
LETTER FROM UBS



UBS AG Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central, Hong Kong

31 October 2018

To the Qualifying Unitholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
UBS AG HONG KONG BRANCH
ON BEHALF OF
RE STRATEGIC INVESTMENTS PTE. LTD.
TO ACQUIRE ALL OF THE ISSUED UNITS OF
SPRING REAL ESTATE INVESTMENT TRUST
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY RE STRATEGIC INVESTMENTS PTE. LTD. AND
PARTIES ACTING IN CONCERT WITH IT)
INCREASE OF OFFER PRICE**

INTRODUCTION

Reference is made to the Rule 3.5 Announcement and the Initial Offer Document in relation to the voluntary conditional general offer made by UBS on behalf of the Offeror in compliance with the Takeovers Code for all the issued Units (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). Further to the issuance of the Initial Offer Document, the Offeror announced in the Revised Offer Announcement the increase of Offer Price and extension of the Closing Date.

This letter sets out details of the revised terms of the Offer.

INCREASE OF OFFER PRICE

As disclosed in the Rule 3.5 Announcement and the Initial Offer Document, UBS, on behalf of the Offeror, firmly intended to make a voluntary conditional general offer in compliance with the Takeovers Code for all the issued Units (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) on and subject to the terms set out in the Initial Offer Document and the Form of Acceptance at the Initial Offer Price.

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Consideration for the Offer

The Offeror wishes to increase the Offer Price from HK\$4.85 per Offer Unit to HK\$5.30 per Offer Unit, representing an increase of HK\$0.45 per Offer Unit.

The Offer is being made on the following basis:

For each Offer Unit HK\$5.30 in cash

The Offeror confirms that the Offer Price will not be further increased and the Offeror does not reserve the right to do so.

The Offer is subject to the following Conditions:

- (i) the Offeror having received valid acceptances (and, where permitted, such acceptances not having been withdrawn) at or before 4:00 pm on the Closing Date (or such other time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of the Offer which will result in the Offeror and persons acting in concert with it holding more than 50% of the Units; and
- (ii) the resolution(s) approving the Huizhou Transaction are not passed by the independent Unitholders at the EGM.

Condition (i) is not waivable. The Offeror does not intend to waive Condition (ii), unless sufficient Unitholders accept the Offer and the Offer becomes unconditional as to acceptance by a certain date as a result of which the Offeror can effect transfers of Units and become entitled to the voting rights in respect of over 50% of the Units by the record date for the Delayed EGM. If the Conditions are not satisfied (or waived, if applicable) on or before the Closing Date, the Offer will lapse unless the Offer Period is extended by the Offeror (with the consent of the Executive).

If the Huizhou Transaction is approved by Unitholders, the Offeror will terminate the Offer and no Unitholders will be paid.

All Unitholders who wish to accept the Offer are urged to VOTE AGAINST the Huizhou Transaction at the Delayed EGM or instruct their proxies to do so.

The Revised Offer Price represents:

- (a) a premium of approximately 76.7% over the closing price of HK\$3.00 per Unit as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 57.2% over the issue price of the consideration Units of HK\$3.372 per Unit under the Huizhou Transaction;
- (c) a premium of approximately 34.9% over the closing price of HK\$3.93 per Unit as quoted on the Stock Exchange as at the Latest Practicable Date;

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- (d) a premium of approximately 69.3% over the average closing price of approximately HK\$3.13 per Unit as quoted on the Stock Exchange over the five trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 65.1% over the average closing price of approximately HK\$3.21 per Unit as quoted on the Stock Exchange over the 10 trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 60.6% over the average closing price of approximately HK\$3.30 per Unit as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including the Last Trading Day;
- (g) a premium of approximately 61.1% over the average closing price of approximately HK\$3.29 per Unit as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Day;
- (h) a premium of approximately 60.6% over the average closing price of approximately HK\$3.30 per Unit as quoted on the Stock Exchange for the last 90 trading days immediately prior to and including the Last Trading Day;
- (i) a premium of approximately 39.1% over the offer price of Spring REIT's IPO of HK\$3.81 per Unit on 5 December 2013;
- (j) a discount of approximately 14.8% to the audited net asset value of the Spring REIT Group of approximately HK\$6.22 per Unit as at 31 December 2017; and
- (k) a discount of approximately 12.4% to the unaudited net asset value of the Spring REIT Group of approximately HK\$6.05 per Unit as at 30 June 2018.

