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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

TRANSITIONING FROM BUSINESS TAX TO VALUE-ADDED TAX IN CHINA

The purpose of this announcement is to inform the unitholders (the "**Unitholders**") of Spring Real Estate Investment Trust ("**Spring REIT**") that, as from 1 May 2016, the 5% business tax ("**BT**") rate formerly applicable to revenue of leasing of real estate is replaced by value-added tax ("**VAT**") at a rate of 11% levied on rental revenues, subject to applicable input VAT credits, if any, and the 5% BT formerly applicable to the total consideration in the event of a direct disposal of real estate property is replaced by VAT at a rate of 11% levied on the total consideration of the disposal, subject to applicable input VAT credits, if any.

Spring Asset Management Limited, the manager (the "**Manager**") of Spring REIT has engaged a competent tax advisor to assess the potential impact of the B2V Reform (defined below). The Manager intends to issue a further announcement after the final assessment of the potential impact, based on the advice of a competent tax advisor, is available and in any event no later than 3 months after the publication of this announcement to update the Unitholders.

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation of the People's Republic of China jointly issued Circular Caishui [2016] No. 36 ("**Circular 36**") on the comprehensive rollout of the Business Tax to Value-Added Tax Transformation Pilot Program (the "**B2V Reform**"). Pursuant to Circular 36, with effect from 1 May 2016, the B2V Reform expands to cover industries including construction, real estate, financial services and lifestyle services. The purpose of this announcement is to inform the Unitholders of Spring REIT that, as from 1 May 2016, the 5% BT rate formerly applicable to revenue of leasing of real estate is replaced by VAT at a rate of 11% levied on rental revenues, subject to applicable input VAT credits, if any, and the 5% BT formerly applicable to the total consideration in the event of a direct disposal of real estate property is replaced by VAT at a rate of 11% levied on the total consideration of the disposal, subject to applicable input VAT credits, if any.

As disclosed on page 6 in the section headed "Chairman Statement" of the interim report of Spring REIT for the six months ended 30 June 2015, the Manager has since become aware of the B2V Reform that was gradually rolled out to cover various industries and has engaged a competent tax advisor to assess the potential impact of the B2V Reform, and the Manager has been seeking clarification of the potential impact of the B2V Reform to real estate industry from the relevant tax authorities in China through its tax advisor. The Manager intends to issue a further announcement as soon as the final assessment, based on the advice of a competent tax advisor, of the materiality of the potential impact of the B2V Reform on Spring REIT is available and in any event no later than 3 months after the publication of this announcement to update the Unitholders.

The Manager is still assessing the potential impact of the B2V Reform, which may or may not have material effect to the financial performance of Spring REIT. Unitholders and potential investors of Spring REIT are advised to exercise caution when dealing in the units of Spring REIT, 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 pursuant to Paragraph 10.3 of the Code on Real Estate Investment Trusts.

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, 3 May 2016

As of the date of this announcement, the Directors of the Manager are Toshihiro Toyoshima (Chairman and non-executive Director); Lau Jin Tin, Don (executive Director) and Nobumasa Saeki (executive Director); Hideya Ishino (non-executive Director); and Simon Murray, Liping Qiu and Lam Yiu Kin (independent non-executive Directors).