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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this Circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your units in Spring Real Estate Investment Trust, you should at once hand this Circular and the accompanying form of proxy to the purchaser or transferee or to the bank, a licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

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**SpringREIT**

**Spring Real Estate Investment Trust**

春泉產業信託

*(A Hong Kong collective investment scheme authorised 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**

**CONNECTED TRANSACTION INVOLVING  
OFF-MARKET UNIT BUY-BACK AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Financial Adviser to the Manager**



**Independent Financial Adviser to the Independent Board Committee,  
the Independent Unitholders and the Trustee**

**ALTUS CAPITAL LIMITED**

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Capitalised terms used on this cover shall have the same meanings as those defined in this Circular, unless the context requires otherwise. A letter from the Board is set out on pages 10 to 22 of this Circular. A letter from the Independent Board Committee, containing its advice to the Independent Unitholders, is set out on page 23 of this Circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee, the Independent Unitholders and the Trustee, is set out on pages 25 to 47 of this Circular.

The notice convening the EGM to be held at 4:00 p.m. on Friday, 23 June 2023 at Room 2401-2 One Admiralty Centre, 18 Harcourt Road, Hong Kong is set out on pages 68 and 69 of this Circular. A form of proxy for use by Unitholders is enclosed with this Circular. Please complete and return the form of proxy to the Unit Registrar of Spring REIT, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

27 May 2023

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## CORPORATE INFORMATION

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<b>Spring REIT</b>	<b>Spring Real Estate Investment Trust</b> (春泉產業信託), a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO subject to applicable conditions from time to time
<b>Manager</b>	<b>Spring Asset Management Limited</b> (acting in its capacity as manager for and on behalf of Spring REIT) Room 2602, 26/F, LHT Tower 31 Queen's Road Central Central, Hong Kong
<b>Directors of the Manager</b>	<i>Non-executive Directors:</i> Mr. Toshihiro Toyoshima (Chairman) Mr. Hideya Ishino  <i>Executive Directors:</i> Mr. Leung Kwok Hoe, Kevin ( <i>Chief Executive Officer</i> ) Mr. Chung Wai Fai, Michael ( <i>Chief Financial Officer</i> )  <i>Independent Non-executive Directors:</i> Mr. Simon Murray Mr. Qiu Liping Mr. Lam Yiu Kin
<b>Trustee</b>	<b>DB Trustees (Hong Kong) Limited</b> (in its capacity as trustee of Spring REIT) 60/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
<b>Unit Registrar and Transfer Office</b>	<b>Tricor Investor Services Limited</b> 17/F Far East Finance Centre 16 Harcourt Road Hong Kong
<b>Legal Adviser to the Manager as to Hong Kong law</b>	<b>Baker &amp; McKenzie</b> 14/F Floor, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
<b>Financial Adviser to the Manager</b>	<b>DBS Asia Capital Limited</b> 73/F, The Center 99 Queen's Road Central Central, Hong Kong

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## CORPORATE INFORMATION

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**Independent Financial Adviser  
to the Independent Board  
Committee of the Manager,  
the Independent Unitholders  
and the Trustee**

**Altus Capital Limited**  
21 Wing Wo Street  
Central  
Hong Kong

**Independent Property Valuer**

**Knight Frank Petty Limited**  
4/F Shui On Centre  
6-8 Harbour Road  
Wan Chai  
Hong Kong

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## DEFINITIONS

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

“Announcement”	the announcement of Spring REIT dated 25 May 2023 in relation to the Unit Buy-back and the Buy-back Agreement
“APAC”	Asia Pacific
“associate”	has the meaning ascribed to the term in the Listing Rules
“Board”	the board of Directors
“BT Cayman”	BT Cayman Ltd., a company incorporated in the Cayman Islands with limited liability, BT Cayman is a wholly-owned subsidiary of Secured Capital Real Estate Partners V, L.P., whose general partner is an indirectly wholly-owned subsidiary of PAG who is a substantial Unitholder of Spring REIT, as described in Appendix 3 headed “General Information” to this Circular
“business day(s)”	a day (excluding Saturdays, Sundays and public holidays and a day on which typhoon signal no. 8 or a black rainstorm warning is or remains hoisted, between 9:00 a.m. and 5:00 p.m. and is not lowered or discontinued at or before 5:00 p.m.) on which the Stock Exchange is generally open for transaction of business and banks are generally open for business in Hong Kong
“Buy-back Agreement”	the unit buy-back agreement dated 25 May 2023 described in the section headed “II. The Buy-back Agreement” in “Letter from the Board” in this Circular
“Buy-back Code”	the Code on Share Buy-backs issued by the SFC
“Buy-back Price”	the price to be paid for each Buy-back Unit, as described in the section headed “II. The Buy-back Agreement — Consideration” in “Letter from the Board” in this Circular
“Buy-back Units”	63,235,000 Units, representing approximately 4.23% of the total number of issued Units as at the Latest Practicable Date, beneficially owned by BT Cayman and to be transferred to the Manager (acting in its capacity as manager for and on behalf of Spring REIT) for cancellation pursuant to the terms and conditions of the Buy-back Agreement

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## DEFINITIONS

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“CCP Property”	the real estate property located at No. 79 and No. 81, Jianguo Road, Chaoyang District, Beijing, the PRC and which comprises all of the office floors of Office Tower 1, China Central Place, Beijing, the PRC (including Levels 4 to 28, and the equipment and emergency shelter floor on Level 16, which contains no lettable space) and Office Tower 2, China Central Place, Beijing, the PRC (including Levels 4 to 32, and the equipment and emergency shelter floor on Level 20, which contains no lettable space) and a total of approximately 600 carpark spaces located in the underground levels of the two office buildings, which is wholly-owned by Spring REIT
“Completion”	completion of the Unit Buy-back in accordance with the terms and conditions of the Buy-back Agreement
“Completion Date”	the tenth business day after all the conditions under the Buy-back Agreement have been fulfilled, or, where applicable, waived or such other date agreed between the Manager and BT Cayman in writing
“COVID-19”	coronavirus disease 2019
“DBS Group”	DBS Group Holdings Limited and its subsidiaries from time to time, including but not limited to the Financial Adviser
“Directors”	the directors of the Manager
“DPU”	distribution per Unit
“EGM”	the extraordinary general meeting of Unitholders convened by and referred to in the EGM Notice
“EGM Notice”	the notice included in this Circular in respect of the EGM to consider and, if thought fit, approve the Unit Buy-back and the Buy-back Agreement
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegates
“Existing Facility”	a loan facility amounting to HK\$585 million granted to RCA01 by the Lender pursuant to the facility letters dated 7 November 2019 and 30 June 2022
“Existing Properties”	the properties currently held by Spring REIT, being (a) the CCP Property; (b) 84 commercial properties in the United Kingdom; and (c) a 68% interest in Huamao Place

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## DEFINITIONS

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“Financial Adviser”	DBS Asia Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser appointed to advise the Manager on the Unit Buy-back and the Buy-back Agreement
“GBA”	Guangdong-Hong Kong-Macau Greater Bay Area
“GBP”	British Pound Sterling, the lawful currency of the United Kingdom
“Group”	Spring REIT and its subsidiaries
“HIBOR”	the rate of interest offered on Hong Kong dollars loans by banks in the Hong Kong interbank market for a specified period ranging from overnight to one year
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huamao Place”	the property known as Huamao Place (華貿天地) located at No 9, First Wenchang Road, Huicheng District, Huizhou, Guangdong Province, the PRC
“Independent Board Committee”	the independent committee established by the Board to advise the Independent Unitholders on the Unit Buy-back and the Buy-back Agreement, comprising all the non-executive Directors (including the INEDs) namely, Mr. Toshihiro Toyoshima, Mr. Hideya Ishino, Mr. Simon Murray, Mr. Qiu Liping and Mr. Lam Yiu Kin
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, the independent financial adviser appointed to advise the Independent Board Committee, the Independent Unitholders and the Trustee on the Unit Buy-back and the Buy-back Agreement
“Independent Property Valuer”	Knight Frank Petty Limited, being the principal valuer of Spring REIT

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## DEFINITIONS

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“Independent Unitholder(s)”	<p>Unitholder(s) other than (i) BT Cayman; (ii) the associates of BT Cayman; (iii) parties acting in concert with BT Cayman (including Spirit Cayman); (iv) any other Unitholder(s) who have a material interest in the Unit Buy-back and/or the Buy-back Agreement which is different from the interests of all other Unitholders; and (v) Units held by members of the DBS Group acting in the capacity of exempt principal traders unless the Executive allows such Units to be voted</p> <p>With respect to (v), Units held by exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the EGM if: (i) the relevant connected exempt principal trader holds the Units as a simple custodian for and on behalf of non-discretionary clients; and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Units, and all voting instructions shall originate from the client only (if no instructions are given, then no votes shall be cast for the relevant Units held by the relevant connected exempt principal trader)</p>
“INED(s)”	independent non-executive Director(s)
“INED Remuneration Units”	the Units issued to the INEDs from time to time pursuant to a remuneration arrangement of the Manager, details of which are disclosed in the announcement of Spring REIT dated 24 October 2014
“Last Trading Day”	25 May 2023, being the last trading day on which the Units were traded on the Stock Exchange prior to the issue and publication of the Announcement
“Latest Practicable Date”	25 May 2023, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained herein
“Lender”	DBS Bank (Hong Kong) Ltd.
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 July 2023 or such other date as may be agreed in writing between the Manager and BT Cayman

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## DEFINITIONS

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“Manager”	Spring Asset Management Limited (acting in its capacity as the manager for and on behalf of Spring REIT), a company incorporated under the laws of Hong Kong
“Manager Fee Units”	the Units issued to the Manager in satisfaction of all or part of the Managers’ fees from time to time
“Mercuria Holdings”	Mercuria Holdings Co., Ltd., an investment holding company listed on the Tokyo Stock Exchange (Stock code: 7347)
“NAV”	net asset value
“PAG”	PAG, a company incorporated in the Cayman Islands with limited liability and a substantial Unitholder of Spring REIT, as described in Appendix 3 headed “General Information” to this Circular
“PRC”	The People’s Republic of China but excluding, for the purposes of this Circular, Hong Kong, Taiwan and Macau
“RCA01”	RCA01, a company incorporated as an exempted company with limited liability in the Cayman Islands and a wholly-owned SPV of Spring REIT
“Register of Unitholders”	the register of Unitholders of Spring REIT
“REIT”	Real Estate Investment Trust
“REIT Code”	The Code on Real Estate Investment Trusts published by the SFC, as amended, supplemented or otherwise modified from time to time
“Relevant Period”	the period commencing 6 months preceding the date of the Announcement up to and including the Latest Practicable Date
“RMB”	Renminbi, the official currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“Spirit Cayman”	Spirit Cayman Ltd, a company incorporated in the Cayman Islands with limited liability and a substantial Unitholder of Spring REIT. Spirit Cayman is a wholly-owned subsidiary of SCREP VI Holdings, L.P., whose general partner is an indirectly wholly-owned subsidiary of PAG who is a substantial Unitholder of Spring REIT, as described in Appendix 3 headed “General Information” to this Circular
“Spring REIT”	Spring Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) subject to applicable conditions from time to time
“SPV(s)”	special purpose vehicle(s), and has the meaning ascribed to this term in the REIT Code
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to the term in the REIT Code
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Trust Deed”	the deed of trust constituting Spring REIT dated 14 November 2013 and entered into between the Trustee and the Manager, as amended, supplemented and/or otherwise modified for the time being
“Trustee”	DB Trustees (Hong Kong) Limited, in its capacity as trustee of Spring REIT
“Unit”	one undivided unit in Spring REIT
“Unit Buy-back”	the possible purchase of the Buy-back Units by the Manager (acting in its capacity as manager for and on behalf of Spring REIT) for cancellation pursuant to the terms and conditions of the Buy-back Agreement, which constitutes an off-market unit buy-back by Spring REIT pursuant to the Buy-back Code
“Unit Registrar”	Tricor Investor Services Limited, in its capacity as the unit registrar of Spring REIT
“Unitholder(s)”	the holder(s) of the Units
“US\$”	United States dollars, the lawful currency of the United States of America

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## DEFINITIONS

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“Valuation Letter”	the valuation letter in respect of the Existing Properties prepared by the Independent Property Valuer, which is set out in Appendix 2 to this Circular
“%”	per cent

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference to a time of day in this Circular shall be a reference to Hong Kong time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding.

If there is any inconsistency between the English version of this Circular and its Chinese translation, the English version of this Circular shall prevail.

For the purpose of this Circular, unless otherwise indicated: conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB0.8933, which represents the central parity rate as at 31 December 2022 as announced by the People’s Bank of China. The exchange rates are for illustrative purposes only and do not constitute representation that any amounts have been, could have been, or may be exchanged at the rates or any other rate at all.



## Spring Real Estate Investment Trust

春泉產業信託

*(A Hong Kong collective investment scheme authorised 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**

***Directors of the Manager:***

*Non-executive Directors:*

Mr. Toshihiro Toyoshima (Chairman)  
Mr. Hideya Ishino

*Executive Directors:*

Mr. Leung Kwok Hoe, Kevin (Chief Executive Officer)  
Mr. Chung Wai Fai, Michael (Chief Financial Officer)

*Independent Non-executive Directors:*

Mr. Simon Murray  
Mr. Qiu Liping  
Mr. Lam Yiu Kin

***Registered Office of the Manager:***

Room 2602, 26/F, LHT Tower  
31 Queen's Road Central  
Central, Hong Kong

27 May 2023

*To the Independent Unitholders*

Dear Sir or Madam,

### **CONNECTED TRANSACTION INVOLVING OFF-MARKET UNIT BUY-BACK AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **I. INTRODUCTION**

Reference is made to the Announcement in relation to the Unit Buy-back and the Buy-back Agreement.

The purpose of this Circular is to (i) provide you with information concerning the EGM and explanation of the resolution to be proposed at the EGM; and (ii) serve the EGM Notice.

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## LETTER FROM THE BOARD

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### II. THE BUY-BACK AGREEMENT

On 25 May 2023, the Manager and BT Cayman entered into the Buy-back Agreement, pursuant to which the Manager (acting in its capacity as manager for and on behalf of Spring REIT) conditionally agreed to acquire and BT Cayman conditionally agreed to dispose of the Buy-back Units (representing all of the 63,235,000 Units held by BT Cayman and approximately 4.23% of the total number of issued Units as at the Latest Practicable Date), free from encumbrances, together with all rights attaching to them, including all rights to any distribution declared, made or paid on or after the Completion Date.

#### *Parties*

Seller: BT Cayman

Purchaser: The Manager (acting in its capacity as manager for and on behalf of Spring REIT)

#### *Buy-back Units*

The number of Buy-back Units is 63,235,000, representing all of the Units held by BT Cayman and approximately 4.23% of 1,493,567,431 issued Units as at the Latest Practicable Date. The number of Buy-back Units also represents approximately 27.16% of all the Units held by BT Cayman and its concert parties (including Spirit Cayman) as at the Latest Practicable Date.

#### *Consideration*

The Buy-back Price for each Buy-back Unit is HK\$2.3810, representing:

- (i) a premium of approximately 4.43% to the closing price of HK\$2.2800 per Unit as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 4.43% to the closing price of HK\$2.2800 per Unit as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 2.19% to the average of the closing prices of the Units as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day of approximately HK\$2.3300 per Unit;
- (iv) a premium of approximately 1.54% to the average of the closing prices of the Units as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day of approximately HK\$2.3450 per Unit;
- (v) a premium of approximately 1.30% to the average of the closing prices of the Units as quoted on the Stock Exchange for the last 20 trading days up to and including the Last Trading Day of approximately HK\$2.3505 per Unit;

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## LETTER FROM THE BOARD

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- (vi) a premium of approximately 0.22% to the average of the closing prices of the Units as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day of approximately HK\$2.3757 per Unit; and
- (vii) a discount of approximately 51.90% to the audited NAV of Spring REIT of approximately HK\$4.95 per Unit as at 31 December 2022, calculated based on Spring REIT's audited consolidated NAV attributable to the Unitholders of RMB6,558.8 million (approximately HK\$7,342.3 million) as at 31 December 2022 and 1,484,931,187 issued Units as at 31 December 2022. Based on the Valuation Letter reproduced in Appendix 2, the valuation of the Existing Properties as at 31 March 2023 is not materially different from the valuation of the Existing Properties as at 31 December 2022.

The total consideration for the Unit Buy-back is HK\$150,562,535. The Buy-back Price was determined after arm's length commercial negotiations between the Manager and BT Cayman, based on the average closing price of the Units as quoted on the Stock Exchange for the last 30 trading days up to and excluding the Last Trading Day.