Pursuant to Rule 16.1 of the Takeovers Code, the revised Offer must be kept open for acceptances until 14 November 2018 (being 14 days from the date on which this Revised Offer Document is posted).

In accordance with Rule 15.3 of the Takeovers Code, the Offer must also remain open for acceptances for at least 14 days after the Offer becomes or is declared unconditional in all respects.

The latest time at which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Initial Offer Document, i.e. Wednesday, 28 November 2018 (or such later date to which the Executive may consent).

Save as aforesaid, all other terms of the Offer as set out in the Initial Offer Document remain unchanged.

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REASONS FOR AND BENEFITS OF THE OFFER WITH THE REVISED OFFER PRICE

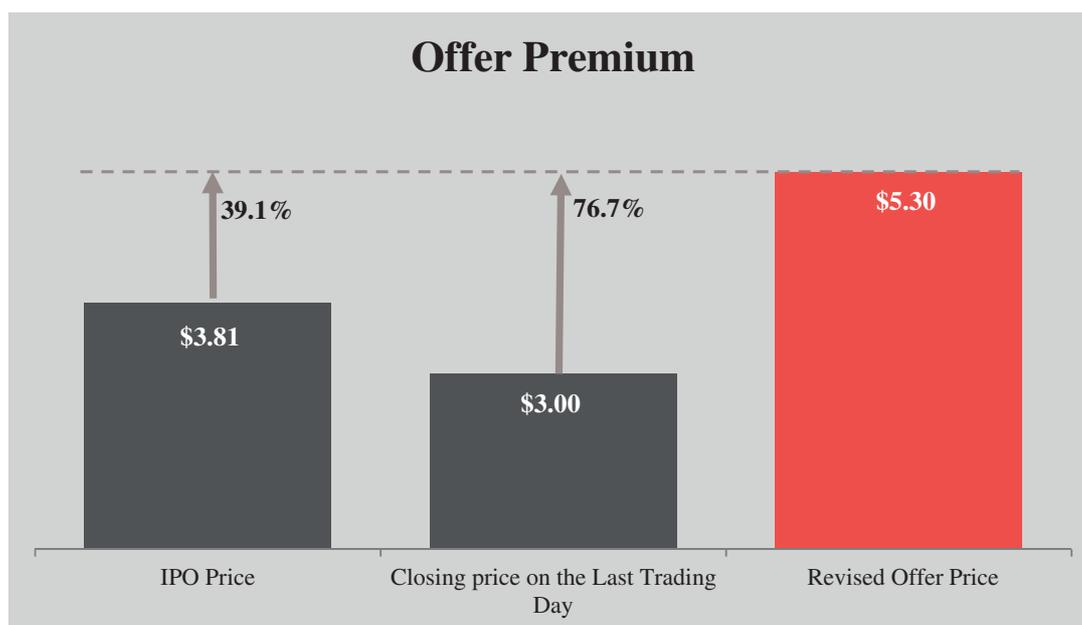
The Offer represents the Offeror's determination to protect and preserve the value of its investment by increasing the level of control over Spring REIT in order to remove the Manager and appoint a new manager that will conduct a strategic review of Spring REIT. The Offeror believes that the removal of the Manager is necessary because of continued and material Unit price underperformance, the Manager's questionable decision-making and governance practices, and the Manager's lack of a clear strategy and coherent business plan. Please refer to the paragraph headed "Offeror's Intention in relation to Spring REIT" as set out in the "Letter from UBS" in the Initial Offer Document for further details and justifications of the Offeror's intention in respect of the removal of the Manager.

