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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**

- (1) PROPOSED EXPANSION OF THE SCOPE OF THE INVESTMENT POLICY AND OBJECTIVE OF SPRING REIT REGARDING PROPERTY DEVELOPMENT AND RELATED ACTIVITIES**
- (2) PROPOSED EXPANSION OF THE SCOPE OF THE INVESTMENT POLICY AND OBJECTIVE OF SPRING REIT REGARDING RELEVANT INVESTMENTS**
- (3) PROPOSED EXPANSION OF THE SCOPE OF THE INVESTMENT POLICY AND OBJECTIVE OF SPRING REIT REGARDING PROPERTY TYPES**
- (4) PROPOSED EXPANSION OF THE GEOGRAPHIC SCOPE OF THE INVESTMENT POLICY AND OBJECTIVE OF SPRING REIT**
- (5) PROPOSED AMENDMENTS TO THE DISTRIBUTION FORMULA**
- (6) OTHER PROPOSED AMENDMENTS TO THE TRUST DEED**
- (7) PROPOSED EXTENSION OF PERIOD OF WAIVER IN RESPECT OF EXISTING CONTINUING CONNECTED PARTY TRANSACTIONS AND PROPOSED NEW ANNUAL CAPS FOR CERTAIN CONTINUING CONNECTED PARTY TRANSACTION**
- (8) NOTICE OF EXTRAORDINARY GENERAL MEETING OF UNITHOLDERS AND CLOSURE OF REGISTER OF UNITHOLDERS**

*Independent Financial Adviser to the Independent Board Committee of the Manager, the Independent Unitholders and the Trustee in relation to the proposed extension of period of waiver in respect of existing continuing connected party transactions and proposed new annual caps for certain continuing connected party transaction*



**SOMERLEY CAPITAL LIMITED**

The Board of Spring Asset Management Limited as the Manager of Spring Real Estate Investment Trust, announces that the Manager proposes to seek Unitholders', or Independent Unitholders' (as the case may be) approval at the EGM for the following:

- (1) expand the investment scope of Spring REIT's investment policy and objective to include Property Development and Related Activities (as defined below);
- (2) expand the investment scope of Spring REIT's investment policy and objective to include investments in Relevant Investments (as defined below);
- (3) expand the types of properties in which Spring REIT may invest and to make related amendments to the Trust Deed so that Spring REIT shall have the flexibility to invest in industrial properties, warehouses, commercial shopping malls, hotels and serviced apartments;
- (4) expand the geographical scope of the investment policy and objective of Spring REIT such that the investment policy and objective of Spring REIT will no longer be limited to high quality income-producing real estate in mainland China, Hong Kong, Macau, Taiwan, Japan and other areas of Asia and other Authorised Investments (as defined below), and that Spring REIT may invest in high quality income-producing real estate located in any part of the world and other Authorised Investments (as defined below);
- (5) make amendments to the distribution formula in the Trust Deed;
- (6) make other amendments to the Trust Deed relating to (among others) certain voting arrangements, the Manager's powers to buy-back or redeem Units, to adopt an Incentive Scheme and the liability of the Manager and the Trustee in respect of distribution entitlement;

by way of Special Resolutions; and

- (7) the 2015 Waiver Extension to, among others,
  - (i) extend the Initial Waiver for a period of three full financial years up to and including 31 December 2017; and
  - (ii) set the New Annual Caps for the Relevant Connected Party Transactions, for each of the financial years ending 31 December 2015, 31 December 2016 and 31 December 2017;

by way of Ordinary Resolution.

In addition to the proposed amendments mentioned in (1) to (7) above which require Unitholders' approval, the Manager proposes to effect certain other amendments to the Trust Deed which do not require Unitholders' approval, including updates of terminology and information and minor changes.

Upon approval from the Unitholders of the expanded investment scope, in particular, regarding the property types and geographical scope, the Manager will continue to adopt the initial investment policy and objective of Spring REIT as stated in the Offering Circular. The Manager has no present plan for Spring REIT to invest in property categorized in the expanded property types, nor in property located outside of mainland China, Hong Kong, Macau, Taiwan, Japan and other areas of Asia.

Details of the above are set out in the Circular which has been issued on the date hereof and which will be dispatched, together with the EGM Notice, the form of proxy for the EGM and a letter from the Board to the Unitholders containing, among other things, details of the above matters, to Unitholders as soon as practicable. The EGM will be held at 11:00 a.m. on Wednesday, 20 May 2015 at The Tian & Di Room, 7th Floor, The Landmark Mandarin Oriental Hong Kong, 15 Queen's Road Central, The Landmark, Central, Hong Kong (or soon thereafter as the annual general meeting of Unitholders convened to be held at 10:00 a.m. on the same date and at the same place shall have been concluded or adjourned) for the purposes of considering and, if thought fit, passing, with or without modifications, the Special Resolutions and the Ordinary Resolution set out in the EGM Notice and reproduced in the body of this Announcement. In order to determine the list of Unitholders qualified to attend and vote at the EGM, the register of Unitholders will be closed from 18 May 2015 to 20 May 2015, both days inclusive, during which period no transfers of Units will be registered.

## **1. PROPOSED EXPANSION OF THE SCOPE OF THE INVESTMENT POLICY AND OBJECTIVE OF SPRING REIT REGARDING PROPERTY DEVELOPMENT AND RELATED ACTIVITIES**

On 27 January 2014, the SFC issued a consultation paper on Amendments to the Code on Real Estate Investment Trusts inviting public comments on proposed amendments to the REIT Code to allow REITs to undertake property development activities and invest in certain financial instruments.

In the SFC's consultation conclusions released on 22 July 2014, the SFC concluded that the proposals gained majority support, and the REIT Code Amendments became effective on 29 August 2014.

As a result, subject to unitholders' approval of relevant changes to the Trust Deed as appropriate, REITs could be provided with more flexibility in the investment scope of their investment strategy, as they can undertake Property Development and Related Activities. The ability of a REIT to do so is subject to certain restrictions including (but not limited to) the following investment caps:

- (i) the Aggregate Development Costs shall not exceed 10% of the REIT's gross asset value at any time; and
- (ii) the total sum of (1) the Aggregate Development Costs, (2) the combined value of the Relevant Investments (see Section 2 below) and (3) other non-real estate assets shall not exceed 25% of the REIT's gross asset value at any time.

Currently, the investment scope of Spring REIT's investment policy and objective does not include Property Development and Related Activities. The Manager considers the new flexibility provided by the REIT Code Amendments to be beneficial to Spring REIT as such flexibility will support its long-term and sustainable growth and accordingly, proposes to adopt the Expanded Investment Scope regarding Property Development and Related Activities.

The Manager considers that the ability to undertake Property Development and Related Activities will be beneficial to Spring REIT and will provide Spring REIT with more investment opportunities at lower investment costs, which could lead to more attractive yields and/or greater capital appreciation potential. Spring REIT will also be able to undertake comprehensive redevelopment that integrates a new property as an extension or annex of an existing project, which could provide Spring REIT with higher recurrent rental income and a platform for expansion. Therefore, the Manager proposes to adopt the Expanded Investment Scope regarding Property Development and Related Activities. Further details regarding the Expanded Investment Scope regarding Property Development and Related Activities and its reasons and benefits will be set out in the Circular.

**The Manager will ensure that before engaging in any Property Development and Related Activities, it will have competent and adequate staff with sufficient and appropriate skills, resources and expertise in place, either as part of their in-house skills or by way of outsourcing to a competent external party under the Manager's oversight, to manage the Property Development and Related Activities.**

## **Compliance with the REIT Code and the Compliance Manual**

### **Requirements under the REIT Code**

Having regard to the applicable legal and regulatory requirements, the proposed Expanded Investment Scope regarding Property Development and Related Activities is subject to the REIT Code restrictions summarised below:

- (i) The Aggregate Development Costs shall not exceed the GAV Cap (being 10% of the Gross Asset Value which, for the purpose of calculating the denominator to be used for the purpose of the GAV Cap, shall exclude the value of any investments in properties under development (which for the avoidance of doubt, shall not include the value of existing properties undergoing redevelopment)) at any time.
- (ii) Investment in vacant land is prohibited unless it can be demonstrated that such investment is "part-and-parcel" of Property Development and Related Activities and within the investment policy and objective of Spring REIT.
- (iii) Spring REIT shall hold properties developed under the Property Development and Related Activities undertaken by it for a minimum of two years from the completion of the properties, unless Spring REIT has clearly communicated to the Unitholders the rationale for disposal prior to the expiry of such two-year period, and the Unitholders approve the disposal of such investment by Special Resolution at a general meeting.

- (iv) At least 75% of Spring REIT's Gross Asset Value shall be invested in real estate that generates recurrent rental income at all times.

The Manager will revise the Compliance Manual to contain the REIT Code restrictions set out above if the Expanded Investment Scope regarding Property Development and Related Activities and Property Development Activities Amendments are approved by the Unitholders.

