

SpringREIT

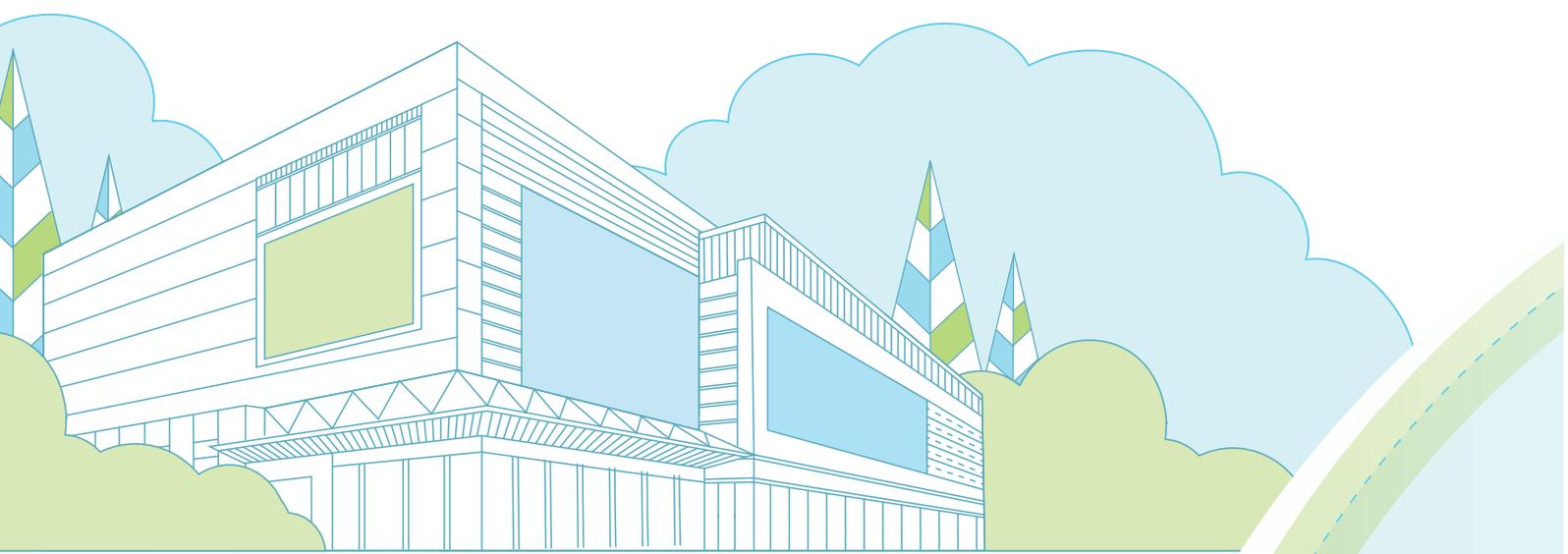
Spring Real Estate Investment Trust
春泉產業信託

Stock Code : 01426

Managed by
Spring Asset Management Limited

2023
ANNUAL REPORT





ABOUT SPRING REIT

Spring Real Estate Investment Trust ("**Spring REIT**") is a real estate investment trust constituted by a trust deed entered into on 14 November 2013 as amended and supplemented by the first supplemental deed dated 22 May 2015 and the First Amending and Restating Deed dated 28 May 2021 (collectively, the "**Trust Deed**") between Spring Asset Management Limited and DB Trustees (Hong Kong) Limited, as trustee of Spring REIT (the "**Trustee**"). Units of Spring REIT (the "**Units**") were first listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 5 December 2013.

Spring REIT offers investors direct exposure to two premium office buildings strategically located in Beijing Central Business District ("**Beijing CBD**") through its ownership in China Central Place Office Tower 1 and 2 (and the relevant portion of the car park) (the "**CCP Property**") and to a landmark shopping mall Huamao Place in Huizhou, located in Greater Bay Area, which comprises seven-storey shopping mall and 750 carpark spaces (the "**Huamao Place**"). Being the first Hong Kong REIT to make an acquisition in the United Kingdom, Spring REIT's core property portfolio is complimented by a portfolio of 84 separate commercial properties in the United Kingdom ("**UK Portfolio**") which are leased out on a triple-net basis.

ABOUT THE MANAGER

Spring REIT is managed by Spring Asset Management Limited (as manager of Spring REIT, the "**Manager**"), a company incorporated in Hong Kong for the sole purpose of managing Spring REIT. As at 31 December 2023, the Manager is 80.4% owned by Mercuria Holdings Co., Ltd. ("**Mercuria Holdings**"), which is an investment holding company listed on the Tokyo Stock Exchange (Stock Code: 7347) with notable shareholders such as Development Bank of Japan, Itochu Corporation and Sumitomo Mitsui Trust Bank, Limited.

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PERFORMANCE HIGHLIGHTS

Total Revenue

(RMB million)

FY23 732.45

FY22 577.85

Net Property Income

(RMB million)

FY23 543.26

FY22 440.43

Net Property Income Margin

(%)

FY23 74.2

FY22 76.2

Total Distributable Income

(RMB million)

FY23 252.14

FY22 292.61

DPU

(HK cents)

FY23 19.0

FY22 21.2

Net Asset Value attributable to Unitholders

(RMB million)

31-Dec-23 6,130.66

31-Dec-22 6,558.84

Property Valuation

(RMB million)

31-Dec-23 12,039.34

31-Dec-22 12,082.95

Gearing Ratio

(%)

31-Dec-23 39.5

31-Dec-22 37.6

DISTRIBUTION

The board of directors (the “**Board**”) of the Manager, for and on behalf of Spring REIT, has resolved to declare a final distribution for the period from 1 July 2023 to 31 December 2023 (the “**Reporting Period**”, “**2H 2023**” or “**2023 Final Distribution Period**”) of HK9.0 cents per Unit (“**2023 Final Distribution**”) to unitholders of Spring REIT (the “**Unitholders**”) whose names appear on the register of Unitholders on 17 April 2024 (the “**Record Date**”). However, this 2023 Final Distribution may be subject to adjustment in the event of any issuance of new Units and Units bought back and cancelled between 21 March 2024 and 17 April 2024. Before any such adjustment and together with the interim distribution of HK10.0 cents per Unit, total distributions for the year ended 31 December 2023 (“**FY2023**”, “**Reporting Year**”) amounts to a total of HK19.0 cents per Unit (FY2022: HK21.2 cents per Unit), representing a payout ratio of 97.5% (FY2022: 92.5%).

Based on the closing price of HK\$2.28 per Unit as at 29 December 2023, the Reporting Year Distribution per Unit (“**DPU**”) represents a distribution yield of 8.3%. For details of the distribution, please refer to the section headed “Consolidated Statement of Distributions” in the financial information.

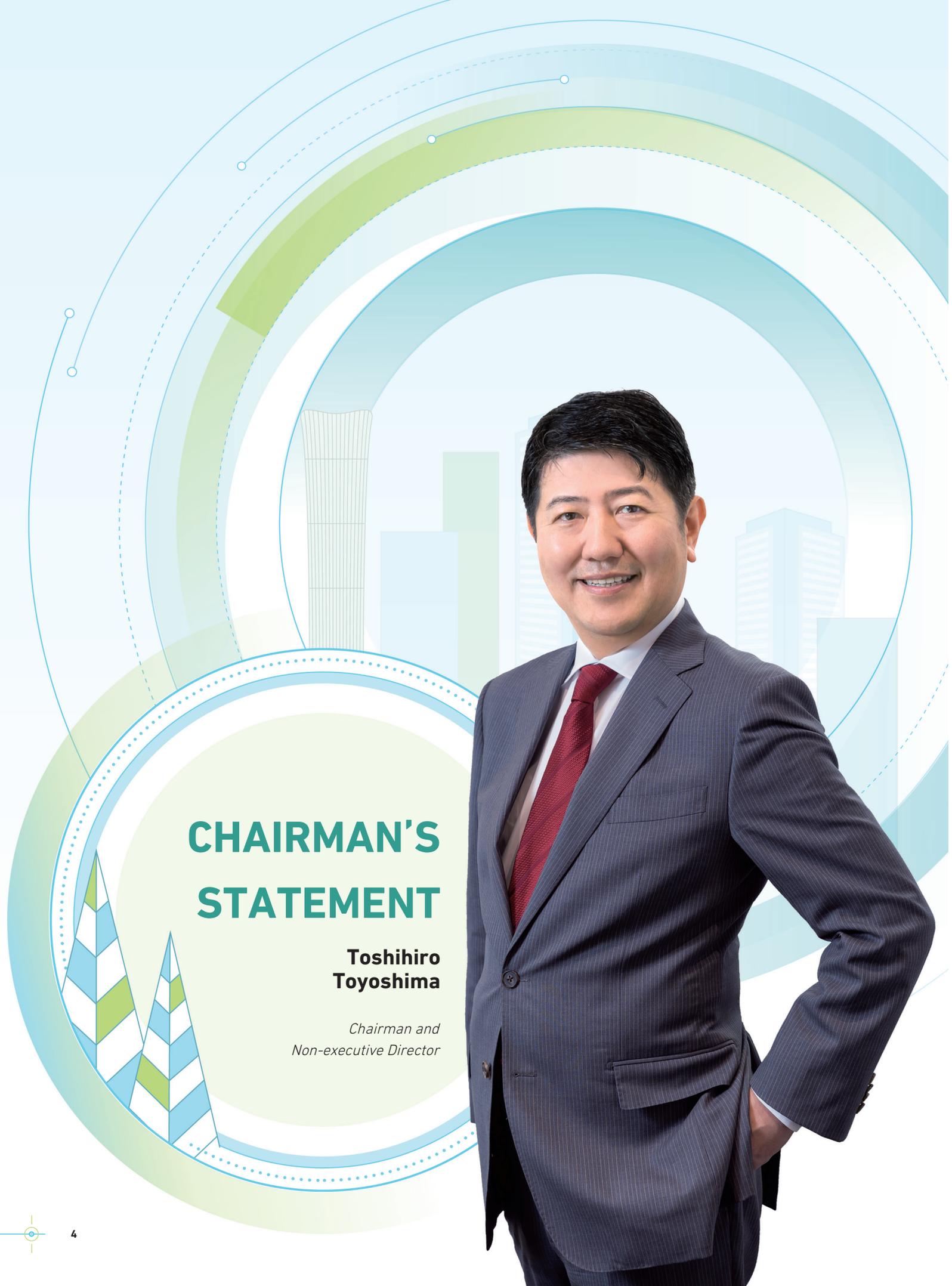
The presentation currency of Spring REIT is Renminbi (“**RMB**”) and all distributions will be paid in Hong Kong Dollars (“**HK\$**”). The exchange rate adopted for the 2023 Final Distribution is HK\$1 = RMB0.9135, which represents the average of month-end central parity rates in the 2023 Final Distribution Period (as announced by the People’s Bank of China).

The Manager confirms that the 2023 Final Distribution is composed only of consolidated profit after tax, before transactions with Unitholders attributable to Unitholders and non-cash adjustments for the 2023 Final Distribution Period.

In accordance with the Trust Deed, the Manager’s current policy is to distribute to Unitholders at least 90% of Total Distributable Income (“**TDI**”) in each financial year. The Manager also has the discretion to direct that Spring REIT makes distributions over and above the minimum 90% of TDI for any financial year if and to the extent that Spring REIT, in the opinion of the Manager, has funds surplus to its business requirements.

The Record Date for the 2023 Final Distribution will be 17 April 2024. The register of Unitholders will be closed for the purpose of determining the identity of Unitholders from 16 April 2024 to 17 April 2024, both days inclusive, during which period no transfer of Units will be registered. The 2023 Final Distribution is expected to be payable on 29 April 2024 to Unitholders whose names appear on the register of Unitholders on the Record Date.

In order to qualify for the 2023 Final Distribution, all completed transfer forms in respect of transfer of Units (accompanied by the relevant Unit certificates) must be lodged for registration with Tricor Investor Services Limited, Spring REIT’s unit registrar in Hong Kong, whose address is 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 15 April 2024.

A man in a dark grey pinstriped suit, white shirt, and red tie stands with his left hand on his hip, smiling. The background features a stylized cityscape with various buildings in shades of blue and green. Overlaid on the scene are several concentric circular arcs in light blue and green, some solid and some dashed, creating a modern, architectural feel. In the bottom left corner, there is a small graphic of a compass rose.

CHAIRMAN'S STATEMENT

**Toshihiro
Toyoshima**

*Chairman and
Non-executive Director*

CHAIRMAN'S STATEMENT

Dear Unitholders,

On behalf of the Board of the Manager, I am pleased to present the financial results of Spring REIT for the financial year ended 31 December 2023.

The year 2023 was a challenging one for many companies globally. It was a year of steady interest rate hikes, slower than expected recovery in China and significant turbulence in the country's real estate sector, all of which affected business activity widely.

Given this challenging environment, it is a pleasure to report that Spring REIT was able to deliver a solid DPU for the Reporting Year of HK 19.0 cents, representing a year-on-year ("YoY") change amounting to a decrease of 10.4%. As the year drew to a close, Spring REIT registered a 23.3% YoY increase in net property income due to the full-year contribution of Huamao Place shopping mall in Huizhou. However, the gain at the operations level was offset by the significantly higher cost of borrowings during the year, leading to a total distributable income of RMB252.14 million (FY2022: RMB292.61 million).

This result is a testament to the hard work and strategic decision-making of the management teams managing Spring REIT's major assets, namely China Central Place Office Tower 1 and 2 in Beijing, and Huamao Place shopping mall in Huizhou in the Greater Bay Area ("**GBA**"). In both locations, the teams showed remarkable dedication to maintaining asset quality, through strategic upgrades and customised leasing in Beijing that helped counter soft demand for office space and proactive marketing initiatives in Huizhou that drove foot traffic and consumer spending in a relatively weak macro environment.

A continuation of the team's proactive capital management activities was also a hallmark of its prudent strategy throughout the year. This included further moves to fix the interest rate of its existing debts, and to better align the currency exposure of its underlying assets and liabilities. These initiatives proved effective in mitigating the effects of interest rate hikes and currency volatility during the year.

PERFORMANCE REVIEW

The full reopening of China to the world in early 2023, after two years of strict COVID isolation, initially raised market expectations of a rapid economic rebound driven by the release of significant pent-up demand. However, as the year proceeded it became evident that the trajectory did not fully materialize as expected. The economy slowed as the property sector continued to shrink, a situation which in turn had knock-on effects on local government revenues and spending. The cautious stance taken by the private sectors and general households also limited growth in investment and retail spending, leading to a more gradual pace of economic recovery.

The wider macroeconomic situation was quite closely reflected in the Beijing office market across the year. After an initial flurry of activity in early 2023, the market became increasingly subdued as tenants remained on the sidelines to see how the economic situation would play out. There was little fresh demand in the market, and for most of the year activity was largely made up of existing tenants looking for more economical options as they reassessed their future space needs given the uncertain business outlook.

CHAIRMAN'S STATEMENT (continued)

Fortunately, no major new office supply came onto the market during the year, resulting in solid resilience in occupancy. At the end of 2023, the office vacancy rate in Beijing overall was approximately 12%, compared to the average vacancy rate of around 10% a year ago. Rents continued to soften over the year as landlords sought to maintain occupancy at the expense of positive rental reversions. Negotiations for renewals also took longer to resolve as tenants pressed for better terms. Companies in the finance and I&T sectors remained the mainstays of the office market. Most of these were domestic companies, however, as the percentage of foreign multinational companies occupying office space in Beijing stayed low, at less than 30% overall.

The management team of Spring REIT's CCP Property have already proved their ability to work effectively in the difficult market of the COVID-19 years. In 2023, despite the soft office market, they continued to deliver encouraging results in terms of maintaining occupancy levels, boosting tenant satisfaction, and enhancing the quality of the property. This year, the team's efforts to prioritise occupancy saw the occupancy rate at the CCP Property standing at 92.2% as at 31 December 2023.

To achieve this, property upgrades continued to be rolled out to meet tenants' expectations of a prime-grade building. Major work was done to enhance common areas such as lifts and lift lobbies, and to upgrade air conditioning and other cooling systems. Office renovations and the provision of furniture in lease contracts were used as incentives to attract and retain tenants. Although rent levels had to be lowered in some cases to retain tenants, rental reversion remained positive at 0.7% for the year, and, gratifyingly, new letting included some whole-floor leases.

Among the initiatives especially appreciated by tenants were a series of monthly social events organised by the local management team for special occasions. Highlight events that proved very popular included Earth Day, City Forest Day, World Running Day, a Movie Festival, a Chinese Valentine's Day meeting and a Chinese-style market. All tenants were invited to participate in these festive events, and much positive feedback was received.

Spring REIT's Huamao Place in Huizhou, acquired in September 2022, delivered its first full-year contribution in 2023. This retail shopping mall offers Spring REIT a different asset type, and has diversified its exposure in the China property market. Huizhou is a vibrant tier-2 city in the GBA, with a large population enjoying rising incomes due to GBA development.

The performance of Huamao Place was encouraging in the year, despite the subdued macroenvironment. The local team's innovative marketing strategies enhanced the mall's reputation as a leading shopping and leisure destination for the city. With a daily average footfall of over 32,000, the mall's full-year gross merchandise value ("**GMV**") rose to RMB2.1 billion, 38% higher than pre-COVID levels. At year-end, occupancy was around 98.1%, and passing rent had reached RMB183 per sqm.

Since acquisition, our strategy has been to focus on the latest trends among Chinese consumers and foreground these in the mall's layout. With electric vehicles ("**EVs**") and cosmetics as top-selling product categories, considerable prime retail space was devoted to leading EV and cosmetics brands, establishing the mall into perhaps the best place in the city for these products. The team has undertaken major reconfiguration to ensure that these popular categories are highly visible and easily accessed. Much effort has also been applied to enhancing the food and beverages options, catering to the elevated importance of restaurants in the post-COVID era.

As Huamao Place establishes itself as a popular higher-end destination, the management has introduced concierge services, a comfortable VIP Lounge, and special privileges focused on meeting the needs and expectations of the increasing number of high-spending visitors. These efforts further differentiate Huamao Place from other locations in Huizhou, which are mostly positioned as neighbourhood malls.

CHAIRMAN'S STATEMENT (continued)

Local mobile apps such as Douyin and Xiaohongshu have been used with great success to promote Huamao Place and generate sales. The mall has held a series of popular and widely reported shows and events, including a special New Year's Eve concert that was live-streamed and attracted around 181,000 visitors that day. Other initiatives included a 2023 Guangdong Night Economy and Summer Consumption Promotion Event, supported by the Department of Commerce of Guangdong Province, along with various evening activities held to promote late-night shopping, such as a singing contest, sports and cultural events, dancing shows and sports competitions.

These initiatives have helped the mall engage widely with locals in Huizhou and achieve excellent results. The efforts to position Huamao Place as a high-end destination that remains accessible to all socio-economic groups have paid off, and the mall's performance have already exceeded the initial expectations of Spring REIT.

Spring REIT's UK portfolio of 84 properties, all leased to a single tenant on a long-term basis, continued to deliver a stable and predictable source of rental income in 2023. In the year a five-yearly rent review became due under the tenancy agreement, the outcome of which was a negotiated rent increase of 4.6%.

On capital management, our past risk management initiatives have continued to guide us through the considerable challenges in 2023, characterised by further rises in interest rates and currency volatility. For context, the average USD market interest rate in 2022 stood at under 2.0%, while that for 2023 was at around 5.0%, and at one point in the year the RMB currency weakened to its lowest point against the US dollar since 2007. Recognising that diligent capital management is essential for ensuring stable DPUs, Spring REIT has continued to adopt a prudent, flexible and forward-looking approach to managing financial risks.

During the year, Spring REIT extended its hedging arrangements so that by year-end it had stabilised 99.5% of its debt, as against 77.0% at the end of 2022, minimising the impact of rising rates. At the same time, it took advantage of declining RMB borrowing costs by converting 45% of its HKD loan to RMB by cross-currency swaps, bringing the split between HKD and RMB denominated loan exposures to 46% and 54% respectively. The move has better aligned the loan currency with the location of the asset covered by the loan.

At the end of 2023, the average cash interest rate for all the loans held by Spring REIT was 3.6%, representing a rise of 50 basis points YoY. This is moderate when compared with rises in market interest rates with, for example, the HIBOR rate having risen by 92 basis points YoY. Spring REIT's capital management measures have been very effective in shielding it from excessive rate rises.

Spring REIT is currently operating a gearing ratio (i.e. the ratio of total borrowings to gross asset value) of around 39.5%, up from around 37.6% last year. This continues to represent a buffer against market volatility but also allows room for growth should the opportunity arise.

Interest rates are widely expected to plateau gradually in 2024, and Spring REIT will monitor changes and respond accordingly. Meanwhile, the Hong Kong stock market has continued its weak run, a situation which has weighed on the unit prices of REITs in Hong Kong. However, this has not affected the steady DPUs being paid to our unitholders, nor Spring REIT's fundamentally strong balance sheet.

Meanwhile, Spring REIT is buying back blocks of units as they become available, bringing value to all unitholders by increasing both the DPUs and NAVs per unit. On 25 May 2023, Spring REIT announced the repurchase of around 4.23% of the total number of issued units through an off-market transaction, a move that received 99.99% support at the EGM and enhanced yields and NAV per Unit for Unitholders.

CHAIRMAN'S STATEMENT (continued)

During the year, a substantial Unitholder of Spring REIT, Huamao Property Holdings Limited ("**Huamao Property**") purchased almost all of the Units previously held by Sino-Ocean Group Holding Limited. In doing so, Huamao Property became Spring REIT's second largest Unitholder, holding approximately 25% of all issued Units.

Despite a difficult macroenvironment and a weaker than expected leasing market, Spring REIT has demonstrated resilience throughout the year on the back of strong efforts to support its high-quality assets in Beijing and Huizhou, and vigorous capital management measures that have helped it navigate a challenging high interest rate environment. Our CCP Property in Beijing remains among the top office premises in the capital city, and has largely outperformed the market in a very tight year. In Huizhou, our Huamao Place shopping mall has provided an exciting and popular destination for locals and has exceeded expectations in terms of performance. Astute capital management measures have shielded Spring REIT from the worst effects of soaring interest rates, and unit buy-backs have further enhanced the value of its Units for Unitholders. All these initiatives have delivered stability in the midst of wider volatility, and positioned Spring REIT well for the year ahead.

OUTLOOK

In 2024, businesses in China will navigate a landscape marked by ongoing debt reduction efforts and significant structural shifts within key sectors such as real estate, technology, and finance. Meanwhile, the Chinese government is expected to introduce proactive fiscal measures, including a plan to issue RMB 1 trillion of ultra-long special central government bonds, and implement counter-cyclical macroeconomic policies to support the economy. The policies on mitigating risks within the property sector include the recent 25 basis point cut in the 5-year loan prime rate for borrowings to 3.95% in February 2024, and promoting growth in strategic sectors such as artificial intelligence, semiconductors, and green technology.

Outside of China, much of the market focus is on the outlook of global, particularly US, interest rates. The cost of financing has increased significantly after rapid hikes in USD interest rates of more than 5 percentage points in a short two years, dampening debt-funded investment activities. The global outlook is significantly influenced by the US interest rate cycle, which after reaching a peak in 2023 is expected to gradually shift towards easing during 2024, potentially contributing to a more pro-growth macroeconomic environment.

As improvement in business activities is going to take time, a subdued sentiment in the wider Beijing office market among landlords and tenants is expected to persist in the near term. This will result in limited new lettings and a continued focus on concessions and rent reductions in renewal negotiations. In response to the uncertain economic landscape, many cost-conscious tenants in the CBD are opting to relocate or downsize, leading to more competition for a smaller pool of quality tenants in these premium core areas. The Manager remains cautious about the prospects for the Beijing office market, expecting continued pressure on both rent and occupancy, despite no new office supply is expected to be introduced in the CBD area in the coming year.

CHAIRMAN'S STATEMENT (continued)

The Manager will work hard to maintain stability at the CCP Property. In total, 27.4% of leases are due to expire in 2024. We were pleased to have maintained occupancy at 92.2% at the end of the year, and we will prioritise to maintaining a relatively high occupancy rate in 2024. Spring REIT's strategy for 2024 will be to prioritise occupancy over rent with an emphasis on further enhancing the quality of the tenant base, while incorporating a greater focus on sustainable development into our leasing and operations strategy.

While the Beijing office market is closely linked to the state of both the global and the Chinese economy, the performance of Huamao Place in Huizhou correlates with domestic consumption trends in the GBA. The GBA has been designated an area of strategic importance for China's future development, and its population, including that of Huizhou City, is expected to become more affluent in the years ahead thanks to economic growth, ongoing urbanisation, consumption upgrades, and continued government support. As Huizhou's premier shopping mall, Huamao Place is well-placed to profit from the long-term success of this unique region. This year, we enjoyed a full-term contribution from its operation.

Despite a challenging 2022 when the retail sector (including Huamao Place) was a victim of the COVID pandemic and related social restrictions, the untiring efforts of the local Huizhou management team led to an encouraging rebound in footfall after China's reopening. Footfall at Huamao Place reached an average of over 32,000 per day, and GMV exceeded RMB2.1 billion for the year. The current tenant configuration, which highlights EVs and hi-tech products, food and beverages, and cosmetic products, has been designed to take advantage of the shift in post-COVID era consumer preferences. In 2023 extra resources were allocated to enhance the mall's social media presence and to promote the shopping mall as a premium location for festive events and celebration. We expect to continue with the same strategy in 2024 to differentiate ourselves from our competitors in Huizhou. In total, 30.4% of the leases at Huamao Place are due to expire in 2024. With an average occupancy rate of approximately 97% for the year and a rebound in rental from 2022, Spring REIT will continue to benefit from the mall's premier positioning as a high-end destination mall in Huizhou in 2024.

From the capital management perspective, Spring REIT's earlier decision to lock in the interest rates of almost all of our loan exposures effectively and materially mitigated our interest rate risk in 2023. The end of 2023 saw Spring REIT's balance sheet remaining robust, with a gearing ratio of about 39.5% that is providing a buffer against macroeconomic fluctuations and room for potential future growth. Despite the lingering impact of elevated interest rate levels on the cost of debt, there is a silver lining in the moderation of global inflation trends, indicating that interest rates may have peaked in the current cycle. We will remain vigilant in monitoring changes in market conditions and adapting our capital management efforts to the evolving macroeconomic environment. Concurrently, we are closely observing the movements of the RMB currency against the USD and HKD. From a risk management perspective, we do not rule out the possibility of increasing the proportion of our RMB-denominated loans against our HKD borrowings to further reduce our exposure to currency fluctuations.

Spring REIT's on-market Unit buyback activities, along with the off-market buyback concluded during 2023, have directly increased the DPU and NAV per Unit of Spring REIT. These moves highlight the Manager's confidence in the future development of Spring REIT. We remain committed to this strategy in 2024, seeing significant value in Spring REIT's Units at current price levels.



CHAIRMAN'S STATEMENT (continued)

In 2024, the Manager remains firmly committed to steering Spring REIT safely through the volatile macroeconomic environment. Unitholders can be assured of our unwavering determination to deliver stable distributions and the potential for sustainable long-term growth of Spring REIT.

Toshihiro Toyoshima

Chairman and Non-executive Director

Spring Asset Management Limited

(as Manager of Spring REIT)

21 March 2024



MANAGEMENT DISCUSSION AND ANALYSIS



OVERVIEW OF SPRING REIT'S PROPERTIES

CCP PROPERTY

**Office Tower 1 & Office Tower 2
China Central Place, Beijing**

Spring REIT currently offers investors exposure to two premium grade office buildings in Beijing's CBD, namely Office Tower 1 and Office Tower 2 in China Central Place, with a total of approximately 600 car parking lots located in the underground area. The two office buildings have in aggregate a total gross floor area of 120,245 sqm, including 25,127 sqm of car parking space. The CCP Property is strategically located in the southeast corner of Beijing's traditional CBD, in Chaoyang District to the east of the city centre.



