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Spring Real Estate Investment Trust **春泉產業信託**

(a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))
(Stock Code: 01426)

Managed by
Spring Asset Management Limited

UNAUDITED OPERATING STATISTICS FOR THE THREE MONTHS ENDED 31 DECEMBER 2018 AND BUSINESS UPDATES FOR THE YEAR ENDED 31 DECEMBER 2018

UNAUDITED OPERATING STATISTICS FOR 4Q 2018

The board of directors (the “**Board**”) of Spring Asset Management Limited (the “**Manager**”), as manager of Spring Real Estate Investment Trust (“**Spring REIT**”), hereby announces certain unaudited operating statistics of Spring REIT’s property portfolio for the three months ended 31 December 2018 as follows:

1. Office Tower 1 and 2 of China Central Place in Beijing (“CCP Property”)

For the Three Months Ended	31 December 2018	30 September 2018	Change
Average Monthly Passing Rent (RMB/sqm)	363	363	0.0%
Average Occupancy (%)	94	97	-3 ppts

For the three months ended 31 December 2018, CCP Property achieved an average monthly passing rent of approximately RMB363 per square metre (“**sqm**”), remain unchanged from that of previous quarter, and the average occupancy rate was approximately 94%, representing a decrease of 3 percentage points from that of the previous quarter.

2. Commercial properties located in the United Kingdom (“UK Portfolio”)

Each of the 84 properties in the UK Portfolio is under a long-term lease with the tenant Kwik-Fit (GB) Limited, a leading car servicing operator in the United Kingdom. All but one of the leases expires in March 2032. Currently, the UK Portfolio has an occupancy rate of 100%, with an annual contract rental income of approximately £4.51 million. The rent under each lease is subject to mark-to-market rent review every 5 years, under which the rent can only be revised upward.

The abovementioned operating data is based on preliminary internal management records. It has not been audited or reviewed by external auditor. As such the data contained herein is for investors’ reference only.

BUSINESS UPDATE – ANTICIPATED FEES AND CHARGES DISCLOSED IN THE ACQUISITION CIRCULAR

Reference is made to the acquisition circular dated 26 September 2018 (the “**Acquisition Circular**”) and the announcement dated 31 December 2018 (the “**Acquisition Termination Announcement**”) published by Spring REIT. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Acquisition Circular and the Acquisition Termination Announcement.

As disclosed in the Acquisition Termination Announcement dated 31 December 2018, as Spring REIT and the Seller were not able to agree on a further extension for the satisfaction of the Unitholders’ Approval Condition beyond 31 January 2019, the Share Purchase Deed of the Acquisition was terminated as of 31 December 2018.

It was disclosed in the Acquisition Circular dated 26 September 2018 under Section 2.7 “Fees and Charges” that the estimated total fees and charges payable by Spring REIT in relation to the Acquisition (the “**Total Fees and Charges**”) amounted to approximately USD9.3 million, comprising Manager’s Acquisition Fee (approximately USD2.4 million), the Trustee’s Additional Fee (approximately USD14,000), and the Other Acquisition Fees and Expenses (approximately USD6.9 million). The estimation of the Other Acquisition Fees and Expenses in the Acquisition Circular was determined by reference to the anticipated fees and expenses in connection with the Acquisition at the time the Acquisition Circular was published (including advisory fees, professional fees, upfront fee for the New Facility, stamp duty and the 55% of the W&I Insurance premium borne by the Purchaser, etc) (the “**Anticipated Other Acquisition Fees and Expenses**”).

Since the Acquisition was terminated, the Manager's Acquisition Fee and the Trustee's Additional Fee will no longer be payable as the Acquisition will not be proceed to Completion. In addition, part of the Anticipated Other Acquisition Fees and Expenses that have not been incurred will no longer be payable, and the Anticipated Other Acquisition Fees and Expenses are estimated to be reduced to approximately USD3.2 million, representing an approximate USD3.7 million reduction from the original estimate of approximately USD6.9 million.

