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SpringREIT

Spring Real Estate Investment Trust

春泉產業信託

(a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code: 01426)

**Managed by
Spring Asset Management Limited**

VOLUNTARY ANNOUNCEMENT

ARRANGEMENT FOR REMUNERATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE MANAGER

The board of directors (the “**Board**”) of Spring Asset Management Limited (the “**Manager**”), as manager of Spring Real Estate Investment Trust (“**Spring REIT**”), hereby announces that the Manager has adopted and made effective on 24 October 2014 an arrangement (the “**INED Remuneration Arrangement**”) for the remuneration of the independent non-executive directors on the Board of the Manager (each an “**INED**” and together the “**INEDs**”) for the fourth quarter of 2014 and every calendar year thereafter, subject to the Term of the INED Remuneration Arrangement, as defined in Annexure 1.

Pursuant to the INED Remuneration Arrangement, the INEDs will be remunerated by the Manager partly in the form of cash and partly in the form of units in Spring REIT (“**Units**”) (to be transferred from the Units held by the Manager), subject to an annual election by each INED.

The reasons for adopting the INED Remuneration Arrangement are, among others, to better align the interests of the INEDs and those of the unitholders of Spring REIT (the “**Unitholders**”) and to provide an alternative mechanism for the INEDs to participate in the long term prospects of Spring REIT.

During the fourth quarter of 2014, the Manager received notification that all INEDs had elected to receive 100% of their remuneration in Units.

The Units received by each INED under the INED Remuneration Arrangement will be transferred from the Units held by the Manager. In the event that the Manager does not hold a sufficient number of Units to make a full payment of the remuneration of an INED in the form of Units (in accordance with the election made by an INED), then the Manager shall pay the remuneration of the INEDs in cash.

For each INED electing to receive a portion of his remuneration in the form of Units, the Manager shall transfer Units to such INED at a price per Unit equal to the prevailing market price for a Unit as of each quarterly payment date.

The INED Remuneration Arrangement will not involve the issuance of any new Units. Accordingly, the INED Remuneration Arrangement does not require the approval of the Unitholders.

This announcement is issued by the Board, on a voluntary basis, for the purpose of informing Unitholders and potential investors of Spring REIT of the INED Remuneration Arrangement.

ARRANGEMENT FOR REMUNERATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE MANAGER

The Board of the Manager, hereby announces that the Manager has adopted and made effective on 24 October 2014 the INED Remuneration Arrangement for the remuneration of the independent non-executive directors on the Board of the Manager, out of the Manager's own assets only, for the fourth quarter of 2014 and every calendar year thereafter, subject to the Term of the INED Remuneration Arrangement, as defined in Annexure 1.

Pursuant to the INED Remuneration Arrangement, the INEDs will be remunerated on the following basis:

- (i) partly in the form of cash, and partly in the form of Units (to be transferred from the Units held by the Manager). Such Units held by the Manager mainly represent Units received by the Manager from Spring REIT as payment of the Manager's Fee;
- (ii) the percentage of each INED's remuneration to be made in Units shall be subject to an annual election by each INED, made during the first 15 days of each calendar year, or during the first 15 days of the quarter in which the INED Remuneration Arrangement is first implemented. Once the election has been made, an INED shall not change the elected percentage for that calendar year (or any partial period). In the event that an INED fails to make such an election in any calendar year (or any partial period), that INED shall be remunerated in accordance with the most recent valid election made by that INED with respect to the remuneration split in cash or Units. If the INED makes no such prior election, remuneration of that INED will be paid 100% in cash.

The Units received by each INED under the INED Remuneration Arrangement will be transferred from the Units held by the Manager. In the event that the Manager does not hold a sufficient number of Units to make a full payment of the remuneration of an INED in the form of Units (in accordance with the election made by an INED), then the Manager shall pay the remuneration of the INEDs in cash.

For each INED electing to receive a portion of his remuneration in the form of Units, the Manager shall transfer Units to such INED at a price per Unit equal to the prevailing market price for a Unit as of each quarterly payment date.

Key terms of the INED Remuneration Arrangement are set out in Annexure 1 to this announcement.

The Board is of the view that the INED Remuneration Arrangement will not:

- (i) compromise the independence of any INED as an independent non-executive director of the Manager;
- (ii) affect the net asset value per Unit;
- (iii) affect the net distribution amount per Unit; and/or
- (iv) negatively affect Spring REIT.