HUAMAO PLACE

**Seven-storey shopping mall,
Huizhou, Greater Bay Area**

Through Huamao Place, Spring REIT offers investors exposure to the retail scene in the Greater Bay Area. With a gross floor area of 144,925.07 sqm, the asset comprises: (a) the entire seven-storey shopping mall (including two basement floors); and (b) 700 underground and 50 above-ground carpark spaces. The property is the retail component of a larger integrated development known as "Huizhou Central Place", which is served by major roads and surrounded by other public facilities and attractions such as Huizhou West Lake, Huizhou Museum, Huizhou Science & Technology Museum and Dayun Temple. Expressways and an intercity railway link Huamao Place to the rest of the Greater Bay Area. Through this landmark shopping mall in the heart of Huizhou, investors are well positioned to capture the potential of the GBA arising from its robust economic growth and increasing strategic importance to the nation.



UK PORTFOLIO

84 Commercial Properties

The UK Portfolio comprises 84 separate commercial properties in diverse locations across the UK. The properties are leased to Kwik-Fit (GB) Limited, a nationwide car servicing service provider in the UK. Founded in 1971, Kwik-Fit has the largest network of fast-fit outlets in the UK, operating more than 600 centres around the country.



OVERVIEW OF CHINA CENTRAL PLACE

China Central Place is a prime mixed-use complex in the Beijing's CBD that includes well-recognised branded hotels and shopping centres.



OFFICE

Premium Grade offices

- Awarded "Top 20 Office Buildings in China"
- Direct underground connection to Beijing Subway



RESIDENTIAL

Residential area

- Residential and serviced apartments with a clubhouse



SHOPPING

SKP Beijing and other shopping areas

- SKP Beijing – one of the largest department stores in China by sales



HOTELS

Five-star luxury hotels

- Ritz-Carlton Hotel Beijing
- JW Marriott Hotel Beijing

CCP PROPERTY OPERATION REVIEW

Beijing office market overview

Despite a temporary improvement in sentiment following the country's reopening in early 2023, the office market remained subdued throughout the Reporting Year as potential tenants stayed on the sidelines. Some relocation and expansion demand was evident from the I&T and finance sectors, but new market entrants were limited. Domestic tenants continued to dominate the market, while multinationals remained inactive.

The total Grade A office stock in Beijing at the end of 2023 amounted to approximately 11.3 million sqm. As of 31 December 2023, the overall vacancy rate had edged up marginally by 1.7% to 11.8%. Rental rates declined by about 8% YoY, and had begun to approach the important psychological level of RMB300 per sqm.

The Beijing CBD, where our CCP Property is located, is home to tenants from a wide range of industries, including many from the finance and insurance, professional services, and manufacturing industries. It holds the largest amount of Grade-A office stock in Beijing, amounting to 2.8 million sqm as at the end of 2023, and accounting for 24.8% of the city's total Grade-A office space. The CBD area outperformed the broader Beijing market through the year, and was able to maintain a steady occupancy rate. Grade A occupancy in the CBD stood at 90.5% at the end of 2023, as landlords prioritised filling up their properties over raising rents. Overall average CBD rent at the end of 2023 stood at RMB327 per sqm, representing a decline of 7.7% YoY. The vacancy rate for the high-end premium Grade A segment in the CBD, which includes our CCP Property, stood at 8.6% at the end of the year, with an average rent of RMB362 per sqm.

Despite the challenging environment, the Beijing property market remained well supported compared to other Chinese cities. A lack of new office completions has provided resilience in the broader market. New office space that came onto the market over the last few years has also largely been taken up, alleviating pressures on both rent and occupancy; at the time of writing, no new office supply is expected in the CBD until 2025. We therefore remain cautiously optimistic about the prospects for the office market in Beijing's CBD.

Beijing Office Market Occupancy and Rental Rates in 2023

		Occupancy Rate ¹	YoY change	Average Rental Rate ² (RMB/sqm/month)	YoY change
CBD	Grade A	90.5%	0.8 ppts	327	-7.7%
	Premium Grade A	91.4%	-1.3 ppts	362	-9.2%

¹ Data is as at 31 December 2023.

² YoY changes in average rental rate are on a chain-linked basis, to facilitate like-for-like comparison.

Source: JLL Research

CCP PROPERTY OPERATION PERFORMANCE

(in RMB million)	FY2023	FY2022	YoY Change	2H 2023	1H 2023	HoH Change
 Revenues						
– Rental income	461.06	476.26	(3.2%)	231.54	229.52	0.9%
– Car park income	3.56	4.78	(25.5%)	2.06	1.50	37.3%
– Other income (note i)	5.57	9.85	(43.5%)	2.11	3.46	(39.0%)
	470.19	490.89	(4.2%)	235.71	234.48	0.5%
 Property Operating Expenses						
– Property management fee	(10.36)	(10.80)	(4.1%)	(5.18)	(5.18)	—
– Property taxes (note ii)	(57.61)	(59.29)	(2.8%)	(29.00)	(28.61)	1.4%
– Withholding tax (note iii)	(48.19)	(49.87)	(3.4%)	(24.30)	(23.89)	1.7%
– Other taxes (note iv)	(0.44)	(0.42)	4.8%	(0.21)	(0.23)	(8.7%)
– Leasing Commission	(3.92)	(2.79)	40.5%	(3.03)	(0.89)	240.4%
– Other expenses	(0.84)	(2.36)	(64.4%)	(0.42)	(0.42)	—
	(121.36)	(125.53)	(3.3%)	(62.14)	(59.22)	4.9%
Net Property Income	348.83	365.36	(4.5%)	173.57	175.26	(1.0%)

Notes:

- i Other income mainly represents compensation paid by tenants for early termination of lease.
- ii Property taxes represent real estate tax and land use tax.
- iii Withholding tax in the People's Republic of China is calculated based on rental revenues at a rate of 10%.
- iv Other taxes represent stamp duty.

In the second half of FY2023, the CCP Property reported a 0.5% increase in revenue compared to the first half, with rental income generated from the office space increasing by 0.9% HoH due to a moderate improvement in occupancy. Taking into account the 4.9% HoH increase in property operating expenses, mainly due to higher commission expenses, net property income amounted to RMB173.57 million, representing a decrease of 1.0% HoH.

Property operating expenses are mainly comprised of tax expenses, namely property taxes, withholding tax and other taxes. In the second half of FY2023, the total tax expenses and the property management fee, payable at 2.0% of total revenue, accounted for 86.1% and 8.3% of the total property operating expenses respectively.

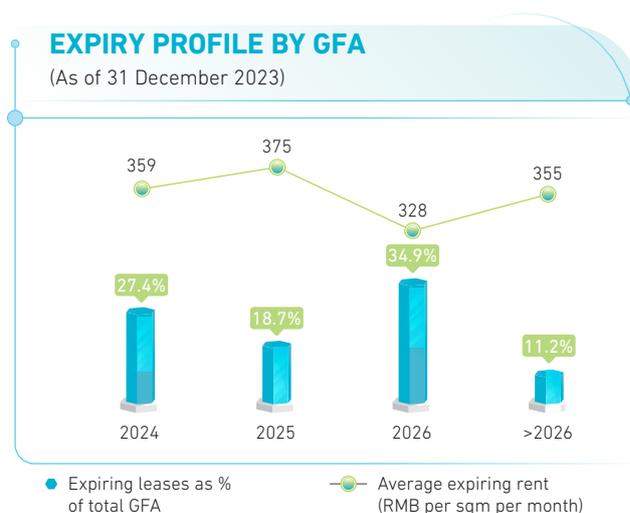
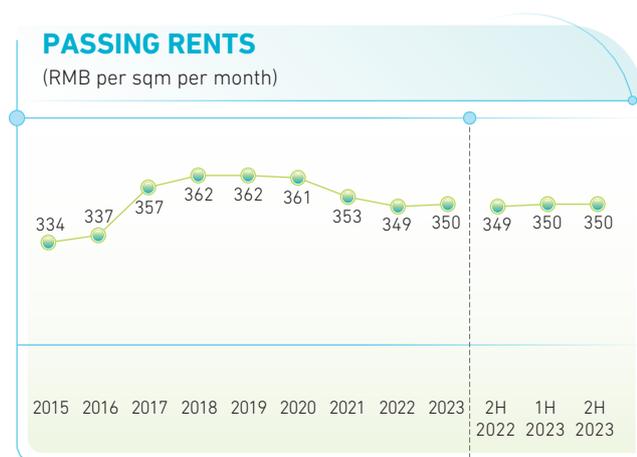
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

RENTAL INCOME

In 2H 2023, the CCP Property registered an average occupancy of 91%, and leases were secured (including new lettings and renewals) covering a total area of 30,942 sqm (1H 2023: 10,697 sqm; FY2022: 40,888 sqm). The retention rate¹ for 2H 2023 stood at 92% (1H 2023: 65%), resulting in a full-year retention rate of 75% (FY2022: 69%). For 2H 2023, of the newly leased area, 24.5% (1H 2023: 28.6%) was attributable to new lettings, with the remainder being renewals. On a full-year basis, 26.0% of the newly leased area was contributed by new lettings (FY2022: 19.2%). Average passing rent (net of Value-Added Tax ("VAT")) remained at RMB350 per sqm in 2H 2023 (1H 2023: RMB350 per sqm; FY2022: RMB349 per sqm), with a positive rental reversion rate² of 0.1% (1H 2023: 1.8%). For FY2023, the CCP Property enjoyed a full year reversion of positive 0.7% (FY2022: negative 0.3%).

Of the arrears as of 31 December 2023, the amount outstanding at the time of writing stood at RMB0.6 million.

(in RMB million)	2H 2023	Change	1H 2023	Change	2H 2022
Average Monthly Passing Rent (RMB/sqm) ³	350	—	350	0.3%	349
Average Occupancy ⁴	91.1%	+0.5 pts	90.6%	-2.4 pts	93.0%



- Retention rate represents the proportion of the total area under all the expired leases taken up by the same tenants entering into new leases during the relevant period.
- Rental reversion is calculated on the basis of the difference in the effective rent for existing tenants who renewed their lease in the same space with the same area during the relevant period.
- Average monthly passing rent is presented net of business tax and VAT (where applicable) and is an average of the month-end figures throughout the specified period.
- Occupancy rate is an average of the month-end figures throughout the specified period.

As at 31 December 2023, the weighted average lease expiry in terms of GFA was 647 days for the CCP Property. Leases expiring in the years ending 31 December 2024 and 31 December 2025 accounted for 27.4% and 18.7% of the total leasable GFA respectively, while the average unit rents for the expiring leases are RMB359 per sqm and RMB375 per sqm respectively.

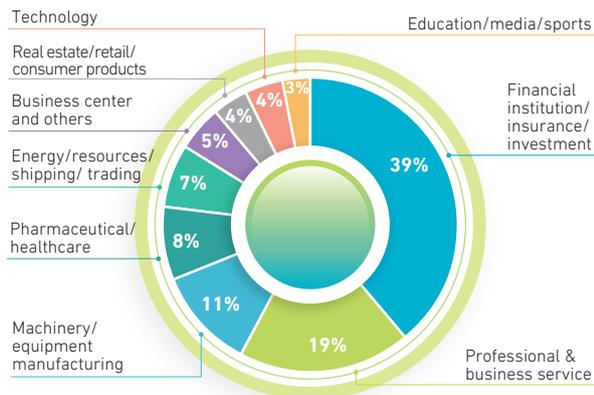
TENANCY BASE

The CCP Property had a total of 194 tenancies as at 31 December 2023. The top five tenants in terms of GFA accounted for 19.6% of the total revenue for the Reporting Year, and occupied 21.9% of the total leased GFA as at 31 December 2023. Details of these tenants are set out below.

Tenant	Portion of total leased GFA
Epson	6.0%
Zhong De Securities	4.3%
Global Law Office	4.3%
The Executive Centre	4.1%
Conde Nast	3.2%
Total	21.9%

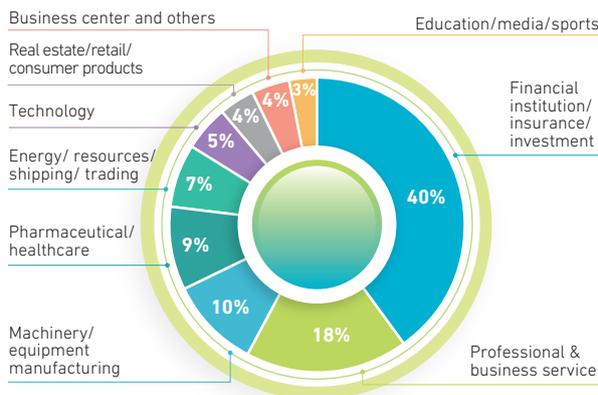
AS % OF LEASED GFA

(As of 31 December 2023)



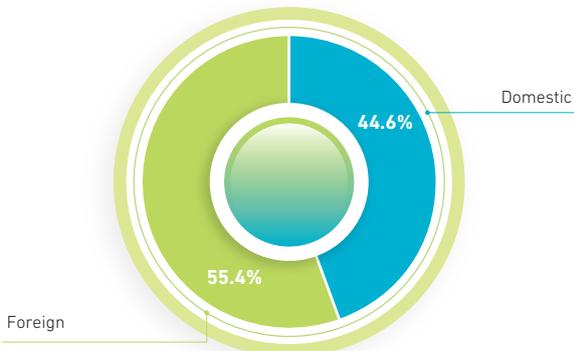
AS % OF MONTHLY REVENUE

(For the month of 31 December 2023)



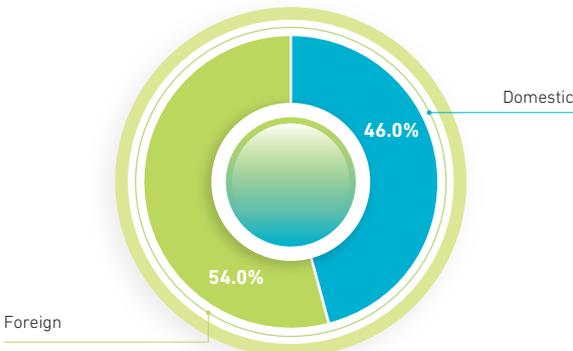
AS % OF LEASED GFA

(As of 31 December 2023)



AS % OF MONTHLY REVENUE

(For the month of 31 December 2023)



OVERVIEW OF HUAMAO PLACE

Huamao Place, located in Jiangbei area at the heart of Huizhou’s CBD, is the retail component of a larger integrated development known as “Huizhou Central Place” (惠州華貿中心) which includes, among other things, three Grade-A office a, three residential buildings and a serviced apartment building.

Huamao Place is the #1 shopping mall in Huizhou in terms of gross merchandise value in 2023¹, and is also the fourth largest shopping mall in the city in terms of retail gross floor area, covering a total of 144,925 sqm.



¹ According to market research by China Insights Consultancy, December 2023

HUAMAO PLACE OPERATION REVIEW

HUIZHOU CITY OVERVIEW

One of the 9+2 cities in the GBA in Guangdong Province, Huizhou covers an area of some 11,000 square kilometres and is rich in natural resources, energy resources, and tourism highlights. With a residential population of 6.2 million, the city serves as an essential gateway and connector between eastern and northern Guangdong Province. Huizhou is also one of the closest mainland cities to Hong Kong, adding to its strategic significance in the region. Due to its superior geographical location and rich resources, Huizhou has attracted many high-quality business enterprises. It has also enjoyed industrial spill-over transfers from the nearby cities of Shenzhen and Dongguan, which have boosted the city's population and helped drive its economic development.

HUIZHOU RETAIL MARKET REVIEW

Huizhou's shopping mall industry has experienced robust growth, driven by high economic growth potential, ongoing urbanisation, consumption upgrading, an expanding infrastructure network, and continued government support. According to research consultancy firm China Insights Consultancy, the overall GMV of shopping malls in Huizhou increased from RMB17.5 billion in 2018 to RMB21.3 billion in 2023, a CAGR of 3.9%. China Insights Consultancy projects the total GMV of the shopping mall industry in Huizhou to reach RMB30.4 billion by 2028, with a CAGR of 7.5% from 2024 to 2028, outpacing growth in other cities in the GBA. As of 31 December 2023, Huizhou had 36 shopping malls covering a total retail GFA of approximately 2.5 million sqm, and managed by approximately 31 operators. Huizhou's shopping mall industry is not highly concentrated, with the top five shopping mall management service providers accounting for 33.7% of the market in retail GFA. The share of Huamao Place in the Huizhou shopping industry in GFA and GMV amounted to 5.8% and 9.7% respectively as of 31 December 2023.

HUAMAO PLACE OPERATION PERFORMANCE



2023 Average daily footfall

32,620

+30.3% YoY



2023 Average monthly GMV

approx. **RMB171 million**

+10.3% YoY

Spring REIT acquired Huamao Place on 28 September 2022. Since the relaxation of COVID policies in early 2023, the mall has experienced a recovery in consumer confidence and an increase in footfall. The rebound in shopper traffic was evident on New Year's Eve, when an estimated 181,000 shoppers visited the mall, an increase of 187% compared to that of 2022.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

During the Reporting Year, we further enhanced Huamao Place's positioning by introducing a cluster of international cosmetics brands to the shopping mall. Many of these brands are currently only available at Huamao Place in Huizhou, helping to create a sense of exclusivity and luxury for the shopping mall and solidifying its high-end reputation. We believe this strategy is helping to differentiate our shopping mall from those of competitors in the city, and enhancing its status as a premium destination for shoppers. Our local property management team has also been working tirelessly to optimise the trade mix within the shopping mall and thus further enhance customers' shopping experience. For example, the first floor has been rearranged to showcase prominent electric vehicle brands like Tesla and Nio, and also includes stores featuring the latest electronic products from DJI and Apple-authorized retailers. Throughout 2H 2023, we were successful in signing leases with 91 new merchants, bringing in 154 new tenants for the whole year.

FINANCIAL HIGHLIGHTS

(in RMB million)	2H 2023	1H 2023	HoH Change	28-Sep-2022 to 31-Dec-2022
Revenues				
– Total rental income (note i)	107.8	106.6	1.1%	49.3
– Other income (note ii)	1.9	3.5	(45.7%)	0.7
	109.7	110.1	(0.4%)	50.0
Property Operating Expenses	(37.2)	(30.0)	24.0%	(11.0)
Net Property Income	72.5	80.1	(9.5%)	39.0

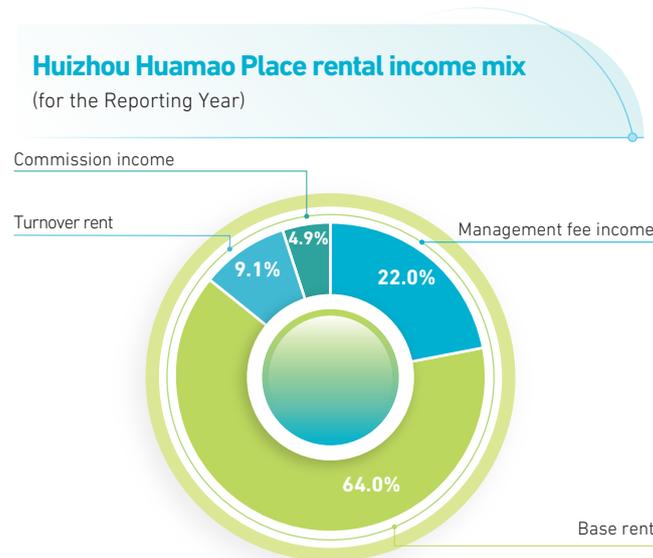
* The acquisition of 68% interest of Huamao Place in Huizhou was completed on 28 September 2022.

Notes:

- i Total rental income mainly represents base rental income, turnover rent, commission income and service fee income.
- ii Other income mainly represents advertising income and penalty income.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

In 2H 2023, Huamao Place reported revenue of RMB109.7 million, mainly comprised of base rent, management fee income, turnover rent and commission income, decreased by 0.4% HoH due to lower penalty income of approximately RMB1.6 million. Base rent is the fixed rent provided for in lease agreements, while management fee income represents additional income from tenants for services provided by the local property management team, such as promotions and events. Turnover rent is collected from certain tenants in the form of a percentage of their sales receipts. Commission income represents a share in the sales receipts for products sold on consignment.



Property operating expenses are mainly comprised of property management fees, advertising and promotion expenses as well as tax expenses, namely property taxes and other taxes. In 2H 2023, tax expenses in aggregate accounted for 34% of the total property operating expenses. The property management fee, payable at 3% of total revenue plus the actual human resources costs of the property manager of Huamao Place, accounted for 34% of the total property operating expenses. The 24.0% growth in the second half property operating expenses was partly because of the increase in advertising and promotion expenses, particularly for online media platforms.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

In 2H 2023, average occupancy rebounded from 95.9% in 1H 2023 to 97.4%. The mall's average monthly rent increased from RMB165 per sqm in 1H 2023 to RMB170 per sqm for 2H 2023. Occupancy cost, defined as total rental income as a percentage of total GMV of the shopping mall, stood at 10.4% for the Reporting Period.

	2H 2023	1H 2023	Change
Average Monthly Rent (RMB/sqm) ¹	170	165	3.0%
– Fixed Rent	146	137	6.6%
– Variable Rent	24	28	(14.3%)
Average Occupancy rate ²	97.4%	95.9%	1.5 ppts

1. Average monthly rent is presented net of business tax and VAT (where applicable) and is comprised of base rental income, turnover rental income, consignment sales income and service fee income.
2. Occupancy rate is an average of the month-end figures throughout the specific period.

EXPIRY PROFILE BY GFA

	by GFA	by December 2023 Rental
year ending 31 December 2024	30.4%	38.1%
year ending 31 December 2025	20.7%	31.3%
year ending 31 December 2026	31.7%	18.2%
year ending 31 December 2027 and beyond	17.2%	12.4%
Total	100.0%	100.0%

As at 31 December 2023, leases expiring in the years ending 31 December 2024 and 31 December 2025 accounted for 30.4% and 20.7% of the total leasable GFA respectively, and accounted for 38.1% and 31.3% of the December rental income respectively.

TENANCY BASE

As a flagship mall in Huizhou, Huamao Place's trade mix is oriented towards high-end and lifestyle items. Its food and beverage stores, mainly reputable local and international brands, are critical anchors for achieving steady high footfall. The share of apparel, currently the biggest trade sector in Huamao Place, is being gradually reduced in favour of beauty and personal care items such as high-end cosmetics. Currently, the focus is to increase our exposure in electric vehicles and digital products, which are being clustered on the first floor.

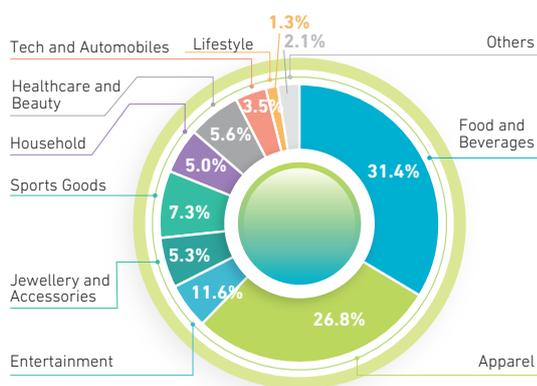
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Huamao Place had a total of around 500 tenancies as at 31 December 2023. Details of the trade sectors of the top 5 tenants in terms of GFA and December 2023 rental income are set out in the table below.

Tenant's trade sector	by GFA	by Rental Income
Entertainment	7.1%	2.3%
Food and Beverages	4.2%	0.7%
Apparel	3.4%	0.6%
Household	1.8%	0.3%
Household	1.5%	0.6%
Total	18.0%	4.5%

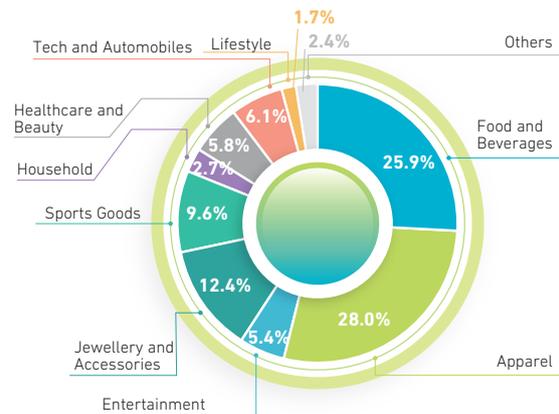
Huamao Place's Tenancy Mix by leased GFA

(As at 31 December 2023)



Huamao Place's Tenancy Mix by rental

(For the month of December 2023)



UK PORTFOLIO OPERATION REVIEW

Each of the UK Portfolio's 84 properties is under a long-term lease with the tenant Kwik-Fit (GB) Limited ("**Kwik Fit**"), a leading car servicing operator in the United Kingdom, with all but one of the leases expiring in March 2032¹. Currently, the UK Portfolio has an occupancy rate of 100%, with an annual contract rental income of approximately GBP4.76 million after the five-yearly rent review completed during the Reporting Year. Spring REIT enjoys substantial pass through of rental income as the leases are "full repairing and insuring" in nature, under which the tenant pays all real estate taxes, building insurance, and maintenance (the triple "nets") on the properties in addition to any normal fees that are specified under the agreement (e.g. rent, utilities, etc.).

1. Both the ground lease and the commercial lease of the property located in Islington will be expired in September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL RESULTS HIGHLIGHTS

(in RMB millions unless otherwise specified)	FY2023	FY2022	YoY Change	2H 2023	1H 2023	HoH Change
Revenue	732.45	577.85	26.8%	369.03	363.42	1.5%
Property operating expenses	(189.19)	(137.42)	37.7%	(99.67)	(89.52)	11.3%
Net property income	543.26	440.43	23.3%	269.37	273.89	(1.7%)
Net property income margin	74.2%	76.2%	-2.0 ppts	73.0%	75.4%	-2.4 ppts
G&A expenses	(89.01)	(74.65)	19.2%	(48.40)	(40.61)	19.2%
Cash interest expenses	(181.19)	(110.18)	64.4%	(88.81)	(92.38)	(3.9%)
Current income tax	(32.16)	(8.87)	262.6%	(15.33)	(16.84)	(9.0%)
(Loss)/profit after taxation attributable to Unitholders	(77.54)	28.35	n.a.	15.38	(92.92)	n.a.
Profit after taxation attributable to non-controlling interests	23.99	90.08	(73.4%)	13.16	10.82	21.6%
Total distributable income	252.14	292.61	(13.8%)	120.48	131.66	(8.5%)
Unit Information						
DPU (HK cents)	19.0	21.2	(10.4%)	9.0	10.0	(10.0%)
DPU (RMB cents equivalent)	17.1	18.3	(6.6%)	8.2	8.9	(7.9%)
Payout ratio	97.5%	92.5%	+5.0 ppts	97.5%	97%	+0.5 ppts
Net asset value per Unit (HK\$)	4.70	4.95	(5.1%)	4.70	4.63	1.5%
Number of Units outstanding	1,440,497,110	1,484,931,187	(3.0%)	1,440,497,110	1,493,567,431	(3.6%)

As at	31 December 2023	31 December 2022	YoY Change	31 December 2023	30 June 2023	HoH Change
Property valuation	12,039.34	12,082.95	(0.4%)	12,039.34	12,066.23	(0.2%)
Total assets	12,785.53	12,930.99	(1.1%)	12,785.53	13,009.14	(1.7%)
Total borrowings	5,054.49	4,857.35	4.1%	5,054.49	5,131.00	(1.5%)
Net asset value attributable to Unitholders	6,130.66	6,558.84	(6.5%)	6,130.66	6,370.88	(3.8%)
Gearing ratio	39.5%	37.60%	+1.9 ppts	39.5%	39.4%	+0.1 ppts

FINANCIAL PERFORMANCE

Spring REIT's revenue for the Reporting Year was RMB732.45 million, representing a 26.8% increase YoY due to the full-year contribution from Huamao Place. After taking into account property operating expenses of RMB189.19 million, net property income amounted to RMB543.26 million, representing a 23.3% increase YoY and a net property income margin of 74.2% (FY2022: 76.2%).

