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SpringREIT

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

UPDATE ANNOUNCEMENT ON

- (1) MAJOR ACQUISITION RELATING TO THE PURCHASE OF
A COMMERCIAL PROPERTY IN HUIZHOU, PRC AND
ISSUANCE OF CONSIDERATION UNITS;
(2) VOLUNTARY CONDITIONAL CASH OFFER
BY UBS AG HONG KONG BRANCH ON BEHALF OF
RE STRATEGIC INVESTMENTS PTE. LTD.; AND
(3) EXTRAORDINARY GENERAL MEETING AND CLOSURE OF
REGISTER OF UNITHOLDERS**

Reference is made to: (i) the announcements dated 19 and 26 September 2018 and the unitholder circular dated 26 September 2018 (“**Acquisition Circular**”) made by Spring REIT regarding among other things the Acquisition; and (ii) the response document published by Spring REIT dated 15 October 2018 (“**Response Document**”) and the announcements issued by Spring REIT dated 26 September 2018 and 2, 3, 8 and 9 October 2018. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Acquisition Circular.

In preparation of the Acquisition Circular, the Trustee confirmed the following statement disclosed in the Acquisition Announcement and the Acquisition Circular (“**Statement**”): *“Deutsche Bank AG is, through intermediary companies, one of the ultimate beneficial owners of the Seller with less than 20% attributable interest in the Seller, and it does not control or own the Seller such as to render the Seller an associated company of the Trustee or a connected person under paragraph 8.1 of the REIT Code”* to the Manager. The Response Document also states that the Seller is not a connected person of Spring REIT under the REIT Code.

Subsequent to the publication of the Acquisition Circular, Deutsche Bank AG filed a corporate substantial shareholder notice (“**DI Notice**”) on 27 September 2018 disclosing its interests in 279,173,957 Units, representing the maximum number of Consideration Units that may be issued to the Seller in connection with the Acquisition. Such Consideration Units will only be issued upon completion of the Acquisition. Based on the DI Notice, Deutsche Bank AG indirectly holds 50% of Cathay Capital Company Limited, which in turn indirectly holds 44.05% of Huamao Property, which directly holds 87% of the Seller.

Subsequent to the DI Notice, the Manager made enquiries with Deutsche Bank AG and the Trustee regarding the DI Notice, and in response: (a) Deutsche Bank AG replied that it considers the DI Notice to be in line with the regulatory requirements for filing DI Notices; and (b) the Trustee has: (i) re-confirmed to the Manager that in its view the disclosure in the Acquisition Circular was and remains accurate; and (ii) noted that the provisions for determining whether Deutsche Bank AG is required to file the DI Notice are different from the provisions for determining whether the Seller is a connected person as set out in the Statement.

Notwithstanding the Trustee’s re-confirmation, the Manager considers it is appropriate to take a more conservative view and treat the Seller as if it was a connected person through the Trustee, proceed as if the Acquisition is a connected party transaction through the Trustee, and meet all the relevant regulatory requirements as if they are applicable to the Acquisition. For the avoidance of doubt, the Seller is not a connected person through the Manager and the Acquisition will not be treated as a connected party transaction through the Manager. In light of such development, the Manager shall extend the mandate of the Independent Financial Adviser (being Somerley Capital Limited) and the Independent Board Committee to additionally cover the Acquisition, and will issue a supplemental circular (“**Supplemental Circular**”) containing their opinions.

Having regard to the above, the Manager will also postpone the EGM (originally scheduled for 4:30 p.m. on 29 October 2018) to provide sufficient time for Unitholders to consider the additional information disclosed in the Supplemental Circular. Consequentially, the Register of Unitholders will no longer be closed from 24 October 2018 to 29 October 2018 (both days inclusive). Deutsche Bank AG and the entities through which it holds its interest in Huamao Property, as well as the Trustee, shall be required to abstain from voting at the postponed EGM.

The Manager shall make a further announcement regarding the date of the postponed EGM, the corresponding revised dates for closure of the Register of Unitholders, and the expected date for despatching the Supplemental Circular.

Completion of the Acquisition is subject to and conditional upon satisfaction of certain conditions, which includes Unitholders' approval being obtained at the postponed EGM for the Acquisition. Accordingly, the Acquisition may or may not complete. Unitholders, as well as any prospective investors of Spring REIT, are therefore advised to exercise caution when dealing in the Units.

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

Hong Kong, 18 October 2018

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, Qiu Liping and Lam Yiu Kin (independent non-executive directors).

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.