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**SRE GROUP LIMITED**  
**上置集團有限公司\***  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 1207)

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF PROPERTY**

**THE SALE AND PURCHASE AGREEMENT**

On 2 September 2016, the Buyer (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Sellers, whereby the Buyer agreed to purchase and the Sellers agreed to sell the Property at a cash consideration of £84,500,000 (for illustration purpose only, equivalent to approximately HK\$865,280,000 using the exchange rate of £1:HK\$10.24).

The Property, located in an established commercial district in Tower Hill on the east side of the City of London and bound by Minories to the west, Shorter Street to the south and Mansell Street to the east, consists of (i) the freehold interest in a 1.7 acre property site which comprises a nine-storey office building and an adjoining five-storey car park building and (ii) the leasehold interest in a strip of land to the north of the said freehold property.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Acquisition is/are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**INTRODUCTION**

The Board is pleased to announce that on 2 September 2016, the Buyer (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Sellers, whereby the Buyer agreed to purchase and the Sellers agreed to sell the Property at a cash consideration of £84,500,000 (for illustration purpose only, equivalent to approximately HK\$865,280,000 using the exchange rate of £1:HK\$10.24).

## THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

### Date

2 September 2016 (after trading hours)

### Parties

The Buyer: Cmsreuk Tower Hill Propco Limited, a wholly-owned subsidiary of the Company

The Sellers: Société Générale and SG Hambros Bank Limited

SG Hambros Bank Limited is owned by Société Générale. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Société Générale, SG Hambros Bank Limited and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

### The Property

The Property, located in an established commercial district in Tower Hill on the east side of the City of London and bound by Minories to the west, Shorter Street to the south and Mansell Street to the east, is in the proximity of the world-famous attractions Tower of London and Tower Bridge, and consists of (i) the freehold interest in a 1.7 acre property site which comprises a nine-storey office building known as 41 Tower Hill and an adjoining five-storey car park building known as Minories Car Park and (ii) the leasehold interest in a strip of land to the north of the said freehold property (the **Leasehold Land**).

41 Tower Hill was constructed in late 1980s and provides approximately 170,000 square feet for office, retail and ancillary uses. Minories Car Park was constructed in mid 1960s and provides approximately 320 car parking spaces, and is subject to a lease to the City of London for a term of 200 years from 2 September 1985 at a fixed rent of £1 per annum. The Leasehold Land was leased to SG Hambros Bank Limited for the purposes of access to the freehold property.

Pursuant to the Sale and Purchase Agreement, (i) the Sellers shall sell and the Buyer shall buy the freehold property comprising 41 Tower Hill and Minories Car Park and (ii) SG Hambros Bank Limited shall assign, subject to it having obtained the landlord's consent (the **Consent**) to the assignment of, the lease in respect of the Leasehold Land to the Buyer (the **Assignment**). If the Consent has not been obtained by SG Hambros Bank Limited by the Completion Date, until such time as the Consent has been obtained and the Assignment has been completed, SG Hambros Bank Limited shall hold the lease in respect of the Leasehold Land on trust for the Buyer to use the Leasehold Land at a nil premium.

## Consideration

The Consideration payable by the Buyer to the Sellers amounts to £84,500,000 in cash (for illustration purpose only, equivalent to approximately HK\$865,280,000 using the exchange rate of £1:HK\$10.24), which shall be settled by the Buyer in the following manner:

- (i) 10% of the Consideration (which amounts to £8,450,000) shall be payable by the Buyer to the Sellers as deposit upon signing of the Sale and Purchase Agreement;
- (ii) the remaining 90% of the Consideration (which amounts to £76,050,000) shall be payable by the Buyer to the Sellers at the Completion Date; and
- (iii) if the Consent has not been obtained by SG Hambros Bank Limited by the Completion Date, the Buyer shall retain £500,000 from the Consideration until 10 working days after the obtaining of the Consent.

The Consideration was determined after arm's length negotiations between the Buyer and the Sellers through an open tender process conducted by the Sellers. The Company has engaged an independent real estate adviser to prepare a purchase report on the Property and provide recommendations to the Company in respect of the Acquisition. Having taken into account, *inter alia*, the location, condition, expected rental income and potential for refurbishment and redevelopment of the Property, the Company is recommended to acquire the Property for the Consideration.

