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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**

**REFINANCING OF EXISTING BANK LOAN FACILITIES BY WAY OF
(A) UP TO US\$555,000,000 NEW SECURED BANK LOAN FACILITIES
AND (B) HK\$585,000,000 1.75% CONVERTIBLE BONDS DUE 2022**

Placing Agent
in respect of the Bonds



Financial Adviser
in respect of the New Bank Loan Facilities and the Bonds



BACKGROUND

On 18 February 2015, Spring REIT announced the signing of the agreement for the Existing Bank Loan Facilities, being a facility agreement in respect of a five year floating rate secured term loan facility of US\$480,000,000 and an uncommitted revolving facility of US\$20,000,000. The total outstanding principal amount under the Existing Bank Loan Facilities was US\$468,000,000 as at 30 June 2019, and is repayable in full on 29 April 2020.

REFINANCING OF EXISTING BANK LOAN FACILITIES

For the purpose of refinancing the Existing Bank Loan Facilities: (a) on 7 November 2019, the Borrower (a wholly-owned subsidiary of Spring REIT) and the Bank Lenders (among others) entered into a deed of amendment in relation to the Existing Bank Loan Facilities, pursuant to which the Bank Lenders agreed to grant the Borrower the New Bank Loan Facilities, on the terms and subject to the conditions set out therein; and (b) on 23 November 2019, the Issuer (a wholly-owned subsidiary of Spring REIT), the Subscriber, the REIT Manager and the Guarantor entered into the Subscription Agreement, pursuant to which the Issuer agreed to issue, and the Subscriber agreed to subscribe and pay for, the Bonds at the Issue Price, on the terms and subject to the conditions set out therein.

NEW BANK LOAN FACILITIES

The New Bank Loan Facilities are denominated in US\$ for an amount of up to US\$555,000,000, comprising a committed term loan facility of US\$475,000,000 and an uncommitted term loan facility of US\$80,000,000. The New Bank Loan Facilities will bear interest at a margin of 1.55% per annum over 3-month US\$ LIBOR, and will mature in five years minus one day from the date on which the New Bank Loan Facilities are drawn down. The New Bank Loan Facilities will be secured by, among other things, a mortgage over Office Tower 1 and Office Tower 2 of China Central Place, located at No. 79 and 81 Jianguo Road, Chaoyang District, Beijing, the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Bank Lenders is: (i) an independent third party; and (ii) not a connected person of Spring REIT.

BOND ISSUANCE

The Bonds are convertible in the circumstances set out in the Terms and Conditions into New Units at the Initial Conversion Price of HK\$3.642 per Unit (subject to adjustments). Notwithstanding the foregoing, the Conversion Price shall be no less than the Conversion Price Floor of HK\$3.252 per Unit (subject to adjustments).

As at the date of this announcement, Spring REIT has 1,285,813,315 Units in issue. For illustrative purposes only, assuming: (a) there is no change to the number of Units in issue; and (b) the Bonds will be converted at the Initial Conversion Price of HK\$3.642 per Unit without any adjustments thereto, 160,626,029 New Units will be issued upon full conversion of the Bonds (representing: (i) approximately 12.5% of the total number of Units in issue as at the date of this announcement; and (ii) approximately 11.1% of the total number of Units in issue as enlarged by the issue of such New Units). Assuming: (a) there is no change to the number of Units in issue; and (b) the Bonds will be converted at the Conversion Price Floor of HK\$3.252 without any adjustments thereto, 179,889,298 New Units will be issued upon full conversion of the Bonds (representing: (i) approximately 14.0% of the total number of Units in issue as at the date of this announcement; and (ii) approximately 12.3% of the total number of Units in issue as enlarged by the issue of such New Units). The New Units will be issued as fully-paid and will in all respects rank pari passu with the Units in issue.

As at the date of this announcement, the Subscriber is a “professional investor” as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Securities and Futures (Professional Investor) Rules (Chapter 571D of the Laws of Hong Kong). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Subscriber and each of its ultimate beneficial owners are independent third parties and are not connected persons of Spring REIT. However, as the Illustrative New Units exceed 10% of the Units in issue as enlarged by the issuance of such Units, the Subscriber may (based on the corresponding illustrative assumptions) become a significant holder, and therefore a connected person, of Spring REIT in future if its unitholding in Spring REIT exceeds 10% of the number of Units in issue. If the Subscriber were to become a significant holder of Spring REIT: (a) its directors, senior executives and officers; (b) associates of such persons and the Subscriber (as defined in the REIT Code); and (c) controlling entities, holding companies, subsidiaries and associated companies of the Subscriber (as defined in the REIT Code), would also become connected persons of Spring REIT. If the Subscriber becomes a connected person of Spring REIT, the REIT Manager shall, as soon as practicable after becoming aware of such fact, publish an announcement regarding the same.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, there are no subsisting transactions of Spring REIT which would become connected party transactions if the Subscriber (and persons connected through it) were to become connected persons of Spring REIT.

The Bonds, the Guarantee and the New Units have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds will be offered and sold in a private placement outside the United States in reliance on Regulation S under the Securities Act.

The New Units will be issued by Spring REIT pursuant to, and within the limits of, the authority conferred upon Spring REIT under paragraph 12.2 of the REIT Code and Clause 7.1.6 of the Spring REIT Trust Deed, pursuant to which Units may be issued in any financial year otherwise than on a pro rata basis to all existing Unitholders, without the approval of the Unitholders, if the total number of New Units issued (after making certain adjustments) does not increase the number of Units that were outstanding at the end of the previous financial year by more than 20.0% (or such other percentage of outstanding Units as may, from time to time, be prescribed by the SFC).

The Bonds will not be listed on the Hong Kong Stock Exchange or any other stock exchange. An application has been made by the REIT Manager to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Units on the Hong Kong Stock Exchange.

This announcement is issued pursuant to paragraphs 10.3 and 10.4(k) of the REIT Code.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed "BOND ISSUANCE" below for further information.

WARNING: As the Subscription Agreement may or may not be completed, the Bonds may or may not be issued and the New Units may or may not be issued or listed, Unitholders and potential investors are advised to exercise caution when dealing in the units of Spring REIT.

BACKGROUND

Reference is made to the announcement of Spring REIT dated 18 February 2015 in relation to the signing of a facility agreement in respect of a five year floating rate secured term loan facility of US\$480,000,000 and an uncommitted revolving facility of US\$20,000,000 (collectively, the “**Existing Bank Loan Facilities**”). On 12 May 2017, Spring REIT early repaid part of the Existing Bank Loan Facilities of an amount of US\$30,000,000, reducing the outstanding principal amount of the secured term loan facility to US\$450,000,000. On 23 June 2017, Spring REIT entered into a deed of amendment to amend the Existing Bank Loan Facilities, including an amendment which reduced the interest margin by 110 basis points from 2.75% to 1.65% for both the secured term loan facility and the uncommitted revolving facility, effective from 27 June 2017.

Accordingly, in respect of the Existing Bank Loan Facilities, the amount of the secured term loan facility and the uncommitted revolving facility is US\$450,000,000 and US\$20,000,000 respectively. The Existing Bank Loan Facilities bear interest at a margin of 1.65% per annum over 3-month US\$ LIBOR.

The total outstanding principal amount under the Existing Bank Loan Facilities was US\$468,000,000 as at 30 June 2019, and is repayable in full on 29 April 2020.

REFINANCING OF EXISTING BANK LOAN FACILITIES

For the purpose of refinancing the Existing Bank Loan Facilities:

- (a) on 7 November 2019, the Borrower (a wholly-owned subsidiary of Spring REIT) and certain lenders (the “**Bank Lenders**”) (among others) entered into a deed of amendment in relation to the Existing Bank Loan Facilities, pursuant to which the Bank Lenders agreed to grant the Borrower the New Bank Loan Facilities, on the terms and subject to the conditions set out therein (the “**New Bank Loan**”); and
- (b) on 23 November 2019, the Issuer (a wholly-owned subsidiary of Spring REIT), the Subscriber, the REIT Manager and the Guarantor entered into the Subscription Agreement, pursuant to which the Issuer agreed to issue, and the Subscriber agreed to subscribe and pay for, the Bonds at the Issue Price, on the terms and subject to the conditions set out therein (the “**Bond Issuance**”),

(the New Bank Loan and the Bond Issuance collectively, the “**Refinancing Transactions**”).

NEW BANK LOAN FACILITIES

On 7 November 2019, the Borrower and the Bank Lenders entered into a deed of amendment in relation to the Existing Bank Loan Facilities, pursuant to which the Bank Lenders agreed to grant the Borrower the New Bank Loan Facilities. The New Bank Loan Facilities are denominated in US\$ for an amount of up to US\$555,000,000 comprising a committed term loan facility of US\$475,000,000 and an uncommitted term loan facility of US\$80,000,000. The New Bank Loan Facilities will bear interest at a margin of 1.55% per annum over 3-month US\$ LIBOR, and will mature in five years minus one day from the date on which the New Bank Loan Facilities are drawn down. The New Bank Loan Facilities will be secured by, among other things, a mortgage over Office Tower 1 and Office Tower 2 of China Central Place, located at No. 79 and 81 Jianguo Road, Chaoyang District, Beijing, the PRC. The Guarantor will provide an unconditional and irrevocable guarantee in favour of the Bank Lenders in respect of the New Bank Loan Facilities.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Bank Lenders is: (i) an independent third party; and (ii) not a connected person of Spring REIT.

BOND ISSUANCE

Subscription Agreement and Placing Agreement

On 23 November 2019, the Issuer, the Subscriber, the REIT Manager and the Guarantor entered into the Subscription Agreement, pursuant to which the Issuer has agreed to issue the Bonds, and subject to the satisfaction of the conditions in the Subscription Agreement, as set out in the section headed "Conditions Precedent" below, the Subscriber has agreed to subscribe and pay for the Bonds at the Issue Price on the Closing Date.

On the same day, the Issuer, the REIT Manager, the Guarantor and the Placing Agent entered into the Placing Agreement to appoint DBS Bank Ltd. as the placing agent and the settlement agent to facilitate the process of subscription of the Bonds. Pursuant to the Placing Agreement, the Issuer (failing whom the Guarantor) shall pay to the Placing Agent a commission at the rate of 0.7% of the aggregate principal amount of the Bonds. Such commission rate was arrived at after arm's length negotiations with the Placing Agent, and the REIT Manager is of the view that the commission rate is in line with prevailing market rates for such services. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent: (i) is an independent third party; (ii) is not a connected person of Spring REIT; and (iii) does not hold any Units.

The Subscriber

The Subscriber is a special purpose vehicle set up by an investment consortium led by Sino-Ocean Group, a major Hong Kong-listed Chinese property developer. Sino-Ocean Group is one of the leading property developers in the PRC and develops and invests in real estate projects comprising residential, office and retail projects located primarily in Beijing and other main cities in the PRC.

As at the date of this announcement, the Subscriber is a "professional investor" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Securities and Futures (Professional Investor) Rules (Chapter 571D of the Laws of Hong Kong). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Subscriber and each of its ultimate beneficial owners are independent third parties and are not connected persons of Spring REIT. However, as the Illustrative New Units exceed 10% of the Units in issue as enlarged by the issuance of such Units, the Subscriber may (based on the corresponding illustrative assumptions) become a significant holder, and therefore a connected person, of Spring REIT in future if its unitholding in Spring REIT exceeds 10% of the number of Units in issue. If the Subscriber were to become a significant holder of Spring REIT: (a) its directors, senior executives and officers; (b) associates of such persons and the Subscriber (as defined in the REIT Code); and (c) controlling entities, holding companies, subsidiaries and

associated companies of the Subscriber (as defined in the REIT Code), would also become connected persons of Spring REIT. Such persons would include Sino-Ocean Group as at the date of this announcement. If the Subscriber becomes a connected person of Spring REIT, the REIT Manager shall, as soon as practicable after becoming aware of such fact, publish an announcement regarding the same.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, there are no subsisting transactions of Spring REIT which would become connected party transactions if the Subscriber (and persons connected through it) were to become connected persons of Spring REIT.

Based on the information and confirmation provided to the REIT Manager and having made all reasonable enquiries, the REIT Manager does not expect that the Subscriber, together with its concert parties, will hold 30.0% or more of the then total number of Units in issue as a result of the conversion of the Bonds (if any) such that the Takeovers Code shall apply.

Guarantee

The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bond Trust Deed and the Bonds. The Guarantee will constitute direct, unconditional and unsubordinated obligations of the Guarantor.

Conditions Precedent

Pursuant to the Subscription Agreement and the Placing Agreement respectively, the obligations of the Subscriber to subscribe and pay for the Bonds and the obligations of the Placing Agent to settle the Bonds are conditional on (among others):

1. **Other Contracts:** the execution and delivery (on or before the Closing Date) of the other Contracts by the respective parties thereto;
2. **Compliance:** at the Closing Date:
 - (a) the representations and warranties of the Issuer and the REIT Manager in the relevant agreement being true, accurate and correct at, and as if made on, such date;
 - (b) the Issuer and the REIT Manager having performed each of its obligations under the relevant agreement to be performed on or before such date; and

- (c) there having been delivered to the Subscriber or the Placing Agent (as the case may be) a certificate in the form attached to the relevant agreement, dated as of such date, of a duly authorised officer of each of the Issuer and the REIT Manager to such effect;
3. **No material adverse change:** after the date of the relevant agreement up to and at the Closing Date, there not having occurred any change (nor any development or event reasonably likely to involve a prospective change), in the condition (financial or other), prospects, business, properties, results of operations or general affairs of the Issuer, the Guarantor, the REIT Manager, Spring REIT or the Group, which, in the opinion of the Subscriber or the Placing Agent (as the case may be), is material and adverse in the context of the issue and offering of the Bonds;
 4. **Other consents:** on or prior to the Closing Date there shall have been delivered to the Subscriber or the Placing Agent (as the case may be): (i) copies of, in form and substance reasonably satisfactory to the Subscriber or the Placing Agent (as the case may be), all resolutions, consents, authorities and approvals required in relation to the issue and offering of the Bonds and the performance of the Issuer's, the Guarantor's and the REIT Manager's obligations under the Contracts and the Bonds (including any consents and approvals required from all lenders); and (ii) copies of the constitutional documents of each of the Issuer, the Guarantor and the REIT Manager;
 5. **Listing:** the Hong Kong Stock Exchange having agreed to list the Conversion Price Floor New Units (or the Subscriber or the Placing Agent (as the case may be) being reasonably satisfied that such listing will be granted); and
 6. **Legal opinions:** on or before the Closing Date, there having been delivered to the Subscriber or the Placing Agent (as the case may be) certain legal opinions dated as at the Closing Date, in form and substance reasonably satisfactory to the Subscriber or the Placing Agent (as the case may be).

The Subscriber or the Placing Agent (as the case may be) may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the conditions precedent under the relevant agreement (other than conditions 1 and 5 above).

As at the date of this announcement, certain of the above conditions precedent are yet to be satisfied and/or (as the case may be) waived. It is the intention of the Issuer and the REIT Manager to satisfy or procure the satisfaction of such conditions precedent on or before the Closing Date.

Closing

At 4:00 p.m. (Hong Kong time) (or such other time as may be agreed by the Subscriber and the Issuer) on the Closing Date, the Issuer will issue the Bonds and procure the entry in the register of Bondholders of the name of a nominee for the Common Depositary and will deliver to the Common Depositary the Global Certificate duly executed and authenticated representing the aggregate principal amount of the Bonds. Delivery of the Global Certificate and completion of the register of Bondholders shall constitute the issue and delivery of the Bonds.