### **Corporate Governance**

In addition to the REIT Code, the Manager should comply with the principles of good corporate governance in relation to Property Development and Related Activities, including the following:

- (i) the Manager should include a prudent buffer when preparing budgets in line with best industry standards and practice to cater for cost overruns that may arise during the course of development (and where the Property Development and Related Activities are conducted overseas, the Manager should also take into account any currency impact in the calculation);
- (ii) any decision made by the Manager to invest in Property Development and Related Activities must be made solely in the best interest of Unitholders;
- (iii) the investments in Property Development and Related Activities should not result in a material change in the overall risk profile of Spring REIT;
- (iv) the Manager must have the requisite resources, competence, expertise, effective internal controls and risk management system for conducting the Property Development and Related Activities;
- (v) the upfront calculation of the estimated total project costs borne and to be borne by Spring REIT, inclusive of the costs for the acquisition of land (if any), and the development or construction costs and financing costs and where necessary any subsequent increase should be based on a fair estimate made by the Manager in good faith and supported by the opinion of an independent expert acceptable to the SFC;
- (vi) the Manager should consult the Trustee and issue an announcement to inform Unitholders upon Spring REIT entering into a contract to invest in Property Development and Related Activities which should include all material information concerning the Property Development and Related Activities (including a summary of the key terms and conditions, the estimated total project costs borne and to be borne by Spring REIT, inclusive of the costs for the acquisition of land (if any), and the development or construction costs and financing costs and the risks involved);
- (vii) the Manager shall also ensure that all material information concerning the Property Development and Related Activities is set out in periodic updates (namely, the annual and interim reports) which should include the development progress, costs

incurred and the extent (in percentage terms) to which the GAV Cap has been applied. The relevant disclosure in the periodic updates shall be reviewed by the Audit Committee of the Manager; and

- (viii) the upfront calculation of the estimated total project costs borne and to be borne by Spring REIT, inclusive of the costs for the acquisition of land (if any), and the development or construction costs and financing costs and where necessary any subsequent increase should be based on a fair estimate made by the Manager in good faith and supported by the opinion of an independent expert acceptable to the SFC.

The Manager will revise the Compliance Manual to contain the corporate governance provisions set out above if the Expanded Investment Scope regarding Property Development and Related Activities and Property Development Activities Amendments are approved by the Unitholders.

Undertaking Property Development and Related Activities may involve certain risks in relation to financial aspects and operational matters. For example, by undertaking Property Development and Related Activities, Spring REIT will be exposed to the price volatility of labour and construction materials during various stages of development of property. If the costs of labour or construction materials increase significantly, and Spring REIT cannot offset such increase by reducing other costs, this may adversely impact Spring REIT's financial condition, results of operations and level of distributions to Unitholders. Further details of the risks relating to Property Development and Related Activities will be set out in the Circular.

The Manager will revise the Compliance Manual to contain measures to minimise and mitigate the risks relating to Property Development and Related Activities. For example, the Manager should ensure that construction contracts are entered into at arm's length on normal commercial terms and contain adequate risk ring-fencing measures in line with best industry practices so as to protect investors' interests. Further details of the risk mitigation measures will be set out in the Circular.

### **Proposed Property Development Activities Amendments**

In connection with the proposed Expanded Investment Scope regarding Property Development and Related Activities, the Manager proposes the following consequential amendments to the Trust Deed (being the Property Development Activities Amendments):

#### **(a) Property Development and Related Activities.**

The Manager proposes to amend Clause 15.2 of the Trust Deed to specify that the investment policy of the Manager shall include engaging in or participating in Property Development and Related Activities, provided the Aggregate Development Costs do not exceed the GAV Cap at any time.

Consequentially, the Manager proposes to: (i) amend and expand the definition of "Authorised Investments" to expressly include Property Development and Related Activities; (ii) insert new definitions for "Property Development and Related

Activities”, “GAV Cap”, “Gross Asset Value”, and “Aggregate Development Costs” under Clause 1.1 of the Trust Deed; and (iii) insert a new Clause 15.2A into the Trust Deed providing further details as to calculation of Gross Asset Value of Deposited Property for the purposes of the GAV Cap.

**(b) Vacant Land Restrictions.**

The Manager proposes to amend Clause 15.3.3 of the Trust Deed to specify that Spring REIT shall not invest in vacant land unless such investment is part-and-parcel of Property Development and Related Activities and undertaken in accordance with the relevant provision in the Trust Deed and within the investment objective and policy of Spring REIT.

**(c) Minimum Holding Period.**

The Manager proposes to amend Clauses 15.3.6 and 24.4.1.3 of the Trust Deed to add that the requirement to hold its properties for a period of two years will, in the context of a property undergoing Property Development and Related Activities, commence from the date that the Property Development and Related Activities are completed unless Spring REIT has clearly communicated to the Unitholders the rationale for disposal prior to the expiry of such two-year period and that the Unitholders approve such disposal by way of a Special Resolution at a general meeting.

**(d) Investment in income-generating Real Estate.**

The Manager proposes to amend Clause 15.2.1 of the Trust Deed in compliance with the REIT Code requirement stating that at least 75% of the Gross Asset Value shall be invested in real estate that generates recurrent rental income at all times.

The full text of the proposed Property Development Activities Amendments will be set out in Appendix I to the Circular.

Please refer to sections headed “Approvals Required” and “Recommendation of the Board and View of the Trustee” in Section 4 of this Announcement for details of approvals required for the proposed amendments for the Expanded Investment Scope regarding Property Development and Related Activities, and recommendation of the Board and view of the Trustee thereof.

**2. PROPOSED EXPANSION OF THE SCOPE OF THE INVESTMENT POLICY AND OBJECTIVE OF SPRING REIT REGARDING RELEVANT INVESTMENTS**

In addition to the above amendments to the REIT Code regarding Property Development and Related Activities as set out in Section 1 above, the amendments to the REIT Code in August 2014 have also introduced flexibility for REITs to invest in listed securities, unlisted debt securities, government and other public securities and property funds, subject to certain limitations.

The Manager considers it would be beneficial for the Unitholders to allow Spring REIT to invest in Relevant Investments, so that the Manager may better manage Spring REIT's cash position to enhance returns to Unitholders, especially when cash deposit rates are low or when there are limited suitable property investment opportunities. Therefore, the Manager proposes to adopt the Expanded Investment Scope regarding Relevant Investments. Further details regarding the Expanded Investment Scope regarding Relevant Investments will be set out in the Circular.

**The Manager will ensure that before investing in any Relevant Investments, it will have competent and adequate staff with sufficient and appropriate skills, resources and expertise in place, either as part of their in-house skills or by way of outsourcing to a competent external party under the Manager's oversight, to manage the Relevant Investments.**

## **Compliance with the REIT Code and the Compliance Manual**

### **Requirements under the REIT Code**

Having regard to the applicable legal and regulatory requirements, the proposed Expanded Investment Scope regarding Relevant Investments is subject to the REIT Code restrictions summarised below:

- (i) The Relevant Investments should be sufficiently liquid, be capable of being readily acquired or disposed of under normal market conditions and in the absence of trading restrictions, and have transparent pricing.
- (ii) A REIT shall not invest in any high risk, speculative, or complex financial instruments, structured products or enter into any securities lending, repurchase transactions or other similar over-the-counter transactions.
- (iii) The total sum of: (1) the Aggregate Development Costs, (2) the combined value of the Relevant Investments and (3) other non-real estate assets shall not exceed 25% of Spring REIT's Gross Asset Value at any time.
- (iv) The value of the holding of the Relevant Investments issued by any single group of companies shall not exceed 5% of the Gross Asset Value at any time.

When determining whether the 25% threshold limit in (iii) above is exceeded:

- (i) Real estate related assets (including plant, machinery and equipment, fixtures and fittings) which could be considered as part-and-parcel of the properties of Spring REIT may be disregarded as "other non-real estate assets", provided that they are included as part of the real estate of Spring REIT in its valuation and accounted for as such in accordance with requisite accounting standards.
- (ii) Plain vanilla hedging instruments in the nature of treasury tools for Spring REIT to manage interest rate and currency exposures may also be disregarded as "other non-real estate assets". This exclusion is limited to those instruments to the extent used for genuine hedging purpose in connection with the ordinary course of business of Spring REIT, and not with the aim of yield enhancement.

The Manager will revise the Compliance Manual to contain the REIT Code restrictions set out above if the Expanded Investment Scope regarding Relevant Investments and Relevant Investments Amendments are approved by the Unitholders.

### **Proper Investment Management and Corporate Governance**

In addition to the REIT Code, the Manager should comply with the guidelines set by the SFC in relation to investments in Relevant Investments, including the following:

- (i) any decision made by the Manager to invest in Relevant Investments must be made solely in the best interest of Unitholders;
- (ii) the investments in Relevant Investments should not result in a material change in the overall risk profile of Spring REIT. In assessing the risks involved, the Manager should take into account all relevant factors including but not limited to the creditworthiness of the issuer of the Relevant Investments. The Manager should monitor these investments on an ongoing basis to ensure compliance with all applicable requirements;
- (iii) the Manager must ensure that the Relevant Investments are independently and fairly valued on a regular basis in accordance with the Trust Deed, in consultation with the Trustee. The valuation should be made in accordance with the applicable accounting standards adopted for preparing Spring REIT's financial statements as well as best industry standards and practice. For example, there should be a daily marked-to-market valuation wherever practicable;
- (iv) the Manager shall manage the Relevant Investments and monitor them on an ongoing basis to ensure the 25% Gross Asset Value limit is observed;
- (v) the Manager shall publish the full investment portfolio of the Relevant Investments with key information, such as credit ratings of the instruments invested, if applicable, on Spring REIT's website on an ongoing basis which shall be updated monthly within five business days of each calendar month end;
- (vi) the Manager shall also ensure that all material information concerning the Relevant Investments is set out in periodic updates (namely, the annual and interim reports of Spring REIT) which should include the extent (in percentage terms) to which the 25% Gross Asset Value limit has been applied. The relevant disclosure in the periodic updates shall be reviewed by the Audit Committee; and
- (vii) the Manager must have the requisite resources, competence, expertise, effective internal controls and risk management system for investing in Relevant Investments.

