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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

ANNOUNCEMENT

(1) ISSUANCE OF SUBJECT 2024 MANAGER FEE UNITS
AND
(2) APPLICATION FOR WHITEWASH WAIVER

Financial Adviser to the Manager

TRINITY
Trinity Corporate Finance Limited

ISSUANCE OF SUBJECT 2024 MANAGER FEE UNITS

Under the Trust Deed, the Manager (in its personal capacity) is entitled to receive Manager's Fees for its services, which include a Base Fee of 0.4% per annum of the amount of the Deposited Property and a Variable Fee of 3.0% per annum of net property income (before certain deductions), in the form of Units and/or cash. The Manager's Fees are payable by Spring REIT quarterly in arrears. For every year since the listing of Spring REIT in 2013, other than from 2017 to 2019, the Manager elected for the Base Fee to be paid in the form of cash (as to 20%) and in the form of Units (as to 80%) and the Variable Fee to be paid entirely in the form of cash. From 2017 to 2019, the Manager elected to receive all of its Base Fee in the form of Units and all of its Variable Fee in the form of cash.

On 13 December 2023, the Manager announced its election to continue receiving 80% of the Base Fee for the year ending 31 December 2024 in the form of Units and receiving the remaining 20% of the Base Fee and its entire Variable Fee in the form of cash. The first tranche of the 2024 Manager Fee Units, comprising 5,579,416 Units, were issued on 30 April 2024 as payment for 80% of the Base Fee payable for the period from 1 January 2024 to 31 March 2024.

As at the date of this announcement: (i) the Manager Presumed Concert Group was collectively interested in approximately 54.61% of the total number of issued Units; and (ii) the Manager Concert Group (which includes members of the Manager Presumed Concert Group other than Huamao Property and parties acting in concert with Huamao Property) was collectively interested in approximately 29.77% of the total number of issued Units. It is anticipated that the issuance of one of the further tranches of the 2024 Manager Fee Units (being the Subject 2024 Manager Fee Tranche) will result in a mandatory offer threshold under Rule 26 of the Takeovers Code being reached by the Manager Concert Group, which will require the excess part of the Subject 2024 Manager Fee Tranche to be paid in the form of cash instead of Manager Fee Units pursuant to Clause 11.1.1.4 of the Trust Deed.

As the Manager considers that the cash savings achieved from paying the Manager's Fees in the form of Manager Fee Units to be crucial to maintaining stable distributions to Unitholders, the Manager will seek the approval of the Independent Unitholders for the Subject 2024 Manager Fee Units to be issued pursuant to a specific approval under 12.2 of the REIT Code and Clause 7.1.7 of the Trust Deed.

For illustrative purposes, based on the information and assumptions set out in the table headed "(i) Scenario 1- Illustrative Tranche Units" in section II headed "EFFECT ON THE UNITHOLDING STRUCTURE OF SPRING REIT" of this announcement, the Subject 2024 Manager Fee Tranche pertains to the 2024 Manager Fee Units to be issued in respect of the fees payable to the Manager for the second quarter of 2024, on the 2Q24 Fees Issue Date in August 2024. However, **Unitholders should note that the number of 2024 Manager Fee Units to be issued at each Issue Date and the date on which the mandatory offer threshold under the Takeovers Code will be reached would depend on, among other things, the value of the Deposited Property, the Market Price and the HK\$:RMB exchange rate applicable at the relevant time, and therefore, may be different from the figures and the dates set out in this announcement. Accordingly, there is no guarantee that the mandatory offer threshold under the Takeovers Code will be reached by the Manager Concert Group immediately following the issuance of the 2024 Manager Fee Units on 2Q24**

Fees Issue Date. If such threshold is not reached on the 2Q24 Fees Issue Date (or on the 3Q24 Fees Issue Date), the Whitewash Waiver will apply to the subsequent issuance of the 2024 Manager Fee Units on the next Issue Date, and the Manager will publish an announcement to update Unitholders of: (i) the latest unitholdings of the Manager Concert Group and the Manager Presumed Concert Group; and (ii) the illustrative effect of the issuance of the Subject 2024 Manager Fee Units on the unitholding structure of Spring REIT.

APPLICATION FOR WHITEWASH WAIVER

The Manager (in its personal capacity) has also, pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, applied to the Executive for the Whitewash Waiver from the obligation to make a general offer for all issued Units and other securities of Spring REIT (if any) not already owned or agreed to be acquired by the Manager Concert Group as a result of the Manager's receipt of the tranche of 2024 Manager Fee Units that would cause the aggregate unitholding of Manager Concert Group to first exceed 30% at any given Issue Date (this tranche being the Subject 2024 Manager Fee Units).

The maximum number of the Subject 2024 Manager Fee Units subject to the Whitewash Waiver is 6,469,200 Units (being the Maximum Subject 2024 Manager Fee Units, as determined by applying a buffer of 20% to the Illustrative Tranche Units which the Manager believes to be necessary to cater for changes in property and capital market conditions). Any remaining amount of the Base Fee payable for the relevant period that cannot be fully settled by the issuance of the Maximum Subject 2024 Manager Fee Units will instead be settled in cash.

The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Independent Unitholders. As shown in the table headed "(ii) Scenario 2 — Maximum Unitholding of Manager Concert Group and Manager Presumed Concert Group" in section II headed "EFFECT ON THE UNITHOLDING STRUCTURE OF SPRING REIT" of this announcement and based on the assumptions set out therein, the maximum aggregate unitholding of the Manager Presumed Concert Group and the Manager Concert Group in Spring REIT immediately following such issuance will be 54.96% and 30.31%, respectively. Such maximum unitholding would be the same if the abovementioned 30% threshold under the Takeovers Code was only crossed on the 4Q24 Fees Issue Date.

DESPATCH OF CIRCULAR, EGM AND CLOSURE OF REGISTER OF UNITHOLDERS

The Circular containing, amongst others: (i) details of the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver; and (ii) a letter of advice from the Independent Financial Adviser to the Independent Unitholders and the Trustee on the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver, will be despatched to the Unitholders on 23 July 2024.

The EGM will be held at 4:00 p.m. on Friday, 9 August 2024 at Room 2401-2, One Admiralty Centre, 18 Harcourt Road, Hong Kong to consider and approve, among others, the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver.

For the purpose of determining the Unitholders who are entitled to vote at the EGM, the Register of Unitholders will be closed from Tuesday, 6 August 2024 to Friday, 9 August 2024 (both days inclusive). In order to qualify for voting at the EGM, all Unit certificates accompanied by the duly completed transfer forms must be lodged with the Unit Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration by 4:30 p.m. on Monday, 5 August 2024.

I. PART PAYMENT OF MANAGER'S FEES BY WAY OF UNITS

Background

Under the Trust Deed, the Manager (in its personal capacity) is entitled to receive Manager's Fees for its services, which include a Base Fee of 0.4% per annum of the amount of the Deposited Property and a Variable Fee of 3.0% per annum of net property income (before certain deductions), in the form of Units and/or cash. The Manager's Fees are payable by Spring REIT quarterly in arrears.

Pursuant to the Trust Deed, the Manager is entitled to make an election for the payment of the Base Fee and the Variable Fee entirely in the form of cash, entirely in the form of Units or partly in cash and partly in Units annually by notice in writing to the Trustee and announcement to the Unitholders. Such elections, which are irrevocable, must be made on or before 15 January of each year and such election for the financial year ending 31 December 2024 has already been made on 13 December 2023.

In accordance with the Trust Deed, the number of Manager Fee Units to be issued to settle the Manager's Fee is determined by dividing the relevant amount of the Manager's Fees to be settled in the form of Units by the Market Price, subject to certain conditions. One condition is if any thresholds for triggering a mandatory offer under the Takeovers Code will be reached as a result, then payment of that excess part of the Manager's Fee shall be paid in the form of cash instead of Units.