The Offeror believes that the Offer provides an attractive opportunity for the Qualifying Unitholders to dispose of their Units for the following reasons:

Revised Offer Price represents a very attractive exit option premium

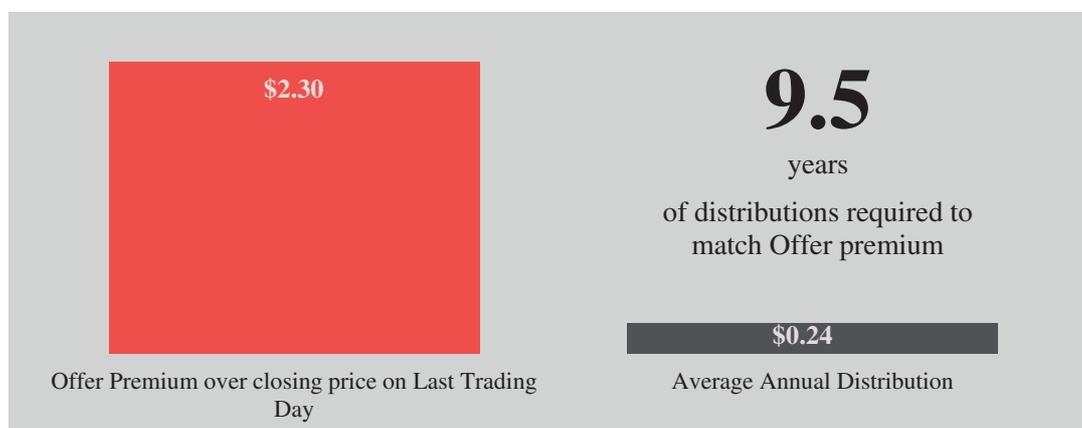
The Revised Offer Price of HK\$5.30 per Unit represents a premium of 9.3% to the Initial Offer Price of HK\$4.85 per Unit. It is above the highest price that Spring REIT has ever traded before publication of the Rule 3.5 Announcement (being HK\$3.91 on 20 August 2014) and represents a premium of approximately 39.1% over the offer price of Spring REIT's IPO of HK\$3.81 per Unit in 2013 and a significant premium to Spring REIT's recent unit price prior to the Rule 3.5 Announcement.

The Revised Offer Price represents a premium of approximately 76.7% to the closing price of the Units on the Last Trading Day.



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Since paying the first interim distribution in September 2014, Spring REIT has averaged HK\$0.24 in distributions every year. **Based on this average, it would take approximately 9.5 years for the distributions to match the Revised Offer Price premium to the closing price of the Units on the Last Trading Day.**



As of the Last Trading Day, the Units have also underperformed the Hang Seng REIT Index by approximately 41.6% and the Hang Seng Index by approximately 32.1% since Spring REIT's IPO.

Revised Offer Price represents the tightest discount to NAV that Spring REIT has ever achieved and a premium to the average current NAV discount of other Hong Kong REITs

Spring REIT has not traded at or above NAV since it became public on 5 December 2013, including at the time of IPO where Spring REIT's IPO price of HK\$3.81 per Unit represented a 38.8% discount to the last audited NAV of HK\$6.23 as of 30 June 2013, and a 36.4% discount to the pro-forma NAV of HK\$5.99 following the issuance of new units at IPO.

In addition, as of the Last Trading Day, all constituents of the Hang Seng REIT Index were trading at discounts to NAV. In particular, the trading discount to NAV of Spring REIT and the average for the remaining REITs in the Hang Seng REIT Index were 50.4% and 35.6% respectively.

The Revised Offer Price represents a discount of approximately 12.4% to the unaudited net asset value of the Spring REIT Group of approximately HK\$6.05 per Unit as at 30 June 2018. This is the tightest discount to NAV that Spring REIT has ever achieved, and at a premium to the average NAV discount of other Hong Kong listed REITs as of the Last Trading Day.

Offer represents an opportunity for Unitholders to monetize the Units with limited trading liquidity

Considering the low trading volume in Spring REIT, it may be challenging for the Unitholders to dispose of their Units particularly in large quantities without adversely affecting unit prices. The Offer presents an attractive opportunity for Unitholders to exit their investment and monetize their holdings in their entirety at a compelling premium to historical trading prices. The Offeror notes that the average daily trading volumes of the Units have been low since Spring REIT's IPO in 2013. The

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average trading volume of the Units for the twelve months up to and including the Last Trading Day was approximately 457,688 Units per day, representing only approximately 0.04% of the issued Units. If the Conditions are met (or waived, if applicable), Unitholders not accepting the Offer may face even lower liquidity of the Units.

