

Soilbuild 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)

Clay Holdings III Limited

(Company Registration No.: 367645)
(Incorporated in Cayman Islands)

JOINT ANNOUNCEMENT

**EXTRAORDINARY GENERAL MEETING AND TRUST SCHEME MEETING
TO BE HELD ON 11 MARCH 2021
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS**

1. INTRODUCTION

The respective boards of directors of SB REIT Management Pte. Ltd., as manager of Soilbuild Business Space REIT ("**SB REIT**", and the manager of SB REIT, the "**SB Manager**"), and Clay Holdings III Limited (the "**Offeror**") refer to the scheme document (the "**Scheme Document**") despatched by electronic means from the SB Manager to the holders of the issued units in SB REIT (the "**SB Units**" and the holders of SB Units, the "**SB Unitholders**") on 17 February 2021, in relation to (a) the proposed amendments to the SB Trust Deed to facilitate a trust scheme of arrangement; (b) the proposed disposal of all the issued and paid-up units in Soilbuild Australia Trust to Clay SG Holdings II Pte. Ltd. and Clay SG Holdings III Pte. Ltd.; and (c) the proposed acquisition (the "**Acquisition**") of all the SB Units by the Offeror to be effected by way of a trust scheme of arrangement (the "**Trust Scheme**") in accordance with the Singapore Code on Takeovers and Mergers.

An electronic copy of the Scheme Document is available on the website of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") at www.sgx.com.

Unless otherwise defined, all capitalised terms used herein shall have the same meanings given to them in the Scheme Document.

2. RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

The SB Manager and the Offeror would like to thank all SB Unitholders for submitting their questions in advance of the Extraordinary General Meeting and the Trust Scheme Meeting. Both meetings will be held by way of electronic means on Thursday, 11 March 2021 at 2.00 p.m. and 2.30 p.m.¹ (Singapore time), respectively.

The SB Manager and the Offeror have compiled further questions submitted by SB Unitholders received to date.

Please refer to the Appendix of this Joint Announcement for our responses to the substantial and relevant questions raised by SB Unitholders in relation to the Trust Scheme.

¹ Or as soon thereafter following the conclusion of the Extraordinary General Meeting, whichever is later.

3. RESPONSIBILITY STATEMENTS

3.1 SB Manager

The directors of the SB Manager (including any director who may have delegated detailed supervision of the preparation of this Joint Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Joint Announcement which relate to SB REIT and/or the SB Manager (excluding information relating to the Offeror, Offeror HoldCo, Blackstone SPV, the Blackstone Purchasers and/or Blackstone (collectively, the "**Offeror Group**") or any response provided by the Offeror Group) 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 Joint Announcement, 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, Ernst & Young LLP, 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 Joint Announcement. The directors of the SB Manager do not accept any responsibility for any information relating to the Offeror Group and/or any response provided or any opinion or rationale expressed by the Offeror Group, Ernst & Young LLP, the IFA and/or the Independent Valuers.

3.2 Offeror

The directors of the Offeror (including any director who may have delegated detailed supervision of the preparation of this Joint Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Joint Announcement which relate to the Offeror Group (excluding information relating to the SB Group, the SB Manager and/or the SB Independent Directors or any response provided by the SB Group and the SB Manager) are fair and accurate and that, where appropriate, no material facts which relate to the Offeror Group have been omitted from this Joint Announcement, and the directors of the Offeror jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including the SB Group, the SB Manager, the SB Independent Directors, Ernst & Young LLP, 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 Joint Announcement. The directors of the Offeror do not accept any responsibility for any information relating to the SB Group, the SB Manager and/or the SB Independent Directors and/or any response provided or any opinion or rationale expressed by the SB Group, the SB Manager, the SB Independent Directors, Ernst & Young LLP, the IFA and/or the Independent Valuers.

8 March 2021

By order of the board of directors

By order of the board of directors

SB REIT MANAGEMENT PTE. LTD.
as manager of
SOILBUILD BUSINESS SPACE REIT
(Company Registration No.: 201224644N)

CLAY HOLDINGS III LIMITED
(Company Registration No.: 367645)

Any queries relating to this Joint Announcement, the Acquisition or the Trust Scheme should be directed during office hours to the following:

DBS Bank Ltd.
as Financial Adviser to the SB Manager
Tel: +65 6878 6347

Citigroup Global Markets Singapore Pte. Ltd.
as Financial Adviser to the Offeror
Tel: +65 6657 5300

IMPORTANT NOTICE

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 SB Manager or the Offeror redeems or purchases its 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 Joint Announcement 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 Joint Announcement 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 SB REIT, the SB Manager, the Offeror, 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 SB Manager and/or the Offeror of future events.

