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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**

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

**Financial Adviser to the Manager**



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

**ALTUS CAPITAL LIMITED**

**THE BUY-BACK AGREEMENT**

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

## **OPINIONS AND RECOMMENDATIONS**

### **Directors**

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

### **Independent Board Committee**

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

### **Independent Financial Adviser**

The Independent Financial Adviser has, with the approval of the Independent Board Committee, been appointed to advise the Independent Board Committee, the Independent Unitholders and the Trustee as to whether the Unit Buy-back and the Buy-back Agreement is, or is not, fair and reasonable and as to voting.

### **Trustee**

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

- (a) has no objection to the Manager proceeding with the Unit Buy-back and the Buy-back Agreement, subject to the approval of the Independent Unitholders;
- (b) is of the view that the Unit Buy-back and the Buy-back Agreement is consistent with Spring REIT’s investment policy and in compliance with the REIT Code and the Trust Deed; and

(c) is of the view that the Unit Buy-back and the Buy-back Agreement is: (i) on terms which are fair and reasonable; (ii) on normal commercial terms; and (iii) in the interests of Spring REIT and the Unitholders as a whole.

## **REGULATORY IMPLICATIONS**

### **Buy-back Code**

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

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

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

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

**REIT Code**

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

**Trust Deed**

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

## **GENERAL**

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

The Circular containing, amongst others: (i) details of the Unit Buy-back and the Buy-back Agreement; (ii) a letter of advice from the Independent Board Committee on the Unit Buy-back and the Buy-back Agreement; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee on the Unit Buy-back and the Buy-back Agreement, will be issued and despatched to the Unitholders on or about 27 May 2023.

**The Unitholders and potential investors in Spring REIT should be aware that the proposed Unit Buy-back is subject to the conditions set out in this announcement, and consequently the proposed Unit Buy-back may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Units.**

### **A. THE UNIT BUY-BACK**

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

### **THE BUY-BACK AGREEMENT**

#### *Parties*

Seller: BT Cayman

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

## ***Buy-back Units***

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

## ***Consideration***

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

- (i) a premium of approximately 4.43% to the closing price of HK\$2.2800 per Unit as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 2.19% to the average of the closing prices of the Units as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day of approximately HK\$2.3300 per Unit;
- (iii) a premium of approximately 1.54% to the average of the closing prices of the Units as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day of approximately HK\$2.3450 per Unit;
- (iv) a premium of approximately 1.30% to the average of the closing prices of the Units as quoted on the Stock Exchange for the last 20 trading days up to and including the Last Trading Day of approximately HK\$2.3505 per Unit;
- (v) a premium of approximately 0.22% to the average of the closing prices of the Units as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day of approximately HK\$2.3757 per Unit; and
- (vi) a discount of approximately 51.90% to the audited NAV of Spring REIT of approximately HK\$4.95 per Unit as at 31 December 2022, calculated based on Spring REIT's audited consolidated NAV attributable to the Unitholders of RMB6,558.8 million (approximately HK\$7,342.3 million) as at 31 December 2022 and 1,484,931,187 issued Units as at 31 December 2022. Based on the Valuation Letter, the valuation of the Existing Properties as at 31 March 2023 is not materially different from the valuation of the Existing Properties as at 31 December 2022.

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

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

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

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

### ***Conditions***

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

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

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

### ***Completion***

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

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

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

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

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



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

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

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

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

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

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

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

*Notes:*

- (1) PAG is the indirect controlling shareholder of the general partners of the limited partnerships that own 100% of the share capital of BT Cayman and Spirit Cayman.

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

## **D. OPINIONS AND RECOMMENDATIONS**

### **Directors**

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

### **Independent Board Committee**

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

## **Independent Financial Adviser**

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

## **Trustee**

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

- (a) has no objection to the Manager proceeding with the Unit Buy-back and the Buy-back Agreement, subject to the approval of the Independent Unitholders;
- (b) is of the view that the Unit Buy-back and the Buy-back Agreement is consistent with Spring REIT's investment policy and in compliance with the REIT Code and the Trust Deed; and
- (c) is of the view that the Unit Buy-back and the Buy-back Agreement is: (i) on terms which are fair and reasonable; (ii) on normal commercial terms; and (iii) in the interests of Spring REIT and the Unitholders as a whole.