Past issuances of Manager Fee Units

For every year since the listing of Spring REIT in 2013, other than from 2013 to 2014 and from 2017 to 2019, the Manager elected for the Base Fee to be paid in the form of cash (as to 20%) and in the form of Units (as to 80%) and the Variable Fee to be paid entirely in the form of cash. From 2013 to 2014, the Manager elected to receive 80% of its Base Fee and Variable Fee in the form of Units and 20% of its Base Fee and Variable Fee in the form of cash. From 2017 to 2019, the Manager elected to receive all of its Base Fee in the form of Units and all of its Variable Fee in the form of cash.

2024 Manager Fee Units

On 13 December 2023, the Manager announced its election to continue receiving 80% of the Base Fee for the year ending 31 December 2024 in the form of Units and receiving the remaining 20% of the Base Fee and its entire Variable Fee in the form of cash (the “**2024 Election**”).

The first tranche of the 2024 Manager Fee Units, comprising 5,579,416 Units, were issued on 30 April 2024 as payment for 80% of the Base Fee payable for the period from 1 January 2024 to 31 March 2024. Based on the Manager Fee Units issued for prior financial years, the rest of the 2024 Manager Fee Units are expected to be issued in three further tranches in August 2024, October 2024 and March 2025 following the end of the preceding financial quarter.

As at the date of this announcement, (i) the Manager Presumed Concert Group was collectively interested in 791,884,729 Units, representing approximately 54.61% of the total number of issued Units; and (ii) the Manager Concert Group (which includes members of the Manager Presumed Concert Group other than Huamao Property and parties acting in concert with Huamao Property) was collectively interested in 431,696,309 Units, representing approximately 29.77% of the total number of issued Units. It is anticipated that the issuance of one of the further tranches of the 2024 Manager Fee Units (being the Subject 2024 Manager Fee Tranche) will result in a mandatory offer threshold under Rule 26 of the Takeovers Code being reached by the Manager Concert Group, which as noted above, will require the excess part of the Subject 2024 Manager Fee Tranche to be paid in the form of cash instead of Manager Fee Units pursuant to the Trust Deed. For details of the Takeovers Code mandatory offer threshold being reached, please see section V headed “REGULATORY IMPLICATIONS — Takeovers Code and application for Whitewash Waiver”. For illustrative purposes, based on the information and assumptions set out in the table headed “(i) Scenario 1 - Illustrative Tranche Units” in section II headed “EFFECT ON THE UNITHOLDING STRUCTURE OF SPRING REIT” of this announcement, the Subject 2024 Manager Fee Tranche pertains to the 2024 Manager Fee Units to be issued in respect of the fees payable to the Manager

for the second quarter of 2024, on the 2Q24 Fees Issue Date in August 2024. However, **Unitholders should note that the number of 2024 Manager Fee Units to be issued at each Issue Date and the date on which the mandatory offer threshold under the Takeovers Code will be reached would depend on, among other things, the value of the Deposited Property, the Market Price and the HK\$:RMB exchange rate applicable at the relevant time, and therefore, may be different from the figures and the dates set out in this announcement. Accordingly, there is no guarantee that the mandatory offer threshold under the Takeovers Code will be reached by the Manager Concert Group immediately following the issuance of the 2024 Manager Fee Units on 2Q24 Fees Issue Date. If such threshold is not reached on the 2Q24 Fees Issue Date (or on the 3Q24 Fees Issue Date), the Whitewash Waiver will apply to the subsequent issuance of the 2024 Manager Fee Units on the next Issue Date, and the Manager will publish an announcement to update Unitholders of: (i) the latest unitholdings of the Manager Concert Group and the Manager Presumed Concert Group; and (ii) the illustrative effect of the issuance of the Subject 2024 Manager Fee Units on the unitholding structure of Spring REIT.**

The Manager considers that continuing such longstanding policy of receiving a majority part of the Manager's Fee in the form of Units, namely the 80% of the Base Fee, is in the interests of Spring REIT's unitholders, as the cash savings will increase the distributions paid to Unitholders, and accordingly, proposes to seek Unitholders' approval for the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver by way of the EGM Resolutions.

If the EGM Resolutions are passed and the Whitewash Waiver is granted, Spring REIT will issue the Subject 2024 Manager Fee Units (subject to the Maximum Subject 2024 Manager Fee Units) to settle the 80% of the Base Fee payable for the relevant period, and the obligation on the part of the Manager to make a general offer for all issued Units and other securities of Spring REIT (if any) not already owned or agreed to be acquired by the Manager Concert Group as a result of the receipt of the Subject 2024 Manager Fee Units will be waived. The Subject 2024 Manager Fee Units will entitle their holder(s) to all distributions of Spring REIT that are declared and paid on or after the relevant Issue Date.

Where the number of Units issued under the Subject 2024 Manager Fee Tranche would exceed the Maximum Subject 2024 Manager Fee Units (being 6,469,200 Units, as determined by applying a buffer of 20% to the Illustrative Tranche Units which the Manager believes is necessary to cater for changes in property and capital market conditions), the excess Units will not be issued and the amount of Base Fee corresponding to these excess Units will instead be settled in cash. As shown in the table headed "(ii) Scenario 2 — Maximum Unitholding of Manager Concert Group and Manager Presumed Concert Group" in section II headed "EFFECT ON THE

UNITHOLDING STRUCTURE OF SPRING REIT” below and based on the assumptions set out therein, the maximum aggregate unitholding of the Manager Presumed Concert Group and the Manager Concert Group in Spring REIT immediately following such issuance will be 54.96% and 30.31%, respectively. Such maximum unitholding would be the same if the abovementioned 30% threshold under the Takeovers Code was only crossed on the 4Q24 Fees Issue Date.

For the avoidance of doubt, if the EGM Resolutions are passed, the Subject 2024 Manager Fee Units will be issued pursuant to the specific approval granted by Independent Unitholders thereunder pursuant to Clause 7.1.7 of the Trust Deed rather than the 2024 Election pursuant to Clause 11.1.1 of the Trust Deed. Subsequent tranches of Manager Fee Units after issuance of the Subject 2024 Manager Fee Units will continue to be subject to the 2024 Election (in the case of 2024 Manager Fee Units) and the applicable Takeovers Code mandatory offer threshold post Whitewash Waiver being complied with, being the 2% creeper provisions under the Takeovers Code. For details, please see section V headed “REGULATORY IMPLICATIONS — Takeovers Code and application for Whitewash Waiver” of this announcement.

If the EGM Resolutions are not passed or the Whitewash Waiver is not granted by the Executive, Spring REIT will not issue the Subject 2024 Manager Fee Units, and in accordance with Clause 11.1.1.4 of the Trust Deed, future payments of the Manager’s Fee will be settled in cash where any thresholds for triggering a mandatory offer under the Takeovers Code are reached.

II. EFFECT ON THE UNITHOLDING STRUCTURE OF SPRING REIT

(i) Scenario 1 — Illustrative Tranche Units

For illustrative purposes only, adopting: (i) the value of the Deposited Property as at 31 December 2023 as reflected in Spring REIT’s annual results announced on 21 March 2024; (ii) the HK\$:RMB exchange rate of 1:0.9133 (being the central parity rate as announced by the People’s Bank of China applicable as at the date of this announcement); and (iii) a Market Price of HK\$1.909 (being average closing price of the Units in ten (10) trading days immediately preceding the date of this announcement), and assuming that these variables remain unchanged at each Issue Date, the number of 2024 Manager Fee Units to be issued per tranche will be approximately 5,391,000 Units (“**Illustrative Tranche Units**”).