The consideration for the Unit Buy-back will be settled in cash at Completion, and will be financed by drawdown under the Existing Facility from the Lender. Under the terms of the Existing Facility, the loan bears an interest rate of 1-month HIBOR plus a margin of 1.60% per annum and will mature in September 2025. The Trustee (in its capacity as trustee of Spring REIT) has provided a guarantee in connection with the Existing Facility.

Other than the total consideration for the Unit Buy-back described above, no other consideration or benefit in any form has been or will be paid by Spring REIT to BT Cayman and/or any of its concert parties (including Spirit Cayman) in connection with the Unit Buy-back.

The original purchase cost of the Buy-back Units to BT Cayman was HK\$3.07 per Unit.

### *Conditions*

Completion is conditional upon the satisfaction of, amongst others, the following conditions:

- (i) the Executive having approved the Unit Buy-back pursuant to the Buy-back Code (and such approval not having been withdrawn) and the condition(s) of such approval, if any, having been satisfied;
- (ii) the Unit Buy-back and the Buy-back Agreement having been approved by at least three-fourths of the votes cast on a poll by the Independent Unitholders in attendance in person or by proxy at a general meeting of Unitholders duly convened and held to consider, among other things, the Unit Buy-back and the Buy-back Agreement;
- (iii) the warranties of BT Cayman as set out in the Buy-back Agreement remaining true, accurate and not misleading in all material respects at Completion as if they were repeated as at the time of Completion and at all times between the date of the Buy-back Agreement and Completion; and

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## LETTER FROM THE BOARD

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- (iv) the warranties of the Manager as set out in the Buy-back Agreement remaining true, accurate and not misleading in all material respects at Completion as if they were repeated as at the time of Completion and at all times between the date of the Buy-back Agreement and Completion.

Except for conditions precedent (iii) and (iv) above, none of the conditions above is capable of being waived by BT Cayman or the Manager. If any condition precedent is not satisfied, or where applicable, waived, at or before 5:00 p.m. on the Long Stop Date, the Manager and BT Cayman shall not be bound to proceed with the Unit Buy-back and the Buy-back Agreement shall cease and determine (save for certain surviving clauses which shall continue to have full force and effect and any rights accrued to any parties in respect of any antecedent breaches of the terms of the Buy-back Agreement).

As at the Latest Practicable Date, none of the conditions set out in paragraphs (i) to (iv) had been satisfied or waived.

### ***Completion***

Completion of the Unit Buy-back shall take place at 10:00 a.m. on the Completion Date (or such other time or on such other date as may be agreed between BT Cayman and the Manager).

### **III. REASONS FOR AND BENEFITS OF THE UNIT BUY-BACK**

When deciding to propose the Unit Buy-back, the Manager carefully considered the following key factors:

- (i) the Unit Buy-back presents a valuable yield accretive opportunity for Spring REIT to increase its distributable income per Unit;
- (ii) the Unit Buy-back is expected to increase the consolidated NAV per Unit attributable to the Unitholders by approximately 2.2%, based on the audited consolidated statement of financial position of the Group as at 31 December 2022; and
- (iii) the Unit Buy-back demonstrates the Manager's belief in the underlying value and potential for growth of Spring REIT, which could help instil confidence among current and prospective investors. This could enhance investors' confidence in the market and improve the long-term investment interests in Spring REIT.

The Manager has been exploring possible ways to enhance the financial performance of Spring REIT and its returns to Unitholders, and considers the Unit Buy-back to be an opportunity to acquire a relatively significant block of Units at current Unit price, which might otherwise be difficult to achieve on-market at such price and volume. The Manager also considers the size of the Unit Buy-back to be appropriate, balancing the abovementioned positive impact to DPU and NAV per Unit as well as the effects of such Unit Buy-back on Spring REIT's gearing ratio and working capital, while also taking into account commercial negotiations with BT Cayman on the quantity and price of Units to be transacted.

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## LETTER FROM THE BOARD

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The Manager has assessed the current market conditions, including the historical Unit price performance of Spring REIT, historical liquidity of the Units and the broader real estate investment market dynamics, and other factors including the underlying value represented by the Buy-back Units, the financial effects of the Unit Buy-back and other possible investment opportunities alternative to the Unit Buy-back amid current market conditions. As mentioned in the preceding paragraph, Spring REIT has been conducting on-market unit buy-back since August 2020 as part of its ongoing capital management strategy. In this regard, the Unit Buy-back represents an opportunity for Spring REIT to buy back a large block of Units at a known fixed price which would otherwise require a pro-longed period to execute and with uncertainty on the buy-back prices. The Manager believes that the current market conditions present an opportunity to acquire Units at an attractive price considering the positive impact to DPU and NAV per Unit.

The Manager has considered various financing alternatives and considers the utilisation of the Existing Facility to be the most appropriate option for Spring REIT to fund the Unit Buy-back, as it provides immediate funding availability to ensure an efficient execution of the Unit Buy-back, a relatively lower cost of capital (as compared to its implied dividend yield calculated based on the Buy-back Price), and an opportunity to optimise the capital structure and overall financial performance of Spring REIT. The Manager considers that it is in the interests of Spring REIT and its Unitholders to effect the Unit Buy-back at this time and finance it fully by bank borrowings.

Taking into account the current Unit price of Spring REIT, the Manager believes that the Unit Buy-back represents an efficient use of capital for Spring REIT.

#### IV. FINANCIAL EFFECTS OF THE UNIT BUY-BACK

##### *Distribution per Unit*

Assuming the Unit Buy-back had taken place on 1 January 2022 and the Buy-back Units were cancelled subsequently, it is estimated that the Unit Buy-back would have resulted in an increase in DPU by approximately 2.8% from HK\$0.212 per Unit to approximately HK\$0.218 per Unit based on the audited consolidated income statement of the Group for the year ended 31 December 2022. The increase in DPU by approximately 2.8% has taken into account the incremental interest cost regarding the drawdown of the Existing Facility and the decrease in the total number of Units in issue.

##### *Net asset value per Unit attributable to the Unitholders*

Assuming the Unit Buy-back had taken place on 31 December 2022 and the Buy-back Units were cancelled subsequently, it is estimated that the Unit Buy-back would have resulted in an increase in NAV per Unit attributable to the Unitholders by approximately 2.2% from approximately HK\$4.95 per Unit to approximately HK\$5.06 per Unit based on the audited consolidated statement of financial position of the Group as at 31 December 2022.

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## LETTER FROM THE BOARD

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### *Total liabilities and gearing ratio*

The consideration of the Unit Buy-back will be financed by drawing down approximately HK\$151 million under the Existing Facility. Hence, assuming the Unit Buy-back had taken place on 31 December 2022, it is estimated that the Unit Buy-back would have resulted in an increase in total liabilities by approximately 2.5% from approximately RMB5,425.0 million (approximately HK\$6,073.0 million) to approximately RMB5,558.9 million (approximately HK\$6,222.9 million) and the gearing ratio would also increase from approximately 37.6% to approximately 38.6% based on the audited consolidated statement of financial position of the Group as at 31 December 2022.

### *Working capital*

The consideration of the Unit Buy-back will be financed by drawing down approximately HK\$151 million under the Existing Facility. Hence, it is expected that the Unit Buy-back will have an impact on the gearing position of the Group as mentioned above, but no material adverse impact on the working capital.

Based on the above, the Manager considers that the Unit Buy-back will have no material adverse effect on the Group's DPU, NAV per Unit attributable to the Unitholders, total liabilities and gearing ratio or working capital.

## V. EFFECT ON THE UNITHOLDING STRUCTURE OF SPRING REIT

Upon completion of the Unit Buy-back, the Buy-back Units will be transferred to the Manager (acting in its capacity as manager for and on behalf of Spring REIT) on the Completion Date and cancelled as soon as practicable within 10 business days after the Completion Date. The percentage interest of all other Unitholders in the issued Units will be proportionally increased following the cancellation of the Buy-back Units.

Set out below for illustrative purposes is the unitholding structure of Spring REIT: (a) as at the Latest Practicable Date; and (b) as it will be immediately after completion of the Unit Buy-back assuming that there is no other change in the unitholding of Spring REIT before Completion:

	As at the Latest Practicable Date		Immediately after Completion of the Unit Buy-back and cancellation of the Buy-back Units	
	Number of Units	%	Number of Units	%
<b>BT Cayman and its concert parties<sup>(1)</sup></b>				
BT Cayman	63,235,000	4.23	—	0.00
Spirit Cayman	169,552,089	11.35	169,552,089	11.85
<b>Other substantial Unitholders</b>				
Mercuria Holdings <sup>(2)</sup>	336,720,159	22.54	336,720,159	23.54
Huamao Property Holdings Ltd.	185,249,742	12.40	185,249,742	12.95
Sino-Ocean Group Holding Limited	176,408,678	11.81	176,408,678	12.33

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## LETTER FROM THE BOARD

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	As at the Latest Practicable Date		Immediately after Completion of the Unit Buy-back and cancellation of the Buy-back Units	
	Number of Units	%	Number of Units	%
<b>Manager</b>				
Spring Asset Management Limited	44,224,213	2.96	44,224,213	3.09
<b>Directors</b>				
Toshihiro Toyoshima <sup>(3)</sup>	1,652,000	0.11	1,652,000	0.12
Leung Kwok Hoe, Kevin	759,000	0.05	759,000	0.05
Hideya Ishino	115,000	0.01	115,000	0.01
Simon Murray	1,078,000	0.07	1,078,000	0.08
Qiu Liping	1,078,000	0.07	1,078,000	0.08
Lam Yiu Kin	1,109,000	0.07	1,109,000	0.08
<b>Other Unitholders</b>	<b>512,386,550</b>	<b>34.33</b>	<b>512,386,550</b>	<b>35.82</b>
<b>Total<sup>(4)</sup></b>	<b>1,493,567,431</b>	<b>100.00</b>	<b>1,430,332,431</b>	<b>100.00</b>

*Notes:*

- (1) PAG is the indirect controlling shareholder of the general partners of the limited partnerships that own 100% of the share capital of BT Cayman and Spirit Cayman.
- (2) This represents the Units held by RCA Fund 01, L.P. (“**RCA Fund**”) as at the Latest Practicable Date and immediately after Completion of the Unit Buy-back and cancellation of the Buy-back Units. RCA Fund is managed by Mercuria Investment Co., Ltd. (“**Mercuria Investment**”) pursuant to a management agreement. Mercuria Investment can therefore exercise influence on RCA Fund and its exercise of rights as a Unitholder in respect of the affairs of Spring REIT (in particular, in relation to matters that are subject to voting by the Unitholders, on which RCA Fund is not required to abstain from voting). Mercuria Investment is a fellow subsidiary of the Manager in which both companies are subsidiaries of Mercuria Holdings. The Units held by Mercuria Holdings shall comprise (i) 336,720,159 Units held by RCA Fund; and (ii) 44,224,213 Units held by the Manager (in its personal capacity).
- (3) Mr. Toshihiro Toyoshima’s unitholding includes 552,000 Units that he received pursuant to an inheritance arrangement on 18 May 2023.
- (4) As at 23 May 2023, the Financial Adviser did not hold any Units. Details of the holdings, borrowings or lendings of the Units or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Spring REIT held by or entered into by members of the DBS Group (except in respect of Units held by exempt principal traders or exempt fund managers for the purposes of the Takeovers Code) will be obtained as soon as possible after the date of this Circular, and if the DBS Group (except in respect of Units held by exempt principal traders or exempt fund managers for the purposes of the Takeovers Code) held interest in such Units and other relevant securities as at the Latest Practicable Date, Spring REIT will publish a further announcement in respect of the same.

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## LETTER FROM THE BOARD

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### VI. REGULATORY IMPLICATIONS

#### Buy-back Code

The Unit Buy-back constitutes an off-market unit buy-back by Spring REIT under the Buy-back Code. The Manager has made an application to the Executive for approval of the Unit Buy-back pursuant to Rule 2 of the Buy-back Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the Unit Buy-back and the Buy-back Agreement by at least three-fourths of the votes cast on a poll by the Independent Unitholders present in person or by proxy at a general meeting of Spring REIT.

Completion of the Unit Buy-back will be conditional on, among others, approval of the Unit Buy-back by the Executive. Therefore, Spring REIT will not proceed with the Unit Buy-back unless the Executive approves the Unit Buy-back pursuant to Rule 2 of the Buy-back Code.

The Unit Buy-back will not result in any change of control (as defined in the Takeovers Code).

As at the Latest Practicable Date:

- (a) BT Cayman and parties acting in concert with it (including Spirit Cayman) legally or beneficially owned, controlled or had direction over 232,787,089 Units (representing approximately 15.59% of the issued Units as at the Latest Practicable Date);
- (b) save as disclosed in paragraph (a) above, none of BT Cayman or any parties acting in concert with it (including Spirit Cayman) held any securities, warrants or options convertible into or derivatives in respect of the Units;
- (c) none of BT Cayman or any parties acting in concert with it (including Spirit Cayman) had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Spring REIT;

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## LETTER FROM THE BOARD

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- (d) save as disclosed below, none of BT Cayman or any parties acting in concert with it (including Spirit Cayman) acquired or disposed of any voting rights of Spring REIT or dealt for value in any Units, convertible securities, warrants, options or derivatives in respect of the securities in Spring REIT during the Relevant Period;

<b>Date of Transaction</b>	<b>Number of Units Sold</b>	<b>Price Received for Each Unit (HK\$)</b>
28 December 2022	62,000	2.40
29 December 2022	12,000	2.40
30 December 2022	7,000	2.40
5 January 2023	91,000	2.43
11 January 2023	95,000	2.41
12 January 2023	259,000	2.42
13 January 2023	12,000	2.41
16 January 2023	102,000	2.42
20 January 2023	8,000	2.43
10 February 2023	120,000	2.51
13 February 2023	7,000	2.52

- (e) none of BT Cayman or any parties acting in concert with it (including Spirit Cayman) had secured an irrevocable commitment to vote in favour of or against the Unit Buy-back and/or the Buy-back Agreement;
- (f) none of BT Cayman or any parties acting in concert with it (including Spirit Cayman) had any arrangement (whether by way of option, indemnity or otherwise) under Note 8 to Rule 22 of the Takeovers Code in relation to the Units or the shares of BT Cayman which might be material to the Unit Buy-back and/or the Buy-back Agreement;
- (g) none of BT Cayman or any parties acting in concert with it (including Spirit Cayman) had any agreement or arrangement to which BT Cayman or any parties acting in concert with it (including Spirit Cayman) is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Unit Buy-back and/or the Buy-back Agreement;
- (h) apart from the Buy-back Price for the Buy-back Units under the Buy-back Agreement, there is no other consideration, compensation or benefit in whatever form paid or to be paid by Spring REIT or any parties acting in concert with it to BT Cayman or any parties acting in concert with it (including Spirit Cayman) in connection with the Unit Buy-back and/or the Buy-back Agreement;
- (i) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between Spring REIT or any parties acting in concert with it on the one hand, and BT Cayman or any parties acting in concert with it on the other (including Spirit Cayman) hand; and

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## LETTER FROM THE BOARD

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- (j) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Unitholder; and (ii) Spring REIT, its subsidiaries or associated companies, or any parties acting in concert with Spring REIT.

### **REIT Code**

As at the Latest Practicable Date, BT Cayman and Spirit Cayman held 63,235,000 and 169,552,089 Units, representing approximately 4.23% and 11.35% of the total number of issued Units, respectively. PAG is the indirect controlling shareholder of: (a) SCREP V Management (Cayman), LLC, being the general partner of Secured Capital Real Estate Partners V, L.P. which in turn owns 100% of the share capital of BT Cayman; and (b) SCREP VI Management, LLC, being the general partner of SCREP VI Holdings, L.P. which in turn owns 100% of the share capital of Spirit Cayman. As each of PAG and Spirit Cayman is entitled to exercise, or controls the exercise of, 10% or more of the voting power at any general meeting of Spring REIT, each of PAG and Spirit Cayman is a substantial Unitholder of Spring REIT. In view of the general partner relationship between SCREP V Management (Cayman), LLC (of which PAG is the indirect controlling shareholder) and Secured Capital Real Estate Partners V, L.P. (which owns 100% of the share capital of BT Cayman), BT Cayman is an associate of a substantial Unitholder (being PAG) and therefore a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code. The Unit Buy-back will therefore constitute a connected party transaction for Spring REIT. As the highest applicable percentage ratio in respect of the Buy-back Agreement exceeds 0.1% but is less than 5%, the Unit Buy-back will be subject to the announcement, reporting and annual review requirements but is exempted from Unitholders' approval under Chapter 8 of the REIT Code.

### **Trust Deed**

Under clause 8.2 of the Trust Deed, the Manager is permitted to buy-back or redeem any Units so long as any buy-back or redemption of Units by the Manager is effected in accordance with the relevant codes and guidelines issued by the SFC (including the Buy-back Code and Takeovers Code) and applicable laws and regulations. Since the Trust Deed incorporates the relevant requirements under the Buy-back Code and the Takeovers Code by reference, the same Unitholders' approval required under the Buy-back Code as set out in section headed "IV. Regulatory Implication — Buy-back Code" (being at least three-fourths of the votes cast on a poll by the Independent Unitholders present in person or by proxy at a general meeting of Spring REIT) is also required under the Trust Deed.