General and administrative expenses amounted to RMB89.01 million. Meanwhile, a total finance cost on interest-bearing borrowings of RMB236.99 million (FY2022: 397.73 million) was registered, which consisted of a non-cash foreign exchange loss of RMB50.60 million (FY2022: non-cash foreign exchange loss of 252.90 million) when HKD-denominated bank borrowings were converted to RMB in the financial statements. A higher cash interest expenses of RMB181.19 million was registered in FY2023, mainly attributable to the additional funding drawn down for the acquisition of Huamao Place in September 2022. The cash interest expenses in 2H 2023 was RMB88.81 million, representing a 3.9% decrease HoH, thanks to the ongoing interest rate hedging programme. Current income tax incurred in FY2023 was RMB32.16 million, representing a YoY increase of 262.6% due to the full-year impact from the operation in Huizhou which was subject to corporate income tax in China.

Taking into account the decline in the fair value of the investment properties of RMB131.83 million (FY2022: increase in fair value of RMB268.73 million), loss after taxation attributable to Unitholders for the Reporting Year was RMB77.54 million (FY2022: profit after taxation attributable to Unitholders of RMB28.35 million).

Spring REIT's total distributable income for the Reporting Year was RMB252.14 million, representing a decrease of 13.8% YoY. Among other adjustments, the reported amount excludes the foreign exchange loss, and the decrease in the fair value of the investment properties, which are non-cash in nature.

FINANCIAL POSITION

Spring REIT's principal valuer, Knight Frank Petty Limited ("**Knight Frank**" or the "**Principal Valuer**"), performed a valuation of the Spring REIT portfolio as at 31 December 2023. The CCP Property was appraised at RMB8,560 million as at 31 December 2023, representing a 0.9% decrease in value compared to its valuation as at 31 December 2022. The valuation of the CCP Property was arrived at using the income capitalisation approach, and cross-checked by the direct comparison approach. The capitalisation rate/reversionary yield was 5.0% (30 June 2023: 5.0%; 31 December 2022: 5.0%).

Huamao Place was appraised at RMB2,843 million as at 31 December 2023, representing a 0.7% increase compared to its valuation as at 31 December 2022. The valuation of Huamao Place was arrived at using the income approach, and cross-checked by the direct comparison approach. The capitalisation rate/reversionary yield was 6.0% (30 June 2023: 6.0%; 31 December 2022: 6.0%).

The UK Portfolio was appraised at GBP70.4 million (equivalent to RMB636.34 million) as at 31 December 2023, representing a 5.2% decrease in GBP terms and a 2.6% increase in RMB terms compared to its valuation as at 31 December 2022. The valuation of the UK Portfolio was arrived at using the income approach. The reversionary yield ranged from 4.35% to 9.05% (31 December 2022: 3.70% to 8.15%).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

As at 31 December 2023, Spring REIT had in place aggregate debt facilities of approximately RMB5,054.49 million, comprising:

1. a combined facility of HKD4,875 million consists of a committed facility of HKD3,705 million and an uncommitted facility of HKD1,170 million (the "**CCP Facilities**"), which bears an interest rate of 1-month HKD HIBOR plus 1.60% per annum and will mature in September 2025. Of the CCP Facilities, HKD4,335 million was outstanding as at the end of the Reporting Year.
2. a facility of GBP51 million (the "**UK Facility**") which bears an interest rate of 2.20% margin per annum plus Sterling Overnight Index Average ("**SONIA**") plus Credit Adjustment Spread ("**CAS**") and will expire in January 2025. Of the UK Facility, after a partial prepayment of GBP2.7 million in April 2023, GBP47.8 million was outstanding as at the end of the Reporting Year.
3. a facility of RMB900 million which bears an interest rate of 60 basis points above the PRC loan prime rate (for five years or more) and will mature in March 2032, of which RMB735.31 million was outstanding as at the end of the Reporting Year.

As at 31 December 2023, the Group's gearing ratio, i.e. total borrowings to gross asset value, was 39.5%, compared with 37.6% at 31 December 2022.

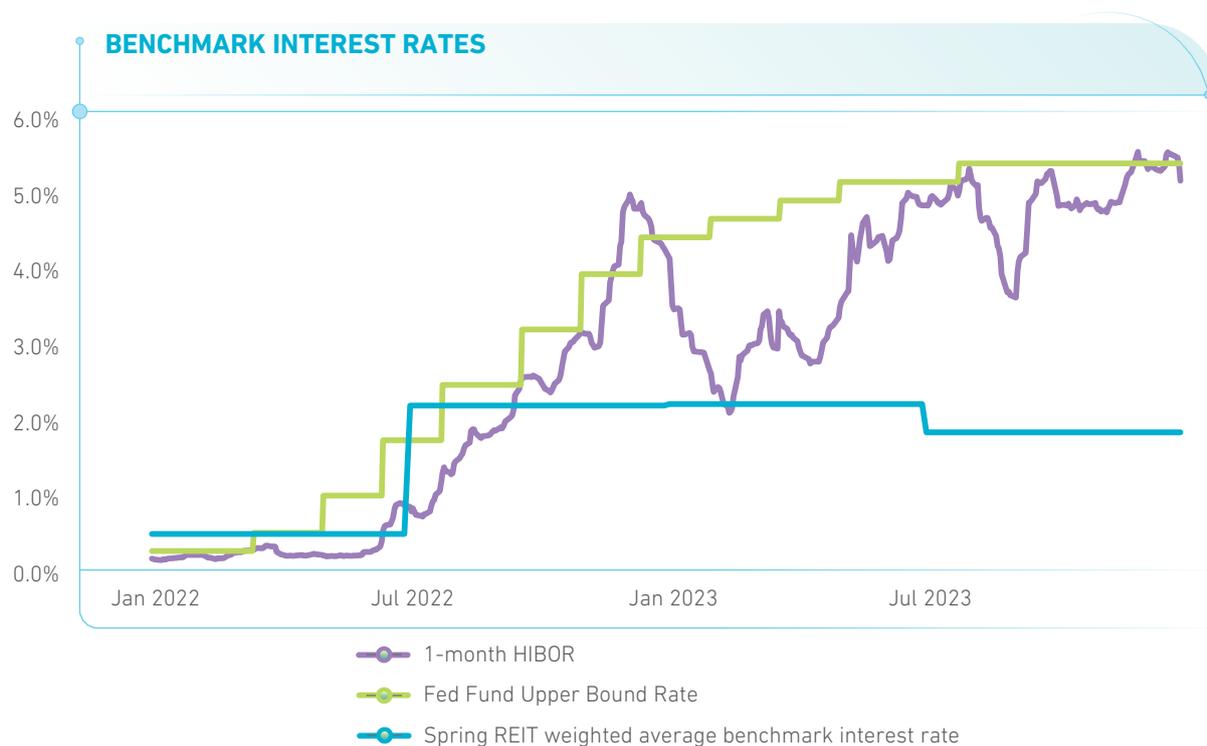
Spring REIT's investment properties, rent receivables, restricted bank balances, ordinary shares of certain subsidiaries of the Group were pledged to secure the loan facilities where applicable. Throughout the Reporting Year, Spring REIT and other subsidiaries of the Group have in all material respects complied with the terms and provisions of the finance and security documents.

The unrestricted cash of Spring REIT (together with its special purpose vehicles, the "Group") amounted to RMB222.89 million as at 31 December 2023, compared with RMB202.43 million as at 31 December 2022. The Group also had total undrawn bank loan facilities of RMB555 million. With these financial resources, Spring REIT has sufficient liquid assets to satisfy its working capital and operating requirements. The cash is generally placed as short-term deposits, mostly denominated in HKD. The Group's liquidity and financing requirements are reviewed regularly.

Capital Management

Spring REIT has in place a hedging programme by entering into float-to-fixed interest rate swap ("**IRS**") and cross-currency swap contracts of varied tenures to mitigate its interest rate and exchange rate risks.

As at 31 December 2023, in relation to the CCP Facilities, the aggregate notional amount of IRS contracts and cross-currency swap contracts, was HKD2,355 million and HKD1,950 million respectively with a weighted average swap rate of 1.82% per annum. In relation to the UK Facility, the notional amount of IRS contract was GBP47.8 million with a swap rate of 3.8% per annum. As a result, the weighted average swap rate per annum (before interest margin and any credit adjustment spread) was approximately 2.0%. Meanwhile, the RMB-denominated loan is based on the PRC Loan Prime Rate which was relatively stable and on a downward trend during the Reporting Year.



As at 31 December 2023, the proportion of Spring REIT’s borrowings either covered by the interest rate hedging programme or under a relatively stable PRC Loan Prime Rate was approximately 99.5% (FY2022: 77.0%), which has significantly reduced the impact of interest rate volatility on Spring REIT.

During the Reporting Year, the weighted average cash interest rate (after interest margin) per annum was approximately 3.6% (FY2022: 3.1%).

Net Assets Attributable to Unitholders

As at 31 December 2023, net assets attributable to Unitholders stood at RMB6,130.66 million. The net asset value per Unit as at 31 December 2023 was HK\$4.70 (31 December 2022: HK\$4.95). This represented a 106.1% premium to the closing price of the Units of HK\$2.28 as at 29 December 2023, the last trading day in the Reporting Year.

Capital Commitments

As at 31 December 2023, the Group had no significant capital commitments.

Employees

Spring REIT is managed by the Manager and did not directly employ any staff during the Reporting Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS ESG REPORT

Reporting Scope

This annual Environmental, Social and Governance (“**ESG**”) Report (the “**ESG Report**”) presents an overview of Spring REIT’s performances with its ESG governance, policies and initiatives, taking into consideration the percentage of ownership and level of operational control of the premises when defining the reporting boundaries. The ESG Report covers relevant management approaches and practices of the CCP Property in Beijing and the Huamao Place in Huizhou for the period from 1 January 2023 to 31 December 2023 (the “**Reporting Year**”)¹.

Spring REIT is managed by Spring Asset Management Limited (“**SAML**”) (as manager of Spring REIT, the “**Manager**”, or “**we**”), a company incorporated in Hong Kong for the sole purpose of managing Spring REIT. The ESG Report has been reviewed and approved by the Board of Directors (the “**Board**”) of the Manager in March 2024.

The Huamao Place is included in the full-year reporting scope for the first time, starting from 2023, following its acquisition in September 2022². Any information and data disclosed for 2021 and 2022 pertain solely to the Manager and/or the CCP Property, with the inclusion of Huamao Place’s data beginning from the Reporting Year onwards.

Reporting Standard and Principles

The ESG Report is prepared in accordance with the latest requirements of the ESG Reporting Guide, Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKEX**”). The ESG Reporting Guide directs the reporting principles for underlining all aspects of the disclosed ESG information. The application of the adopted reporting principles ensures the ESG Report is presenting accurate, objective, transparent and comparable content. The preparation of the ESG Report has complied with the following reporting principles –

Materiality

- The Manager identified material ESG topics through stakeholder engagement and materiality assessment, therefore focusing on material ESG topics for disclosure in the ESG Report. Relevant details are elaborated in the section “Materiality Assessment”.

Quantitative

- The Manager disclosed details on the standards, calculation methodologies and source of conversion factors adopted for the reporting of emissions and energy consumption. Relevant details are demonstrated in the section “Environmental Performance”.

¹ The CCP Property is managed by the Manager, with Beijing Hua-re Real Estate Consultancy Co., Ltd (the “**Property Manager**”) as the property manager and Beijing Huamao Property Management Co., Ltd (the “**Building Manager**”) as the building manager to provide general building services. The Huamao Place is managed by the Manager, with Huizhou Huamao Operations Management Co., Ltd. (the “**Property Manager**”) as the property manager and Beijing Huamao Property Management Co., Ltd. Huizhou Branch (the “**Building Manager**”) as the building manager to provide general building services. The acquisition of 68% of Huamao Place was completed in September 2022, and hence its full-year environmental and social performance is disclosed for the first time in 2023. The UK portfolio is excluded from the ESG Report due to limited data availability as the properties are leased out on a triple-net basis with operations managed by the tenant.

² Data presented during for 2023 may not be directly comparable to the data from 2022 and 2021. The inclusion of the Huamao Place, a shopping mall, introduces a new property type with different characteristics, operations, and ESG performance compared to the office buildings included in the report for the previous years. As a result, the data for 2023 may reflect the influence of this newly included property, potentially impacting the overall comparability of the data across the three years.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Balance

- The ESG Report presented environmental and social performances on an impartial basis to provide an objective reporting disclosure for readers.

Consistency

- The methodology adopted for disclosing key environmental and social performance indicators is consistent with that of the previous years.

Contact Us

Building a trusted relationship with stakeholders is vital for our business sustainability. Your feedback is highly appreciated and will facilitate the Manager to enhance relevant management for the best interests of various stakeholders. You are welcome to provide your comments and suggestions on the ESG Report or towards our performance in respect of sustainability via email to ir@springreit.com. Your input will be instrumental in enhancing our commitment to sustainability and responsible business practices.

SUSTAINABILITY GOVERNANCE

Board Statement

The Board maintains a firm belief in the importance of cultivating robust ESG practices, recognising the potential to strengthen our organization and contribute to the betterment of the communities in which we operate. This commitment is particularly significant as we navigate through economic and social challenges presented by the broader environment.

The Board is responsible for overseeing ESG matters, including managing environmental and social risks, and for guiding our sustainability strategies, targets, and efforts to address ESG and climate-related concerns. The Board also ensures that ESG and climate-related factors are considered in operation, investment and risk management processes, and reviews progress towards meeting ESG-related targets and goals.

The Manager seeks to actively engage our stakeholders to encourage ESG initiatives across our business value chains and to build our capacity for resilience against climate-related risks. The Manager also recognises the rising importance placed by investors on incorporating climate-related risks into their investment and risk management strategies. In accordance with the Securities and Futures Commission's "Circular to Licensed Corporations - Management and Disclosure of Climate-related Risks by Fund Managers" dated 20 August 2021, the Board, with the assistance of the Sustainability Committee, oversees the integration of climate-related considerations into investment and risk management processes, as well as monitors progress towards addressing climate-related issues.

Governance Structure

A robust governance structure that involves various working levels and units is paramount for effective ESG management. A top-down governance structure is adopted in Spring REIT, to direct and manage ESG-related issues and performance.

The Board assumes primary responsibility for overseeing the ESG strategy and performance of Spring REIT. In addition, the Board plays a crucial role in providing oversight of the risk management system, which includes ESG-related risks and opportunities. To enhance the Board's oversight and systematic management of ESG issues, a dedicated Sustainability Committee has been established. The Board, guided by recommendations from the Sustainability Committee, endorses the sustainability framework, strategy, and ongoing enhancement plans to foster continuous improvement in sustainability practices.

The Sustainability Committee is established to ensure effective oversight and strategic direction on ESG matters, facilitating Spring REIT's commitment to sustainable development, risk management, and performance improvement across its operations. The primary responsibilities of the Sustainability Committee include 1) identifying, evaluating and prioritizing material ESG issues, which are further reviewed and endorsed by the Board, and 2) supervising ESG-related policy formulation and implementation.

The Sustainability Committee has oversight on the implementation of sustainability-related initiatives at the property level. The Property Manager and Building Manager work collaboratively to coordinate these initiatives effectively and provide regular updates to the Sustainability Committee. The Sustainability Committee collaborates on the formulation of strategic enhancements to advance sustainability performance and prepares the annual ESG report for public disclosure.

STAKEHOLDER ENGAGEMENT

The Manager understands the significance of engaging with relevant stakeholders on a regular basis through various communication channels. This practice enables the Manager to gain insights into stakeholders' expectations, concerns, and perspectives regarding Spring REIT's business operations and ESG performance. The valuable feedback and insights received from stakeholders facilitate the Manager in improving strategic business policies and planning, thereby fostering sustainable business operations. Open and transparent communication is actively maintained across the daily operations of Spring REIT by the Manager, Property Manager, and Building Manager.

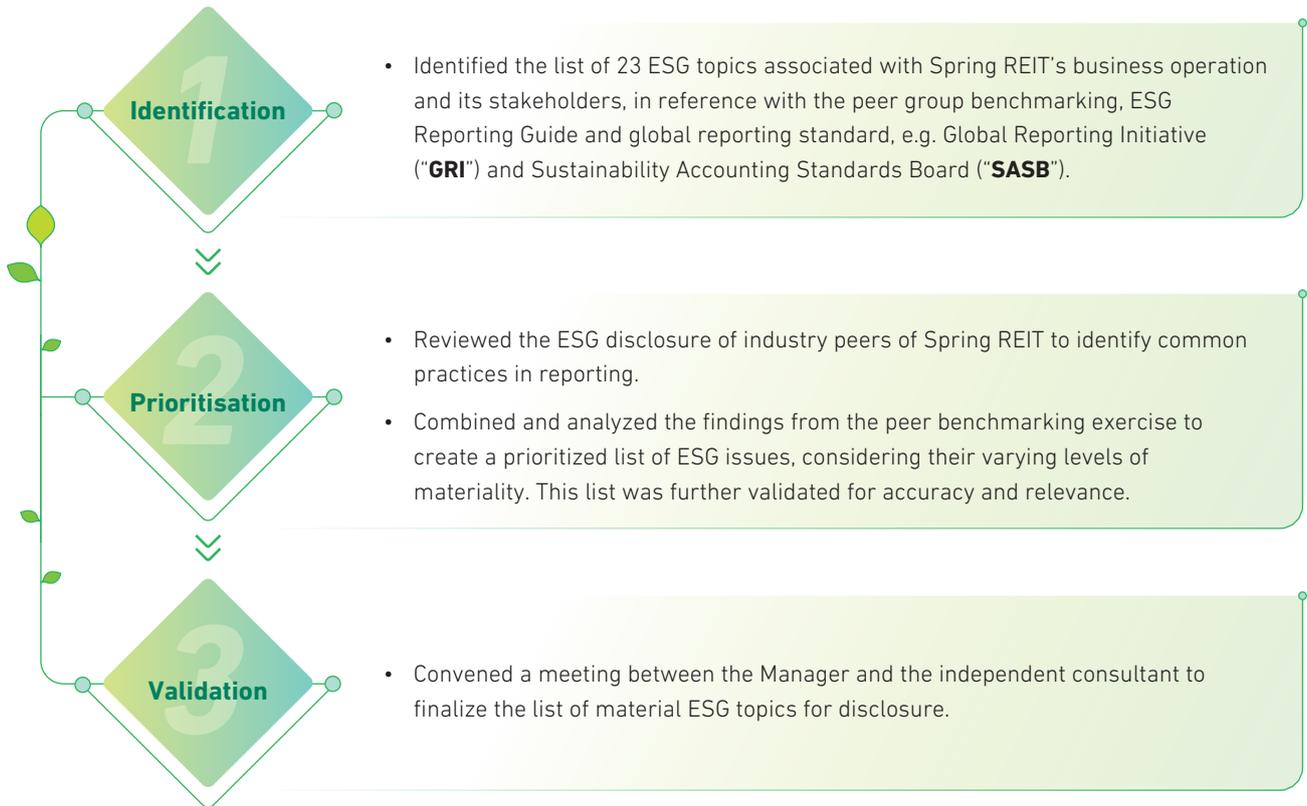
We have identified a list of key stakeholders who have an impact on, or are impacted by, the operation and development of Spring REIT. The table below illustrates the communication channels adopted to foster effective and efficient communication with these key stakeholders, as well as their respective expectations and concerns.

Stakeholders	Expectations and concerns	Communication channels
Unitholder/Investors 	<ul style="list-style-type: none"> Long-term investment returns Sustainable business development Operation in compliance 	<ul style="list-style-type: none"> Company website General meetings Corporate reports and announcements Emails and phone calls
Employees³ 	<ul style="list-style-type: none"> Remuneration and benefits Occupational health and safety Career development Equal opportunities 	<ul style="list-style-type: none"> Emails and suggestion box Internal publications Employee meeting Annual performance review Employee training
Customers 	<ul style="list-style-type: none"> Products and service quality Data privacy protection 	<ul style="list-style-type: none"> Customer feedback and complaints Customer service hotline Customer visit Day-to-day communication
Business partners 	<ul style="list-style-type: none"> Business integrity Mutual cooperating relationship Open and fair procurement 	<ul style="list-style-type: none"> Lawful actions and communications On-going direct engagement Procurement and tendering Strategic cooperation and negotiation Emails and phone calls
Government and regulatory authorities 	<ul style="list-style-type: none"> Compliance with laws and regulations Fulfilment of tax obligations Support economic development 	<ul style="list-style-type: none"> Regular documented information submission Regular communication with regulatory authorities Forum, seminar and conference
Community 	<ul style="list-style-type: none"> Participation in local community and public welfare Improve local community environment 	<ul style="list-style-type: none"> Company website
Media 	<ul style="list-style-type: none"> Information transparency 	<ul style="list-style-type: none"> Company website Media enquiry

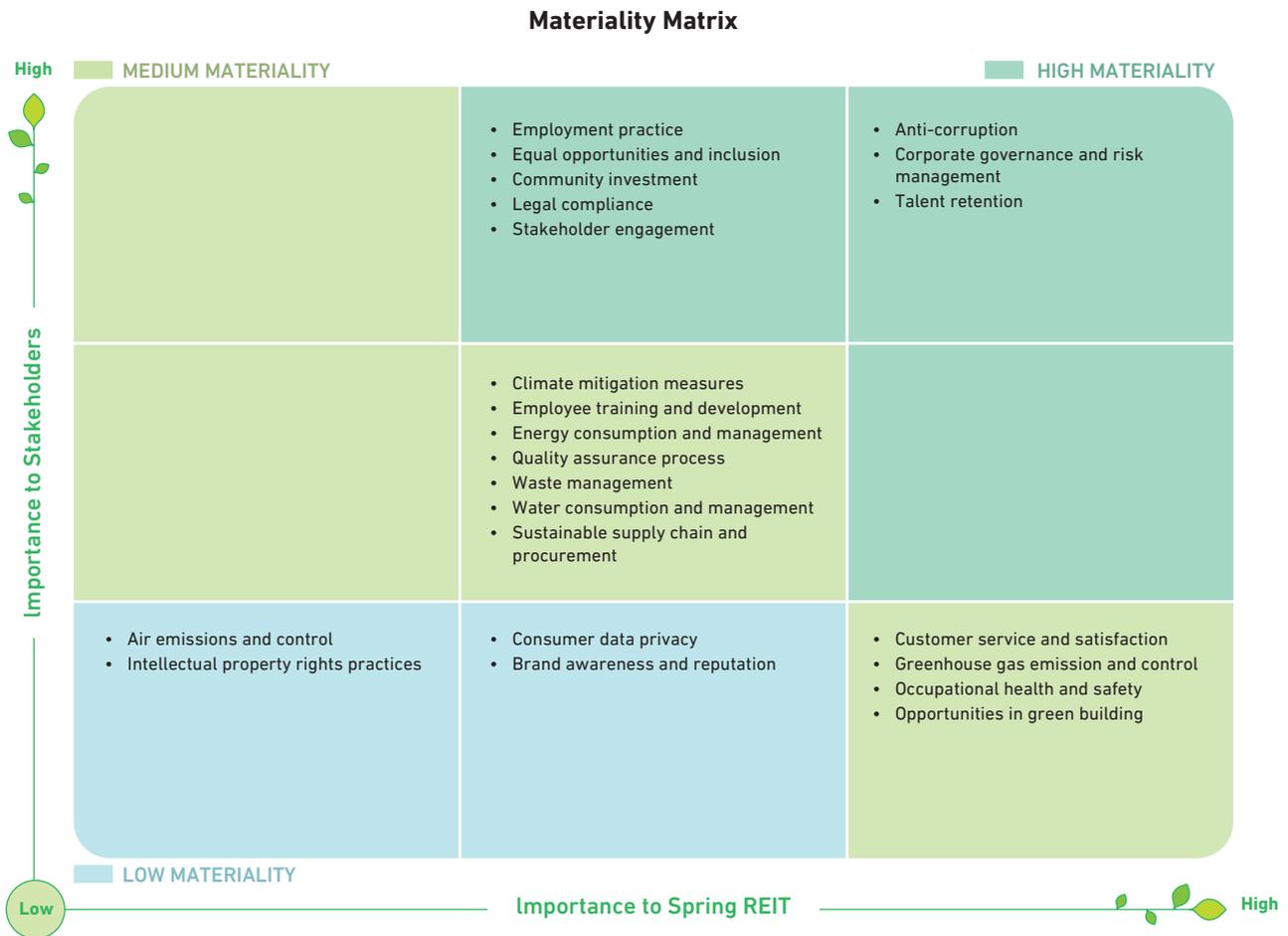
³ The scope pertains to the direct employees of SAML (the Manager and its subsidiary), as well as the employees of contractors (the Building Manager and other delegates in Beijing and Huizhou) responsible for operational functions and service provision of the CCP Property and the Huamao Place on behalf of the Manager in 2023.

MATERIALITY ASSESSMENT

Facilitated by an independent consultant, the Manager conducted an annual materiality assessment to determine the key ESG issues that hold high materiality for Spring REIT and its stakeholders. This assessment enables the Manager to promptly address concerns raised by various stakeholders, guide the formulation of relevant strategies, and ensure transparent reporting and disclosure. The following working procedures were undertaken during the Reporting Year for the materiality assessment:



The materiality of each ESG issue was determined through a combination of stakeholder input, peer group benchmarking, and internal evaluation. The materiality matrix was created to visually represent the materiality of each ESG issue, with the ESG topics of high materiality positioned in the top right quadrant. The results of the materiality matrix and the identified material ESG topics were thoroughly reviewed and finalized by the Board.



Based on the result of the materiality assessment and in line with reporting principles, the Report primarily focuses on disclosing the issues that are deemed highly material. The Manager also considers providing the overall management approaches on ESG issues with moderate and low materiality, therefore providing stakeholders with a clear picture of ESG management across Spring REIT. The Manager would continue to review the existing ESG strategies and policies so as to optimize the ESG performance and reporting disclosure in pursuit of continuous improvement.

The materiality assessment results during the Reporting Year reveal that key ESG issues, namely 1) anti-corruption, 2) corporate governance and risk management, and 3) talent retention, hold the highest materiality. These issues exert a substantial influence on Spring REIT and its stakeholders. Anti-corruption measures are crucial to ensure ethical business practices, maintain transparency, and mitigate legal and reputational risks. Effective corporate governance and risk management frameworks are essential for fostering trust, enhancing accountability, and safeguarding the long-term sustainability of the organization. Talent retention is of paramount importance as it directly impacts the Manager’s ability to attract and retain skilled professionals, foster innovation, and drive operational excellence across Spring REIT. Addressing these material ESG issues is imperative for Spring REIT to create value for its stakeholders and promote responsible business practices in line with its sustainability objectives.

ENVIRONMENTAL PERFORMANCE

The Manager recognizes the increasing significance of sustainable assets in the real estate sector, driven by growing investment and regulatory considerations. With a focus on effectively addressing environmental responsibilities, the Property Manager has implemented a robust and comprehensive environmental management system within the CCP Property and the Huamao Place. In particular, CCP Property's current environmental management system is aligned with the ISO 14001:2015 Environmental Management Systems standard to ensure a high level of environmental performance. Meanwhile, the Huamao Place has implemented an energy management system with relevant policies for its operating properties. This system is put in place which also aligns with local regulations and laws, focusing on data monitoring and analysis, as well as regular maintenance to ensure optimal energy performances.

A series of quantitative targets has been established for the CCP Property, formulated to enhance environmental management and drive performance improvements within the building. With the recent acquisition of Huamao Place, the Manager has recognized the need to establish a separate target for this property, considering its distinct characteristics as a shopping mall. To ensure an accurate and meaningful assessment, the Manager intends to use the property's 2023 performance as a baseline for establishing another set of targets specific to Huamao Place. By tailoring the environmental targets to the unique features and requirements of buildings across the portfolio, the Manager aims to promote sustainable practices and optimise the environmental performance in accordance with industry standards.

A diverse range of control measures have been put in place in the CCP Property and the Huamao Place to enhance resource efficiency, reduce emissions, and minimize waste generation. These measures are designed to mitigate any negative environmental impacts and promote sustainable practices. The Manager adheres to applicable environmental laws and regulations⁴ in the areas where we operate. The Manager encountered no significant fines for non-compliance throughout the Reporting Year.