The Subscriber will pay or cause to be paid to the Issuer the subscription monies for the Bonds for value on the Closing Date.

Termination

Notwithstanding anything contained in the Subscription Agreement and the Placing Agreement respectively, the Subscriber or the Placing Agent (as the case may be) may, by written notice to the Issuer, the Guarantor and the REIT Manager given at any time prior to payment of the subscription monies for the Bonds to the Issuer, terminate the relevant agreement in any of the following circumstances:

1. if there shall have come to the notice of the Subscriber or the Placing Agent (as the case may be) any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the relevant agreement or any failure to perform any of the Issuer's, the Guarantor's or the REIT Manager's undertakings or agreements in the relevant agreement;
2. if any of the conditions precedent have not been satisfied or waived by the Subscriber or the Placing Agent (as the case may be) on or prior to the Closing Date;
3. if, in the opinion of the Subscriber or the Placing Agent (as the case may be), there shall have been, since the date of the relevant agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of Spring REIT on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would be likely to prejudice materially dealings in the Bonds in the secondary market;

4. if, in the opinion of the Subscriber or the Placing Agent (as the case may be), there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Singapore Stock Exchange, the Shanghai Stock Exchange and/or the Hong Kong Stock Exchange and/or any other stock exchange on which Spring REIT's securities are traded; (ii) a suspension or a material limitation in trading in Spring REIT's securities on the Hong Kong Stock Exchange and/or any other stock exchange on which any of Spring REIT's securities are traded; (iii) a general moratorium on commercial banking activities in the United States, Singapore, Hong Kong, the PRC and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Singapore, Hong Kong, the PRC and/or the United Kingdom; or (iv) a change or development involving a prospective change in taxation affecting Spring REIT, the Bonds, the Guarantee and the New Units or the transfer thereof; or
5. if, in the opinion of the Subscriber, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would be likely to prejudice materially dealings in the Bonds in the secondary market.

Upon such termination, no party shall be under any liability to any other in respect of the relevant agreement, except for any antecedent breach and that the Issuer, the Guarantor and the REIT Manager shall remain liable under the indemnity given in respect of the representations, warranties, undertakings and/or agreements provided under or in connection with the relevant agreement.

Lock-up

Each of the Issuer and the REIT Manager jointly and severally undertakes and covenants with each of the Subscriber and the Placing Agent respectively that it will not, and it will procure that neither Spring REIT nor any of its subsidiaries nor any person acting on its behalf will, for a period from the date of the Subscription Agreement or the Placing Agreement (as the case may be) up to 180 days after the Closing Date, without the prior written consent of the Subscriber or the Placing Agent (as the case may be), issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) any Units or securities convertible or exchangeable into or exercisable for Units or warrants or other rights to purchase Units or any security or financial product whose value is determined directly or indirectly by reference to the price of the Units, including equity swaps, forward sales and options representing the right to receive any Units (whether or not such contract is

to be settled by delivery of Units or such other securities, in cash or otherwise) save for Units issued pursuant to the conversion provisions of the Bonds and Units issued as payment of the REIT Manager's fees in accordance with the Spring REIT Trust Deed.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarised as follows:

Issuer	Spring Treasury Limited (a wholly-owned subsidiary of Spring REIT)
Guarantor	DB Trustees (Hong Kong) Limited (in its capacity as trustee of Spring REIT and with recourse limited to the assets of Spring REIT)
REIT Manager	Spring Asset Management Limited (in its capacity as manager of Spring REIT)
Issue	HK\$585,000,000 1.75% guaranteed convertible bonds due 2022 convertible at the option of the holder thereof into Units
Issue Price	100.0% of the principal amount of the Bonds
Form and Denomination of the Bonds	<p>The Bonds will be issued in registered form in the denomination of HK\$5,000,000 and integral multiples of HK\$1,000,000 in excess thereof. Upon issue, the Bonds will be represented by the Global Certificate.</p> <p>The Bonds will not be listed on the Hong Kong Stock Exchange or any other stock exchange.</p>
Interest	The Bonds bear interest from (and including) 27 November 2019 at the rate of 1.75% per annum of the principal amount of the Bonds. Interest is payable semi-annually in arrear on May and November in each year, commencing with the first payment of interest on 27 May 2020 in respect of the period from (and including) 27 November 2019 to (but excluding) 27 May 2020.

Issue Date	27 November 2019
Maturity Date	27 November 2022
Negative Pledge	<p>So long as any Bond remains outstanding, neither the Issuer nor the Guarantor will (and the REIT Manager will ensure that none of the other members of the Group (excluding the REIT Trustee) will) create or have outstanding, any mortgage, charge, pledge, lien, assignment by way of security or any other security interest (other than a security interest permitted under the Terms and Conditions) upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee of or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto: (a) ensuring all amounts payable by the Issuer under the Bonds, or, as the case may be, the Guarantor under the Guarantee, are secured equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be; or (b) according to the Bonds the same security interest as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security interest as shall be approved by an Extraordinary Resolution of the Bondholders.</p>
Status of the Bonds	<p>The Bonds constitute direct, unconditional, unsubordinated and (subject to the negative pledge in the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, except as provided below and save for such exceptions as may be provided by applicable legislation and subject to the negative pledge in the Terms and Conditions, at all times rank at least equally with all other existing and future unsecured and unsubordinated indebtedness and monetary obligations of the Issuer.</p>

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bond Trust Deed and the Bonds. The Guarantee constitutes direct, unconditional and unsubordinated obligations of the Guarantor. The payment obligations of the Guarantor under the Guarantee shall, except as provided below and save for such exceptions as may be provided by applicable legislation and subject to the negative pledge in the Terms and Conditions, at all times rank at least equally with all other existing and future unsecured and unsubordinated obligations of the Guarantor; provided that the Guarantor's obligations under the Guarantee will rank equally with all other unsecured obligations and monetary obligations of the Guarantor incurred in its capacity as trustee of Spring REIT and not in its personal capacity and recourse to the Guarantor shall always be limited to the assets comprising the Deposited Property and only to the extent that the Guarantor has recourse to the Deposited Property subject to the trust under the Spring REIT Trust Deed, subject to any prior ranking claims over such assets. Under no circumstances and notwithstanding any provision to the contrary, shall any claim extend to the personal assets of the Guarantor or any assets held by the Guarantor as trustee for any trust other than Spring REIT.

Voting rights

Unless and until Bondholders acquire the New Units upon conversion of the Bonds, the Bondholders will have no rights with respect to the Units, including any voting rights or rights to receive any distributions with respect to the Units.

Taxation

All payments of principal and interest made by or on behalf of the Issuer or the Guarantor under or in respect of the Bond Trust Deed, the Guarantee or the Bonds will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands or Hong Kong or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts (the “**Additional Tax Amounts**”) as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such deduction or withholding been required, except in circumstances specified in the Terms and Conditions.

Conversion Right and Period

Subject as provided in the Terms and Conditions, Bondholders have the right to convert all or part of their Bonds into Units: (a) at the option of the holder thereof, at any time on and after 7 January 2020 up to 3:00 p.m. (at the place where the Certificate evidencing such Bond is deposited for conversion) on 17 November 2022 (but, except as provided in the Terms and Conditions, in no event thereafter); (b) if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to 3:00 p.m. (at the place aforesaid) on a date no later than 7 business days (at the place aforesaid) prior to the date fixed for redemption thereof; or (c) if notice requiring redemption has been given by the holder of such Bond pursuant to the Terms and Conditions, then up to 3:00 p.m. (at the place aforesaid) on the business day prior to the giving of such notice.

Notwithstanding the foregoing, if the Conversion Date in respect of a Bond would otherwise fall during a period in which Spring REIT's register of Unitholders is closed generally or for the purpose of establishing entitlement to any distribution or other rights attaching to the Units, such Conversion Date shall be postponed to the first Stock Exchange Business Day following the expiry of such period.

Restrictions on Conversion

The conversion rights attached to the Bonds shall not be exercisable: (a) by any Bondholder who is a connected person of Spring REIT as at the Conversion Date; or (b) if, immediately following the conversion of the Bonds, Spring REIT will be unable to meet the public float requirement under the Listing Rules; or (c) if, immediately following the conversion of the Bonds, the Bondholder, together with the parties acting in concert with it, will hold or control such amount of Spring REIT's voting power at general meetings as may trigger a mandatory general offer under the Takeovers Code (each of (a) and (c), a "**Conversion Restriction**" and (b), the "**Public Float Conversion Restriction**").

Initial Conversion Price

HK\$3.642 per Unit

**Conversion Price,
Conversion Price Floor
and Adjustments**

The Conversion Price will be the Initial Conversion Price, subject to customary adjustments for, among other things, consolidation, subdivision, redesignation or reclassification, capitalisation of profits or reserves, distributions, rights issues of Units or options over Units at less than 95.0% of the current market price, rights issues of other securities, issues of Units at less than 95.0% of the current market price, issues of other securities at less than 95.0% of the current market price, modification of rights of conversion at less than 95.0% of the current market price, other offers to Unitholders of at least 60.0% of the Units outstanding and other unspecified events which the REIT Manager determines that an adjustment should be made. The adjustments are determined in accordance with the specified formulas or procedures set out in the Terms and Conditions.

Notwithstanding the above, the Conversion Price shall be no less than the Conversion Price Floor. For the avoidance of doubt, in the event that any adjustment to the Conversion Price would result in the Conversion Price falling below the Conversion Price Floor, the Conversion Price shall be the Conversion Price Floor. The “**Conversion Price Floor**” will initially be HK\$3.252, subject to the same adjustments as above, except for adjustments for scrip distributions and distributions as specified in the Terms and Conditions, effectively limiting adjustments to the Conversion Price for such excluded adjustment events.

Notwithstanding any of the above adjustment events, no adjustment shall be made to the Conversion Price or Conversion Price Floor where Units are issued to the REIT Manager as payment of the REIT Manager’s fees in accordance with the Spring REIT Trust Deed.

Ranking of New Units

The New Units issued upon conversion of the Bonds will be fully-paid and will in all respects rank pari passu with the Units in issue on the relevant Registration Date.

Redemption at Maturity

Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Bond at its principal amount together with accrued interest thereon on the Maturity Date.

**Redemption at the Option
of the Issuer on Increased
Unit Price**

On or at any time after 27 November 2021 but not less than 7 business days prior to the Maturity Date, the Issuer may, having given not less than 30 nor more than 60 days’ notice to the Bondholders, the Bond Trustee and the Bond Agent in accordance with the Terms and Conditions (a “**Redemption Notice**”), redeem the Bonds in whole but not in part, at their principal amount plus accrued interest to, but excluding, the date fixed for redemption, provided that no such redemption may be made unless the Closing Price of the Units for any 20 out of the 30 consecutive Trading Days, the last day of which occurs no more than 10 Trading Days prior to the date upon which the Redemption Notice is given, was at least 130.0% of the then prevailing Conversion Price.

**Redemption at the Option
of the Issuer on
Minimum Outstanding
Amounts**

On giving a Redemption Notice, the Issuer may redeem the Bonds, in whole but not in part, on the date specified in such Redemption Notice at their principal amount plus accrued interest to, but excluding, the date fixed for redemption, if at any time the aggregate principal amount of the Bonds outstanding is less than 10.0% of the aggregate principal amount originally issued (including any further bonds issued in accordance with the Terms and Conditions).

**Redemption for Taxation
Reasons**

On giving a Redemption Notice, the Issuer may redeem the Bonds, in whole but not in part, on the date specified in such Redemption Notice at their principal amount plus accrued interest to, but excluding, the date fixed for redemption, if the Issuer or the REIT Manager satisfies the Bond Trustee immediately prior to the giving of such Redemption Notice that: (a) the Issuer or the Guarantor has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or Hong Kong or, in any such case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 23 November 2019; and (b) such obligation cannot be avoided by the Issuer or the Guarantor (as the case may be) taking reasonable measures available to it, provided that no such Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor (as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

If the Issuer gives such a Redemption Notice, each Bondholder shall have the right to elect that its Bonds shall not be redeemed. Upon a Bondholder electing not to have its Bonds redeemed in such circumstances, any payments due after the relevant date of redemption shall be made subject to any deduction or withholding of any taxation required to be deducted or withheld by the government of the British Virgin Islands or Hong Kong or any authority thereof or therein having power to tax.

**Delisting or Suspension
Put Right**

In the event the Units cease to be listed or admitted to trading on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange or trading is suspended for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange, each Bondholder shall have the right, at such Bondholder's option, to require the Issuer to redeem all or some only (subject to the principal amount of such Bondholder's Bonds redeemed and the principal amount of the balance of such Bondholder's Bonds not redeemed being an Authorised Denomination) of such Bondholder's Bonds on the 20th business day after notice has been given to Bondholders regarding the delisting or suspension or, if such notice is not given, the 20th business day after the delisting or suspension at their principal amount together with accrued interest to, but excluding, such date.

**Early Redemption at
the Option of
the Bondholders**

On 27 November 2021, each Bondholder shall have the right, having given not less than 30 nor more than 60 days' notice, to require the Issuer to redeem all or some only (subject to the principal amount of such Bondholder's Bonds redeemed and the principal amount of the balance of such Bondholder's Bonds not redeemed being an Authorised Denomination) of such Bondholder's Bonds at their principal amount together with accrued interest to, but excluding, the date fixed for redemption.

Redemption on Failure to Convert

In the event that: (a) a Bondholder is prevented from exercising the Conversion Right at any time during the Conversion Period because of any fiscal or other laws or regulations applicable to Spring REIT or because of the Public Float Conversion Restriction; (b) the REIT Manager fails to deliver the Units as and when such Units are required to be delivered following conversion of a Bond; or (c) the Conversion Right is not exercisable at any time during the Conversion Period because of a Conversion Restriction and the relevant Bondholder has given the REIT Manager a written notice thereof, the relevant Bondholder will have the right, at its option, to require the Issuer to redeem all, and not some only, of the Bonds held by such Bondholder at their principal amount together with accrued interest to, but excluding, the date fixed for redemption.

Transferability

The Subscriber has undertaken that:

- (a) it will not, for a period commencing from the Closing Date up to 180 days after the Closing Date, offer, sell, contract to sell, transfer, assign, pledge or otherwise dispose of the Bonds without the prior written consent of the Issuer, the Guarantor and the REIT Manager; provided that it is permitted to assign, or pledge to, or otherwise create a security interest over the Bonds in favour of, any financial institution for the purposes of securing any borrowings from such financial institution (other than financial institutions which are connected persons of Spring REIT) by giving 7 days' prior notice to the Issuer, the Guarantor and the REIT Manager;

- (b) it will not, for a period commencing on the relevant Conversion Date up to 90 days after such Conversion Date, offer, sell, contract to sell, transfer, assign, pledge or otherwise dispose of any New Units issued to it on conversion of the Bonds without the prior written consent of the Issuer, the Guarantor and the REIT Manager; provided that it is permitted to assign, or pledge to, or otherwise create a security interest over the Bonds in favour of, any financial institution for the purposes of securing any borrowings from such financial institution (other than financial institutions which are connected persons of Spring REIT) by giving 7 days' prior notice to the Issuer, the Guarantor and the REIT Manager;
- (c) the Bonds and/or New Units issued to it on conversion of the Bonds shall not be transferred to any person who is a connected person of Spring REIT, and any transfer of the Bonds and/or New Units by the Subscriber shall comply with all applicable laws and regulations, including the REIT Code, the Takeovers Code and the Listing Rules (to the extent applicable); and
- (d) it will ensure that, prior to transferring any of the Bonds or New Units issued to it on conversion of the Bonds, the transferee of such Bonds or Units enters into a deed of adherence to comply with the above undertakings.