The Manager will revise the Compliance Manual to contain the proper investment management and corporate governance set out above if the Expanded Investment Scope regarding Relevant Investments and Relevant Investments Amendments are approved by the Unitholders.

Investments in Relevant Investments may involve certain risks in relation to financial aspects and operational matters. For example, if Spring REIT invests in the Relevant Investments in the nature of equity securities, debt securities or property funds, it will be vulnerable to the risk that the market as a whole, or certain parts of the market where it has invested in declines or drops. The value of equity securities, debt securities and property funds will fluctuate in response to general market and economic conditions. Such market fluctuations may affect the value of the Relevant Investments and have an adverse impact on the level of distributions to Unitholders. Further details of the risks relating to investments in Relevant Investments will be set out in the Circular.

The Manager will revise the Compliance Manual to contain measures to minimise and mitigate and contain the risks relating to investments in Relevant Investments. For example, the Manager will analyse the financials of any issuer before an investment is made and on a regular basis so long as it is part of Spring REIT's portfolio. Further details of the risk mitigation measures will be set out in the Circular.

### **Proposed Relevant Investments Amendments**

In connection with the proposed Expanded Investment Scope regarding Relevant Investments, the Manager proposes the following consequential amendments to the Trust Deed (being the Relevant Investments Amendments):

#### **(a) Investments in Relevant Investments.**

The Manager proposes to expand the definition of "Authorised Investments" to expressly include the Relevant Investments. Consequentially, the Manager also proposes to: (i) insert new definitions for "Relevant Investments"; (ii) insert a new Clause 15.2.4 to expressly permit Spring REIT to invest in Relevant Investments; and (iii) insert a new Clause 15.3.7 into the Trust Deed providing further details as to calculation of Gross Asset Value.

#### **(b) Threshold Requirement.**

The Manager proposes that Clause 15.2.1 of the Trust Deed is amended in compliance with the REIT Code requirement stating that at least 75% of the Gross Asset Value shall be invested in real estate that generates recurrent rental income at all times.

Furthermore, a new Clause 15.3.7 is proposed to be inserted into the Trust Deed to provide that the combined value of the Relevant Investments, together with other non-real estate assets of Spring REIT when aggregated with the Aggregate Development Costs of Spring REIT, shall not exceed 25% of the Gross Asset Value at any time.

**(c) Diversification of Relevant Investments.**

The Manager proposes to insert a new Clause 15.3.8 into the Trust Deed in compliance with the REIT Code requirement stating that the value of Spring REIT's holding of the Relevant Investments issued by any single group of companies shall not exceed 5% of the Gross Asset Value at any time.

**(d) Valuation of Relevant Investments.**

The Manager proposes to amend Clause 18.3.4 of the Trust Deed (which currently only applies to derivative instruments used for hedging or efficient portfolio management purposes) so that it will also apply to the valuation of Relevant Investments. Such valuation shall also be subject to the existing Trust Deed proviso that requires all valuations to be in accordance with generally accepted accounting principles.

The full text of the proposed Relevant Investments Amendments will be set out in Appendix II to the Circular.

Please refer to sections headed "Approvals Required" and "Recommendation of the Board and View of the Trustee" in Section 4 of this Announcement for details of approvals required for the proposed amendments for the Expanded Investment Scope regarding Relevant Investments, and recommendation of the Board and view of the Trustee thereof.

**3. PROPOSED EXPANSION OF THE SCOPE OF THE INVESTMENT POLICY AND OBJECTIVE OF SPRING REIT REGARDING PROPERTY TYPES**

**Background**

As stated in the Offering Circular, the investment policy and objective of Spring REIT is to invest primarily in high quality income-producing Real Estate in mainland China, although future acquisitions may also be made in Hong Kong, Macau, Taiwan, Japan and other areas of Asia and other Authorised Investments.

The Manager proposes to expand the types of properties in which Spring REIT may invest to specifically include industrial properties, warehouses, commercial shopping malls, hotels and serviced apartments.

The proposed changes will, among other things, allow Spring REIT to have greater flexibility with respect to investment in properties, including investing in industrial properties, warehouses, commercial shopping malls, hotels and serviced apartments, of which the Manager considers to offer good investment potential based on the prevailing market conditions.

A more diverse investment scope will allow Spring REIT to capture investment opportunities across properties of different types when available and appropriate, with the ultimate objective of enhancing the competitiveness of Spring REIT and improving return on assets for Unitholders.

The broadening of investment scope would allow the Manager to contemplate activities including but not limited to the acquisition of industrial properties and warehouses for revitalisation and the conversion of existing office properties (if any) of Spring REIT into commercial shopping malls, hotels or serviced apartments (subject to relevant legal and regulatory requirements (including requirements under the REIT Code) and any necessary disclosure and approval from the Unitholders), which become feasible options as a result of the changes in market conditions, government policies and regulations. For the purpose of clarity, the Manager currently has no conversion and/or revitalisation plans with respect to the Property.

Upon approval of the Expanded Investment Scope regarding Property Types from the Unitholders as set out above in this section, the Manager will continue to adopt the initial investment policy and objective of Spring REIT in relation to property types as stated in the Offering Circular. The Manager has no present plan for Spring REIT to invest in property that falls within the Expanded Investment Scope regarding Property Types.

### **Proposed Property Types Amendments**

In connection with the proposed Expanded Investment Scope regarding Property Types, the Manager proposes the following consequential amendments to the Trust Deed (being the Property Types Amendments):

- (a) *Investments in industrial properties, warehouses, commercial shopping malls, hotels and serviced apartments.*

The Manager proposes to expand the definition of “Real Estate” in the Trust Deed to clarify that the scope of this definition includes investment into industrial properties, warehouses, commercial shopping malls, hotels and serviced apartments.

- (b) *Restrictions on holding investments into industrial properties, warehouses, commercial shopping malls, hotels and serviced apartments.*

On the basis of the proposed Expanded Investment Scope regarding Property Types, the Manager proposes to amend Clause 15.2.1 of the Trust Deed in compliance with: (i) the REIT Code requirement stating that where a scheme invests in hotels or serviced apartments, such investments shall be held through special purpose vehicles; and (ii) the general requirement that at least 75% of the gross asset value of a scheme shall be invested in real estate that generates recurrent rental income at all times.

The Manager intends to seek to ensure that Spring REIT is able to meet the general requirement that at least 75% of the gross asset value of a scheme shall be invested in real estate that generates recurrent rental income at all times by entering into a master lease with respect to any hotel property or serviced apartment property.

The full text of the proposed amendments for the Expanded Investment Scope regarding Property Types will be set out in Appendix III to the Circular.

Please refer to sections headed “Approvals Required” and “Recommendation of the Board and View of the Trustee” in Section 4 of this Announcement for details of approvals required for the proposed amendments for the Expanded Investment Scope regarding Property Types, and recommendation of the Board and view of the Trustee thereof.

#### **4. PROPOSED EXPANSION OF THE GEOGRAPHICAL SCOPE OF THE INVESTMENT POLICY AND OBJECTIVE OF SPRING REIT**

##### **Existing Investment Policy and Objective of Spring REIT**

As stated in the Offering Circular, the investment policy and objective of Spring REIT is to invest primarily in high quality income-producing Real Estate in mainland China, although future acquisitions may also be made in Hong Kong, Macau, Taiwan, Japan and other areas of Asia and other Authorised Investments.

At the time of the listing of Spring REIT, the property portfolio of Spring REIT comprised only of the Property, which is situated in Beijing, the PRC. Accordingly, the geographical scope of the investment policy and objective of Spring REIT is currently limited to China, Hong Kong, Macau, Taiwan, Japan and other areas of Asia under the Trust Deed.

The Manager proposes to expand the geographical scope of the investment policy and objective of Spring REIT such that the investment policy and objective of Spring REIT will no longer be limited to high quality income-producing Real Estate in mainland China, Hong Kong, Macau, Taiwan, Japan and other areas of Asia, and that Spring REIT may invest in high quality income-producing Real Estate located in any part of the world. The Manager intends to retain the same investment policy and objective as stated in the Offering Circular except with the above proposed expansion of the geographical scope of the investment policy and objective, and as otherwise stated in this Announcement, notwithstanding the other expansions to the investment policy and objective of Spring REIT as set out in this Announcement.