A1 Emissions

In pursuit of environmental excellence, the Manager strives to reduce the operational footprints of Spring REIT by effective management of emissions control. By implementing standardized management procedures, both the Property Manager and the Building Manager proactively implement a range of initiatives for the CCP Property and the Huamao Place. These efforts are aimed at progressively improving the environmental performance of Spring REIT in line with established targets.

Waste Management

In the real estate sector, effective waste reduction and proper waste management offer dual benefits of environmental protection and cost savings. Starting from 2021, we have intensified our efforts to enhance waste management within Spring REIT by establishing two directional waste targets:



To increase the recycling rate across the portfolio.



To continually identify opportunities for effective waste reduction, sorting and recycling.

⁴ Including but not limited to the Environmental Protection Law of the People's Republic of China ("PRC"), Air Pollution Prevention and Control Law of the PRC, China Solid Waste Environmental Pollution Prevention and Control Law of the PRC, Water Pollution Prevention and Control Law of the PRC.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

In alignment with the Manager's dedication to responsible resource management and the gradual achievement of the aforementioned targets, a waste management policy is implemented at Huamao Place, which outlines clear steps taken to maintain a well-developed waste management system. This policy defines the classification of four waste types, including recyclable waste, food waste, hazardous waste, and other waste. The Building Manager has engaged with qualified contractors to handle the collection, storage, and transportation of these waste types, to ensure proper treatment at designated collection sites. In terms of waste diversion, kitchen waste is converted into fertilizer, while recyclable waste is transported to recycling centers, which provide a second chance for use.

In addition, a range of waste-related initiatives has been implemented in the CCP Property and the Huamao Place, including:



The estimated amount of waste collected from the tenants from the CCP Property and the Huamao Place during the Reporting Year is shown as follows:

Types of waste ⁵		Unit	2023 ^{Note}	2022	2021
Non-recyclable Waste	Total	Tons	2,981	691	475
	Intensity	Tons/m ²	0.010	0.005	0.003
Recyclable Waste	Total	Tons	4,086	2,232	3,110
	Intensity	Tons/m ²	0.014	0.015	0.021
General Construction Waste	Total	Tons	8,910	4,320	8,640
	Intensity	Tons/m ²	0.030	0.030	0.059
Hazardous Waste	Total	Tons	NA	0.08	0.18
	Intensity	Tons/m ²	NA	NA	NA

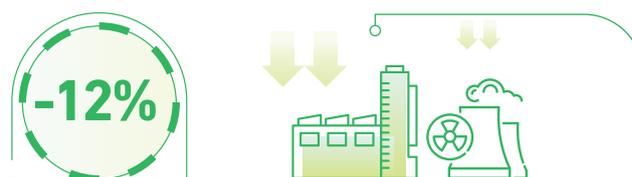
Note: 2023 data includes the newly acquired Huamao Place, a shopping mall, which has different characteristics and operations compared to the office buildings reported in previous years, potentially affecting comparability across the three years.

⁵ Non-recyclable waste includes domestic and household waste. Recyclable waste includes food waste (only since 2021), plastic, paper, glass, and other recyclables. General construction waste includes the waste generated from interior renovation and building enhancement work. Hazardous waste includes the general office hazardous waste requiring special treatment such as fluorescent tubes and ink cartridges. All hazardous waste was stored, collected, and disposed of by a licensed collector appointed by the Building Manager.

Greenhouse Gas (“GHG”) Emissions

Energy consumption is recognized as the primary contributor to GHGs emissions resulting from the operations of both the CCP Property and Huamao Place. To effectively reduce our carbon footprint, we have consistently dedicated significant efforts towards enhancing energy efficiency⁶. Furthermore, we are aligning with the national government’s call for decarbonization by establishing the below long-term GHG emissions reduction target:

Reduce 12% of GHG intensity per metre square by 2025 compared with the 2017 level for the CCP Property being office properties in the initial portfolio⁷.



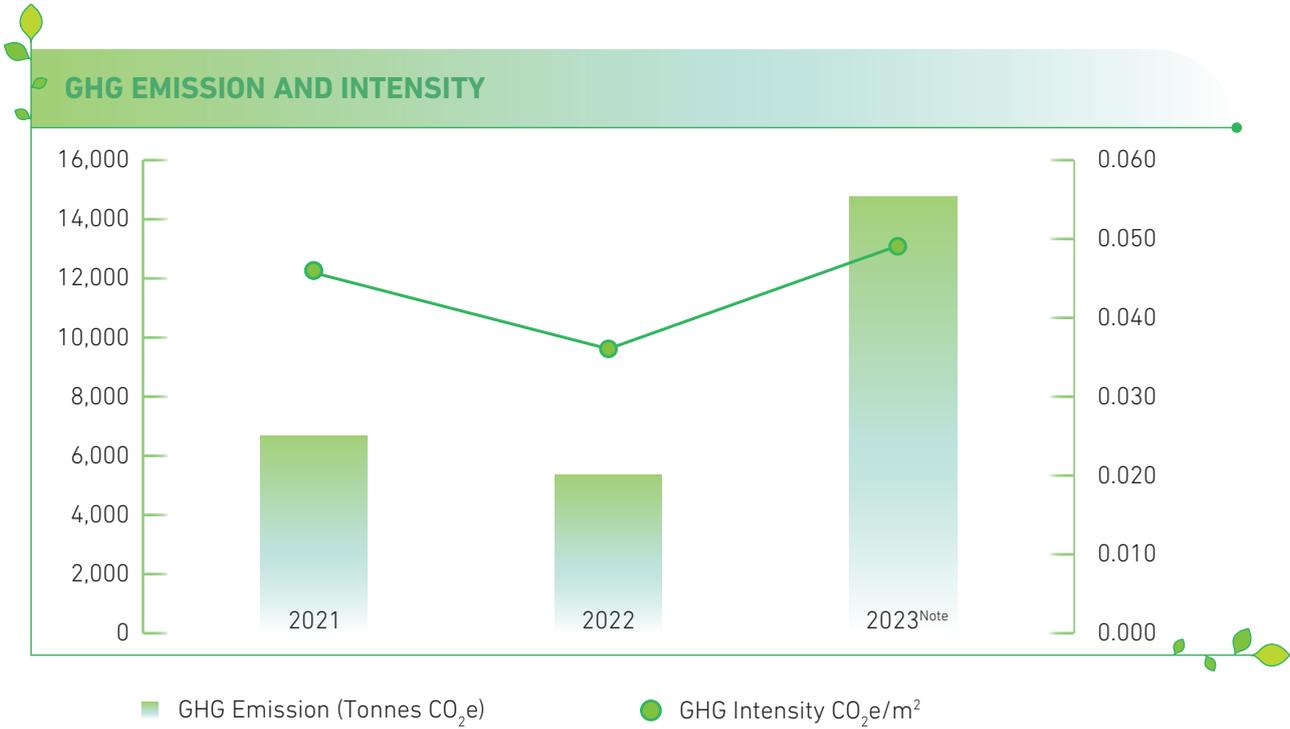
GHG emissions from the CCP Property and the Huamao Place during the Reporting Year are shown as follows:

GHG Emissions ⁸	Unit	2023 ^{Note}	2022	2021
Total	Tonnes of CO ₂ e	14,707	5,276	6,693
Intensity	Tonnes of CO ₂ e/m ²	0.049	0.036	0.046

⁶ Please refer to section “A2 Use of Resources” for more details regarding measures to optimize energy efficiency.

⁷ For Huamao Place, which was first included in 2023, we aim to establish a separate target based on its 2023 performance as a baseline, considering its unique characteristics as a shopping mall.

⁸ Carbon emission was calculated with reference to the emission factors documented in the Greenhouse Gas Protocol, published by World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD) and the Environmental, Social and Governance Reporting Guide, published by Hong Kong Exchanges and Clearing Limited. For the calculation in 2020 and 2021, baseline emission factors for regional power grids in China as published by Department of Climate Change, National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會應對氣候變化司) were referenced. Meanwhile for the calculation in 2022, the latest update in national baseline emission factors is reflected in the Report, as released by the Ministry of Ecology and Environment of the PRC (中華人民共和國生態環境部). Scope 1 and Scope 2 carbon emissions were reported.



Note: 2023 data includes Huamao Place, a shopping mall, which has different characteristics and operations compared to the office buildings reported in previous years, potentially affecting comparability across the three years.

A2 Use of Resources

To minimize the use of resources, the Manager has been working closely with the Building Manager and implementing various measures. These include conducting awareness campaigns and making ongoing investments in energy-efficient equipment to promote resource conservation. Additionally, the Building Manager actively monitors water and energy consumption levels, promptly investigating and taking remedial actions in the event of any abnormal patterns. This proactive approach ensures that any issues are addressed promptly and effectively.

Energy use

The lighting, air conditioning, and operation of elevators and escalators in the common areas are identified as the primary contributors to energy consumption at both the CCP Property and Huamao Place. To demonstrate the Manager's dedication to environmental excellence and to continuously monitor our progress in energy reduction, an energy consumption reduction target has been established:

Reduce 12% of energy intensity per metre square by 2025 compared with the 2017 level for the CCP Property being office properties in the initial portfolio⁹.

⁹ For Huamao Place, which was first included in 2023, we aim to establish a separate target based on its 2023 performance as a baseline, considering its unique characteristics as a shopping mall.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

The CCP Property has implemented the Office Building Energy Management System as part of its efforts to formalize energy consumption management. Similarly, Huamao Place has adopted the Energy Management System to achieve the same goals. These measures aim to establish structured protocols for monitoring and controlling energy usage within the respective properties, ultimately promoting more sustainable and efficient practices.

For the CCP Property especially, the Techcon-EEC Energy-saving Expert Control System has been in place since 2017, offering advanced solutions in energy management and consumption diagnostics for the operation of the central air conditioning and heating system. The system also provides analysis of consumption patterns to help optimize energy efficiency.

The Manager acknowledged that currently the central air-conditioning system accounts for about one-third of the total energy consumption at the Huamao Place. Energy Saving Measures for Central Air Conditioning System are formulated to further reduce energy consumption associated with air-conditioning across the portfolio of Spring REIT. A clear guideline is provided outlining that the amount of operating air-conditioning units and the respective cooling capacity should be adjusted every day according to different weather conditions. Specific requirement regarding maintenance work of the central air-conditioning system is also stipulated.

The following measures are also taken by the Building Manager to improve energy efficiency in the CCP Property and the Huamao Place:



Installation of LED lights in the buildings to further reduce electricity consumption.



Installation of high-speed roller shutters at the car park entrance for better regulation of indoor temperature¹⁰.



Optimized schedule of cleaning and maintenance works for the fan coil units and PM2.5 electrostatic precipitators¹¹ in the managed buildings to provide tenants with a comfortable and energy-efficient work environment.

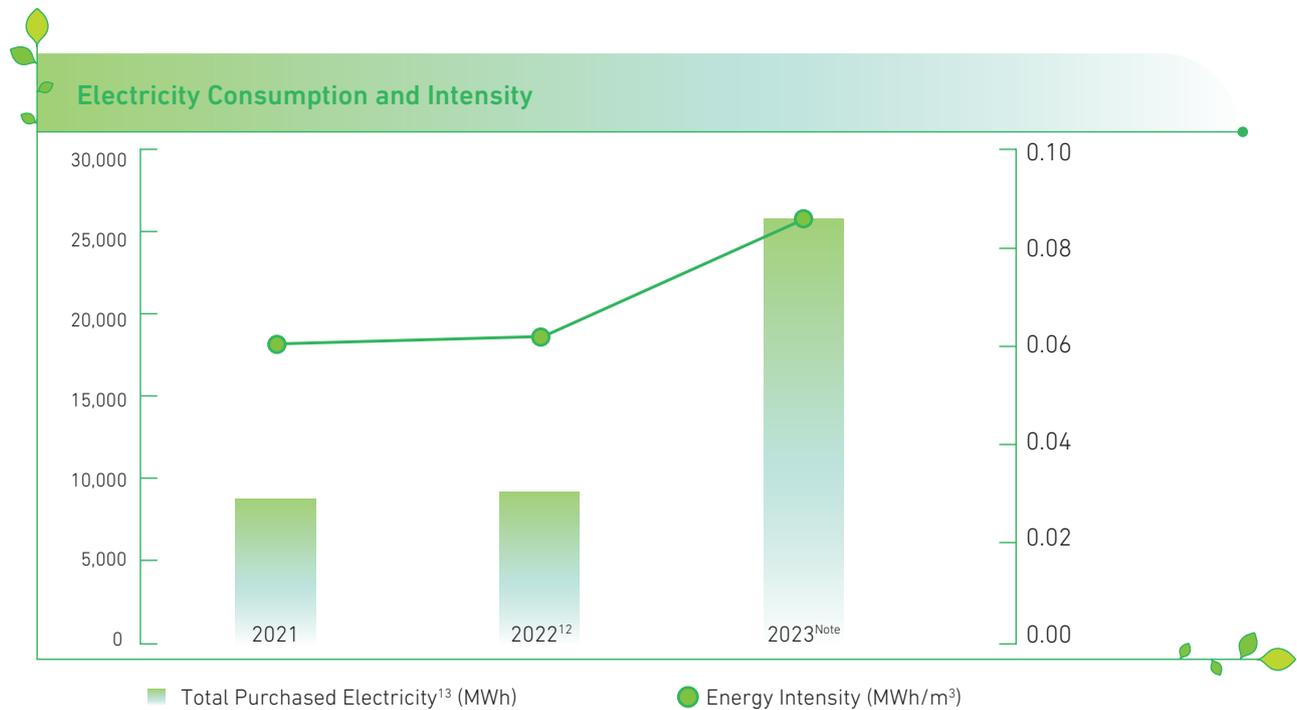
¹⁰ The high-speed roller shutters mentioned are exclusively applicable to the CCP Property.

¹¹ The PM2.5 electrostatic precipitators mentioned are exclusively applicable to the CCP Property.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Energy consumption from the CCP Property and the Huamao Place during the Reporting Year is shown as follows:

Energy Consumption	Unit	2023 ^{Note}	2022 ¹²	2021
Total Purchased Electricity ¹³	MWh	25,715	9,080	8,808
Intensity	MWh/m ²	0.085	0.062	0.061



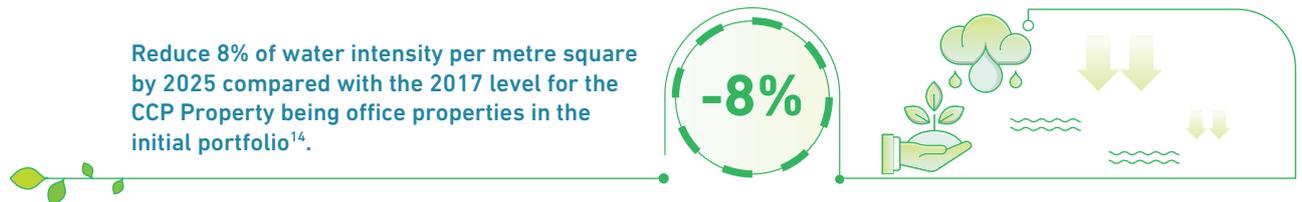
Note: 2023 data includes Huamao Place, a shopping mall, which has different characteristics and operations compared to the office buildings reported in previous years, potentially affecting comparability across the three years.

¹² The increase in electricity consumption in 2022 was recorded as a result of a huge volume of retrofitting and repair activities in the CCP Property.

¹³ Excludes tenant consumption in leased units which were not directly controlled by the Property Manager and Building Manager.

Water use

The Building Manager demonstrates a significant commitment to effectively managing the substantial volumes of water used in the daily operations of the CCP Property and the Huamao Place. To promote responsible resource usage, the Manager has established a water consumption reduction target, aiming to encourage efficient water management practices:



The Building Manager is dedicated to ensuring that tenants have access to high-quality domestic water supply and to standardizing water management procedures. In case of any emergency water leakage incidents, the Building Manager of the CCP Property and the Huamao Place have developed relevant management policies and emergency response plans respectively. These instruments are to protect the managed properties and ensure the safety of all individuals.

For the CCP Property, the Emergency Water Leakage Contingency Plan is implemented to minimize potential damages and loss, which is centered around halting the spread of water with effective measures and establishing effective communication among personnel from different departments. For the Huamao Place, the Preventive Water Leakage Management System was developed, encompassing both preventive and emergency actions. It puts emphasis on preventive measures, such as building awareness for tenants, enhanced monitoring and system modifications, regular inspections, and training for staff and personnel, in addition to the emergency procedures in place during an incident.

As part of the management effort, it is mandatory for relevant engineering personnel to analyze water consumption data from each occupancy unit in the CCP Property and the Huamao Place on a monthly basis. If any irregular patterns are detected, prompt investigation and remedial actions are undertaken to prevent wastage of water resources. To further promote water conservation, key water-saving measures are adopted, including:

<p>Installation of sensor taps in public washrooms.</p>	<p>Use of reclaimed water for landscape irrigation.</p>	<p>Performing routine assessments of water leakage.</p>	<p>Displaying signage in public areas to encourage water conservation.</p>

¹⁴ For Huamao Place, which was first included in 2023, we aim to establish a separate target based on its 2023 performance as a baseline, considering its unique characteristics as a shopping mall.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Water consumption from the CCP Property and the Huamao Place during the Reporting Year is shown as follows:

Water consumption ¹⁵	Unit	2023 ^{Note}	2022 ¹⁶	2021
Total	m ³	514,693	127,422	191,339
Intensity	m ³ /m ²	1.71	0.88	1.32



Note: 2023 data includes the newly acquired Huamao Place, a shopping mall, which has different characteristics and operations compared to the office buildings reported in previous years, potentially affecting comparability across the three years.

¹⁵ Excludes tenant consumption in leased units which were not directly controlled by the Property Manager and Building Manager.

¹⁶ The decrease in water consumption in 2022 was recorded as a result of the major lockdowns in Beijing, in 2022 Q4 especially.

CASE STUDY

Celebrating Earth Day – CCP Property’s Successful “Swap for Green, Low Carbon Living” Event

To demonstrate our commitment to environmental protection, the Property Manager took the opportunity to celebrate Earth Day in April 2023 alongside the Building Manager and our valued tenants at the CCP Property. The themed event, “Swap for Green, Low Carbon Living”, was carefully organized to create a positive impact and promote sustainable practices within the community. The overwhelming response we received showcased the enthusiasm and dedication of the participants toward making a difference.

The event’s success can be attributed to the diverse range of materials that were collected and recycled. Through the collection of old clothing, books, waste paper, used batteries, expired medication, and electronic waste, we not only prevented these items from ending up in landfills but also ensured their proper processing for upcycling and recycling.

The participants’ unanimous praise and positive feedback demonstrated their deep appreciation for the event’s objectives and its impact on waste management and environmental protection. By actively engaging the community, we fostered a sense of collective responsibility and empowered individuals to take action in their daily lives.



A3 Environment and Natural Resources

In line with Spring REIT’s commitment to responsible operation and sustainable development, environmental responsibility and a harmonious coexistence between humans and nature are prioritized across the management and operation of the CCP Property and the Huamao Place. Apart from the aforementioned environmental aspects, other material environmental issues have also been identified and addressed during the Reporting Year, so as to minimize Spring REIT’s influence on the surrounding environment.

Green Building

The Manager acknowledges the potential environmental impacts associated with managing and operating properties. Both the Property Manager and the Building Manager are dedicated to accelerating Spring REIT’s sustainability journey by continuously improving relevant building performances in accordance with global and local green building principles and standards. We have attained the following green building certification in recognition of our commitment to sustainable development under managing the CCP Property. The Manager is currently in the process of obtaining a LEED certification for Huamao Place. This certification signifies the Manager’s commitment to sustainable practices and environmentally conscious operations across Spring REIT’s portfolio.

In May 2021, the CCP Property was accredited with the China Green Building Level 2-star. It is in recognition of our continuous efforts to improve the environmental protection of the property throughout the building lifecycle.



In March 2020, the CCP Property was awarded LEED Platinum Certification under the LEED for Existing Buildings: Operations and Maintenance category. It is an appreciation of our due diligence in managing the significant impacts of our managed property on the environment and natural resources.



Scoring 95 points out of 110 points in the LEED scoring system, which is the most widely used green building scoring system in the world.

The Manager remains committed to seeking further opportunities to enhance Spring REIT’s performance in green building operations, aiming to minimize its potential impact on the environment.

Renovation

The Building Manager has established the Renovation Management Office (“**RMO**”) to oversee and regulate noise, odor, and waste levels resulting from renovation, repair, and maintenance activities within the CCP Property. The RMO enforces written guidelines to ensure compliance. For instance, the Tenant Handbook and Renovation Manual outline the necessary requirements that all tenants must adhere to when undertaking building renovation and maintenance works in the CCP Property and the Huamao Place respectively. Various requirements include but are not limited to the following:

				
Materials should meet designated environmental standards (i.e. non-hazardous, odorless and harmless).	Renovation can only be performed during non-office hours and public holidays.	Flammable materials should not be stored in office areas.	Waste should be properly packed and disposed of in designated areas.	Inspections should be carried out by the RMO to assess the potential impact on public safety.

A4 Climate Change

Climate change is a global concern, and achieving carbon neutrality has become a shared goal among nations. The Paris Agreement, a legally binding agreement on GHG reduction, was officially adopted in 2015. Additionally, China has set targets to reach its carbon peak before 2030 and achieve carbon neutrality before 2060.

Considering the operation of CCP Property in Beijing and Huamao Place in Huizhou, these managed properties may be susceptible to extreme weather events and other climate-related risks. In line with the recommendations of the TCFD, Spring REIT regularly conducts climate-related risk assessments. This practice helps identify potential financial and operational impacts on Spring REIT’s operations and development, and enables us to explore opportunities and develop action plans to combat climate change.

The Manager is fully committed to prioritizing and proactively managing climate-related risks. By doing so, the Manager aims to facilitate sustainable business growth while addressing the urgent need to mitigate the effects of climate change.

Physical Risks

Risk Category	Risk	Timeframe ¹⁷	Financial Implications
Acute	Extreme weather events (e.g. flooding, tropical cyclones, wildfires)	Short-term	<ul style="list-style-type: none"> • Reduced revenue and higher costs from increased health and safety risks to personnel, including loss of workforce and absenteeism • Reduced revenue from business interruptions, such as supply chain interruptions due to traffic difficulties • Increased capital costs from the maintenance and replacement of damaged and/or destroyed assets
Chronic	Rising temperatures (e.g. heatwaves)	Medium- to long-term	<ul style="list-style-type: none"> • Reduced revenue from lower productivity due to extreme heat, including restrictions on working outdoors • Higher operating costs for cooling

Transitional Risks

Risk Category	Risk	Timeframe ¹⁷	Financial Implications
Policy	Carbon pricing	Short- to medium-term	<ul style="list-style-type: none"> • Higher operating costs from compliance with new standards and disclosure requirements • Write-offs and early retirement of existing equipment and appliances due to policy changes • Increased taxes and higher expenditures on offsetting carbon emissions
	Enhanced climate-related reporting obligations	Short- to medium-term	
	Tighter building energy codes	Short- to medium-term	
Market	Changing customer behaviour	Medium- to long-term	<ul style="list-style-type: none"> • Reduced demand for traditional products and services due to shifts in consumer preferences to green alternatives • Increased operating costs due to the shift to low-carbon and renewable energy-driven economy

¹⁷ Short-term: 0-2 years; mid-term: 3-5 years; long-term: 5+ years.

Responding to Potential Impacts

In light of the potential financial and operational impacts associated with climate change, the Manager maintains ongoing communication with the Property Manager and the Building Manager. The Building Manager and all relevant onsite personnel are consistently prepared and equipped with the necessary knowledge to effectively address climate-related incidents. This includes developing and implementing relevant contingency plans to mitigate potential risks.

For instance, the Building Manager at the CCP Property has developed comprehensive plans to address various weather-related challenges. These include but not limit to the Engineering Department Antifreeze Plan, the Wind Emergency Response Plan, the Snow Clearing and Ice Removal Emergency Plan, and the Flood Prevention Emergency Plan. These plans collectively contribute to the overall preparedness and resilience of the CCP Property in the face of various climate risks associated with challenges brought by extreme weather.

CASE STUDY

Flood Emergency Response Plan

A comprehensive Flood Emergency Response Plan has been implemented to ensure a systematic and effective response to flooding incidents. To enhance drainage capacity within the CCP Property, the Building Manager has been consistently increasing inspections and improving infrastructure, particularly in flood-prone areas, to prevent any drainage blockages. Annual inspections are conducted in early July to ensure the Property Management team is well-prepared for the upcoming rainy season.

Furthermore, emergency procedures and precautions have been established to minimize the impacts of floods. Regular training programs and drills are conducted for designated personnel to ensure they are well-versed in their roles and responsibilities during flooding events. These training sessions cover various topics, including the proper utilization of sandbags and the maintenance of slopes. These climate resilience measures are expected to significantly strengthen our risk management and mitigation strategies in the face of climate change.



CASE STUDY

Typhoon Emergency Plan

Considering the rising risks associated with typhoon events, a comprehensive Typhoon Emergency Plan is developed. The Building Manager will diligently monitor daily weather forecasts and promptly initiate necessary actions when a typhoon reaches or exceeds the fourth level. The plan encompasses a range of measures, including but not limited to, the following:

- Intensifying the inspections on the exterior of the building, such as the stability of exterior decorations and external facilities;
- Conducting regular checks on the firmness of the windows and switches, and report immediately for repair if any problems are identified;
- Prohibiting working at height; and
- Protecting the concerned site and placing caution signs if damage or fragmentation of doors and windows is identified.



SOCIAL PERFORMANCE

B1 Employment

While Spring REIT does not have employees, the Manager of Spring REIT recognizes that human resources are the most valuable assets in achieving Spring REIT's business objectives. Thus, the Manager has established an effective human resources management system aimed at creating a safe, motivated, and inclusive work environment for all individuals associated with Spring REIT. The Employee Handbook outlines key measures to support this objective, which include the following:



Moreover, the Manager is committed to fostering a diverse and inclusive workforce by actively bringing together talents from various backgrounds. This approach creates a platform where human resources can be fully utilized and optimized. Throughout the employment process, the Manager upholds the primary principles of fairness and transparency, ensuring equal opportunities and unbiased treatment for all individuals involved. Regardless of nationality, race, religion, gender, age, or family situation, the Manager is committed to providing all employees with a fair and inclusive working environment based on individual qualifications, experience, and professional standing.

During the Reporting Year, the Manager was not aware of any incidents of non-compliance with laws and regulations¹⁸ in relation to employment practices.

¹⁸ Including but not limited to the Cap 57 Employment Ordinance of Hong Kong Special Administrative Region ("HKSAR"), Labour Law of the PRC, Labor Contract Law of the PRC, Labor Union Law of the PRC.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Workforce ¹⁹		2023		
Total workforce	Number	212		
• SAML	Percentage	5.66		
• Contractors	Percentage	94.34		
By gender		Male	Female	
• SAML	Percentage	50.00	50.00	
• Contractors	Percentage	73.00	27.00	
By employee category		General staff	Middle management	Senior management
• SAML	Percentage	25.00	50.00	25.00
• Contractors	Percentage	85.50	12.50	2.00
By age group		< 30 years old	30-50 years old	>50 years old
• SAML	Percentage	25.00	58.33	16.67
• Contractors	Percentage	41.00	51.50	7.50
By geographical region		Hong Kong	Mainland China	
• SAML	Percentage	75.00	25.00	
• Contractors	Percentage	0.00	100.00	
Turnover²⁰		2023		
Overall staff turnover rate	Percentage	8.33		
By gender		Male	Female	
	Percentage	0.00	16.67	
By age group		<30 years old	30-50 years old	>50 years old
	Percentage	0.00	14.29	0.00
By geographical region		Hong Kong	Mainland China	
	Percentage	11.11	0.00	

¹⁹ The scope of "Workforce" statistics includes direct employees of SAML (the Manager and its subsidiary), as well as employees of the contractors (the Building Manager and other delegates in Beijing and Huizhou) responsible for operational functions and service provision of the CCP Property and Huamao Place on behalf of the manager in 2023. Data for 2021 and 2022 presented in previous reports do not include the subsidiary or the Building Manager and other delegates in Huizhou.