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## LETTER FROM THE BOARD

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### VII. OPINIONS AND RECOMMENDATIONS

#### Directors

Taking into account the reasons for and benefits of the Unit Buy-back set out in the section headed “III. Reasons for and Benefits of the Unit Buy-back”, the Directors, taking into account the duties of the Manager under the REIT Code and the Trust Deed, are of the opinion that (a) the terms of the Unit Buy-back and the Buy-back Agreement are fair and reasonable; (b) the Unit Buy-back and the Buy-back Agreement is at arm’s length and on normal commercial terms; (c) the Unit Buy-back and the Buy-back Agreement is consistent with the investment objectives and strategy of Spring REIT and in compliance with the REIT Code and the Trust Deed and in the interests of Spring REIT and the Unitholders as a whole.

Accordingly, the Directors recommend that the Independent Unitholders vote in favour of the resolution to be proposed at the EGM.

None of the Directors has a material interest in the Unit Buy-back and the Buy-back Agreement that would require them to abstain from voting on the relevant board resolution.

#### Independent Board Committee

The Independent Board Committee has been established to advise the Independent Unitholders on the Unit Buy-back and the Buy-back Agreement. The Independent Board Committee comprises all of the non-executive Directors (including the INEDs), namely Mr. Toshihiro Toyoshima, Mr. Hideya Ishino, Mr. Simon Murray, Mr. Qiu Liping and Mr. Lam Yiu Kin, all of whom do not have any direct or indirect interest in the Unit Buy-back (other than being Unitholders). The letter of advice from the Independent Board Committee is set out in the “Letter from the Independent Board Committee” in this Circular.

#### Independent Financial Adviser

The Independent Financial Adviser has, with the approval of the Independent Board Committee, been appointed to advise the Independent Board Committee, the Independent Unitholders and the Trustee as to whether the Unit Buy-back and the Buy-back Agreement is, or is not, fair and reasonable and as to voting. The letter of advice from the Independent Financial Adviser is set out in the “Letter from the Independent Financial Adviser” in this Circular.

#### Trustee

Based and in sole reliance on: (1) the opinion of the Board in this letter and the information and assurances provided by the Manager; (2) the Letter from the Independent Financial Adviser; (3) the Letter from the Independent Board Committee, in each case, as set out in this Circular, the Trustee, having taken into account its duties set out in the Trust Deed and the REIT Code:

- (a) has no objection to the Manager proceeding with the Unit Buy-back and the Buy-back Agreement, subject to the approval of the Independent Unitholders;

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## LETTER FROM THE BOARD

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- (b) is of the view that the Unit Buy-back and the Buy-back Agreement is consistent with Spring REIT's investment policy and in compliance with the REIT Code and the Trust Deed; and
- (c) is of the view that the Unit Buy-back and the Buy-back Agreement is: (i) on terms which are fair and reasonable; (ii) on normal commercial terms; and (iii) in the interests of Spring REIT and the Unitholders as a whole.

The Trustee has not made any assessment of the merits or impact of the Unit Buy-back, other than for the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code. Accordingly, the Trustee urges all Unitholders, including those who are in any doubt as to the merits or impact of the Unit Buy-back, to seek their own financial or other professional advice.

### VIII. EGM AND RESTRICTIONS ON VOTING

The EGM will be held at 4:00 p.m. on 23 June 2023 at Room 2401-2, One Admiralty Centre, 18 Harcourt Road, Hong Kong to consider and approve, among others, the Unit Buy-back and the Buy-back Agreement. The EGM Notice is set out on pages 68 and 69 of this Circular.

Pursuant to paragraphs 8.7F and 9.9(f) of the REIT Code, Unitholders shall be prohibited from voting their own units at, or be counted in the quorum for, a meeting at which they have a material interest in the business to be contracted and that interest is different from the interests of all other Unitholders.

Rules 2.15, 14A.03 and 14A.36 of the Listing Rules provide that where a transaction is subject to Unitholders' approval under the Listing Rules, any Unitholder who has a material interest in the transaction shall abstain from voting on the resolution(s) approving the transaction at a general meeting.

Paragraph 3.2 of Schedule 1 to the Trust Deed provides that where a Unitholder has a material interest in the transaction tabled for approval at a general meeting of Spring REIT, and that interest is different from the interests of other Unitholders as determined by: (a) the Manager (where the Unitholder(s) concerned is (are) not connected persons related to the Manager); or (b) the Trustee (where the Unitholder(s) concerned is (are) connected persons related to the Manager), such Unitholder shall be prohibited from voting its Units at, or being counted in the quorum for, the general meeting.

As required by the Buy-back Code, the Takeovers Code, the REIT Code, the Listing Rules and the Trust Deed, BT Cayman, its associates and the parties acting in concert with it (including Spirit Cayman) will abstain from voting on the resolution to be proposed at the EGM for approving the Unit Buy-back and the Buy-back Agreement. As at the Latest Practicable Date, BT Cayman and the parties acting in concert with it (including Spirit Cayman) beneficially held 232,787,089 Units, representing approximately 15.59% of the total number of issued Units, and comprising 63,235,000 Units held by BT Cayman and 169,552,089 Units held by Spirit Cayman. PAG is the indirect controlling shareholder of the general partners of the limited partnerships that own 100% of the share capital of BT Cayman and Spirit Cayman.

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## LETTER FROM THE BOARD

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Units held by members of the DBS Group acting in the capacity of exempt principal traders shall not be voted at the EGM in accordance with the requirements of Rule 35.4 of the Takeovers Code unless the Executive allows such Units to be so voted.

As at the Latest Practicable Date, the Manager was of the view that, save for Unitholders who are not Independent Unitholders, no Unitholder is required to abstain from voting on the resolution approving the Unit Buy-back and the Buy-back Agreement.

All votes at the EGM will be taken by poll in accordance with Rule 2 of the Buy-back Code.

### IX. CLOSURE OF REGISTER OF UNITHOLDERS

For the purpose of determining the Unitholders who are entitled to vote at the EGM, the Register of Unitholders will be closed from Monday, 19 June 2023 to Friday, 23 June 2023 (both days inclusive). In order to qualify for voting at the EGM, all Unit certificates accompanied by the duly completed transfer forms must be lodged with the Unit Registrar of Spring REIT, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration by 4:30 p.m. on Friday, 16 June 2023.

### X. FURTHER INFORMATION AND ANNOUNCEMENTS

Your attention is drawn to the financial information of the Group set out in Appendix 1 to this Circular, the Valuation Letter set out in Appendix 2 to this Circular and the general information set out in Appendix 3 to this Circular. Further announcements will be made, among other things, on (i) holdings or dealings of the DBS Group (except in respect of Units held by exempt principal traders or exempt fund managers for the purposes of the Takeovers Code); (ii) where known after reasonable inquiry, voting intention at the EGM of the Unitholders holding 10% or more of the voting rights of Spring REIT, and if such intentions cannot be determined after reasonable inquiry, a statement to such effect; (iii) poll results of the EGM; and (iv) completion of the Unit Buy-back, as and when appropriate in accordance with the applicable regulatory requirements.

Yours faithfully,  
By order of the board of Directors of  
**Spring Asset Management Limited**  
(as manager of Spring Real Estate Investment Trust)  
**Mr. Toshihiro Toyoshima**  
*Chairman of the Manager*



## Spring Real Estate Investment Trust

春泉產業信託

*(A Hong Kong collective investment scheme authorised 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**

*To the Independent Unitholders*

27 May 2023

Dear Sir or Madam,

### **CONNECTED TRANSACTION INVOLVING OFF-MARKET UNIT BUY-BACK**

We have been appointed to form the Independent Board Committee to consider and advise the Independent Unitholders as to our opinion on the terms of the Unit Buy-back and the Buy-back Agreement in accordance with Rule 2 of the Buy-back Code, the details of which are set out in the circular issued by Spring REIT to the Unitholders dated 27 May 2023 (the “**Circular**”), of which this letter forms part. Capitalised terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

We wish to draw the attention of the Independent Unitholders to the letter from the Board and the letter of advice from the Independent Financial Adviser set out in the Circular. Having taken into account the principal factors and reasons considered by the Independent Financial Adviser, its conclusion and advice, we concur with the view of Independent Financial Adviser and consider that (i) the terms of the Unit Buy-back and the Buy-back Agreement are fair and reasonable and in the interests of Spring REIT and the Unitholders as a whole; (ii) the Unit Buy-back and the Buy-back Agreement is at arm’s length and on normal commercial terms; and (iii) the Unit Buy-back and the Buy-back Agreement is consistent with the investment objectives and strategy of Spring REIT and in compliance with the REIT Code and Trust Deed.

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Accordingly, we recommend the Independent Unitholders to vote in favour of the resolution to be proposed at the EGM to approve the Unit Buy-back and the Buy-back Agreement.

Yours faithfully,  
for and on behalf of  
the Independent Board Committee of  
**Spring Asset Management Limited**  
(as manager of Spring Real Estate Investment Trust)

**Toshihiro Toyoshima**  
*Non-executive Director (Chairman)*

**Hideya Ishino**  
*Non-executive Director*

**Simon Murray**  
*Independent Non-executive Director*

**Qiu Liping**  
*Independent Non-executive Director*

**Lam Yiu Kin**  
*Independent Non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee in relation to the Unit Buy-back and the Buy-back Agreement, which has been prepared for the purpose of incorporation in the Circular.*

# ALTUS.

Altus Capital Limited  
21 Wing Wo Street  
Central, Hong Kong

27 May 2023

*To: the Independent Board Committee, the Independent Unitholders and the Trustee*

**Spring Real Estate Investment Trust  
c/o Board of Directors of Spring Asset Management Limited (in its capacity as manager of  
Spring Real Estate Investment Trust)**

Room 2602, 26/F, LHT Tower  
31 Queen's Road Central  
Central, Hong Kong

Dear Sir or Madam,

### **CONNECTED TRANSACTION INVOLVING OFF-MARKET UNIT BUY-BACK**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee, the Independent Unitholders and the Trustee in relation to the Unit Buy-back and the Buy-back Agreement, details of which are set out in the "Letter from the Board" contained in the circular of Spring REIT dated 27 May 2023 (the "**Circular**"). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 25 May 2023, the Manager and BT Cayman entered into the Buy-back Agreement, pursuant to which the Manager (acting in its capacity as manager for and on behalf of Spring REIT) conditionally agreed to acquire and BT Cayman conditionally agreed to dispose of the Buy-back Units (representing all of the 63,235,000 Units held by BT Cayman and approximately 4.23% of the total number of issued Units as at the Latest Practicable Date), free from encumbrances, together with all rights attaching to them, including all rights to any distribution declared, made or paid on or after the Completion Date, for a total consideration of HK\$150,562,535, equivalent to HK\$2.3810 per Buy-back Unit.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Upon completion of the Unit Buy-back, the Buy-back Units will be transferred to the Manager (acting in its capacity as manager for and on behalf of Spring REIT) and cancelled. The percentage interest of all other Unitholders in the issued Units will be proportionally increased following the cancellation of the Buy-back Units.

### REGULATORY IMPLICATIONS

#### *Buy-back Code*

The Unit Buy-back constitutes an off-market unit buy-back by Spring REIT under the Buy-back Code. The Manager has made an application to the Executive for approval of the Unit Buy-back pursuant to Rule 2 of the Buy-back Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the Unit Buy-back and the Buy-back Agreement by at least three-fourths of the votes cast on a poll by the Independent Unitholders present in person or by proxy at a general meeting of Spring REIT.

Completion of the Unit Buy-back will be conditional on, among others, approval of the Unit Buy-back by the Executive. Therefore, Spring REIT will not proceed with the Unit Buy-back unless the Executive approves the Unit Buy-back pursuant to Rule 2 of the Buy-back Code.

As required by the Buy-back Code, the Takeovers Code, the REIT Code, the Listing Rules and the Trust Deed, BT Cayman, its associates and the parties acting in concert with it (including Spirit Cayman) will abstain from voting on the resolution to be proposed at the EGM for approving the Unit Buy-back and the Buy-back Agreement. As at the Latest Practicable Date, BT Cayman and the parties acting in concert with it (including Spirit Cayman) beneficially held 232,787,089 Units, representing approximately 15.59% of the total number of issued Units as at the Latest Practicable Date, and comprising 63,235,000 Units held by BT Cayman and 169,552,089 Units held by Spirit Cayman. PAG is the indirect controlling shareholder of the general partners of the limited partnerships that own 100% of the share capital of BT Cayman and Spirit Cayman.

#### *REIT Code*

As at the Latest Practicable Date, BT Cayman and Spirit Cayman held 63,235,000 and 169,552,089 Units, representing approximately 4.23% and 11.35% of the total number of issued Units respectively. PAG is the indirect controlling shareholder of: (a) SCREP V Management (Cayman), LLC, being the general partner of Secured Capital Real Estate Partners V, L.P. which in turn owns 100% of the share capital of BT Cayman; and (b) SCREP VI Management, LLC, being the general partner of SCREP VI Holdings, L.P. which in turn owns 100% of the share capital of Spirit Cayman. As each of PAG and Spirit Cayman is entitled to exercise, or controls the exercise of 10% or more of the voting power at any general meeting of Spring REIT, each of PAG and Spirit Cayman is a substantial Unitholder of Spring REIT. In view of the general partner relationship between Secured Capital Real Estate Partners V, L.P. (of which PAG is the indirect controlling shareholder) and SCREP V Management (Cayman), LLC (which owns 100% of the share capital of BT Cayman), BT Cayman is an associate of a substantial Unitholder (being PAG) and therefore a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code. The Unit Buy-back will therefore constitute a connected party transaction for Spring REIT. As the highest applicable percentage ratio in respect of the Buy-back Agreement exceeds 0.1% but is less than 5%, the Unit Buy-back will be subject to the announcement, reporting and annual review requirements but is exempted from Unitholders' approval under Chapter 8 of the REIT Code.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the non-executive Directors (including the INEDs), namely Mr. Toshihiro Toyoshima, Mr. Hideya Ishino, Mr. Simon Murray, Mr. Qiu Liping and Mr. Lam Yiu Kin, has been established to advise the Independent Unitholders as to (i) whether the terms of the Unit Buy-back and the Buy-back Agreement are fair and reasonable and in the interests of Spring REIT and the Unitholders as a whole; (ii) whether the Unit Buy-back and the Buy-back Agreement is at arm's length and on normal commercial terms; (iii) whether the Unit Buy-back and the Buy-back Agreement is consistent with the investment objectives and strategy of Spring REIT and in compliance with the REIT Code and Trust Deed; and (iv) how the Independent Unitholders should vote in respect of the resolution to be proposed at the EGM, taking into account the recommendation of the Independent Financial Adviser.

### INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee, our role is to give an independent opinion to the Independent Board Committee, the Independent Unitholders and the Trustee as to (i) whether the terms of the Unit Buy-back and the Buy-back Agreement are fair and reasonable and in the interests of Spring REIT and the Unitholders as a whole; (ii) whether the Unit Buy-back and the Buy-back Agreement is at arm's length and on normal commercial terms; (iii) whether the Unit Buy-back and the Buy-back Agreement is consistent with the investment objectives and strategy of Spring REIT and in compliance with the REIT Code and Trust Deed; and (iv) how the Independent Unitholders should vote in respect of the resolution to be proposed at the EGM.

We (i) are not associated or connected, financially or otherwise, with Spring REIT or BT Cayman, their respective controlling unitholders/shareholders or any parties acting, or presumed to be acting, in concert with any of them; and (ii) save that we were previously engaged as the independent financial adviser in relation to Spring REIT's major and connected transactions in relation to the acquisition and joint venture relating to a commercial property in Huizhou, the PRC, and the continuing connected transactions related thereto, details of which are set out in Spring REIT's circular dated 3 May 2022, we have not acted as the financial adviser or independent financial adviser in relation to any transaction of Spring REIT or BT Cayman, their respective controlling unitholders/shareholders or any parties acting in concert with any of them in the past two years prior to the date of the Circular. Given that (i) remuneration for our engagement to opine on the Unit Buy-back and the Buy-back Agreement is at market level and not conditional upon the outcome of the resolution to be proposed at the EGM; (ii) no arrangement exists whereby we shall receive any fees or benefits from Spring REIT (other than our said remuneration) or BT Cayman, their respective controlling unitholders/shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by the Independent Board Committee, we are independent of Spring REIT or BT Cayman, their respective controlling unitholders/shareholders or any parties acting in concert with any of them and can act as the independent financial adviser to the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the Unit Buy-back.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR ADVICE**

In formulating our opinion, we have reviewed, amongst others, (i) the Buy-back Agreement; (ii) the annual reports of Spring REIT for the years ended 31 December 2022 and 2021 respectively (the “**2022 Annual Report**” and “**2021 Annual Report**”); and (iii) other information set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Directors and management of the Manager. We have assumed that all the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete in all material aspects at the time they were made and continued to be so up to the Latest Practicable Date. The Directors and management of the Manager jointly and severally accept full responsibility for the accuracy of information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any such statements, information, opinions or representations relied on by us in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render them untrue, inaccurate or misleading. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. Spring REIT will notify the Unitholders of any material change after the Latest Practicable Date and after the despatch of the Circular. Independent Unitholders will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion after the Latest Practicable Date and up to and including the date of the EGM. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of Spring REIT.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our recommendation, we have taken into consideration the principal factors and reasons set out below.