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

## **E. REGULATORY IMPLICATIONS**

### **Buy-back Code**

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

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

As at the date of this announcement:

- (a) BT Cayman and parties acting in concert with it (including Spirit Cayman) legally or beneficially owned, controlled or had direction over 232,787,089 Units (representing approximately 15.59% of the issued Units as at the date of this announcement);
- (b) save as disclosed in paragraph (a) above, none of BT Cayman or any parties acting in concert with it (including Spirit Cayman) held any securities, warrants or options convertible into or derivatives in respect of the Units;
- (c) none of BT Cayman or any parties acting in concert with it (including Spirit Cayman) had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Spring REIT;
- (d) none of BT Cayman or any parties acting in concert with it (including Spirit Cayman) had secured an irrevocable commitment to vote in favour of or against the Unit Buy-back and/or the Buy-back Agreement;
- (e) none of BT Cayman or any parties acting in concert with it (including Spirit Cayman) had any arrangement (whether by way of option, indemnity or otherwise) under Note 8 to Rule 22 of the Takeovers Code in relation to the Units or the shares of BT Cayman which might be material to the Unit Buy-back and/or the Buy-back Agreement;
- (f) none of BT Cayman or any parties acting in concert with it (including Spirit Cayman) had any agreement or arrangement to which BT Cayman or any parties acting in concert with it (including Spirit Cayman) is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Unit Buy-back and/or the Buy-back Agreement;
- (g) apart from the Buy-back Price for the Buy-back Units under the Buy-back Agreement, there is no other consideration, compensation or benefit in whatever form paid or to be paid by Spring REIT or any parties acting in concert with it to BT Cayman or any parties acting in concert with it (including Spirit Cayman) in connection with the Unit Buy-back and/or the Buy-back Agreement;

- (h) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between Spring REIT or any parties acting in concert with it on the one hand, and BT Cayman or any parties acting in concert with it (including Spirit Cayman) on the other hand; and
- (i) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Unitholder; and (ii) Spring REIT, its subsidiaries or associated companies, or any parties acting in concert with Spring REIT.

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

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

### **REIT Code**

As at the date of this announcement, BT Cayman and Spirit Cayman held 63,235,000 and 169,552,089 Units, representing approximately 4.23% and 11.35% of the total number of issued Units, respectively. PAG is the indirect controlling shareholder of: (a) SCREP V Management (Cayman), LLC, being the general partner of Secured Capital Real Estate Partners V, L.P. which in turn owns 100% of the share capital of BT Cayman; and (b) SCREP VI Management, LLC, being the general partner of SCREP VI Holdings, L.P. which in turn owns 100% of the share capital of Spirit Cayman. As each of PAG and Spirit Cayman is entitled to exercise, or controls the exercise of 10% or more of the voting power at any general meeting of Spring REIT, each of PAG and Spirit Cayman is a substantial Unitholder of Spring REIT. In view of the general partner relationship between SCREP V Management (Cayman), LLC (of which PAG is the indirect controlling shareholder) and Secured Capital Real Estate Partners V, L.P. (which owns 100% of the share capital of BT Cayman), BT Cayman is an associate of a substantial Unitholder (being PAG) and therefore a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code. The

Unit Buy-back will therefore constitute a connected party transaction for Spring REIT. As the highest applicable percentage ratio in respect of the Buy-back Agreement exceeds 0.1% but is less than 5%, the Unit Buy-back will be subject to the announcement, reporting and annual review requirements but is exempted from Unitholders' approval under Chapter 8 of the REIT Code.