Each INED has confirmed that:

- (i) the adoption of the INED Remuneration Arrangement will not affect the independence of such INED as an independent non-executive director of the Manager; and
- (ii) if there is any subsequent change of circumstances which affects the independence of an INED, including the INED Remuneration Arrangement affecting the independence of an INED as an independent non-executive director of the Manager, the INED shall elect to receive 100% of his remuneration in the form of cash.

Each INED has undertaken to provide Spring REIT with an annual confirmation of his independence as an INED.

As at the date of this announcement, each INED is entitled to an annual director's fee of HK\$360,000. This fee was determined after arm's length negotiation between each INED and the Manager, with reference to market conditions and the experience and qualifications of each INED.

During the fourth quarter of 2014, the Manager received notification that all INEDs had elected to receive 100% of their remuneration in Units.

To the best knowledge of the Manager, as at the date of this announcement, no INED currently holds Units.

The Manager confirms that the INED Remuneration Arrangement complies with General Principle 6 of the REIT Code (to adhere and uphold good corporate governance principles and best industry standards). In particular, the Board is of the view that the INED Remuneration Arrangement will:

- (i) align the interests of the INEDs with those of the Unitholders; and
- (ii) provide an alternative mechanism for the INEDs to participate in the long term prospects of Spring REIT.

The Manager has consulted with the trustee of Spring REIT, DB Trustees (Hong Kong) Limited (the "**Trustee**") regarding the adoption of the INED Remuneration Arrangement. Based and in sole reliance on the information and assurance provided by the Manager to the Trustee, the Trustee, having taken into account its duties set out in the Trust Deed and the REIT Code, has no objection for the Manager to proceed with the adoption of the INED Remuneration Arrangement.

In connection with the adoption of the INED Remuneration Arrangement the Manager shall, going forward, disclose in the interim report and the annual report of Spring REIT: (i) each INED's remuneration; (ii) the annual election made by each INED; (iii) number of Units paid during the relevant period; (iv) each INED's current beneficial interest in Spring REIT; and (v) the change (if any) in their respective beneficial interest in Spring REIT during the relevant period.

The INED Remuneration Arrangement will not involve the issuance of any new Units. Accordingly, the INED Remuneration Arrangement does not require the approval of the Unitholders.

This announcement is issued by the Board, on a voluntary basis, for the purpose of informing Unitholders and potential investors of Spring REIT of the INED Remuneration Arrangement.

By order of the Board
Spring Asset Management Limited
(as manager of Spring Real Estate Investment Trust)
Mr. Toshihiro Toyoshima
Chairman of the Manager

Hong Kong, 24 October 2014

As at the date of this announcement, the directors of the Manager are Toshihiro Toyoshima (Chairman and non-executive director); Lau Jin Tin, Don (executive director) and Nobumasa Saeki (executive director); Hideya Ishino (non-executive director); and Simon Murray, Tin Sek Tang and Liping Qiu (independent non-executive directors).

ANNEXURE 1

KEY TERMS OF INED REMUNERATION ARRANGEMENT

TERM	SUMMARY
Previous arrangement with the INEDs	The INEDs are appointed by way of a service contract entered into between the Manager and each INED. Each INED was previously paid in the form of cash.
Scope of the INED Remuneration Arrangement	The INED Remuneration Arrangement is only open to the INEDs.
Nature of relationship between Manager and INED	Each service contract between the Manager and an INED is negotiated and settled on arm's length commercial terms.
Commencement of the INED Remuneration Arrangement	The Manager has adopted and made effective on 24 October 2014 the INED Remuneration Arrangement for the INEDs, for the fourth quarter of 2014 and every calendar year thereafter, subject to the Term of the INED Remuneration Arrangement, as defined herein.
Election by an INED	The percentage of each INED's remuneration to be made in Units shall be subject to an annual election by each INED, made during the first 15 days of each calendar year, or during the first 15 days of the quarter in which the INED Remuneration Arrangement is first implemented. Once the election has been made, an INED shall not change the elected percentage for that calendar year, or any partial periods. In the event that an INED fails to make such an election in any calendar year, or any partial periods, that INED shall be remunerated in accordance with the most recent valid election made by that INED with respect to the remuneration split in cash or Units. If the INED makes no such prior election, remuneration of that INED will be paid 100% in cash.
Term of the INED Remuneration Arrangement	The earlier of: (i) 3 years from commencement of the INED Remuneration Arrangement; or (ii) with respect to each INED, the date on which the INED resigns from his/her position as an INED. The terms of the INED Remuneration Arrangement are subject to review, from time to time, by the Manager.