 April 2020

The SB Unit price has fallen by 44.9% since its IPO

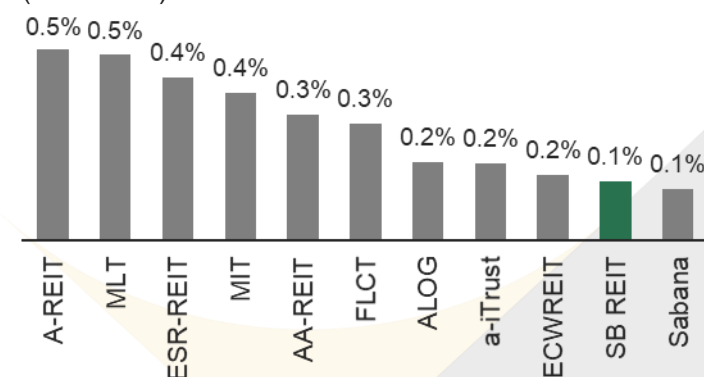
Analyst Coverage

(# Analysts)



12M Average Daily Trading Volume⁽³⁾

(% of TUO)



Source: Bloomberg L.P., FactSet, SB REIT filings

(1) For the period from 16 August 2013 up to and including 31 August 2020, being the Last Full Trading Day. Based on data extracted from Bloomberg L.P. which shows prices adjusted to reflect any changes in the unit capital of the SB REIT.

(2) COVID-19 period is defined as the period from 23 January 2020 to 31 August 2020, with the earlier date reflecting the first reported case of COVID-19 in Singapore per the Ministry of Health of Singapore.

(3) Market data as at 31 August 2020, being the Last Full Trading Day.

1 Opportunity for SB Unitholders to Exit SB REIT

Faced with these outcomes, the Sponsor believes that the proposal by BX SPV presents the best option for minority SB Unitholders

The Sponsor has considered several options to unlock value for SB Unitholders, and had received proposals from various parties, comprising private equity firms, real estate funds, and real estate developers across Hong Kong / China, Australia, and the United States over the past few years

The Sponsor believes that the proposal by BX SPV presents the best option for minority SB Unitholders as it:

- ✓ represents the highest offer price received from all parties
- ✓ is backed by their strong track record of successful privatisations
- ✓ is the most credible and offers most deal certainty for the SB Unitholders in terms of timing and execution

The Offeror believes the Trust Scheme represents a good opportunity for SB Unitholders to realise their investment in cash at an attractive premium, and to redeploy their capital into other investments

Financial Evaluation of the Trust Scheme



Financial Evaluation of the Trust Scheme

Financial Evaluation of the Trust Scheme

A

The Scheme Consideration represents a premium of 34.5%, 34.8%, 53.2% and 29.1% to the 1M, 3M, 6M and 12M volume-weighted average price (“VWAP”) respectively

B

The Scheme Consideration of S\$0.550 per SB Unit is equivalent to the 1-year high closing price of SB Units

C

The P / Adjusted NAV multiple of 0.98 to 1.00 times implied by the Scheme Consideration exceeds historical averages

D

The Scheme Consideration represents premia of 18.3% and 12.2% to the overall average analyst target price and the average of analyst target prices issued after the results for 3Q2020 respectively

2 Adjusted Net Asset Value per SB Unit to account for re-valuation of SB Properties

- The SB Manager has commissioned the Independent Valuers to undertake a re-valuation of SB REIT's investment properties and an investment property under development in Singapore and Australia (the "SB Properties")
- The updated valuation reflects a S\$34.4mm to S\$50.9mm decline in carrying value of the SB Properties versus 30 September 2020
- This translates to a decline in net asset value ("NAV") per SB Unit of 2.7 to 4.0 Singapore cents
- After accounting for the updated valuation, the resultant net asset value is 55.0 to 56.3 Singapore cents per SB Unit ("Adjusted NAV")

