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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

COMPLETION OF ACQUISITION OF 84 SEPARATE COMMERCIAL PROPERTIES IN THE UNITED KINGDOM

The board of directors (the “**Board**”) of Spring Asset Management Limited (the “**Manager**”) is pleased to announce that completion of the Acquisition of 84 separate commercial properties pursuant to the terms of the Share Purchase Agreement took place on 14 July 2017. On the same day, the Completion Payment of £36,721,592.12 (approximately USD46,636,421.99) was settled by the Purchaser in accordance with the Share Purchase Agreement.

The payment of the Purchase Price and the Total Fees and Charges has or will be financed by Spring REIT’s internal resources and a bank borrowing of £37,000,000.00 with Australia and New Zealand Bank Group Limited, Hong Kong Branch, an independent third party and not a connected person of Spring REIT within the meaning of 8.1 of the REIT Code.

Reference is made to the announcements dated 6 December 2016, 20 January 2017, 17 March 2017, 17 May 2017 and 25 May 2017 and the circular dated 21 March 2017, each made by Spring Real Estate Investment Trust (“**Spring REIT**”) in connection with 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 (“**Acquisition Announcement**”).

COMPLETION OF THE ACQUISITION

The Manager is pleased to announce that completion of the Acquisition took place on 14 July 2017 following the satisfaction of all the Conditions under the Share Purchase Agreement (including the obtaining of Independent Unitholders’ approval on the Lease CCTs, which was passed as an Ordinary Resolution at the EGM held on 25 May 2017). Spring REIT has, through RUK01 Limited (being a newly-established special purpose vehicle of Spring REIT

incorporated in Jersey) (“**RUK01**”) and the Target Company, become the sole owner of the Target Properties.

On the same day, the Completion Payment of £36,721,592.12 (approximately USD46,636,421.99) was settled by the Purchaser in accordance with the Share Purchase Agreement as follows:

- (a) the payment by the Purchaser of the Completion Sum of £35,266,576.78 to the Seller;
- (b) the retention by the Seller of £500,015.34, being the Initial Deposit (£250,000.00) paid to the Seller’s solicitors on 9 December 2016 and the Further Deposit (£250,000.00) paid to the Seller’s solicitors on 17 March 2017, plus accrued interest on the same;
- (c) the payment by the Purchaser of the Retention Amount of £735,000.00 (being 1% of the Base Purchase Price) into the Escrow Account at Completion; and
- (d) the Purchaser withholding the sum of £220,000.00 and applying it to pay part of the premium payable for the W&I Insurance at Completion.

As stated in the Acquisition Announcement, the Completion Payment is equal to the estimated Purchase Price based on the projected statement of financial position of the Target Company prepared by the Seller prior to the Completion Date in accordance with the Share Purchase Agreement.

DRAWDOWN UNDER THE NEW BANK BORROWING

The payment of the Purchase Price and the Total Fees and Charges has or will be financed by Spring REIT’s internal resources and a bank borrowing of £37,000,000.00 as particularised below.

On 14 July 2017, a bank borrowing of £37,000,000.00 was drawn down by RUK01, pursuant to a facility agreement bearing a floating interest rate at London Interbank Offered Rate plus 2.15% per annum entered into between RUK01 and Australia and New Zealand Bank Group Limited, Hong Kong Branch, an independent third party and not a connected person of Spring REIT within the meaning of 8.1 of the REIT Code, with a guarantee provided by DB Trustees (Hong Kong) Limited (in its capacity as trustee of Spring REIT), to part finance the Purchase Price (including the abovementioned Completion Payment) and the Total Fees and Charges. Such bank borrowing is at arm's length, on normal commercial terms, fair and reasonable and in the interests of Unitholders.

ENTRY INTO THE LEASES

Each of the Target Properties is subject to a long-term lease between the Target Company (as lessor) and the Lessee (which is 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) (collectively, the “**Leases**”). Such Leases have been assumed by Spring REIT upon completion of the Acquisition (by virtue of its acquisition of the Target Company).

GENERAL

This announcement is made pursuant to paragraphs 10.3 and 10.4 of the REIT Code.

Further announcements in relation to the Acquisition will be made by the Manager in accordance with all applicable requirements of the REIT Code as and when appropriate, including as soon as practicable following the determination or agreement of the Post-Completion Adjustment and final Purchase Price.

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, 14 July 2017

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

For the purpose of this announcement and for illustration purposes only, amounts denominated in £ have been converted into USD using the exchange rate of USD1.27 = £1.00. No representation is made that any amount in £ or USD or HK\$ could have been or could be converted at such rate or at any other rates at all.