²⁰ It includes only the direct employees of SAML (the Manager and its subsidiary).

The Building Manager recognizes the importance of fostering a strong sense of unity and team spirit among employees, regardless of their age group or job title. To achieve this, the Building Manager of the CCP Property and the Huamao Place proactively organizes employee activities that promote bonding and collaboration across all levels of the team respectively. These activities serve as valuable opportunities for employees to interact and engage with colleagues they may not typically interact with in their daily work. By breaking down barriers and encouraging cross-functional relationships, the activities help bridge gaps, foster mutual understanding, and build a cohesive and supportive work environment. Ultimately, these efforts contribute to increased job satisfaction, higher employee morale, and improved overall productivity.

CASE STUDY

Celebrating the Dragon Boat Festival and Strengthening Bonds

In an effort to celebrate traditional Chinese culture and foster a stronger sense of belonging and unity among the employees, the Building Manager of Huamao Place organized a vibrant team-building activity during the Dragon Boat Festival. The event garnered enthusiastic participation from the team, creating a lively and dynamic working environment. Additionally, the Building Manager extended their thoughtful gestures by preparing Dragon Boat Festival gifts in advance for the team. These carefully curated gift boxes were filled with care and blessings, serving as tokens of appreciation for their hard work and exemplifying the Building Manager's unwavering commitment to their well-being. The heartwarming sight of joyful smiles on the faces of each employee was a testament to the success of the initiative.



CASE STUDY

Honoring International Women's Day with a Special Event of Aromatherapy

In celebration of International Women's Day, a special event of essential oil hand care and aromatherapy is organized. This heartfelt occasion is dedicated to expressing appreciation and care for the outstanding women in our team. The event features professional aromatherapists who provide indulgent essential oil hand care services, offering a chance to unwind and alleviate stress. Moreover, participants have the opportunity to delve into the fundamentals of aromatherapy and gain insights into the diverse benefits of essential oils. It is a meaningful event to honor and celebrate International Women's Day while demonstrating our unwavering support for the exceptional women in the community.



CASE STUDY

Fostering Work-Life Balance and Family Connections on Children's Day

Children's Day aims to emphasize the close relationship between families and children, providing them with a joyful and fun-filled moment. To emphasize the importance of work-life balance and strengthen the bond between our team and their families, an event is organized, featuring various interactive games, entertainment activities, and workshops that encouraged parent-child participation. It is firmly believed that investing in the well-being of individuals and their families is crucial for creating a harmonious and supportive work environment. This event served as a reminder of the importance of quality time spent with family and the value we place on the holistic well-being of the community.



B2 Health and Safety

At Spring REIT, the Manager prioritizes the well-being of our tenants, employees, and stakeholders by implementing robust health and safety practices throughout our managed properties. To ensure a healthy and safe working environment, the Manager has developed a comprehensive Workstation Risk Assessment Checklist. This checklist covers various facilities such as display screens, input devices, work desks, chairs, document holders, footrests, illumination, and noise levels. The purpose is to assess potential risks and identify any abnormalities related to health and safety in workstations. If any issues are identified, appropriate follow-up actions are required to address and mitigate these concerns promptly.

Both the Property Manager and the Building Manager are dedicated to identifying and proactively preventing potential occupational hazards within the CCP Property and the Huamao Place. Only personnel possessing appropriate certifications and licenses are authorized to handle heavy machinery and equipment during building maintenance activities. The management of health and safety issues across managed properties is strengthened through a systematic risk identification process. The outcomes of this process are effectively communicated through the "Hazard Identification and Evaluation Form" and the "Environmental Factors Identification and Assessment Sheet". Additionally, a series of safety-related workbooks are provided and distributed among relevant personnel to further enhance their understanding and adherence to safety protocols.

For the CCP Property especially, Beijing's air quality has been a concern for tenants and visitors at the CCP Property. The Building Manager has placed significant emphasis on indoor air quality control within the property. Air purification systems equipped with electrostatic filters and activated carbon layers have been installed. These systems aim to create a comfortable and healthy environment for the Building Manager, the Property Manager, tenants, and visitors alike. Through these measures, the CCP Property has successfully reduced PM2.5 levels, achieving the Grade 1 national standard of $35 \mu\text{g}/\text{m}^3$, thus ensuring the provision of clean and high-quality indoor air.

Since 2021, the Building Manager has equipped four additional automated external defibrillators ("AEDs") as a precautionary measure for emergencies and arranged first aid training for relevant staff. Similarly, during the Reporting Year, the Building Manager also provided first aid training, as facilitated by the Red Cross Society of China Beijing Branch for the operational staff. It is to ensure that our operation staff are equipped with the necessary skills and knowledge to effectively handle the AEDs and relevant emergencies.



CASE STUDY

Fire Drill

The Building Manager at CCP Property organized a comprehensive fire drill, accompanied by a well-documented evacuation drill plan, process records, and performance evaluation. It was to strengthen fire safety management, enhance the fire prevention awareness, reinforce fire safety responsibilities, and equip individuals with essential knowledge of firefighting and evacuation procedures. As part of the initiative, a safety manual was distributed to tenants and relevant personnel to provide them with essential information and guidelines regarding fire safety measures. Through these efforts, the Building Manager aims to ensure a proactive and prepared approach to fire safety within CCP Property, safeguarding the well-being of all occupants and promoting a culture of safety among the property's stakeholders.



Work-related Fatalities and Injuries		2023	2022	2021
Total number of work-related fatalities	Number	0	0	0
Work-related fatality rate	Percentage	0	0	0
Total number of injuries	Number	0	0	0
Total number of lost days due to work injury	Number	0	0	0

During the Reporting Year, the Manager was not aware of any incidents of non-compliance with laws and regulations²¹ in relation to occupational health and safety.

²¹ Including but not limited to the Occupational Safety and Health Ordinance of the HKSAR, Work Safety Law of the PRC.

B3 Development and Training

Spring REIT’s success is built on the performance of individuals at all levels, guided by the Manager, Property Manager, and Building Manager. Recognizing the importance of cultivating internal competencies and skills, the Manager prioritizes creating a positive learning atmosphere and provides ongoing training and development opportunities. This approach ensures that relevant personnel stay updated with market trends and developments.

At SAML, training regarding compliance and ethics, climate-related risks, and recent development of REITs in the Chinese market is also provided during the Reporting Year. It is to ensure that the Manager could proactively manage the properties, therefore maintaining high occupancy levels, achieving strong rental growth and maximizing net property income in Spring REIT.

Safety and technical training receive particular emphasis, with various sessions offered to operational staff as associated with the Property Manager and the Building Manager. These sessions cover areas such as fire drills, emergency response, workplace safety, customer service, and anti-fraud programs. The goal is to equip operational staff stationed at the CCP Property and the Huamao Place with the necessary knowledge and skills to handle diverse situations related to their job duties. Standardized training requirements are also implemented for relevant operational staff of the Property Manager and Building Manager, ensuring consistency and high standards across the organization.

Trained Employee and Training Hours ²²		2023		
Percentage of trained employee – by gender		Male	Female	
• SAML	Percentage	100.00	83.33	
• Contractors	Percentage	100.00	81.48	
Percentage of trained employees – by employee category		General staff	Middle management	Senior management
• SAML	Percentage	66.67	100.00	100.00
• Contractors	Percentage	95.91	100.00	75.00
Average training hours – by gender		Male	Female	
• SAML	Hours	7.58	8.09	
• Contractors	Hours	10.87	52.39	
Average training hours – by employee category		General staff	Middle management	Senior management
• SAML	Hours	2.83	9.76	9.00
• Contractors	Hours	21.25	28.04	20.25

²² The scope of “Trained Employee and Training hours” statistics pertains to the direct employees of SAML (the Manager and its subsidiary), as well as employees of the contractors (the Building Manager and other delegates in Beijing and Huizhou) responsible for operational functions and service provision of the CCP Property and Huamao Place on behalf of the Manager in 2023. Data for 2021 and 2022 presented in previous reports do not include the subsidiary or the Building Manager and other delegates in Huizhou.

B4 Labour Standards

The Manager adopts a zero-tolerance policy for unethical employment practices. Throughout the operation of Spring REIT, the Manager, the Property Manager and the Building Manager have strictly complied with applicable laws and regulations in relation to labour standards with no employment of child labour aged under 18 or forced labour during the Reporting Year.

During the recruitment process, candidates are required to submit identity documents, such as identity cards and passports, and job references for record. It is to ensure one's job eligibility could fully meet the requirements under applicable laws and regulations. The Property Manager and the Building Manager are often requested to implement appropriate investigative and preventive measures to minimize related risks. These measures include also signing employment contracts which stipulate the terms and conditions of employment to protect the interests of both parties. Any members of the Manager, the Property Manager or the Building Manager found to be in breach of the labour requirements will be subject to disciplinary action and/or may be liable to legal prosecution.

During the Reporting Year, the Manager was not aware of any incidents of non-compliance with laws and regulations in relation to labour standards.

B5 Supply Chain Management

Suppliers are highly encouraged and advised to align with the environmentally and socially responsible practices across Spring REIT. Significant importance is placed on adhering to fair labor standards and integrating sustainability into the daily operations of Spring REIT. By working collaboratively with suppliers who share same values, the Manager strives to create a supply chain that upholds ethical principles and contributes to a more sustainable future.

For procurement, priority will be given to the suppliers and contractors with reputable records, environmental and safety performance, product and service quality, and regulatory compliance, on top of cost-related considerations. Suppliers who consistently fail to meet the expected standards may be subject to recourse. When it comes to the procurement of goods, the Manager and the Building Manager also consider environmental factors and recommend the use of low-carbon and environmentally friendly materials as far as practicable, such as paper with sustainable forestry certification. The Building Manager is encouraged to make green procurement with reference to recommendations from the Manager when appropriate.

Number of Suppliers by Geographic Location during the Reporting Year²³		Hong Kong	Mainland China
•	SAML	63	0
•	Contractors	0	196

²³ The scope of "Number of Suppliers by Geographic Location during the Reporting Year" statistics pertains to the direct employees of SAML (the Manager and its subsidiary), as well as the employees of contractors (the Building Manager and other delegates in Beijing and Huizhou) responsible for operational functions and service provision of the CCP Property on behalf of the Manager in 2023. Data for 2021 and 2022 presented in previous reports do not include the subsidiary or the Building Manager and other delegates in Huizhou.

CASE STUDY

ESG Tendering System in the CCP Property

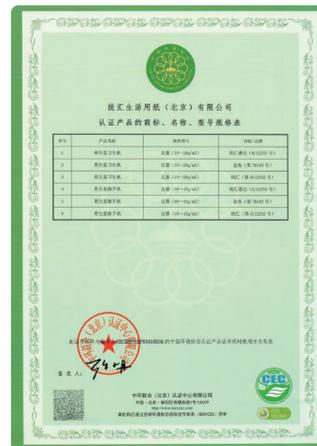
At CCP Property, the Building Manager has taken significant steps to formalize supply chain management and prioritize ESG considerations in the procurement process. This commitment is reinforced through a series of ESG-prioritized tendering procedures.

One of the key initiatives implemented is the Procurement Management Procedure, which establishes standardized procurement activities associated with the management and operation of CCP Property. This procedure clearly defines the responsibilities of various departments involved in the procurement process and establishes a consistent workflow and requirements for the procurement system at different stages.

As part of the assessment process for potential suppliers, a self-assessment form has been developed. This form enables the Building Manager to gain a comprehensive understanding of each supplier's performance in environmental practices, labor management, supply chain management, quality control, business ethics, and community investment. By collecting this information, the Building Manager can make informed decisions and prioritize suppliers who align with CCP Property's ESG objectives.

Furthermore, the Building Manager has introduced a tender technical review form that takes into account ESG factors for engineering work. These factors include the quality of green and energy-saving design, energy efficiency and indoor environment standards during construction and after completion of the project, as well as the supplier's adherence to social responsibility, corporate governance, and anti-corruption principles. By incorporating these ESG considerations into the tender evaluation process, CCP Property aims to select suppliers who demonstrate a commitment to sustainable practices and responsible business conduct.

During the Reporting Year, most of the paper used in the CCP Property was sourced from suppliers who provided certified environmentally friendly products. These suppliers held certifications such as the Forest Stewardship Council ("FSC") and the China Environmental Labeling Product Certification Standard, ensuring that the paper met recognized environmental standards. Additionally, other materials and supplies, including hand sanitizers, were sourced from suppliers who possessed green certificates, further demonstrating our commitment to sustainable practices within the CCP Property.



B6 Product Responsibility

Customer Services and Quality Assurance

On behalf of the Manager, the engagement of a highly qualified Building Manager by the Property Manager is important to ensure the effective management and operation of properties across Spring REIT. During the assessment process, several criteria will be taken into consideration. These criteria include qualifications such as the ISO 9001 Quality Management System and the First Grade Qualification of Realty Management Enterprise (一級資質物業管理企業) awarded by the Ministry of Housing and Urban-Rural Development of the People's Republic of China (中華人民共和國住房和城鄉建設部).

In addition to the qualifications of the Property Manager and the Building Manager, a comprehensive set of management requirements and procedures has been formalized. These include the Employee Dedication and Self-discipline Management Handbook, the Handbook for the Engineering Department, and the Handbook for the Customer Service Department. This ensures consistent and standardized practices, promotes efficiency, and enhances overall operational effectiveness within the CCP Property and the Huamao Place.

Cultivating a robust landlord-tenant relationship is a vital factor in fostering enduring tenancy within Spring REIT. Taking tenants' opinions at heart, the Customer Service Department, as guided by the Building Manager, addresses tenants' needs and concerns in a timely manner. In case of any receipt of customer complaints, standardized complaint-handling procedures are in place for relevant frontline employees to handle and resolve the cases promptly. Staff representative(s) will be assigned according to the context for further investigation and correspondingly follow-up actions, if any. We pledge to respond to 100% of the complaints received. Suggestions from tenants and visitors are constantly reviewed so as to improve our service quality. During the Reporting Year, a total of 8 complaints is received in the CCP Property and the Huamao Place. Prompt actions were taken by designated staff that all the complaints were handled and resolved professionally with positive feedback received.

To better assess the performance of the Building Manager, regular tenant visits and tenant satisfaction survey are conducted with a view to improving the quality of customer service. For instance, an annual tenant satisfaction survey was carried out to collect and comprehend tenants' feedback at the CCP Property and the Huamao Place, therefore formulating plans for future improvements. The assignment is conducted in forms of both an online questionnaire and management interview. The focus of the survey was placed on the quality of facilities and service management provided, and whether tenant expectations could be met under the current environment, as a quantitative analysis for identifying key improvement areas. Consistency in survey design with data prediction and solid historical databank allows ongoing comparison between the managed properties in China and between industrial peers.

During the Reporting Year, the Building Manager actively engaged with relevant stakeholders to gather feedback and insights. The Building Manager received an impressive response, with over 850 responses from the CCP Property and more than 380 responses from the Huamao Place. Additionally, the Building Manager conducted over 50 individual interview sessions with tenants, amounting to more than 1700 minutes of valuable communication.

At the CCP Property, a remarkable satisfaction rate of 95.3% is achieved during the Reporting Year. This high level of satisfaction is further supported by 92.4% of respondents expressing their willingness to recommend the CCP Property, 88.4% indicating their intention to renew their leases, and 85% demonstrating loyalty towards the team's establishment. Similarly, at the Huamao Place, an impressive satisfaction rate of 94% is recorded during the Reporting Year. These results are a testament to the team's commitment to exceeding customer expectations and delivering exceptional performance at both the CCP Property and the Huamao Place. The Manager take great pride in these achievements and remain dedicated to continuously enhancing the experiences of its valued stakeholders.

Responsible Investment

Investors are placing a growing emphasis on evaluating companies based on specific ESG criteria, and the subset focused on responsible investments is expanding. In the current business landscape, which demands a more comprehensive approach that benefits all stakeholders, the Manager is committed to delivering long-term value. This involves systematically addressing the full spectrum of responsible investment, including ESG risks and opportunities. The Manager strives to enhance its ESG management practices and integrate ESG considerations into investment-related decision-making at Spring REIT. Robust processes and controls have been implemented to assess the ESG impact of each investment decision.

Information Security

The Manager places a high priority on data security and privacy protection for employees, tenants, and other stakeholders, particularly concerning personal information, tenancy records, and other sensitive data. To safeguard such information throughout daily operations, the Manager, along with the Property Manager and the Building Manager, has established a robust data security system. Internal procedures and controls are in place to ensure the protection of user data and prevent any unnecessary data leakage or loss. Sensitive information is restricted to authorized employees on a "need-to-know" and "need-to-use" basis through the use of physical and system safeguards such as Secure Sockets Layer ("SSL") and storage encryption. All data is stored in guarded servers which are protected by firewalls and anti-virus software. The treatment of confidential information is clearly set out in relevant manuals and contracts.

The Manager has also specified confidentiality requirements in the Employee Handbook, requiring employees to strictly abide by the confidentiality system and not to disclose the important content of company documents and commercial secrets. The Manager provides also information security training to all employees and circulates any issues or necessary updates from time to time. Relevant parties, such as suppliers and contractors, are also expected to abide by our high standard of information security and privacy.

During the Reporting Year, the Manager was not aware of any incidents of non-compliance with laws and regulations in relation to product responsibility and data privacy.

B7 Anti-corruption

Integrity serves as the fundamental pillar for ensuring the long-term sustainability of corporate business operations. The Manager does not tolerate any forms of corruption or malpractice and expects that all the employees and business partners uphold a high standard of business ethics and conduct in its business activities and dealings. As outlined in the Anti-corruption Guidelines, the Manager strictly prohibits all the employees offer or receive any form of advantages (e.g. money, entertainment and commission) directly or indirectly from our customers and business partners, or using improper means to seek personal advantages, as well as conducting any extortion, fraud and money laundering activities. The employee who breaches the rules is subject to disciplinary action including employment termination. Internal training is regularly offered with the objective of enhancing our employees' awareness of anti-corruption.

The Manager has formulated the Whistleblowing Policy to encourage employees and external stakeholders to report potential or suspected improprieties, misbehaviors and corruption practices in good faith. The Manager is committed to keeping the identity of the whistle-blower with all the relevant reported information confidential, so as to prevent any unfair treatment and reprisal. Internal investigation is undertaken in a timely manner with remedial actions being taken where necessary according to the investigation findings. Meanwhile, the Whistleblowing Policy is reviewed regularly regarding its effectiveness by the internal auditor.

During the Reporting Year, the Manager was not aware of any incidents of non-compliance with laws and regulations in relation to anti-corruption.

B8 Community Investment

The Manager is committed to making positive contributions to the community through various volunteering activities and community engagement initiatives. Recognizing the importance of fostering a sense of social responsibility, the Building Manager from the CCP Property and the Huamao Place organized a range of community events aimed at engaging tenants, visitors, and the broader community while promoting environmental and social awareness.

With a strong commitment to resource utilization, the Building Manager of the CCP Property and the Huamao Place actively promotes environmental conservation and sustainable practices among its tenants and the wider community. One notable event organized in this regard is the annual Earth Day celebration held in April – “Swap for Green, Low Carbon Living” at the CCP Property, as mentioned in the previous section. Moreover, the Building Manager of the Huamao Place takes further initiative by recruiting volunteers to educate and raise public awareness about waste sorting and recycling. These events play a vital role in imparting knowledge and inspiring individuals to embrace eco-friendly habits and behaviors. Participants gain a deeper understanding of the importance of responsible resource utilization, encouraging them to make sustainable choices. By fostering a sense of environmental stewardship within the community, the Building Manager works towards nurturing a collective commitment to safeguarding our planet for future generations.



CASE STUDY

Tree Planting for a Greener Future

Representatives from the CCP Property and the Huamao Place enthusiastically participated in tree planting events respectively, demonstrating Spring REIT's steadfast commitment to community investment practices. Their involvement in tree planting activities actively contributed to the enhancement of the local environment. By creating additional green spaces, the collective effort played a part in combating air pollution, mitigating the impacts of climate change, and fostering biodiversity.

The team from the CCP Property and the Huamao Place further strengthened their connections with the local community, showcasing their sincere dedication to engaging with residents and collectively working towards shared objectives. By investing their time and resources in initiatives that directly benefit the community, they fostered trust, goodwill, and established a positive reputation as a socially responsible organization.



CASE STUDY

Heartfelt Event on Children’s Day to Empower Stayed-at-Home Children

The team from the Huamao Place organized a heartfelt event – “Love Without Bounds, Empowering Growth: Caring for Stayed-at-Home Children” in Huizhou on Children’s Day. The primary objective was to provide care and support to local stayed-at-home children. Our representatives engaged in meaningful interactions, attentively listening to the thoughts and concerns of the children to understand their needs and challenges, to encourage the children to face obstacles with courage and to emphasize the importance of education.

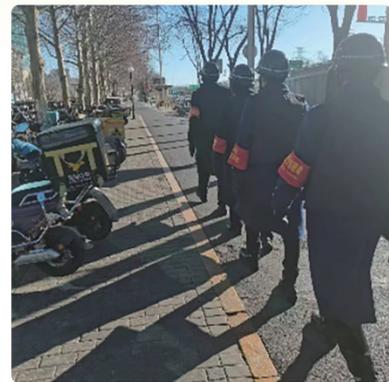
This initiative received high praise from the “Huizhou Hand in Hand Public Welfare Service Center” and left a profound impact on the children, fostering a renewed sense of confidence and hope. The compassionate efforts of the team from Huamao Place sparked increased awareness and concern for the well-being of stayed-at-home children, inspiring more enterprises to participate and provide support. This collective commitment aims to ensure that stayed-at-home children receive the care and opportunities they deserve.



CASE STUDY

Community Stewardship for Safety, Unity, and Trust

Additionally, the voluntary patrolling and security protection provided by the team from the CCP Property during holiday seasons further exemplified their unwavering commitment to the well-being of the community. By actively engaging in ensuring the safety and security of the community, our community stewardship not only provides a sense of reassurance but also fosters a sense of unity and support across the community. This initiative not only enhances their overall experience within the community but also cultivates a strong sense of belonging and trust among community members.



Looking ahead, the Manager is determined to further enhance community investment by exploring additional avenues for effective engagement. By continuously seeking ways to positively impact the community, the Manager strives to build stronger relationships, promote social cohesion, and contribute to the overall well-being and development of the community.

CONTENT INDEX FOR HKEX ESG REPORTING GUIDE

Mandatory Disclosure Requirements		Corresponding Section
<p>Governance Structure</p>	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board’s oversight of ESG issues; (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses. 	<p>Sustainability Governance – Governance Structure</p>
<p>Reporting Principles</p>	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	<p>About This ESG Report – Reporting Standard</p>
<p>Reporting Boundary</p>	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	<p>About This ESG Report – Reporting Scope</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Aspect	KPI	Description	Corresponding Section
A. Environment			
A1 Emission	A1	General Disclosure	Environmental Performance – A1 Emissions
	AKPI A1.1	The types of emissions and respective emission data.	Considering the nature of the principal business, no significant air emissions were generated from Spring REIT's operations during the Reporting Year.
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance – A1 Emissions
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance – A1 Emissions
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance – A1 Emissions
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Performance – A1 Emissions
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Performance – A1 Emissions

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Aspect	KPI	Description	Corresponding Section
A2 Use of resources	A2	General Disclosure	Environmental Performance – A2 Use of Resources
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Performance – A2 Use of Resources
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Performance – A2 Use of Resources
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Performance – A2 Use of Resources
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Performance – A2 Use of Resources
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Considering the nature of the principal business, no significant air emissions were generated from our operations during the Reporting Year.
A3 The environment and natural resources	A3	General Disclosure	Environmental Performance – A3 Environment and Natural Resources
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Performance – A3 Environment and Natural Resources
A4 Climate change	A4	General Disclosure	Environmental Performance – A4 Climate Change
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Performance – A4 Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Aspect	KPI	Description	Corresponding Section
B1 Employment	B1	General Disclosure	Social Performance – B1 Employment
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Social Performance – B1 Employment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social Performance – B1 Employment
B2 Health and safety	B2	General Disclosure	Social Performance – B2 Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social Performance – B2 Health and Safety
	KPI B2.2	Lost days due to work injury.	Social Performance – B2 Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Social Performance – B2 Health and Safety
B3 Development and training	B3	General Disclosure	Social Performance – B3 Development and Training
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social Performance – B3 Development and Training
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Social Performance – B3 Development and Training

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Aspect	KPI	Description	Corresponding Section
B4 Labour standards	B4	General Disclosure	Social Performance – B4 Labour Standards
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social Performance – B4 Labour Standards
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Social Performance – B4 Labour Standards
B5 Supply chain management	B5	General Disclosure	Social Performance – B5 Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Social Performance – B5 Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Social Performance – B5 Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Social Performance – B5 Supply Chain Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Social Performance – B5 Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Aspect	KPI	Description	Corresponding Section
B6 Product responsibility	B6	General Disclosure	Social Performance – B6 Product Responsibility
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Considering the nature of the principal business, no products sold or shipped subjected to recalls for safety and health reasons during the Reporting Year.
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Social Performance – B6 Product Responsibility
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Social Performance – B6 Product Responsibility
	KPI B6.4	Description of quality assurance process and recall procedures.	Social Performance – B6 Product Responsibility
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Social Performance – B6 Product Responsibility
B7 Anti-corruption	B7	General Disclosure	Social Performance – B7 Anti-corruption
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Social Performance – B7 Anti-corruption
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Social Performance – B7 Anti-corruption
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Social Performance – B7 Anti-corruption
B8 Community investment	B8	General Disclosure	Social Performance – B8 Community Investment
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Performance – B8 Community Investment
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Performance – B8 Community Investment

BOARD OF DIRECTORS AND SENIOR MANAGEMENT



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Toshihiro Toyoshima

Chairman and Non-executive Director

Mr. Toyoshima, aged 61, was appointed as the Chairman of the Board and a Non-executive Director of the Manager on 29 January 2013. Following a group restructuring, Mr. Toyoshima was appointed as director of Mercuria Holdings on 1 July 2021. Mr. Toyoshima has been the chief executive officer of Mercuria Investment since October 2008, and has been sitting on its board from its establishment in October 2005. Prior to joining Mercuria Investment, he worked in Development Bank of Japan from April 1985 to October 2008. Between July 2001 and September 2004, Mr. Toyoshima also worked at the World Bank as a senior private sector specialist, in charge of the private sector policies in four African countries.

Mr. Toyoshima graduated from the University of Tokyo with a Bachelor's degree in Law in 1985 and from the Massachusetts Institute of Technology with Master's degrees in Real Estate Development and City Planning in 1992.



Hideya Ishino

Non-executive Director

Mr. Ishino, aged 60, was appointed as a Non-executive Director of the Manager on 10 April 2013. Following a group restructuring, Mr. Ishino was appointed as director of Mercuria Holdings on 1 July 2021. He has been working for Mercuria Investment since June 2008 and has served as the chief operating officer of Mercuria Investment since March 2010. Before joining Mercuria Investment, Mr. Ishino co-founded Sports Vanguard Co., Ltd., a company which provides sports-related internet community services and trading platform, in March 2004. Mr. Ishino had also previously worked in Salomon Brothers (Tokyo) from April 1986 to March 2000.

Mr. Ishino graduated from the University of Tokyo with a Bachelor's degree in Liberal Arts in 1986.



Leung Kwok Hoe, Kevin

Executive Director and Chief Executive Officer

Mr. Leung, aged 53, was appointed as an Executive Director of the Manager in January 2017 and as Chief Executive Officer of the Manager on 1 June 2020. He is one of the Responsible Officers of the Manager. Mr. Leung has over 23 years of experience in finance and treasury, investment and fund management fields.

Before joining the Manager, he was the General Manager, Investment and Investor Relations, and a responsible officer of Henderson Sunlight Asset Management Limited that manages Sunlight Real Estate Investment Trust (Stock Code: 0435). Prior to that, he acted as the Investment Manager and a responsible officer of Link Asset Management Limited, the manager of Link Real Estate Investment Trust (Stock Code: 0823).