#	Property	Carrying Value as at 30 September 2020 ⁽¹⁾ (S\$mm)	Updated Carrying Value as at 30 November 2020 ⁽²⁾ (S\$mm)	Increase / (Decrease) in Carrying Value (S\$mm)
Singapore Assets				
1	Solaris	379.7	365.3	(14.4)
2	Eightrium @ Changi Business Park	102.6	97.2	(5.4)
3	West Park BizCentral	295.6	286.7	(8.9)
4	Tuas Connection	125.2	125.4	0.2
5	COS Printers	8.5	8.9	0.4
6	Beng Kuang Marine	14.1	13.4	(0.7)
7	39 Senoko Way	16.7	15.8	(0.9)
8	Speedy-Tech	22.9	22.0	(0.9)
9	Bukit Batok Connection	89.4	83.9	(5.5)
10	2 Pioneer Sector 1 ⁽³⁾	60.0	40.0 to 56.5	(20.0) to (3.5)
Total Singapore Assets		1,114.7	1,058.6 to 1,075.1	(56.1) to (39.6)
Australian Assets				
11	14 Mort Street, Canberra	52.2	52.2	-
12	Inghams Burton, Adelaide	63.9	70.3	6.4
13	25 Grenfell Street, Adelaide	135.9	134.7	(1.2)
Total Australian Assets		252.0	257.2	5.2
Total Portfolio		1,366.7	1,315.8 to 1,332.3	(50.9) to (34.4)
NAV Adjustment Summary			S\$mm	Singapore cents per SB Unit⁽⁴⁾
NAV (as at 30 September 2020)			750.1	59.0
Less: Adjustment for revaluation			(50.9) to (34.4)	(4.0) to (2.7)
Adjusted NAV			699.2 to 715.7	55.0 to 56.3

The P / Adjusted NAV multiple implied by the Scheme Consideration is 0.98x to 1.00x⁽⁵⁾

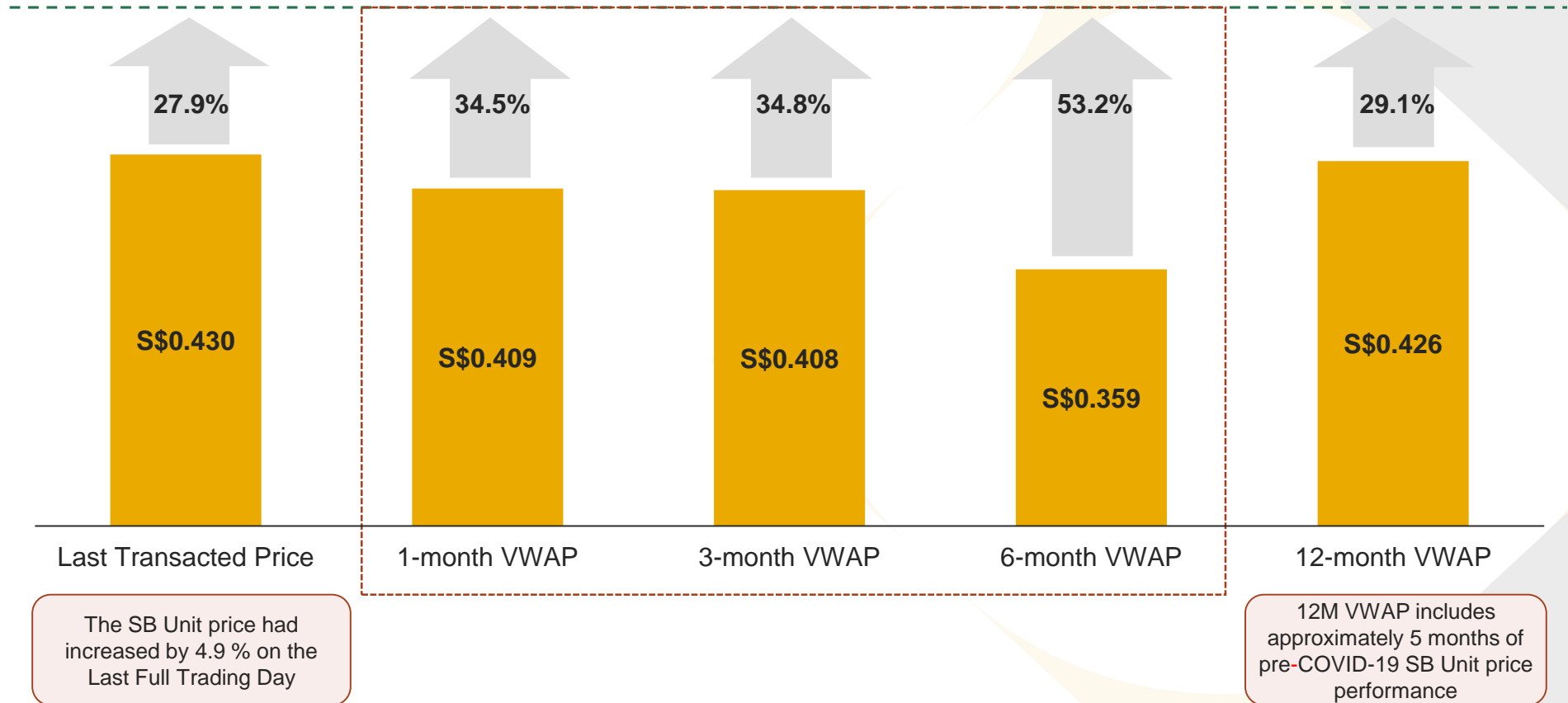
Notes: All figures shown in the tables above are rounded to the nearest one (1) decimal place. Any discrepancies in the figures included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