The following table sets forth the illustrative unitholding structure of Spring REIT: (a) as at the date of this announcement; and (b) as at each Issue Date assuming the Illustrative Tranche Units will be issued and there is no other change in the unitholding structure of Spring REIT between each Issue Date. Based on this illustration, the Subject 2024 Manager Fee Units will be issued on the 2Q24 Fees Issue Date.

	(a) As at the date of this announcement		(b) Upon issuance of 2024 Manager Fee Units for 2Q24 Manager's Fees ("2Q24 Fees Issue Date") in August 2024		(b) Upon issuance of 2024 Manager Fee Units for 3Q24 Manager's Fees ("3Q24 Fees Issue Date") in October 2024		(b) Upon issuance of 2024 Manager Fee Units for 4Q24 Manager's Fees ("4Q24 Fees Issue Date") in March 2025			
			Units	%	Units	%	Units	%	Units	%
Manager Concert Group										
Spring Asset Management Limited ⁽¹⁾	64,825,150	4.47	70,216,150	4.82	75,607,150	5.18	80,998,150	5.52		
RCA Fund 01, L.P. ⁽²⁾	336,720,159	23.22	336,720,159	23.13	336,720,159	23.05	336,720,159	22.96		
Artemis Asset Management Co., Ltd. ⁽³⁾	23,538,000	1.63	23,538,000	1.62	23,538,000	1.61	23,538,000	1.61		
Directors of Spring Asset Management Limited ⁽⁴⁾	6,613,000	0.45	6,613,000	0.45	6,613,000	0.45	6,613,000	0.45		
<i>Toshihiro Toyoshima</i> ⁽⁵⁾	1,652,000	0.11	1,652,000	0.11	1,652,000	0.11	1,652,000	0.11		
<i>Leung Kwok Hoe, Kevin</i>	759,000	0.05	759,000	0.05	759,000	0.05	759,000	0.05		
<i>Hideya Ishino</i>	115,000	0.01	115,000	0.01	115,000	0.01	115,000	0.01		
<i>Simon Murray</i>	1,344,000	0.09	1,344,000	0.09	1,344,000	0.09	1,344,000	0.09		
<i>Qiu Liping</i>	1,344,000	0.09	1,344,000	0.09	1,344,000	0.09	1,344,000	0.09		
<i>Lam Yiu Kin</i>	1,399,000	0.10	1,399,000	0.10	1,399,000	0.10	1,399,000	0.10		
Subtotal for Manager Concert Group	431,696,309	29.77	437,087,309	30.02	442,478,309	30.29	447,869,309	30.54		
Huamao Property ⁽⁶⁾	360,188,420	24.84	360,188,420	24.75	360,188,420	24.65	360,188,420	24.57		
Subtotal for Manager Presumed Concert Group	791,884,729	54.61	797,275,729	54.77	802,666,729	54.94	808,057,729	55.11		
Other substantial Unitholder(s)										
Spirit Cayman Ltd. ⁽⁷⁾	169,552,089	11.69	169,552,089	11.65	169,552,089	11.61	169,552,089	11.56		
Other Unitholders	488,780,550	33.70	488,780,550	33.58	488,780,550	33.45	488,780,550	33.33		
Total	1,450,217,368	100.00	1,455,608,368	100.00	1,460,999,368	100.00	1,466,390,368	100.00		

Notes:

- (1) The Units held by the Manager is held in its personal capacity.
- (2) RCA Fund 01, L.P. (“**RCA Fund**”) is managed by Mercuria Investment Co., Ltd. (“**Mercuria Investment**”) pursuant to a management agreement. Mercuria Investment can therefore exercise influence on RCA Fund and its exercise of rights as a Unitholder in respect of the affairs of Spring REIT (in particular, in relation to matters that are subject to voting by the Unitholders, on which RCA Fund is not required to abstain from voting). Mercuria Investment is a fellow subsidiary of the Manager in which both companies are subsidiaries of Mercuria Holdings.
- (3) Artemis Asset Management Co., Ltd. (“**Artemis**”) is a wholly-owned subsidiary of ADC Fund 2013, a fund the general partner of which is ADC International Co., Ltd., which is in turn a wholly-owned subsidiary of Mercuria Investment.
- (4) Each of the Directors listed is presumed to be a party acting in concert with the Manager pursuant to class (6) presumption under the definition of “acting in concert” under the Takeovers Code.
- (5) Mr. Toshihiro Toyoshima’s unitholding includes 552,000 Units that he received pursuant to an inheritance arrangement on 18 May 2023.
- (6) This comprises: 56,500,742 Units held directly by Huamao Property, 128,749,000 Units held by China Orient Stable Value Fund Limited (“**China Orient**”), 160,626,029 Units held by Alpha Great Global Limited (“**Alpha Great**”) and 14,312,649 Units held by Jade Wave Global Limited (“**Jade Wave**”). Each of China Orient, Alpha Great and Jade Wave is wholly-owned by Huamao Property. Huamao Property is presumed to be acting in concert with the Manager under Class (1) of the definition of “acting in concert” under the Takeovers Code.
- (7) Based on the latest disclosure of interest filings by PAG (as a substantial Unitholder of Spring REIT) as at the date of this announcement, Spirit Cayman Ltd. is a subsidiary of SCREP VI Holdings, L.P., whose general partner is a subsidiary of PAG.

(ii) Scenario 2 — Maximum Unitholding of Manager Concert Group and Manager Presumed Concert Group

The following table sets forth the illustrative unitholding structure of Spring REIT: (a) as at the date of this announcement; (b) as at 2Q24 Fees Issue Date assuming the number of Units issued on the 2Q24 Fees Issue Date will cause the aggregate unitholding of the Manager Concert Group to be one Unit below the 30% threshold; (c) as at 3Q24 Fees Issue Date assuming the Maximum Subject 2024 Manager Fee Units are issued on 3Q2024 Fees Issue Date.

	(a) As at the date of this announcement		(b) Upon issuance of the 2024 Manager Fee Units on the 2Q24 Fees Issue Date assuming the number of Units issued on such date will cause the aggregate unitholding of the Manager Concert Group to be one Unit below the 30% threshold		(b) Upon issuance of 2024 Manager Fee Units on the 3Q24 Fees Issue Date assuming the Maximum Subject 2024 Manager Fee Units are issued on such date	
	Units	%	Units	%	Units	%
Manager Concert Group						
Spring Asset Management Limited ⁽¹⁾	64,825,150	4.47	69,637,865	4.79	76,107,065	5.21
RCA Fund 01, L.P. ⁽²⁾	336,720,159	23.22	336,720,159	23.13	336,720,159	23.04
Artemis Asset Management Co., Ltd. ⁽³⁾	23,538,000	1.63	23,538,000	1.62	23,538,000	1.61
Directors of Spring Asset Management Limited ⁽⁴⁾	6,613,000	0.45	6,613,000	0.45	6,613,000	0.45
<i>Toshihiro Toyoshima</i> ⁽⁵⁾	1,652,000	0.11	1,652,000	0.11	1,652,000	0.11
<i>Leung Kwok Hoe, Kevin</i>	759,000	0.05	759,000	0.05	759,000	0.05
<i>Hideya Ishino</i>	115,000	0.01	115,000	0.01	115,000	0.01
<i>Simon Murray</i>	1,344,000	0.09	1,344,000	0.09	1,344,000	0.09
<i>Qiu Liping</i>	1,344,000	0.09	1,344,000	0.09	1,344,000	0.09
<i>Lam Yiu Kin</i>	1,399,000	0.10	1,399,000	0.10	1,399,000	0.10
Subtotal for Manager Concert Group	431,696,309	29.77	436,509,024	29.99⁽⁸⁾	442,978,224	30.31⁽⁸⁾
Huamao Property ⁽⁶⁾	360,188,420	24.84	360,188,420	24.75	360,188,420	24.65
Subtotal for Manager Presumed Concert Group	791,884,729	54.61	796,697,444	54.74	803,166,644	54.96⁽⁸⁾
Other substantial Unitholder(s)						
Spirit Cayman Ltd. ⁽⁷⁾	169,552,089	11.69	169,552,089	11.65	169,552,089	11.60
Other Unitholders	488,780,550	33.70	488,780,550	33.61	488,780,550	33.44
Total	1,450,217,368	100.00	1,455,030,083	100.00	1,461,499,283	100.00

