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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 15 September 2016, the Buyer (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Seller, whereby the Buyer agreed to purchase and the Seller agreed to sell the Property at a cash consideration of £32,500,000 (for illustration purpose only, equivalent to approximately HK\$334,750,000 using the exchange rate of £1:HK\$10.30).

The Property, a freehold property, is a six-storey office building which occupies a prime location situated at the corner of Moorgate and Telegraph Street in the EC2 postcode, a prominent banking district in the core of the City of London. Developed in 1998, the Property provides approximately 33,941 square feet for office and ancillary accommodation arranged over basement, ground and six upper floors.

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 15 September 2016, the Buyer (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Seller, whereby the Buyer agreed to purchase and the Seller agreed to sell the Property at a cash consideration of £32,500,000 (for illustration purpose only, equivalent to approximately HK\$334,750,000 using the exchange rate of £1:HK\$10.30).

THE SALE AND PURCHASE AGREEMENT

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

Date

15 September 2016 (after trading hours)

Parties

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

The Seller: aik Immobilien-Investmentgesellschaft mbH

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, aik Immobilien-Investmentgesellschaft mbH and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The Property

The Property, a freehold property, is a six-storey office building which occupies a prime location situated at the corner of Moorgate and Telegraph Street in the EC2 postcode, a prominent banking district in the core of the City of London. The Property is surrounded by globally recognizable buildings in its proximity, including the London branch of ING, the headquarters of the Bank of England (the central bank of the United Kingdom) and the Royal Exchange to the south and the Guildhall Hall to the west. Transport communications to and from the Property are excellent with London Underground and National Rail stations, namely the Bank Station, the Moorgate Station, the Liverpool Street Station and the Cannon Street Station, located within short walking distances (ranging from 200 to 400 metres) from the Property. The Property is also expected to benefit significantly from the opening of Crossrail, being located within approximately 200 metres from the new Crossrail station at Moorgate. Developed in 1998, the Property provides approximately 33,941 square feet for office and ancillary accommodation arranged over basement, ground and six upper floors.

Consideration

The Consideration payable by the Buyer to the Seller amounts to £32,500,000 in cash (for illustration purpose only, equivalent to approximately HK\$334,750,000 using the exchange rate of £1:HK\$10.30), which shall be settled by the Buyer in the following manner:

- (i) 10% of the Consideration (which amounts to £3,250,000) shall be payable by the Buyer as deposit to the Seller's solicitors as stakeholders upon signing of the Sale and Purchase Agreement on terms that the deposit, together with accrued interest, is to be paid to the Seller on the Completion Date; and

- (ii) the remaining 90% of the Consideration (which amounts to £29,250,000) shall be payable by the Buyer to the Seller on the Completion Date.

The Consideration was determined after arm's length negotiations between the Buyer and the Seller, with reference to, *inter alia*, the location, condition, expected rental income and potential for rental growth and enhancement of value through refurbishment of the Property, and market values of comparable properties in the vicinity of the Property.

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.

Tenancy

The Property is fully let to Schroders PLC (the **Tenant**), a global wealth management business, for a term expiring on 23 June 2023 (the **Lease**). The Lease is subject to a tenant break option between 1 January 2018 and 1 January 2019, upon 9 months' advance notice. The total passing rent is £1,500,000 per annum and the next rent review is due on 25 June 2018.

Pursuant to the Sale and Purchase Agreement, the Property shall be sold by the Seller to the Buyer subject to and with the benefit of the Lease on Completion, and the rent payable by the Tenant in advance under the Lease shall be apportioned in the following manner: (i) the rent attributable to the date of the Sale and Purchase Agreement shall be split equally between the Seller and the Buyer; and (ii) the Buyer shall be entitled to the rent attributable to the period from but excluding the date of the Sale and Purchase Agreement to but excluding the date when the next instalment of rent under the Lease is due.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Property represents an excellent opportunity for the Company to acquire a high-quality freehold commercial property at a prime location in the core of the City of London with rental income in the medium term. The Property also has significant potential for enhancement of value through refurbishment. Therefore, the Board considers that the Acquisition provides a valuable business opportunity for the Group to expand its property portfolio by the addition of overseas properties 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 real estate and finance group.

INFORMATION OF THE SELLER

The Seller is a limited liability company incorporated under the law of Germany, which is principally engaged in real estate asset management.

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 Seller pursuant to the Sale and Purchase Agreement
"Board"	the board of Directors
"Buyer"	Cmsreuk Moorgate 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”	6 October 2016, being the date on which the Completion will take place
“Consideration”	£32,500,000 (for illustration purpose only, equivalent to approximately HK\$334,750,000 using the exchange rate of £1:HK\$10.30) 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 property known as 12 Moorgate, London EC2R 6DA and registered at the Land Registry of the United Kingdom under title number 141657
“Sale and Purchase Agreement”	the sale and purchase agreement dated 15 September 2016 and entered into between the Buyer and the Seller in relation to the Acquisition
“Seller”	aik Immobilien-Investmentgesellschaft mbH, a limited liability company incorporated under the law of Germany
“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, 15 September 2016

As at the date of this announcement, the Board comprises seven executive Directors, namely Mr. He Binwu, Mr. Peng Xinkuang, Mr. Chen Donghui, Mr. Chen Chao, Mr. Shi Janson Bing, Mr. Zhu Qiang, 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*