

Soilbuild Group's Chairman Lim Chap Huat partners with Blackstone to privatise Soilbuild Business Space REIT

- **Proposed privatisation will be effected by way of a Trust Scheme**
- **Scheme Consideration of S\$0.550 per SB Unit represents:**
 - a premium of 34.5% over 1-month VWAP; and
 - a price to Adjusted Net Asset Value multiple of 0.98 times to 1.00 times¹
- **Opportunity for SB Unitholders to monetise their investments at a premium to current and historical prices**
- **Trust Scheme subject to SB Unitholders' and Court approvals and customary conditions**

All capitalised terms which are used in this press release but not otherwise defined herein shall have the meanings ascribed to them in the Joint Announcement dated 14 December 2020. This press release should be read in conjunction with the Joint Announcement and the Australian Asset Disposal Announcement, copies of which are available on <http://www.sgx.com>.

Singapore, 14 December 2020 –

The respective boards of directors of SB REIT Management Pte. Ltd. ("**SB Manager**"), as manager of Soilbuild Business Space REIT ("**SB REIT**"), and Clay Holdings III Limited (the "**Offeror**") have today jointly announced the proposed privatisation and delisting of SB REIT, which is to be effected by way of a trust scheme of arrangement (the "**Trust Scheme**") in accordance with the Singapore Code on Take-overs and Mergers. The Offeror, a newly-incorporated entity formed for the purpose of the Trust Scheme, is owned by Clay Holdings II Limited ("**HoldCo**"), which is in turn owned by Mr. Lim Chap Huat, Executive Chairman and Co-founder of Soilbuild Group Holdings Ltd. ("**SBGH**"), and Clay Holdings I Limited ("**BX SPV**"), an entity established by funds managed by affiliates of Blackstone Real Estate.

The Trust Scheme follows the initial holding announcement ("**Holding Announcement**") on 4 September 2020 by the SB Manager, which stated that Mr. Lim Chap Huat had entered into a "Non-Binding Term Sheet" in relation to a possible transaction involving his and his family's direct and deemed interests in SB REIT. As of the date of the Joint Announcement, Mr. Lim Chap Huat and his three sons, Mr. Lim Han Feng, Mr. Lim Han Qin and Mr. Lim Han Ren (collectively, the "**Family**") have an aggregate direct and deemed interest in 385,566,761 SB Units in total, representing 30.28% in SB REIT.

Trust Scheme Details

Under the Trust Scheme, the Offeror proposes to acquire all the issued SB Units held by SB Unitholders at S\$0.550 in cash for each SB Unit ("**Scheme Consideration**").

Scheme Consideration of S\$0.550 per SB Unit in cash

- 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 2021².
- 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. These distributions are not in any way indicative

¹ Computed as the Scheme Consideration divided by the Adjusted NAV per SB Unit of 55.0 to 56.3 Singapore cents. Adjusted NAV per SB Unit is rounded to the nearest one (1) decimal place and is computed based on (i) the net asset value of SB REIT as at 30 September 2020, adjusted for the latest valuation of the SB Properties conducted by the Independent Valuers as at 30 November 2020; and (ii) the total number of issued SB Units as at 30 September 2020.

² Please refer to paragraph 1.6 of the Joint Announcement for further details pertaining to the Permitted Distributions.

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.

The Scheme Consideration payable to each member of the Family, the SB Manager and SBGH, 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 Mr. Lim Chap Huat on the date of the settlement of the Scheme Consideration, rather than being settled by the Offeror in cash. In other words, each member of the Family, the SB Manager and SBGH's current stake in SB REIT will be rolled over to HoldCo, and held by Mr. Lim Chap Huat.

The Scheme Consideration represents a premium of approximately 34.5%, 34.8%, 53.2% and 29.1% over the volume-weighted average price (the "VWAP") of S\$0.409, S\$0.408, S\$0.359 and S\$0.426 per SB Unit respectively for the 1-month, 3-month, 6-month and 12-month period up to and including 31 August 2020, being the last full trading day immediately prior to the Holding Announcement³.

The Scheme Consideration also implies a price to adjusted net asset value ("Adjusted NAV") multiple of 0.98 times to 1.00 times¹, which exceeds SB REIT's historical 1-year, 3-year and 5-year average NAV multiple⁴ of 0.78, 0.91 and 0.92 times respectively, as well as the average NAV multiple since SB REIT's initial public offering ("IPO") of 0.94 times.

SB Independent Directors⁵ Transaction Rationale

Since its IPO in 2013, the board of directors and management of the SB Manager have remained committed to the growth and optimisation of SB REIT's portfolio to maximise value for SB Unitholders. SB REIT has undertaken several strategic initiatives including an 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. The timing of a global recovery remains uncertain and as such, SB Unitholders remain exposed to challenging market conditions.