Mr. Leung holds a Master of Applied Science in Biopharmaceutical from The University of New South Wales in Australia, a Bachelor of Economics degree and a Bachelor of Laws degree, both from The University of Sydney in Australia. He is a Chartered Financial Analyst.



Chung Wai Fai, Michael

Executive Director and Chief Financial Officer

Mr. Chung, aged 42, was appointed as an Executive Director of the Manager on 24 March 2021 and as Chief Financial Officer of the Manager on 22 March 2023. He is one of the Responsible Officers and Head of Investment and Investor Relations of the Manager. He is responsible for identifying and evaluating potential acquisitions or investments and for investor relations activities. Mr. Chung has over 17 years of experience in asset management and investment research in the Asia ex-Japan region. Prior to joining the Manager, Mr. Chung was a senior fund manager and responsible officer of Imperial Capital Limited, where he was involved in launching an absolute-return Asia ex-Japan equity fund and assumed responsibilities in product development and strategy formulation. Previously, Mr. Chung was a fund manager of iVenture Investment Management Limited and was actively involved in investment idea generation, equity research, macroeconomic analysis, and day-to-day portfolio management of its absolute-return Asia ex-Japan equity fund. Mr. Chung started his career at PricewaterhouseCoopers, performing statutory audit works for companies in Hong Kong and mainland China.

Mr. Chung holds a Bachelor's degree in Business Administration (Finance) from Hong Kong University of Science and Technology and is a CFA charterholder.



Simon Murray

Independent Non-executive Director

Mr. Murray, aged 84, was appointed as an Independent Non-executive Director of the Manager on 20 November 2013. He was the founder and chairman of GEMS (General Enterprise Management Services Limited) a private equity group in 1998 and has changed his role to become the non-executive chairman as of July 2015. He is also an independent non-executive director of: (i) Wing Tai Properties Limited (Stock Code: 0369) since March 1994 and a non-executive director of (ii) China LNG Group Limited (Stock Code: 0931) since April 2015 (after having been re-designated from the role of Independent Non-executive Director which was appointed in October 2014).

Mr. Murray was an executive director of Hutchison Whampoa Ltd for 10 years. He was also the executive chairman, Asia Pacific of the Deutsche Bank Group between 1994 and 1998. Previously he acted as the vice chairman & independent non-executive director of Essar Energy plc (a company listed on the London Stock Exchange) from 2010 to 2014; the non-executive chairman of Glencore International plc (a company dually listed on the London Stock Exchange and the Hong Kong Stock Exchange (Stock Code: 805) from 2011 to 2013; the chairman & independent non-executive director of Gulf Keystone Petroleum Ltd. (a company listed on London Stock Exchange) between 2013 and 2015; the non-executive director of Vodafone Group Plc between 2007 and 2010, and independent director of Sino-Forest Corporation (a company listed on the Toronto Stock Exchange) between 1999 and 2013; the non-executive director of CK Asset Holdings Limited (Stock Code: 1113) between 2015 and 2017; the non-executive director of Compagnie Financière Richemont SA (a company listed on Swiss Exchange between 2003 and 2017, the independent non-executive director of Orient Overseas (International) Limited (Stock Code: 0316) between 1992 and 2018; and the independent non-executive director of IRC Limited (Stock Code: 1029) between 2016 (after having been re-designated from the role of non-executive director which was appointed in 2010) and 2020. Mr. Simon Murray retired as a non-executive director of Greenheart Group Limited (Stock Code: 0094) with effect from 31 May 2023.

Mr. Murray holds an honorary degree of Doctor of Laws from Bath University.



Tong Shumeng

Independent Non-executive Director

Ms. Tong, aged 51, was appointed as an Independent Non-executive Director of the Manager on 1 January 2024. She has more than 5 years of experience as an advocate and market participant in the areas of environmental, social, and corporate governance (ESG), including new energy, environmental protection and low carbon. Ms. Tong was founding member of the China Carbon Neutral 50-person Forum* (中國碳中和50人論壇), and holds multiple senior positions at companies which focus on ESG and cultural investments. She is the chairman of Oriental Cultural and Creative Investment Co., Ltd.*, and Beijing Oriental Patek Investment Co., Ltd.*, as well as a managing partner of China Soft Capital Co Ltd*. Ms. TONG is also a known advocate for children's rights and welfare in the People's Republic of China, being a "Champion for Children" named by United Nations International Children's Emergency Fund (UNICEF).

Ms. Tong obtained her master's degree in Senior Management Business Administration from Guanghua School of Management of Peking University in 2005.

* For identification purposes only



Qiu Liping

Independent Non-executive Director

Mr. Qiu, aged 59, was appointed as an Independent Non-executive Director of the Manager on 20 November 2013. Mr. Qiu is a co-founder of Milestone Capital, a China-focused private equity investment company. Since February 2002, he has been the general partner of Milestone China Opportunities Fund I and Fund II, L.P., both being partnerships that invest primarily in high-growth Chinese companies. Mr. Qiu has been a director of Qinhuangdao Boostsolar Photovoltaic Equipment Co., Ltd. (which has been quoted on the National Equities Exchange and Quotations since 18 August 2014).

Mr. Qiu received his Bachelor's degree and Master's degree in Engineering from the National University of Defense Technology of China.



Lam Yiu Kin

Independent Non-executive Director

Mr. Lam, aged 69, was appointed as an Independent Non-executive Director of the Manager on 12 January 2015. Mr. Lam is a fellow member of the Association of Chartered Certified Accountants (ACCA), the Institute of Chartered Accountants in England & Wales (ICAEW), Chartered Accountants Australia and New Zealand (CA ANZ), and the Hong Kong Institute of Certified Public Accountants (HKICPA). Mr. Lam has extensive experience in accounting, auditing and business consulting.

Mr. Lam currently serves as an Independent non-executive Director of (i) Global Digital Creations Holdings Limited (Stock Code: 8271) since July 2015; (ii) Shougang Century Holdings Limited (formerly known as Shougang Concord Century Holdings Limited) (Stock Code: 0103) since August 2015; (iii) COSCO SHIPPING Ports Ltd. (Stock Code: 1199) since August 2015; (iv) Nine Dragons Paper (Holdings) Limited (Stock Code: 2689) since March 2016; (v) CITIC Telecom International Holdings Limited (Stock Code: 1883) since June 2017; and (vi) Topsports International Holdings Limited (Stock Code: 6110) since September 2019.

Mr. Lam ceased to act as an independent non-executive director of Mason Group Holdings Limited (formerly known as Mason Financial Holdings Limited) (Stock Code: 0273) with effect from 24 May 2017, Vital Innovations Holdings Limited (Stock Code: 6133) with effect from 31 October 2020, Bestway Global Holding Inc. (Stock Code: 3358 voluntarily withdrawn its listing in Hong Kong on 12 October 2021) with effect from 31 December 2021, WWPKG Holdings Company Limited (Stock Code: 8069) with effect from 2 August 2022 and Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (Stock Code: 1349) with effect from 30 May 2023.

Mr. Lam was previously a member of the Listing Committee and the Financial Reporting Advisory Panel of the Stock Exchange of Hong Kong Limited from 1997 to 2003, a committee member of HKICPA from 1994 to 2009, a partner of PricewaterhouseCoopers Hong Kong from 1993 to 2013, and a member of the Finance Committee of the Hong Kong Management Association until July 2016. Mr. Lam graduated from The Hong Kong Polytechnic University with a higher diploma in 1975 and was conferred an Honorary Fellow in 2002.



Other positions held by each of the above Directors in the Manager are set out in the Corporate Governance Report under the section "Organizational and Reporting Structure of the Manager".

CORPORATE GOVERNANCE

OUR VISION

The Manager's vision is for Spring REIT to be a leading real estate investment trust, owning a well-managed portfolio of high-quality income-producing properties while positively impacting stakeholders in the communities where we operate.

OUR STRATEGY

The Manager's key objectives are to provide Unitholders with stable distributions and the potential for sustainable long-term growth in distributions and to enhance the value of its real estate assets. The Manager intends to accomplish these objectives through investing in high quality income-producing real estate assets primarily in Mainland China.

The main aspects of the Manager's strategy are as follows:

Asset Management Strategy

The Manager aims to maintain high occupancy rates and maximize property value by increasing tenant loyalty, providing professional services, and exploring marketing opportunities. The Manager works closely with property managers to develop proactive leasing strategies, implement asset enhancement initiatives and control expenses while maintaining quality services for tenants.

Acquisition Strategy

The Manager actively seeks opportunities to acquire income-generating properties that offer attractive returns and potential for long-term growth in distribution and enhancement in capital value. The Manager will evaluate acquisition opportunities based on returns, stability, risk diversification, and potential for long-term capital appreciation. From time to time, the Manager considers selling non-core assets to explore more appealing investment opportunities to enhance the portfolio.

Capital and Risk Management Strategy

The Manager adopts a prudent capital and risk management strategy with an aim to maximize returns and distributions to Unitholders while maintaining a sensible and balanced risk management framework. The capital structure is constantly monitored and optimized and an appropriate loan-to-value ratio is maintained within the REIT Code requirements. Internal control and risk management systems are regularly reviewed to ensure their effectiveness.

OUR VALUES AND CULTURE

The Manager is committed to developing an inclusive and sustainable culture that aligns with our vision, strategy, and values, and enables Spring REIT to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen.

The Manager believes in pursuit of excellence, and conducting business with high-level of professional integrity and collaboration among teams. Our actions should be accountable towards both the environment and stakeholders and our efforts during the year are exemplified by the various initiatives set out in the 2023 ESG Report.

CORPORATE GOVERNANCE

With the objective of establishing and maintaining high standards of corporate governance, certain policies and procedures have been put in place to promote the operation of Spring REIT in a transparent manner and with built-in checks and balances. The corporate governance policy for Spring REIT have been adopted with due regard to the requirements under Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), with necessary changes, as if those rules were applicable to real estate investment trusts in Hong Kong.

The Manager was established for the sole purpose of managing Spring REIT. The Manager is committed to maintain good corporate governance culture, practices and procedures. The current corporate governance principles emphasize on accountability to all stakeholders, resolution of conflict of interest issues, transparency in reporting, and compliance with relevant procedures and guidelines. The Manager has adopted a compliance manual and certain internal policies, including corporate governance policy (the "**Corporate Governance Policy**"), for use in relation to the management and operation of Spring REIT, which sets out the key processes, systems and measures, and such policies to be applied for compliance with all applicable legislation and regulations. The Board plays a central supportive and supervisory role in the corporate governance duties. It regularly reviews the compliance manual and other policies and procedures on corporate governance and on legal and regulatory compliance, approving changes to governance policies in light of the latest statutory regime and international best practices and reviewing corporate governance disclosures. All Directors act with integrity, lead by example, and promote the desired culture which instils and continually reinforces across the organization values of acting lawfully, ethically and responsibly.

During the Reporting Year, both the Manager and Spring REIT have in material terms complied with the provisions of the compliance manual, the Corporate Governance Policy, the Trust Deed, the Code on Real Estate Investment Trusts (the "**REIT Code**") and applicable provisions of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and the Listing Rules.

AUTHORIZATION STRUCTURE

Spring REIT is a collective investment scheme constituted as a unit trust and authorized by the Securities and Futures Commission (the "**SFC**") under section 104 of the SFO and regulated by the SFC pursuant to the applicable provisions of the SFO, the REIT Code and the Listing Rules. The Manager has been authorized by the SFC under section 116 of the SFO to conduct the regulated activities of asset management. As at the date of this report, Mr. Leung Kwok Hoe, Kevin (Executive Director and Chief Executive Officer of the Manager), Mr. Chung Wai Fai (Executive Director and Chief Financial Officer of the Manager) and Ms. Bai Yanan are the responsible officers of the Manager (the "**RO**") pursuant to the requirements under section 125 of the SFO and Paragraph 5.4 of the REIT Code. The ROs have completed the Continuous Professional Trainings as required by the SFC for the Reporting Year. Mr. Leung Kwok Hoe, Kevin, Executive Director and Chief Executive Officer of the Manager, was approved by the SFC as an approved person of the Manager pursuant to sections 104(2) and 105(2) of the SFO.

DB Trustees (Hong Kong) Limited is registered as a trust company under section 77 of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong). The Trustee is qualified to act as a trustee for collective investment schemes authorized under the SFO pursuant to the REIT Code.

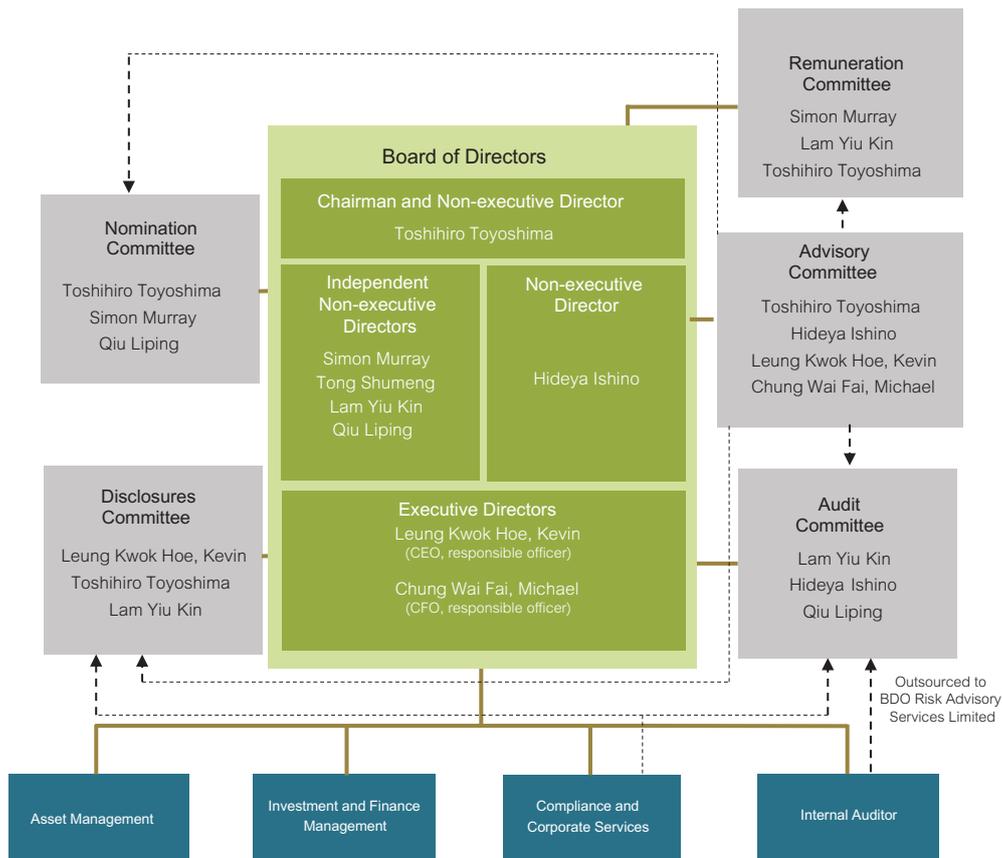
ROLES OF THE TRUSTEE AND THE MANAGER

The Trustee and the Manager are independent of each other. The Trustee is responsible for the safe custody of the assets of Spring REIT on behalf of the Unitholders and to oversee the activities of the Manager in accordance with and in compliance with the Trust Deed, and the regulatory requirements applicable to Spring REIT.

The Manager is responsible for managing Spring REIT and its assets in accordance with the Trust Deed and ensuring that Spring REIT’s assets are managed in the sole interests of the Unitholders.

The relationship among the Trustee, the Manager and the Unitholders is set out in the Trust Deed, as may be amended and supplemented from time to time.

ORGANIZATIONAL AND REPORTING STRUCTURE OF THE MANAGER



THE BOARD AND DELEGATIONS

The Board principally oversees the day-to-day management and corporate governance of the Manager. The Board and management functions are largely separated; subject to certain matters specially reserved to the Board itself, the day-to-day management duties are delegated to the management team of the Manager. Meanwhile, various Board committees have been established with clear terms of reference, each of which is to assist the Board in supervising specific issues or functions of the Manager.

THE BOARD

The Board currently comprises eight members, including two Executive Directors and six Non-executive Directors, of which four are Independent Non-executive Directors ("**Independent Non-executive Directors**"). The composition of the Board during the Reporting Year and up to the date of this annual report is set out below:

Non-executive Directors

Toshihiro Toyoshima (*Chairman*)
Hideya Ishino

Executive Directors

Leung Kwok Hoe, Kevin (*Chief Executive Officer*)
Chung Wai Fai (appointed as Chief Financial Officer of the Manager on 22 March 2023)

Independent Non-executive Directors

Simon Murray
Tong Shumeng (appointed on 1 January 2024)
Lam Yiu Kin
Qiu Liping

Biographical details of the above Directors are set out in the section headed "Board of Directors and Senior Management" above and published on Spring REIT's website at www.springreit.com.

BOARD RESPONSIBILITIES

The Board is responsible for ensuring that the Manager discharges its duties under the Trust Deed, which include but are not limited to:

- (i) managing Spring REIT in accordance with the Trust Deed in the sole interest of the Unitholders;
- (ii) ensuring sufficient oversight of the daily operations and financial conditions of Spring REIT when managing Spring REIT;
- (iii) ensuring compliance with the licensing and authorization conditions of the Manager and Spring REIT and with any applicable laws, rules, codes and/or guidelines issued by government departments, regulatory bodies, exchanges or any other organizations regarding the activities of Spring REIT or its administration; and
- (iv) reviewing and monitoring the training and continuous professional development of Directors, executive officers and senior management.

CORPORATE GOVERNANCE (continued)

During the Reporting Year, the Board has considered, reviewed and approved, inter alia, the following keys matters, relating to Spring REIT:

- (i) declaration of 2022 final results and 2023 interim results of Spring REIT, as well as 2022 final distribution and 2023 interim distribution of Spring REIT.
- (ii) proposed connected transaction involving off-market Unit buy-back.
- (iii) renewal of a property management agreement, which is a continuing connected party transaction.
- (iv) renewal of certain continuing connected party transactions in relation to operations.
- (v) appointment of Independent Non-executive Director.

The Board's function is largely separated from, and independent of, the executive management function. The Board leads and guides the Manager's corporate strategy and direction. Subject to the matters specifically reserved to the Board as set out in the Corporate Governance Policy, the Board delegates certain management and supervisory functions to relevant committees of the Board. For more details, please see the section headed "Key Reserved Matters to the Board" below.

BOARD COMPOSITION

With the aim of creating a board structure that is both effective and balanced, the size of the Board has been set to provide for a minimum of seven Directors and a maximum of nine Directors. Pursuant to the Corporate Governance Policy, Independent Non-executive Directors must be individuals who fulfil the independence criteria set out in the Corporate Governance Policy that are no less exacting than those set out in Rule 3.13 of the Listing Rules for assessing the independence of an independent non-executive director. During the Reporting Year, the Manager has received written annual confirmation from each Independent Non-executive Director of his independence pursuant to the "Criteria for Independence of Independent Non-executive Directors" as set out in the Corporate Governance Policy.

The composition of the Board is determined mainly in accordance with the following principles:

- (i) the Chairman of the Board should be a Non-executive Director;
- (ii) the Board should have a balance of skill, experience and diversity of perspectives appropriate to the requirements of Spring REIT's business, and should ensure that the Directors devote sufficient time and make contributions to Spring REIT that are commensurate with their role and board responsibilities. It should ensure that changes to its composition can be managed without undue disruption;
- (iii) the Board should have a balanced composition of Executive Directors, Non-executive Directors and Independent Non-executive Directors so that there is a strong independent element on the Board which can effectively exercise independent judgement;

CORPORATE GOVERNANCE (continued)

- (iv) the Board should include Non-executive Directors of sufficient calibre and number for their views to carry weight; and
- (v) at least one-third, and a minimum of three members, of the Board should be Independent Non-executive Directors and at least one Independent Non-executive Director must have appropriate professional qualifications or accounting or related financial management expertise.

The Board composition is being reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience and that the Directors being appointed have the relevant expertise and experience in discharging their duties. Through serving on the Board committees, taking active participation and sharing of valuable impartial view on matters discussed at the Board and/or Board committees meetings and taking lead in managing issues involving potential conflict of interests, all Independent Non-Executive Directors have provided the independent view to the Board and made various contributions to the effective direction of the Manager and Spring REIT Group. The Board and the Board committees may access the external professional consultants to obtain advice, where necessary, on the issues relevant to their duties set out in the Corporate Governance Policy. The Board shall review the implementation and effectiveness of independent view and input mechanism on annual basis.

There is no relationship (including financial, business, family or other material/relevant relationships) between Board members, in particular, between the Chairman and the Chief Executive Officer and Executive Director.

BOARD MEETINGS

The Board meets on a regular basis and generally no less than four times in each financial year at approximately quarterly intervals. According to the Corporate Governance Policy, Directors are given written notices of Board meetings at least fourteen days in advance of the regular meetings, with suitable arrangements in place to allow Directors to include new items in the agenda. Agenda and accompanying board papers are circulated at least three days before the scheduled date of a Board meeting. Board consents are given by votes at Board meetings and written resolutions are electronically signed by all Directors from time to time. The Board process is further facilitated by telephone conferences in cases where urgent discussions and decisions are required before the next regular Board meeting or where certain Director(s) is/are out of town.

No Board meeting, or any adjourned Board meeting, will be quorate unless a simple majority of Directors for the time being are present at the time when the relevant business is transacted. Pursuant to the articles of association of the Manager, a Director who, whether directly or indirectly, has an interest in a contract or proposed transaction, arrangement or contract with the Manager, which is of significance to the Manager's or Spring REIT's business, must declare the nature and extent of his/her interest either at the earliest Board meeting or by giving a general notice to the Directors before the question of entering into the transaction, arrangement or contract is taken into consideration on behalf of the Manager.

According to the Corporate Governance Policy, a Director who is prohibited from voting on any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her associates has a material interest (unless otherwise allowed by the articles of association of the Manager) or by reason of a conflict of interests is not counted as having voting authority and for the purpose of establishing the necessary quorum for the meeting.

Matters to be considered by the Board are to be adopted on the basis of a simple majority of votes.

During the Reporting Year, four regular meetings of the Board were held. Besides, there was one additional meeting of the Board held during the year.

CORPORATE GOVERNANCE (continued)

The attendance of individual Directors at such Board meetings during the Reporting Year was as follows:

Members of the Board	Number of meetings attended/ Number of meetings held during term of office within the Reporting Year	Attendance rate
Chairman and Non-executive Director		
Mr. Toshihiro Toyoshima	5/5	100%
Chief Executive Officer and Executive Director		
Mr. Leung Kwok Hoe, Kevin	5/5	100%
Chief Financial Officer and Executive Director		
Mr. Chung Wai Fai	5/5	100%
Non-executive Director		
Mr. Hideya Ishino	5/5	100%
Independent Non-executive Directors		
Mr. Simon Murray	4/5	80%
Mr. Lam Yiu Kin	5/5	100%
Mr. Qiu Liping	5/5	100%
Ms. Tong Shumeng (appointed on 1 January 2024)	N/A	N/A

DIRECTOR'S TRAINING

Each newly appointed Director will receive a package of orientation materials on the business and operations of Spring REIT and the legal framework under which Spring REIT is governed. The package includes but not limited to the REIT Code, Trust Deed and compliance manual, relevant internal policies and recent publications of Spring REIT. Senior executives of the Manager will also provide the Directors with the necessary information in the form of special reports. Also, additional information will always be provided to the Directors upon request.

To keep the Directors abreast of their responsibilities and infuse them with new knowledge relevant to the Group and Spring REIT's business and operating environment, the Manager arranges and provides continuous professional development training and relevant reading materials to Directors to ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which Spring REIT conduct its business and to refresh their skills and knowledge on the roles, functions and duties of a Director. In addition, the attendance at external forums or briefing sessions (including delivery of speeches) on the relevant topics also counts towards continuous professional development training.

CORPORATE GOVERNANCE (continued)

Based on the training records provided to the Manager by the Directors, the Directors have participated in the following training during the Reporting Year:

Members of the Board	Types of Training
Chairman and Non-executive Director Mr. Toshihiro Toyoshima	A, B
Chief Executive Officer and Executive Director Mr. Leung Kwok Hoe, Kevin	A, B
Chief Financial Officer and Executive Director Mr. Chung Wai Fai	A, B
Non-executive Director Mr. Hideya Ishino	A, B
Independent Non-executive Directors Mr. Simon Murray	A, B
Mr. Lam Yiu Kin	A, B, C
Mr. Qiu Liping	A, B
Ms. Tong Shumeng (appointed on 1 January 2024)	N/A

A: Attended corporate events and/or Board visits and/or executive briefings relevant to Spring REIT's business.

B: Read materials or attended briefings and/or seminars and/or conferences relevant to regulatory and governance updates.

C: Attended continuing professional development modules required by Hong Kong Institute of Certified Public Accountants.

DIRECTORS' SERVICE CONTRACTS

There is no service contract, which is not terminable by the Manager within one year without payment of compensation (other than statutory compensation) in respect of those Directors who are due to retire and offer for re-election at the forthcoming annual general meeting of the Manager.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed under the "Connected Party Transactions" section on pages 112 to 119 of this report and in Note 25 to the consolidated financial statements of Spring REIT, no transactions, arrangements or contracts of significance subsisted during or at the end of the Reporting Year in which a Director or any entity connected with a Director is or was materially interested, whether directly or indirectly.

CORPORATE GOVERNANCE (continued)

KEY RESERVED MATTERS TO THE BOARD

To maintain appropriate checks and balances on management actions, certain matters which have a critical bearing on Spring REIT are specifically reserved for consideration by the full Board. These mainly include:

- (i) approval of interim, final and special (if any) distributions, interim and annual reports, audited financial statements and unaudited interim financial information and circulars to Unitholders;
- (ii) recommendation to Unitholders on any change of the provisions of the Trust Deed;
- (iii) approval of acquisition and/or disposition of properties;
- (iv) approval of appointment of new Director to the Manager or proposal for appointment and removal of any Director by the Board;
- (v) issue of new Units of Spring REIT;
- (vi) approval of any matter which would have a material effect on Spring REIT's financial position, liabilities, future strategy or reputation; and
- (vii) delegation of powers and authority to various Board committees.

INSURANCE

During the Reporting Year, appropriate Directors' and officers' liabilities insurance has been arranged in respect of any legal action against the Directors and officers of the Manager to Spring REIT.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF THE MANAGER

The positions of Chairman (Mr. Toshihiro Toyoshima, who is a Non-executive Director) and Chief Executive Officer (Mr. Leung Kwok Hoe, Kevin who is an Executive Director) are held by separate persons in order to maintain an effective segregation of duties. The Chairman is mainly responsible for the overall leadership of the Board and for ensuring that the Board functions effectively and acts in the best interests of the Unitholders. He leads Board discussions and deliberations and is also responsible for setting the meeting agenda of Board meetings. He ensures that Board meetings are held when necessary. He promotes high standards of corporate governance and maintains effective communications with Unitholders. The Chief Executive Officer together with an Executive Director are responsible for the day-to-day operations and management of the Manager and Spring REIT and supervises the Manager's management team to ensure that Spring REIT is operated in accordance with the stated strategy, policies and regulations. Each of the Chief Executive Officer and the Executive Director executes the strategic plans set out by the Board and ensures that the Directors are kept updated and informed of Spring REIT's business via management reports.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The appointment, re-election and removal of Directors (including ROs) is a matter for the Board and the shareholders of the Manager to determine in accordance with the Corporate Governance Policy, the articles of association of the Manager and the applicable laws (if applicable). As the Manager is licensed by the SFC under Part V of the SFO, the appointment and removal of any of the Executive Directors and the Non-executive Directors (including the Independent Non-executive Directors) and the removal of a RO must be notified to the SFC and the appointment of a RO requires the prior approval of the SFC.