Events of Default

An “**Event of Default**” means: (a) non-payment; (b) breach of other obligations; (c) cross-default; (d) enforcement proceedings; (e) security enforced; (f) insolvency; (g) winding-up; (h) nationalisation; (i) authorisation and consents not taken, fulfilled or done; (j) cessation of business; (k) change of ownership; (l) the Guarantee not being in full force and effect; (m) illegality; or (n) analogous events.

If any Event of Default has occurred and is continuing, the Bond Trustee at its discretion may, and if so requested in writing by the holders of not less than 25.0% in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall, give notice to the Issuer and the REIT Manager that the Bonds are, and they shall immediately become, due and repayable at their principal amount plus accrued interest.

CONVERSION PRICE AND NEW UNITS

The Bonds are convertible in the circumstances set out in the Terms and Conditions into New Units at a Conversion Price equal to the Initial Conversion Price of HK\$3.642 per Unit (subject to adjustments). Notwithstanding the foregoing, the Conversion Price shall be no less than the Conversion Price Floor of HK\$3.252 per Unit (subject to adjustments).

As at the date of this announcement, Spring REIT has 1,285,813,315 Units in issue. For illustrative purposes only, assuming: (a) there is no change to the number of Units in issue; and (b) the Bonds will be converted at the Initial Conversion Price of HK\$3.642 per Unit without any adjustments thereto, 160,626,029 New Units (being the “**Illustrative New Units**”) will be issued upon full conversion of the Bonds (represent: (i) approximately 12.5% of the total number of Units in issue as at the date of this announcement; and (ii) approximately 11.1% of the total number of Units in issue as enlarged by the issue of the Illustrative New Units). Assuming: (a) there is no change to the number of Units in issue; and (b) the Bonds will be converted at the Conversion Price Floor of HK\$3.252 without any adjustments thereto, 179,889,298 New Units (being the “**Conversion Price Floor New Units**”) will be issued upon full conversion of the Bonds (representing: (i) approximately 14.0% of the total number of Units in issue as at the date of this announcement; and (ii) approximately 12.3% of the total number of Units in issue as enlarged by the issue of the Conversion Price Floor New Units). The New Units will be issued as fully-paid and will in all respects rank pari passu with the Units in issue on the relevant Registration Date.

The Initial Conversion Price of HK\$3.642 per Unit is determined based on the formula agreed between the REIT Manager and the Subscriber of 112% of the average closing price per Unit for the last 10 consecutive Trading Days up to and including 22 November 2019 (being the Trading Day immediately preceding the date of the Subscription Agreement), and represents:

- (i) a premium of approximately 14.2% over the closing price of HK\$3.190 per Unit as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 12.5% over the average closing price of HK\$3.238 per Unit for the last 5 consecutive Trading Days up to and including the Last Trading Day;
- (iii) a premium of approximately 12.0% over the average closing price of HK\$3.252 per Unit for the last 10 consecutive Trading Days up to and including the Last Trading Day; and
- (iv) a discount of approximately 36.6% to the unaudited consolidated net asset value per Unit attributable to Unitholders as at 30 June 2019 of HK\$5.74, as determined based on the 2019 Interim Report and 1,278,916,863 Units in issue as at 30 June 2019. The 2019 Interim Report has been published on the websites of the Hong Kong Stock Exchange (<https://www.hkex.com.hk/>) and Spring REIT (<http://www.springreit.com/>). In addition, a more recent valuation report for Spring REIT's property portfolio as at 30 September 2019, issued by Spring REIT's principal valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the "**Valuation Report**"), is attached to this announcement in the appendix hereto. Based on the 2019 Interim Report and the Valuation Report, there was no material change in the appraised value of Spring REIT's portfolio between 30 June 2019 and 30 September 2019.

The Conversion Price Floor of HK\$3.252 per Unit represents:

- (i) a premium of approximately 1.9% over the closing price of HK\$3.190 per Unit as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 0.4% over the average closing price of HK\$3.238 per Unit for the last 5 consecutive Trading Days up to and including the Last Trading Day;
- (iii) an equivalent of the average closing price of HK\$3.252 per Unit for the last 10 consecutive Trading Days up to and including the Last Trading Day; and

- (iv) a discount of approximately 43.3% to the unaudited consolidated net asset value per Unit attributable to Unitholders as at 30 June 2019 of HK\$5.74, as determined based on the 2019 Interim Report and 1,278,916,863 Units in issue as at 30 June 2019.

The Initial Conversion Price and the Conversion Price Floor were arrived at after arm's length negotiations with the Subscriber, which is an independent third party of Spring REIT, having made reference to the prevailing market price for the Units as quoted on the Hong Kong Stock Exchange, which reflects the underlying trading activities of the Units. At the closing price of HK\$3.19 per Unit as quoted on the Hong Kong Stock Exchange on the Last Trading Day and based on the 2019 Interim Report, the Units were trading at an annualised distribution yield of 6.3% and a discount to per Unit net asset value of 44.4%.

Taking into account the other real estate investment trusts in Hong Kong, the REIT Manager is of the view that the Units are trading within a reasonable range of valuation metrics when compared to its peers.

As shown in the analyses above, the Initial Conversion Price represents an approximately 12% premium over the recent market prices for the Units as quoted on the Hong Kong Stock Exchange, and the Conversion Price Floor, which provides a lower bound to the Conversion Price in order to limit dilution impact on the existing Unitholders, is generally at par to recent market prices for the Units as quoted on the Hong Kong Stock Exchange.

Based on the foregoing and the section headed "REASONS FOR AND BENEFITS OF THE REFINANCING TRANSACTIONS" below, the REIT Manager is of the view that the Initial Conversion Price of HK\$3.642 per Unit is fair and reasonable and in the best interests of Spring REIT and the Unitholders as a whole.

EFFECT OF ISSUANCE OF NEW UNITS ON UNITHOLDING

The table below sets out a summary of the key unitholding in Spring REIT: (a) as at the date of this announcement; and (b) upon the exercise in full of the conversion rights attached to the Bonds (assuming there is no other change in the existing unitholding of Spring REIT and no adjustment to the Initial Conversion Price and the Conversion Price Floor):

Unitholder	As at the date of this announcement		Upon full conversion of the Bonds at the Initial Conversion Price of HK\$3.642 per Unit		Upon full conversion of the Bonds at the Conversion Price Floor of HK\$3.252 per Unit	
	Number of Units	Approximate % of the total number of Units in issue	Number of Units	Approximate % of the total number of Units in issue	Number of Units	Approximate % of the total number of Units in issue
Connected Persons						
RCA Fund	353,304,000	27.5%	353,304,000	24.4%	353,304,000	24.1%
PAG Unitholders	230,830,089	18.0%	230,830,089	16.0%	230,830,089	15.7%
The REIT Manager Group	56,297,315	4.4%	56,297,315	3.9%	56,297,315	3.8%
Directors and Senior Executives of the REIT Manager	3,114,000	0.2%	3,114,000	0.2%	3,114,000	0.2%
Independent Third Parties						
The Subscriber ⁽¹⁾	0	0.0%	160,626,029	11.1%	179,889,298	12.3%
Other Public Unitholders	642,267,911	50.0%	642,267,911	44.4%	642,267,911	43.8%
Total	<u>1,285,813,315</u>	<u>100.0%</u>	<u>1,446,439,344</u>	<u>100.0%</u>	<u>1,465,702,613</u>	<u>100.0%</u>

Note:

- The Subscriber is an independent third party of Spring REIT as at the date of this announcement but may become a significant holder, and therefore a connected person, of Spring REIT in future if its unitholding in Spring REIT exceeds 10% of the number of Units in issue.

Assuming there is no other change in the existing number of Units in issue between the date of this announcement and the Conversion Date, the number of Units held by all existing Unitholders will decrease from 100.0% as at the date of this announcement to: (a) approximately 88.9% upon full conversion of the Bonds at the Initial Conversion Price of HK\$3.642 per Unit without any adjustments thereto; and (b) approximately 87.7% upon full conversion of the Bonds at the Conversion Price Floor of HK\$3.252 per Unit without any adjustments thereto. All Unitholders will be subject to the same dilution on its percentage holding in Units if and when the Bonds are converted by the Subscriber.

FINANCIAL EFFECTS OF THE REFINANCING TRANSACTIONS

For illustrative purposes only, the following table sets forth the potential impact of the Refinancing Transactions and the exercise in full of the conversion rights attached to the Bonds at the Initial Conversion Price without any adjustments thereto (and assuming no other change in the existing unitholding of Spring REIT) on the key financial items based on the financial results of Spring REIT for the six months ended 30 June 2019 (or as at 30 June 2019, as the case may be) and the key terms described in this announcement.

Unitholders should note that the following information is presented for illustrative purposes only and is based on the assumptions outlined in the notes. Accordingly, they do not constitute a profit forecast or represent the actual financial position of Spring REIT as a result of the Refinancing Transactions in the future. The REIT Manager considers these assumptions to be appropriate and reasonable as at the date of this announcement. However, investors and Unitholders should consider the information outlined below in light of such assumptions and make their own assessment of the future performance of Spring REIT.

		Before completion of the Refinancing Transactions	After completion of the Refinancing Transactions ⁽¹⁾ and before any conversion of the Bonds	After completion of the Refinancing Transactions ⁽¹⁾ and assuming full conversion of the Bonds
Interest expense for Existing Bank Loan Facilities/New Bank Loan Facilities and Bonds⁽²⁾				
	<i>(RMB million)</i>	68	62	57
<i>% change</i>	<i>(%)</i>	–	(8.8%)	(16.2%)
Total distributable income^{(2), (3)}				
	<i>(RMB million)</i>	113	120	124
<i>% change</i>	<i>(%)</i>	–	6.2%	9.7%
Total debt⁽⁴⁾				
	<i>(RMB million)</i>	3,646	3,642	3,128
<i>% change</i>	<i>(%)</i>	–	(0.1%)	(14.2%)
Total assets⁽⁴⁾				
	<i>(RMB million)</i>	10,379	10,375	10,375
<i>% change</i>	<i>(%)</i>	–	(0.0%)	(0.0%)
Net assets attributable to Unitholders⁽⁴⁾				
	<i>(RMB million)</i>	6,462	6,462	6,976
<i>% change</i>	<i>(%)</i>	–	–	8.0%
Gearing ratio⁽⁴⁾				
	<i>(%)</i>	35.1%	35.1%	30.1%
<i>Change</i>	<i>(basis point)</i>	–	–	(500)
<i>On a per Unit basis⁽⁵⁾</i>				
Distributions per Unit^{(2), (5)}				
	<i>(HK\$ cent)</i>	10.0	10.6	9.7
<i>% change</i>	<i>(%)</i>	–	6.0%	(3.0%)
Net assets value per Unit⁽⁴⁾				
	<i>(HK\$)</i>	5.74	5.74	5.52
<i>% change</i>	<i>(%)</i>	–	–	(3.8%)

Notes:

1. Assuming the Refinancing Transactions consist of: (i) US\$404,000,000 drawn from the New Bank Loan Facilities; and (ii) issuance of the Bonds of HK\$585,000,000 (equivalent to approximately US\$75,000,000), and that such total amount under the Refinancing Transactions of approximately US\$479,000,000 is utilised for repayment in full of the Existing Bank Loan Facilities of US\$468,000,000, with the remaining of approximately US\$11,000,000 for fees and related expenses including underwriting fee and arrangement fee for the New Bank Loan Facilities, placing agent fee for the Bonds and other professional fees in relation to the Refinancing Transactions.
2. For the six months ended 30 June 2019 assuming the Refinancing Transactions (and full conversion of the Bonds where applicable) were completed on 1 January 2019.
3. Total distributable income represents consolidated profit after tax before transactions with the unitholders of Spring REIT adjusted to eliminate the effects of certain Adjustments (as defined in the Spring REIT Trust Deed), assuming: (a) all interest savings from the Refinancing Transactions are distributed to Unitholders; and (b) all directly attributable transaction costs are capitalised and do not affect the total distributable income.
4. Based on financial positions as of 30 June 2019 and assuming the Bonds are entirely booked as debt for conservative purpose. In accordance with International Financial Reporting Standards, borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently carried at amortised cost.
5. Based on the reported total number of Units of 1,278,916,863 as at 30 June 2019 and full conversion of the Bonds at the Initial Conversion Price without any adjustments thereto.

* *All exchange rates used in this section are based on the historical exchange rates used for the six months ended on 30 June 2019.*

The total distributable income is illustrated to increase by RMB7,000,000 (equivalent to 6.2%) after completion of the Refinancing Transactions but before any conversion of the Bonds, or increase by RMB11,000,000 (equivalent to 9.7%) after full conversion of the Bonds. These illustrative increases are attributable to lower interest margin of the New Bank Loan Facilities and lower fixed interest rate of the Bonds compared with the Existing Bank Loan Facilities and reduction of total notional amount of outstanding debt upon full conversion of the Bonds.

The gearing ratio would remain unchanged after completion of the Refinancing Transactions but before any conversion of the Bonds, and would decrease by 500 basis points to 30.1% after conversion of the Bonds in full, which reduces the amount of outstanding borrowings by RMB518,000,000 (or 14.2% of total).

The net assets attributable to Unitholders is illustrated to remain unchanged after completion of the Refinancing Transactions but before any conversion of the Bonds. The increase in net assets attributable to Unitholders by RMB514,000,000 (or 8.0% of total) to RMB6,976,000,000 after conversion of the Bonds in full is largely due to the reduction in the amount of outstanding borrowings by the principal amount of the Bonds.

Based on the illustrative financial effects as set out in the table above, after completion of the Refinancing Transactions but before any conversion of the Bonds, the Refinancing Transactions are expected to result in an increase in total distributable income and DPU as a result of lower interest expenses, with net asset value per Unit and gearing ratio unchanged.

After the conversion of the Bonds in full with New Units issued as a result, the increase in total distributable income is expected to be offset by a larger number of Units in issue, resulting in a 3.0% decrease in DPU. On the other hand, the lower gearing ratio resulting from such conversion would enhance the financial flexibility of Spring REIT, which may benefit the future growth prospects of Spring REIT and allow headroom to take on additional borrowings should suitable investment opportunities arise. This is in line with the REIT Manager's investment strategy of actively pursuing income-producing real estate and seeking yield-accretive investment opportunities. In addition, Spring REIT may also benefit from having Sino-Ocean Group as an investor (through the Subscriber) by leveraging its experience in commercial property space and strong property portfolio. This may facilitate future discussions on the possibility of Spring REIT acquiring suitable properties within the commercial real estate portfolio of Sino-Ocean Group. Such potential access to an acquisition pipeline may benefit the existing Unitholders by enhancing the long-term growth prospects of Spring REIT. For further details of the rationale of the Refinancing Transactions, please refer to the section headed "REASONS FOR AND BENEFITS OF THE REFINANCING TRANSACTIONS".

