

[For immediate release]



## **Spring REIT Completes Acquisition of 84 Commercial Properties in the United Kingdom**

*Diversified asset portfolio to generate stable and growing income stream*

(Hong Kong, 14 July 2017) – **Spring Asset Management Limited** (the “**Manager**”), as manager of Spring Real Estate Investment Trust (“**Spring REIT**”, stock code: 1426), is pleased to announce that the acquisition of a portfolio of commercial properties in the United Kingdom (the “**UK**”) was completed today. This marks the first acquisition of Spring REIT, and by far the largest acquisition of real estate assets outside of Greater China region completed by a real estate investment trust in Hong Kong.

The portfolio comprises 84 separate commercial properties in the UK (the “**Properties**”) with a total gross internal area of approximately 500,000 sq.ft. The total consideration for the Properties of £73.5 million (approximately US\$93.3 million) is financed by Spring REIT’s internal resources, an existing bank loan of approximately £36.1 million, and the drawdown of a new bank loan of £37.0 million.

The Properties are leased under separate leases to a single tenant Kwik-Fit, a market leading car servicing provider in the UK. Through more than 600 centres across the country, Kwik-Fit specialises in servicing of tyres, brakes, exhausts, as well as the provision of annual safety tests on vehicles as required by relevant laws in the UK. Kwik-Fit is owned by ITOCHU Corporation, the second largest general trading company in Japan and a Fortune 500 company.

All leases are of long-term nature with remaining lease term of approximately 15 years (save for a single lease which has a remaining term of approximately 7 years). The initial gross rental yield of the Properties is approximately 6.1%. Under the leases, future rents will be marked-to-market every 5 years based on the higher of: (i) the then prevailing market rent; or (ii) the then annual rent. This rent review mechanism provides downside protection to future rental income from the Properties.

Mr. Toshihiro TOYOSHIMA, Chairman of Spring Asset Management Limited, said, “The acquisition represents a major milestone for Spring REIT as it is our first step in diversifying our asset portfolio. We believe the stable and growing income from the UK properties will support our long-term growth as we further explore other investment opportunities in different parts of the world. It has always been Spring REIT’s objective to deliver quality, long term and growing cash flow to our Unitholders.”

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**About Spring Real Estate Investment Trust (stock code: 1426)**

Spring Real Estate Investment Trust (“Spring REIT”, stock code: 1426) is a real estate investment trust which invests in high quality income-producing real estate. Listed on 5 December 2013 on the Hong Kong Stock Exchange, Spring REIT is the first Hong Kong REIT to offer direct exposure to two Premium Grade office buildings strategically located in the Central Business District (“CBD”) of Beijing. Spring REIT seeks to offer to Unitholders stable distributions and the potential for sustainable long-term growth through investing in a diversified portfolio of income-producing real estate around the world.

Spring REIT is managed by Spring Asset Management Limited (the “Manager”), a company incorporated in Hong Kong and is 90.2% owned by Mercuria Investment Co., Limited (formerly known as AD Capital Co., Ltd., name changed as of 1 January 2016), which is a private equity investment firm listed on the Tokyo Stock Exchange (stock code: 7190).

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