The Board is of the view that the Consideration and the terms of the Sale and Purchase Agreement, which have been reached after arm's length negotiations between the parties, are fair and reasonable, and the Acquisition is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## Leaseback of 41 Tower Hill to Société Générale

Pursuant to the Sale and Purchase Agreement, immediately upon the Completion, the Buyer shall grant to Société Générale and Société Générale shall accept from the Buyer a lease of 41 Tower Hill (the **Lease**) for a term expiring on 31 March 2020 for a rent of £5,964,035 per annum. Pursuant to the Lease, (i) upon expiry of the term of the Lease on 31 March 2020, Société Générale shall have an option to renew the Lease for another term of two years commencing on 1 April 2020, during which Société Générale may terminate the Lease subject to a three-month advance notice, and (ii) Société Générale shall have the responsibility to repair and maintain the leased property and keep the leased property in tenable repair and condition during the term of the Lease.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Property represents a rare opportunity for the Company to acquire a 1.7 acre freehold property in a prime location in London with secured rental income in the medium term. The Property also has significant potential for enhancement of value through refurbishment and/or redevelopment. Therefore,

the Board considers that the Acquisition provides a valuable business opportunity for the Group to expand its property portfolio by including overseas property and is in line with the Company's strategy to strengthen its overseas investment and asset outreach.

Having regard to the reasons for and benefits of the Acquisition, the Board is of the view that the terms of the Sale and Purchase Agreement, which have been reached after arm's length negotiations between the parties, are fair and reasonable, and the Acquisition is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE GROUP**

The Group is an integrated real estate developer focusing on high-quality development projects and renewal projects in first-tier cities in the PRC, in particular core areas in Shanghai, which is geographically the base for the Group's property development business. While the Group is mainly focusing on high-quality property development, it is also seeking to explore new opportunities in urban development and renewal, medical and senior properties and cultural tourism and innovative technology properties. The Group will also expand its investment businesses, accelerate the investment-withdrawal and gain-capturing process by adopting the "financing, investment, management and withdrawal" approach and operate in a "light and heavy assets in parallel" model. The Group is also putting the strategy of "Going Out" into practice by seeking high-quality assets overseas, and will prudently attempt limited diversification, including the cultivation of real estate-related internet, funds and finance businesses, striving to become a fully integrated trans-sector finance and real estate group.

## **INFORMATION OF SELLERS**

Société Générale is a multinational banking and financial services company incorporated and registered in France. SG Hambros Bank Limited is a British bank owned by Société Générale which provides private client banking services.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Acquisition is/are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

To the best of the Board's knowledge, information and belief having made all reasonable enquiries, no Directors have a material interest in the Sale and Purchase Agreement, and no Directors have abstained from voting on the board resolution approving the Sale and Purchase Agreement.

## DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Acquisition”	the acquisition of the Property by the Buyer from the Sellers pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Buyer”	Cmsreuk Tower Hill Propco Limited, a company incorporated in Jersey with limited liability and a wholly-owned subsidiary of the Company
“Company”	SRE Group Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the Sale and Purchase Agreement
“Completion Date”	30 September 2016, being the date on which the Completion will take place
“Consideration”	£84,500,000 (for illustration purpose only, equivalent to approximately HK\$865,280,000 using the exchange rate of £1:HK\$10.24) in respect of the Acquisition payable by the Buyer pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the freehold interest in a 1.7 acre property site (which comprises a nine-storey office building and an adjoining five-storey car park building) located in an established commercial district in Tower Hill, London and bound by Minorities to the west, Shorter Street to

the south and Mansell Street to the east, and the leasehold interest in a strip of land to the north of the said freehold property

“Sale and Purchase Agreement”	the sale and purchase agreement dated 2 September 2016 and entered into between the Buyer and the Sellers in relation to the Acquisition
“Sellers”	Société Générale and SG Hambros Bank Limited
“Shareholders”	registered holders of the Shares from time to time
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board  
**SRE Group Limited**  
**He Binwu**  
*Chairman*

Hong Kong, 2 September 2016

*As at the date of this announcement, the Board comprises seven executive Directors, namely Mr. He Binwu, Mr. Peng Xinkuang, Mr. Shi Janson Bing, Mr. Chen Chao, Mr. Zhu Qiang, Mr. Chen Donghui and Ms. Qin Wenying; and four independent non-executive Directors, namely Mr. Zhuo Fumin, Mr. Chan, Charles Sheung Wai and Mr. Guoping and Mr. Ma Lishan.*

*\*For identification purpose only*