USE OF PROCEEDS

The outstanding principal amount under the Existing Bank Loan Facilities was US\$468,000,000 as at 30 June 2019. Spring REIT intends to first apply the gross proceeds from the Bond Issuance of approximately US\$75,000,000 to refinance part of the outstanding amount under the Existing Bank Loan Facilities, with the remaining balance of approximately US\$393,000,000 under the Existing Bank Loan Facilities to be repaid in full by utilising the a portion of New Bank Loan Facilities (being a secured term loan facility of US\$475,000,000 and an uncommitted term loan facility of US\$80,000,000, totalling US\$555,000,000).

As illustrated in the section headed “FINANCIAL EFFECTS OF THE REFINANCING TRANSACTIONS”, assuming US\$404,000,000 is drawn under the New Bank Loan Facilities to repay the remaining balance of approximately US\$393,000,000 under the Existing Bank Loan Facilities, the remaining undrawn amount from the New Bank Loan Facilities of US\$151,000,000 (being US\$555,000,000 minus US\$404,000,000, and to the extent available and after deduction of fees and related expenses) may be drawn in the future by Spring REIT for purposes including but not limited to the provision of general working capital and the financing of potential acquisition opportunities in compliance with the REIT Code. While the REIT Manager has been evaluating potential acquisition opportunities from time to time as part of its acquisition strategy, as at the date of this announcement, no suitable acquisition opportunity has been identified.

REASONS FOR AND BENEFITS OF THE REFINANCING TRANSACTIONS

The REIT Manager’s key objective for Spring REIT is to provide stable distributions to Unitholders with sustainable growth potential and enhancement in portfolio value through long-term strategies. Apart from diligent day-to-day management of Spring REIT’s property portfolio, the REIT Manager strives to achieve the abovementioned objective through prudent capital management strategy and proactive acquisition strategy.

The Board has been keeping abreast of the latest market conditions and the advantages and disadvantages of different financing alternatives in terms of costs and timing involved, and in view of the current market situation and the financial condition of Spring REIT, the Board believes that it is in the best interests of Spring REIT and the Unitholders as a whole to refinance the Existing Bank Loan Facilities with a combination of the New Bank Loan and the Bonds. The Refinancing Transactions represent a prudent capital management initiative that replenishes maturing debt facilities, diversifies the source of funding and strengthens the financial position of Spring REIT. The Board believes that the Refinancing Transactions will bring the following benefits to the Unitholders:

1. **Replenishment of maturing facilities and obtaining additional standby funding for Spring REIT:** As at 30 June 2019, Spring REIT had an outstanding loan in the principal amount of US\$468,000,000 under the Existing Bank Loan Facilities, which will be refinanced by the Refinancing Transactions. The Refinancing Transactions of a total available amount of up to US\$630,000,000 comprise: (a) the New Bank Loan Facilities of up to US\$555,000,000 (being a secured term loan facility of US\$475,000,000 and an uncommitted term loan facility of US\$80,000,000); and (b) the Bond Issuance of HK\$585,000,000 (equivalent to approximately US\$75,000,000).

As illustrated in the section headed “FINANCIAL EFFECTS OF THE REFINANCING TRANSACTIONS”, upon completion of the Refinancing Transactions for the purpose of refinancing the Existing Bank Loan Facilities, assuming US\$404,000,000 is drawn under the New Bank Loan Facilities to repay the remaining balance of approximately US\$393,000,000 under the Existing Bank Loan Facilities, the remaining undrawn portion under the New Bank Loan Facilities of US\$151,000,000 (being US\$555,000,000 minus US\$404,000,000, and to the extent available and after deduction of fees and related expenses) will greatly enhance the financial flexibility of Spring REIT and its future development. Among other things, such financial flexibility (to the extent available) will allow Spring REIT to better seize yield-accretive acquisition opportunities as and when they arise.

- 2. Strengthening capital structure and reduction of gearing ratio upon conversion of the Bonds:** Upon conversion of the Bonds, the outstanding borrowings of Spring REIT would decrease by the amount of the Bonds converted, leading to a decrease in the gearing ratio and the interest expenses of Spring REIT. Therefore, the conversion of the Bonds brings benefits through preserving the cash reserves and strengthening the balance sheet of Spring REIT. As illustrated in the section headed “FINANCIAL EFFECTS OF THE REFINANCING TRANSACTIONS”, the gearing ratio of Spring REIT in particular would decrease by 500 basis points to 30.1% after the conversion of the Bonds in full, which reduces the amount of the outstanding borrowings of Spring REIT by RMB518,000,000 (or 14.2% of total). Notwithstanding the dilutive effect of the New Units issued upon the conversion of the Bonds, the reduction in gearing ratio allows headroom for Spring REIT to take on additional borrowings should suitable investment opportunities arise. This is in line with the REIT Manager’s investment strategy of actively pursuing income-producing real estate and seeking yield-accretive investment opportunities for Spring REIT. For further details of the financial effects of the Refinancing Transactions, please refer to the section headed “FINANCIAL EFFECTS OF THE REFINANCING TRANSACTIONS”.

As stated in Spring REIT’s announcement dated 19 July 2019 with respect to adopting RMB as the presentation currency of Spring REIT’s financial statements, Spring REIT derived approximately 91% of its net property income for the year ended 31 December 2018 from its PRC property portfolio, which are assets denominated in RMB. On the liability side, since the Existing Bank Loan Facilities are denominated in US\$, the depreciation of RMB against the US\$ in recent years has exerted constant pressure on the gearing ratio of Spring REIT, amid moderation of the Chinese economy and escalated trade tensions between the PRC and the United States. In the event the Bonds are converted, notwithstanding the dilutive effect from the issuance of the New Units, Spring REIT will benefit from a lower gearing ratio and a stronger balance sheet, enhancing Spring REIT’s ability to weather the volatility in the macroeconomic environment. As at 30 June 2019 and based on the 2019 Interim Report, the gearing ratio of Spring REIT stood at 35.1%, which is below the 45% threshold permitted under the REIT Code.

3. **Locking in lower interest cost and diversification of funding source:** The interest rate under the New Bank Loan Facilities is 3-month US\$ LIBOR plus 1.55% per annum, equivalent to a reduction of 10 basis points in the interest margin as compared to the margin of 1.65% over 3-month US\$ LIBOR under the Existing Bank Loan Facilities. The Bonds are unsecured and carry a fixed interest rate of 1.75% per annum, which is 182 basis points lower than that of the Existing Bank Loan Facilities, that bear interest at the rate of 3.57% (being the prevailing 3-month US\$ LIBOR of 1.92%* (as at 22 November 2019) plus a margin of 1.65%). When compared to the New Bank Loan Facilities on the same basis, the interest rate of the Bonds is 172 basis points lower. As illustrated in the section headed “FINANCIAL EFFECTS OF THE REFINANCING TRANSACTIONS”, after completion of the Refinancing Transactions and before any conversion of the Bonds, the lower interest expense of the Bonds will contribute to a 6.0% increase in the DPU of Spring REIT. For further details of the financial effects of the Refinancing Transactions, please refer to the section headed “FINANCIAL EFFECTS OF THE REFINANCING TRANSACTIONS”.

Spring REIT has not previously issued any convertible bonds. The Bond Issuance will be a new funding source for Spring REIT and is in line with its capital management strategy of diversifying funding sources. In addition, the fixed-rate nature of the Bonds provides certainty as to interest expenses during the tenure of the Bonds.

4. **Dilution protection with the Conversion Price Floor:** The Initial Conversion Price is subject to certain adjustments, including but not limited to distribution adjustment. In order to limit the dilution impact on the existing Unitholders, the Conversion Price will be no lower than the Conversion Price Floor of HK\$3.252 (which is above the closing price of HK\$3.19 per Unit as quoted on the Hong Kong Stock Exchange on the Last Trading Day), which is subject to the same adjustments that apply to the Conversion Price except for the abovementioned distribution adjustment. Therefore, despite the potential downward adjustment to the Conversion Price resulting from the distribution adjustment, assuming no other adjustment events, the Bonds will only be converted at a Conversion Price no less than the Conversion Price Floor. Assuming: (a) there is no change to the number of Units in issue; and (b) the Bonds will be converted at the Conversion Price Floor of HK\$3.252 without any adjustments thereto, 179,889,298 New Units will be issued upon full conversion of the Bonds (representing: (i) approximately 14.0% of the total number of Units in issue as at the date of this announcement; and (ii) approximately 12.3% of the total number of Units in issue as enlarged by the issue of such New Units).

* source from Bloomberg

5. **Introduction of a new investor with potential access to an acquisition pipeline:**

Through the Bond Issuance, Spring REIT is able to broaden its unitholder base by introducing the Subscriber as a new investor, if the Subscriber elects to convert the Bonds. The Subscriber is led by Sino-Ocean Group, a major Hong Kong-listed Chinese real estate developer with strong expertise and a portfolio of high-quality commercial real estate in the PRC. If the Subscriber chooses to become a Unitholder by conversion of the Bonds, the Subscriber will have an interest in Spring REIT that is aligned with that of the other Unitholders, which may facilitate future discussions on the possibility of Spring REIT acquiring suitable properties within the commercial real estate portfolio of Sino-Ocean Group. Such potential access to an acquisition pipeline may benefit the existing Unitholders by enhancing the long-term growth prospects of Spring REIT.

The terms of New Bank Loan Facilities were arrived at after arm's length negotiations between the Borrower and the Bank Lenders with reference to the current market situation and the financial condition of Spring REIT. The REIT Manager considers that the terms of the New Bank Loan Facilities are made on normal commercial terms and are fair and reasonable as far as the Unitholders are concerned, and the obtaining of the New Bank Loan Facilities by the Borrower is in the best interests of Spring REIT and the Unitholders as a whole.

The terms of the Subscription Agreement, the Terms and Conditions and the Placing Agreement were arrived at after arm's length negotiations between the parties thereto with reference to: (a) (in connection with the Subscription Agreement and the Terms and Conditions) the prevailing trading prices of the Units and the financial condition of Spring REIT; and (b) (in connection with the Placing Agreement) the prevailing market terms for such services. Having considered the advice of Rothschild & Co Hong Kong Limited who is the financial adviser in respect of the New Bank Loan Facilities and the Bonds, the REIT Manager considers that the terms of the Subscription Agreement, the Terms and Conditions and the Placing Agreement are made on normal commercial terms and are fair and reasonable as far as the Unitholders are concerned, and the issue of the Bonds by the Issuer is in the best interests of Spring REIT and the Unitholders as a whole and in accordance with the Spring REIT Trust Deed.

AUTHORITY TO ISSUE THE BONDS AND THE NEW UNITS

The New Units will be issued by Spring REIT pursuant to, and within the limits of the authority conferred upon Spring REIT under paragraph 12.2 of the REIT Code and Clause 7.1.6 of the Spring REIT Trust Deed, pursuant to which Units may be issued in any financial year otherwise than on a pro rata basis to all existing Unitholders, without the approval of the Unitholders, if the total number of New Units issued (after making certain adjustments) does not increase the number of Units that were outstanding at the end of the previous financial year by more than 20.0% (or such other percentage of outstanding Units as may, from time to time, be prescribed by the SFC).

As at the date of this announcement, Spring REIT has issued 13,456,390 Units to the REIT Manager as payment of the REIT Manager's base fee for the period from 1 January 2019 to 30 October 2019 (the "**Base Fee Units**"). The Illustrative New Units and the Base Fee Units together represent an approximate 13.5% increase from the total number of Units outstanding on 31 December 2018, and are therefore within the 20.0% limit for the issue of Units on a non pro rata basis. Accordingly, the prior approval of the Unitholders is not required for the issuance of the Bonds and the New Units upon conversion of the Bonds.

Other than the Base Fee Units, Spring REIT has not issued any Units during the present financial year.

WAIVER FROM STRICT COMPLIANCE WITH THE REIT CODE

The REIT Manager has applied for a waiver from strict compliance with the requirements under paragraph 10.7(b)(iv) of the REIT Code in respect of the proposed issue of the Bonds, on the following basis:

1. it is desirable, and in the interest of Spring REIT and the Unitholders, for Spring REIT to be able to raise capital opportunistically and efficiently when suitable market conditions and opportunities arise. It would be difficult for the REIT Manager to conduct such fundraising on short notice and within a short timeframe if the REIT Manager is required to publish a circular in connection with the proposed issuance of the Bonds and the issuance of the New Units resulting from the conversion of the Bonds; listed companies conducting similar fundraising on short notice and within a short timeframe (as is common) are not required to publish the same;
2. the REIT Manager confirms that no Bonds will be issued to connected persons of Spring REIT, and given the issue size, the proposed issuance of the Bonds is not subject to the prior approval of the Unitholders. Information related to the proposed issuance of the Bonds can be adequately disseminated by an announcement in lieu of a circular;

3. the REIT Manager will:
 - (a) publish an announcement containing all relevant details of the proposed issuance of the Bonds, to ensure the fair and transparent disclosure of the same;
 - (b) ensure that the proposed issuance of the Bonds is conducted in the manner set out in such announcement;
 - (c) ensure that the proposed issuance of the Bonds is conducted pursuant to, and within the limits of the provisions of, the Spring REIT Trust Deed and paragraph 12.2 of the REIT Code; and
 - (d) ensure that the Initial Conversion Price fulfils the requirements of Clause 7.2.2 of the Spring REIT Trust Deed and Rule 13.36(6) of the Listing Rules (as if applicable to Spring REIT),

and in light of such disclosure and ability to conduct the proposed issue of the Bonds without the Unitholders' approval, a circular will not provide any additional relevant information to the Unitholders and is therefore not required; and

4. the REIT Manager considers the proposed issue of the Bonds to be in the best interests of Spring REIT and the Unitholders as a whole.

The SFC has granted such waiver subject to the following conditions:

1. the issue of the Bonds shall be conducted and the issue of New Units shall be made strictly in accordance with the manner set out in this announcement, the waiver application and the provisions of the Spring REIT Trust Deed;
2. an announcement shall be issued by the REIT Manager in accordance with paragraphs 10.3 and 10.4(k) of the REIT Code containing details of the proposed issue of the Bonds; and
3. the issue of the New Units is sufficiently covered under the general mandate under paragraph 12.2 of the REIT Code and the Spring REIT Trust Deed and no Unitholders' approval would otherwise have to be sought thereunder.

APPLICATION FOR LISTING OF THE NEW UNITS

An application has been made by the REIT Manager to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Units on the Hong Kong Stock Exchange.

STATEMENT IN RELATION TO FINANCIAL POSITION

The REIT Manager confirms that, as at the date of this announcement, there has not been any material adverse change in the financial or trading position of Spring REIT since the date to which the latest published audited accounts of Spring REIT were prepared.

FURTHER ANNOUNCEMENTS

This announcement is issued pursuant to paragraphs 10.3 and 10.4(k) of the REIT Code.

The REIT Manager shall make a further announcement upon issue of the Bonds on the Closing Date and as and when required in accordance with applicable regulatory requirements (including but not limited to the REIT Code).

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section headed “BOND ISSUANCE” above for further information.