All the Independent Non-executive Directors were appointed on 20 November 2013 (except Mr. Lam Yiu Kin who was appointed on 12 January 2015 and Ms. Tong Shumeng who was appointed on 1 January 2024) for an initial term of three years and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment, unless and until terminated by not less than three months' notice in writing served by either party.

Further, the Board noted that Mr. Lam Yiu Kin holds directorship in seven (7) listed companies (including the Manager). The Board is of the view that Mr. Lam is able to devote sufficient time in acting as an Independent Non-executive Director as (i) he is not preoccupied with any full-time work and as an independent non-executive director of the other listed companies, he is not required to have full-time involvement in the affairs of, or participate in day-to-day operations of, those listed companies; (ii) equipped with extensive experience and in-depth knowledge, particularly on corporate governance matters, acquired and developed from his background and past offices (including his directorship in other listed companies), he is fully aware of the responsibilities and expected time involvement as an independent non-executive director; (iii) he attended all Board meetings, audit committee meetings, remuneration committee meetings, disclosures committee meetings, the independent board committee meeting (if any) and the annual general meeting of the Manager as well as the annual general meeting and extraordinary general meeting of Spring REIT held in 2023 and provided professional and valuable advice on the financial and operational aspects of both the Company and Spring REIT; and (iv) he has confirmed to the Manager that he is able to discharge, and will continue to devote sufficient time to discharging, his duties as an Independent Non-executive Director.

All Directors for the time being shall retire from office at the annual general meeting of the Manager every year, and shall be eligible for re-election. All Directors (excluding Ms. Tong Shumeng who has been appointed as Independent Non-executive Director on 1 January 2024) were re-elected at the annual general meeting of the Manager held in 2023.

If any Independent Non-executive Director has served on the Board for nine years, his or her re-election and further appointment should be subject to a separate resolution to be approved by Unitholders of Spring REIT. The papers distributed to the Unitholders in respect of that resolution should include the reasons why the Board believes that he or she is still independent and should be re-elected. Where the Manager believes an Independent Non-executive Director who has served for over nine years should be re-elected, the Manager will seek Unitholders' approval for the further appointment as soon as possible and as a matter of best practice generally no later than the annual general meeting of Spring REIT immediately following the ninth anniversary of the Independent Non-executive Director's appointment.

DISCLOSURE ON INDEPENDENT NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENT

Pursuant to the announcement of the Manager dated 24 October 2014 (the “**Independent Non-executive Director Remuneration Announcement**”), the Manager has adopted an arrangement for the remuneration of its Independent Non-executive Directors, which would be paid out of the Manager’s own assets, under which each of the Independent Non-executive Directors of the Manager may elect the percentage of his/her remuneration to be made in the form of Units to be transferred from the Manager (the “**INED Remuneration Arrangement**”). As stated in the Independent Non-executive Director Remuneration Announcement, the Manager is required to disclose the following information in the interim report and annual report of Spring REIT:

Name of Independent Non-executive Director of the Manager	Remuneration for the Reporting Year ⁽ⁱ⁾ (HK\$)	Election for percentage of remuneration to be paid in form of Units during the Reporting Year	Number of Units paid as remuneration during the Reporting Year ⁽ⁱⁱ⁾
Mr. Simon Murray	434,700	100%	202,000
Mr. Qiu Liping	434,700	100%	202,000
Mr. Lam Yiu Kin	472,500	100%	220,000
Ms. Tong Shumeng (appointed on 1 January 2024)	N/A	N/A	N/A

Notes:

- (i) The remunerations were determined after arm’s length negotiation between each Independent Non-executive Director and the Manager, with reference to market conditions as well as experience and qualifications of each Independent Non-executive Director.
- (ii) For each Independent Non-executive Director’s current beneficial interests in Units of Spring REIT and the change (if any) in their respective beneficial interests in Units of Spring REIT during the Reporting Year, please see the section headed “Disclosure of Interests” in this report.

BOARD COMMITTEES

The Board has the power to delegate to committees consisting of such numbers of its body as it thinks fit. Various committees have been established to assist the Board in discharging its responsibilities. The committees of the Board have been set up with clear terms of reference to review specific issues or items and then to submit their findings and recommendations to the full Board for consideration and endorsement. Unless the decision making power has been vested in the relevant committee by the Board, the ultimate responsibility for making final decisions rests with the full Board and not the committees.

The committees of the Board are currently as follows:

Audit Committee

The members of the Audit Committee of the Manager are appointed by the Board from among the Non-executive Directors only. Majority of the members of the Audit Committee shall be Independent Non-executive Directors and at least one Independent Non-executive Director has appropriate professional qualification or accounting or related financial management expertise. As at the date of this report, the Audit Committee is chaired by an Independent Non-executive Director, namely Mr. Lam Yiu Kin. The other members of the Audit Committee are Mr. Hideya Ishino (a Non-executive Director) and Mr. Qiu Liping (an Independent Non-executive Director).

The Audit Committee is responsible for establishing and maintaining an adequate internal control structure, effective financial reporting and risk management systems and ensuring the quality and integrity of financial statements. The Audit Committee is also responsible for the nomination of independent external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. The Audit Committee also ensures the existence and working of effective systems of internal control and risk management, in respect of both the Manager and Spring REIT.

The responsibilities of the Audit Committee also include:

- (i) reviewing transactions of Units of Spring REIT by the Manager and the Directors on a half-yearly basis;
- (ii) reviewing all financial statements and all external audit reports and developing and implementing a policy on the engagement of external auditors to provide non-audit services;
- (iii) ensuring the internal audit functions are adequately resourced and guiding the management to take appropriate actions to remedy any faults or deficiencies in internal controls which may be identified;
- (iv) assisting the Board in monitoring the overall risk management profile of the entities and setting guidelines and policies for risk assessment and risk management;
- (v) periodically reviewing and monitoring all connected party transactions and related party transactions;
- (vi) reviewing the Manager and Spring REIT's compliance with legal and regulatory requirements on a regular basis;
and
- (vii) reviewing and approving the annual internal audit plan and reviewing the internal audit reports and activities.

During the Reporting Year, four regular meetings of the Audit Committee were held.

CORPORATE GOVERNANCE (continued)

The attendance of individual members at such Audit Committee meetings is as follows:

Members of the Audit Committee	Number of meetings attended/ Number of meetings held during term of office within the Reporting Year	Attendance rate
Mr. Lam Yiu Kin (<i>Chairman</i>)	4/4	100%
Mr. Hideya Ishino	4/4	100%
Mr. Qiu Liping	4/4	100%

The following is a summary of the major work performed by the Audit Committee during the Reporting Year:

- (i) reviewed the audited financial statements, the final results announcement and annual report of Spring REIT for the year ended 31 December 2022.
- (ii) reviewed the unaudited financial statements, the interim results announcement and interim report of Spring REIT for the six months period ended 30 June 2023.
- (iii) reviewed the internal control system of Spring REIT, with reference to the internal control report of Spring REIT prepared by the internal auditor, and the effectiveness of Spring REIT's internal audit function.
- (iv) considered and recommended to the Board on the re-appointment of external auditor of Spring REIT and approved the terms of engagement.
- (v) reviewed the legal and regulatory compliance matters for the year ended 31 December 2022 and for the six months period ended 30 June 2023 which included, among others, the connected party transactions and continuing connected party transactions of Spring REIT.
- (vi) reviewed the risk update and risk management system.
- (vii) considered and recommended to the Board on the 2024 annual budget of Spring REIT.
- (viii) reviewed and recommended to the Board on the proposal for adoption of auditor independence policy.

Promotional Expenses

Pursuant to the waiver granted by the SFC on 21 November 2013 from strict compliance with the requirements under Paragraph 9.13(b) of the REIT Code, certain expenses relating to marketing, promotion, advertising, roadshows, press conferences, luncheons, presentations, and other public relations-related fees (collectively "**Promotional Expenses**") are allowed to be paid out of the deposited property (as defined in the Trust Deed) of Spring REIT.

During the Reporting Year, the Promotional Expenses incurred amounted to RMB0.6 million. Pursuant to the conditions of the above-mentioned waiver and having reviewed the supporting evidences as it may reasonably deem necessary, the Audit Committee has confirmed that such Promotional Expenses were incurred (i) in accordance with the internal control procedures of the Manager; and (ii) the nature of these Promotional Expenses was solely for the purposes as set out in the relevant clauses of the Trust Deed.

Disclosures Committee

The members of the Disclosures Committee of the Manager are appointed by the Board from among the Directors. The Disclosures Committee consists of three Directors, one of whom should at all times be an Independent Non-executive Director. The functions of the Disclosures Committee include reviewing matters relating to the disclosure of information to Unitholders and public announcements. The Disclosures Committee also works with the management of the Manager to ensure the information disclosed is accurate, complete and not misleading. As at the date of this report, the members of the Disclosures Committee are Mr. Leung Kwok Hoe, Kevin (an Executive Director and the Chief Executive Officer), Mr. Toshihiro Toyoshima (a Non-executive Director) and Mr. Lam Yiu Kin (an Independent Non-executive Director). Mr. Leung Kwok Hoe, Kevin has been appointed as the chairman of the Disclosures Committee.

The Disclosures Committee's responsibilities mainly include:

- (i) reviewing and making recommendations to the Board on matters of corporate disclosure issues and announcements regarding (without limitation) financial reporting, connected party transactions and potential areas of conflict of interests;
- (ii) overseeing compliance with applicable legal requirements and the continuity, accuracy, clarity, completeness and currency of information disseminated by or on behalf of Spring REIT to the public and applicable regulatory agencies;
- (iii) reviewing and approving all material non-public information and all public regulatory filings of or on behalf of Spring REIT prior to such information being disseminated to the public or filed with applicable regulatory agencies;
- (iv) reviewing periodic and current reports, proxy statements, information statements, registration statements and any other information filed with regulatory bodies;
- (v) reviewing press releases containing financial information, information about material acquisitions or dispositions or other information material to Unitholders;
- (vi) reviewing correspondence containing financial information disseminated to Unitholders; and
- (vii) selecting, appointing, directing and terminating, where appropriate, external experts (such as legal advisors or accountants) as the Disclosures Committee deems necessary in the performance of its duties.

CORPORATE GOVERNANCE (continued)

During the Reporting Year, two regular meetings of the Disclosures Committee were held.

The attendance of individual members at such Disclosures Committee meetings is as follows:

Members of the Disclosures Committee	Number of meetings attended/ Number of meetings held during term of office within the Reporting Year	Attendance Rate
Mr. Leung Kwok Hoe, Kevin (<i>Chairman</i>)	2/2	100%
Mr. Toshihiro Toyoshima	2/2	100%
Mr. Lam Yiu Kin	2/2	100%

The following is a summary of the major work performed by the Disclosures Committee during the Reporting Year:

- (i) reviewed and recommended to the Board on the disclosure of the draft documents of Spring REIT, namely, announcement of date of Board meeting, final results announcement and 2022 final distribution, annual report for the year ended 31 December 2022, 2022 ESG report and announcements relating to the payment of Manager's fees in cash and in Units.
- (ii) reviewed and recommended to the Board on the disclosure of the draft documents of Spring REIT, namely, announcement of date of Board meeting, interim results announcement and 2023 interim distribution and interim report for the six months period ended 30 June 2023.
- (iii) reviewed and recommended to the Board on the draft documents of Spring REIT, namely, circular to Unitholders relating to buy-back of Units, notice convening the annual general meeting of Spring REIT, relevant proxy form and announcement of poll results of annual general meeting of Spring REIT.
- (iv) reviewed and recommended to the Board on the draft announcements of Spring REIT in relation to unaudited operating statistics for the three months periods ended 31 December 2022, 31 March 2023, 30 June 2023 and 30 September 2023.
- (v) reviewed and recommended to the Board on the draft announcement of Spring REIT for the 2024 election of Manager's fees.
- (vi) reviewed and recommended to the Board on the draft documents of Spring REIT, namely, circular to Unitholders in relation to the connected transaction involving off-market Unit buy-back, notice convening the extraordinary general meeting of Spring REIT, relevant proxy form, announcement and supplemental announcement in relation to the off-market Unit buy-back, announcement of poll results of extraordinary general meeting of Spring REIT and announcement of completion of off-market Unit buy-back.

CORPORATE GOVERNANCE (continued)

- (vii) reviewed and recommended to the Board on the draft announcements of Spring REIT for continuing connected party transactions in relation to the property management agreement and renewal of certain continuing connected party transactions.
- (viii) reviewed and recommended to the Board on the draft announcement of Spring REIT in relation to Unit transfer between substantial Unitholders.
- (ix) reviewed and recommended to the Board on the draft announcement of Spring REIT in relation to appointment of Independent Non-executive Director.

Remuneration Committee

The members of the Remuneration Committee of the Manager are appointed by the Board from among the Directors. A majority of the members of the Remuneration Committee shall at all times be Independent Non-executive Directors. The chairman of the Remuneration Committee shall at all times be an Independent Non-executive Director. As at the date of this report, the members of the Remuneration Committee are Mr. Simon Murray, Mr. Lam Yiu Kin (each of whom is an Independent Non-executive Director) and Mr. Toshihiro Toyoshima (a Non-executive Director). Mr. Simon Murray has been appointed as the chairman of the Remuneration Committee.

The Remuneration Committee is responsible for reviewing the terms and conditions of employment of all Directors and all senior staff of the Manager (other than the members of Remuneration Committee, whose remuneration is determined by the Board), monitoring and overseeing the implementation of INED Remuneration Arrangement, and recommending an appropriate manpower deployment plan (including the succession plan for the management of the Manager and the Board), remuneration and retirement policies and packages. The Remuneration Committee also ensures that no Director is involved in deciding his/her own remuneration.

During the Reporting Year, one meeting of the Remuneration Committee was held.

The attendance of individual members at such Remuneration Committee meeting is as follows:

Members of the Remuneration Committee	Number of meetings attended/ Number of meeting held during term of office within the Reporting Year	Attendance rate
Mr. Simon Murray (<i>Chairman</i>)	1/1	100%
Mr. Toshihiro Toyoshima	1/1	100%
Mr. Lam Yiu Kin	1/1	100%

During the Reporting Year, the Remuneration Committee reviewed remuneration of senior staff and Directors; remuneration of Non-executive Directors and Independent Non-executive Directors; remuneration package of a new Independent Non-executive Director; and the existing arrangement for payment of remuneration of Independent Non-executive Directors Remuneration Arrangement.

CORPORATE GOVERNANCE (continued)

Nomination Committee

The members of the Nomination Committee of the Manager are appointed by the Board from among the Directors. A majority of the members of the Nomination Committee shall at all times be Independent Non-executive Directors. The chairman of the Nomination Committee shall at all times be an Independent Non-executive Director or the Chairman of the Board. As at the date of this report, the members of the Nomination Committee are Mr. Toshihiro Toyoshima (a Non-executive Director and Chairman of the Board), Mr. Simon Murray and Mr. Qiu Liping (each of whom is an Independent Non-executive Director). Mr. Toshihiro Toyoshima has been appointed as the chairman of the Nomination Committee.

The Nomination Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and its committee on an on-going basis at least annually and nominating persons for appointment, re-appointment or removal of Directors, and succession planning for Directors, and providing recommendations thereon.

During the Reporting Year, one meeting of the Nomination Committee was held.

The attendance of individual members of such Nomination Committee meeting is as follows:

Members of the Nomination Committee	Number of meetings attended/ Number of meeting held during the term of office within the Reporting Year	Attendance rate
Mr. Toshihiro Toyoshima (<i>Chairman</i>)	1/1	100%
Mr. Simon Murray	1/1	100%
Mr. Qiu Liping	1/1	100%

During the Reporting Year, the Nomination Committee reviewed the structure, size, composition and diversity of the Board; assessed the independence of the Independent Non-executive Directors; reviewed the matters of retirement and re-election of Directors; reviewed the nomination of Ms. Tong Shumeng as an Independent Non-executive Director and recommended to the Board for consideration.

Board Diversity Policy Summary

The Manager recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Manager has established a Board Diversity Policy. The policy with a view to achieving a sustainable and balanced development, the Manager sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Nomination Committee will review this policy including measurable objectives thereto (if any) at least annually, and as appropriate, to ensure the effectiveness of this policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

CORPORATE GOVERNANCE (continued)

Workforce diversity

Spring REIT is managed by the Manager and does not employ any staff itself.

Existing gender diversity in the Manager, the Property Manager and the Building Manager's workforce is considered to be well-balanced and the Manager anticipates this diverse workforce will be maintained going forward. Please refer to page 49 for details.

Nomination Policy Summary

During the Reporting Year, the Manager has adopted a Nomination Policy for the Nomination Committee which was approved by the Board in December 2018. In summary, the approved Nomination Policy lists out the key criteria in evaluating and selecting candidates for directorship nomination, including but not limited to: character and personality, professional qualifications, experience, time commitment to Spring REIT affairs, achieving diversity on the Board, independence, etc.; as well as the process and procedures for considering candidates for appointment or re-election as Directors so as to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of managing Spring REIT.

Advisory Committee

The members of the Advisory Committee of the Manager are appointed by the Board from among the Directors. As at the date of this report, the members of the Advisory Committee are Mr. Leung Kwok Hoe, Kevin, Mr. Chung Wai Fai (each of whom is an Executive Director), Mr. Toshihiro Toyoshima and Mr. Hideya Ishino (each of whom is a Non-executive Director). Mr. Toshihiro Toyoshima has been appointed as the chairman of the Advisory Committee. The functions of the Advisory Committee include comprehensively reviewing the management services provided by the Manager to Spring REIT, the financial performance of the Manager and Spring REIT, investor relations with respect to Spring REIT and potential acquisition opportunities, as well as supervising the performance of service providers to the Manager and Spring REIT (including the performance of the property manager and the building manager). The Advisory Committee presents information to the Board from time to time between Board meetings as advisable and ensures the smooth co-ordination between the various committees established by the Board. Where appropriate, the Advisory Committee can recommend to the Chairman that a Board meeting shall be convened to discuss any affairs of Spring REIT. Meetings of the Advisory Committee are being held monthly (or more frequently if required) to review management issues of Spring REIT and to make recommendations to the Board.

COMPANY SECRETARY

The Manager has engaged Fair Wind Secretarial Services Limited, an external secretarial services provider, as the company secretary of the Manager (the "**Company Secretary**"). The primary contact person with the Company Secretary of the Manager is Mr. Chung Wai Fai, an Executive Director of the Manager. The Company Secretary comprises a team of qualified company secretarial professionals who provide a full range of company secretarial support to the Manager and its Directors. Senior management of the Manager maintains regular contact with the Company Secretary to ensure the latter has knowledge of the affairs of Spring REIT. All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable law, rules and regulations are followed.

CORPORATE GOVERNANCE (continued)

INTERNAL AUDITOR

The internal audit function of the Manager has been outsourced to BDO Risk Advisory Services Limited, an independent third party, and has been carried out in accordance with the instructions of the Manager. The internal auditor (the “**Internal Auditor**”) has been engaged to perform an independent assessment of Spring REIT’s and the Manager’s internal control systems.

The Internal Auditor reports directly to the Audit Committee on audit matters, and to the Board on administrative matters.

The functions of Internal Auditor include:

- (i) reviewing the accuracy and completeness of records of all operations and transactions of Spring REIT and ensuring that the Manager’s internal control system functions properly;
- (ii) identifying contingency events and escalating them to the appropriate level within the Manager; and
- (iii) reviewing and making recommendations to the Board or the Audit Committee (as the case may be) to ensure effective segregation of duties and operation functions of the Manager and effectiveness and accuracy of reporting of any irregularity and infringement of the Manager’s operational and compliance procedures.

During the Reporting Year, the Internal Auditor has conducted a risk-based review of the policies and procedures to ensure they have been operated as expected. Based on the results of the internal audit review for the Reporting Year and the assessment of the Audit Committee thereon, the Board considers that the internal control system is effective and adequate. No significant irregularity or deficiency in internal controls that may affect Unitholder’s investment and Spring REIT’s assets was identified.

A separate discussion on Risk Management and Internal Control is set out on page 108 of this annual report.

EXTERNAL AUDITOR

The Group’s external auditor is PricewaterhouseCoopers (“**PwC**”). The responsibilities of the external auditor with respect to the financial reporting are set out in the Independent Auditor’s Report on page 164 of this annual report. PwC has confirmed to the Audit Committee that they are independent with respect to acting as an external auditor to Spring REIT. PwC has been re-appointed for performing the audit for the financial year ending 31 December 2024.

During the Reporting Year, the fees paid/payable to PwC relating to audit and other non-audit services are set out as follows:

Services rendered	Fees paid/ payable RMB’000
– Audit services	2,228
– Other assurance service	657
– Other non-assurance services	343

RISK MANAGEMENT

The Board meets quarterly or more often if necessary to review the financial performance of Spring REIT and the Manager against a previously approved budget. The Board also reviews any risks, including, amongst others, material risks in relation to ESG, associated with the management and performance of Spring REIT from time to time, and examines the liability management and acts upon any advices or comments from internal and external auditors, where appropriate. In assessing any business risk, the Board considers both the economic and environmental aspects and risks related to the property market. In respect of risk management, mitigating strategies are formulated by the management team of the Manager to combat with identified risks, including amongst others, ESG risks and are overseen by the Board on an on-going basis.

The Manager has put in place procedures to ensure well defined and accessible channels to report on suspected fraud, corruption, dishonest practices and for carrying out independent investigation of any reported case and for appropriate follow-up actions to be taken. The aim of the whistle-blowing policy is to encourage the reporting of such matters in good faith with confidence that persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

The Manager has adopted anti-bribery and anti-corruption policy that all staff members of the Manager are strictly prohibited from soliciting, accepting or offering any bribe when conducting business affairs.

During the Reporting Year, the Board has reviewed the key risks identified through the Audit Committee and is generally satisfied with the effectiveness of the Group's risk management system.

A separate discussion on Risk Management and Internal Control is set out on page 108 of this annual report.

CONFLICTS OF INTEREST AND BUSINESS COMPETITIONS WITH MERCURIA GROUP

Mercuria Holdings Co., Ltd. ("**Mercuria Holdings**") may exercise influence over the affairs of Spring REIT through its control over Mercuria Investment Co., Ltd. ("**Mercuria Investment**") and RCA Fund 01, L.P. ("**RCA Fund**"). RCA Fund, which is managed by Mercuria Investment pursuant to a management agreement between Mercuria Investment and RCA Fund (acting through its general partner, RCAC), held 23.38% interest in the Units of Spring REIT as at 31 December 2023. 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), including in relation to the approval of significant corporate transactions, such as acquisitions and disposals. Together with the Units held by its subsidiary, Mercuria Holdings held in aggregate 27.15% interests in the Units of Spring REIT as at 31 December 2023.

Listed on Tokyo Stock Exchange in July 2021, Mercuria Holdings is principally engaged in investing in companies and projects in growth sectors in Japan, China and other Asian countries and regions with selective investments in the property market. There may be circumstances where Spring REIT will have to compete directly with Mercuria Holdings and/or its subsidiaries or associates for acquisitions or disposals of properties as well as for tenants within the Asian or global markets. There can be no assurance that conflicts of interest will not arise between Spring REIT and Mercuria Investment in the future.

Mercuria Investment is a fellow subsidiary of the Manager in which both company is a subsidiary of Mercuria Holdings (collectively "**Mercuria Group**").

CORPORATE GOVERNANCE (continued)

Accordingly, Mercuria Holdings may also exercise influence over the affairs of Spring REIT through its wholly-owned subsidiary, Mercuria Investment and a non-wholly owned subsidiary, the Manager (as at 31 December 2023, issued shares of the Manager is owned by Mercuria Holdings as to 80.4% and some of the Non-executive Directors of the Manager were and still are directors and/or senior executives of Mercuria Holdings) which has received and will continue to receive cash of Spring REIT by virtue of all or part of its entitlement to the fees for asset management services rendered to Spring REIT.

All conflicts of interest are managed by the Board in accordance with the articles of association of the Manager, the compliance manual, the Corporate Governance Policy and other relevant policies and guidelines issued for and adopted by Spring REIT. The Manager has also established various procedures to deal with potential conflicts of interest, including but not limited to:

- (i) unless with the approval of the SFC, the Manager will not manage any real estate investment trust other than Spring REIT nor manage other real estate assets other than those in which Spring REIT has an ownership interest or investment;
- (ii) the Manager will ensure that it will be able to function independently from its shareholders, and all executive officers are employed by the Manager on a full-time basis and are dedicated to the operations of Spring REIT;
- (iii) the Manager has also appointed Independent Non-executive Directors and set up an Audit Committee to provide independent checks on the performance of the Executive Directors/officers and ensure that the Executive Directors/officers manage and operate Spring REIT independently from Mercuria Group;
- (iv) the Manager has established procedures in the Conflicts of Interest Policy to deal with conflicts of interest;
- (v) the Manager has established an internal control system to ensure that connected party transactions between Spring REIT and its connected persons are monitored and undertaken according to procedures and/or on terms in compliance with the REIT Code (or where applicable, in compliance with the waiver conditions imposed by the SFC) and that other potential conflicts of interest that may arise are monitored;
- (vi) all conflicts of interest involving a substantial Unitholder or a Director will be required to be managed by a physical Board meeting rather than a written resolution and all Independent Non-executive Directors who, and whose associates, have no material interest in the matter should be present at such Board meeting; and
- (vii) where a Director has material interests, whether direct or indirect, in a matter which is the subject of a resolution proposed at a Board meeting of the Manager, such interested Director is expected to disclose his interest to the Board and shall abstain from voting on the resolution concerned.

CONFLICTS OF INTEREST AND BUSINESS COMPETITIONS WITH THE BEIJING PROPERTY MANAGER

Under the Property Management Agreement entered into between RCA01 (a special purpose vehicle of Spring REIT) and Beijing Hua-re Real Estate Consultancy Co., Ltd., (the **"Beijing Property Manager"**), the Beijing Property Manager provides lease management services, building management services and cash management services for the Beijing CCP Property on an exclusive basis subject to the overall management and supervision of the Manager. The Beijing Property Manager is currently 40% owned by Mercuria Investment and 60% owned by third parties. If the Beijing Property Manager were to manage also any other property which competes with the Beijing CCP Property, there may be potential conflicts of interest between Spring REIT and the Beijing Property Manager in respect of the performance of property management services in relation to the Beijing CCP Property and such other property.

To eliminate the likelihood of any potential future conflicts of interest, the Beijing Property Manager has a team of operational staff dedicated exclusively to provide property management services including lease management services to the Beijing CCP Property. Besides, the Beijing Property Manager has delegated to Beijing Huamao Property Management Co., Ltd. (北京華貿物業顧問有限公司), responsible for the maintenance, repair and upkeep of common areas, common facilities and public structures, operation of the building services systems and maintenance of building security. With respect to property management services, the Manager does not anticipate any significant likelihood of conflicts of interest arising between Spring REIT and the Beijing Property Manager.

REPORTING AND TRANSPARENCY

Spring REIT prepares its financial statements in accordance with International Financial Reporting Standards with financial year ending on 31 December of each year and financial half-year ending on 30 June of each year. In accordance with the REIT Code, the annual reports and semi-annual reports for Spring REIT are published and sent to Unitholders and filed with the SFC no later than four months following each financial year-end and no later than three months following each financial half-year end respectively. In addition, Spring REIT also voluntarily publishes announcements for unaudited operating statistics, such as occupancy levels and passing rents of the properties on a quarterly basis.

As required by the REIT Code, the Manager will ensure that public announcements of material information and developments with respect to Spring REIT are made in a timely and transparent manner in order to enable Unitholders to appraise the position of Spring REIT.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of consolidated financial statements of Spring REIT, ensuring they give a true and fair view in accordance with International Financial Reporting Standards and comply with the relevant provisions of the Trust Deed and the relevant disclosure requirements set out in Appendix C to the REIT Code.

ISSUES OF FURTHER UNITS

To minimize the possible material dilution of holdings of Unitholders, any further issue of Units will need to comply with the pre-emption provisions contained in the REIT Code, the Trust Deed and any other applicable laws and regulations. Such provisions require that further issues of Units be first offered on a pro-rata basis to existing Unitholders, except that Units may be issued or agreed (conditionally or unconditionally) to be issued, (whether directly or pursuant to any Convertible Instruments (as defined in the Trust Deed)) otherwise than on a pro-rata basis to all existing Unitholders and without the approval of Unitholders if the aggregate number of new Units issued during any financial year does not increase the total number of Units in issue at the end of the previous financial year by more than 20% subject to conditions as more specifically set out in the Trust Deed.