Mr. Chong Kie Cheong, Chairman and Independent Non-Executive Director of SB Manager, said, "Notwithstanding the board and management team's efforts to maximise value for SB Unitholders over the years, the SB Unit price has implied a high yield and was further impacted by the COVID-19 pandemic. After considering the uncertainty of a global recovery and the merits of this proposed Trust Scheme, we believe it represents a credible offer in the face of challenging market conditions and would like to present it to SB Unitholders for their consideration."

Offeror's Transaction Rationale

SB REIT's ability to undertake DPU⁶ accretive acquisitions has been limited, partly due to its high DPU yield, which has hindered its ability to bid competitively for third-party assets. For the same reason, as the sponsor of SB REIT, SBGH has injected only one asset into SB REIT since IPO, and thus has not been able to maximise SB REIT's potential.

³ The volume-weighted average prices 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.

⁴ The historical average NAV multiples (P / NAV) are rounded to the nearest two (2) decimal places and are 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.

⁵ "SB Independent Directors" means the directors for the time being of the SB Manager who are considered independent for the purposes of the Trust Scheme.

⁶ Distribution per SB Unit.

Growing SB REIT through DPU accretive acquisitions requires its DPU yield to trade sufficiently low and depends on its ability to effectively raise capital to fund such acquisitions. Support from minority SB Unitholders to subscribe for their pro rata share of equity issuance is also critical. SB REIT has a relatively low debt headroom of approximately S\$70 million, assuming 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.

Given these constraints, SB REIT has lagged in growth compared to its peers. Since its IPO in August 2013, SB REIT has seen its total assets value grow by only 1.5 times, compared to the average of 1.8 times for industrial S-REITs.

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

Mr. Lim Chap Huat, Executive Chairman and Co-founder of Soilbuild Group Holdings Ltd., said, “Given the various challenges and constraints faced by SB REIT, we have considered many options and discussed potential strategic transactions, including a privatisation of SB REIT, with 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. We believe that this proposal by Blackstone presents the best option for minority SB Unitholders based on the offers received, representing the highest price received. We believe Blackstone’s proposal is also the most credible and offers the greatest deal certainty in terms of timing and execution, and is backed by Blackstone’s strong track record of successful privatisations, as well as the opportunity to place the assets under the stewardship of one of the most experienced real estate investors and operators in the world.”

Mr. Alan Miyasaki, Senior Managing Director & Head of Real Estate Asia Acquisitions of Blackstone, said, “We are pleased to partner with Mr. Lim Chap Huat in this Trust Scheme, which allows SB Unitholders to exit their investment at an attractive price. This will also allow Blackstone’s real estate business to work alongside an established local real estate group to expand its platform in Singapore. Throughout this transaction, we will work closely with Mr. Lim and SB REIT’s management team on a sustainable solution that will better position the portfolio for long-term success.”

Blackstone Real Estate has completed 38 public company transactions, including public-to-private and/or complex, cross-jurisdictional transactions globally totalling US\$170 billion of total enterprise value, of which US\$5.5 billion was transacted in Asia. In 2017, Blackstone Real Estate privatised Croesus Retail Trust, a Singapore-listed trust that owned a portfolio of 11 retail properties in Japan.

Australian Asset Disposal

In conjunction with the Trust Scheme, the SB Manager has also announced that the SB Trustee and Soilbuild Business Space Holdings Pte. Ltd., a wholly-owned subsidiary of SB REIT, have entered into a unit sale agreement with the related entities of Blackstone for the disposal of all the issued and paid-up units of Soilbuild Australia Trust (“**Australian Asset Disposal**”).

The Australian Asset Disposal is inter-conditional with the Trust Scheme and intended to facilitate the overall Trust Scheme transaction in an optimal and efficient manner to (i) allow greater certainty on timing for regulatory approvals and (ii) for SB Unitholders to receive the Scheme Consideration in a time-efficient manner. 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 and the Australian Asset Disposal will not reduce the Scheme Consideration. Accordingly, there will be no economic effect to the SB Unitholders as a result of the Australian Asset Disposal.

Approvals Required

The Trust Scheme will require, amongst others, the approval of the SB Unitholders for the amendments to the SB Trust Deed and the Australian Asset Disposal at an extraordinary general meeting as well as the approval of the SB Unitholders for the Trust Scheme at the Trust Scheme Meeting respectively to be convened.

In addition to the approvals required from the SB Unitholders, the Trust Scheme will require the order of the Singapore Court for the approval of the Trust Scheme (if approved at the Trust Scheme Meeting).