Appendix

Question 1:

If Blackstone is only interested in the Australian Assets, has the SB Manager considered the option of monetising or disposing the assets and returning the capital to SB Unitholders first, before delisting it and entering into the private arrangement with Clay Holdings III Limited? This will make the valuation and potential of the Australian Assets more transparent to all SB Unitholders.

Response:

From SB REIT Management Pte. Ltd., the SB Manager

As stated in the Scheme Document, the Australian Asset Disposal is merely a structuring step with the sole intent of effecting the proposed acquisition by the Offeror of all the issued SB Units by way of the Trust Scheme (the "**Acquisition**") in the most time-efficient manner. If the Australian Asset Disposal does not occur before the Trust Scheme becomes effective, the Offeror will need to obtain clearance from the Foreign Investment Review Board of Australia ("**FIRB**") for the Acquisition and the Trust Scheme, which is likely to result in a delay to the Acquisition. This delay could extend beyond six (6) months depending on various factors, including the identity of the applicants and follow-up enquiries from FIRB.

Accordingly, there will be no certainty as to when the Acquisition and the Trust Scheme will complete if the Australian Asset Disposal does not occur before the Trust Scheme becomes effective, and similarly in such a scenario, no certainty for the SB Unitholders as to when or whether they would receive the Adjusted Scheme Consideration.

The Australian Asset Disposal has therefore been structured to effect the Acquisition in an optimal and efficient manner and to ensure that the SB Unitholders receive the Adjusted Scheme Consideration without inordinate delay. In addition, the Australian Asset Disposal is inter-conditional with the Trust Scheme and will only complete on the same date as the Effective Date but immediately prior to the Trust Scheme becoming effective in accordance with its terms.

In relation to the valuation of the Australian Assets, the valuation of the Australian Assets was undertaken by internationally recognised, independent valuers. The valuation of two of SB REIT's three Australian Assets (being 14 Mort Street and Inghams Burton) was undertaken by Knight Frank Valuation & Advisory, and the valuation of 25 Grenfell Street was done by Savills Valuations Pty Ltd. Details relating to the valuations have been disclosed in the Scheme Document.

The SB Manager also wishes to highlight that the consideration for the Australian Asset Disposal was arrived at after negotiations on an arm's length basis and on a willing-buyer and willing-seller basis, after taking into account, *inter alia*:

- (a) the valuation of SB REIT implied by the Scheme Consideration, which considers the historical market price of the SB Units and the carrying value of SB REIT's investment properties;
- (b) the proportionate contribution of the Australian Assets to the total carrying value of SB REIT's investment properties as at 30 September 2020; and
- (c) adjustments to the Australian Asset Disposal Consideration to take into account the amount of debt and equity in Soilbuild Australia Trust, which holds the Australian Assets.

From Clay Holdings III Limited, the Offeror

In determining the Scheme Consideration, the Offeror considered the entire portfolio of assets of SB REIT (including the Australian Assets). The Scheme Consideration therefore represents a considered price for all the assets of SB REIT (including the Australian Assets). The Adjusted Scheme Consideration to be paid to the SB Unitholders upon the Trust Scheme becoming effective in accordance with its terms takes into account the value of the Australian Assets, notwithstanding that the Australian Asset Disposal will complete immediately prior to the Trust Scheme becoming effective in accordance with its terms. There is therefore no reduction to the Scheme Consideration or the Adjusted Scheme Consideration as a result of the Australian Asset Disposal. The Scheme Consideration of S\$0.550 per SB Unit or the Adjusted Scheme Consideration of S\$0.53806 per SB Unit is not affected by the value ascribed to the Australian Assets for the purposes of the Australian Asset Disposal.

Question 2:

Has SB REIT considered other value-enhancing alternatives to the Offer by Mr. Lim Chap Huat and Blackstone?

Response:

From SB REIT Management Pte. Ltd., the SB Manager

We are always looking to enhance value for SB Unitholders. However, one key hurdle is SB REIT's current high DPU yield and discount to net asset value, which makes it difficult to undertake a win-win merger that will be accretive to SB REIT.

From Clay Holdings III Limited, the Offeror

Mr. Lim Chap Huat, the co-founder, sole shareholder and Executive Chairman of Soilbuild Group Holdings Ltd., the Sponsor of SB REIT, had 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. After discussions with various parties, Mr. Lim Chap Huat believes that the proposal by Blackstone presents the best option for minority SB Unitholders, as it provides the highest price received, is the most credible, and offers the most deal certainty for SB Unitholders in terms of timing and execution. It is also backed by Blackstone's strong track record of successful privatisations.