WARNING: As the Subscription Agreement may or may not be completed, the Bonds may or may not be issued and the New Units may or may not be issued or listed, Unitholders and potential investors are advised to exercise caution when dealing in the units of Spring REIT.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“2019 Interim Report” means the interim report of Spring REIT for the six months ended 30 June 2019

“Additional Tax Amounts” has the meaning ascribed to it in the section headed “PRINCIPAL TERMS OF THE BONDS”

“Agency Agreement”	means the paying, conversion and transfer agency agreement in respect of the Bonds to be entered into between the Issuer, the Guarantor, the REIT Manager, the Bond Trustee, the Bond Agent and Citigroup Global Markets Europe AG as registrar
“Alternative Stock Exchange”	means at any time, in the case of the Units, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Units are then listed or quoted or dealt in
“Authorised Denomination”	means the denomination of HK\$5,000,000 and integral multiples of HK\$1,000,000 in excess thereof of the Bonds
“Bank Lenders”	has the meaning ascribed to it in the section headed “REFINANCING OF EXISTING BANK LOAN FACILITIES”
“Base Fee Units”	has the meaning ascribed to it in the section headed “AUTHORITY TO ISSUE THE BONDS AND THE NEW UNITS”
“Board”	means the board of Directors
“Bond Agent”	means Citibank, N.A., London Branch
“Bond Issuance”	has the meaning ascribed to it in the section headed “REFINANCING OF EXISTING BANK LOAN FACILITIES”
“Bond Trust Deed”	means the trust deed constituting the Bonds to be entered into between the Issuer, the Guarantor, the REIT Manager and the Bond Trustee
“Bond Trustee”	means Citicorp International Limited
“Bondholders”	means holders of the Bonds from time to time
“Bonds”	means the HK\$585,000,000 1.75% guaranteed convertible bonds due 2022 to be issued by the Issuer, which expression shall, where the context so admits, include Bonds evidenced by the Global Certificate

“Borrower”	means RCA01, a wholly-owned subsidiary of Spring REIT
“Closing Date”	means 27 November 2019
“Closing Price”	means the closing market price quoted by the Hong Kong Stock Exchange for the Units for any Trading Day or, as the case may be, the Alternative Stock Exchange for such Trading Day
“Common Depositary”	means a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A.
“connected person”	has the meaning ascribed to it in the REIT Code
“Contracts”	means the Subscription Agreement, the Bond Trust Deed and the Agency Agreement
“Conversion Date”	means the conversion date in respect of a Bond
“Conversion Price”	means the price at which Units will be issued upon conversion, as adjusted from time to time, with the Initial Conversion Price being HK\$3.642 per Unit
“Conversion Price Floor”	has the meaning ascribed to it in the section headed “PRINCIPAL TERMS OF THE BONDS”
“Conversion Price Floor New Units”	has the meaning ascribed to it in the section headed “CONVERSION PRICE AND NEW UNITS”
“Conversion Restriction”	has the meaning ascribed to it in the section headed “PRINCIPAL TERMS OF THE BONDS”
“Deposited Property”	has the meaning ascribed to it in the Spring REIT Trust Deed
“Directors”	means the directors of the REIT Manager
“DPU”	means distribution per Unit
“Existing Bank Loan Facilities”	has the meaning ascribed to it in the section headed “BACKGROUND”
“Extraordinary Resolution”	has the meaning ascribed to it in the Bond Trust Deed

“Global Certificate”	means the global certificate representing the Bonds registered in the name of a nominee of, and deposited with, the Common Depositary
“Group”	means the Issuer, the Guarantor (being the REIT Trustee (in its capacity as trustee of Spring REIT)), Spring REIT and their respective subsidiaries for the time being
“Guarantee”	means the guarantee of the Guarantor to be contained in the Bond Trust Deed
“Guarantor”	means the REIT Trustee
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Illustrative New Units”	has the meaning ascribed to it in the section headed “CONVERSION PRICE AND NEW UNITS”
“Initial Conversion Price”	means the initial Conversion Price of HK\$3.642 per Unit
“Issue Price”	means a price equal to 100.0% of the principal amount of the Bonds
“Issuer”	means Spring Treasury Limited, a wholly-owned subsidiary of Spring REIT
“Last Trading Day”	means 22 November 2019
“LIBOR”	means the London Inter-bank Offered Rate
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended)

“New Bank Loan”	has the meaning ascribed to it in the section headed “REFINANCING OF EXISTING BANK LOAN FACILITIES”
“New Bank Loan Facilities”	means: (a) the secured term loan facility of up to US\$475,000,000; and (b) the secured uncommitted term loan facility of up to US\$80,000,000 granted by the Bank Lenders to the Borrower under the deed of amendment in relation to the Existing Bank Loan Facilities dated 7 November 2019
“New Units”	means the Units to be issued on conversion of the Bonds
“Placing Agent”	means DBS Bank Ltd.
“Placing Agreement”	means the Placing Agreement dated 23 November 2019 entered into between the Issuer, the REIT Manager, the Guarantor and the Placing Agent in connection with the placement of the Bonds
“PRC”	means the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan except where the context requires otherwise
“Public Float Conversion Restriction”	has the meaning ascribed to it in the section headed “PRINCIPAL TERMS OF THE BONDS”
“Redemption Notice”	has the meaning ascribed to it in the section headed “PRINCIPAL TERMS OF THE BONDS”
“Refinancing Transactions”	has the meaning ascribed to it in the section headed “REFINANCING OF EXISTING BANK LOAN FACILITIES”
“Registration Date”	means the date on which the person or persons designated in the conversion notice are registered as the holder of record of the number of Units issuable upon conversion of the Bonds in Spring REIT’s register of Unitholders
“REIT Code”	means the Code on Real Estate Investment Trusts issued by the SFC (as amended)

“REIT Manager”	means Spring Asset Management Limited (in its capacity as manager of Spring REIT)
“REIT Manager Group”	means, collectively, the REIT Manager and its holding company, Mercuria Investment Co., Limited
“REIT Trustee”	means DB Trustees (Hong Kong) Limited (in its capacity as trustee of Spring REIT and with recourse limited to the assets of Spring REIT)
“Relevant Indebtedness”	means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments which for the time being are, or are issued with the intention on the part of the issuer thereof that they should be, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market (whether or not initially distributed by way of private placement)
“RMB”	means Renminbi, the lawful currency of the PRC
“Securities Act”	means the United States Securities Act of 1933 (as amended)
“SFC”	means The Securities and Futures Commission of Hong Kong
“Sino-Ocean Group”	means Sino-Ocean Group Holding Limited
“Spring REIT”	means Spring Real Estate Investment Trust, a collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), whose Units are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 01426)
“Spring REIT Trust Deed”	means the trust deed dated 14 November 2013 between the REIT Trustee and the REIT Manager constituting Spring REIT (as amended)
“Stock Exchange Business Day”	means any day on which the Hong Kong Stock Exchange or the Alternative Stock Exchange, as the case may be, is open for securities trading

“Subscriber”	means Alpha Great Global Limited
“Subscription Agreement”	means the Subscription Agreement dated 23 November 2019 entered into between the Issuer, the REIT Manager, the Guarantor and the Subscriber in connection with the issue of the Bonds
“Takeovers Code”	means The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC (as amended)
“Terms and Conditions”	means the terms and conditions of the Bonds
“Trading Day”	means a day when the Hong Kong Stock Exchange or, as the case may be, an Alternative Stock Exchange is open for dealing business, provided that if no Closing Price is reported in respect of the relevant Units on the Hong Kong Stock Exchange or, as the case may be, the Alternative Stock Exchange for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have existed when ascertaining any period of dealing days
“United States”	means the United States of America
“Unitholders”	means the holders of Units
“Units”	means undivided interests in Spring REIT or units of any class or classes resulting from any subdivision, consolidation, or reclassification of those units, which as between themselves have no preference in respect of distributions or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution or termination of Spring REIT
“US\$”	means United States dollars, the lawful currency of the United States
“Valuation Report”	has the meaning ascribed to it in the section headed “CONVERSION PRICE AND NEW UNITS”
“%”	means percentage or percent

For the purposes of this announcement, unless otherwise indicated, conversion of HK\$ into US\$ is calculated at the approximate exchange rate of US\$1.00 to HK\$7.80. The exchange rates are for illustrative purposes only and do not constitute representation that any amounts have been, could have been, or may be exchanged at the rates or any other rate at all.

Any discrepancies in the tables between the listed amounts and totals thereof are due to rounding.

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

Hong Kong, 25 November 2019

As at the date of this announcement, the directors of the REIT Manager are Toshihiro Toyoshima (chairman and non-executive director); 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).

Appendix – Valuation Report



Jones Lang LaSalle Corporate Appraisal and Advisory Limited
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Company Licence No.: C-030171

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22 November 2019

The Board of Directors
Spring Asset Management Limited
(as manager of Spring Real Estate Investment Trust)
Room 2801, 28/F, Man Yee Building
68 Des Voeux Road Central
Central, Hong Kong

DB Trustees (Hong Kong) Ltd
(as trustee of Spring Real Estate Investment Trust)
Level 52, International Commence Centre
1 Austin Road West
Kowloon, Hong Kong

Dear Sirs,

Re: Valuation of Office Towers 1 and 2 and approximately 600 underground car parking spaces of China Central Place located at Nos. 79 and 81 Jianguo Road, Chaoyang District, Beijing, the People's Republic of China (the "PRC")

Instructions, Purpose and Valuation Date

Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL" or "we") are delighted to be appointed by Spring Asset Management Limited (the "**Company**") and DB Trustees (Hong Kong) Ltd. to value the captioned property held by RCA01 situated in the PRC.

In accordance with your instructions, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market value of the captioned property as at 30 September 2019 (the "**valuation date**") for financing purpose.

The Property

China Central Place (“CCP”), completed in 2006, is a mixed-use commercial complex comprising a shopping mall, three office towers, two 5-star hotel buildings, various residential buildings, underground car parking spaces and other ancillary facilities.

Pursuant to the information provided by the Company, the property comprises the Office Towers 1 and 2 and approximately 600 underground car parking spaces of CCP located at Nos. 79 and 81 Jianguo Road, Chaoyang District, Beijing, the PRC. The property has a gross floor area (“GFA”) of approximately 145,372.54 sq.m. As at the valuation date, the property was held by RCA01 and was leased to various tenants for office and car parking spaces uses, the occupancy rate of the office portion of the property was about 94.9%.

Basis of Valuation

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Valuation Assumptions

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interest valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

We have made the following assumptions in the course of our valuation:

- We have been supplied with basic information likely to have an effect on the value of the property, and that the information supplied to us and summarized in this report is both completed and correct. We reserve the right to amend our assessment if other information further obtained which could effect on the value of the property.
- The leasing areas of the property we obtained are based on the information provided by the Company. We assume that the leasing area is correct and reserve the right to amend our assessment if the leasing area changed.

- The existing tenancy agreements of the property are legally binding and valid.
- The property can be freely transferred, leased or disposed without payment of any further land premium, penalty or transfer fees.
- The property will be maintained and managed appropriately in its residual term of use.

Valuation Standards

In valuing the property, we have complied with all the requirements contained in the Code of Real Estate Investment Trusts (the “**REIT Code**”) issued by the Securities and Futures Commission (the “**SFC**”), the Practice Note on Overseas Investment by SFC – Authorized Real Estate Investment Trusts (forming part of the REIT Code), the RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors, the HKIS Valuation Standards published by the Hong Kong Institution of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

Method of Valuation

We have adopted the income approach in our valuation by taking into account the net rental income of the property derived from the existing leases and/or achievable in existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate.

This analysis has then been cross-checked by the comparison approach assuming sale of the property in its existing state and by making reference to comparable sale transactions as available in the market.

Source of Information

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, the tenancy details of the property and all other relevant matters.

We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also been advised by the Company that no material factors have been omitted from the information to reach an informed view and we have no reason to suspect that any material information has been withheld.

Document and Title Investigation

We have been shown copies of various title documents including a State-owned Land Use Rights Certificate and 56 Building Ownership Certificates relating to the property and have made relevant enquiries. However, we have not examined the original documents and assumed that the copies of the documents obtained are consistent with their originals. If necessary, we recommend that a PRC legal opinion is sought to verify the existing titles to the property interest in the PRC.

Area Measurement and Inspection

We have not carried out detailed measurements to verify the correctness of the area in respect of the property but have assumed that the areas shown on the documents and official site plans handed to us are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property unless we have been otherwise instructed. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

The site inspection was carried out on 13 June 2019 by Ms. Corrina Li who has 12 year's property valuation experience in the PRC. We have been informed by the Company that there have been no significant changes since that date. All significant parts of the properties were inspected.

Currency

All monetary figures stated in this report are in Renminbi (“**RMB**”).

Potential Tax Liabilities

The potential tax liabilities would arise if the property specified in this report was to be sold. As advised by the Company, the potential tax liabilities for the property in the PRC mainly include: value-added tax at the rate of 10%, stamp duty at the rate of 0.05% of the contract price, land appreciation tax at progressive rates ranging from 30% to 60% on the appreciated

amount (being the proceeds of sales of the property less deductible expenditure including costs of land, development and construction) and Enterprise income tax at the rate of 25% on the gain.

As advised by the Company, as the property is to be held for long-term investment purpose, the above tax liabilities will not be imposed if the property is not sold; and no account has been taken into account in the course of our valuation.

Opinion of Valuation

Based on our analysis, we are of the opinion that the market value of the property in existing state subject to the existing tenancies as at the valuation date is in the amount of **RMB9,137,000,000 (RENMINBI NINE BILLION ONE HUNDRED AND THIRTY SEVEN MILLION)** assuming that the captioned property could be freely transferred.

Valuer's Interest

We hereby confirm that:

- We have no present or prospective interest in the property and we are independent of Spring REIT, the Trustee and the Manager.
- We are authorised to practice as valuer and have the necessary expertise and experience in valuing similar types of property.
- The valuations have been prepared on a fair and unbiased basis.

Our valuation details are enclosed hereby for your attention.

Yours faithfully,

For and on behalf of

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Eddie T. W. Yiu

MHKIS, MRICS, RPS(GP)

Senior Director

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EXECUTIVE SUMMARY

THE PROPERTY	:	Office Towers 1 and 2 and approximately 600 underground car parking spaces of China Central Place located at Nos. 79 and 81 Jianguo Road, Chaoyang District, Beijing, the PRC.
LAND USE RIGHTS TERM	:	Expiring on 28 October 2053 for office and car parking uses.
TOTAL SITE AREA	:	Approximately 13,692.99 sq.m.
TOTAL GROSS FLOOR AREA	:	Approximately 145,372.54 sq.m.
BUILDING COMPLETION YEAR	:	Completed in 2006
OCCUPANCY STATUS	:	Pursuant to the information provided, as at the valuation date, the property was held by RCA01 and was leased to various tenants for office and car parking uses, the occupancy rate of the office portion of the property was about 94.9%.
METHOD OF VALUATION	:	Income Approach cross-checked by the comparison approach
VALUATION DATE	:	30 September 2019
MARKET VALUE	:	Based on our analysis, we are of the opinion that the market value of the property in existing state subject to the existing tenancies as at the valuation date is in the amount of RMB9,137,000,000 (RENMINBI NINE BILLION ONE HUNDRED AND THIRTY SEVEN MILLION) assuming that the captioned property could be freely transferred.
THE ESTIMATED NET YIELD	:	4.0% (see note)

Note: The estimated net yield of the property is derived from the annual net property income as at 30 September 2019 of the property divided by the market value of the property as at the valuation date. The annual net property income is derived from the rental income excluding the valued-added tax of the property deducting property management fee, relevant taxes and commissions as well as other property operating expenses.

1. INTRODUCTION

1.1 Subject Property

China Central Place (“**CCP**”), completed in 2006, is a mixed-use commercial complex comprising a shopping mall, three office towers, two 5-star hotel buildings and various residential buildings, underground car parking spaces and other ancillary facilities.

Pursuant to the information provided, the property comprises the Office Towers 1 and 2 and approximately 600 underground car parking spaces of CCP, having a total GFA of approximately 145,372.54 sq.m. As at the valuation date, the property was held by RCA01 and was leased to various tenants for office and car parking uses, the occupancy rate of the office portion of the property was about 94.9%.