### **Trust Deed**

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

## **F. INFORMATION OF THE PARTIES**

### **Spring REIT and the Manager**

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

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

## **BT Cayman, Spirit Cayman and PAG**

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

### **G. GENERAL**

For the two years ended 31 December 2022:

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

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

The Circular containing, amongst others: (i) details of the Unit Buy-back and the Buy-back Agreement; (ii) a letter of advice from the Independent Board Committee on the Unit Buy-back and the Buy-back Agreement; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee on the Unit Buy-back and the Buy-back Agreement, will be issued and despatched to the Unitholders on or about 27 May 2023.



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

**Unitholders and potential investors in Spring REIT should be aware that the proposed Unit Buy-back is subject to the conditions set out in this announcement, and consequently the proposed Unit Buy-back may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Units.**

## **H. DEFINITIONS**

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

“APAC”	Asia Pacific
“associate”	has the meaning ascribed to the term in the Listing Rules
“Board”	the board of Directors
“BT Cayman”	BT Cayman Ltd., a company incorporated in the Cayman Islands with limited liability. BT Cayman is a wholly-owned subsidiary of Secured Capital Real Estate Partners V, L.P., whose general partner is an indirectly wholly-owned subsidiary of PAG who is a substantial Unitholder of Spring REIT, as described in the section headed “F. Information of the Parties” in this announcement
“Buy-back Agreement”	the unit buy-back agreement dated 25 May 2023 described in the section headed “A. The Unit Buy-back - The Buy-back Agreement” in this announcement
“Buy-back Code”	the Code on Share Buy-backs issued by the SFC

“Buy-back Price”	the price to be paid for each Buy-back Unit, as described in the section headed “A. The Unit Buy-back — The Buy-back Agreement — Consideration” in this announcement
“Buy-back Units”	63,235,000 Units, representing approximately 4.23% of the total number of issued Units as at the date of this announcement, beneficially owned by BT Cayman and to be transferred to the Manager (acting in its capacity as manager of and on behalf of Spring REIT) for cancellation pursuant to the terms and conditions of the Buy-back Agreement
“CCP Property”	the real estate property located at No. 79 and No. 81, Jianguo Road, Chaoyang District, Beijing, the PRC and which comprises all of the office floors of Office Tower 1, China Central Place, Beijing, the PRC (including Levels 4 to 28, and the equipment and emergency shelter floor on Level 16, which contains no lettable space) and Office Tower 2, China Central Place, Beijing, the PRC (including Levels 4 to 32, and the equipment and emergency shelter floor on Level 20, which contains no lettable space) and a total of approximately 600 carpark spaces located in the underground levels of the two office buildings, which is wholly-owned by Spring REIT
“Circular”	the circular to be despatched by the Manager to the Unitholders on or about 27 May 2023, containing, amongst others: (i) details of the Unit Buy-back and the Buy-back Agreement; (ii) a letter of advice from the Independent Board Committee on the Unit Buy-back and the Buy-back Agreement; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee on the Unit Buy-back and the Buy-back Agreement
“Completion”	completion of the Unit Buy-back in accordance with the terms and conditions of the Buy-back Agreement

