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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**

### **UPDATE ON PROPOSED CONTINUING CONNECTED PARTY TRANSACTION IN RELATION TO THE LEASES**

The board of directors (the “**Board**”) of Spring Asset Management Limited (as manager of Spring REIT, the “**Manager**”) wishes to announce that it has become aware pursuant to Itochu Corporation's disclosure of interest notice in respect of Mercuria Investments published on 8 May 2017, that Itochu Corporation has decreased its shareholding interest in Mercuria Investment to approximately 19.5%. To the best of the Manager's knowledge, information and belief, the Itochu Selldown was conducted for genuine commercial reasons and benefits of Itochu Corporation.

Following the Itochu Selldown, each of Itochu Corporation and the Lessee has become an independent third party of Spring REIT and not a connected person of Spring REIT within the meaning of 8.1 of the REIT Code. As such, the Lease CCTs no longer constitute continuing connected party transactions of Spring REIT under 8.5 of the REIT Code. Accordingly, an application for the Lease CCTs Waiver is no longer required.

The Manager will nonetheless proceed with the EGM to be held at 4:00 p.m. on Thursday, 25 May 2017 to seek Independent Unitholders' approval for the Lease CCTs, for good corporate governance. In light of the abovementioned developments, RCA Fund no longer has a material interest in the Ordinary Resolution to approve the Lease CCTs and accordingly, RCA Fund is no longer required to abstain from voting on the Ordinary Resolution to approve the Lease CCTs.

Reference is made to the announcement dated 17 March 2017 and the circular dated 21 March 2017 made by Spring REIT in relation to the proposed Acquisition of 84 separate commercial properties in the United Kingdom and the Lease CCTs. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the announcement dated 17 March 2017 ("**Announcement**").

The Board wishes to announce that it has become aware pursuant to Itochu Corporation's disclosure of interest notice in respect of Mercuria Investments (TSE: 7190) published on 8 May 2017, that Itochu Corporation had on 2 May 2017 sold 480,000 shares of Mercuria Investment off-market at JPY1,294 per share, decreasing its shareholding interest in Mercuria Investment to approximately 19.5% ("**Itochu Selldown**").

Immediately prior to the Itochu Selldown, Itochu Corporation held approximately 23.0% of the total issued share capital of Mercuria Investment, which in turn holds 90.2% of the total issued share capital of the Manager. As such, Itochu Corporation was an associated company of the Manager and a connected person of Spring REIT within the meaning of 8.1 of the REIT Code. By virtue of being an indirect wholly-owned subsidiary of Itochu Corporation, the Lessee was also a connected person of Spring REIT within the meaning of 8.1 of the REIT Code immediately prior to the Itochu Selldown.

Following the Itochu Selldown, each of Itochu Corporation and the Lessee has become an independent third party of Spring REIT and not a connected person of Spring REIT within the meaning of 8.1 of the REIT Code. As such, the transactions under the Leases to be assumed by Spring REIT upon completion of the Acquisition, being the Lease CCTs, no longer constitute continuing connected party transactions of Spring REIT under 8.5 of the REIT Code. Accordingly, an application for the Lease CCTs Waiver is no longer required.

The Manager understands that: (i) Itochu Corporation made a pre-IPO investment in Mercuria Investment in 2015; (ii) Mercuria Investment listed on the Tokyo Stock Exchange on 17 October 2016; (iii) Itochu Corporation's pre-IPO investment in Mercuria Investment was subject to a customary lock-up following the IPO; and (iv) the lock-up period expired on 14 April 2017 and Itochu Corporation conducted the Itochu Selldown soon after that on 2 May 2017. To the best of the Manager's knowledge, information and belief, the Itochu Selldown was conducted for genuine commercial reasons and benefits of Itochu Corporation.

The Manager will nonetheless proceed with the EGM to be held at 4:00 p.m. on Thursday, 25 May 2017 to seek Independent Unitholders' approval for the Lease CCTs, for good corporate governance. In light of the abovementioned developments, RCA Fund no longer has a material interest in the Ordinary Resolution to approve the Lease CCTs and accordingly, RCA Fund is no longer required to abstain from voting on the Ordinary Resolution to approve the Lease CCTs. The other members of the Manager Connected Persons Group and Itochu Connected Persons Group, who are interested or deemed to be interested in 73,333,163 Units representing 5.9% of

the Units in issue, shall still abstain from voting on the Ordinary Resolution to approve the Lease CCTs. Based and in sole reliance on the information and confirmations provided by the Manager, the Trustee has no objections to RCA Fund voting on the Ordinary Resolution to approve the Lease CCTs.

**Completion of the Acquisition is subject to satisfaction of the conditions precedent under the Share Purchase Agreement, including the abovementioned unitholder approval for the Lease CCTs. The Acquisition will not proceed if the Lease CCTs have not been approved by the Independent Unitholders at the EGM.**

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, 17 May 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).*