1.2 Valuation Date

The valuation date is 30 September 2019.

1.3 Purpose of Valuation

Jones Lang LaSalle Corporate Appraisal and Advisory Limited has been appointed to provide an opinion on the market value of the subject property as at the valuation date for financing purpose.

1.4 Basis of Valuation

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

2. MARKET OVERVIEW

2.1 Overview of Beijing

Beijing, as the capital of the PRC, is located at the north of China, bordering Hebei Province and Tianjin. It is the national political center, cultural center, international exchange center and science and technology center of China. As home to China's central government and its decision-making bodies, Beijing is now one of the most influential cities in the world.

Beijing's resident population increased by 60 percent to 21.7 million from year 2000 to 2017, making it the fastest growing city in China. However, due to the policy to control the population, residential population growth showed a negative growth rate since 2017, the figure was about -1% in 2018, reaching 21.5 million.

The GDP of Beijing showed a constant and robust increase since 2005. By the first half of 2019, the GDP of Beijing reached RMB1,521 billion, which indicated a year on year growth rate of 6.3% and tertiary industries account for 83%.

According to 2018 International Forum of Beijing's Headquarters Economy, the number of corporate headquarters in Beijing had grown from 3,937 in 2013 to 4,064 in 2017, including 886 foreign invested enterprises. Beijing also has more Fortune Global 500 company headquarters than any other city in the world with 56 firms setting up headquarter here (among which, 53 are Chinese invested). It was the fifth consecutive year that Beijing had stood on the top spot in terms of the total number of Fortune 500 company headquarters and also far ahead of other cities nationwide.

2.2 Beijing Office Market in 2019

2.2.1 Beijing Office Market Overview

After decades of development, Beijing's office market reaches maturity and forms several major business districts, like Beijing Central Business District ("CBD"), Wangjing, Olympic Area and the Third Embassy District in Chaoyang, Financial Street in Xicheng, East 2nd Ring and East Chang'an in Dongcheng and Zhongguancun in Haidian. Nearly half of the Grade A office spaces in Beijing are located in CBD and Finance Street. The CBD, in which the subject property is located, is the primary area clustered of finance, media, and business services in Beijing.

2.2.2 Demand and Supply of Beijing Grade A Office Market

According to JLL's Research, rents of Beijing Grade A offices start to drop in 2019 due to the downward economic pressure. Demand from high-risk companies was weak and the pace of destocking for smaller spaces slowed down. Landlords increasingly prioritised the stability of tenants over rental affordability. However, demand for large space requirements remained relatively strong, especially in tight-vacancy submarkets, namely Finance Street and Zhongguancun.

The overall vacancy rate recorded a q-o-q increase of 1.1 percentage points to 6.9%. Downward Economic Pressure and the new completion in the CBD Core Area contributed to the rise. The new project of China Life Financial Center drove much of the increase to the CBD vacancy rate, which climbed to 8.9%.

Overall rents started to drop slightly in 2Q19. Landlords made concessions on rents for new leases and renewals, preferring to secure more reliable tenants given rising pressure from economic uncertainties in the market.

2.2.3 Market Trend of Beijing Grade A Office Market

Rents are likely to see further downward pressure as ongoing economic uncertainty persuades landlords to continue providing concessions on rents. As infrastructure delays continue to impact the timing of new openings in the CBD Core Area, it is expected to see supply pressure to nearby landlords ease further.

As net absorption figures in Beijing have typically closely followed new additions, it is expected to see the annual figure reach nearly 400,000 sq.m. by the end of 2019, even amid the economic uncertainty, considering that three new projects are planned to complete.

3. DESCRIPTIONS OF THE SUBJECT PROPERTY

3.1 Situation and Accessibility

The property is situated at Nos. 79 and 81 Jianguo Road, Chaoyang District, Beijing, the east edge of CBD. The area where the property situated is one of the most developed business areas in Beijing with various Grade A office buildings and well-known shopping malls clustering in this area.

The accessibility of the property is quite well. The property is facing Jianguo Road, which is the extension of East Chang'an Street and the arterial road of the east-west axis of Beijing. The basement of CCP is connected to Dawang Road Station of the Metro Line 1. Various public bus lines are within approximately 5 minutes' walking distance to the property.

3.2 Details of the Subject Property

CCP, completed in 2006, is a mixed-use commercial complex comprising a shopping mall, three office towers, two 5-star hotel buildings, various residential buildings, underground car parking spaces and other ancillary facilities.

Pursuant to the information provided, the property comprises Levels 4 to 28 of the Office Towers 1, Levels 4 to 32 of the Office Tower 2 and approximately 600 underground car parking spaces of CCP with a total GFA of approximately 145,372.54 sq.m. The property is also provided with two signages at the eastern and the western sides of the roof of Office Tower 1. Details of the GFA of the property are set out as follows:

Property	GFA (sq.m.)	Car Parking Space (number of space)
Office Tower 1	56,068.32	
Office Tower 2	64,176.87	
Car parking spaces	25,127.35	600
Total:	145,372.54	600

As at the valuation date, the property was held by RCA01 and was leased to various tenants for office and car parking uses except for a portion of the office towers with a total lettable area of 6,159.7 sq.m. which was vacant.

3.3 Current Tenancies

Pursuant to various Tenancy Agreements, as at the valuation date, portions of Towers 1 and 2 of the property with a total lettable area of approximately 114,085.49 sq.m. were leased to various tenants for office purpose with a total effective monthly rent of approximately RMB41,301,530, exclusive of value-added tax (“VAT”), management fee, utility fee, water and electricity charges and other equipment and property management related outgoings. Majority of the tenancies will expire within 3 years, and the latest tenancy term will be expired on 31 May 2025.

Pursuant to a Tenancy Agreement, the car parking spaces of the property with a GFA of approximately 25,127.35 sq.m. were leased to a property management company for car parking space operating purpose with a term of one year expiring on 31 December 2019 at an annual rent of RMB4,000,000, inclusive of VAT.

Pursuant to 2 Tenancy Agreements and relevant supplementary agreements, the two signage of the property were leased to two independent third parties with terms expiring on 30 November 2021 and 31 December 2020 at a total annual rent of approximately RMB4,064,220, exclusive of VAT.

3.4 Existing Tenancy Profile

According to the information provided by the Company, our analysis of the existing tenancy profile (excluding the car parking spaces and the signage) is set out as follows:

Occupancy Profile

Type	Lettable Area (sq.m.)	% of Total
Leased	114,085.49	94.9
Vacant	6,159.70	5.1
Total:	120,245.19	100.0

Tenancy Expiry Profile

Expiry Date	Lettable Area (sq.m.)	% of Total	No. of Tenancies	% of Total
Before 2019/12/31	3,497.40	3.1	7	3.7
2020/1/1 to 2020/12/31	20,568.46	18.0	44	23.3
2021/1/1 to 2021/12/31	39,822.49	34.9	64	33.9
After 2022/1/1	<u>50,197.14</u>	<u>44.0</u>	<u>74</u>	<u>39.1</u>
Total:	<u>114,085.49</u>	<u>100.0</u>	<u>189</u>	<u>100.0</u>

Tenancy Duration Profile

Year	Lettable Area (sq.m.)	% of Total	No. of Tenancies	% of Total
Less than 3 years	7,975.74	7.0	19	10.0
3 years to 6 years	105,197.47	92.2	168	88.9
More than 6 years	<u>912.28</u>	<u>0.8</u>	<u>2</u>	<u>1.1</u>
Total:	<u>114,085.49</u>	<u>100.0</u>	<u>189</u>	<u>100.0</u>

3.5 Maintenance Condition

As at the inspection date, the property was maintained at a good condition, with all building facilities such as lifts and lighting systems performing well.

In accordance with standard terms and conditions of the tenancy agreements, the landlord is responsible for the repair of main building structure and the tenant is responsible for the maintenance of internal non-structural parts of the property.

4. TITLE DOCUMENTS

We have been provided with copies of a State-owned Land Use Rights Certificate and various Building Ownership Certificates. The details are set out as follows:

- **Stated-owned Land Use Rights Certificate**

Pursuant to a State-owned Land Use Rights Certificate – Jing Chao Guo Yong (2010 Chu) Di No. 00118, the land use rights of the property with a site area of approximately 13,692.99 sq.m. have been granted to RCA01 for a term expiring on 28 October 2053 for office and car parking uses.

- **Building Ownership Certificates**

Pursuant to 56 Building Ownership Certificates, the buildings and car parking spaces of the property with a total GFA of approximately 145,372.54 sq.m. are owned by RCA01.

As advised by the Company, the property is subject to a mortgage.

5. VALUATION CONSIDERATIONS

5.1 Valuation Methodology

We have adopted the income approach in our valuation by taking into account the net rental income of the property derived from the existing leases and/or achievable in existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate.

This analysis has then been cross-checked by the comparison approach assuming sale of the property in its existing state and by making reference to comparable sale transactions as available in the market.

5.2 Valuation Considerations

We have valued the property by income approach by considering the current tenants mix and rents achievable. The main assumptions and perimeters considered in the valuation are summarized below:

Lettable area

According to the information provided by the Company, the lettable area of the office portion of the property is 120,245.19 sq.m.

Income period

The whole income period of the property is based on the shorter term of the land use rights and building economic life. According to the information provided, the land use rights of the property will expire on 28 October 2053 for office and car parking uses. Therefore, the residual income period of the property is about 34.1 years.

Occupancy rate

As at the valuation date, the occupancy rate of the office portion of the property is about 94.9%. Based on the office market research in CBD and taking into account the differences in location, size and other characters between the comparable properties and the subject property, the allowed vacancy rates losses adopted in our valuation are 5% and 20% for office and car parking uses respectively.

Market Rent

We have considered the market rents of office units and car parking spaces of similar properties located in the same business circle and/or nearby within reasonable walking distance. The unit rent of the comparable properties are in the range of RMB410 to RMB440 per sq.m. per month for office use, and about RMB1,600 to RMB2,000 per space per month for car parking use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the market rent. The adopted average market rent is RMB401 per sq.m. per month for office portion and RMB1,800 per space per month for car parking spaces in the course of valuation.

Yield

Based on our research on office and car parking markets and relevant market analysis of Beijing, the stabilized market yields for office properties ranges from 4.0% to 5.5% as at the valuation date. Considering the location and characteristics of the property, we have applied a reversionary yield of 5.0% for office portion and a reversionary yield of 3.5% for car parking spaces in the course of valuation.

6. VALUATION CONCLUSION

Based on our analysis, we are of the opinion that the market value of the property in existing state subject to the existing tenancies as at the valuation date is in the amount of **RMB9,137,000,000 (RENMINBI NINE BILLION ONE HUNDRED AND THIRTY SEVEN MILLION)** assuming that the captioned property could be freely transferred.



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The Directors

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(as manager of Spring Real Estate Investment Trust)**

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Central
Hong Kong

**DB Trustees (Hong Kong) Limited
(as trustee of Spring Real Estate Investment Trust)**

52/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

22 November 2019

Dear Sirs,

Valuation of 84 Vehicle Service Centres in the United Kingdom (the “Properties”)

In accordance with your instructions to value the property interests held by Spring Asset Management Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the United Kingdom (the “**UK**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 30 September 2019 (the “**valuation date**”) for financing purpose.

Basis of Valuation

Our valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017, incorporating the IVS, and the RICS Valuation – Global Standards 2017 UK national supplement (the RICS Red Book) published by the Royal Institution of Chartered Surveyors.

Market Value is defined by the IVS as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

No allowance has been made for any expenses of realisation, or for taxation (including VAT) which might arise in the event of a disposal and the property has been considered free and clear of all mortgages or other charges which may be secured thereon.

We have assumed that in the event of a sale of the properties, they would be marketed in an orderly manner and would not all be placed on the market at the same time if this were to lead to a discount to market value.

Potential Tax Liabilities

Certain potential tax liabilities may arise if the property specified in this report was to be sold, including, where applicable under relevant tax laws, stamp duty land tax, value added tax, corporation tax and capital gains tax, among others.

As advised by the Company, as the property is to be held for long-term investment purpose, the above tax liabilities will not be imposed if the property is not sold; and no account has been taken into account in the course of our valuation.

Valuation Standards

In valuing the property, we have complied with all the requirements contained in the Code of Real Estate Investment Trusts (the “**REIT Code**”) issued by the Securities and Futures Commission (the “**SFC**”), the Practice Note on Overseas Investment by SFC — Authorized Real Estate Investment Trusts (forming part of the REIT Code), the RICS Valuation — Global Standards 2017 published by the Royal Institution of Chartered Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

Valuer’s Interest

We hereby confirm that;

- We have no present or prospective interest in the Properties and we are independent of Spring Real Investment Trust, the Trustee and the Manager.
- We are authorized to practice as valuer and have the necessary expertise and experience in valuing similar types of properties.
- The valuations have been prepared on a fair and unbiased basis.

Valuation Methodology

In valuing the property, we have adopted the income capitalisation approach in our valuation of the property cross-checked with the direct comparison method of valuation where applicable. The income capitalisation approach is based on the capitalisation of the fully leased, current passing rental income and potential reversionary income from the date of valuation at appropriate investment yield to arrive at the capital value. Both the term income and the reversionary income are capitalised using the same capitalisation rate either on a perpetual basis (for freehold properties) or on the basis of the properties' remaining land tenure (for leasehold properties). The appropriate adjustments and deductions for rent free periods and ongoing vacancy voids/marketing periods for the vacant space have been allowed for.

Source of Information

We have inspected the premises and carried out all the necessary enquiries with regard to rental and investment value, Rateable Value, planning issues and investment considerations. We have not carried out a building survey or environmental risk assessment. We have not measured the premises in accordance with the RICS Code of Measuring Practice and have relied on the floor areas provided.

We have not been supplied with and relied upon, Certificates of Title or other correspondence by your solicitor.

We have been provided with a sample tenancy agreement and we have assumed that each tenancy agreement of the properties is drawn on the same terms, save for demise and rent.

We have relied to a considerable extent on the information given by the Manager including previous valuation reports.

Inspection

The properties were inspected specifically for the 30th June 2019 valuation and we have been informed by the Group that there have been no significant changes since that date. All significant parts of the properties were inspected.

Exchange Rate

All monetary figures stated in this report are in British Pound (GBP).