Notes:

- (1) The Units held by the Manager is held in its personal capacity.
- (2) RCA Fund 01, L.P. (“**RCA Fund**”) is managed by Mercuria Investment Co., Ltd. (“**Mercuria Investment**”) pursuant to a management agreement. Mercuria Investment can therefore exercise influence on RCA Fund and its exercise of rights as a Unitholder in respect of the affairs of Spring REIT (in particular, in relation to matters that are subject to voting by the Unitholders, on which RCA Fund is not required to abstain from voting). Mercuria Investment is a fellow subsidiary of the Manager in which both companies are subsidiaries of Mercuria Holdings.
- (3) Artemis Asset Management Co., Ltd. (“**Artemis**”) is a wholly-owned subsidiary of ADC Fund 2013, a fund the general partner of which is ADC International Co., Ltd., which is in turn a wholly-owned subsidiary of Mercuria Investment.
- (4) Each of the Directors listed is presumed to be a party acting in concert with the Manager pursuant to class (6) presumption under the definition of “acting in concert” under the Takeovers Code.
- (5) Mr. Toshihiro Toyoshima’s unitholding includes 552,000 Units that he received pursuant to an inheritance arrangement on 18 May 2023.
- (6) This comprises: 56,500,742 Units held directly by Huamao Property, 128,749,000 Units held by China Orient Stable Value Fund Limited (“**China Orient**”), 160,626,029 Units held by Alpha Great Global Limited (“**Alpha Great**”) and 14,312,649 Units held by Jade Wave Global Limited (“**Jade Wave**”). Each of China Orient, Alpha Great and Jade Wave is wholly-owned by Huamao Property. Huamao Property is presumed to be acting in concert with the Manager under Class (1) of the definition of “acting in concert” under the Takeovers Code.
- (7) Based on the latest disclosure of interest filings by PAG (as a substantial Unitholder of Spring REIT) as at the date of this announcement, Spirit Cayman Ltd. is a subsidiary of SCREP VI Holdings, L.P., whose general partner is a subsidiary of PAG.
- (8) The maximum aggregate unitholding of the Manager Presumed Concert Group and the Manager Concert Group in Spring REIT immediately following such issuance would be the same, if after issuance of 2024 Manager Fee Units on the 3Q24 Fees Issue Date the Manager Concert Group was collectively interested in 436,509,024 Units (representing approximately 29.99% of the total number of issued Units) and 6,469,200 Units (being the Maximum Subject 2024 Manager Fee Units) was issued on the 4Q24 Fees Issue Date (i.e. the abovementioned 30% threshold under the Takeovers Code was only crossed on the 4Q24 Fees Issue Date).

Unitholders and public investors should note that the above unitholding changes are for illustration purposes only and the number of 2024 Manager Fee Units to be issued at each Issue Date depends on, among other things, the value of the Deposited Property, the Market Price and the HK\$:RMB exchange rate applicable at the relevant time, and accordingly, may be different from the number shown above. Accordingly, the 2024 Manager Fee Units tranche that will constitute the Subject 2024 Manager Fee Tranche, and the timing for the issuance of the Subject 2024 Manager Fee Units, will also depend on these variables.

III. ILLUSTRATIVE FINANCIAL EFFECTS OF THE ISSUANCE OF THE SUBJECT 2024 MANAGER FEE UNITS

The below illustrative financial effects of the issuance of the Subject 2024 Manager Fee Units on Spring REIT's Distribution per Unit (DPU) and Net asset value (NAV) per Unit attributable to Unitholders are strictly for illustrative purposes. The analysis is based on the audited consolidated financial statements of the Group for the year ended 31 December 2023 and takes into consideration two scenarios: (1) the issuance of the Subject 2024 Manager Fee Units is approved by Unitholders and takes place as contemplated, and (2) the EGM Resolutions are not passed, and the Manager's Fee is paid in cash instead of Units.

Under scenario (1), where the issuance of the Subject 2024 Manager Fee Units is approved by Unitholders, the illustrative financial effects are calculated on a full-year basis on the assumption that the 2023 Manager Fee Units were issued under the same arrangement as the actual arrangement that took place during the financial year ended 31 December 2023, including the issue price of the 2023 Manager Fee Units (being the prevailing Market Price as defined in the Trust Deed).

Under scenario (2), where the EGM Resolutions are not passed and the Manager will not receive the Subject 2024 Manager Fee Units, the illustrative financial effects are calculated on a full-year basis on the assumption that the 2023 Manager Fee Units were not issued and the equivalent amount of Manager's Fee (that is 80% of the Base Fee) was instead paid in cash during the financial year ended 31 December 2023.

Distribution per Unit (DPU)

In the scenario where the issuance of the Subject 2024 Manager Fee Units is approved by Unitholders and takes place as contemplated, it is calculated that there would have been **no change** to the DPU based on the audited consolidated income statement of the Group for the year ended 31 December 2023. This is because the Subject 2024 Manager Fee Units would have been issued under the same arrangement as the actual arrangement with respect to the issuance of the 2023 Manager Fee Units. Therefore, the illustrative DPU would be the same as the actual DPU based on the audited consolidated statement of financial position of the Group as at 31 December 2023.

In the hypothetical scenario where the EGM Resolutions are not passed and the Manager does not receive the Subject 2024 Manager Fee Units and the equivalent amount of Manager's Fee (that is 80% of the Base Fee) was instead paid in cash, it is calculated that the DPU would have **decreased by approximately 14.7%** based on the audited consolidated income statement of the Group for the year ended 31 December 2023. The decrease in DPU takes into account the higher cash outlay for Manager's Fees which would reduce the total distributable income of Spring REIT, while the total number of Units in issue would not have increased because no Subject 2024 Manager Fee Units would be issued.

As shown in the table below using issuance of 2023 Manager Fee Units (where applicable) as illustration, the DPU for the year ended 31 December 2023 would have been HK\$2.8 cents lower had 80% of the Base Fee for that year been settled in cash rather than Units.

	Actual (after issuance of 2023 Manager Fee Units) ⁽¹⁾	Illustrative (assuming the 2023 Manager Fee Units were instead paid in cash)	% Change in DPU (illustration if Unitholders approval is not obtained for the EGM Resolutions)
Total Distributable Amount (RMB million)	252.14	213.53 ⁽³⁾	
Issued Units	1,444,637,952	1,424,310,268 ⁽⁴⁾	
Payout ratio	97.5%	97.5%	unchanged
DPU (RMB cents equivalent)	17.1	14.6	-14.7%
DPU (HK cents) ⁽²⁾	19.0	16.2	-14.7%

Notes:

- (1) Based on the audited annual results of Spring REIT for the year ended 31 December 2023. The Issued Units represent the sum of (i) number of issued units as at 31 December 2023, being 1,440,497,110 units; and (ii) 5,227,842 Manager Fee Units issued on 25 March 2024 as partial payment of the Manager's fee for the fourth quarter of 2023 less bought-back units cancelled on 29 January 2024, being 1,087,000 units.
- (2) Actual DPU for the year ended 31 December 2023 comprises the 2023 Interim Distribution and 2023 Final Distribution, on the basis of the exchange rate adopted for the 2023 Interim Distribution HK\$1 = RMB0.8886 and 2023 Final Distribution HK\$1 = RMB0.9135, which represents the average of month-end central parity rates in the 2023 Interim Distribution Period and 2023 Final Distribution Period respectively (as announced by the People's Bank of China).
- (3) Total distributable amount after deduction of 80% Base Fee for the year ended 31 December 2023, being the cash that would have been paid in lieu of the 2023 Manager Fee Units of RMB38,611,000.
- (4) Number of Units after deducting the 2023 Manager Fee Units of 20,327,684.