#### **1. Background information of Spring REIT and BT Cayman**

##### *1.1 Principal business of Spring REIT*

Spring REIT was listed on the Hong Kong Stock Exchange in 2013 and is a real estate investment trust which owns and invests in income-producing real estate primarily in Mainland China, while seeking yield-accretive investment opportunities globally. The key objectives of the Manager for Spring REIT are to provide Unitholders with stable distributions and the potential for sustainable long-term growth. Spring REIT’s current portfolio comprises (i) all office floors of Office Tower 1 and Office Tower 2 of China Central Place (which are located in Beijing, the PRC); (ii) a 68% interest in Huamao Place, being a seven-storey shopping mall located in Huizhou, Greater Bay Area (which was acquired by Spring REIT on 28 September

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2022); and (iii) a portfolio of 84 commercial properties in the United Kingdom (the “**UK Portfolio**”), which is leased to Kwik-Fit (GB) Limited, a leading car servicing provider in the United Kingdom with over 600 centres nationwide. Set out below is a summary of the portfolio of Spring REIT.

### CCP Property

<b>Premises</b>	Two premium grade office buildings located in the central business district of Beijing, namely Office Tower 1 and Office Tower 2 of China Central Place and approximately 600 car parking lots located in the underground of the two office buildings
<b>Gross floor area</b>	Office space: 120,245 sq.m. Car park space: 25,127 sq.m.
<b>Occupancy rate as at 31 December 2022</b>	92.6%
<b>Revenue for the year ended 31 December 2022</b>	Approximately RMB490.9 million

### Huamao Place

<b>Premises</b>	Seven-storey shopping mall (including two basement floors) and 700 underground and 50 above-ground carpark spaces
<b>Gross floor area</b>	144,925 sq.m.
<b>Occupancy rate as at 31 December 2022</b>	92.0%
<b>Revenue from 28 September 2022 (date of completion of acquisition) to 31 December 2022</b>	Approximately RMB50.0 million

### UK Portfolio

<b>Premises</b>	84 separate commercial properties located across the United Kingdom
<b>Gross floor area</b>	Gross internal area of approximately 505,381 sq.ft. (approximately 46,951 sq.m.) in total
<b>Occupancy rate as at 31 December 2022</b>	100.0% (leased to a single tenant)
<b>Revenue for the year ended 31 December 2022</b>	Annual contract rental income of approximately GBP4.55 million

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For further details of the portfolio of Spring REIT, please refer to the 2022 Annual Report. Reference is also made to the Valuation Letter in Appendix 2 to the Circular, where Knight Frank Petty Limited, the Independent Property Valuer, has confirmed that the value of each of the Existing Properties as at 31 March 2023 would not be materially different from the respective value of these properties as at 31 December 2022 (being RMB12,082.95 million).

### 1.2 Financial information of Spring REIT

Set out below is a table summarising certain financial information of Spring REIT for the three years ended 31 December 2022 as extracted from the 2021 Annual Report and the 2022 Annual Report.

	<b>For the year ended 31 December</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>
Revenue	533,171	528,446	577,851
Net property income	397,480	396,373	440,428
Fair value (loss)/gain of investment properties	(672,678)	128,015	268,730
Finance income/(costs) on interest-bearing borrowings	66,774	(17,926)	(397,726)
- <i>Cash interest expenses</i>	(95,776)	(62,175)	(110,181)
(Loss)/profit for the year	(189,924)	509,950	118,432
Total distributable income	268,724	297,687	292,606
	<b>As at 31 December</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>
Total assets	9,712,865	9,884,003	12,930,993
- <i>Investment properties</i>	9,202,902	9,307,096	12,082,952
Total liabilities	3,279,968	3,212,350	5,424,985
- <i>Interest-bearing borrowings</i>	3,024,232	2,960,830	4,857,346
NAV attributable to the Unitholders	6,432,897	6,671,653	6,558,843

As aforementioned, Sprint REIT's portfolio comprises the CCP Property, the UK Portfolio and a 68% interest in Huamao Place, which was recently acquired by Spring REIT in September 2022.

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### *Revenue*

In 2021, Spring REIT recorded revenue of approximately RMB528.4 million, representing a slight decrease of approximately 0.9% as compared to that recorded in 2020. This was due mainly to the combined effects of (i) the decrease in passing rent of the CCP Property to approximately RMB350 per sq.m. as at 31 December 2021; and (ii) the improvement in the occupancy rate of the CCP Property to approximately 98% as at 31 December 2021.

Spring REIT's revenue increased by approximately 9.3% to approximately RMB577.9 million in 2022 as compared to 2021 due mainly to revenue contribution of Huamao Place from 28 September 2022 onwards, being the date of completion of acquisition of a 68% interest in Huamao Place, where thereafter, the rental income generated from Huamao Place was consolidated into the financial statements of Spring REIT. Revenue from CCP Property and the UK Portfolio in 2022 had remained largely the same as the previous year.

### *Net property income*

In line with a stable level of revenue in both 2020 and 2021, Spring REIT's net property income decreased only marginally by approximately 0.3% to approximately RMB396.4 million in 2021. With the revenue contribution from Huamao Place following its acquisition as mentioned above, net property income of Spring REIT increased by approximately 11.1% to approximately RMB440.4 million in 2022.

### *Finance income/(costs) on interest-bearing borrowings*

In 2021, Spring REIT recorded finance costs of approximately RMB17.9 million as compared with finance income of approximately RMB66.8 million in 2020. Such change was due partly to the decrease in non-cash foreign exchange gain recognised in 2021. In terms of cash interest expenses, they amounted to approximately RMB62.2 million in 2021, which represented an approximately 35.1% decrease as compared with approximately RMB95.8 million in 2020. The decrease was due to lower US\$ and GBP LIBOR rates and appreciation of RMB during 2021.

In 2022, total finance cost on interest-bearing borrowings increased to approximately RMB397.7 million, principally due to a RMB252.9 million non-cash foreign exchange loss recorded compared to a gain of similar nature of approximately RMB67.9 million in the previous year. The substantial foreign exchange loss was registered when US\$ and HK\$ bank borrowings were converted to RMB in the financial statements.

In terms of cash interest expenses, there was an approximately 77.2% increase to approximately RMB110.2 million in 2022 compared to approximately RMB62.2 million in 2021. Of this approximately RMB48.0 million increase, RMB25.0 million was resulted from the additional cash interest expenses for the debt-funded acquisition of Huamao Place, and the remainder was due to the effect of higher market interest rates.

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### *(Loss)/profit for the year*

In 2021, Spring REIT recorded a profit of approximately RMB510.0 million as compared with a loss of approximately RMB189.9 million in 2020. This was principally due to the increase in fair value of the CCP Property and the UK Portfolio of approximately RMB128.0 million recognised in 2021 as compared with the decrease in fair value of approximately RMB672.7 million recognised in 2020. As noted from the 2021 Annual Report and the 2022 Annual Report, the fair values of the Group's investment properties as at the respective year end dates were being valued by an independent qualified valuer. We understand from the Manager that (i) the fair value decrease in 2020 was mainly resulted from the adverse impact brought about by the COVID-19 pandemic, which led to a decrease in fair value of Spring REIT's overall portfolio by approximately 6.8% from 31 December 2019 to 31 December 2020; and (ii) the fair value increase in 2021 was mainly due to observation of signs of stabilisation and rebound to the overall leasing market, which led to an increase in fair value of Spring REIT's overall portfolio by approximately 1.1% from 31 December 2020 to 31 December 2021.

Profit for the year decreased by approximately 76.8% to approximately RMB118.4 million in 2022 compared to 2021 as the effects of increase in fair value of the CCP Property, Huamao Place and the UK Portfolio of approximately RMB268.7 million was offset by the substantial increase in finance costs on interest-bearing borrowings explained above.

### *Total distributable income*

Spring REIT's total distributable income increased by approximately 10.8% from approximately RMB268.7 million in 2020 to approximately RMB297.7 million in 2021, underpinned mainly by lower cash interest expenses during the year. Total distributable income decreased marginally to approximately RMB292.6 million in 2022 despite higher revenue as it was negatively impacted by higher cash interest expenses and, to a lesser extent, an increase in general and administrative expenses.

In line with its total distributable income generated, Spring REIT made distributions to Unitholders of HK\$0.200, HK\$0.220 and HK\$0.212 per Unit in 2020, 2021 and 2022 respectively.

### *Total assets*

Spring REIT's total assets slightly increased from approximately RMB9.7 billion as at 31 December 2020 to approximately RMB9.9 billion as at 31 December 2021 primarily due to increases in fair value of both the CCP Property and the UK Portfolio. As at 31 December 2022, fair value of CCP Property had remained at similar level compared to the previous year while fair value of the UK Portfolio had decreased by approximately 4.5% in GBP terms and approximately 7.3% in RMB terms. Notwithstanding this, due to the acquisition of Huamao Place in September 2022 which was appraised at approximately RMB2.8 billion in value, total assets of Spring REIT increased to approximately RMB12.9 billion as at 31 December 2022.

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### *Total liabilities*

Spring REIT's liabilities, which primarily consisted of debt facilities, had maintained stable at approximately RMB3.3 billion and RMB3.2 billion as at 31 December 2020 and 31 December 2021 respectively. The corresponding gearing ratios (being total borrowings to gross asset value) were approximately 31.1% and 30.0% as at 31 December 2020 and 2021 respectively.

There was a substantial increase in total liabilities to approximately RMB5.4 billion as at 31 December 2022 due mainly to the drawdown of RMB800 million from a facility to finance the acquisition of Huamao Place. Consequently, gearing ratio of Spring REIT increased to approximately 37.6% as at 31 December 2022.

As at 31 December 2022, the debt facilities of Spring REIT comprised (i) a facility of HK\$4,150 million and an uncommitted undrawn term loan facility of HK\$725 million, which will mature in September 2025; (ii) a facility of GBP51 million which will expire in January 2025; and (iii) a facility of RMB900 million of which RMB800 million has been drawn down as mentioned above, which will mature in March 2032.

### *NAV attributable to the Unitholders*

With the combined effects of the above events, the NAV attributable to the Unitholders of Spring REIT remained stable at approximately RMB6.4 billion, RMB6.7 billion and RMB6.6 billion as at 31 December 2020, 2021 and 2022 respectively.

### *1.3 Prospects of Spring REIT*

The Manager has stated in the paragraph headed "IV. Financial and trading prospects of the Group" in Appendix 1 to the Circular that Chinese economy's recovery from COVID-19 pandemic was in sight since early 2023, driven by policy stimulus measures targeting various areas including support to real estate sector, increased infrastructure spending, tax reliefs for businesses, reduced interest rates, and the easing of COVID-19 restrictions in the PRC which allowed businesses to reopen and has boosted consumer spending.

In respect of CCP Property, Spring REIT stated in the 2022 Annual Report that while a significant proportion of the major leases that were due to expire in the first half of 2023 have been secured for renewal, Spring REIT expects stiff competition in Beijing office market to affect the filling up of existing vacancies and to weigh on rental levels in the short term. Despite this, there has been an improvement in market sentiment in Beijing with increased activities observed across sectors, accompanied by growth in tenant inquiries, and a positive trend in the overall situation regarding rental arrears, concessions, and early terminations. Meanwhile, Spring REIT is expected to benefit in 2023 from the full-year contribution from the operation of Huamao Place. On a more positive note, Huamao Place's tenant configuration has been updated to better position the mall for a recovery in PRC domestic consumption. Overall, the Manager maintains an optimistic outlook for Spring REIT's prospects and believes Spring REIT is well-positioned to capitalise on the PRC's ongoing recovery from the COVID-19 pandemic.

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We are of the view that the abovementioned business outlook of Spring REIT is reasonable, which supports the Unit Buy-back as a good opportunity for Independent Unitholders to increase their stake in Spring REIT without having to contribute any capital outlay.

### *1.4 BT Cayman*

According to the paragraph headed “II. General information” in Appendix 3 to the Circular, (i) the sole shareholder of BT Cayman is Secured Capital Real Estate Partners V, L.P; (ii) the general partner of Secured Capital Real Estate Partners V, L.P. is SCREP V Management (Cayman), LLC, which is indirectly wholly-owned by PAG Real Estate Limited. PAG Real Estate Limited is wholly-owned by PAG; and (iii) PAG is owned by its employees, and the three founders of PAG, Mr. Shan Weijian, Mr. Christopher Marcus Gradel and Mr. Jon-Paul Toppino, who together hold ultimate control. PAG is a leading alternative investment firm focused on APAC with over US\$50 billion in assets under management and employs approximately 300 investment professionals in 12 key offices globally as at 31 December 2022.

## **2. The Unit Buy-back**

### *2.1 Principal terms of the Buy-back Agreement*

On 25 May 2023, the Manager and BT Cayman entered into the Buy-back Agreement, pursuant to which the Manager (acting in its capacity as manager for and on behalf of Spring REIT) conditionally agreed to acquire and BT Cayman conditionally agreed to dispose of 63,235,000 Buy-back Units (representing all of the Units held by BT Cayman and approximately 4.23% of 1,493,567,431 issued Units as at the Latest Practicable Date) for the total consideration of HK\$150,562,535, equivalent to HK\$2.3810 per Buy-back Unit. The consideration for the Unit Buy-back will be settled in cash at Completion, and will be financed by drawing down the Existing Facility from the Lender.

As stated in the paragraph headed “II. The Buy-back Agreement” in the “Letter from the Board” of the Circular, completion of the Unit Buy-back will be conditional upon the satisfaction of, amongst others, the following conditions:

- (i) the Executive having approved the Unit Buy-back pursuant to the Buy-back Code (and such approval not having been withdrawn) and the condition(s) of such approval, if any, having been satisfied;
- (ii) the Unit Buy-back and the Buy-back Agreement having been approved by at least three-fourths of the votes cast on a poll by the Independent Unitholders in attendance in person or by proxy at a general meeting of Unitholders duly convened and held to consider, among other things, the Unit Buy-back and the Buy-back Agreement;
- (iii) the warranties of BT Cayman as set out in the Buy-back Agreement remaining true, accurate and not misleading in all material respects at Completion as if they were repeated as at the time of Completion and at all times between the date of the Buy-back Agreement and Completion; and

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- (iv) the warranties of the Manager as set out in the Buy-back Agreement remaining true, accurate and not misleading in all material respects at Completion as if they were repeated as at the time of Completion and at all times between the date of the Buy-back Agreement and Completion.

Except for conditions precedent (iii) and (iv) above, none of the conditions above is capable of being waived by BT Cayman or the Manager.

### *2.2 Spring REIT's previous unit buy-back activities and existing mandate to buy back units*

Spring REIT has been conducting on-market unit buy-back since August 2020. More recently on 26 May 2022, the Unitholders had renewed and granted the Manager a general mandate (the “**2022 Buy-back Mandate**”) to buy back up to 10% of the Units in issue as at the date of passing the ordinary resolution to approve the grant of the 2022 Buy-back Mandate.

After obtaining the abovementioned Buy-back Mandate and up to the Latest Practicable Date, Spring REIT had conducted a number of on-market unit buy-back on over 60 market days, acquiring a total of 2,157,000 Units from the market. These on-market unit buy-backs were conducted at prices between HK\$2.07 per Unit and HK\$2.72 per Unit, at a volume weighted average price of approximately HK\$2.48 per Unit. The Unit Buy-back at HK\$2.3810 is slightly lower than the aforesaid volume weighted average price paid by Spring REIT in its unit buy-back conducted on market, rendering it more favourable compared to Spring REIT's previous on-market unit buy-back activities.

The Unit Buy-back is therefore consistent with the ongoing capital management strategy of Spring REIT and represents an opportunity for Spring REIT to buy back a large block of Units at a known fixed price which would otherwise require a pro-longed period to execute and with uncertainty on the buy-back prices.