Yours faithfully,

Yours faithfully,

Matthew Lemin

MRICS

Director

For and on behalf of

Jones Lang LaSalle Limited

Eddie T. W. Yiu

MHKIS, MRICS, RPS(GP)

Senior Director

For and on behalf of

Jones Lang LaSalle Corporate
Appraisal and Advisory Limited

EXECUTIVE SUMMARY

- Property** : The Subject portfolio comprises Portfolio of 84 Vehicle Service Centres in the United Kingdom.
- Floor Area** : We have been provided with floor areas, understood to be on a Gross Internal Area (GIA) basis, from measured surveys undertaken by Plowman Craven. Individual floor areas are detailed within the Property Schedule.
- Date of Valuation** : 30 September 2019
- Valuation Methodology** : Income capitalisation approach
- Market Value
in Existing State** : £75,810,000
(Seventy Five Million Eight Hundred and Ten Thousand Pounds)

VALUATION REPORT

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2019	Estimated Net Property Yield
84 Vehicle Service Centres in the United Kingdom	<p>The Properties comprise 84 vehicle service centres leased to Kwik-Fit (GB) Limited (“Kwik-Fit”) situated across the UK, within England, Scotland and Wales with detailed addresses listed in the Property Schedule attached as Appendix 1A.</p> <p>The Properties have a total gross internal area (GIA) of approximately 505,381 sq ft. Details of the Properties are listed in the Property Schedule attached as Appendix 1A.</p> <p>We understand that 62 of the Properties are held freehold (known as “heritable interests” in Scotland), with the remaining 22 held, partly or wholly, long leasehold.</p>	<p>We noted from our site that 78 of the Properties are trading as Kwik-Fit service centres. The remainder are trading under different brands, either subsidiary companies or partial or complete sublettings.</p> <p>There are no vacant Properties in this portfolio, and 99% of the Properties are let for a further 12 years and 6 months.</p> <p>(Please refer to the Property Schedule attached for details)</p>	<p>£75,810,000 (Seventy Five Million Eight Hundred and Ten Thousand Pounds)</p> <p>(Please refer to the Property Schedule attached for details)</p>	<p>5.81% (See Note 1)</p>

Note 1: The estimated net yield of the property is derived from the net rent as at 30 September 2019 of the property derived by the marked value of the property as at the valuation date. The net rent is the rent receivable from the tenants, less the head rents payable to the freeholders on leasehold properties.

OCCUPANCY PROFILE

Type	Approximate Gross Internal Area <i>(sq ft)</i>	% of total
Leased	505,381	100.0
Vacant	0	0
Total:	505,381	100.0

TENANCY EXPIRY PROFILE

Year	Approximate Leased Gross Internal Area <i>(sq ft)</i>	% of total	No. of Tenancies	% of total
2024	4,327	0.9	1	1.2
2032	501,054	99.1	83	98.8
Total:	505,381	100.0	84	100.0

TENANCY DURATION PROFILE

Year	Approximate Leased Gross Floor Area <i>(sq ft)</i>	% of total	No. of Tenancies	% of total
Less than 18 years	4,327	0.9	1	1.2
About 25 years	501,054	99.1	83	98.8
Total:	505,381	100.0	84	100.0

PROPERTY DESCRIPTION

Ref	Address	Postcode	GIA (sq ft)	Tenure	Passing			Capitalisation	Market
					Rent (£)	Lease Start	Lease End	Rate	Value (£)
1	ALLOA: 26 Clackmannan Road	FK10 1RR	8,879	Freehold	56,573	20/03/2007	19/03/2032	5.40%	£975,000
									Single storey steel framed industrial unit dating from the 1950s, brick walls with painted render and cladding to external elevations. Double pitched steel truss framed roof. Internal layout includes a customer reception, a workshop with six service bays, a tyre store adjacent to the workshop, staff room, wash room and customer and staff WCs. External concrete surfaced car park to the front for 4-6 vehicles.
2	ALTRINCHAM: 1-3 Church Street	WA14 4DB	8,529	Freehold	80,635	20/03/2007	19/03/2032	5.45%	£1,385,000
									Single storey steel framed industrial unit solid brick walls exposed externally dating from the 1950s. Double pitched steel truss framed roof. Internal layout includes a reception area, a 7-bay workshop, tyre store, staff room and toilets. Externally there are 14 car parking spaces.
3	AYR: 38 Fort Street	KA7 1DE	10,369	Freehold	36,517	20/03/2007	19/03/2032	5.70%	£610,000
									Single storey steel framed industrial unit dating from the 1950s on a site between, and abutting, two residential terraces. The walls are of solid brick with part painted render externally. Double pitched steel truss roof. The layout of the building is wider to the rear forming a T-shaped building. The premises trade as Tyre City. Internally there is parking for 9 cars, a customer reception, workshop with 6 service bays, tyre storage, offices and stores, staff room and WCs. The building fronts the pavement and there are no external parking spaces.
4	AYR: 26 Maybole Road	KA7 2QA	3,970	Freehold	43,705	20/03/2007	19/03/2032	5.50%	£755,000
									Detached single storey industrial unit dating from the 1990s of steel portal framed structure with brick and block infill walls with profiled steel cladding above under a double pitched roof. Internal layout includes a customer reception, workshop with three bays (five service bays), tyre storage, store, staff room and customer and staff WCs. Large tarmac surfaced car park is to the front and south of the building for 20 vehicles. A telecoms mast is situated to the southern edge of the site.
5	BISHOP AUKLAND: Cockton Hill Road	DL14 6JN	4,962	Leasehold expiring 2072	25,881	20/03/2007	19/03/2032	8.00%	£25,000
									A modern detached two-storey steel portal frame unit, with brick and block elevations designed to blend in with the surrounding residential buildings. The ground floor layout includes a customer reception, a 5 bay workshop and tyre store. On the first floor is further tyre storage, a staff room and staff WCs. Externally, fronting the building, is parking for ten vehicles.
6	BLYTH: Cowpen Road	NE24 5TT	5,707	Freehold	59,756	20/03/2007	19/03/2032	6.15%	£905,000
									Detached single storey industrial unit dating from the 1990s of steel portal framed structure with brick and block infill walls with profiled steel cladding above under a double pitched roof. Internal layout includes a customer reception, 5 bay workshop, tyre storage, store, staff room and customer and customer/staff WCs. Large tarmac surfaced car park for 18 vehicles.

Ref	Address	Postcode	GIA (sq ft)	Tenure	Passing			Capitalisation	Market
					Rent (£)	Lease Start	Lease End	Rate	Value (£)
7	BRIDGWATER: 48-54 St John Street	TA6 5HY	8,603	Freehold	63,886	20/03/2007	19/03/2032	5.40%	£1,095,000
	Detached two storey commercial property dating from the early 1900s with a later single storey industrial extension. The two-storey section has solid load bearing brick walls with a timber framed pitched roof. The workshop extension has a steel frame, brick walls and a pitched steel truss roof. The ground floor includes 8 workshop bays, tyre stores, customer and staff WCs and a staff room. The first floor has a further tyre store and meeting room. Externally there is a 10 space car park.								
8	BRIDLINGTON: 32-36 St John's Street	YO16 7JS	15,514	Freehold	115,927	20/03/2007	19/03/2032	5.65%	£1,915,000
	Two adjoining single storey units dating from the 1950s, one to the front and one to the rear. Both are of brick and block construction with multi-pitch steel truss framed roof. Internal layout includes a customer reception, a 6 bay workshop, tyre store, staff room and customer/staff WCs. The rear unit was formerly occupied as a gym and is currently vacant and somewhat dilapidated.								
9	BURNLEY: Active Way	BB11 1AL	3,489	Leasehold expiring 2108	32,460	20/03/2007	19/03/2032	5.50%	£570,000
	Detached single storey brick built unit dating from the 1980s of steel-portal framed construction beneath a pitched roof. Ground floor layout includes a customer reception area, 6-bay workshop, staff room and WCs. Externally there is a parking for 23 cars.								
10	CARMARTHEN: Pensarn Road	SA31 2BS	4,895	Freehold	52,413	20/03/2007	19/03/2032	5.70%	£870,000
	A detached single storey industrial unit dating from the 1950s with steel frame and solid brick walls. The roof has a barrel vault design supported on arched steel trusses and clad in corrugated steel. Internally the layout includes a customer reception, 5 bay workshop, tyre store, staff room and staff/ customer WCs. Externally there is parking for 12 vehicles.								
11	CASTLEFORD: 92 Bridge Street	WF10 4LA	3,595	Freehold	25,040	20/03/2007	19/03/2032	5.50%	£435,000
	A single storey unit of block construction under a part pitched steel framed roof, and part concrete framed flat roof. Internally the layout includes two workshops with a total of five bays, tyre store, staff room and customer/staff WCs. Externally there is parking for 5 cars plus 2 marked for disabled customers.								
12	CHAPEL ALLTERTON: 232 Harrogate Road	LS7 4QD	12,358	Freehold	102,016	20/03/2007	19/03/2032	4.95%	£1,920,000
	Two adjoining single storey units dating from the 1930s of brick and block construction beneath pitched steel truss framed profiled roof, with part flat roof to the smaller unit. The internal layout includes seven bays, inspection pit, tyre storage, staff room and customer/staff WCs. Externally there is parking for 12 vehicles.								
13	CHELMSFORD: 103 New London Road	CM2 0PP	24,218	Freehold	197,077	20/03/2007	19/03/2032	4.70%	£3,935,000
	The property is a refurbished and very impressive Kwik-Fit Plus facility. The unit is the amalgamation of several small industrial units dating from the 1930s with solid brick walls, steel frame and steel truss framed roof. The refurbished building provides one of the largest and best operations in the Kwik-Fit UK network. The internal layout includes 13 service bays, customer reception, stores, offices and customer/ staff WCs. There is a substantial amount of internal parking space in addition to external parking for 6 vehicles.								

Ref	Address	Postcode	GIA (sq ft)	Tenure	Passing			Capitalisation	Market
					Rent (£)	Lease Start	Lease End	Rate	Value (£)
14	CLEVEDON: 119-121 Kenn Road	BS21 6JE	2,562	Freehold	30,104	20/03/2007	19/03/2032	5.70%	£505,000
					A detached two storey unit dating from the 1960s of traditional brick construction with a timber framed pitched roof, trading as Kwik-Fit. Ground floor accommodation includes a reception area along with 3 bay workshop, tyre stores, staff/customer WCs and staff room. Ancillary offices and stores are situated on the first floor. There is a large external car park for 17 vehicles.				
15	COATBRIDGE: 320 Main Street	ML5 3RX	4,085	Freehold	36,733	20/03/2007	19/03/2032	5.00%	£700,000
					A detached single storey steel portal framed commercial unit dating from the 1980s with blockwork walls under a pitched and hipped tiled roof. Internally the layout includes a reception, workshop with five service bays, tyre store, staff room and customer and staff WCs. Externally there is parking for 15 vehicles.				
16	CONGLETON: West Road	CW12 4EU	4,275	Freehold	34,270	20/03/2007	19/03/2032	5.50%	£595,000
					A detached single storey steel framed unit dating from the 1950s with solid brick walls and a double pitched steel truss framed roof. Internally the layout includes a customer reception, workshop, staff room and toilets. Externally there is parking for 4 vehicles.				
17	CROYDON: 3 Mitcham Road	CR0 3RU	4,393	Freehold	81,656	20/03/2007	19/03/2032	4.25%	£1,810,000
					A detached purpose built workshop of steel portal frame construction with brick elevations and a pitched roof. Internal layout includes 5 bay workshop, customer reception area, tyre store and ancillary space. Externally, there is parking to the front and side for 21 vehicles.				
18	DONCASTER: Wheatley Hall Road	DN2 4LP	2,988	Leasehold expiring 2110	26,878	20/03/2007	19/03/2032	6.75%	£310,000
					A detached single storey steel framed commercial unit dating from the 1970s with brick and block infill walls under a corrugated steel flat roof supported on steel truss beams. Internal layout includes a customer reception, workshop with 6 bays, office, tyre store, staff room and customer and staff WCs. Externally there is parking for 15 vehicles.				
19	DUMFRIES: 40 Laurie Knowe	DG2 7AJ	2,168	Freehold	16,799	20/03/2007	19/03/2032	6.90%	£245,000
					A semi-detached single storey steel framed industrial unit dating from the 1950s with brick/ block infill walls under a double pitched steel truss framed roof. Internally the layout includes a 3 bay workshop, tyre stores, store, staff room and staff/customer WC. Externally a small concrete yard provides parking for five vehicles.				
20	EDINBURGH: 69B Saughton Mains Street	EH12 7JB	3,410	Freehold	40,050	20/03/2007	19/03/2032	5.50%	£690,000
					A detached single storey industrial unit dating from the 1980s with brick elevations beneath a pitched steel framed roof encompassing a large central roof light. Internally the layout includes a customer reception area, 5 bay workshop, staff room and toilets. Externally there is parking for 13 vehicles.				

Ref	Address	Postcode	GIA (sq ft)	Tenure	Passing			Capitalisation	Market
					Rent (£)	Lease Start	Lease End	Rate	Value (£)
28	GLENROTHES: Fullerton Road	KY7 5QR	4,500	Freehold	52,167	20/03/2007	19/03/2032	5.20%	£950,000
					A detached single storey industrial unit dating from the early 2000s with a steel portal frame, brick elevations and a pitched roof. Internally the layout includes customer reception, 5 bay workshop, staff room and toilets. Externally there is parking for 17 cars.				
29	GOOLE: 142-148 Boothferry Road	DN14 6AG	4,082	Freehold	38,033	20/03/2007	19/03/2032	5.50%	£655,000
					A detached single storey steel portal framed industrial unit with brick and block walls. The accommodation includes a customer reception, workshop with four service bays, tyre store, staff room and WCs. Externally there is a parking to the front for 15 vehicles.				
30	GREAT YARMOUTH: 90 North Quay	NR30 1JT	5,314	Freehold	58,464	20/03/2007	19/03/2032	5.70%	£970,000
					A two storey commercial unit dating from the late 1890s with a single storey side extension built in the 1950s. The main building is of load bearing brick construction with a timber framed, slate clad roof. The single storey addition has a steel frame and mono-pitched steel framed roof. Internally the layout includes a 4 bay workshop, customer reception, WCs and tyre store with further tyre store on the first floor. Externally there is a small area to the front of the building with parking for 3 cars.				
31	HELENSBURGH : 3 Charlotte Street	G84 7PH	2,950	Freehold	34,807	20/03/2007	19/03/2032	6.75%	£490,000
					A semi-detached single storey steel framed industrial unit with rendered brick walls under a double pitched roof. Internally the layout includes a customer reception, workshop with four service bays, staff room and WCs. Tyre stores are provided within the workshop and on a mezzanine level. There is no parking on the property, however there is on-street parking in the vicinity.				
32	HORNCHURCH: Ardleigh Green Road	RM11 2ST	3,641	Freehold	46,371	20/03/2007	19/03/2032	4.50%	£975,000
					A detached single storey steel framed industrial unit from the 1950s with a multi-pitched steel truss roof structure. The internal layout includes a 4 bay workshop, customer reception, tyre store, staff room and WCs. There is a small car park to the front for 7 vehicles.				
33	HUDDERSFIELD: Lockwood Road	HD1 3QU	5,206	Freehold	34,942	20/03/2007	19/03/2032	5.50%	£605,000
					A detached two storey concrete framed industrial unit from the 1960s with brick and block walls under a flat roof. Internally at ground level the layout includes a reception, workshop with six bays, office, staff room and WCs. The first floor is used as a tyre store. There is a car park to the rear for 5 vehicles.				
34	HYDE: 26-28 Manchester Road	SK14 2BD	5,134	Freehold	39,995	20/03/2007	19/03/2032	5.70%	£665,000
					A two storey end terrace unit from the 1970s with steel frame, brick walls and a steel framed flat roof. Internally the layout includes a customer reception area, 6-bay workshop, staff room and WCs. At first floor is a tyre store. To the rear (north) there is parking for circa 15 cars.				