Having considered the abovementioned reductions in anticipated fees, the anticipated Total Fees and Charges is estimated to be reduced to approximately USD3.2 million (the "**Updated Anticipated Total Fees and Charges**"), representing an approximate USD6.1 million reduction from the original estimate of approximately USD9.3 million.

The Updated Anticipated Total Fees and Charges of approximately USD3.2 million are one-off expenses in nature, and they will be reflected in the financial results for the year ended 31 December 2018.

The abovementioned update is based on preliminary internal management records. It has not been audited or reviewed by external auditor. As such the data contained herein is for investors' reference only.

BUSINESS UPDATE – UNANTICIPATED EXPENSES INCURRED IN CONNECTION WITH THE OFFER AND ACQUISITION SINCE THE COMMENCEMENT OF THE OFFER

Reference is made to the: (i) offer documents dated 29 September 2018 and 31 October 2018 and announcements dated 26 and 29 September 2018, 4, 8, 11, 15, 18, 29 and 31 October 2018 and 14 and 28 November 2018 published by the Offeror regarding the Offer and Revised Offer; (ii) response documents dated 15 October 2018 and 8 November 2018 ("**Response Documents**") and announcements dated 19 and 26 September 2018, 2, 3, 8, 14 and 16 October 2018 and 8 November 2018 published by Spring REIT regarding the Offer and Revised Offer; and (iii) announcement dated 29 November 2018 published by Spring REIT regarding the lapse of the Offer ("**Lapse of Unsolicited Offer Announcement**"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Response Documents.

It was disclosed in the Response Documents that the Board and the Independent Board Committee, having consulted and taken into account the advice and recommendation of the Independent Financial Adviser, were of the view that the terms of the Revised Offer are not fair and not reasonable so far as the Independent Unitholders are concerned, and accordingly, recommended the Independent Unitholders to reject the Revised Offer.

As disclosed in the Lapse of Unsolicited Offer Announcement published by Spring REIT dated 29 November 2018, the Revised Offer's condition as to acceptance had not been satisfied as at the Further Revised Closing Date, and therefore the Revised Offer lapsed on 28 November 2018.

From the commencement of the Offer on 26 September 2018 to 31 December 2018, Spring REIT incurred approximately USD3.1 million of unexpected expenses in connection with the Offer and Acquisition (the "**Unanticipated Offer and Acquisition Expenses**") in addition to the Updated Anticipated Total Fees and Charges. The Unanticipated Offer and Acquisition Expenses primarily comprise professional fees to legal advisers and financial advisers for additional work scopes mainly in relation to the Offer and Revised Offer, and to a lesser extent the Acquisition due to the Offer being conditional upon the Acquisition (and therefore impacting the same) and additional work done in connection with the Acquisition supplemental circular.

The Offer and Acquisition Expenses of approximately USD3.1 million are one-off in nature and will be reflected in the financial results for the year ended 31 December 2018.

The abovementioned update is based on preliminary internal management records. It has not been audited or reviewed by external auditor. As such the data contained herein is for investors' reference only.

With the lapse of the Revised Offer, the Manager can now return our full attention to managing Spring REIT. Looking ahead, the Manager remains committed to our continued efforts in delivering stable distributions to our unitholders with sustainable growth potential, and enhancing the value of the real estate assets in our portfolio. The Manager continues to believe that Spring REIT, featuring strong income-generating capability backed by high-quality commercial properties, has its unique values to investors.

Details of the actual financial impact of the abovementioned cost updates for the financial year ending 31 December 2018 will only be available and disclosed as and when the annual results of Spring REIT for the financial year ending 31 December 2018 are available.

Unitholders and potential investors of Spring REIT are advised to exercise caution when dealing in Units, and are recommended to seek independent professional advice if they are in any doubt about their position and as to the actions that they should take.

This announcement is made by the Manager on a voluntary basis to provide information to Spring REIT's unitholders and investors.

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

Hong Kong, 15 January 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).