“Completion Date”	the tenth business day after all the conditions under the Buy-back Agreement have been fulfilled, or, where applicable, waived, or such other date agreed between the Manager and BT Cayman in writing
“DBS Group”	DBS Group Holdings Limited and its subsidiaries from time to time, including but not limited to the Financial Adviser
“Directors”	the directors of the Manager
“DPU”	distribution per Unit
“EGM”	the extraordinary general meeting of Unitholders convened to consider and approve, among other things, the Unit Buy-back and the Buy-back Agreement
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegates
“Existing Facility”	a loan facility amounting to HK\$585 million granted to RCA01 by the Lender pursuant to the facility letters dated 7 November 2019 and 30 June 2022
“Existing Properties”	the properties currently held by Spring REIT, being (a) the CCP Property; (b) 84 commercial properties in the United Kingdom; and (c) a 68% interest in Huamao Place
“Financial Adviser”	DBS Asia Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser appointed to advise the Manager on the Unit Buy-back and the Buy-back Agreement
“HIBOR”	the rate of interest offered on Hong Kong dollars loans by banks in the Hong Kong interbank market for a specified period ranging from overnight to one year
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huamao Place”	the property known as Huamao Place (華貿天地) located at No 9, First Wenchang Road, Huicheng District, Huizhou, Guangdong Province, the PRC
“Independent Board Committee”	the independent committee established by the Board to advise the Independent Unitholders on the Unit Buy-back and the Buy-back Agreement, comprising all the non-executive Directors (including the INEDs) namely, Mr. Toshihiro Toyoshima, Mr. Hideya Ishino, Mr. Simon Murray, Mr. Qiu Liping and Mr. Lam Yiu Kin
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, the independent financial adviser appointed to advise the Independent Board Committee, the Independent Unitholders and the Trustee on the Unit Buy-back and the Buy-back Agreement
“Independent Property Valuer”	Knight Frank Petty Limited, being the principal valuer of Spring REIT
“Independent Unitholder(s)”	Unitholders other than (i) BT Cayman; (ii) associates of BT Cayman; (iii) parties acting in concert with BT Cayman (including Spirit Cayman); (iv) any other Unitholder(s) who have a material interest in the Unit Buy-back and/or the Buy-back Agreement which is different from the interests of all other Unitholders and (v) Units held by members of the DBS Group acting in the capacity of exempt principal traders unless the Executive allows such Units to be voted

With respect to (v), Units held by exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the EGM if: (i) the relevant connected exempt principal trader holds the Units as a simple custodian for and on behalf of non-discretionary clients; and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Units, and all voting instructions shall originate from the client only (if no instructions are given, then no votes shall be cast for the relevant Units held by the relevant connected exempt principal trader)

“INED(s)”	independent non-executive Director(s)
“Last Trading Day”	25 May 2023, being the last trading day on which the Units were traded on the Stock Exchange prior to the issue and publication of this announcement
“Lender”	DBS Bank (Hong Kong) Ltd.
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 July 2023 or such other date as may be agreed in writing between the Manager and BT Cayman
“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
“Mercuria Holdings”	Mercuria Holdings Co., Ltd., an investment holding company listed on the Tokyo Stock Exchange (Stock code: 7347)
“NAV”	net asset value
“PAG”	PAG, a company incorporated in the Cayman Islands with limited liability and a substantial Unitholder of Spring REIT, as described in the section headed “F. Information of the Parties” in this announcement

“PRC”	The People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, Taiwan and Macau
“RCA01”	RCA01, a company incorporated as an exempted company with limited liability in the Cayman Islands and a wholly-owned SPV of Spring REIT
“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
“Spirit Cayman”	Spirit Cayman Ltd, a company incorporated in the Cayman Islands with limited liability and a substantial Unitholder of Spring REIT. Spirit Cayman is a wholly-owned subsidiary of SCREP VI Holdings, L.P., whose general partner is an indirectly wholly-owned subsidiary of PAG who is a substantial Unitholder of Spring REIT, as described in the section headed “F. Information of the Parties” in this announcement
“Spring REIT”	Spring Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) subject to applicable conditions from time to time
“SPV(s)”	special purpose vehicle(s), and has the meaning ascribed to this term in the REIT Code
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary”	has the meaning ascribed to the term in the REIT Code
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Trust Deed”	the deed of trust constituting Spring REIT dated 14 November 2013 and entered into between the Trustee and the Manager, as amended, supplemented and/or otherwise modified for the time being
“Trustee”	DB Trustees (Hong Kong) Limited, in its capacity as trustee of Spring REIT
“Unit”	one undivided unit in Spring REIT
“Unit Buy-back”	the possible purchase of the Buy-back Units by the Manager (acting in its capacity as manager for and on behalf of Spring REIT) for cancellation pursuant to the terms and conditions of the Buy-back Agreement, which constitutes an off-market unit buy-back by Spring REIT pursuant to the Buy-back Code
“Unitholder(s)”	the holder(s) of the Units
“Valuation Letter”	the valuation letter in respect of the Existing Properties prepared by the Independent Property Valuer, which will be set out in the Circular
“%”	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, 25 May 2023

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

*All 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.*