Ref	Address	Postcode	GIA (sq ft)	Tenure	Passing			Capitalisation	Market
					Rent (£)	Lease Start	Lease End	Rate	Value (£)
42	LINCOLN: 148 Newark Road	LN5 8QJ	4,819	Freehold	38,839	20/03/2007	19/03/2032	5.70%	£650,000
					A single storey end of terrace industrial unit from the 1960s with a concrete frame brick walls and a flat roof. The internal layout includes a 5 bay workshop, customer reception, tyre store and ancillary areas. Externally, to the front, there is a car park for 9 vehicles.				
43	LIVERPOOL: 232 Aigburth Road	L17 9PJ	4,095	Freehold	45,457	20/03/2007	19/03/2032	5.70%	£755,000
					Single storey double span industrial unit dating from the 1950s. Brick and block walls, steel truss framed roof. Internally, the layout includes a workshop with 4 bays, customer reception, staff room and WCs. Externally there is a car park for 5 vehicles.				
44	LLANDUDNO: Conway Road	LL30 1DE	11,137	Leasehold expiring 2920	86,946	20/03/2007	19/03/2032	4.95%	£1,670,000
					A detached single storey industrial unit from the 1950s. Steel framed with brick and block walls and a steel truss supported pitched roof. Internally, the layout includes a customer reception, tyre storage area, staff room, WCs and a large workshop accommodating ten bays. The building is branded as "Kwik Fit Plus" with parking for 22 vehicles.				
45	LOUGHBOROUGH: 28 The Rushes	LE11 5BG	6,177	Freehold	75,353	20/03/2007	19/03/2032	4.95%	£1,420,000
					A purpose built detached single storey quick repair building from the early 2000s having steel portal framed construction and brick and profile clad elevations. Internally the layout includes a customer reception, tyre store and five workshop bays. There is a very large external car park with 40 parking spaces. The site is shared with a third party occupier, by way of a sub-lease from Kwik Fit.				
46	MIDDLESBOROUGH: 258 Longlands Road	TS4 2LW	5,255	Freehold	79,022	20/03/2007	19/03/2032	6.15%	£1,195,000
					A detached L-shaped industrial unit on ground and mezzanine floors from the 1980s. Steel framed construction with brick and block walls beneath a steel-framed pitched roof with a skylight at its apex. The ground floor layout includes a 6 bay workshop, staff room and customer WCs, with tyre storage and ancillary staff rooms at mezzanine level. It is in generally good cosmetic order with the latest branding and fit-out. Externally there is parking for 13 vehicles.				
47	MONTROSE: 34 George Street	DD10 8EW	2,726	Freehold	24,728	20/03/2007	19/03/2032	6.25%	£380,000
					A detached single storey steel framed industrial unit from the 1980s with brick walls under a steel framed flat roof. Internally the layout includes a customer reception, two bay workshop, tyre store, store, staff room and customer WCs. A car park fronts the property for 10 vehicles.				
48	MOTHERWELL: 99A Airbles Road	ML1 2TJ	6,220	Freehold	55,645	20/03/2007	19/03/2032	4.95%	£1,050,000
					A semi-detached single storey industrial unit from the 1960s with brick and block walls under a part flat, part pitched roof. The internal layout includes a customer reception, 6 bay workshop, tyre store, office, staff room and WCs. There is parking to the west of the property for 11 vehicles.				

Ref	Address	Postcode	GIA (sq ft)	Tenure	Passing			Capitalisation	Market
					Rent (£)	Lease Start	Lease End	Rate	Value (£)
49	NORTHWICH: Leicester Street	CW9 5LH	7,825	Freehold	63,164	20/03/2007	19/03/2032	5.40%	£1,085,000
					A group of four, mainly single storey, detached industrial building from the 1980s. Steel framed construction under a pitched roof. It has brick and block walls with steel cladding above. The ground floor layout includes a workshop with 5 bays, staff room and WCs. One of the buildings has ancillary accommodation at first floor level. There is parking on site for approximately 15 cars.				
50	OBAN: Market Street	PA34 4HR	5,134	Freehold	38,488	20/03/2007	19/03/2032	5.40%	£665,000
					A detached single storey steel framed industrial unit from the 1950s with painted rendered brick walls under a steel truss pitched roof. Internally the layout includes a customer reception, 4 bay workshop, store, staff room and WCs. A tyre store is provided on a mezzanine level. There is no parking provision on site, although there is on-street parking.				
51	OLDHAM: Huddersfield Road	OL1 3HR	4,411	Freehold	41,661	20/03/2007	19/03/2032	5.25%	£760,000
					A detached single storey steel portal framed industrial unit from the 1990s with brick and block walls with steel cladding above. The internal layout includes a customer reception, 5 bay workshop, office, tyre store, staff room and WCs. There is a car park at the front of the property for 12 vehicles.				
52	OLDHAM: Lansdowne Road, Chadderton	OL9 9EG	4,819	Leasehold expiring 2071	35,614	20/03/2007	19/03/2032	7.50%	£405,000
					A detached two storey industrial unit from the 1960s with brick walls under a flat roof. Internally the layout includes a customer reception, 5 bay workshop, office, store, staff room and WCs. A tyre store is on the first floor. There is a car park to the front of the property for 11 vehicles.				
53	OTLEY: Bondgate	LS21 3AB	6,247	Leasehold	44,052	20/03/2007	19/03/2032	5.70%	£750,000
					A detached single-storey steel framed industrial unit from the 1950s. Brick walls partially clad with local stone to the lower section and with profiled metal sheet above beneath a pitched steel truss framed roof. The internal layout includes a customer reception, 4 bay workshop, tyre store, staff room and WCs. There is parking to the front for 10 vehicles.				
54	PLYMOUTH: 125-129 Alexandra Road	PL4 7EG	9,725	Freehold	77,947	20/03/2007	19/03/2032	5.20%	£1,415,000
					A detached single storey industrial unit from the 1970s of steel framed construction with brick and block walls under a steel truss framed pitched roof. Internally the layout includes a 7 bay workshop, tyre store, staff room and WCs. There is parking to the front for 17 vehicles.				
55	PONTYPRIDD: Broadway	CF37 1BA	4,718	Freehold	42,898	20/03/2007	19/03/2032	5.20%	£780,000
					A detached single storey industrial unit from the 1960s of concrete framed construction, brick block walls and a flat roof. Internally the layout includes a 5 bay workshop, tyre store, staff room and WCs. There is parking to the front, side and rear of the building for 15 vehicles.				

Ref	Address	Postcode	GIA (sq ft)	Tenure	Passing			Capitalisation	Market
					Rent (£)	Lease Start	Lease End	Rate	Value (£)
56	PORTSMOUTH: Durham Street	PO1 1JY	5,927	Freehold	63,164	20/03/2007	19/03/2032	5.40%	£1,085,000
					A detached two storey unit with brick/block load bearing walls and a flat roof. Internally the layout includes a 6 bay workshop, customer reception, staff room and WCs. At first floor level is a large tyre and parts store. There is parking to the front and side for 8 vehicles.				
57	PRESTON: 76 Market Street	PR1 2HP	14,643	Leasehold expiring 2069	86,946	20/03/2007	19/03/2032	6.50%	£1,000,000
					A complex of six interconnecting buildings of various ages on a sloping site. One building is two storeys. Construction varies but is mainly solid brick walls and pitched truss frame roofs. The two storey building has a timber framed pitched and tiled roof. A substantial portion of the property is unused and somewhat dilapidated. The section occupied by the Kwik Fit operation is single storey and incorporates a 5 bay workshop, customer reception, staff facilities, WCs and a rear tyre store. There is parking to the front of the site for 11 vehicles. There is an area of rough ground to the rear used as staff car parking.				
58	RADCLIFFE: Bury Road	M26 2UG	3,074	Leasehold expiring 2877	26,663	20/03/2007	19/03/2032	6.70%	£365,000
					A single-storey industrial building from the 1970s of concrete frame construction with brick walls and a flat roof. Internally the layout includes a 4 bay workshop, customer reception, staff room and WCs. There is parking to the front and side for approximately 15 vehicles.				
59	RUTHERGLEN: 273 Main Street	G73 3AA	4,952	Freehold	42,468	20/03/2007	19/03/2032	5.50%	£735,000
					A detached steel portal framed industrial unit on ground and mezzanine levels from the 1980s with brick walls under a shallow pitched roof. Internally the layout includes a customer reception, 5 bay workshop office, store, staff room and WC. The mezzanine has a tyre store, staff rooms and a staff WC. There is parking to the front of the building for 11 vehicles.				
60	SHEFFIELD: 726 City Road	S2 1GJ	4,391	Leasehold expiring 2064	48,446	20/03/2007	19/03/2032	6.60%	£575,000
					A detached single storey steel portal framed industrial unit from the 1990s with brick and block walls with cladding above. Internally the layout includes a customer reception, 6 bay workshop, office, tyre store, staff room and WCs. There is parking at the front and side of the building for 10 vehicles.				
61	SHEFFIELD: Townhead Street	S1 1YG	7,479	Leasehold expiring 2134	57,188	20/03/2007	19/03/2032	5.70%	£985,000
					A semi-detached industrial unit from the 1930s of steel framed construction with solid brick walls under a part "north light" style steel truss roof, extensively glazed, and part flat roof. Internally the layout includes a customer reception, 6 bay workshop, office, tyre store, store, staff room and WCs. A first floor above the reception provides storage accommodation. The property includes a dilapidated industrial building to the rear that is unused. There is parking to the front for 8 vehicles.				

Ref	Address	Postcode	GIA (sq ft)	Tenure	Passing			Capitalisation	Market
					Rent (£)	Lease Start	Lease End	Rate	Value (£)
62	SHIPLEY: 58 Briggate	BD17 7BT	4,834	Freehold	42,059	20/03/2007	19/03/2032	5.50%	£725,000
					A detached single storey steel framed industrial unit from the 1950s with brick and block walls with cladding above under a part flat and part steel truss framed pitched roof. Internally the layout includes a customer reception, 5 bay workshop, tyre store, store, staff room and WCs. There is parking to the front of the building for six vehicles. There is an additional tyre store to the rear with a separate access.				
63	SKEGNESS: 50 Roman Bank	PE25 2SP	7,343	Freehold	59,132	20/03/2007	19/03/2032	6.60%	£825,000
					A semi-detached industrial unit on two levels dating from the 1950s with brick walls and a steel truss pitched roof. To the front is a 5 bay workshop, customer reception and WC. To the rear on a lower level is a tyre storage area, a small office mezzanine and an MOT bay. To the front there is parking for 8 vehicles.				
64	SOUTH CROYDON: 453 Brighton Road	CR2 6EW	6,544	Freehold	124,027	20/03/2007	19/03/2032	4.95%	£2,330,000
					A detached single storey industrial building from the 1990s with steel portal frame, brick and block walls and steel cladding above. Internally, there is an 11 bay workshop, customer reception, tyre store, staff room and WCs. To the front there is parking for 19 vehicles.				
65	SOUTHPORT: 8 Ash Street	PR8 6JH	3,875	Freehold	26,084	20/03/2007	19/03/2032	5.70%	£440,000
					A terraced single storey unit from the 1950s with a steel frame, brick walls and a steel truss supported pitched roof. Internally the layout includes a 3 bay workshop, customer reception, tyre store, mezzanine storage and WCs. There is parking to the front for 6 vehicles.				
66	STIRLING: Craigs Roundabout, Burghmuir Road	FK7 7PE	4,980	Freehold	57,964	20/03/2007	19/03/2032	4.50%	£1,215,000
					A detached single storey steel framed industrial unit from the 1960s with painted rendered brick walls with steel cladding above under a truss framed pitched roof. The internal layout includes a customer reception, 6 bay workshop, tyre store, store, staff room and WCs. There is a large site to the front with parking for 75 vehicles. An element of hope value relating to a possible sale of this part of the property is included in the valuation.				
67	STONEHAVEN: 110 Barclay Street	AB39 2AP	5,998	Freehold	46,371	20/03/2007	19/03/2032	5.50%	£800,000
					A semi-detached single storey industrial unit with painted rendered brick walls under a steel truss framed pitched roof. The internal layout includes a reception, 4 bay workshop, office, tyre store, staff room and WCs. There is parking for 2 vehicles to the front with on-street parking available.				
68	SUNDERLAND: Monk Street	SR6 0DB	7,938	Freehold	56,225	20/03/2007	19/03/2032	5.00%	£1,065,000
					A detached single storey steel framed industrial unit from the 1960s with adjoining two storey concrete framed office building. The industrial unit has brick walls and a steel truss framed pitched roof. The office building has a concrete frame, brick and concrete walls and a flat roof. The internal layout includes a 6 bay workshop, customer reception, staff room and WCs. There is parking on site for 9 vehicles.				

Ref	Address	Postcode	GIA (sq ft)	Tenure	Passing			Capitalisation	Market
					Rent (£)	Lease Start	Lease End	Rate	Value (£)
75	YOKER: 2369 Dumbarton Road	G14 0NT	8,548	Freehold	63,760	20/03/2007	19/03/2032	5.40%	£1,095,000
					A detached single storey industrial unit from the 1950s with rendered brick walls under a double pitched steel truss framed roof. The internal layout includes a customer reception, a 6 bay workshop, MOT office, tyre store, staff room and WCs. There is car parking on site for 6 vehicles.				
76	GLOUCESTER: Unit 3, Northbrook Road	GL4 3DP	16,814	Freehold	68,397	20/03/2007	19/03/2032	5.70%	£1,135,000
					A detached single storey industrial unit with a small first floor office dating from the 1970s. The building has a steel portal frame with brick walls. The premises trade as Central Tyres, together with a former training centre for Kwik-Fit. The Central Tyres unit layout includes reception area, 6 bay workshop, stores, WCs and staff room, and mezzanine tyre storage. There is a large car park on site for 50 vehicles.				
77	STIRLING: 1 Whitehouse Road	FK7 7SS	5,425	Freehold	37,028	20/03/2007	19/03/2032	5.40%	£640,000
					A detached single storey industrial unit with office extension dating from the 1960s with brick and block walls and a steel portal frame to the workshop and flat roof to the offices. The internal layout includes customer reception, workshop, store and WCs. there is parking on site for 15 vehicles.				
78	BARRHEAD: 17 Cross Arthurlie Street	G78 1QY	3,856	Freehold	35,221	20/03/2007	19/03/2032	5.50%	£610,000
					A detached single storey industrial unit from the 1950s. It has a steel frame with brick walls under a pitched steel truss supported roof. The internal layout includes a customer reception, 4 bay workshop, tyre store, office, staff room and WCs. There is parking on site for 8 vehicles.				
79	BIRMINGHAM: 902 Coventry Road	B10 0UA	5,977	Leasehold expiring 2035	46,371	20/03/2007	19/03/2032	8.00%	£135,000
					A detached single storey industrial building from the 1950s with two storey offices to the front. The industrial unit has brick walls and a steel truss supported pitched roof. The offices are concrete framed with a flat roof. The internal layout includes a 4 bay workshop, tyre store, WCs and additional storage in the first floor offices. There is parking on site for 8 vehicles.				
80	EDINBURGH: 40 Portobello Road	EH8 7EL	4,006	Freehold	46,371	20/03/2007	19/03/2032	5.20%	£845,000
					A recently purpose built car repair workshop of steel portal frame with brick/ block walls clad externally above. The unit has been sublet to the Salvation Army who utilise it as a retail warehouse style charity shop. The internal layout includes warehouse, staff office, kitchenette and single WC. There is parking on site for circa 20 vehicles.				
81	LICHFIELD: 8-9 Europa Way	WS14 9TZ	1,835	Freehold	15,804	20/03/2007	19/03/2032	5.70%	£270,000
					A single storey mid-terraced unit from the 1990s of steel portal frame construction, brick and block walls with external steel cladding above. The internal layout includes customer reception, 4-bay workshop, tyre store and WCs. There is allocated parking near the unit for circa 6 vehicles.				