- Based on (a) the valuations undertaken by independent valuers, Savills Valuation and Professional Services (S) Pte Ltd and Colliers International Consultancy & Valuation (S) Pte Ltd for the Singapore portfolio as at 31 December 2019 and (b) the valuations undertaken by independent valuers, CIVAS (ACT) Pty Limited and CIVAS (SA) Pty Limited, both in the Colliers International Group for 14 Mort Street and Inghams Burton as at 31 December 2019 and 25 Grenfell Street as at 1 November 2019, based on the exchange rate of A\$1.00:S\$0.9762. Includes right-of-use assets arising from the adoption of FRS 116 Leases and capital expenditure incurred in the nine months ended 30 September 2020 ("9M2020").
- Based on (a) the valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd and CBRE Pte. Ltd. for the Singapore portfolio, (b) the valuation undertaken by Knight Frank Valuation & Advisory Canberra for 14 Mort Street, (c) the valuation undertaken by Knight Frank Valuation & Advisory South Australia for Inghams Burton, and (d) the valuation undertaken by Savills Valuations Pty Ltd for 25 Grenfell Street as at 30 November 2020, based on the exchange rate of A\$1.00:S\$0.9762. Includes right-of-use assets arising from the adoption of FRS 116 Leases and capital expenditure incurred in 9M2020.
- 2 Pioneer Sector 1 is classified as an investment property under development. The updated carrying value as at 30 November 2020 including right-of-use assets reflects a range of S\$40.0m to S\$56.5m based on a plot ratio of 1.0 to 1.32 respectively. SB REIT has obtained the requisite regulatory approvals to pursue development of 2 Pioneer Sector 1 based on a plot ratio of 1.0 and is in the process of seeking approvals for a revised plot ratio of 1.32.
- Computed based on the total number of issued SB Units as at 30 September 2020 and rounded to the nearest one (1) decimal place.
- Computed as the Scheme Consideration divided by the Adjusted NAV per SB Unit of 55.0 to 56.3 Singapore cents and rounded to the nearest two (2) decimal places.

2 Financial Evaluation of the Trust Scheme

The Scheme Consideration represents a premium of 34.5%, 34.8%, 53.2% and 29.1% to the 1M, 3M, 6M and 12M VWAP respectively⁽¹⁾

Scheme Consideration : S\$0.550 per SB Unit



Source: Bloomberg L.P.