The Manager considers that such proposed change will, among other things, keep Spring REIT competitive with other property investors by adding flexibility and widen the investment scope so that in case an investment opportunity which involves property outside of Mainland China, Hong Kong, Macau, Taiwan, Japan and other areas of Asia and provides attractive long-term cash flows and yields, as well as the potential for net asset value growth arises, the Manager can capture the opportunity to enhance the return on the portfolio for the Unitholders. Further details regarding the Expanded Investment Scope regarding Geographical Scope and its reasons and considerations when evaluating acquisition opportunities outside of Mainland China, Hong Kong, Macau, Taiwan, Japan and other areas of Asia will be set out in the Circular.

Subject to the prior approval of the Unitholders, and comply with, all applicable legal and regulatory requirements, including but not limited to the requirements prescribed under the Practice Note on Overseas Investments by the SFC-authorized REITs contained in the REIT Code for the proposed Expanded Investment Scope regarding Geographical Scope and the corresponding amendment to the Trust Deed and after entering into the supplemental deed effecting the same, the Compliance Manual of the

Manager will be revised accordingly to reflect the change in such geographical scope of Spring REIT's investment policy and objective and the relevant matters set out in the section "General Considerations when Investing in Real Estate Assets outside of Asia", as set out in the Circular.

The Manager proposes to seek the necessary Unitholders' approval for the Expanded Investment Scope regarding Geographical Scope by way of a Special Resolution at the EGM.

### **Proposed Expanded Investment Scope regarding Geographical Scope**

In connection with Expanded Investment Scope regarding Geographical Scope, the Manager proposes to make amendments to the Trust Deed relating to the investment policy and objective of Spring REIT, so as not to contain any geographical restrictions, and for Clause 15.2.1 of the Trust Deed to be amended by replacing the words "*in mainland China, although future acquisitions may also be made in Hong Kong, Macau, Taiwan, Japan and other areas of Asia*" with the words "*in any part of the world, including but not limited to mainland China, Hong Kong, Macau, Taiwan, Japan and other areas of Asia*".

The full text of the proposed Geographical Scope Amendments, will be set out in Appendix III to the Circular.

The broadened investment scope, upon the Unitholders' approval of the proposed expansion of the geographical scope, would allow Spring REIT to invest in high-quality income-producing Real Estate in any part of the world, including but not limited to mainland China, Hong Kong, Macau, Taiwan, Japan and other areas of Asia.

Upon approval of the Expanded Investment Scope regarding Geographical Scope from the Unitholders, the Manager will continue to adopt the initial investment policy and objective of Spring REIT in relation to geographical scope as stated in the Offering Circular. The Manager has no present plan for Spring REIT to invest in property located outside of mainland China, Hong Kong, Macau, Taiwan, Japan and other areas of Asia.

### **Approvals Required**

Clause 15.2.3 of the Trust Deed states that the Manager may from time to time change the investment policy for Spring REIT, provided that it has notified the Unitholders of the proposed change by way of an announcement and a circular in accordance with the requirements of the REIT Code and obtain the prior approval of the Unitholders for the change by way of a Special Resolution at a meeting of Unitholders duly convened.

Additionally, in connection with Expanded Investment Scope regarding Geographical Scope, Paragraph 10.7 of the REIT Code provides that a circular shall be issued for a proposal to change the general character or nature of the scheme, such as the investment objective and/or policy of the scheme. The Manager notes that in the circular to management companies of SFC-authorized REITs dated 12 October 2007 issued by the SFC, the SFC has (among other things) clarified that in acquiring overseas and/or new

types of properties, REIT managers do not have to seek re-approval of their licences or reauthorisation of the relevant REIT by the SFC before proceeding to make such acquisitions.

Accordingly, the Manager proposes to seek the necessary Unitholders' approval as required for the (a) Expanded Investment Scope regarding Property Development and Related Activities together with the Property Development Activities Amendments; (b) Expanded Investment Scope regarding Relevant Investments together with the Relevant Investments Amendments; (c) Expanded Investment Scope regarding Property Types together with the Property Types Amendments; and (d) Expanded Investment Scope regarding Geographical Scope together with the Geographical Scope Amendments, by way of Special Resolutions to be proposed at the EGM.

### **Recommendation of the Board and View of the Trustee**

The Board considers that the proposed (a) Expanded Investment Scope regarding Property Development and Related Activities together with the Property Development Activities Amendments; (b) Expanded Investment Scope regarding Relevant Investments together with the Relevant Investments Amendments; (c) Expanded Investment Scope Regarding Property Types together with the Property Types Amendments, and (d) Expanded Investment Scope regarding Geographical Scope together with the Geographical Scope Amendments, are in the interests of Spring REIT and the Unitholders as a whole. Accordingly, the Board recommends all Unitholders to vote in favour of Special Resolution nos. 1 to 4 relating to, among other things, such investment scope expansion and amendments to the Trust Deed to be proposed at the EGM.

Based and in sole reliance on the information and assurances provided by the Manager and the opinion of the Board, and taking into account its duties under the REIT Code and the Trust Deed, the Trustee has no objection to the Manager submitting the (a) Expanded Investment Scope regarding Property Development and Related Activities together with the Property Development Activities Amendments, (b) Expanded Investment Scope regarding Relevant Investments together with the Relevant Investments Amendments, (c) Expanded Investment Scope regarding Property Types together with the Property Types Amendments, and (d) Expanded Investment Scope regarding Geographical Scope together with the Geographical Scope Amendments, for Unitholders' approval.

## **5. PROPOSED AMENDMENTS TO THE DISTRIBUTION FORMULA**

The REIT Code requires that a REIT shall distribute to unitholders each year an amount not less than 90% of its audited annual net income after tax (subject to permitted adjustments).

The amount of annual distribution required to be made by Spring REIT under the year-end distribution formula of Spring REIT set out in the Trust Deed currently exceeds the minimum annual distribution requirement under the REIT Code by approximately 5% of Spring REIT's adjusted audited net income after tax.

Accordingly, the Manager proposes to amend that formula to reflect the formula regarding the minimum annual distribution requirement under the REIT Code (subject to permitted adjustments) with effect from immediately after the financial year ending 31 December 2014.

The Manager confirms that, the distribution formula of Spring REIT as currently stated in Clause 20.4.2 of the Trust Deed and as proposed are both in compliance with the REIT Code requirement. For the avoidance of doubt, the calculation of distributions for the financial years prior to and including the financial year ending 31 December 2014 remains unchanged and not affected by the proposed amendments.

### **Proposed Distribution Formula Amendments**

Below is a summary of the proposed changes to the year-end distribution formula that will take effect from the financial year ending 31 December 2014. Please refer to Appendix IV to the Circular for the full text of the proposed Distribution Formula Amendments.

#### ***Current year-end distribution formula***

$$\mathbf{DA = (90\% \text{ of ADI}) + C}$$

Where:

**DA** is the Distribution Amount (as defined in the Trust Deed) for that Distribution Period (as defined in the Trust Deed);

**ADI** is the amount (if any) by which the Annual Distributable Income (as defined in Clause 20.5.2 of the Trust Deed) for that Financial Year exceeds the aggregate of the Distribution Amount(s) (as defined in the Trust Deed) for the previous Distribution Period(s) (as defined in the Trust Deed) of that Financial Year; and

**C** is any additional amount (including capital), which the Manager has determined is to be distributed

#### ***Proposed year-end distribution formula (effective from and including the financial year ending 31 December 2014)***

$$\mathbf{DA = (90\% \text{ of ADI}) + C - D}$$

Where:

**DA** is the Distribution Amount (as defined in the Trust Deed) for that Distribution Period (as defined in the Trust Deed);

**ADI** is the Annual Distributable Income (as defined in Clause 20.5.2 of the Trust Deed) for that Financial Year;

**C** is any additional amount (including capital), which the Manager has determined is to be distributed; and

**D** is the aggregate of the Distribution Amount(s) (as defined in the Trust Deed) for the previous Distribution Period(s) (as defined in the Trust Deed) of that Financial Year.

## **Reasons and Benefits for Distribution Formula Amendments**

As the current minimum annual distribution amount required under the Trust Deed exceeds the amount required under the REIT Code, the Manager considers it prudent to reconcile the minimum annual distribution stated in the Trust Deed with the minimum annual distribution required under the REIT Code, in order to provide the Manager with maximum flexibility to manage cash and achieve its key objectives for Spring REIT (being the provision of stable and sustainable distributions per Unit and the achievement of long-term growth in net asset value per Unit).

The Manager will also continue to evaluate its distribution policy from time to time and may, in its discretion, declare distributions in excess of the minimum required under the Trust Deed and the REIT Code if and to the extent Spring REIT has funds surplus to its business requirements.

## **Approvals Required**

In order for Spring REIT to reconcile the minimum annual distribution stated in the Trust Deed with the minimum annual distribution required under the REIT Code, Unitholders must first approve, by way of Special Resolution at the EGM in accordance with the Trust Deed, the proposed Distribution Formula Amendments. The Manager proposes to seek Unitholders' approval of Special Resolution no. 5 as set out in the EGM Notice approving the Distribution Formula Amendments.