Uncertainty of the market price of the Units and level of distributions to Unitholders after the Offer

The market price of the Units may fall significantly below the Revised Offer Price upon close of the Offer, with no certainty of achieving the cash value represented by the Revised Offer Price in the future.

The future Unit price and the level of distributions to Unitholders after close of the Offer are highly dependent on various factors, including but not limited to variations in Spring REIT's results of operations, general stock market conditions, the macroeconomic environment in the PRC, fluctuations in the Renminbi exchange rate and conditions and outlook in the real estate market, all of which are highly uncertain. As described in the paragraph headed "Offeror's Intention in Relation to Spring REIT" as set out in the "Letter from UBS" in the Initial Offer Document, the Offeror intends to initiate a strategic review of Spring REIT after close of the Offer. There is no assurance that the strategic review will result in any transaction. Further, any transactions to be undertaken as a result of the strategic review will entail significant implementation risks, and may or may not lead to positive results for Unitholders.

For the foregoing reasons, the Offeror believes that the Offer represents attractive and immediate value, with certainty and speed to Unitholders.

TOTAL CONSIDERATION FOR THE OFFER BASED ON THE REVISED OFFER PRICE

Based on published information of Spring REIT as at the Latest Practicable Date, Spring REIT had 1,268,972,532 Units in issue. Save as disclosed above, the Offeror is not aware of any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Spring REIT as at the Latest Practicable Date.

On the basis of the Revised Offer Price of HK\$5.30 per Offer Unit, the entire issued Units are valued at HK\$6,725,554,419.60. As 188,031,400 Units are held by the Offeror and parties acting in concert with it, only 1,080,941,132 Units will be subject to the Offer and the maximum aggregate amount payable by the Offeror under the Offer will be HK\$5,728,987,999.60 on the assumption that the Offer is accepted in full and there is no change in the number of issued Units from the Latest Practicable Date up to the close of the Offer.

CONFIRMATION OF FINANCIAL RESOURCES

The Offeror intends to finance the total consideration of the Offer with internal cash resources of the Offeror, a standby letter of credit issued by Sumitomo Mitsui Banking Corporation in favor of

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the Offeror and an equity commitment from RE Strategic Investment LP, its sole shareholder. UBS, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Offer based on the Revised Offer Price.

The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) under the standby letter of credit will depend to any significant extent on the business of Spring REIT Group.

ACCEPTANCE AND SETTLEMENT OF THE OFFER

Procedures for Acceptance of the Offer

- (a) To accept the Offer, you should complete and sign the accompanying Revised Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer.
- (b) The Offer will close for acceptances at 4:00 p.m. on Wednesday, 14 November 2018 (the Revised Closing Date), unless otherwise revised or extended. In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer becomes unconditional in all respects. The Offer must also remain open for acceptances for at least 14 days after the Offer becomes or is declared unconditional in all respects.
- (c) The latest time at which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Initial Offer Document, i.e. Wednesday, 28 November 2018 (or such later date to which the Executive may consent).
- (d) The benefit of the revised Offer with the Revised Offer Price will be available to any Qualifying Unitholder who has previously accepted the Offer. The execution of any Form of Acceptance by or on behalf of any Qualifying Unitholder who has accepted the Offer shall be deemed to constitute valid acceptance of the revised Offer unless such Qualifying Unitholder becomes entitled to withdraw his or her acceptance and has duly done so in accordance with the terms of the Offer as set out in the Initial Offer Document and/or this Revised Offer Document. Accordingly, Qualifying Unitholders who have previously accepted the Offer and lodged the completed Form of Acceptance in accordance with the instructions set out therein need not complete and submit the Revised Form of Acceptance.
- (e) The completed and signed Revised Form of Acceptance should be delivered to the Receiving Agent, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in an envelope marked "Spring Real Estate Investment Trust — Offer", as soon as possible and in any event no later than 4:00 p.m. (Hong Kong time) on the Closing Date, being the Revised Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