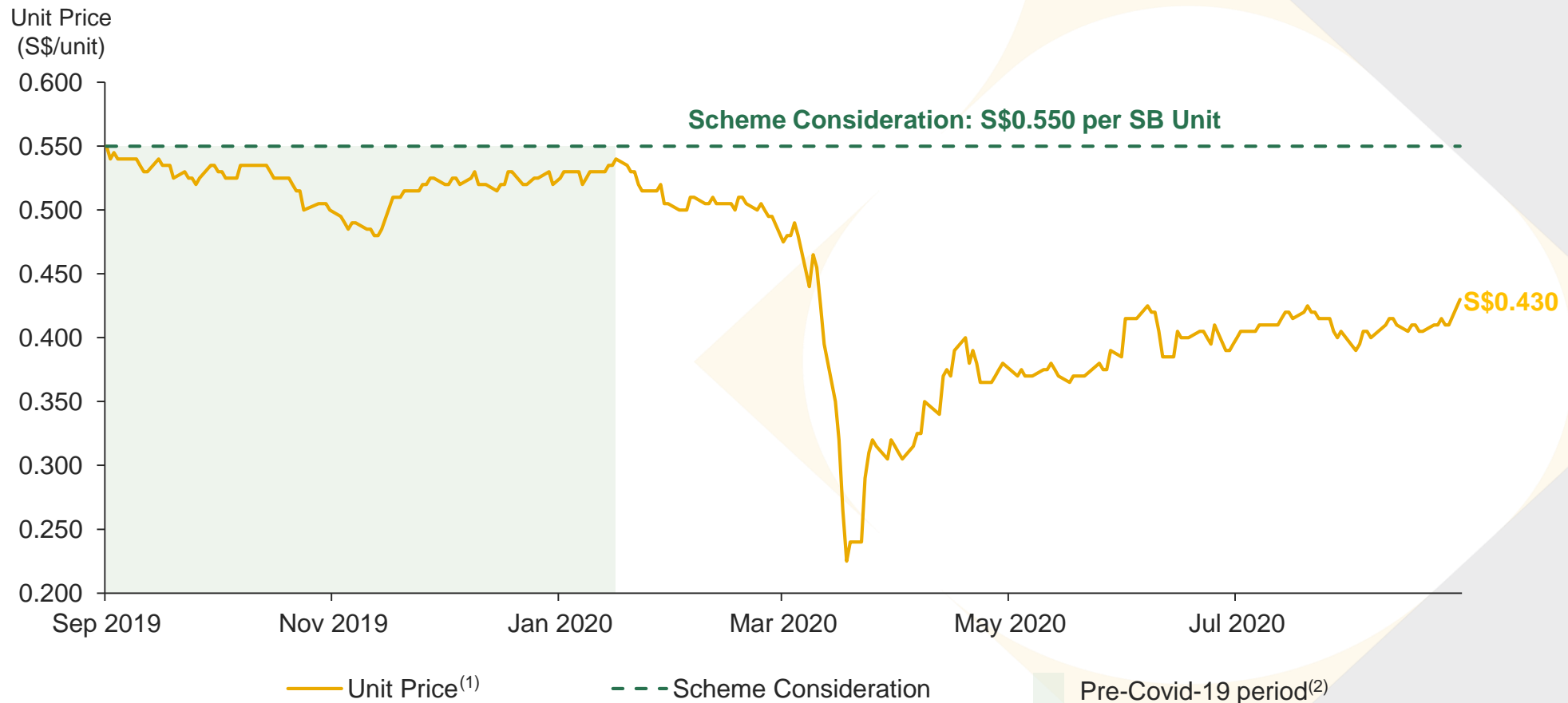
Notes:

(1) The VWAPs of SB Units are rounded to the nearest three (3) decimal places and computed on data sourced from Bloomberg L.P. up to and including the Last Full Trading Day. The respective premia are rounded to the nearest one (1) decimal place.

2 Financial Evaluation of the Trust Scheme

The Scheme Consideration of S\$0.550 per SB Unit is equivalent to the 1-year high closing price of SB Units

1-year SB Unit Price Chart Preceding the Last Full Trading Day



Source: Bloomberg L.P.