## **Recommendations of the Board and View of the Trustee**

The Board considers that the proposed Distribution Formula Amendments are in the interests of Spring REIT and the Unitholders as a whole. Provided that Spring REIT distributes to Unitholders each year an amount of not less than 90% of its audited annual net income after tax (subject to permitted adjustments) as a result of the Distribution Formula Amendments in accordance with the REIT Code and based and in sole reliance in the opinion of the Board, and taking into account its duties under the REIT Code and the Trust Deed, the Trustee has no objection to the Distribution Formula Amendments, and subject to the proposed Special Resolution no. 5 is passed by the Unitholders, a supplemental deed will be entered into between the Manager and the Trustee to effect the Distribution Formula Amendments.

## **6. OTHER PROPOSED AMENDMENTS TO THE TRUST DEED REQUIRING UNITHOLDERS APPROVAL**

### **General**

In addition to the amendments to the scope of Spring REIT's investment policy and objective and the distribution formula described above, the Manager proposes certain other amendments to the Trust Deed which are subject to Unitholders' approval by way of a Special Resolution at the EGM, and relating to (among others) proxies and voting arrangements, the Manager's power to buy-back Units and to redeem certain entitlements in the case of a rights issue and limitation of liability of the Manager and the Trustee in respect of distribution entitlement, the adoption by the Manager of an Incentive Scheme and to issue new Issue pursuant to such Incentive Scheme.

Please refer to Appendix V to the Circular for further details of the proposed Other Amendments Requiring Unitholders' Approval and the Special Resolutions for approving such proposed amendments set out in the EGM Notice.

### **Restrictions on Voting**

The note to paragraph 8.11 of the REIT Code provides that where a unitholder has a material interest in the transaction tabled for approval, and that interest is different from that of all other unitholders, such unitholder shall abstain from voting at the general meeting.

Further, under paragraph 3.2 of Schedule 1 to the Trust Deed, where a Unitholder has a material interest in the business conducted at a meeting of Unitholders, and that interest is different from the interests of other Unitholders, such Unitholder shall be prohibited from voting his Units at, or being counted in the quorum for, such meeting.

Pursuant to the REIT Code and the Trust Deed, by virtue of the Manager's interest, which may be regarded as material in the amendments to the Trust Deed in relation to the limitation of liability of the Manager and the Trustee in respect of distribution entitlement and the issuance of Units pursuant to Incentive Scheme, the Manager shall abstain from voting on Special Resolution no. 7 and Special Resolution no. 8 to approve the relevant amendments. So far as the Manager is aware, as at the Latest Practicable Date, the Manager held 10,916,677 Units, representing approximately 0.98% of the Units in issue.

As at the Latest Practicable Date, to the best of the Manager's knowledge, information and belief after having made reasonable enquiries, save as disclosed above, the Manager is not aware of any Unitholder who is required to abstain from voting in respect of any of the Special Resolution nos. 1 to 6.

### **Approvals Required**

In order for Spring REIT to be able to effect the proposed amendments requiring Unitholders' approval to the Trust Deed, Unitholders must first approve, by way of Special Resolution at the EGM in accordance with the Trust Deed, and the Other Amendments Requiring Unitholders' Approval. The Manager proposes to seek Unitholders' approval of Special Resolution no. 6, Special Resolution no. 7 and Special Resolution no. 8, as set out in the EGM Notice approving the Other Amendments Requiring Unitholders' Approval.

### **Recommendation of the Board and View of the Trustee**

The Board considers that the proposed Other Amendments Requiring Unitholders' Approval are in the interests of Spring REIT and the Unitholders as a whole. Based and in sole reliance on the information provided by, and assurances from, the Manager, and the opinion of the Board, and taking into account its duties under the REIT Code and the Trust Deed, the Trustee has no objection to the Manager submitting the Other Amendments Requiring Unitholders' Approval for Unitholders' approval.

## **7. OTHER PROPOSED AMENDMENTS TO THE TRUST DEED NOT REQUIRING UNITHOLDERS APPROVAL**

To enhance the clarity and consistency of the Trust Deed and to update the Trust Deed as a result of terminology updates in statutes and the Takeovers Code and other information updates, the Manager proposes to effect the Amendments Not Requiring Unitholders' Approval, which include amendments to align with the current provisions of the REIT Code regarding the qualification of property valuer and the valuation standards used, and to adopt the Trustee Ordinance Clarification Amendments.

Further details of the Amendments Not Requiring Unitholders' Approval are set out in Appendix VI to the Circular for the Unitholders' information.

Pursuant to Clause 31.1 of the Trust Deed and/or paragraph 9.6 of the REIT Code, no specific approval from Unitholders is required for the Amendments Not Requiring Unitholders' Approval, as none of such amendments imposes upon any Unitholder any obligation to make any further payments in respect of his Units or to accept any liability in respect thereof.

Pursuant to Clause 31.1 of the Trust Deed and paragraph 9.6 of the REIT Code, the Trustee has certified that, in its opinion, the Amendments Not Requiring Unitholders' Approval:

- (i) are necessary in order to comply with the applicable fiscal and regulatory requirements (whether or not having the force of law);
- (ii) do not materially prejudice holders' interests, does not to any material extent release the trustee, management company or any other person from any liability to holders and does not increase the costs and charges payable from the scheme property; or
- (iii) are necessary in order to correct manifest errors.

## **8. PROPOSED EXTENSION OF PERIOD OF WAIVER IN RESPECT OF EXISTING CONTINUING CONNECTED PARTY TRANSACTIONS AND PROPOSED NEW ANNUAL CAPS FOR CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS**

### **Initial Waiver Granted**

As disclosed in the Offering Circular, subject to certain conditions, on 21 November 2013, the SFC granted a waiver from strict compliance with the requirements for disclosure and, where applicable, due approval by Unitholders other than those who have a material interest in the Relevant Connected Party Transactions within the meaning of paragraph 8.11 of the REIT Code ("**Independent Unitholders**") for a period up to and including 31 December 2015 (being the Initial Waiver).

Details of the Relevant Connected Party Transactions and the Initial Waiver are more particularly set out in the section “Connected Party Transactions — Waivers for Certain Connected Transactions Between Spring REIT Group and the REIT Manager Connected Persons Group” (pages 190 to 194) in the Offering Circular.

### **Expiration of the Initial Waiver**

The Initial Waiver is for an initial duration commencing on the Listing Date and ending on 31 December 2015. In accordance with the waiver conditions of the Initial Waiver, it may be extended beyond 31 December 2015, and/or the terms and conditions of the Initial Waiver may be modified from time to time, provided that:

- (i) the approval of Independent Unitholders is obtained by way of an ordinary resolution passed in a general meeting of Unitholders;
- (ii) disclosure of details of the proposed extension and/or modification, as the case may be, shall be made by way of an announcement by the Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (iii) any extension of the period of the waiver shall, on each occasion of such extension, be for a period which shall expire not later than the third full financial year end date of Spring REIT after the date on which the approval referred to in (i) above is obtained.

### **Reasons for Extension of the Initial Waiver**

On 24 March 2015, AD Capital Co. Ltd. (“**AD Capital**”), the “controlling entity” (as defined in the REIT Code) of the Manager entered into a share subscription agreement (the “**Share Subscription Agreement**”) with ITOCHU Corporation (“**ITOCHU**”), an independent third party to Spring REIT, pursuant to which ITOCHU agreed to subscribe for 266 shares in AD Capital representing approximately 14.3% of the issued share capital in AD Capital after completion of the transactions contemplated under the Share Subscription Agreement, subject to the terms and conditions of the Share Subscription Agreement.

The Manager also received a notice from AD Capital that on 24 March 2015, ASUKA Holdings Co., Ltd. (“**ASUKA Holdings**”) and ITOCHU entered into a share purchase agreement (the “**Share Purchase Agreement**”) pursuant to which ASUKA Holdings agreed to sell and ITOCHU agreed to purchase 260 shares in AD Capital, representing approximately 14.0% of the issued share capital in AD Capital after completion of the transactions contemplated under the Share Purchase Agreement, subject to the terms and conditions of the Share Purchase Agreement.

Pursuant to paragraph 8.1 of the REIT Code, “connected person” of Spring REIT includes, among others, any “associated company” (as defined in the REIT Code) of the Manager.

Paragraph 8.14 of the REIT Code provides that all Connected Party Transactions should be announced, other than Connected Party Transactions falling within paragraphs 8.9 or 8.10 of the REIT Code if the value of such transactions does not exceed HK\$1 million.

As disclosed in an announcement of Spring REIT dated 26 March 2015, ITOCHU will acquire approximately 28.3% of the issued share capital in AD Capital and will thus indirectly hold approximately 28.3% of the total issued share capital of the Manager. Accordingly, ITOCHU will become an associated company of the Manager under the REIT Code upon completion of the transactions contemplated under the Share Subscription Agreement and Share Purchase Agreement. As a result, ITOCHU will become a connected person of the Spring REIT Group under the REIT Code.

ITOCHU is an existing tenant in the Property, holding a lease with a duration of three years, commencing on 1 April 2013 and expiring on 31 March 2016 in respect of certain areas in Office Tower 2 of the Property (“**ITOCHU Lease Transaction**”). ITOCHU was an independent third party of Spring REIT when the ITOCHU Lease Transaction was entered into. The ITOCHU Lease Transaction was entered into in the ordinary and usual course of business of Spring REIT, on normal commercial terms and was based on prevailing market pricing. The aggregate amount of annual rent paid by ITOCHU to Spring REIT concerning the ITOCHU Lease Transaction during a financial year exceeds HK\$1 million.