Net asset value (NAV) attributable to Unitholders per Unit

In the scenario where the issuance of the Subject 2024 Manager Fee Units is approved by Unitholders and takes place as contemplated, it is calculated that there would be **no change** to the NAV per Unit attributable to Unitholders based on the audited consolidated statement of financial position of the Group as at 31 December 2023. This is because the Subject 2024 Manager Fee Units would have been issued under the same arrangement as the actual issuance of the 2023 Manager Fee Units. Therefore, the illustrative NAV per Unit would be the same as the actual NAV per Unit based on the audited consolidated statement of financial position of the Group as at 31 December 2023.

In the hypothetical scenario where the EGM Resolutions are not passed and the Manager does not receive the Subject 2024 Manager Fee Units and the equivalent amount of Manager's Fee (that is 80% of the Base Fee) was instead paid in cash, it is calculated that the NAV per Unit attributable to Unitholders as at 31 December 2023 would **increase by approximately 0.79%** based on the audited consolidated income statement of the Group for the year ended 31 December 2023. This marginal increase takes into account the lower cash balance as a result of paying the Manager's Fees in cash instead of Units, while the total number of Units in issue would have been 1,424,310,268, 20,327,684 units lower.

	Actual (after issuance of 2023 Manager Fee Units)	Illustrative (assuming the 2023 Manager Fee Units were instead paid in cash)	% Change in per Unit NAV (illustration if Unitholders approval is not obtained for the EGM Resolutions)⁽⁴⁾
NAV attributable to Unitholders (RMB '000)	6,130,664 ⁽¹⁾	6,092,053 ⁽²⁾	
Issued Units	1,444,637,952	1,424,310,268 ⁽³⁾	
NAV attributable to existing Unitholders per Unit (RMB)	4.24	4.28	+0.79%
NAV attributable to existing Unitholders per Unit (HK\$) ⁽⁵⁾	4.68	4.72	+0.79%

Notes:

- (1) Based on the audited annual results of Spring REIT for the year ended 31 December 2023.
- (2) NAV attributable to Unitholders after deduction of 80% Base Fee for the year ended 31 December 2023 (being RMB38,611,000), which would have been paid to the Manager if the 2023 Manager Fee Units were not issued.
- (3) Number of Units after deducting the 2023 Manager Fee Units (being 20,327,684 Units).
- (4) Figures in this column have been calculated using exact figures, rather than rounded numbers in the preceding columns, and then rounded to two decimal points.
- (5) The exchange rate adopted for the NAV attributable to existing Unitholders per Unit is HK\$1 = RMB0.9062 (i.e. the exchange rate as announced by People's Bank of China on 29 December 2023). Such exchange rate is consistent with the one adopted for calculation of NAV attributable to Unitholders in HK\$ in the annual report of Spring REIT for the year ended 31 December 2023.

IV. REASONS FOR AND BENEFITS OF THE ISSUANCE OF THE SUBJECT 2024 MANAGER FEE UNITS

Preserve Cash and Maintain Higher DPU

In the financial year ended 31 December 2023, the Manager elected to receive a total of RMB 38.6 million in Manager's Fees in Units. This contributed to maintaining the total distributable income of Spring REIT at a higher level, resulting in an enhanced DPU for the Unitholders. As illustrated by the analysis set out in section III headed "ILLUSTRATIVE FINANCIAL EFFECTS OF THE ISSUANCE OF THE SUBJECT 2024 MANAGER FEE UNITS" above, if the Manager's Fees for 2023 had been paid entirely in cash, the total distributable income for Spring REIT would have been reduced to RMB214 million, a decrease of RMB38.6 million from the actual total distributable income of RMB252 million reported. Hence, the arrangement to pay Manager's Fee partly in Units rather than cash helped avoid a significant decrease of 14.7% in the total distributable income and DPU as illustrated above.

With all other things being equal, the Manager considers the issuance of Manager's Fees in Units to be crucial for sustaining a higher total distributable income and, consequently, a higher DPU for Unitholders. The approval of the Whitewash Waiver allows Spring REIT to continue this practice, which aligns with the interests of its Unitholders.

Continuation of an Established Practice

The practice of paying Manager's Fees partly in Units is not unique to Spring REIT and is a common arrangement among other REITs in Hong Kong. Out of the 9 other externally-managed REITs which are listed on the Stock Exchange, 7 of the managers of those REITs had elected to receive at least a portion of their fees in the form of units in the last and current financial years (i.e., the years of 2023 and 2024). The portion of manager fees elected to be received in the form of units in those cases ranged from 50% to 100%, and the manager fee structure under the 2024 Election is therefore generally in line with the industry practice. For Spring REIT, the partial settlement of Manager's Fees in Units has also been a longstanding practice of Spring REIT since its listing in 2013. This arrangement has consistently contributed to the cash savings available to Spring REIT, which in turn has positively impacted the DPUs paid to the Unitholders over the years.

The Manager believes that maintaining this ongoing arrangement aligns with Unitholders' expectations when evaluating the potential future distributions by Spring REIT. By continuing this established practice, Spring REIT ensures consistency and stability in its fee payment structure as well as the stability of DPU, which benefits both Unitholders and the Manager.

No Material Impact on Unit Price

The Manager Fee Units, including the Subject 2024 Manager Fee Units, are issued at the prevailing Market Price, as defined in the Trust Deed. The Market Price is determined as the average closing price for a Unit on the Stock Exchange in the 10 Business Days immediately preceding the relevant Issue Date.

Issuing the Manager Fee Units at the Market Price is not anticipated to have any significant impact on the traded price of the Units, as the issuance price aligns with recent trading prices without any substantial deviation from established market pricing. Additionally, the issuance of Manager Fee Units is spread out over multiple tranches throughout the year, with each tranche representing a relatively small proportion of the total Units issued. This further mitigates the risk of any potential impacts on the unit price upon issuance of the Manager Fee Units.

As illustrated by the analysis set out in section III headed "ILLUSTRATIVE FINANCIAL EFFECTS OF THE ISSUANCE OF THE SUBJECT 2024 MANAGER FEE UNITS", while the arrangement to pay Manager's Fee partly in Units, in comparison to paying all such fee in cash, have a 0.79% impact on NAV per Unit on an illustrative basis, the Manager considers the issuance of the Subject 2024 Manager Fee Units to be, on balance, beneficial to Unitholders as it enables the payment of

higher distributions while having a very small impact on NAV per Unit. The Manager also believes that receiving its fees in Units demonstrates its commitment to the long-term growth of Spring REIT and further aligns its interests with those of Unitholders.

V. REGULATORY IMPLICATIONS

Takeovers Code and application for Whitewash Waiver

As at the date of this announcement: (i) the Manager Presumed Concert Group was collectively interested in 791,884,729 Units, representing approximately 54.61% of the total number of issued Units; and (ii) the Manager Concert Group (which includes members of the Manager Presumed Concert Group other than Huamao Property and parties acting in concert with Huamao Property) was collectively interested in 431,696,309 Units, representing approximately 29.77% of the total number of issued Units.