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Settlement of the Offer

Subject to the Offer becoming or being declared unconditional and provided that a valid Form of Acceptance or Revised Form of Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Receiving Agent no later than the latest time for acceptance on the Revised Closing Date, a cheque for the amount due to each of the Qualifying Unitholders who accepts the Offer less seller's ad valorem stamp duty in respect of the Offer Units tendered by him/her/it under the Offer will be despatched to such Qualifying Unitholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the later of (i) the date of on which the Offer becomes or is declared unconditional and (ii) the date of receipt of the duly completed Form of Acceptance or Revised Form of Acceptance and all the relevant documents by the Receiving Agent to render such acceptance complete and valid.

General

- (a) All communications, notices, forms of acceptance, unit certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Qualifying Unitholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, UBS and any of their respective directors nor the Receiving Agent or other parties involved in the Offer or any of their respective agents accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Revised Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Revised Offer Document and/or the Revised Form of Acceptance to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) In making their decision, the Qualifying Unitholders must rely on their own examination of the Spring REIT Group and the terms of the Offer, including the merits and risks involved. The contents of this Revised Offer Document, including any general advice or recommendation contained herein together with the Revised Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, UBS or their respective professional advisers or any other person. The Qualifying Unitholders should consult their own professional advisers for professional advice.
- (e) Should any Qualifying Unitholders have any enquiries concerning administrative matters, such as dates, documentation and procedures relating to the Offer, the Qualifying Unitholders may contact the Receiving Agent at its hotline at (852) 2980 1333 during the period from Tuesday, 2 October 2018 to the Revised Closing Date (both days inclusive) between 9:00 a.m. and 5:00 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays). Only administrative matters will be answered and no information or other advice relating to the Offer will be given.

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- (f) A reference in the Initial Offer Document or this Revised Offer Document to a Qualifying Unitholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Offer Units, is entitled to execute the Form of Acceptance or the Revised Form of Acceptance and in the event of more than one person executing the Form of Acceptance or the Revised Form of Acceptance, the provisions of the Initial Offer Document and this Revised Offer Document apply to them jointly and severally.
- (g) References to the Offer in the Initial Offer Document and the Form of Acceptance shall include the revisions thereof as set out in this Revised Offer Document.
- (h) References to “Form of Acceptance” in “Appendix I — Further Terms of the Offer” in the Initial Offer Document shall include the Revised Form of Acceptance.
- (i) References to the Offer in this Revised Offer Document and in the Revised Form of Acceptance shall include any extension or revision thereof.
- (j) A reference in this Revised Offer Document and the Revised Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

Save as set out above, (i) the procedures for the acceptance of the Offer as revised by the terms set out herein remain the same as stated under the section headed “Appendix I — Further Terms of the Offer” of the Initial Offer Document; and (ii) all the information in the Initial Offer Document relating to details of the Offer including the Letter from UBS and Appendix I to the Initial Offer Document remains valid and applicable as far as the Offer as revised by the terms as set out herein is concerned.

Unitholders are urged to read the entire Initial Offer Document, the Response Document, this Revised Offer Document, including the appendices, and the Revised Form of Acceptance carefully.

WARNING: Qualifying Unitholders and/or potential investors of Spring REIT should note that the Offer is subject to the satisfaction (or waiver, if applicable) of the Conditions. Accordingly, the Offer may or may not become unconditional. Qualifying Unitholders and/or potential investors of Spring REIT should therefore exercise caution when dealing in the securities of Spring REIT. Qualifying Unitholders and/or potential investors of Spring REIT who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

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ADDITIONAL INFORMATION

Your attention is also drawn to the accompanying Revised Form of Acceptance and the additional information set out in the appendix to this Revised Offer Document, all of which form part of this Revised Offer Document.

Yours faithfully,
For and on behalf of
UBS AG Hong Kong Branch

Samson Lo
Managing Director

David Xiong
Executive Director

Yours faithfully
For and on behalf of
UBS AG Hong Kong Branch



Name: Samson Lo
Position: Managing Director



Name: David Xiong
Position: Executive Director