### **3. Evaluation of the Buy-back Price**

As stated in the “Letter from the Board” of the Circular, the Buy-back Price for each Buy-back Unit of HK\$2.3810 represents:

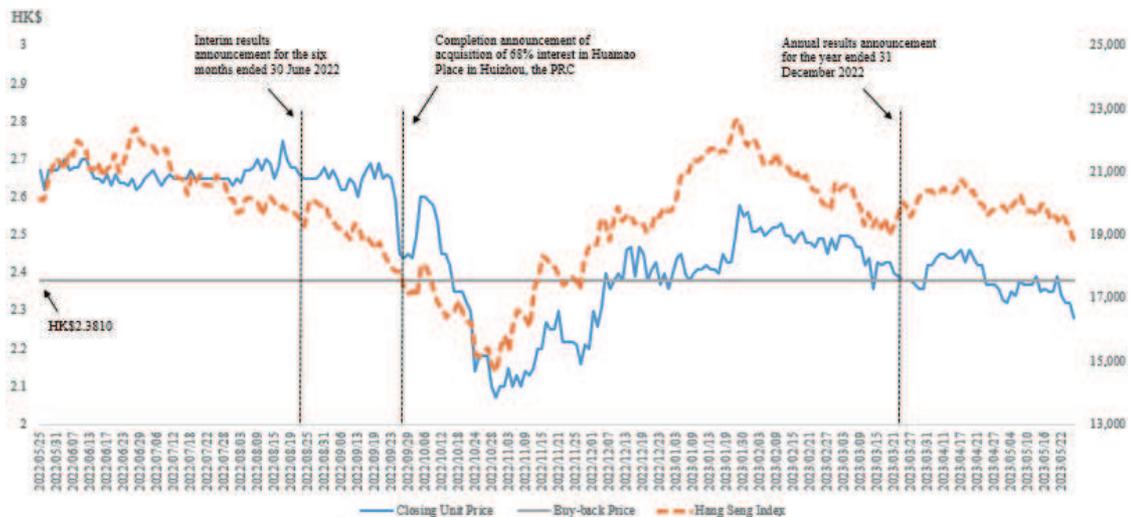
- (i) a premium of approximately 4.43% to the closing price of HK\$2.2800 per Unit as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 4.43% to the closing price of HK\$2.2800 per Unit as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 2.19% to the average of the closing prices of the Units as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day of approximately HK\$2.3300 per Unit;
- (iv) a premium of approximately 1.54% to the average of the closing prices of the Units as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day of approximately HK\$2.3450 per Unit;

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- (v) a premium of approximately 1.30% to the average of the closing prices of the Units as quoted on the Stock Exchange for the last 20 trading days up to and including the Last Trading Day of approximately HK\$2.3505 per Unit;
- (vi) a premium of approximately 0.22% to the average of the closing prices of the Units as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day of approximately HK\$2.3757 per Unit; and
- (vii) a discount of approximately 51.90% to the audited NAV of Spring REIT of approximately HK\$4.95 per Unit as at 31 December 2022, calculated based on Spring REIT's audited consolidated NAV attributable to the Unitholders of RMB6,558.8 million (approximately HK\$7,342.3 million) as at 31 December 2022 and 1,484,931,187 issued Units as at 31 December 2022. Based on the Valuation Letter reproduced in Appendix 2, the valuation of the Existing Properties as at 31 March 2023 is not materially different from the valuation of the Existing Properties as at 31 December 2022.

### 3.1 Historical Unit price performance

The chart below illustrates the historical closing price of Units in the past year from 25 May 2022 to the Latest Practicable Date and the Last Trading Day (the “**Review Period**”). We are of the view that a period of around one year adequately illustrates recent price movements of the Units which reflect prevailing market sentiments as well as market perception of the value of the Units. It is a reasonable time frame for comparison of the closing prices of Units and the Buy-back Price.



Source: The website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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During the Review Period, the highest and lowest closing price of the Units were HK\$2.75 per Unit recorded on 17 August 2022 and HK\$2.07 per Unit recorded on 31 October 2022 respectively, where the Buy-back Price, being HK\$2.3810, is within the aforesaid range of the closing price of the Units. The average daily closing price per Unit over the Review Period was approximately HK\$2.48 per Unit, and the Buy-back Price represents a discount of approximately 4.0% to such average of closing prices.

As illustrated in the graph above, the Units had generally traded at higher than the Buy-back Price of HK\$2.3810 per Unit during the Review Period (i.e. 178 out of 248 trading days). Closing price of Units had generally remained stable from 25 May 2022 to 23 September 2022, hovering between HK\$2.60 per Unit and HK\$2.75 per Unit. Subsequent to Spring REIT's completion of acquisition of Huamao Place on 28 September 2022 and coinciding with an overall weak market performance as evidenced by Hang Seng Index dropping from 17,251 as at 28 September 2022 to 14,687 as at 31 October 2022, the Unit closing price had also been on a downward trend and reached its low of HK\$2.07 per Unit on 31 October 2022. The Unit closing price shortly recovered however, reaching a level around the Buy-back Price in December 2022. We noted that the aforesaid increase in Unit closing price (subsequent to reaching its low on 31 October 2022) was highly correlated to the overall market movements as shown by the performance of Hang Seng Index. We are not, nor is the Manager, aware of any other underlying reason for such fluctuations in the Unit closing price. Thereafter, the Unit closing price traded between HK\$2.36 per Unit and HK\$2.58 per Unit from January 2023 to April 2023. As at the Latest Practicable Date and the Last Trading Day, the Unit price closed at HK\$2.28 per Unit.

Considering the Buy-back Price is lower than the closing price of the Units during most of the Review Period (i.e. 178 out of 248 trading days), and that it represents a discount of approximately 4.0% to the average closing prices of the Units during the Review Period, we are of the view that the Buy-back Price is fair and reasonable from the point of view of the historical trading price of the Units.

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### 3.2 Historical liquidity of the Units

As at the Latest Practicable Date, a total of 1,493,567,431 Units were in issue, of which 512,386,550 Units were held by public Unitholders. The table below sets out information of the market trading liquidity of Units during the Review Period.

Month	Average daily trading volume (number of Units)	Average daily trading volume as a percentage to total number of issued Units <sup>(1)</sup>	Average daily trading volume as a percentage to total number of issued Units held by public Unitholders <sup>(2)</sup>
May 2022	99,200	0.007%	0.019%
June 2022	94,524	0.006%	0.018%
July 2022	163,550	0.011%	0.032%
August 2022	62,739	0.004%	0.012%
September 2022	138,524	0.009%	0.027%
October 2022	104,950	0.007%	0.020%
November 2022	85,864	0.006%	0.017%
December 2022	37,450	0.003%	0.007%
January 2023	84,667	0.006%	0.017%
February 2023	58,675	0.004%	0.011%
March 2023	115,024	0.008%	0.022%
April 2023	97,000	0.006%	0.019%
May 2023 (up to and including the Latest Practicable Date and the Last Trading Day)	42,722	0.003%	0.008%

Source: The website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

Notes:

- (1) Based on the total number of issued Units as at the Latest Practicable Date.
- (2) Based on the total number of issued Units held by the public Unitholders as at the Latest Practicable Date.

We noted that the trading activities of the Units had not been high during the Review Period. As illustrated in the above table, the percentage of average daily trading volume to the total number of issued Units ranged from approximately 0.003% to 0.011%. When compared to the total number of Units held by public Unitholders, the percentage ranged from approximately 0.007% to 0.032%. The average daily trading volume of the Units during the Review Period was approximately 91,137 Units, representing approximately 0.006% of the total number of issued Units and approximately 0.018% of the total number of Units held by public Unitholders as at the Latest Practicable Date respectively.

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As an illustration, assuming BT Cayman were to dispose of the 63,235,000 Buy-back Units in the market and using the average daily trading volume during the Review Period as reference, it would theoretically require a period of approximately 694 trading days to complete the transaction. We are of the view that in the absence of the Unit Buy-back, BT Cayman's divestment activities in the market would possibly cause a considerable downward pressure on the price of the Units. The Unit Buy-back therefore enables Spring REIT and BT Cayman to maintain an orderly market trading by conducting the transaction off market. We are of the view that the above is beneficial to Spring REIT and the Independent Unitholders as a whole.

### 3.3 Comparable analysis

To assess the fairness and reasonableness of the Buy-back Price, we have also considered the valuation of Spring REIT based on such price. Considering real estate investment trusts ("REITs") are asset-heavy in nature, and regular distributions to unitholders are pre-requisites for REITs, we have performed analysis on (i) the price-to-net asset value or price-to-book ratio (the "P/B Ratio(s)"); and (ii) the dividend yield, both being a commonly used valuation yardsticks for REITs, of other REITs which are listed on the Main Board of the Stock Exchange with majority of their rental income (i.e. over 50%) being generated in the PRC ("Comparables"). Based on these selection criteria, we have identified three Comparables.

Whilst there exists no REIT which can be of exactly the same business model, scale of operation, trading prospect, target markets, property portfolio mix and capital structure, we nevertheless believe that the Comparables selected based on the aforesaid criteria is appropriate to serve as a benchmark reference for our comparable analysis purpose. We have conducted our research and the Comparables are exhaustive based on the selection criteria set out above and would serve as a fair and representative sample for the purpose of drawing a meaningful comparison to the Buy-back Price. Our relevant findings are summarised in the following table.

Stock code	REIT name	Principal activities	Market capitalisation <sup>(1)</sup> (HK\$ billion)	P/B Ratio <sup>(2)</sup> (times)	Dividend yield <sup>(3)</sup> %
405	Yuexiu Real Estate Investment Trust	Yuexiu Real Estate Investment Trust generates rental income from its investment in the office buildings, wholesale malls, retail malls and hotels and serviced apartments. The REIT invests in commercial properties such as White Horse Building, Fortune Plaza, City Development Plaza, Victory Plaza, Neo Metropolis, Guangzhou International Financial Center and Yue Xiu Tower.	8.8	0.49	7.18

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Stock code	REIT name	Principal activities	Market capitalisation <sup>(1)</sup> (HK\$ billion)	P/B Ratio <sup>(2)</sup> (times)	Dividend yield <sup>(3)</sup> %
87001	Hui Xian Real Estate Investment Trust	Hui Xian Real Estate Investment Trust operates through five segments. The malls segment rents the shopping mall and car parking spaces in Oriental Plaza in Beijing. The tower offices segment rents office buildings in Oriental Plaza in Beijing. The tower apartments segment operates serviced apartment towers in Oriental Plaza in Beijing. The hotels segment operates Grand Hyatt Beijing in Beijing and Sofitel Shenyang Lido in Shenyang. The Chongqing property segment rents the shopping mall, car parking spaces and offices in Metropolitan Oriental Plaza in Chongqing.	7.6	0.30	7.65
1503	China Merchants Commercial Real Estate Investment Trust	China Merchants Commercial Real Estate Investment Trust principally engaged in the investment of commercial properties. The REIT invests in commercial properties including office buildings, shopping malls and other types.	2.2	0.53	13.69
		<b>Maximum</b>		<b>0.53</b>	<b>13.69</b>
		<b>Minimum</b>		<b>0.30</b>	<b>7.18</b>
		<b>Mean</b>		<b>0.44</b>	<b>9.50</b>
1426	Spring REIT		3.5 <sup>(4)</sup>	0.48 <sup>(4)</sup>	8.90 <sup>(4)</sup>

Source: The website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

Notes:

- (1) Calculated based on the closing unit price and number of units in issue as at the Latest Practicable Date sourced from the website of the Stock Exchange. Closing unit price of Hui Xian Real Estate Investment Trust is quoted in RMB on the Stock Exchange. For illustrative purpose, RMB has been translated into HK\$ with exchange rate of HK\$1.00 to RMB0.8933 as stated in the "Definition" of the Circular.
- (2) P/B Ratios of the Comparables are calculated based on their respective market capitalisation as at the Latest Practicable Date (calculated based on their respective closing prices multiplied by the total number of issued units as at the Latest Practicable Date), divided by the net assets attributable to the unitholders extracted from their respective latest published annual reports prior to the Latest Practicable Date. Where applicable, for illustrative purpose, RMB has been translated into HK\$ with exchange rate of HK\$1.00 to RMB0.8933 as stated in the "Definition" of the Circular.
- (3) Dividend yields of the Comparables are calculated based on their respective distribution per unit extracted from their latest published annual reports prior to the Latest Practicable Date, divided by the closing unit price as at the Latest Practicable Date sourced from the website of the Stock Exchange.
- (4) The implied market capitalisation, P/B Ratio and dividend yield of Spring REIT are calculated based on the Buy-back Price.

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As shown in the table above, the valuation of Spring REIT based on the implied market capitalisation arrived at using the Buy-back Price, translates into an implied P/B Ratio of approximately 0.48 times. This is within the P/B Ratio range of the Comparables of approximately 0.30 times to 0.53 times. The implied P/B Ratio of approximately 0.48 times is at a similar level as compared to the Comparables' P/B Ratio mean of approximately 0.44 times. In addition, we also noted that Spring REIT's implied dividend yield calculated based on the Buy-back Price of approximately 8.90% is within the dividend yield range of the Comparables of approximately 7.18% and 13.69% and is at a similar level as compared to the Comparables' dividend yield mean of approximately 9.50%.

In addition, we have also considered off-market unit/share buy-backs conducted by other REITs/companies listed on the Stock Exchange ("Precedents"). We firstly noted that none of the Comparables had conducted off-market unit buy-back in the past. Secondly, in considering whether the Precedents are suitable reference for analysis, we have considered that these Precedents involved companies with different principal activities as compared to Spring REIT, which therefore have different market fundamentals and prospects; while the scale and market capitalisation of the Precedents also varied, hence the risk premiums afforded by the market would also differ. In addition, the Precedents were conducted at periods of different economic and financial cycles; and depending on the outlook at that point in time, may result in different considerations for the off-market unit/share buy-backs. Accordingly, we consider our current analysis to be more relevant for the Independent Unitholders.

Based on the above, we are of the view that the Buy-back Price, from a valuation comparable analysis perspective, is fair and reasonable.

#### **4. Manager's rationale for the Unit Buy-back**

As stated in the paragraph headed "III. Reasons for and benefits of the Unit Buy-back" in the "Letter from the Board" of the Circular, when considering the Unit Buy-back, the Manager has taken into consideration that the Unit Buy-back (i) presents a valuable yield accretive opportunity for Spring REIT to increase its distributable income per Unit; (ii) is expected to increase the consolidated NAV per Unit attributable to the Unitholders; and (iii) demonstrates the Manager's belief in the underlying value and potential for growth of Spring REIT, which could help instil confidence among current and prospective investors.

In this regard, as elaborated in the paragraph headed "6. Financial effects of the Unit Buy-back" below, the Unit Buy-back is yield accretive and would enhance Spring REIT's NAV per Unit, which are beneficial to the Independent Unitholders. Further, we understand from the Manager that it has considered the prevailing financial resources of Spring REIT before deciding to conduct the Unit Buy-back. As mentioned in the paragraph headed "2.1 Principal terms of the Buy-back Agreement" above, the consideration for the Unit Buy-back will be financed by drawing down approximately HK\$151 million under the Existing Facility. As at 31 December 2022, Spring REIT had unrestricted cash of approximately RMB202.4 million; while we noted that as at the Latest Practicable Date, a sum in excess of HK\$151 million remained undrawn under the Existing Facility. While Spring REIT's gearing ratio would marginally increase to approximately 38.6% from approximately 37.6% assuming the aforesaid drawdown of Existing Facility had taken place on 31 December 2022 (as further discussed below), we noted that such ratio remains well below the 50% limit permitted under the REIT

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Code. Based on the above, we concur with the Manager's view that Spring REIT has adequate financial resources to finance the Unit Buy-back. In addition, considering Spring REIT's currently available financial resources and the further analysis as set out in the paragraph headed "6. Financial effects of the Unit Buy-back" below, we concur with the Manager's view that funding the Unit Buy-back by utilisation of the Existing Facility is the most appropriate option for Spring REIT as it provides immediate funding availability at a lower cost of capital (as compared to its dividend yield) while ensuring Spring REIT maintains its required liquidity for its normal business activities.

In addition, as mentioned in the paragraph headed "2.2 Spring REIT's previous unit buy-back activities and existing mandate to buy back units" above, we noted that Spring REIT has been conducting on-market unit buy-back since August 2020 as part of its ongoing capital management strategy. In this regard, the Unit Buy-back represents an opportunity for Spring REIT to buy back a large block of Units at a known fixed price which would otherwise require a pro-longed period to execute and with uncertainty on the buy-back prices. Taking into account our analysis as set out in other parts of this letter, including but not limited to, historical Unit price performance, historical liquidity of the Units, valuation comparable analysis, effects on the unitholding structure of Spring REIT and the financial effects of the Unit Buy-back, we are of the view that this is an opportune time for the Manager to conduct the Unit Buy-back at a reasonable Buy-back Price.