The Family, Ms. Lim Cheng Hwa, SBGH and the SB Manager will not vote on the Trust Scheme. In addition, the Family, Ms. Lim Cheng Hwa, SBGH and the SB Manager will voluntarily abstain from voting on the Australian Asset Disposal.

Mr. Lim Chap Huat and Ms. Lim Cheng Hwa, who are also non-executive directors of the SB Manager and are not considered independent for the purpose of the Trust Scheme, have recused and will continue to recuse themselves from the SB Manager's board discussions on the Trust Scheme, and will not participate in or advise on the SB Manager's board's decision or approach with regard to this transaction.

Subject to the satisfaction of the Conditions, it is expected that the Trust Scheme will become effective in accordance with its terms by the end of the first quarter in 2021.

Citigroup Global Markets Singapore Pte. Ltd. is the financial adviser to the Offeror, DBS Bank Ltd is the financial adviser to the SB Manager with respect to the Trust Scheme and United Overseas Bank Limited is the adviser to Mr. Lim Chap Huat and BX SPV.

KPMG Corporate Finance Pte Ltd has been appointed as the independent financial adviser (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.

Scheme Document

Full details of the Trust Scheme including the recommendation of the SB Independent Directors along with the advice of the IFA will be included in the Scheme Document to be sent to SB Unitholders in due course.

About Soilbuild Business Space REIT

SB REIT is a Singapore and Australia-focused real estate investment trust with a portfolio of business parks and industrial properties used by industries engaging in manufacturing, engineering, logistic, warehousing, electronics, marine, oil & gas, research and development and value-added knowledge-based activities. Major tenants of SB REIT include Dyson Operations, Ubisoft Singapore, Nestle Singapore and John Wiley & Sons. Its Singapore portfolio of properties include Solaris, a landmark development in one-north, Eightrium @ Changi Business Park, Tuas Connection, West Park BizCentral and Bukit Batok Connection. Its Australia portfolio includes an office building at 14 Mort Street in Canberra, a poultry production and processing facility known as Inghams Burton in Adelaide and a Grade A freehold office building at 25 Grenfell Street in Adelaide. SB REIT's portfolio comprises 10 properties in Singapore and 3 properties in Australia with a total net lettable area of 4.13 million square feet and an occupancy rate of 92.9% as at 30 September 2020. SB REIT was listed on the Singapore Exchange Securities Trading Limited on 16 August 2013.

About Soilbuild Group

SBGH is an integrated property group with a successful track record of constructing, developing and managing a portfolio of residential and business space properties. With over 44 years of experience, SBGH has completed a multitude of purpose-built business spaces occupied by multinational corporations and small- and medium-sized enterprises in various sectors.

About Blackstone Real Estate

Blackstone is a global leader in real estate investing. Blackstone's real estate business was founded in 1991 and has US\$174 billion of investor capital under management. Blackstone is one of the largest property owners in the world, owning and operating assets across every major geography and sector, including logistics, multifamily and single family housing, office, hospitality and retail. Our opportunistic funds seek to acquire undermanaged, well-located assets across the world. Blackstone's Core+ strategy invests in substantially stabilised real estate globally through regional open-ended funds focused on high-quality assets and Blackstone Real Estate Income Trust, Inc. (BREIT), a non-listed REIT that invests in U.S. income-generating assets. Blackstone Real Estate also operates one of the leading global real estate debt businesses, providing comprehensive financing solutions across the capital structure and risk spectrum, including management of Blackstone Mortgage Trust (NYSE: BXMT).

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Responsibility Statements

SB Manager

The directors of the SB Manager (including any who may have delegated detailed supervision of the preparation of this press release) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this press release (excluding information relating to the Offeror, HoldCo, BX SPV, the Blackstone Purchasers, Blackstone (collectively, the “**Offeror Group**”) or any opinion or rationale expressed by the Offeror Group (including in respect of the Offeror’s Transaction Rationale as set out in this press release), the IFA or the Independent Valuers) are fair and accurate and that, where appropriate, no material facts which relate to SB REIT or the SB Manager have been omitted from this press release, and the directors of the SB Manager jointly and severally accept responsibility accordingly.

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

Offeror

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

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

Manager or any opinion or rationale expressed by the SB Group, the SB Manager, the SB Independent Directors, the IFA and/or the Independent Valuers.

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

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

This press release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for SB Units.

The past performances of SB REIT and the SB Manager are not necessarily indicative of their respective future performances.

This press release 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. None of the Offeror, SB REIT, the SB Manager, their respective affiliates or any of their respective directors, officers, partners, employees, agents, representatives, advisers or legal advisers assumes any responsibility to amend, modify, revise or update publicly any forward-looking statements.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the view of the Offeror and/or the SB Manager of future events.