The Manager has obtained a confirmation from the Principal Valuer (within the meaning ascribed to it under the REIT Code) that the rental pursuant to the ITOCHU Lease Transaction and all other connected lease transactions were at the prevailing market level at the time when the tenancy agreements were entered into and the other commercial terms in the tenancy agreements for the ITOCHU Lease Transaction and all other connected lease transactions (such as rent free period) were normal commercial terms. If the ITOCHU Lease Transaction and all other connected lease transactions are renewed in the future, the Manager will, prior to such renewal, obtain a confirmation from the Principal Valuer as to whether: (i) the renewed rental will be at market level, and (ii) the other terms of the tenancy are normal commercial terms.

Following completion of the transactions contemplated under the Share Subscription Agreement and the Share Purchase Agreement, ITOCHU will become an “associated company” of the Manager, and therefore, a “connected person” of Spring REIT pursuant to paragraph 8.1 of the REIT Code. Accordingly, the ITOCHU Lease Transaction will be deemed as a connected party transaction within the category of leasing transactions between Spring REIT and ITOCHU. Taking into account the ITOCHU Lease Transaction, the existing annual cap for the financial years ended 31 December 2015 for leasing transactions would exceed the annual monetary limits of the Initial Waiver. Accordingly, the Manager considers the existing annual cap for leasing transactions should be renewed. Besides, in view of the existing annual cap for leasing transactions will expire on 31 December 2015, the Manager proposes to extend the existing annual cap for leasing transactions for a further period of three full financial years ending 31 December 2017.

In view of the modification of the existing annual cap for leasing transactions and the extension of such annual cap for a further period of three full financial years ending 31 December 2017, the Manager also proposes to revise and extend the corresponding annual caps of the property management arrangements for a further period of three full financial years ending 31 December 2017.

### **Extension of the Initial Waiver**

Accordingly, the Manager now proposes to seek the Independent Unitholders' approval, by way of an Ordinary Resolution at the EGM:

- (a) to extend the Initial Waiver for the three full financial years ending 31 December 2017 (the "**2015 Waiver Extension**"), and
- (b) to set the New Annual Caps for the Relevant Connected Party Transactions for the years ending 31 December 2015, 31 December 2016 and 31 December 2017 respectively.

The Relevant Connected Party Transactions with respect to which the 2015 Waiver Extension is sought are within the same categories as those described in the section headed "Connected Party Transactions — Waivers for Certain Connected Transactions Between Spring REIT Group and the REIT Manager Connected Persons Group — Waiver Conditions" (pages 190 to 194) in the Offering Circular. Save as disclosed in the Circular and save for the relevant annual caps, the Manager confirms that the waiver conditions for the Initial Waiver will continue to apply to Spring REIT until 31 December 2017.

The Manager has made a submission to the SFC to seek an extension of the Initial Waiver so that it applies for the three full financial years ending 31 December 2017. As part of its submission, the Manager has also proposed New Annual Caps for the Relevant Connected Party Transactions for the years ending 31 December 2015, 31 December 2016 and 31 December 2017 respectively. Details of the 2015 Waiver Extension and the New Annual Caps are set out in the Circular.

Other than the change to the Annual Caps, the waiver conditions of and the categories of transactions covered by the 2015 Waiver Extension are the same as the waiver conditions of and the categories of transactions covered by the Initial Waiver.

### **Independent Board Committee and Independent Financial Adviser**

The Independent Board Committee has been established by the Board to advise the Independent Unitholders on the ITOCHU Lease Transaction, the 2015 Waiver Extension and the New Annual Caps. Somerley Capital Limited, being the Independent Financial Adviser, has been appointed as the independent financial adviser to provide an opinion on the ITOCHU Lease Transaction, the 2015 Waiver Extension and the New Annual Caps to the Independent Board Committee, the Independent Unitholders and the Trustee.

Unitholders' attention is drawn to the "Letter from the Independent Board Committee in relation to the 2015 Waiver Extension" set out in the Circular, which contains the Independent Board Committee's recommendation to the Independent Unitholders in respect of the ITOCHU Lease Transaction, the 2015 Waiver Extension and the New Annual Caps, and the "Letter from the Independent Financial Adviser in relation to the 2015 Waiver Extension" set out in the Circular, which contains the Independent Financial Adviser's advice to the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the 2015 Waiver Extension and the New Annual Caps.

### **Approvals Required**

In order for Spring REIT to extend the Initial Waiver and set the New Annual Caps for the Relevant Connected Party Transactions, Independent Unitholders must first approve, by way of Ordinary Resolution at the EGM, the 2015 Waiver Extension and the New Annual Caps. The Manager proposes to seek Independent Unitholders' approval of Ordinary Resolution no. 9 as set out in the EGM Notice approving the 2015 Waiver Extension and the New Annual Caps.

### **Recommendation of the Board and View of the Trustee**

The Board considers that the 2015 Waiver Extension and the New Annual Caps are in the interests of Spring REIT and the Unitholders as a whole. The Trustee has no objection to the Manager submitting the 2015 Waiver Extension and the New Annual Caps for Independent Unitholders' approval.

## **9. CIRCULAR AND EGM NOTICE**

Details of the above are set out in the Circular which will be dispatched, together with the EGM Notice, the form of proxy for the EGM and a letter from the Board to the Unitholders containing details of the above matters, to Unitholders as soon as practicable.

Unitholders' attention is drawn to the "Letter from the Independent Board Committee" set out in the Circular, which contains the Independent Board Committee's recommendations to the Independent Unitholders, and the "Letter from the Independent Financial Adviser" set out in the Circular, which contains among other things: (1) the Independent Financial Adviser's opinion to the Independent Board Committee, the Independent Unitholders and the Trustee; (2) the principal factors taken into consideration by the Independent Financial Adviser; and (3) assumptions and qualifications adopted by the Independent Financial Adviser in arriving at such opinion.

The EGM will be held at 11:00 a.m. on Wednesday, 20 May 2015 at The Tian & Di Room, 7th Floor, The Landmark Mandarin Oriental Hong Kong, 15 Queen's Road Central, The Landmark, Central, Hong Kong (or soon thereafter as the annual general meeting of Unitholders convened to be held at 10:00 a.m. on the same date and at the same place shall have been concluded or adjourned) for the purposes of considering and, if thought fit, passing, with or without modifications, the Special Resolutions and the Ordinary Resolution set out in the EGM Notice and reproduced in the body of this Announcement

In order to determine the list of Unitholders qualified to attend and vote at the EGM, the register of Unitholders will be closed from 18 May 2015 to 20 May 2015, both days inclusive, during which period no transfers of Units will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant Unit certificates must be lodged with the Unit registrar of Spring REIT, being Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 15 May 2015.

If a unitholder is a Unitholder on the Register on Tuesday, 19 May 2015 (being the date fixed for the purposes of determining Unitholders' entitlement to vote at the EGM), the Unitholder can attend and vote at the EGM.

The substantive text of the EGM Notice is reproduced below:

**“NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (the **“EGM”**) of the unitholders (the **“Unitholders”**) of Spring Real Estate Investment Trust (**“Spring REIT”**) will be held at 11:00 a.m. on Wednesday, 20 May 2015 at The Tian & Di Room, 7th Floor, The Landmark Mandarin Oriental Hong Kong, 15 Queen's Road Central, The Landmark, Central, Hong Kong (or soon thereafter as the annual general meeting of Unitholders convened to be held at 10:00 a.m. on the same date and at the same place shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions below, of which Resolution nos. 1 to 8 will be proposed as Special Resolutions, and Resolution no. 9 will be proposed as an Ordinary 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 Unitholders circular dated 16 April 2015 (the **“Circular”**).

### **SPECIAL RESOLUTIONS**

(1) **“THAT:**

- (A) pursuant to Clause 31.1 of the Trust Deed, approval be and is hereby given for: (i) the Expanded Investment Scope regarding Property Development and Related Activities, as more fully described in the Circular; and (ii) the Property Development Activities Amendments as set out in Appendix I to the Circular; and
- (B) Spring Asset Management Limited as the manager of Spring REIT (the **“Manager”**), any director of the Manager and DB Trustees (Hong Kong) Limited) as the trustee of Spring REIT (the **“Trustee”**) and each duly authorised officer of the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, the Trustee and each duly authorised officer of the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Spring REIT to implement or give effect to the amendments of the Trust Deed referred to in paragraph (A) above.”

(2) **“THAT:**

- (A) pursuant to Clause 31.1 of the Trust Deed, approval be and is hereby given for: (i) the Expanded Investment Scope regarding Relevant Investments, as more fully described in the Circular; and (ii) the Relevant Investments Amendments as set out in Appendix II to the Circular; and
- (B) the Manager, any director of the Manager, the Trustee and each duly authorised officer of the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, the Trustee and each duly authorised officer of the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Spring REIT to implement or give effect to the amendments of the Trust Deed referred to in paragraph (A) above.”

