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Spring Real Estate Investment Trust

春泉產業信託

*(A Hong Kong collective investment scheme authorised under section 104
of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))*
(Stock code: 01426)

Managed by

Spring Asset Management Limited

ANNOUNCEMENT

CONTINUING CONNECTED PARTY TRANSACTION IN RELATION TO THE PAG LEASE

The Board wishes to announce that on 6 September 2019, Spring REIT and the PAG Tenant entered into an agreement to renew the PAG Lease for a further term of three years with effect from 1 November 2019. The PAG Tenant is a non-wholly owned subsidiary of PAG, which in turn is a significant holder of Spring REIT and therefore a connected person of Spring REIT. Accordingly, the PAG Tenant remains a connected person to Spring REIT, and the PAG Renewed Lease constitutes a continuing connected party transaction of Spring REIT, under the REIT Code.

As: (i) the total rental value of the PAG Renewed Lease is less than 5% of the latest audited net asset value of Spring REIT (as disclosed in its latest published audited accounts and adjusted for any subsequent transaction since their publication); and (ii) save for the PAG Lease, Spring REIT has not entered into any other transactions with PAG (including its associate, controlling entity, holding company, subsidiary or associated company) during the 12 months preceding the PAG Lease Renewal, the PAG Lease Renewal is not subject to unitholders' prior approval under Chapter 8 of the REIT Code.

This announcement is made pursuant to paragraphs 8.14 and 10.3 of the REIT Code.

BACKGROUND

Reference is made to the announcement of Spring Real Estate Investment Trust ("**Spring REIT**") dated 29 March 2017 (the "**PAG Lease Announcement**"). Unless defined in this announcement,

capitalised terms used in this announcement shall have the same meanings ascribed to them in the PAG Lease Announcement.

As disclosed in the PAG Lease Announcement, as a result of the PAG Tenant becoming a connected person to Spring REIT, the PAG Lease became a continuing connected party transaction of Spring REIT.

The PAG Lease is scheduled to expire on 31 October 2019 and on 6 September 2019, Spring REIT and the PAG Tenant entered into an agreement to renew the PAG Lease for a further term of three years with effect from 1 November 2019 (the "**PAG Lease Renewal**" or the "**PAG Renewed Lease**").

CONTINUING CONNECTED PARTY TRANSACTION

Based on the disclosure of interests notification made by PAG Holdings Limited ("PAG") on 12 August 2019, PAG held or is deemed to have held 17.05% of the outstanding units of Spring REIT as of such date, and is therefore a significant holder of Spring REIT. Based on the information provided by the PAG Tenant, the PAG Tenant remains a non-wholly owned subsidiary of PAG. Accordingly, the PAG Tenant remains a connected person to Spring REIT within paragraph 8.1(g) of the REIT Code, and the PAG Renewed Lease constitutes a continuing connected party transaction of Spring REIT under the REIT Code.

PAG Renewed Lease

Details of the PAG Renewed Lease are as follows:

Tenant	太盟投資管理諮詢（北京）有限公司 (PAG Investment Consulting (Beijing) Co., Limited*)
Premises	Certain areas in Office Tower 2 of China Central Place located at No. 79 and 81 Jianguo Road, Chaoyang District, Beijing, People's Republic of China
Lease commencement date	1 November 2019
Term	3 years, commencing from 1 November 2019 and expiring on 31 October 2022
Rental amount	RMB 211,165.12 per month (exclusive of property management fee and value added tax)
Security deposit amount	RMB 742,756.98

Regulatory Implications

The total rental income receivable under the PAG Renewed Lease during its term is RMB 7,601,944.32, representing 0.12% of the latest audited net asset value of Spring REIT (as disclosed in its latest published audited accounts and adjusted for any subsequent transaction since their publication). As: (i) the total rental value of the PAG Renewed Lease is less than 5% of the latest audited net asset value of Spring REIT (as disclosed in its latest published audited accounts and adjusted for any subsequent transaction since their publication); and (ii) save for the PAG Lease,

Spring REIT has not entered into any other transactions with PAG (including its associate, controlling entity, holding company, subsidiary or associated company) during the 12 months preceding the PAG Lease Renewal, the PAG Lease Renewal is not subject to unitholders' prior approval under Chapter 8 of the REIT Code.

The board of directors of the Manager (the "**Board**") (including the independent non-executive directors) is of the view that the PAG Renewed Lease: (a) was entered into at arm's length and in the ordinary and usual course of business of Spring REIT; (b) is consistent with the investment objective of Spring REIT; (c) is on normal commercial terms; and (d) is fair and reasonable and in the best interests of Spring REIT and the independent unitholders of Spring REIT as a whole. The Manager has also obtained an opinion from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer and the principal valuer of Spring REIT, that the PAG Renewed Lease is at current market level, and the terms thereof are on normal commercial terms under prevailing market conditions.

A brief summary of the PAG Renewed Lease shall be included in Spring REIT's next published semi-annual or annual report. Information about the PAG Lease has also been included in Spring REIT's semi-annual and annual reports published after the PAG Lease Announcement.

Review Process

The PAG Renewed Lease will also be subject to the following review processes:

a) Auditors' review procedures

In respect of each relevant financial period, the Manager shall engage and agree with the auditors of Spring REIT to perform certain review procedures on the PAG Renewed Lease. The auditors shall then report to the Manager on the factual findings based on the work performed by them (and a copy of such report shall be provided to the Securities and Futures Commission), confirming whether the PAG Renewed Lease: (i) has received the approval of the Board (including the independent non-executive directors); (ii) is in accordance with the pricing policies of Spring REIT; and (iii) has been entered into in accordance with the terms of the PAG Renewed Lease.

b) Review by the independent non-executive directors of the Manager

The independent non-executive directors of the Manager shall review the PAG Renewed Lease annually and confirm in Spring REIT's annual report for the relevant financial period that the PAG Renewed Lease: (i) has been entered into in the ordinary and usual course of business of Spring REIT; (ii) is on normal commercial terms (to the extent that there are comparable transactions) or, where there are insufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to Spring REIT than terms available to or from (as appropriate) independent third parties; and (iii) is in accordance with the terms of the PAG Renewed Lease and the Manager's internal procedures governing connected party transactions, if any, on terms that are fair and reasonable and in the interests of the unitholders of Spring REIT as a whole.

The Manager will comply with all connected party transactions requirements under Chapter 8 of the REIT Code in relation to the PAG Renewed Lease, including where it is further renewed or varied, unless any waiver is granted in respect of the same.

This announcement is made pursuant to paragraphs 8.14 and 10.3 of the REIT Code.

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

Hong Kong, 9 September 2019

As at the date of this announcement, the directors of the 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).

** For identification purposes only.*