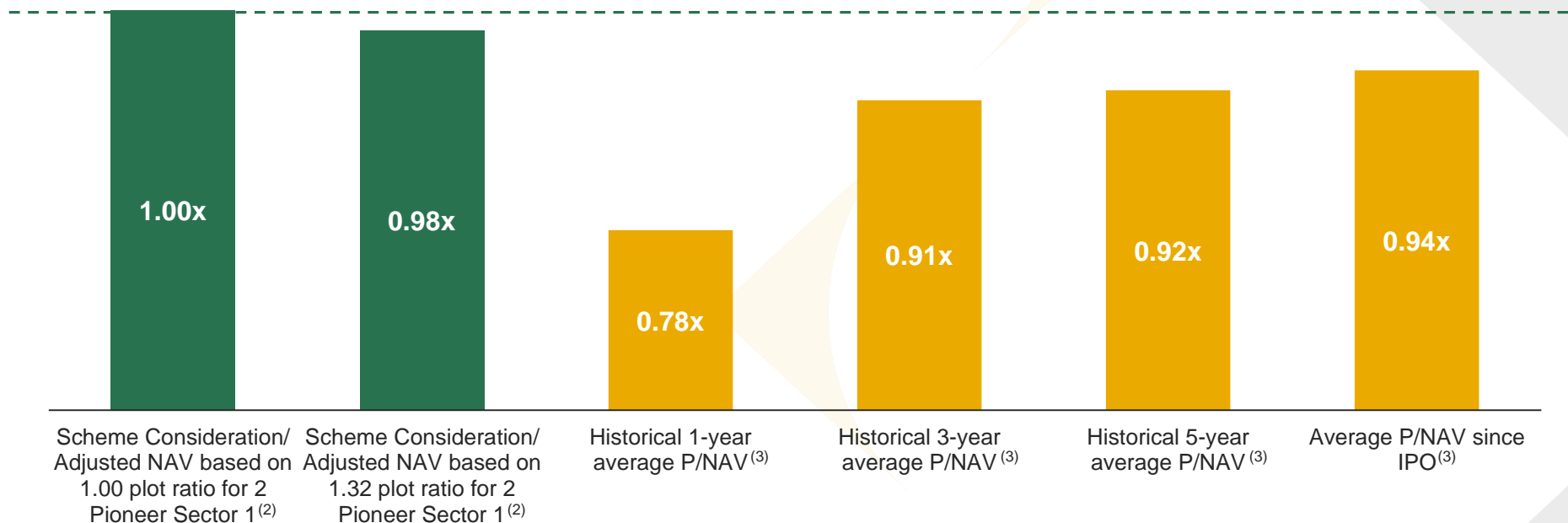
Notes:

(1) For the period from 2 September 2019 up to and including 31 August 2020, being the Last Full Trading Day. Based on data extracted from Bloomberg L.P. which shows closing prices adjusted to reflect any changes in the unit capital of the SB REIT.

(2) COVID-19 period is defined as the period from 23 January 2020 to 31 August 2020, with the earlier date reflecting the first reported case of COVID-19 in Singapore per the Ministry of Health of Singapore.

2 Financial Evaluation of the Trust Scheme

The P / Adjusted NAV multiple implied by the Scheme Consideration exceeds historical averages⁽¹⁾



Source: Bloomberg L.P.

Notes:

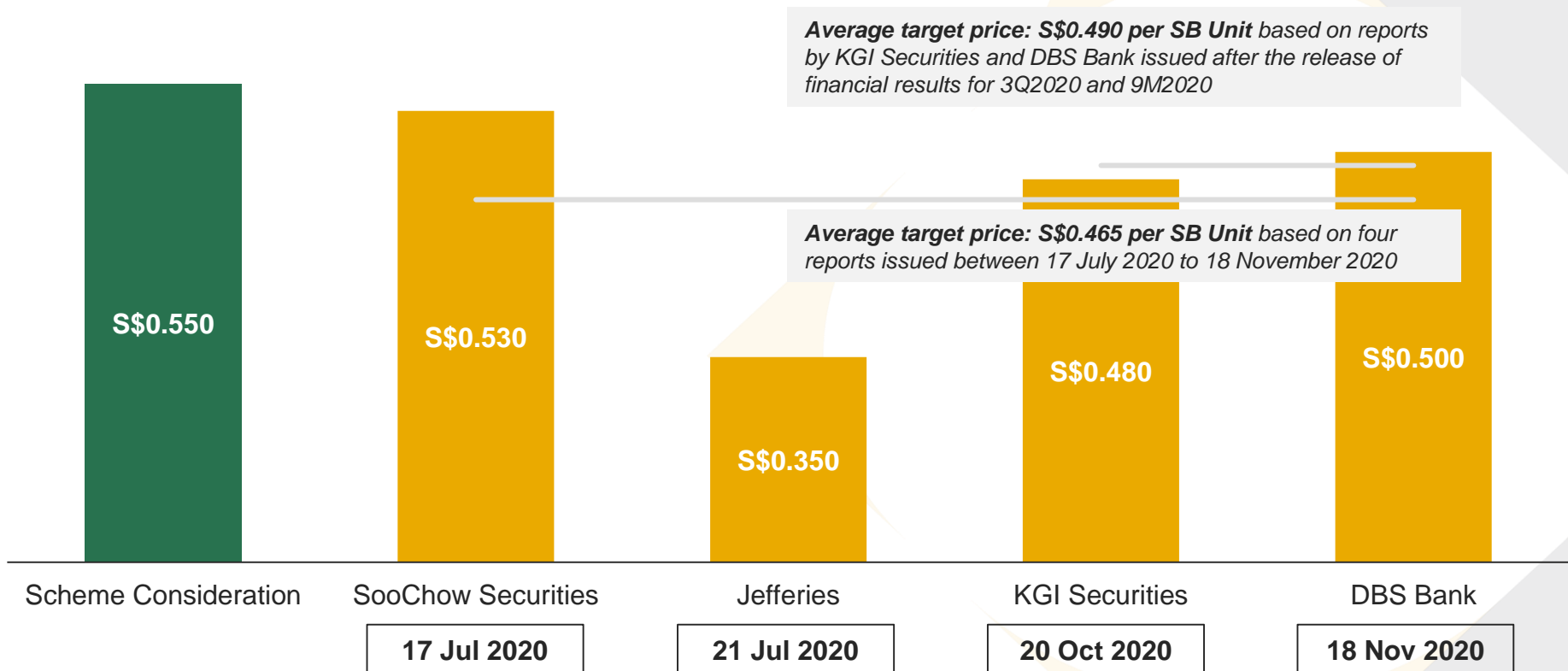
(1) Multiples shown in the chart above are rounded to the nearest two (2) decimal places.