(3) **“THAT:**

- (A) pursuant to Clause 31.1 of the Trust Deed, approval be and is hereby given for: (i) the Expanded Investment Scope regarding Property Types, as more fully described in the Circular; and (ii) the Property Types Amendments as set out in Appendix III to the Circular; and
- (B) the Manager, any director of the Manager, the Trustee and each duly authorised officer of the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, the Trustee and each duly authorised officer of the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Spring REIT to implement or give effect to the amendments of the Trust Deed referred to in paragraph (A) above.”

(4) **“THAT:**

- (A) pursuant to Clause 31.1 of the Trust Deed, approval be and is hereby given for (i) the Expanded Investment Scope regarding Geographical Scope, as more fully described in the Circular; and (ii) the Geographical Scope Amendments as set out in Appendix III to the Circular; and
- (B) the Manager, any director of the Manager, the Trustee and each duly authorised officer of the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, the Trustee and each duly authorised officer of the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Spring REIT to implement or give effect to the amendments of the Trust Deed referred to in paragraph (A) above.”

(5) **“THAT:**

- (A) pursuant to Clause 31.1 of the Trust Deed, approval be and is hereby given for the Distribution Formula Amendments, as set out in Appendix IV to the Circular; and
- (B) the Manager, any director of the Manager, the Trustee and each duly authorised officer of the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, the Trustee and each duly authorised officer of the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Spring REIT to implement or give effect to the amendments of the Trust Deed referred to in paragraph (A) above."

(6) **“THAT:**

- (A) pursuant to Clause 31.1 of the Trust Deed, approval be and is hereby given for the amendments to the Trust Deed relating to proxies and voting arrangements, as specifically set out in part A of Appendix V to the Circular; and
- (B) the Manager, any director of the Manager, the Trustee and each duly authorised officer of the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, the Trustee and each duly authorised officer of the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Spring REIT to implement or give effect to the amendments of the Trust Deed referred to in paragraph (A) above."

(7) **“THAT:**

- (A) pursuant to Clause 31.1 of the Trust Deed, approval be and is hereby given for the amendments to the Trust Deed relating to the Manager’s power to buy-back Units and to redeem certain entitlements in the case of a rights issue and limitation of liability of the Manager and the Trustee in respect of distribution entitlement as specifically set out in part B of Appendix V to the Circular; and
- (B) the Manager, any director of the Manager, the Trustee and each duly authorised officer of the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, the Trustee and each duly authorised officer of the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Spring REIT to implement or give effect to the amendments of the Trust Deed referred to in paragraph (A) above.”

(8) **“THAT:**

- (A) pursuant to Clause 31.1 of the Trust Deed, approval be and is hereby given for the amendments to the Trust Deed relating to the adoption by the Manager of an Incentive Scheme and to issue new Units pursuant to such Incentive Scheme, as specifically set out in part C of Appendix V to the Circular; and
- (B) the Manager, any director of the Manager, the Trustee and each duly authorised officer of the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, the Trustee and each duly authorised officer of the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Spring REIT to implement or give effect to the amendments of the Trust Deed referred to in paragraph (A) above.”

**ORDINARY RESOLUTION**

(9) **“THAT:**

- (A) the 2015 Waiver Extension and the New Annual Caps (as defined and described in the circular dated 16 April 2015 and dispatched to the Unitholders of which the notice convening this meeting forms a part, a copy of which has been produced to this meeting and marked “\*” and signed by the Chairman for the purpose of identification) be and is hereby approved; and
- (B) the Manager, any director of the Manager, the Trustee and each duly authorised officer of the Trustee each be and is hereby authorised to do or procure to be done all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager, the Trustee and each duly authorised officer of the Trustee (as the case may be) may consider desirable, expedient, necessary or in the interest of Spring REIT to implement or give effect to the matters resolved upon in paragraph (A) above, and in particular as such persons may consider expedient or necessary or in the interest of Spring REIT to give effect to all matters in relation to the 2015 Waiver Extension and the New Annual Caps.”

By order of the board of directors of  
**Spring Asset Management Limited**  
(as manager of Spring Real Estate Investment Trust)  
**Fair Wind Secretarial Services Limited**  
*Company Secretary*

Hong Kong, 16 April 2015”

## 10. DEFINITIONS

In this Announcement, the following definitions apply unless otherwise stated. Also, where terms are defined and used in only one section of this Announcement, these defined terms are not included in the table below.

“2015 Waiver Extension”	the proposed extension of the Initial Waiver, for a further period of three full financial years up to and including 31 December 2017 (if approved by the Independent Unitholders at the EGM), for the Relevant Connected Party Transactions (including the setting of the New Annual Caps) as described in the Circular.
“Aggregate Development Costs”	the property development costs means (i) the aggregate investments in all Property Development and Related Activities (which, for such purpose, shall not include refurbishment, retrofitting and renovations) undertaken by Spring REIT together with (ii) the aggregate contract value of uncompleted units of real estate acquired by Spring REIT.
“Amendments Not Requiring Unitholders’ Approval”	the proposed amendments to the Trust Deed which are not subject to approval of Unitholders, the details of which will be set out in the Circular.
“Annual Report”	the annual report of Spring REIT for the year ended 31 December 2014.
“associate”	has the meaning ascribed to this term in the REIT Code.
“Audit Committee”	the audit committee of the Manager.
“Authorisation”	authorisation of Spring REIT by the SFC under section 104 of the SFO.
“Authorised Investments”	the authorised investments of Spring REIT as prescribed in the Trust Deed.
“Base Fee”	the base fee payable to the Manager pursuant to the Trust Deed by reference to the value of the deposited property of Spring REIT.
“Board”	the board of directors of the Manager.

“Circular”	the circular issued on the date hereof and dispatched to the Unitholders, containing, among other things, (1) a letter from the Board to the Unitholders detailing the proposed expansion of the scope of the investment policy and objective of Spring REIT so that it shall have the flexibility to invest in industrial properties, warehouses, commercial shopping malls, hotels and serviced apartments, details of the proposed expansion of Spring REIT’s investment policy and objective to include investments in Property Development and Related Activities and Relevant Investments, details of the proposed expansion of the geographical scope of the investment policy and objective of Spring REIT, the proposed amendments to the Trust Deed (including the amendments to the distribution formula), the other miscellaneous amendments to the Trust Deed, and the 2015 Waiver Extension (including the New Annual Caps), (2) a letter from the Independent Board Committee to the Independent Unitholders, (3) a letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee, and (4) the EGM Notice.
“Compliance Manual”	the compliance manual adopted by the Manager for governing the management and operation of Spring REIT, as amended, supplemented and/or otherwise modified from time to time.
“connected person(s)”	has the meaning ascribed to this term in the REIT Code.
“Connected Persons Group”	any person who is a connected person of Spring REIT by virtue of its relationship (including but not limited to a director, controlling entity, holding company, subsidiary or associated company) with the Significant Holder and the Manager.
“Director(s)”	the director(s) of the Manager.

“Distribution Formula Amendments”

the proposed amendments to the Trust Deed in connection with the distribution formula, the details of which will be set out in the Circular, which are to be considered, and if thought fit, approved by Unitholders by the proposed Special Resolution no. 5 set out in the EGM Notice.

“EGM”

the extraordinary general meeting of Unitholders convened by and referred to in the EGM Notice to consider and, if thought fit, approve, among other things, the proposed Expanded Investment Scope regarding Property Types and the Property Types Amendments; the proposed Expanded Investment Scope regarding Property Development and Related Activities and the Property Development Activities Amendments, the proposed Expanded Investment Scope regarding Relevant Investments and the Relevant Investments Amendments; proposed amendments to Trust Deed relating to the Manager’s proxies and voting arrangements; proposed amendments to the Trust Deed relating to the Manager’s power to buy-back Units and to redeem certain entitlements in the case of rights issue and limitation of liability of the Manager and the Trustee in respect of distribution entitlement; the proposed Expanded Investment Scope regarding Geographical Scope and Geographical Scope Amendments; the proposed Distribution Formula Amendments, and the proposed 2015 Waiver Extension and proposed New Annual Caps, or any adjournment thereof.

“EGM Notice”

the notice included in the Circular in respect of the EGM.

“EGM Resolutions”

the Special Resolutions and the Ordinary Resolution to be passed at the EGM.

“Expanded Investment Scope regarding Geographical Scope”	the proposed expansion of the geographical scope of Spring REIT’s investment policy and objective beyond mainland China, Hong Kong, Macau, Taiwan, Japan and other areas of Asia, so that Spring REIT shall have the flexibility to invest in all classes of income-producing non-residential properties, in any part of the world, including but not limited to mainland China, Hong Kong, Macau, Taiwan, Japan and other areas of Asia which is to be considered, and if thought fit, approved by Unitholders by the proposed Special Resolution no. 4 set out in the EGM Notice.
“Expanded Investment Scope regarding Property Development and Related Activities”	the proposed expansion of the scope of Spring REIT’s investment policy and objective so that it shall have the flexibility to engage in or undertake Property Development and Related Activities (subject to restrictions in the REIT Code and the Trust Deed), which is to be considered, and if thought fit, approved by Unitholders as part of the proposed Special Resolution no. 1 set out in the EGM Notice.
“Expanded Investment Scope regarding Property Types”	the proposed expansion of the scope of Spring REIT’s investment policy and objective so that it shall have the flexibility to invest in industrial properties, warehouses, commercial shopping malls, hotels and serviced apartments (subject to restrictions in the REIT Code and the Trust Deed), which is to be considered, and if thought fit, approved by Unitholders as part of the proposed Special Resolution no. 3 set out in the EGM Notice.
“Expanded Investment Scope regarding Relevant Investments”	the proposed expansion of the scope of Spring REIT’s investment policy and objective so that it shall have the flexibility to invest in Relevant Investments (subject to restrictions in the REIT Code and the Trust Deed), which is to be considered, and if thought fit, approved by Unitholders as part of the proposed Special Resolution no. 2 set out in the EGM Notice.
“GAV Cap”	10% of the Gross Asset Value, being the threshold limit of the Aggregate Development Costs.