Based on the table headed “(i) Scenario 1 — Illustrative Tranche Units” in section II above, assuming the actual number of 2024 Manager Fee Units to be issued at each Issue Date will be the Illustrative Tranche Units and there will be no other changes to the unitholding structure of Spring REIT between Issue Dates, the Manager expects the earliest date on which the aggregate unitholding of Manager Concert Group will exceed 30% of the total number of issued Units will be the 2Q24 Fees Issue Date, which will trigger the Manager’s obligation to make a mandatory general offer for all the issued Units and other securities (if any) of Spring REIT not already owned or agreed to be acquired by the Manager Concert Group under Rule 26 of the Takeovers Code, unless the Whitewash Waiver is approved by the Independent Unitholders and granted by the Executive.

Whether the aggregate unitholding of the Manager Concert Group will exceed 30% on the 2Q24 Fees Issue Date, or later on the 3Q24 Fees Issue Date or 4Q24 Fees Issue Date, will depend on the actual number of 2024 Manager Fee Units to be issued at each Issue Date, which may only be determined on such Issue Date having regard to the value of the Deposited Property, the Market Price and the HK\$:RMB exchange rate applicable at the relevant time.

Accordingly, pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, the Manager (in its personal capacity) has applied to the Executive for the Whitewash Waiver from the obligation to make a general offer for all issued Units and other securities of Spring REIT (if any) not already owned or agreed to be acquired by the Manager Concert Group as a result of the Manager’s receipt of the tranche of 2024 Manager Fee Units that would cause the aggregate unitholding of Manager Concert Group to **first** exceed 30% at any given Issue Date (this tranche being the Subject 2024 Manager Fee Units). If the 30% threshold is not reached on

the 2Q24 Fees Issue Date (or on the 3Q24 Fees Issue Date), the Whitewash Waiver will apply to the subsequent issuance of the 2024 Manager Fee Units on the next Issue Date, and the Manager will publish an announcement to update Unitholders of: (i) the latest unitholdings of the Manager Concert Group and the Manager Presumed Concert Group; and (ii) the illustrative effect of the issuance of the Subject 2024 Manager Fee Units on the unitholding structure of Spring REIT.

The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Whitewash Waiver by at least 75% of the votes cast by the Independent Unitholders present and voting (either in person or by proxy) by way of a poll at the EGM and the approval of the issuance of the Subject 2024 Manager Fee Units by more than 50% of the votes cast by the Independent Unitholders present and voting (either in person or by proxy) by way of a poll at the EGM.

For the avoidance of doubt, the Whitewash Waiver and approval sought from Independent Unitholders are only in respect of the tranche of 2024 Manager Fee Units that would, if issued to the Manager, cause the aggregate unitholding of Manager Concert Group to **first** exceed 30% of the total number of issued Units. The maximum number of Subject 2024 Manager Fee Units, the issuance of which is subject to the Whitewash Waiver and Independent Unitholders' approval, is 6,469,200 Units (being the Maximum Subject 2024 Manager Fee Units). Any remaining amount of the Base Fee payable for the relevant period that cannot be fully settled by the issuance of the Maximum Subject 2024 Manager Fee Units will instead be settled in cash. As shown in the table headed "(ii) Scenario 2 — Maximum Unitholding of Manager Concert Group and Manager Presumed Concert Group" in section II headed "EFFECT ON THE UNITHOLDING STRUCTURE OF SPRING REIT" above and based on the assumptions set out therein, the maximum aggregate unitholding of the Manager Presumed Concert Group and the Manager Concert Group in Spring REIT immediately following such issuance will be 54.96% and 30.31%, respectively. Such maximum unitholding would be the same if the abovementioned 30% threshold under the Takeovers Code was only crossed on the 4Q24 Fees Issue Date.

If the Whitewash Waiver is granted by the Executive and approved by the Independent Unitholders, any issuance of further tranches of 2024 Manager Fee Units after the issuance of the Subject 2024 Manager Fee Units will continue to be subject to the applicable provisions of the Takeovers Code, including the obligation to make a general offer for all the issued Units and other securities (if any) of Spring REIT not already owned or agreed to be acquired by the Manager Concert Group under Rule 26 of the Takeovers Code if there are acquisitions by the Manager Concert Group of voting rights of more than 2% in aggregate in any twelve-month period (being the 2% creeper provisions).

If the Whitewash Waiver is not granted by the Executive, or if the Whitewash Waiver or the issuance of the Subject 2024 Manager Fee Units are not approved by the Independent Unitholders, Spring REIT will not issue the Subject 2024 Manager Fee Units, and in accordance with Clause 11.1.1.4 of the Trust Deed, future payments of the Manager's Fee will be settled in cash in order not to exceed any thresholds for triggering a mandatory offer under the Takeovers Code.

As at the date of this announcement:

- (a) save as disclosed in section II headed "EFFECT ON UNITHOLDING STRUCTURE OF SPRING REIT" of this announcement, none of the members of the Manager Presumed Concert Group holds, owns, has control or has direction over any other voting rights over Units, any outstanding options, warrants, or any securities that are convertible into Units or holds any outstanding derivatives in respect of the securities of Spring REIT, or holds any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Spring REIT;
- (b) none of the members of the Manager Presumed Concert Group had received any irrevocable commitment to vote for or against the EGM Resolutions to be proposed at the EGM to approve the issuance of the Subject 2024 Manager Fee Units and/or the Whitewash Waiver;
- (c) none of the members of the Manager Presumed Concert Group had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Spring REIT, save for any borrowed relevant securities which have been either on-lent or sold;
- (d) none of the members of the Manager Presumed Concert Group had any arrangement (whether by way of option, indemnity or otherwise) under Note 8 to Rule 22 of the Takeovers Code in relation to the Units or the shares of the Manager which might be material to the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver;
- (e) none of the members of the Manager Presumed Concert Group had any agreement or arrangement to which any member of the Manager Presumed Concert Group is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver;
- (f) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Unitholder on the one hand; and (ii) any member of the Manager Presumed Concert Group on the other hand;

- (g) apart from the issuance of the 2024 Manager Fee Units, there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Unitholder on the one hand; and (ii) Spring REIT, its subsidiaries or associated companies on the other hand;
- (h) there is no consideration, compensation or benefit in whatever form paid or to be paid by any member of the Manager Presumed Concert Group to Spring REIT or any party acting in concert with it in connection with the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver; and
- (i) the Manager does not believe that the issuance of the Subject 2024 Manager Fee Units would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the REIT Code and the Listing Rules). The Manager notes that the Executive may not grant the Whitewash Waiver if the issuance of the Subject 2024 Manager Fee Units does not comply with other applicable rules and regulations.

During the period commencing six (6) months preceding the date of this announcement, save for: (x) the Manager's receipt of 5,227,842 Manager Fee Units on 25 March 2024 as partial payment of the Manager's Fee for the fourth quarter of 2023 and 5,579,416 Manager Fee Units on 30 April 2024 as partial payment of the Manager's fee for the first quarter of 2024; (y) the 2024 Election in respect of Units issued or expected to be issued to the Manager; and (z) the arrangement concerning INED Remuneration Units, none of the members of the Manager Presumed Concert Group (including the Manager) had dealt for value in any Units or convertible securities, warrants, options and derivatives in respect of any Units.