### **5. EFFECT ON THE UNITHOLDING STRUCTURE OF SPRING REIT**

As set out in the paragraph headed "V. Effect on the unitholding structure of Spring REIT" in the "Letter from the Board" of the Circular, the following table illustrates the unitholding structure of Spring REIT as at the Latest Practicable Date and immediately after completion of the Unit Buy-back and cancellation of the Buy-back Units.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	<b>As at the Latest Practicable</b>		<b>Immediately after Completion</b>	
	<b>Date</b>		<b>of the Unit Buy-back and</b>	
	<b>Units</b>		<b>cancellation of the Buy-back</b>	
	<i>Number of Units</i>	<i>%</i>	<i>Number of Units</i>	<i>%</i>
<b>BT Cayman and its concert parties <sup>(1)</sup></b>				
BT Cayman	63,235,000	4.23	—	0.00
Spirit Cayman	169,552,089	11.35	169,552,089	11.85
<b>Other substantial Unitholders</b>				
Mercuria Holdings <sup>(2)</sup>	336,720,159	22.54	336,720,159	23.54
Huamao Property Holdings Ltd.	185,249,742	12.40	185,249,742	12.95
Sino-Ocean Group Holding Limited	176,408,678	11.81	176,408,678	12.33
<b>Manager</b>				
Spring Asset Management Limited	44,224,213	2.96	44,224,213	3.09
<b>Directors</b>				
Toshihiro Toyoshima <sup>(3)</sup>	1,652,000	0.11	1,652,000	0.12
Leung Kwok Hoe, Kevin	759,000	0.05	759,000	0.05
Hideya Ishino	115,000	0.01	115,000	0.01
Simon Murray	1,078,000	0.07	1,078,000	0.08
Qiu Liping	1,078,000	0.07	1,078,000	0.08
Lam Yiu Kin	1,109,000	0.07	1,109,000	0.08
<b>Other Unitholders</b>	<b>512,386,550</b>	<b>34.33</b>	<b>512,386,550</b>	<b>35.82</b>
<b>Total <sup>(4)</sup></b>	<b>1,493,567,431</b>	<b>100.00</b>	<b>1,430,332,431</b>	<b>100.00</b>

*Notes:*

- (1) PAG is the indirect controlling shareholder of the general partners of the limited partnerships that own 100% of the share capital of BT Cayman and Spirit Cayman.
- (2) This represents the Units held by RCA Fund 01, L.P. (“**RCA Fund**”) as at the Latest Practicable Date and immediately after Completion of the Unit Buy-back and cancellation of the Buy-back Units. RCA Fund is managed by Mercuria Investment Co., Ltd. (“**Mercuria Investment**”) pursuant to a management agreement. Mercuria Investment can therefore exercise influence on RCA Fund and its exercise of rights as a Unitholder in respect of the affairs of Spring REIT (in particular, in relation to matters that are subject to voting by the Unitholders, on which RCA Fund is not required to abstain from voting). Mercuria Investment is a fellow subsidiary of the Manager in which both companies are subsidiaries of Mercuria Holdings. The Units held by Mercuria Holdings shall comprise (i) 336,720,159 Units held by RCA Fund; and (ii) 44,224,213 Units held by the Manager (in its personal capacity).
- (3) Mr. Toshihiro Toyoshima’s unitholding includes 552,000 Units that he received pursuant to an inheritance arrangement on 18 May 2023.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (4) As at 23 May 2023, the Financial Adviser did not hold any Units. Details of the holdings, borrowings or lendings of the Units or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Spring REIT held by or entered into by members of the DBS Group (except in respect of Units held by exempt principal traders or exempt fund managers for the purposes of the Takeovers Code) will be obtained as soon as possible after the date of this Circular, and if the DBS Group (except in respect of Units held by exempt principal traders or exempt fund managers for the purposes of the Takeovers Code) held interest in such Units and other relevant securities as at the Latest Practicable Date, Spring REIT will publish a further announcement in respect of the same.

Assuming there are no changes to the unitholding of the public Unitholders and the total number of issued Units of Spring REIT from the Latest Practicable Date to the date of Completion and cancellation of the Buy-back Units, the interest of the public Unitholders in Spring REIT's total number of issued Units will increase from approximately 34.33% to approximately 35.82%. Meanwhile, there is no significant change in unitholding in Spring REIT nor change in control after the completion of Unit Buy-back.

### **6. Financial effects of the Unit Buy-back**

As a result of the Unit Buy-back and the cancellation of the Buy-back Units, the number of issued Units would have decreased from 1,493,567,431 Units as at the Latest Practicable Date to 1,430,332,431 Units. This section sets out analysis on potential financial effects of the Unit Buy-back on Spring REIT. It should be noted that the figures and financial impact shown below are for illustrative purpose only.

#### *6.1 Effects on DPU*

The Existing Facility bears interest rate of 1-month HIBOR plus a margin of 1.60% per annum. As shown in the paragraph headed "IV. Financial effects of the Unit Buy-back" in the "Letter from the Board" of the Circular, assuming the Unit Buy-back had taken place on 1 January 2022 and the Buy-back Units were cancelled subsequently, the Unit Buy-back would have resulted in an increase in DPU by approximately 2.8% from HK\$0.212 per Unit to approximately HK\$0.218 per Unit (assuming the average month-end 1-month HIBOR in 2022 is being adopted for calculation of interest cost of the Existing Facility) based on the audited consolidated income statement of the Group for the year ended 31 December 2022.

For further illustration by assuming the highest month-end 1-months HIBOR in 2022 is being adopted for calculation of interest cost of the Existing Facility to be drawdown to finance the Unit Buy-back, we note that the Unit Buy-back remains yield accretive where Spring REIT's DPU would have increased by approximately 1.9% from HK\$0.212 per Unit to HK\$0.216 per Unit.

Based on the above, the Unit Buy-back will therefore be yield accretive to Independent Unitholders.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *6.2 Effects on NAV per Unit*

The Buy-back Price of HK\$2.3810 is at a discount to NAV per Unit attributable to the Unitholders of HK\$4.95 as at 31 December 2022. While the drawdown of Existing Facility to finance the Unit Buy-back will increase Spring REIT's total liabilities and in turn reduce its NAV, as shown in the paragraph headed "IV. Financial effects of the Unit Buy-back" in the "Letter from the Board" of the Circular; taking into account the reduced number of Units upon its completion, the Unit Buy-back would have resulted in an increase in NAV per Unit attributable to the Unitholders by approximately 2.2% from approximately HK\$4.95 per Unit to approximately HK\$5.06 per Unit. This is calculated based on the audited consolidated statement of financial position of the Group as at 31 December 2022, assuming the Unit Buy-back had taken place on 31 December 2022 and the Buy-back Units were cancelled subsequently.

The enhancement in NAV per Unit means each Unitholder will have a greater share of Spring REIT's net assets after the completion of the Unit Buy-back, which is beneficial to the Independent Unitholders.

### *6.3 Effects on total liabilities and gearing ratio*

As shown in the paragraph headed "IV. Financial effects of the Unit Buy-back" in the "Letter from the Board" of the Circular, assuming the Unit Buy-back and the corresponding drawdown of Existing Facility had taken place on 31 December 2022, Spring REIT's (i) total liabilities would be increased by approximately 2.5% from approximately RMB5,425.0 million (approximately HK\$6,073.0 million) to approximately RMB5,558.9 million (approximately HK\$6,222.9 million); and (ii) gearing ratio would be increased from approximately 37.6% to approximately 38.6%, based on the audited consolidated statement of financial position of the Group as at 31 December 2022.

We noted that this marginally higher gearing remains well within the allowed gearing ratio of 50% under the REIT Code; leaving reasonable level of gearing headroom for Spring REIT to finance any further acquisitions with borrowings and debts. Therefore, we are of the view that the Unit Buy-back does not have material adverse impact on Spring REIT's total liabilities and gearing ratio.

### *6.4 Effects on working capital*

The consideration of the Unit Buy-back will be fully financed by drawing down the Existing Facility. After completion of the Unit Buy-back, Spring REIT will continue to maintain its unrestricted cash balance and certain of its uncommitted facility of the Existing Facility will remain undrawn.

For illustration, the incremental finance costs to be incurred for drawing down the Existing Facility of approximately RMB9.1 million (assuming the highest month-end 1-month HIBOR in 2022 is being adopted for calculation) will not materially increase Spring REIT's cash interest expenses which in the year ended 31 December 2022 amounted to approximately RMB110.2 million. The Unit Buy-back therefore has no material adverse impact on Spring REIT's working capital.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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From the above, we are of the view that overall, the Unit Buy-back generally has positive financial effects on the way Spring REIT will be valued and perceived by investors and the market, and is in the interest of the Independent Unitholders.

### RECOMMENDATION

Having considered the above principal factors and reasons, in particular,

- (i) the closing price of Units during the Review Period had generally been higher than the Buy-back Price (i.e. 178 out of 248 trading days);
- (ii) the Buy-back Price values Spring REIT at a P/B Ratio of approximately 0.48 times, which is within the P/B Ratio range of the Comparables of approximately 0.30 times to 0.53 times, and is at a similar level as compared to the Comparables' P/B Ratio mean of approximately 0.44 times;
- (iii) the Unit Buy-back would enable Spring REIT and BT Cayman to maintain an orderly market trading by conducting the transaction off-market as otherwise, the divestment activities in the market would possibly cause a considerable downward pressure on the price of the Units;
- (iv) the Unit Buy-back would enhance Spring REIT's DPU as well as NAV per Unit attributable to the Unitholders, which in turn, are beneficial to the Independent Unitholders;
- (v) the Unit Buy-back at HK\$2.3810 is slightly lower than the volume weighted average price paid by Spring REIT of approximately HK\$2.48 per Unit in its unit buy-back conducted on market after obtaining 2022 Buy-back Mandate and up to the Latest Practicable Date, rendering it more favourable compared to Spring REIT's previous on-market unit buy-back activities;
- (vi) Spring REIT has the necessary financial resources to conduct the Unit Buy-back; whilst the drawdown of Existing Facility would increase Spring REIT's gearing ratio, it remains well below the 50% limit permitted under the REIT Code and does not have material adverse impact on Spring REIT's total liabilities and gearing ratio; and
- (vii) Spring REIT's business outlook as stated by the Manager is reasonable, which supports the Unit Buy-back as a good opportunity for Independent Unitholders to increase their stake in Spring REIT without having to contribute any capital outlay,

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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we considered that (i) the terms of the Unit Buy-back and the Buy-back Agreement are fair and reasonable and in the interests of Spring REIT and the Unitholders as a whole; (ii) the Unit Buy-back and the Buy-back Agreement is at arm's length and on normal commercial terms; and (iii) the Unit Buy-back and the Buy-back Agreement is consistent with the investment objectives and strategy of Spring REIT and in compliance with the REIT Code and Trust Deed. Accordingly, we advise the Independent Board Committee to recommend the Independent Unitholders, and we advise the Independent Unitholders, to vote in favour of the resolution to be proposed at the EGM to approve the Unit Buy-back and the Buy-back Agreement.

Yours faithfully,  
For and on behalf of  
**Altus Capital Limited**

**Chang Sean Pey**  
*Executive Director*

*Mr. Chang Sean Pey (“Mr. Chang”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 25 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

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## APPENDIX 1 FINANCIAL INFORMATION OF THE GROUP

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### I. FINANCIAL SUMMARY

The audited consolidated income statement, consolidated statement of comprehensive income, consolidated statement of distributions, consolidated statement of financial position, consolidated statement of changes in equity and net assets attributable to Unitholders, consolidated statement of cash flows and notes to the consolidated financial statements of the Group for each of the years ended 31 December 2020, 2021 and 2022 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and Spring REIT (<http://www.springreit.com>), respectively:

- (i) the audited consolidated financial information of the Group for the year ended 31 December 2020 is disclosed in the annual report of Spring REIT for the year ended 31 December 2020 published on 23 April 2021, from pages 107 to 152;
- (ii) the audited consolidated financial information of the Group for the year ended 31 December 2021 is disclosed in the annual report of Spring REIT for the year ended 31 December 2021 published on 22 April 2022, from pages 133 to 178; and
- (iii) the audited consolidated financial information of the Group for the year ended 31 December 2022 is disclosed in the annual report of Spring REIT for the year ended 31 December 2022 published on 24 April 2023, from pages 157 to 206.

Set out below is a summary of the financial information of the Group for each of the years ended 31 December 2020, 2021 and 2022 as extracted from the relevant annual reports of Spring REIT.

<i>(in RMB thousands unless otherwise specified)</i>	<b>Year ended 31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Revenue	577,851	528,446	533,171
Profit/(loss) before taxation and transactions with Unitholders	221,940	516,406	(187,264)
Income tax expense	(103,508)	(6,456)	(2,660)
Profit/ (loss) for the year, before transactions with Unitholders attributable to the Unitholders	28,352	509,950	(189,924)
Profit for the year, before transactions with Unitholders attributable to non-controlling interests	90,080	—	—
Comprehensive income before transactions with Unitholders attributable to the Unitholders	135,878	471,679	(261,820)
Comprehensive income attributable to non-controlling interests	90,080	—	—
Total Distributable Income	292,606	297,687	268,724
Payout Ratio	92.5%	90.0%	90.0%
Distribution per Unit	HK21.2 cents	HK22.0 cents	HK20.0 cents
Earnings/ (loss) per Unit	RMB1.9 cents	RMB34.7 cents	(RMB16.7 cents)

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## APPENDIX 1 FINANCIAL INFORMATION OF THE GROUP

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For the two years ended 31 December 2022:

- (i) the audited consolidated net profit of the Group before taxation and before excluding non-controlling interests were approximately RMB221.94 million and RMB516.41 million, respectively, and the audited consolidated net profit of the Group after taxation and after excluding non-controlling interests were approximately RMB28.35 million and RMB509.95 million, respectively; and
- (ii) the audited consolidated net profit of the Group before taxation and before excluding non-controlling interests attributable to the Buy-back Units were approximately RMB9.40 million and RMB21.86 million, respectively, and the audited consolidated net profit of the Group after taxation and after excluding non-controlling interests attributable to the Buy-back Units were approximately RMB1.20 million and RMB21.59 million, respectively.

The auditors' reports issued by the auditors of Spring REIT in respect of the audited consolidated financial statements of the Group for each of the years ended 31 December 2020, 2021 and 2022 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

In respect of the audited consolidated financial statements of the Group for each of the years ended 31 December 2020, 2021 and 2022, save as disclosed above, there were no items of income or expense which are material.

### II. INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2023, being the latest practicable date for the purpose of this statement of indebtedness prior to the posting of this Circular, Spring REIT had secured bank borrowings of RMB4,838.1 million and lease liabilities of RMB10.7 million. The details of the secured bank borrowings are as follows:

- (i) a facility of HK\$4,150 million (equivalent to approximately RMB3,633.9 million) and an uncommitted undrawn term loan facility of HK\$725 million, which will expire in September 2025.
- (ii) a facility of GBP51.0 million (with GBP50.5 million (equivalent to approximately RMB428.1 million) drawn down) expiring in January 2025; and
- (iii) a facility of RMB900.0 million with RMB808.1 million has been drawn down and RMB776.1 million was outstanding, which will expire in March 2032.

The above facilities are secured by a pledge of Spring REIT's investment properties, derivative financial instruments, rent receivables and all future rent receivables, restricted bank balances, interests in certain subsidiaries of Spring REIT and certain assets of a subsidiary of Spring REIT. In addition, the Trustee has provided guarantees in respect of the above facilities.

The lease liabilities are unguaranteed and unsecured.

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## APPENDIX 1 FINANCIAL INFORMATION OF THE GROUP

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Save as disclosed above, and apart from intra-group liabilities, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowing or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 31 March 2023.

### III. MATERIAL CHANGE

The Directors confirm that, save and except for the following, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

- (i) The Group's float-to-fixed interest rate hedging instruments recorded unrealised mark-to-market loss during the three months ended 31 March 2023 due to fluctuations in the interest rate market which led to fair value changes. In comparison, it recorded an unrealised gain in 2022. Such unrealised mark-to-market gains/losses are non-cash in nature and will be adjusted back when determining the total distributable income of the Group.
- (ii) The Group recorded finance income on interest-bearing borrowings during the three months ended 31 March 2023 as compared to finance costs on interest-bearing borrowings in the year ended 2022 mainly due to unrealised foreign exchange gains resulting from the fluctuations in exchange rates when HK\$-denominated bank borrowings were converted to the reporting currency of RMB in the financial statements. Such unrealised foreign exchange gains/losses are non-cash in nature and will be adjusted back when determining the total distributable income of the Group.

### IV. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

After a strong start for the PRC's economy in early 2022, the largest wave of COVID-19 in two years disrupted the country's growth trajectory. Chinese economy's recovery was in sight since early 2023, driven by policy stimulus measures targeting various areas including support to real estate sector, increased infrastructure spending, tax reliefs for businesses, reduced interest rates, and the easing of COVID-19 restrictions in the PRC which allowed businesses to reopen and has boosted consumer spending.