(2) Computed as the Scheme Consideration divided by the Adjusted NAV per SB Unit of 55.0 to 56.3 Singapore cents.

(3) The historical average P / NAV is computed daily up to and including the Last Full Trading Day and reflects the market capitalisation at the end of each trading day divided by total common equity (NAV) for last reported financial quarter or period, as sourced from Bloomberg L.P. and SB REIT filings.

2 Financial Evaluation of the Trust Scheme

The Scheme Consideration represents premia of 18.3% and 12.2% to the overall average analyst target price and the average of analyst target prices issued after the results for 3Q2020 respectively⁽¹⁾⁽²⁾



Source: Bloomberg L.P.

Notes:

(1) Analyst target prices extracted from Bloomberg L.P. as at 11 December 2020.

(2) Premia to the average analyst target price are rounded to the nearest one (1) decimal place.

Timeline and Approvals Required



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

SB Unitholder Approvals Requirements

Amendment of SB Trust Deed (Extraordinary Resolution) (*"SB Trust Deed Amendments Resolution"*)

- Approval of not less than **75%** of the total number of votes cast⁽¹⁾

The Australian Asset Disposal (Ordinary Resolution) (*"Australian Asset Disposal Resolution"*)

- Approval of more than **50%** of the total number of votes cast⁽¹⁾
- The Family, Ms. Lim Cheng Hwa, Soilbuild Group Holdings Ltd. and the SB Manager have voluntarily agreed to abstain from voting

Approval for the Trust Scheme (*"Trust Scheme Resolution"*)

- Subject to the SB Trust Deed Amendments Resolution and the Australian Asset Disposal Resolution being approved by SB Unitholders, approval of more than **50%** in number of SB Unitholders and representing at least **75%** in value of the SB Units cast⁽²⁾
- The outcome of the Trust Scheme Meeting will be decided **solely by independent SB Unitholders**
- The Offeror and its concert parties (including HoldCo, BX SPV, Ms Lim Cheng Hwa and the Family), and the common substantial SB Unitholders or shareholders (as the case may be) of SB REIT and the Offeror will abstain from voting
- KPMG Corporate Finance Pte Ltd has been appointed as the IFA to advise the SB Independent Directors for the purposes of making a recommendation to the SB Unitholders in connection with the Trust Scheme

Other Approvals

Court and Regulatory Approvals

Requirements

- Court sanction for (1) convening of the Trust Scheme Meeting and (2) the approval of the Trust Scheme (if approved at the Trust Scheme Meeting)
- Satisfaction of regulatory approvals and other conditions