REIT Code and Trust Deed

As the Subject 2024 Manager Fee Tranche will result in a mandatory offer threshold under the Takeovers Code being reached by the Manager Concert Group, under Clause 11.1.1.4 of the Trust Deed, the excess part of the Subject 2024 Manager Fee Tranche is required to be paid in the form of cash instead of Manager Fee Units. However, as the Manager considers that the cash savings achieved from paying the Manager's Fees in the form of Manager Fee Units to be crucial to maintaining stable distributions to Unitholders, in order for Spring REIT to issue the Subject 2024 Manager Fee Units Tranche in full, the Manager will rely on 12.2 of the REIT Code and Clause 7.1.7 of the Trust Deed as the basis for issuing the Subject 2024 Manager Fee Units Tranche to the Manager. 12.2 of the REIT Code and Clause 7.1.7 of the Trust Deed provide, among other things, that any issue of Units to a connected person (which includes the Manager under 8.1(a) of the REIT Code) on a non-pro rata basis will require specific prior approval of Unitholders by ordinary resolution at a general meeting. Accordingly, pursuant to 12.2 of the REIT Code and Clause 7.1.7 of the Trust Deed, the Manager will seek the Independent Unitholders' approval by way of

an ordinary resolution for a specific approval to issue the Subject 2024 Manager Fee Units. If the EGM Resolutions are passed, the Subject 2024 Manager Fee Units will be issued pursuant to the specific approval granted by Independent Unitholders thereunder pursuant to Clause 7.1.7 of the Trust Deed rather than the 2024 Election pursuant to Clause 11.1.1 of the Trust Deed. The Units issued as a result of such approval shall be included in the calculation of 20% threshold for all other purposes under 12.2 of the REIT Code.

Notwithstanding the above, as the issuance of the 2024 Manager Fee Units (including the Subject 2024 Manager Fee Units) is for payment of the Manager's services as contemplated under the Trust Deed, pursuant to 8.7E of the REIT Code, such issuance does not constitute a connected party transaction under Chapter 8 of the REIT Code.

Any subsequent issuances of the Manager Fee Units will comply with the applicable requirements under the REIT Code and the Trust Deed.

VI. OPINIONS AND RECOMMENDATIONS

Directors

The Directors, including the INEDs, consider that the issuance of the 2024 Manager Fee Units is not pursuant to any scheme for any person to consolidate control in Spring REIT with the Manager, but a longstanding, pre-agreed and genuine arrangement under the Trust Deed for the Manager's Fees to be paid in the form of Units such that more cash can be retained by Spring REIT for the purposes of distribution to Unitholders. In the event that the issuance of the Subject 2024 Manager Fee Units and/or the Whitewash Waiver is not approved by the Unitholders, distributions to Unitholders for the year ending 31 December 2024 will be adversely impacted as the Subject 2024 Manager Fee Tranche will be paid in cash, and the Manager will cease receiving Manager's Fees in the form of Units if this would cause any threshold for triggering a mandatory offer under the Takeovers Code to be reached, unless approval of independent Unitholders for a whitewash waiver is sought again and successfully obtained then.

In view of the above, the Directors (including the INEDs), taking into account the duties of the Manager under the REIT Code and the Trust Deed, are of the opinion that the issuance of the Subject 2024 Manager Fee Units and Whitewash Waiver are fair and reasonable, consistent with the investment objectives and strategy of Spring REIT and in compliance with the REIT Code and the Trust Deed, and in the interests of Spring REIT, the Independent Unitholders and the Unitholders as a whole, and accordingly, recommend that the Independent Unitholders vote in favour of the EGM Resolutions at the EGM.

No Independent Board Committee will be formed

As the Subject 2024 Manager Fee Units will be issued to the Manager, who will receive these Units in its personal capacity, all of the Directors (including the INEDs) are considered to have a direct or indirect interest in the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver. Accordingly, pursuant to Rule 2.8 of the Takeovers Code, it is not possible to form an independent committee of the Board, and the Independent Financial Adviser has been appointed to represent the interests of and to advise the Independent Unitholders in connection with the issuance of the Subject 2024 Manager Fee Units and Whitewash Waiver.

Independent Financial Adviser

Altus Capital Limited has been appointed as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Unitholders and the Trustee as to whether the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver are, or are not, fair and reasonable, in the interests of the Independent Unitholders and as to voting on the EGM Resolutions. The letter of advice from the Independent Financial Adviser is set out in the “Letter from the Independent Financial Adviser” in the Circular.

Trustee

Based and in sole reliance on: (1) the letter from the Board and the information and assurances provided by the Manager as to the accuracy and completeness of the disclosure statements herein; and (2) the letter from the Independent Financial Adviser, the Trustee, having taken into account its duties set out in the REIT Code and the Trust Deed:

- (a) is of the view that the issuance of the Subject 2024 Manager Fee Units and terms of the Whitewash Waiver are fair and reasonable;
- (b) has no objection to the Manager proceeding with the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver, subject to the approval of the Independent Unitholders; and
- (c) is of the view that the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver is in compliance with the REIT Code and Trust Deed.

The Trustee's view is furnished for the sole purpose of complying with the REIT Code, and is not to be taken as a recommendation or representation by the Trustee as to the merits or impact of the EGM Resolutions as the Trustee has not made any assessment of such merits or impact, other than for the purposes of fulfilling its duties in the Trust Deed and the REIT Code. Accordingly, the Trustee urges all Unitholders, including those who are in any doubt as to the merits or impact of the EGM Resolutions, to seek their own financial or other professional advice.

VII. INFORMATION OF THE MANAGER

The Manager, Spring Asset Management Limited, is a company incorporated in Hong Kong for the sole purpose of managing Spring REIT. As at the date of this announcement, the Manager is 80.4% owned by Mercuria Holdings, which is an investment holding company listed on the Tokyo Stock Exchange (Stock Code: 7347) with shareholders such as Development Bank of Japan, Itochu Corporation and Sumitomo Mitsui Trust Bank, Limited.

VIII. GENERAL

The Circular containing, amongst others: (i) details of the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver; and (ii) a letter of advice from the Independent Financial Adviser to the Independent Unitholders and the Trustee on the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver, will be despatched to the Unitholders on 23 July 2024.

The EGM will be held at 4:00 p.m. on Friday, 9 August 2024 at Room 2401-2, One Admiralty Centre, 18 Harcourt Road, Hong Kong to consider and approve, among others, the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver. While the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver are linked to each other and part and parcel of a significant proposal, the issuance of the Subject 2024 Manager Fee Units is subject to the approval of Independent Unitholders by way of an ordinary resolution, whereas the Whitewash Waiver is subject to the approval of Independent Unitholders by way of a special resolution. Accordingly, the Manager will seek Independent Unitholders' approval for the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver under separate but inter-conditional resolutions. For the text of the EGM Resolutions, please refer to the EGM Notice.

For the purpose of determining the Unitholders who are entitled to vote at the EGM, the Register of Unitholders will be closed from Tuesday, 6 August 2024 to Friday, 9 August 2024 (both days inclusive). In order to qualify for voting at the EGM, all Unit certificates accompanied by the duly completed transfer forms must be lodged with the Unit Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration by 4:30 p.m. on Monday, 5 August 2024.

Further announcements will be made, among other things, on (i) poll results of the EGM; and (ii) the issuance of each tranche of the 2024 Manager Fee Units, as and when necessary or appropriate in accordance with the applicable regulatory requirements.

The issuance of the Subject 2024 Manager Fee Units is subject to the EGM Resolutions to be passed at the EGM and may or may not proceed to completion. Unitholders and investors are advised to exercise caution when dealing in the securities of Spring REIT.