While the global economy battles inflation and geopolitical tension, the Chinese economy needs time to adapt to government policies promoting balanced and healthy growth in such strategic sectors as technology and real estate. The Manager therefore anticipates continued volatility in the office market in Beijing. Nonetheless, market sentiment in Beijing has improved with a pickup in activities. The number of tenant enquiries has also risen to an extent but stiff market competition to fill up existing vacancies is still expected to weigh on rental levels in the short term. However, the Manager remains cautiously optimistic that the dynamics of the Beijing office market will gradually improve as business activities recover.

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## APPENDIX 1 FINANCIAL INFORMATION OF THE GROUP

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While the Beijing office market is closely linked to the state of the global and Chinese economies, the new acquisition, Huamao Place in Huizhou, more closely reflects domestic consumption in the GBA. The GBA has been designated an area of strategic importance for the future development of the nation. Its population, including that of Huizhou City, is expected to become more affluent in the coming years as a result of economic development, ongoing urbanisation, consumption upgrades and continued government support. As Huizhou's premier shopping mall, Huamao Place is well placed to profit from the long-term success of this special region.

In terms of capital management, the Manager is paying close attention to interest rate and inflation trends both globally and domestically. Fortunately, the earlier initiative to implement float-to-fixed interest rate hedges has significantly reduced the impact of interest rate volatility on Spring REIT. In addition, the RMB-denominated loan is based on the relatively stable PRC Loan Prime Rate, meaning that only 23% of Spring REIT's loans are now exposed to a floating HK\$ or GBP interest rates. Given this firm footing, the Manager is optimistic that its efforts to create value through its asset management strategies will translate into an enhanced distribution for Unitholders.

In closing, the acquisition of a 68% interest in Huamao Place in 2022 marked Spring REIT's first investment in a retail property asset in the PRC, and its first investment in the GBA. This transaction has been structured according to a clear vision of Spring REIT for diversification within the PRC and DPU accretion. With a strong foundation and the support of Unitholders, the Manager remains committed to the vision of growth and delivering value for Unitholders in the years ahead.

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## APPENDIX 2 VALUATION LETTER

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*The following is the text of a letter received from Knight Frank Petty Limited, the Independent Property Valuer, in connection with the valuations of the Existing Properties, as at 31 March 2023 and for the purpose of inclusion in this Circular.*

**Private & Confidential**

The Board of Directors  
Spring Asset Management Limited  
(as manager of Spring Real Estate Investment Trust)  
Room 2602, 26/F, LHT Tower  
31 Queen's Road Central  
Central, Hong Kong

DB Trustees (Hong Kong) Limited  
(as trustee of Spring Real Estate Investment Trust)  
60/F, International Commerce Centre  
1 Austin Road West, Kowloon, Hong Kong

27 May 2023

Dear Sirs,

**Valuations of:**

- (1) Office Towers 1 & 2 and a total of approximately 600 Underground Car Parking Spaces of China Central Place located at Nos 79 & 81 Jianguo Road, Chaoyang District, Beijing, The People's Republic of China**
- (2) Huamao Place, No. 9 First Wenchang Road, Jiangbei, Huicheng District, Huizhou City, Guangdong Province, The People's Republic of China**
- (3) 84 properties located in the United Kingdom**

Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

The valuation of the Existing Properties with a valuation reference date of 31 December 2022 is disclosed in the following valuation reports (collectively, "**Valuation Reports**") which are included in the annual report of Spring REIT for the year ended 31 December 2022 published on 24 April 2023 on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and Spring REIT (<http://www.springreit.com>), respectively (the "**2022 Annual Report**"):

- (i) the valuation report of the CCP Property dated 15 March 2023 is disclosed in the 2022 Annual Report from pages 115 to 123;
- (ii) the valuation report of Huamao Place dated 15 March 2023 is disclosed in the 2022 Annual Report from pages 124 to 131; and

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## APPENDIX 2 VALUATION LETTER

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(iii) the valuation report of 84 properties located in the United Kingdom is disclosed in the 2022 Annual Report from pages 132 to 149.

The 2022 Annual Report is also available for inspection on (i) the website of Spring REIT (<http://www.springreit.com>); (ii) the website of the Stock Exchange (<http://www.hkexnews.hk>); and (iii) the website of the SFC (<http://www.sfc.hk>), from the date of the Circular up to and including the date of the EGM.

In order to provide this opinion, we have requested the Manager to provide us with all relevant updated information as at 31 March 2023 which may have material impact to the value of each of the Existing Properties, including latest rental particulars such as the details of rental and lease term, and any material changes to the physical condition of each of the Existing Properties. We have also gathered updated market information from our inhouse database and the internet. We have compared the general parameters of the updated tenancy details as at 31 March 2023 with that as at 31 December 2022 and analysed the current market value and rental levels as well as the market trend from 31 December 2022 to 31 March 2023. These are followed by a detailed desktop estimation utilising the income approach to incorporate the latest tenancy particulars as provided to arrive at the following opinion provided in this letter.

According to the information provided to us, there was no material change that had adverse impact on the information or assumptions which were included in our Valuation Reports. According to our desktop estimation, we hereby confirm that the value of each of the Existing Properties as at 31 March 2023 would not be materially different from the respective value of these properties as at 31 December 2022 (being RMB12,082.95 million). We further confirm that we are not aware of any material information that will affect our opinion as at the date of this letter.

Yours faithfully

For and on behalf of

**Knight Frank Petty Limited**

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## APPENDIX 3 GENERAL INFORMATION

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### I. RESPONSIBILITY STATEMENT

This Circular, for which the Manager and the Directors collectively and individually accept full responsibility (including for the accuracy of the information contained therein), includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to Spring REIT. The Manager and the Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

This Circular, includes particulars given in compliance with the Buy-back Code for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Circular having been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement in this Circular misleading.

### II. GENERAL INFORMATION

#### Spring REIT and the Manager

Spring REIT is a real estate investment trust, the units of which were first listed on the Stock Exchange (Stock code: 1426) on 5 December 2013. Managed by the Manager, Spring REIT currently has a portfolio that includes commercial properties in Mainland China (including the CCP Property, and a 68% interest in Huamao Place), complimented by a portfolio of commercial properties in the United Kingdom.

The Manager, Spring Asset Management Limited, is a company incorporated in Hong Kong for the sole purpose of managing Spring REIT. The Manager aims to offer Unitholders with stable distributions and the potential for sustainable long-term growth through investment in a diversified portfolio of income-producing real estate. As at the Latest Practicable Date, 80.4% of the Manager was owned by Mercuria Holdings, which is an investment holding company listed on the Tokyo Stock Exchange (Stock code: 7347).

#### BT Cayman, Spirit Cayman and PAG

The sole shareholder of BT Cayman is Secured Capital Real Estate Partners V, L.P.. The general partner of Secured Capital Real Estate Partners V, L.P. is SCREP V Management (Cayman), LLC, which is indirectly wholly-owned by PAG Real Estate Limited. PAG Real Estate Limited is wholly-owned by PAG. The sole shareholder of Spirit Cayman is SCREP VI Holdings, L.P. The general partner of SCREP VI Holdings, L.P. is SCREP VI Management, LLC, which is in turn indirectly wholly-owned by PAG. PAG is owned by its employees, and the three Founders of PAG, Mr. Shan Weijian, Mr. Christopher Marcus Gradel and Mr. Jon-Paul Toppino, together hold ultimate control. PAG is a leading alternative investment firm focused on APAC with over US\$50 billion in assets under management and employs approximately 300 investment professionals in 12 key offices globally as of 31 December 2022.

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## APPENDIX 3 GENERAL INFORMATION

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### III. MARKET PRICES

The table below sets out the closing prices of the Units on the Stock Exchange (i) at the end of each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date.

<b>Date</b>	<b>Closing price per Unit HK\$</b>
30 November 2022	2.20
30 December 2022	2.40
31 January 2023	2.56
28 February 2023	2.49
31 March 2023	2.42
28 April 2023	2.36
Latest Practicable Date and Last Trading Day (i.e., 25 May 2023)	2.28

During the Relevant Period, the highest closing price of the Units as quoted on the Stock Exchange was HK\$2.58 on 27 January 2023 and the lowest closing price of the Units as quoted on the Stock Exchange was HK\$2.16 on 28 November 2022.

### IV. UNITHOLDING STRUCTURE

As at the Latest Practicable Date:

- (a) the number of issued Units was 1,493,567,431;
- (b) all of the issued Units ranked *pari passu* in all respects, including as to capital, distributions and voting;
- (c) there were no outstanding warrants, options or securities convertible into Units.

During the two-year period immediately preceding the Latest Practicable Date, Spring REIT had issued Units, details of which are set out as follows:

#### **Manager Fee Units**

Under the Trust Deed, the Manager (in its personal capacity) is entitled to receive a base fee of 0.4% per annum of the value of the Deposited Property (as defined in the Trust Deed) and a variable fee of 3.0% per annum of the net property income (before certain deductions). The Manager may elect to receive the Manager Fees in the form of Units (being the Manager Fee Units) and/or cash. Such election (including the proportion of Units and cash) must be made annually on or before 15 January of each calendar year, and such election shall be irrevocable once made.

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## APPENDIX 3 GENERAL INFORMATION

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For the years ended 31 December 2021 and 2022 and the year ending 31 December 2023, the Manager made its irrevocable elections on 4 December 2020, 3 December 2021 and 2 December 2022, respectively, as disclosed in Spring REIT's announcements on those dates. For each of these irrevocable elections, the Manager elected to receive its base fees in the form of cash (as to 20%) and Manager Fee Units (as to 80%), and its variable fees entirely in the form of cash.

As disclosed in Spring REIT's announcements, the following Manager Fee Units were issued by Spring REIT in compliance with the aforesaid irrevocable elections during the two-year period immediately preceding the Latest Practicable Date:

- (a) 3,269,154 Manager Fee Units on 11 August 2021 as partial payment of the Manager's fee for the second quarter of 2021;
- (b) 3,430,216 Manager Fee Units on 29 October 2021 as partial payment of the Manager's fee for the third quarter of 2021;
- (c) 3,619,512 Manager Fee Units on 25 March 2022 as partial payment of the Manager's fee for the fourth quarter of 2021;
- (d) 3,528,467 Manager Fee Units on 29 April 2022 as partial payment of the Manager's fee for the first quarter of 2022;
- (e) 3,490,017 Manager Fee Units on 11 August 2022 as partial payment of the Manager's fee for the second quarter of 2022;
- (f) 4,036,611 Manager Fee Units on 28 October 2022 as partial payment of the Manager's fee for the third quarter of 2022;
- (g) 4,411,081 Manager Fee Units on 24 March 2023 as partial payment of the Manager's fee for the fourth quarter of 2022; and
- (h) 4,484,163 Manager Fee Units on 2 May 2023 as partial payment of the Manager's fee for the first quarter of 2023.

Save as disclosed above, Spring REIT did not issue any Units and there was no other re-organisation of the capital of Spring REIT during the two financial years preceding the Latest Practicable Date.

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## APPENDIX 3 GENERAL INFORMATION

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### INED Remuneration Units

As disclosed in the announcement of Spring REIT dated 24 October 2014, the Manager has adopted a remuneration arrangement with the INEDs, pursuant to which the INEDs shall be remunerated by the Manager (in its personal capacity) partly in the form of Units (being the INED Remuneration Units) and partly in the form of cash, subject to an annual election which must be submitted by each INED on or before 15 January of each calendar year. Once an election has been made, the INED cannot change the elected percentage for that calendar year. The remuneration to be settled in the form of INED Units will be from the Manager Fee Units received by the Manager.

The INEDs received the following INED Remuneration Units in accordance with the aforesaid remuneration arrangement during the Relevant Period:

- (a) Mr. Simon Murray, Mr. Qiu Liping and Mr. Lam Yiu Kin received 45,000, 45,000 and 49,000 INED Remuneration Units, respectively, on 27 March 2023 as remuneration for the first quarter of 2023; and
- (b) Mr. Simon Murray, Mr. Qiu Liping and Mr. Lam Yiu Kin received 43,000, 43,000 and 47,000 INED Remuneration Units, respectively, on 15 December 2022 as remuneration for the fourth quarter of 2022.

During the 12 months immediately preceding the Latest Practicable Date, the Manager (acting in its capacity as manager for and on behalf of Spring REIT) bought back the following Units on-market:

Date of Buy-back	Number of Units bought Back	Highest price paid per Unit (HK\$)	Lowest price paid per Unit (HK\$)	Total price paid by Spring REIT (HK\$'000)
27 May 2022	17,000	2.67	2.64	45
30 May 2022	25,000	2.70	2.68	67
31 May 2022	35,000	2.72	2.68	94
1 June 2022	40,000	2.69	2.66	107
6 June 2022	40,000	2.70	2.68	108
7 June 2022	40,000	2.72	2.66	108
8 June 2022	40,000	2.72	2.69	108
9 June 2022	40,000	2.70	2.69	108
10 June 2022	5,000	2.70	2.69	13
13 June 2022	20,000	2.68	2.68	54
14 June 2022	30,000	2.68	2.66	80
15 June 2022	30,000	2.67	2.66	80
16 June 2022	20,000	2.64	2.63	53
20 June 2022	20,000	2.65	2.64	53

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**APPENDIX 3 GENERAL INFORMATION**

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<b>Date of Buy-back</b>	<b>Number of Units bought Back</b>	<b>Highest price paid per Unit (HK\$)</b>	<b>Lowest price paid per Unit (HK\$)</b>	<b>Total price paid by Spring REIT (HK\$'000)</b>
21 June 2022	30,000	2.66	2.64	80
22 June 2022	30,000	2.66	2.65	80
23 June 2022	25,000	2.64	2.64	66
27 June 2022	30,000	2.65	2.62	79
28 June 2022	30,000	2.64	2.63	79
29 June 2022	30,000	2.64	2.64	79
30 June 2022	2,000	2.64	2.64	5
5 July 2022	10,000	2.67	2.67	27
6 July 2022	15,000	2.66	2.64	40
7 July 2022	25,000	2.66	2.65	66
8 July 2022	20,000	2.65	2.65	53
11 July 2022	20,000	2.66	2.65	53
12 July 2022	20,000	2.65	2.65	53
13 July 2022	21,000	2.65	2.65	56
14 July 2022	15,000	2.65	2.61	40
15 July 2022	25,000	2.65	2.64	66
18 July 2022	20,000	2.67	2.66	53
6 September 2022	40,000	2.65	2.64	106
8 September 2022	7,000	2.63	2.61	18
9 September 2022	11,000	2.64	2.64	29
14 September 2022	18,000	2.65	2.62	48
15 September 2022	14,000	2.67	2.66	37
16 September 2022	25,000	2.69	2.67	67
19 September 2022	25,000	2.69	2.69	67
21 September 2022	24,000	2.68	2.66	64
22 September 2022	24,000	2.66	2.65	64
27 September 2022	60,000	2.60	2.42	149
28 September 2022	100,000	2.44	2.32	242
29 September 2022	60,000	2.46	2.44	147
30 September 2022	80,000	2.44	2.40	195
3 October 2022	50,000	2.50	2.47	124
5 October 2022	40,000	2.60	2.49	103
11 October 2022	20,000	2.54	2.46	50
12 October 2022	20,000	2.46	2.40	49
13 October 2022	15,000	2.45	2.43	37
1 November 2022	40,000	2.10	2.08	84
3 November 2022	40,000	2.15	2.07	85
4 November 2022	40,000	2.13	2.10	85

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## APPENDIX 3 GENERAL INFORMATION

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<b>Date of Buy-back</b>	<b>Number of Units bought Back</b>	<b>Highest price paid per Unit (HK\$)</b>	<b>Lowest price paid per Unit (HK\$)</b>	<b>Total price paid by Spring REIT (HK\$'000)</b>
7 November 2022	40,000	2.13	2.10	84
8 November 2022	40,000	2.13	2.10	84
9 November 2022	40,000	2.14	2.11	85
10 November 2022	50,000	2.13	2.10	105
11 November 2022	46,000	2.15	2.15	99
14 November 2022	4,000	2.20	2.20	9
15 November 2022	50,000	2.20	2.19	110
16 November 2022	10,000	2.22	2.21	22
17 November 2022	30,000	2.25	2.18	66
18 November 2022	35,000	2.25	2.23	78
22 November 2022	30,000	2.30	2.23	68
30 March 2023	60,000	2.36	2.35	142
31 March 2023	19,000	2.42	2.38	45
3 April 2023	60,000	2.44	2.40	146
4 April 2023	60,000	2.45	2.43	146
6 April 2023	60,000	2.45	2.42	146

Save as disclosed above, during the 12 months immediately preceding the Latest Practicable Date, Spring REIT has not bought back any Units.