“Geographical Scope Amendments”	means the proposed amendments to the Trust Deed in connection with the Expanded Investment Scope regarding Geographical Scope, the details of which are set out in the Circular, which are to be considered, and if thought fit, approved by Unitholders as part of the proposed Special Resolution no. 4 set out in the EGM Notice.
“Gross Asset Value”	for the purpose of calculating the denominator to be used for the purpose of the GAV Cap, the total gross asset value of all the assets of Spring REIT calculated by reference to the latest published accounts of Spring REIT, as adjusted for any distribution declared and any published valuation (as further described in the Circular, but excluding the value of any investments in properties under development (which for the avoidance of doubt, shall not include the value of existing properties under redevelopment)).
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC.
“Independent Board Committee”	the independent committee established by the Board to advise the Independent Unitholders on the 2015 Waiver Extension and the New Annual Caps, comprising Mr. Simon Murray, Mr. Liping Qiu and Mr. Lam Yiu Kin, being all of the INEDs.
“Independent Financial Adviser”	Somerley Capital Limited, which is licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and appointed as the independent financial adviser to advise the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the 2015 Waiver Extension and the New Annual Caps.
“Independent Unitholders”	Unitholders other than those who have a material interest in the relevant resolutions, within the meaning of paragraph 8.11 of the REIT Code, and who are entitled to vote at the EGM.
“INED”	independent non-executive Director.

“Initial Waiver”	the waiver from strict compliance with the requirements of Chapter 8 of the REIT Code granted by the SFC on 21 November 2013, which is more fully described in the Offering Circular dated 25 November 2013 issued by Spring REIT to the Unitholders.
“Listing Date”	the initial listing date of the Units, being 5 December 2013.
“Manager”	Spring Asset Management Limited, (in its capacity as the manager of Spring REIT), a company incorporated under the laws of Hong Kong.
“Manager Connected Persons Group”	the Manager as well as controlling entities, holding companies, subsidiaries and associated companies of the Manager within the meaning of the REIT Code and the Directors, senior executives and officers of the Manager and the respective associates (as defined in the REIT Code) as defined in the Offering Circular.
“New Annual Caps”	the proposed new annual caps for the Relevant Connected Party Transactions for the years ending 31 December 2015, 31 December 2016, and 31 December 2017 respectively, as set out in the Circular.
“Offering Circular”	the offering circular of Spring REIT dated 25 November 2013 issued to the Unitholders in connection with the initial public offering of the Units.
“Ordinary Resolution”	a resolution of Unitholders passed by a simple majority of the votes of those present, whether in person or by proxy, and entitled to vote, where the votes shall be taken by way of poll, but with a quorum of two or more Unitholders holding at least 10% of the Units in issue.

“Other Amendments Requiring Unitholders’ Approval”

other proposed amendments to the Trust Deed which require Unitholders’ approval, being amendments: (i) relating to the maximum number and validity of proxies; (ii) to allow for flexibility in the Trust Deed in relation to buy-back or redemption of Units to the extent that the applicable requirements by the SFC are complied with; and (iii) to the Trust Deed to include a framework to allow for the issue of Units, options over Units, convertible instruments or otherwise pursuant to Incentive Schemes; the details of which are set out in the Circular, which are to be considered, and if thought fit, approved by Unitholders as part of the proposed Special Resolution nos. 6, 7 and 8 set out in the EGM Notice.

“PRC”

the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of the Circular.

“Property”

the real estate property comprises all of the office floors of Office Tower 1, China Central Place, Beijing, 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, 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 car parking spaces located in the underground levels of the two office buildings. The Property is located at No. 79 and No. 81, Jianguo Road, Chaoyang District, Beijing, PRC.

“Property Development Activities Amendments”

the proposed amendments to the Trust Deed in connection with the Expanded Investment Scope regarding Property Development and Related Activities, the details of which are set out in the Circular, which are to be considered, and if thought fit, approved by Unitholders as part of the proposed Special Resolution no. 1 set out in the EGM Notice.

“Property Development and Related Activities”	the acquisition of or an interest in uncompleted units in a building and property developments (including both new development projects and re-development of existing properties) undertaken in accordance with the REIT Code.
“Property Management Agreement”	the agreement dated 30 August 2011 entered into between RCA01 and the Property Manager (and subsequently acceded to by the property holding companies within Spring REIT) relating to the provision of certain property management and lease management as well as marketing services in respect of the property of Spring REIT, being the Property.
“Property Manager”	Beijing Hua-re Real Estate Consultancy Co., Ltd., as the property manager of Spring REIT, or such other person as may from time to time be appointed as the property manager of Spring REIT.
“Property Types Amendments”	the proposed amendments to the Trust Deed in connection with the Expanded Investment Scope regarding Property Types, the details of which are set out in the Circular, which are to be considered, and if thought fit, approved by Unitholders as part of the proposed Special Resolution no. 3 set out in the EGM Notice.
“RCA01”	a company incorporated as an exempted company with limited liability in the Cayman Islands and is a special purpose vehicle wholly owned by Spring REIT.
“Real Estate”	any land, and any interest, option or other right in or over any land (for the purposes of this definition, “land” includes land of any tenure, whether or not held apart from the surface, and buildings or parts thereof (whether completed or otherwise and whether divided horizontally, vertically or in any other manner) and tenements and hereditaments, corporeal and incorporeal, and any estate or interest therein).
“REIT”	real estate investment trust.
“REIT Code”	the Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being.

“REIT Code Amendments”	the amendments to the REIT Code set out in the final consultation conclusions on amendments to the REIT Code issued by the SFC on 22 July 2014 and which become effective on 29 August 2014.
“Relevant Connected Party Transactions”	continuing connected party transactions involving: (1) leasing transactions; or (2) property management arrangements; between the Spring REIT Group on one part and the Connected Persons Group and/or the Manager Connected Persons Group on the other part, the details of which are set out in the Offering Circular and the Circular.
“Relevant Investments”	the following financial instruments: (1) securities listed on the Stock Exchange or other internationally recognised stock exchanges; (2) unlisted debt securities; (3) government and other public securities; and (4) local or overseas property funds; in accordance with the REIT Code.
“Relevant Investments Amendments”	the proposed amendments to the Trust Deed in connection with the Expanded Investment Scope regarding Relevant Investments, the details of which are set out in the Circular, which are to be considered, and if thought fit, approved by Unitholders as part of the proposed Special Resolution no. 2 set out in the EGM Notice.
“SFC”	the Securities and Futures Commission of Hong Kong.
“SFC Circular”	the Circular to Management Companies and Trustees of SFC-authorized Hong Kong domiciled funds published by the SFC on 17 April 2014.
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified for the time being.

“Significant Holder”	RCA Fund 01, L.P., RCAC (being the general partner of RCA Fund 01, L.P. and with the exclusive right to manage, control and operate RCA Fund 01, L.P.), each being a significant holder of Spring REIT holding more than 10% of the total issued Units of Spring REIT.
“Special Resolution”	a resolution of Unitholders passed by a majority consisting of 75% or more of the votes of those Unitholders present and entitled to vote in person or by proxy at a duly convened meeting by way of a poll, but with a quorum of two or more Unitholders holding 25% of Units in issue.
“Spring REIT”	Spring Real Estate Investment Trust (春泉產業信託), a Hong Kong collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO.
“Spring REIT Group”	means the Manager, Spring REIT and other companies or entities held or controlled by Spring REIT.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented and/or otherwise modified from time to time.
“Trust Deed”	the trust deed constituting Spring REIT dated 14 November 2013 and entered into between the Trustee and the Manager, as the same may be amended and supplemented from time to time by any supplemental deed.
“Trustee”	DB Trustees (Hong Kong) Limited (in its capacity as the trustee of Spring REIT), a company incorporated under the laws of Hong Kong, in its capacity as trustee of the REIT.
“Trustee Ordinance”	the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as amended, supplemented or otherwise modified for the time being.
“Trustee Ordinance Clarification Amendments”	the proposed amendments to the Trust Deed in line with the SFC Circular, the details of which are set out in the Circular.
“Unit”	one undivided unit in Spring REIT.

“Unitholder(s)”	any person registered as holding a Unit on the Register.
“Variable Fee”	the variable fee payable to the Manager pursuant to the Trust Deed, by reference to the net property income of Spring REIT.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.
“%”	per cent.

By order of the Board  
**Spring Asset Management Limited**  
(as manager of Spring Real Estate Investment Trust)  
**Mr. Toshihiro Toyoshima**  
*Chairman of the Manager*

Hong Kong, 16 April 2015

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