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Spring Real Estate Investment Trust

春泉產業信託

(A Hong Kong collective investment scheme authorised 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**

ANNOUNCEMENT

CONTINUING CONNECTED PARTY TRANSACTION IN RELATION TO THE PAG LEASE

The Board of the Manager wishes to announce that it has become aware of the disclosure of interests notification made by PAG informing of an increase in their interests in units in Spring REIT, causing PAG to become a significant holder of Spring REIT and therefore a connected person of Spring REIT. Prior to this, PAG was an independent third party of Spring REIT and not a connected person of Spring REIT within paragraph 8.1 of the REIT Code.

The PAG Tenant, a non-wholly owned subsidiary of PAG and therefore a connected person of Spring REIT, is a tenant of certain office premises owned by Spring REIT at China Central Place located at Nos. 79 and 81 Jianguo Road, Chaoyang District, Beijing, People's Republic of China, having entered into a lease with fixed terms and for a fixed term of 3 years that commenced in 1 November 2016. As the PAG Tenant is now a connected person of Spring REIT, the PAG Lease has become a continuing connected party transaction of Spring REIT.

This announcement is made by Spring REIT pursuant to paragraph 8.14 of the REIT Code.

The Board of Spring Asset Management Limited (the “**Manager**”) wishes to announce that it has become aware that, pursuant to the disclosure of interests notification made by PAG Holdings Limited (“**PAG**”) on 14 March 2017, PAG has increased their interests in units in Spring Real Estate Investment Trust (“**Spring REIT**”) to 10.02% on 9 March 2017 thereby becoming a significant holder of Spring REIT. PAG has therefore become a connected person of Spring REIT pursuant to paragraph 8.1(d) of the Code on Real Estate Investment Trusts (“**REIT Code**”). Prior to the aforesaid increase in interests, PAG was an independent third party of Spring REIT and not a connected person of Spring REIT within paragraph 8.1 of the REIT Code.

太盟投資管理諮詢(北京)有限公司 (PAG Investment Consulting (Beijing) Co., Limited*) (the “**PAG Tenant**”), a non-wholly owned subsidiary of PAG and therefore a connected party of Spring REIT pursuant to paragraph 8.1(g) of the REIT Code, is a tenant of certain office premises owned by Spring REIT at China Central Place located at Nos. 79 and 81 Jianguo Road, Chaoyang District, Beijing, People’s Republic of China, having entered into a lease with fixed terms and for a fixed term of 3 years that commenced in 1 November 2016 (the “**PAG Lease**”). The Manager is of the view that the PAG Lease was negotiated at arm’s length at the time of entry and is on normal commercial terms. As the PAG Tenant is now a connected person of Spring REIT, the PAG Lease has become a continuing connected party transaction of Spring REIT.

Details of the PAG Lease are as follows:

Tenant	The PAG Tenant
Premises	Certain areas in Office Tower 2 of China Central Place located at Nos. 79 and 81 Jianguo Road, Chaoyang District, Beijing, People’s Republic of China
Lease commencement date	1 November 2016
Term	3 years, expiring on 31 October 2019

The rental income in respect of the PAG Lease during the financial year ended 31 December 2016 (with the PAG Lease having commenced on 1 November 2016) is RMB562,626 while the rental deposit received by Spring REIT in respect of the PAG Lease as at 31 December 2016 is RMB1,010,358. For the avoidance of doubt, these do not constitute Spring REIT’s income derived from connected party transactions during the financial year ended 31 December 2016 as the PAG Lease only became a connected party transaction on 9 March 2017 subsequent to the said reporting period.

This announcement is made pursuant to paragraph 8.14 of the REIT Code, and a brief summary of the PAG Lease shall be included in the semi-annual or annual report of Spring REIT for the relevant reporting period, commencing with the semi-annual report of Spring REIT for the six months ending 30 June 2017.

The PAG Lease will also be subject to the following review processes:

(a) Auditors' review procedures

In respect of each relevant financial period, the Manager shall engage and agree with the auditors of Spring REIT to perform certain review procedures on the PAG Lease. The auditors shall then report to the Manager on the factual findings based on the work performed by them (and a copy of such report shall be provided to the Securities and Futures Commission of Hong Kong), confirming whether the PAG Lease:

- (i) has received the approval of the board of directors of the Manager (including the approval of all of the independent non-executive directors);
- (ii) is in accordance with the pricing policies of Spring REIT; and
- (iii) has been entered into in accordance with the terms of the PAG Lease.

(b) Review by the independent non-executive directors of the Manager

The independent non-executive directors of the Manager shall review the PAG Lease annually and confirm in Spring REIT's annual report for the relevant financial period that the PAG Lease has been entered into:

- (i) in the ordinary and usual course of business of Spring REIT;
- (ii) on normal commercial terms (to the extent that there are comparable transactions) or, where there are insufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to Spring REIT than terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the terms of the PAG Lease and the Manager's internal procedures governing connected party transactions, if any, on terms that are fair and reasonable and in the interests of the unitholders of Spring REIT as a whole.

If the PAG Lease is renewed or its terms are varied, the Manager will comply with all connected party transactions requirements under Chapter 8 of the REIT Code unless any waiver is granted in respect of the same. The Manager will also comply with the applicable requirements of Rule 14A.60 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as if such rule were to apply to Spring REIT.

Other than as disclosed above, the Manager is not aware of any other connected party transaction of Spring REIT that would result from the aforesaid increase in PAG's interests in units in Spring REIT.

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

Hong Kong, 29 March 2017

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

* *For identification purposes only.*