IX. DEFINITIONS

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

“2023 Manager Fee Units” the Manager Fee Units issued by Spring REIT to the Manager to settle 80% of the Base Fee payable to the Manager for the year ended 31 December 2023

“2024 Manager Fee Units” the Manager Fee Units expected to be issued by Spring REIT to the Manager to settle 80% of the Base Fee payable to the Manager for the year ending 31 December 2024, to be issued in four tranches. The first tranche of Manager Fee Units to settle 80% of the Base Fee payable for the period from 1 January 2024 to 31 March 2024 was issued on 30 April 2024, and for reference purposes and based on the Manager Fee Units paid for prior financial years, it is currently expected that the other three tranches of Manager Fee Units will be issued in or around August 2024, October 2024 and March 2025 following the end of the respective financial quarter

“2024 Election” has the meaning ascribed to this term in section I headed “Part Payment of Manager’s Fees by way of Units” of this announcement

“2Q24 Fees Issue Date” has the meaning ascribed to this term in section II headed “EFFECT ON THE UNITHOLDING STRUCTURE OF SPRING REIT” of this announcement

“3Q24 Fees Issue Date”	has the meaning ascribed to this term in section II headed “EFFECT ON THE UNITHOLDING STRUCTURE OF SPRING REIT” of this announcement
“4Q24 Fees Issue Date”	has the meaning ascribed to this term in section II headed “EFFECT ON THE UNITHOLDING STRUCTURE OF SPRING REIT” of this announcement
“associate”	has the meaning ascribed to the term in the Listing Rules
“Base Fee”	the base fee of 0.4% per annum of the amount of Deposited Property payable to the Manager in accordance with Clause 11.1.1 of the Trust Deed
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturdays, Sundays and public holidays and a day on which typhoon signal no. 8 or a black rainstorm warning is or remains hoisted, between 9:00 a.m. and 5:00 p.m. and is not lowered or discontinued at or before 5:00 p.m.) on which the Stock Exchange is generally open for transaction of business and banks are generally open for business in Hong Kong
“Circular”	the circular of Spring REIT to be despatched to the Unitholders on 23 July 2024
“Deposited Property”	all of the assets of Spring REIT
“Directors”	the directors of the Manager
“DPU”	distribution per Unit
“EGM”	the extraordinary general meeting of Unitholders convened by and referred to in the EGM Notice
“EGM Notice”	the notice included in the Circular in respect of the EGM to consider and, if thought fit, approve the Whitewash Waiver and the issuance of the Subject 2024 Manager Fee Units

“EGM Resolutions”	the resolutions to be proposed at the EGM for the approval of the Independent Unitholders, as set out in the EGM Notice
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegates
“Financial Adviser”	Trinity Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, the financial adviser appointed to advise the Manager on the issuance of Subject 2024 Manager Fee Units and the Whitewash Waiver
“Group”	Spring REIT and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huamao Property”	Huamao Property Holdings Ltd., an exempted limited liability company registered under the laws of the Cayman Islands and a substantial Unitholder of Spring REIT
“Illustrative Tranche Units”	has the meaning ascribed to this term in section II headed “EFFECT ON THE UNITHOLDING STRUCTURE OF SPRING REIT” of this announcement
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Unitholders and the Trustee on the issuance of the Subject 2024 Manager Fee Units and Whitewash Waiver

“Independent Unitholder(s)”	Unitholder(s) other than (i) the Manager (in its personal capacity); (ii) the other members of the Manager Presumed Concert Group; and (iii) any other Unitholder(s) who are involved in, or interested in, the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver
“INED(s)”	independent non-executive Director(s)
“INED Remuneration Units”	the Units issued to the INEDs from time to time pursuant to a remuneration arrangement of the Manager, details of which are disclosed in the announcement of Spring REIT dated 24 October 2014
“Issue Date”	any one of the following dates: the 2Q24 Fees Issue Date, the 3Q24 Fees Issue Date or the 4Q24 Fees Issue Date
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Manager”	Spring Asset Management Limited (acting in its capacity as the manager for and on behalf of Spring REIT), a company incorporated under the laws of Hong Kong
“Manager Concert Group”	as at the date of this announcement, comprises the Manager, RCA Fund, Artemis and the six Directors named in the table under section II headed “EFFECT ON THE UNITHOLDING STRUCTURE OF SPRING REIT” of this announcement
“Manager Presumed Concert Group”	the Manager and parties acting in concert (both presumed and as a matter of fact) with it under the Takeovers Code, including Huamao Property (who is presumed to be acting in concert with the Manager under Class (1) of the definition of “ <i>acting in concert</i> ” under the Takeovers Code)
“Manager’s Fees”	collectively, the Base Fee and the Variable Fee
“Manager Fee Units”	the Units issued by Spring REIT to the Manager in satisfaction of all or part of the Manager’s Fees from time to time

“Market Price”	the price determined by the Manager as being the average closing price of the Units in ten (10) trading days immediately preceding the date on which the relevant Units are issued to the Manager
“Maximum Subject 2024 Manager Fee Units”	6,469,200 Units, being Illustrative Tranche Units plus a buffer of 20% to the Illustrative Tranche Units to cater for changes in property and capital market conditions
“Mercuria Holdings”	Mercuria Holdings Co., Ltd., an investment holding company listed on the Tokyo Stock Exchange (Stock code: 7347)
“NAV”	net asset value
“PRC”	The People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, Taiwan and Macau
“Register of Unitholders”	the register of Unitholders of Spring REIT
“REIT”	Real Estate Investment Trust
“REIT Code”	The Code on Real Estate Investment Trusts published by the SFC, as amended, supplemented or otherwise modified from time to time
“RMB”	Renminbi, the official currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Spring REIT”	Spring Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) subject to applicable conditions from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subject 2024 Manager Fee Tranche”	the quarterly tranche of the 2024 Manager Fee Units that, if issued to the Manager, would trigger an obligation on the part of the Manager to make a mandatory general offer unless the Whitewash Waiver is granted by the Executive. Based on the illustration in section II headed “EFFECT ON THE UNITHOLDING STRUCTURE OF SPRING REIT” of this announcement, such tranche pertains to the 2024 Manager Fee Units issued in respect of the fees payable to the Manager for the second quarter of 2024, on the 2Q24 Fees Issue Date in August 2024
“Subject 2024 Manager Fee Units”	the Manager Fee Units to be issued in the Subject 2024 Manager Fee Tranche, which shall not exceed the Maximum Subject 2024 Manager Fee Units
“subsidiary”	has the meaning ascribed to the term in the REIT Code
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Trust Deed”	the deed of trust constituting Spring REIT dated 14 November 2013 and entered into between the Trustee and the Manager, as amended, supplemented and/or otherwise modified for the time being
“Trustee”	DB Trustees (Hong Kong) Limited, in its capacity as the trustee of Spring REIT
“Unit”	one undivided unit in Spring REIT
“Unit Price”	the price of Units as quoted on the Stock Exchange
“Unit Registrar”	Tricor Investor Services Limited, in its capacity as the unit registrar of Spring REIT
“Unitholder(s)”	the holder(s) of the Units
“Variable Fee”	the variable fee of 3.0% per annum of net property income (before deduction therefrom of the Base Fee and the Variable Fee) payable to the Manager in accordance with Clause 11.1.2 of the Trust Deed

“Whitewash Waiver”

the whitewash waiver to be granted by the Executive under Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the Manager to make a general offer for all issued Units and other securities of Spring REIT (if any) not already owned or agreed to be acquired by the Manager Concert Group as a result of the Manager’s receipt of the Subject 2024 Manager Fee Units (being those 2024 Manager Fee Units that, if issued to the Manager at any given Issue Date, would cause the aggregate unitholding of the Manager Concert Group to **first** exceed 30%)

“%”

per cent

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

Hong Kong, 22 July 2024

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

The Manager and the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.