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

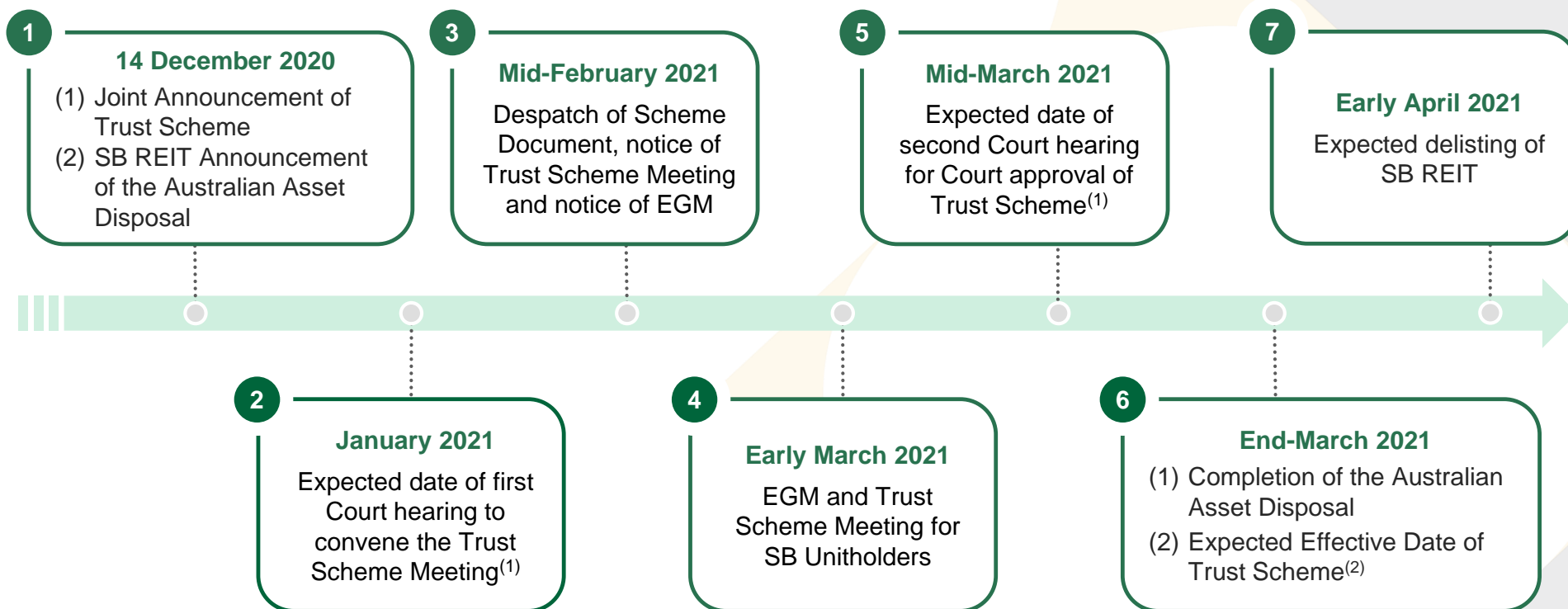
Notes:

(1) Based on the SB Unitholders present and voting either in person or by proxy cast for and against the resolutions at the extraordinary general meeting of SB REIT to be convened immediately prior to the Trust Scheme Meeting.

(2) Based on the SB Unitholders present and voting either in person or by proxy at the Trust Scheme Meeting.

Expected Indicative Timeline

The Trust Scheme is expected to be effective by March 2021



Notes: The above timeline is indicative only and may be subject to change. Please refer to future SGXNET announcement(s) by the SB Manager for the exact dates of these events.

(1) The dates of the Court hearings of the application to (a) convene the Trust Scheme Meeting and (b) approve the Trust Scheme will depend on the dates that are allocated by the Court.

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

Investor and Media Contacts

Investor Contacts

Financial Adviser to the SB Manager

DBS Bank Ltd.

Strategic Advisory

Telephone: +65 6878 6347

Media Contact

SB REIT Investor Relations

Lawrence Ang

Email: lawrence.ang@soilbuild.com

Telephone: +65 6415 7351

Financial Adviser to the Offeror

Citigroup Global Markets Singapore Pte. Ltd.

Investment Banking

Telephone: +65 6657 5300

PR Advisor to the Offeror

Newgate Communications

Terence Foo

Email: terence.foo@newgatecomms.com.sg

Telephone: +65 6532 0606

Lim Yuan See

Email: yuansee.lim@newgatecomms.com.sg

Telephone: +65 6532 0606