### V. DISCLOSURE OF INTERESTS IN UNITS

#### Interests held by the Manager, the Directors and Chief Executive Officer

The REIT Code requires that connected persons of Spring REIT shall disclose their interests in Units. In addition, under the provisions of the Trust Deed, Part XV of the SFO is also deemed to be applicable, among other things, to the Manager, the Directors and the Chief Executive Officer of the Manager.

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## APPENDIX 3 GENERAL INFORMATION

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As at the Latest Practicable Date, the interests and short positions held by Directors and chief executive of the Manager in the Units or any of its associated corporations (within the meanings of Part XV of the SFO) which were required (i) to be notified to the Manager and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provision of the SFO); (ii) to be recorded in the register kept by the Manager under Schedule 3 of the Trust Deed and section 352 of the SFO; and (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Manager and the Stock Exchange were set out below:

Name	Capacity/ Nature of Interest	As at the Latest Practicable Date Number of Units interested in (Long Position)	Approximate % of interest
<b>Manager</b>			
Spring Asset Management Limited	Beneficial owner/ Beneficial interest	44,224,213	2.96%
<b>Directors</b>			
Toshihiro Toyoshima	Beneficial owner/ Personal interest	1,652,000	0.11%
Hideya Ishino	Beneficial owner/ Personal interest	115,000	0.01%
Leung Kwok Hoe, Kevin	Beneficial owner/ Personal interest	759,000	0.05%
Simon Murray	Beneficial owner/ Personal interest	1,078,000	0.07%
Qiu Liping	Beneficial owner/ Personal interest	1,078,000	0.07%
Lam Yiu Kin	Beneficial owner/ Personal interest	1,109,000	0.07%

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## APPENDIX 3 GENERAL INFORMATION

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### Unitholdings of Substantial Unitholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive officer of the Manager, companies and/or persons (other than a Director or chief executive officer of the Manager) who had interests or short positions in the Units and underlying Units which would fall to be disclosed to Spring REIT under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of Unitholders kept by the Manager under Schedule 3 of the Trust Deed were as follows:

Name	Capacity/Nature of Interest	As at the Latest Practicable Date		
		Number of Units interested in (Long Position)	Number of underlying Units interested in (Long Position)	Approximate % of interest
RCAC	Interest of controlled corporation/ corporate interests	304,699,361	N/A	20.40%
Sumitomo Mitsui Banking Corporation	Person having a security interest in shares/other interests	334,720,159	N/A	22.41%
Mercuria Investment Co., Ltd.	Interest of controlled corporation/ corporate interests	336,720,159	N/A	22.54%
Mercuria Holdings (Note)	Interest of controlled corporation/ corporate interests	380,944,372	N/A	25.51%
PAG	Interest of controlled corporation/ corporate interests	232,787,089	N/A	15.59%
Spirit Cayman	Beneficial owner/ Beneficial interest	169,552,089	N/A	11.35%
Huamao Property Holdings Limited	Interest of controlled corporation & beneficial owner/corporate interests & beneficial interests	185,249,742	N/A	12.40%
Fang Chao	Interest of controlled corporation/ corporate interests	185,249,742	N/A	12.40%
Lin Minghan	Interest of controlled corporation/ corporate interests	185,249,742	N/A	12.40%
Chia Seok Eng	Interest of controlled corporation/ corporate interests	185,249,742	N/A	12.40%
Shining Path Limited	Interest of controlled corporation/ corporate interests	162,096,029	N/A	10.85%

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## APPENDIX 3 GENERAL INFORMATION

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Name	Capacity/Nature of Interest	As at the Latest Practicable Date		
		Number of Units interested in (Long Position)	Number of underlying Units interested in (Long Position)	Approximate % of interest
Skyland Union Holdings Limited	Interest of controlled corporation/ corporate interests	162,096,029	N/A	10.85%
Sino-Ocean Group Holding Limited	Interest of controlled corporation/ corporate interests	176,408,678	N/A	11.81%

*Note:* The Units held by Mercuria Holdings comprise (i) 336,720,159 Units held by RCA Fund 01, L.P.; and (ii) 44,224,213 Units held by the Manager (in its personal capacity).

### Directors' role in the Substantial Unitholders

As at the Latest Practicable Date, the following Directors were also directors of the following companies which had interests in the Units or underlying Units which would fall to be disclosed to the Manager under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of common director	Name of company
Toshihiro Toyoshima	Mercuria Holdings
	Mercuria Investment Co., Ltd.
Hideya Ishino	Mercuria Holdings
	Mercuria Investment Co., Ltd.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest in the Units which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### Unitholdings of other Connected Persons

As at the Latest Practicable Date, save as disclosed above and based on information available to the Manager, the Manager is not aware of any other connected persons of Spring REIT whose interests (or deemed interests) in the Units or underlying Units were required to be notified to the Manager and the Stock Exchange pursuant to the REIT Code or pursuant to the Trust Deed.

## VI. ADDITIONAL INFORMATION ABOUT INTERESTS IN UNITS AND DEALINGS

- (a) As at the Latest Practicable Date, no Director or any person acting in concert with any of them and no Unitholders holding 10% or more of the voting rights of Spring REIT was interested (as defined in Part XV of the SFO) in, or had borrowed or lent, any Units.

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## APPENDIX 3 GENERAL INFORMATION

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- (b) Save as disclosed in the section headed “IV. Unitholding Structure” in this Appendix, any person acting in concert with any of them or Unitholders holding 10% or more of the voting rights of Spring REIT dealt for value in any Units, convertible securities, warrants, options or derivatives of Spring REIT during the Relevant Period.
- (c) As at the Latest Practicable Date, the intention of the Directors to vote at the EGM are as follows, subject to the voting arrangement provided by their respective brokers:
- (i) Toshihiro Toyoshima, a non-executive Director, to vote in favour of the resolution approving the Unit Buy-back and the Buy-back Agreement at the EGM in respect of the 1,652,000 Units held by him;
  - (ii) Leung Kwok Hoe, Kevin, an executive Director, to vote in favour of the resolution approving the Unit Buy-back and the Buy-back Agreement at the EGM in respect of the 759,000 Units held by him;
  - (iii) Hideya Ishino, a non-executive Director, to vote in favour of the resolution approving the Unit Buy-back and the Buy-back Agreement at the EGM in respect of the 115,000 Units held by him;
  - (iv) Simon Murray, an INED, to vote in favour of the resolution approving the Unit Buy-back and the Buy-back Agreement at the EGM in respect of the 1,078,000 Units held by him;
  - (v) Qiu Liping, an INED, to vote in favour of the resolution approving the Unit Buy-back and the Buy-back Agreement at the EGM in respect of the 1,078,000 Units held by him; and
  - (vi) Lam Yiu Kin, an INED, to vote in favour of the resolution approving the Unit Buy-back and the Buy-back Agreement at the EGM in respect of the 1,109,000 Units held by him.
- (d) As at the Latest Practicable Date, the Manager (acting in its capacity as manager for and on behalf of Spring REIT) had not received any irrevocable commitments for voting in favour of or against the approval of the Unit Buy-back and the Buy-back Agreement at the EGM.
- (e) The Financial Adviser did not deal for value in any Units, convertible securities, warrants, options or derivatives of Spring REIT during the Relevant Period. Details of the dealings of the DBS Group (except in respect of Units dealt by exempt principal traders or exempt fund managers for the purposes of the Takeovers Code) will be obtained as soon as possible after the date of this Circular, and if the DBS Group dealt (except in respect of Units dealt by exempt principal traders or exempt fund managers for the purposes of the Takeovers Code) for value in any Units, convertible securities, warrants, options or derivatives of Spring REIT during the Relevant Period, Spring REIT will publish a further announcement in respect of the same.

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## APPENDIX 3 GENERAL INFORMATION

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The Manager will make reasonable enquiries with Unitholders holding 10% or more of the voting rights of Spring REIT as regards their intention as to voting as soon as possible after the date of this Circular. Spring REIT will publish a further announcement of their intention, and if such intentions cannot be determined after reasonable inquiry, a statement to such effect.

### VII. PUBLIC FLOAT AND CONTINUATION OF BUSINESS

The Manager intends to maintain Spring REIT's listing on the Stock Exchange, and expects that Spring REIT will continue to meet the public float requirements under Rule 8.08 of the Listing Rules after completion of the Unit Buy-back.

The Manager does not intend to make any major changes to the operation or investment policy of Spring REIT, or management team of the Manager, after completion of the Unit Buy-back.

### VIII. DISTRIBUTIONS

The frequency and amount of distributions that have been proposed or paid out by Spring REIT to the Unitholders during the two-year period immediately preceding the date of this Circular are as follows:

	<b>For the year ended 31 December 2022 HK\$</b>	<b>For the year ended 31 December 2021 HK\$</b>
Interim distribution per Unit	0.112	0.108
Final distribution per Unit	0.100	0.112
Distribution per Unit for the year	<u>0.212</u>	<u>0.220</u>

In accordance with the Trust Deed and as required under the REIT Code, the Manager's current policy is to distribute at least 90% of Spring REIT's total distributable income in each financial year to Unitholders. The Manager also has the discretion to direct that Spring REIT makes distributions over and above the minimum 90% of the total distributable income for any financial year if and to the extent that Spring REIT, in the opinion of the Manager, has funds surplus to its business requirements. Spring REIT has no plan or intention to alter its present dividend policy.

### IX. LITIGATION

As at the Latest Practicable Date, none of Spring REIT, the Manager nor the Trustee (in its capacity as the trustee of Spring REIT) were involved in any litigation or claims of material importance, and no litigation or claims of material importance, by or against Spring REIT, the Manager or the Trustee (in its capacity as the trustee of Spring REIT) was pending or threatened.

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## APPENDIX 3 GENERAL INFORMATION

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### X. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND COMPETING BUSINESSES

Save as disclosed in this Circular, as at the Latest Practicable Date:

- (a) none of the Directors had any direct or indirect interest in any assets which had since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (b) none of the Directors was materially interested in any subsisting contract or arrangement which was significant in relation to the business of the Group; and
- (c) none of the Directors or any of their close associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, or had or may have had any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

### XI. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into a service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

As at the Latest Practicable Date, there were no service contracts between the Manager and each of the Directors or service contracts in whatever form with the Manager in such capacity (i) which (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the Latest Practicable Date; (ii) which are continuous contracts with a notice period of 12 months or more; or (iii) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

### XII. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group which are or may be material, have been entered into by Spring REIT within two years immediately preceding the Latest Practicable Date:

- (a) the Buy-back Agreement;
- (b) the deed for the sale and purchase of all the issued shares of Huamao Capital Focus 03 Limited (which immediately after a reorganisation indirectly owned 31% of the equity interest in Huizhou Runxin Shopping Mall Development Co., Ltd.\* (惠州市潤鑫商城發展有限公司)) dated 29 April 2022 entered into between Huamao Focus Limited, DB Trustees (Hong Kong) Limited (in its capacity as trustee of Spring REIT) and Huamao Property Holdings Ltd., and the final consideration was determined to be RMB650,525,833.79; and

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## APPENDIX 3 GENERAL INFORMATION

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- (c) the agreement for the sale and purchase of 37% of the equity interest in Huizhou Runxin Shopping Mall Development Co., Ltd.\* (惠州市潤鑫商城發展有限公司) dated 29 April 2022 entered into between Huizhou Huamao Xingye Real Estate Development Co., Ltd.\* (惠州市華貿興業房地產開發有限公司) and RC Enterprise Management (Huizhou) Limited\* (瑞中企業管理(惠州)有限公司) (being a wholly-owned SPV of Spring REIT), and the final consideration was determined to be RMB991,004,896.78.

*\* for identification purposes only*

### XIII. CONSENTS AND QUALIFICATIONS OF EXPERTS

Each of the Financial Adviser, the Independent Financial Adviser and the Independent Property Valuer has given and has not withdrawn its written consent to the issue of this Circular with its name and (where applicable) its letter of advice included in the form and context in which it appears.

The following sets out the qualifications of the experts who have been named in this Circular and have given opinion or report which are contained in this Circular:

<b>Name</b>	<b>Qualifications</b>
Altus Capital Limited	A corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Knight Frank Petty Limited	Independent Property Valuer

As at the Latest Practicable Date, none of the experts had any interest in any member of the Group nor did it have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the experts had any direct or indirect interest in any assets which had since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to the Group.

### XIV. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection on (i) the website of Spring REIT (<http://www.springreit.com>); (ii) the website of the Stock Exchange (<http://www.hkexnews.hk>); and (iii) the website of the SFC (<http://www.sfc.hk>), from the date of this Circular up to and including the date of the EGM:

- (a) the Buy-back Agreement, and other material contracts referred to in the section headed “XII. Material Contracts” in this Appendix;
- (b) the annual reports of Spring REIT for the years ended 31 December 2020, 2021 and 2022;

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### APPENDIX 3 GENERAL INFORMATION

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- (c) the letter from the Independent Board Committee, the text of which is set out on pages 23 to 24 of this Circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out on pages 25 to 47 of this Circular;
- (e) the written consents given by the experts as referred to in the section headed “XIII. Consents and Qualifications of Experts” in this Appendix;
- (f) the Valuation Letter, the text of which is set out in Appendix 2 to this Circular;
- (g) the Trust Deed; and
- (h) the Circular.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Spring REIT continues to be in existence.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Spring Real Estate Investment Trust

春泉產業信託

*(A Hong Kong collective investment scheme authorised 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**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of the unitholders (the “**Unitholders**”) of Spring Real Estate Investment Trust (“**Spring REIT**”) will be held at 4:00 p.m. on 23 June 2023 at Room 2401-2, One Admiralty Centre, 18 Harcourt Road, Hong Kong for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution below as special resolution. Words and expressions that are not expressly defined in this notice of extraordinary general meeting shall bear the same meaning as that defined in the unitholder circular dated 27 May 2023.

#### SPECIAL RESOLUTION

**“THAT:**

- (a) the Unit Buy-back and the Buy-Back Agreement be and are hereby approved; and
- (b) any one or more of the Directors (or any person duly authorised by them) be and are hereby authorised to take all such steps to implement and give effect to the transactions mentioned in paragraph (a) above (including but not limited to the execution of all documents or deeds as they may consider necessary or appropriate in relation thereto and the making of any changes, modifications, amendments, waivers, variations or extensions of such terms and conditions as they think fit).”

By order of the board of Directors of  
**Spring Asset Management Limited**  
(as manager of Spring Real Estate Investment Trust)

**Mr. Toshihiro Toyoshima**

*Chairman of the Manager*

Hong Kong, 27 May 2023

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Registered Office of the Manager:*

Room 2602, 26/F, LHT Tower

31 Queen's Road Central

Central, Hong Kong

*Notes:*

- (a) A Unitholder who is entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend, on a poll, vote in his/her stead. The person appointed to act as a proxy need not be a Unitholder.
- (b) In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the registered office of the Unit Registrar, Tricor Investor Services Limited at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. Completion and return of the proxy will not preclude you from attending and voting in person should you so wish. In the event that you attend the meeting or adjourned meeting (as the case may be) after having lodged a form of proxy, the form of proxy will be deemed to have been revoked.
- (c) Where there are joint registered Unitholders of a unit, any one of such Unitholders may vote at the meeting in respect of such unit as if he/she were solely entitled thereto, but if more than one of such Unitholders is present at the meeting, that one of such Unitholders so present whose name stands first on the Register of Unitholders in respect of such unit shall alone be entitled to vote in respect thereof.
- (d) In order to determine which Unitholders will qualify to participate in and vote at the EGM, the Register of Unitholders will be closed from Monday, 19 June 2023 to Friday, 23 June 2023, both days inclusive, during which period no transfer of units will be registered. For those Unitholders who are not on the Register of Unitholders, in order to be qualified to participate in and vote at the EGM, all unit certificates accompanied by the duly completed transfer forms must be lodged with the unit registrar of Spring REIT in Hong Kong, Tricor Investor Services Limited at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 16 June 2023.
- (e) In case Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal or "extreme conditions caused by a super typhoon" announced by the Government of Hong Kong is/are in force in Hong Kong at or at any time after 2:00 p.m. on the date of the EGM, the EGM will be adjourned. The Manager will post an announcement on the website of Spring REIT ([www.springreit.com](http://www.springreit.com)) and the designated website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) to notify Unitholders of the date, time and place of the adjourned EGM.

The EGM will be held as scheduled while an Amber or a Red Rainstorm Warning Signal is in force. Unitholders should decide on their own whether they would attend the EGM under bad weather conditions bearing in mind their own situation.

*As at the date of this notice, the directors of the Manager are Toshihiro Toyoshima (Chairman and non-executive director); Leung Kwok Hoe, Kevin (executive director and Chief Executive Officer) and Chung Wai Fai, Michael (executive director and Chief Financial Officer); Hideya Ishino (non-executive director); and Simon Murray, Qiu Liping and Lam Yiu Kin (independent non-executive directors).*