In circumstances where pre-emption rights apply, only to the extent that the Units offered are not taken up by such holders may they be allotted to or issued to other persons or otherwise than pro-rata to their existing holdings.

Any issue, grant or offer of Units or Convertible Instruments to a connected person of Spring REIT will require specific prior approval of Unitholders by way of an ordinary resolution in respect of which the connected person shall be prohibited from voting or being counted in the quorum for the meeting of the Unitholders, unless such issue, grant or offer is made under certain circumstances (where, for the avoidance of doubt, no Unitholders' approval will be required) including:

- (i) the connected person of Spring REIT receives a pro-rata entitlement to Units and/or Convertible Instruments in his/her/its capacity as a Unitholder; or
- (ii) Units are issued to a connected person of Spring REIT under clauses 11.1.1 and 11.1.2 of the Trust Deed in settlement of the Manager's fees; or
- (iii) Units are issued to a connected person of Spring REIT pursuant to distribution reinvestment arrangements in accordance with clause 20.9 of the Trust Deed.

Where the issuance of Units would give rise to a conflict of interest on the part of the Manager or its connected persons, the Manager and its connected persons shall abstain from voting in relation to any such issuance of Units.

NEW ISSUE OF UNITS

During the Reporting Year, an aggregate of 19,510,923 new Units were issued to the Manager as payment of part of the Manager's fee. Please refer to the announcements dated 24 March 2023, 2 May 2023, 18 August 2023 and 31 October 2023 for more details.

During the Reporting Year, the Manager (on behalf of Spring REIT) bought back a total of 64,348,000 Units and 63,945,000 Units bought back were cancelled prior to the financial year end and the remaining 403,000 Units have not yet been cancelled as at 31 December 2023. Please refer to the section headed "Purchase, Sale or Redemption of Units" for details.

The total number of Units in issue as at 31 December 2023 was 1,440,497,110 Units.

COMPLIANCE WITH THE DEALINGS POLICY

To monitor and supervise any dealing of Units, the Manager has adopted a policy containing rules on dealings in the securities of Spring REIT by the Directors and the Manager (the "**Dealings Policy**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules. Pursuant to the Dealings Policy, all Directors, the Manager, the employees of the Manager and director and employee of the subsidiaries of the Manager or the special purpose vehicles of Spring REIT (collectively "**Management Persons**") who wish to deal in the Units and, because of their office or employment with the Manager, the relevant subsidiaries of the Manager or the relevant special purpose vehicles of Spring REIT, are likely to be in possession of unpublished inside information in relation to the securities of Spring REIT, must first have regard to the provisions analogous to those set out in Parts XIII and XIV of the SFO with respect to insider dealing and market misconduct, as if those provisions apply to the securities of Spring REIT. In addition, the Management Persons must not make any unauthorized disclosure of confidential information obtained in the course of their service to any other person or make any use of such information for the benefits of themselves or others.

Specific enquiry has been made with the Management Persons who have confirmed that they complied with the required standard set out in the Dealings Policy throughout the Reporting Year.

Management Persons who are in possession of, aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are significant transactions or any unpublished inside information must refrain from dealing in the Units as soon as they become in possession of, aware of or privy to such information, until proper disclosure of the information in accordance with the REIT Code and any applicable provisions of the Listing Rules has been made. Management Persons who are privy to relevant negotiations or agreements or any inside information should caution those Management Persons who are not so privy that there may be unpublished inside information and that they must not deal in Spring REIT's securities until proper disclosure of information has been made.

Management Persons must not deal in any securities of Spring REIT at any time when they are in possession of unpublished inside information in relation to those securities, or where clearance to deal is not otherwise conferred upon them in the manner as provided in the Dealings Policy. In addition, Management Persons must not deal in the securities of Spring REIT on any day on which Spring REIT's financial results are published and: (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the annual results; and (b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) or half-yearly results or, if shorter, the period from the end of the relevant quarter or half-year period up to the publication date of the relevant results, unless the circumstances are exceptional. In any event, in the case of dealings by a Management Person, the Management Person must comply with the procedures set out in the Dealings Policy.

Under the Trust Deed and by virtue of Part XV of the SFO, Unitholders will be deemed to have a notifiable interest if their holdings of Units reach or exceed the notifiable percentage level (as defined in the SFO for the purposes of Part XV of the SFO), i.e. 5.0% of the Units then in issue, and are required to notify the Stock Exchange and the Manager of their holdings in Spring REIT. The Manager keeps a register for these purposes and records in the register, against a person's name, the particulars provided pursuant to the notification and the date of entry of such record. The said register is available for inspection by the Trustee and any Unitholder at any time during business hours upon reasonable notice to the Manager.

COMMUNICATIONS WITH UNITHOLDERS

The Manager considers that mutual and effective communications with Unitholders and the investment community about corporate strategy, business development and prospects is the key priority for Spring REIT. The Manager also recognizes the importance of transparency and timely disclosure of information of Spring REIT, which will enable Unitholders and investors to make informed decisions.

The convening of annual general meetings of Unitholders by the Manager is one of the effective communication channels between the Board and the Unitholders. It provides an opportunity for Unitholders to obtain a better understanding of and, if necessary, to enquire the Board about Spring REIT's operating performance.

During the Reporting Year, an annual general meeting and an extraordinary general meeting of Spring REIT were held on 13 June 2023 and 23 June 2023 respectively, providing a forum for communications between the Board and the Unitholders. The attendance of individual Directors at the annual general meeting and extraordinary general meeting are as follows:

Members of the Board	Annual General Meeting	Extraordinary General Meeting
Chairman and Non-executive Director		
Mr. Toshihiro Toyoshima	1/1	1/1
Chief Executive Officer and Executive Director		
Mr. Leung Kwok Hoe, Kevin	1/1	1/1
Chief Financial Officer and Executive Director		
Mr. Chung Wai Fai	1/1	1/1
Non-executive Director		
Mr. Hideya Ishino	1/1	1/1
Independent Non-executive Directors		
Mr. Simon Murray	1/1	0/1
Mr. Qiu Liping	1/1	1/1
Mr. Lam Yiu Kin	1/1	1/1
Ms. Tong Shumeng (appointed on 1 January 2024)	N/A	N/A

Representatives of the external auditor also attended the above annual general meeting of Spring REIT.

Investors and Unitholders may at any time direct their enquiries about Spring REIT to the Board by writing to the Manager's office in Hong Kong at Room 2602, 26/F, LHT Tower, 31 Queen's Road Central, Central, Hong Kong or by email to ir@springreit.com.

CONVENING OF A UNITHOLDERS' MEETING AND PUTTING FORWARD OF PROPOSALS AT UNITHOLDERS' MEETING

The Trustee or the Manager may at any time convene a meeting of Unitholders. Pursuant to the Trust Deed, not less than two Unitholders registered as together holding not less than 10% of the outstanding Units in issue for the time being are entitled to request the Manager in writing to convene a meeting of Unitholders. In addition, Unitholders may send their enquiries to the Board or may put forward proposals at general meeting, in both cases, to the investor relations team of the Manager by email or to the registered office of the Manager by post. Please refer to "Corporate Information" on page 220 for the contact details.

NOTICE OF UNITHOLDERS' MEETINGS

Under the Listing Rules, the notice shall be sent at least 21 days before annual general meeting and at least 14 days for other general meetings while in accordance with the requirement under the Trust Deed, a notice of at least 20 clear business days shall be given to Unitholders for an annual general meeting is proposed for consideration, and a notice of at least 10 clear business days shall be given to Unitholders for all other general meetings of Unitholders. All notices so served to Unitholders are exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given.

MATTERS TO BE DECIDED BY UNITHOLDERS BY WAY OF SPECIAL RESOLUTION

A meeting of Unitholders when convened may, by way of a special resolution and in accordance with the Trust Deed, among others, consider and approve the following matters:

- (i) change in the Manager's investment policies and objectives of Spring REIT;
- (ii) disposal of any of Spring REIT's investment (which is in the nature of real estate or shares in any special purpose vehicle holding interests in real estate) prior to the expiry of two years from the time of Spring REIT's holding of such investment;
- (iii) any increase in the rate above the permitted limit or change in structure of the Manager's fees (other than any additional fee as allowed under the Trust Deed);
- (iv) any increase in the rate above the permitted limit or change in structure of the Trustee's fees (other than any additional fee as allowed under the Trust Deed);
- (v) any modification, variation, alteration or addition to the Trust Deed which shall be agreed by the Trustee and the Manager as provided in the Trust Deed (save for issues that are required to comply with applicable regulatory requirements);
- (vi) removal of Spring REIT's external auditor and appointment of new external auditor;

CORPORATE GOVERNANCE (continued)

- (vii) removal of the Trustee and appointment of a new Trustee;
- (viii) termination of Spring REIT; and
- (ix) merger of Spring REIT in compliance with applicable provisions of the Code on Takeovers and Mergers.

QUORUM

Two or more Unitholders present in person or by proxy registered as holding together not less than 10% of the Units then in issue and outstanding will form a quorum for the transactions of all business, except for the purpose of passing a special resolution. The quorum for passing a special resolution will be two or more Unitholders present in person or by proxy registered as holding together not less than 25% of the Units then in issue and outstanding.

VOTING

For a meeting at which a Unitholder has a material interest in the business to be conducted and such interest is different from those of other Unitholders (as determined by the Manager (where the Unitholder(s) concerned is (are) not connected person(s) of the Manager) or the Trustee (where the Unitholder(s) concerned is (are) connected person(s) of the Manager) in its absolute discretion), where the business to be conducted includes but is not limited to an issue of new Units which will constitute an increase in the holdings of a Unitholder in excess of his/her/its pro-rata portion, such Unitholder shall be prohibited from voting with regard to his/her/its Units at such meeting or being counted in the quorum for such meeting.

POLL VOTE

At any meeting, a resolution put to the meeting shall be decided on a poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, and the result of the poll shall be deemed to be the resolution of the meeting. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she/it holds in the capacity of a Unitholder, provided that such Units are fully paid up. Votes cast by a Unitholder in contravention of the REIT Code or Listing Rules shall not be counted.

INVESTOR RELATIONS

The Manager is committed to providing an open and effective communication platform to ensure that Unitholders and the investment community at large are informed of the ongoing developments of Spring REIT. The Manager reinforces this platform by utilizing a variety of interactive means to engage and maintain dialogues with investors and analysts. The Manager believes feedback and comments from the investment community are crucial for shaping the future direction of Spring REIT.

CORPORATE GOVERNANCE (continued)

To the extent possible under the current regulatory framework, communications with investors are conducted effectively through:

- (i) direct communications including physical meetings conducted with the senior executives of the Manager, both locally and overseas;
- (ii) guided property tours organized by the Manager and the property management team;
- (iii) provision of regular communication materials; and
- (iv) announcements and press releases posted on Spring REIT's website, including disclosures made pursuant to regulatory requirements or on a voluntary basis.

Other than annual and interim results announcements, the Manager also voluntarily releases the unaudited operational statistics of Spring REIT on a quarterly basis.

Details of the distribution policy of Spring REIT are set out in the section "Distribution" in this annual report.

The Unitholders and investors' communication procedures are considered to be effective during the Reporting Year.

CONSTITUTIONAL DOCUMENTS

There was no change in the constitutional documents of Spring REIT, namely the Trust Deed during the Reporting Year.

During the Reporting Year, the compliance manual was updated to externalize/separate various policies from the main body of the compliance manual to simplify the Board approval process of the compliance manual and remove the operational related policies and reflect the updates on change of other recent regulatory requirements. It was approved by the Board in December 2023.

REVIEW OF ANNUAL RESULTS

The consolidated annual results of Spring REIT for the Reporting Year have been reviewed by the Audit Committee and the Disclosures Committee of the Manager in accordance with their respective terms of reference. The consolidated annual results of Spring REIT for the Reporting Year have also been agreed by the external auditor of Spring REIT in accordance with International Standards on Auditing.

CHANGES IN INFORMATION OF DIRECTORS OF THE MANAGER

During the Reporting Year and up to the date of this annual report, the Manager received notification regarding the following changes in Directors' information:

Director	Changes in Information
Toshihiro Toyoshima <i>Chairman and Non-executive Director</i>	<ul style="list-style-type: none"> – resigned as director of Allport Ltd. with effect from 12 June 2023 – appointed as director of Mercuria Advisory Co., Ltd. with effect from 3 July 2023 – appointed as director of Mercuria SG Pte. Ltd. with effect from 3 July 2023 – appointed as a director of Mercuria (Thailand) Co., Ltd. with effect from 29 September 2023
Hideya Ishino <i>Non-executive Director</i>	<ul style="list-style-type: none"> – appointed as director of Japan Extensive Infrastructure Co., Ltd. with effect from 21 February 2023 – appointed as director of FPAC23 Co., Ltd. with effect from 16 November 2023
Leung Kwok Hoe, Kevin <i>Chief Executive Officer and Executive Director</i>	<ul style="list-style-type: none"> – appointed as director of Hong Kong REITs Association Limited with effect from 14 July 2023
Chung Wai Fai <i>Chief Financial Officer and Executive Director</i>	<ul style="list-style-type: none"> – appointed as chief financial officer of the Manager with effect from 22 March 2023
Simon Murray <i>Independent Non-executive Director</i>	<ul style="list-style-type: none"> – retired as a Non-executive Director of Greenheart Group Limited (Stock Code: 0094) with effect from 31 May 2023
Lam Yiu Kin <i>Independent Non-executive Director</i>	<ul style="list-style-type: none"> – retired as an Independent Non-executive Director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (Stock Code: 1349) with effect from 30 May 2023

Save as disclosed above, as at the date of this annual report, the Manager has not been notified of any change in Directors' information which is required to be included in this report.

PURCHASE, SALE OR REDEMPTION OF UNITS

During the Reporting Year, the Manager (on behalf of Spring REIT) bought back on-market a total of 1,113,000 Units on the Stock Exchange at an aggregate consideration (excluding expenses) of approximately HK\$2.4 million. Further details are set out as follows:

Month	Number of Units bought back (on-market)	Purchase price per Unit		Approximate aggregate consideration (excluding expenses) HK\$'000
		Highest HK\$	Lowest HK\$	
2023				
March	79,000	2.3947	2.3597	187
April	180,000	2.4410	2.4313	439
October	203,000	1.9873	1.8767	397
November	183,000	1.8969	1.8692	345
December	468,000	2.2530	1.9100	1,006
Total	1,113,000			2,374

All the above on-market Unit buy-backs by the Manager during the Reporting Year were carried out pursuant to the general mandate to buy back Units granted by the Unitholders that was in force in the relevant time, and were made in the interests of Spring REIT and the Unitholders as a whole. The buy-backs were effected by the Manager for the enhancement of the net asset value and/or earnings per Unit.

The average cost (excluding expenses) of the Units bought back on-market was approximately HK\$2.13 per Unit.

As announced by the Manager on 25 May 2023, the Manager and BT Cayman Ltd. ("**BT Cayman**") entered into a buyback agreement, pursuant to which the Manager (acting in its capacity as manager for and on behalf of Spring REIT) conditionally agreed to acquire and BT Cayman conditionally agreed to dispose of 63,235,000 Units held by BT Cayman, representing approximately 4.39% of issued Units as at 31 December 2023 (the "**Off-market Unit Buy-back**"). The price of Off-market Unit Buy-back was fixed at HK\$2.3810. The Off-market Unit Buy-back was approved by the independent Unitholders at an extraordinary general meeting of Spring REIT held on 23 June 2023. Completion of the Off-market Unit Buy-back was taken place on 7 July 2023. Details of the Off-market Unit Buy-back were set out in Spring REIT's announcements dated 25 May 2023, 28 May 2023, 30 May 2023, 23 June 2023 and 7 July 2023 and Spring REIT's circular dated 27 May 2023 respectively.

CORPORATE GOVERNANCE (continued)

A total of 63,945,000 Units bought back were cancelled during the Reporting Year and the remaining 403,000 on-market Units bought back were subsequently cancelled in January 2024.

Save as disclosed above, there was no purchase, sale or redemption of the Units by the Manager on behalf of Spring REIT or any of the special purpose vehicles that are owned and controlled by Spring REIT during the Reporting Year. Please also refer to the section headed "New Issue of Units" in this report for details relating to new Units issued by Spring REIT during the Reporting Year.

PUBLIC FLOAT OF THE UNITS

Based on information that is publicly available and within the knowledge of the Directors, Spring REIT maintained a public float of not less than 25% of the issued and outstanding Units as of 31 December 2023.

INVESTMENTS IN PROPERTY DEVELOPMENT AND RELEVANT INVESTMENTS

As at 31 December 2023, Spring REIT did not enter into any (i) Investments in Property Development and Related Activities (as defined in Paragraph 2.16A of the REIT Code); or (ii) Relevant Investments (as defined in Paragraph 7.2B of the REIT Code).

RISK MANAGEMENT AND INTERNAL CONTROL

Spring REIT is exposed to various risks in its course of business and the markets in which it operates. The management recognizes that risk management should be of concern to everyone within Spring REIT and is highly aware of the importance of risk management in managing Spring REIT, and thus it is committed to constructing and maintaining a sound risk management framework to ensure business viability and sustainability. To manage and monitor different risk factors which Spring REIT may be exposed to, the Board is responsible for establishing and overseeing Spring REIT's risk management and internal control systems on an ongoing basis, and ensuring the review of the effectiveness of the risk management and internal control systems is properly conducted. The main features of such systems, which will operate continuously, are described in this Corporate Governance Report.

Spring REIT has developed a risk management system, which is defined and supported by its risk management policy (the "**RM Policy**"). The responsibility for maintaining an effective system of internal control and risk management is also included in the terms of reference of the Audit Committee.

A "Top-Down" approach is adopted for the Group's risk management system, which involves strong oversight by the Board, the Audit Committee, and the Executive Directors throughout the risk management processes. The system helps to identify risks and clarify major risks that may hinder the Group from achieving its objectives. It also supports decision-making at the Board and senior management levels and enhances communications within Spring REIT's management team.

RISK GOVERNANCE STRUCTURE

Spring REIT's risk governance structure under its risk management system is shown below. The "Three Lines of Defence" model is adopted where each party is established with distinct and comprehensive role and responsibility.

RISK GOVERNANCE STRUCTURE



RISK MANAGEMENT AND INTERNAL CONTROL (continued)

1st Line of Defence – Operational Management

Operational management consists of Function Heads, who are responsible for identifying and assessing risks associated with business activities in day-to-day operations. They are also responsible for implementing risk action plans to address the top risks identified from the risk assessment process.

2nd Line of Defence – Executive Directors

The Executive Directors supported by a Risk Management Coordinator monitor the overall effectiveness of the Group's risk management system. They resolve and align any risk management practices and activities of different functions that are inconsistent and review the results of the annual risk assessment, which is then submitted and reported to the Audit Committee. The Risk Management Coordinator also prepares a consolidated risk register of Spring REIT to the Executive Directors and Audit Committee for review.

3rd Line of Defence – Internal Audit Function

By carrying out independent reviews of key business processes and controls in accordance with the annual audit plan approved by the Audit Committee, the Internal Audit Function, as the third line of defence, provides independent review result to the Audit Committee on whether the risk management related internal controls within the business function properly. The Internal Audit Function periodically reports to the Audit Committee to evaluate and improve the effectiveness of controls and governance processes.

RISK ASSESSMENT METHODOLOGY



RISK MANAGEMENT AND INTERNAL CONTROL (continued)

RISK ASSESSMENT METHODOLOGY

Spring REIT adopts the Committee of Sponsoring Organizations of Treadway Commission (“**COSO**”) Enterprise Risk Management (“**ERM**”) Framework in establishing its ERM system which illustrates the key components of any ERM system. Spring REIT’s methodology for its risk assessment comprises four core stages as below. The process is performed as necessary to address changes in Spring REIT’s business environment.

The Group’s methodology for its risk assessment comprises four core stages as below. These processes are performed at least once a year to adapt to changes in the REIT’s business environment.

(a) Risk Identification

Functional Heads identify risks in the operations they are responsible for as well as risks that they believe to be relevant to the Group as a whole. All the identified risks are consolidated and summarised into a risk inventory by the Risk Assessment Coordinator, which is then reviewed by the Executive Directors.

(b) Risk Assessment

Risks are evaluated by Functional Heads using predefined risk assessment criteria. Risk scoring and prioritization process are performed. Key risks are prioritised and top risks are validated.

(c) Risk Response

Risk Owners are assigned for each selected risk. Risk Owners also formulate risk mitigation plans for the significant risks identified relating to their areas of responsibility.

(d) Risk Monitoring and Reporting

Risk Owners are responsible for monitoring the implementation and effectiveness of the risk mitigation plans which they are responsible for. The Risk Owners provide periodic updates to the Executive Directors regarding the progress of the implementation of the risk mitigation plans and on the performance of these plans.

REVIEW ON THE EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board conducts an annual review on the effectiveness of risk management and internal control systems, covering all material controls such as strategic, financial, operational and compliance controls. The Internal Audit function is responsible for performing independent reviews of the risk management system and to report the results to the Audit Committee and the Executive Directors.

The Internal Audit function review the efficient performance of the annual risk assessment review assistance exercise and also reviews the effectiveness of the risk mitigation planning process and action plan development.

The risk management and internal control systems can provide reasonable but not absolute assurance against material misstatement or loss, and are designed to manage rather than eliminate the risk of failure in the process of attaining business objectives. Based on the results of the annual review, the Board is satisfied and confident with the effectiveness of the risk management and internal control systems currently put in place for Spring REIT.

COMMUNICATIONS OF RISK EVENTS

Where risk events arise, our communications, both within the Group and to external parties, are an integral part of the risk management system. To enable the Group to make appropriate decisions and responses to mitigate or address any risk events, relevant information on the incident needs to be communicated by and to the right functions and individuals, completely and accurately, and in a timely manner.

With respect to procedures and internal controls for handling and dissemination of inside information, Spring REIT:

- has developed written policies and procedures in relation to the handling of inside information under Hong Kong regulatory requirements, including but not limited to maintenance of confidentiality and prohibition of insider dealing by the management;
- is aware of its obligation under the SFO and the Listing Rules;
- conducts its affairs with close reference to the “Guidelines on Disclosure of Inside Information” issued by the SFC;
- has set out rules and procedures in dealing with enquiries from regulatory bodies, trading halt and additional disclosures to correct a false market.

CONNECTED PARTY TRANSACTIONS

The connected party transaction rules of the REIT Code govern transactions between Spring REIT or other parts of the Group and connected persons (as defined in Paragraph 8.1 of the REIT Code) of Spring REIT. Such transactions will constitute connected party transactions for the purposes of the REIT Code.

Connected persons (as defined in Paragraph 8.1 of the REIT Code) of Spring REIT include, among others:

- (a) the Manager of Spring REIT;
- (b) the Trustee of Spring REIT;
- (c) a substantial holder;

Notes:

- (1) A holder is a substantial holder if it is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of Spring REIT or any of its subsidiaries.

- (d) a director or chief executive of (i) the Manager of Spring REIT; (ii) the Trustee of Spring REIT; or (iii) any subsidiaries of Spring REIT;

Notes:

- (1) "Chief executive" is a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the board of directors for the conduct of the business of the relevant entity.
- (2) "Director" of the Manager or any of subsidiaries of Spring REIT also includes a person who was a director of the Manager or any subsidiaries of Spring REIT in the last 12 months.

- (e) an associate of the persons or entities in (a), (b), (c) or (d) above;
- (f) a "connected subsidiary" as defined in Chapter 14A of the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code); and
- (g) a person deemed to be connected by SFC.

Notes:

- (1) SFC has the power to deem any person to be a connected person.
- (2) In general, a "deemed connected person" under Chapter 14A of the Listing Rules (modified as appropriate pursuant to 2.26) would be deemed as a connected person under this paragraph.

Based on the best knowledge of the Manager, set out below is the information in respect of connected party transactions during the Reporting Year involving Spring REIT and/or its subsidiaries (on the one side) and connected persons (as defined in Paragraph 8.1 of the REIT Code) of Spring REIT (on the other side), which are governed by Chapter 8 of the REIT Code.

CONNECTED PARTY TRANSACTIONS (continued)

CONNECTED PARTY TRANSACTIONS — INCOME

The following table sets forth the information on connected party transactions (other than those transactions disclosed under the section headed “Connected Party Transactions with Trustee Connected Persons” below) from which the Group derived its income during the Reporting Year:

Name of Connected Person	Relationship with Spring REIT	Nature of the Connected Party Transaction	Income for the Reporting Year RMB	Rental Deposit received as at 31 Dec 2023 RMB
MIBJ Consulting (Beijing) Co., Ltd.	Associated company of the Manager and associate of a director of the Manager ¹	Leasing	961,354	295,073
PAG Investment Consulting (Beijing) Co., Limited (太盟投資管理諮詢(北京)有限公司)	Subsidiary of a significant holder of Spring REIT ²	Leasing	2,507,132	770,350
Huizhou Huamao Operations Management Co., Ltd.* (惠州華貿商業管理有限公司)	An associate of a substantial holder of Spring REIT ³	Leasing	2,004,682	430,867

Notes:

- 1 MIBJ Consulting (Beijing) Co., Ltd. (“**Mercuria Beijing**”) is wholly-owned by Mercuria Holdings Co., Ltd., which in turn holds 80.4% shareholding in the Manager. Both Mr. Toshihiro Toyoshima, the Chairman and Non-executive Director of the Manager, and Mr. Hideya Ishino, a Non-executive Director of the Manager, are also directors of MIBJ Consulting (Beijing) Co., Ltd.

On 19 September 2022, the Group (through the Beijing Property Manager) as landlord and Mercuria Beijing as tenant entered into a tenancy agreement in respect of certain office premises owned by Spring REIT at the CCP Property for a term of three years commencing from 1 October 2022. Details of the transaction was set out in the announcement of Spring REIT dated 19 September 2022.

- 2 PAG Investment Consulting (Beijing) Co., Limited (太盟投資管理諮詢(北京)有限公司) (“**PAG Beijing**”) is a non-wholly owned subsidiary of PAG Holdings Limited, a substantial holder of Spring REIT, and therefore a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code.

On 27 May 2022, the Group (through the Beijing Property Manager) as landlord and PAG Beijing as tenant entered into a tenancy agreement in respect of certain office premises owned by Spring REIT at the CCP Property for a term of three years commencing from 1 November 2022. Details of the transaction was set out in the announcement of Spring REIT dated 27 May 2022.

CONNECTED PARTY TRANSACTIONS (continued)

- 3 Huizhou Huamao Operations Management Co., Ltd. is an associate of Huamao Property, a substantial holder of Spring REIT, and therefore a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code.

On 25 September 2022, Huizhou Runxin Shopping Mall Development Co., Ltd. as landlord and Huizhou Huamao Operations Management Co., Ltd. (the "**Huizhou Property Manager**") entered into a leasing framework agreement ("**Direct Operation Leasing Framework Agreement**") to govern the direct operation agreements. As at 31 December 2023, there were fourteen tenancy agreements entered under the Direct Operating Leasing Framework Agreement.

On 28 September 2022, Huizhou Runxin Shopping Mall Development Co., Ltd. as landlord and the Huizhou Property Manager entered into a tenancy agreement in respect of certain premises owned by Spring REIT at Huamao Place for a term of approximately 27 months commencing from 28 September 2022 until 31 December 2024. Details of the transactions were set out in the circular of Spring REIT dated 3 May 2022.

Beijing Guohua Real Estate Co., Ltd.* ("**Beijing Guohua**") is an associate of Huamao Property Holdings Limited ("**Huamao Property**"), a substantial holder of Spring REIT, and therefore a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code.

The Group (as lessor) has entered into a carpark master lease contract dated 1 January 2017 and subsequently renewed with last renewal on 15 December 2023 (the "**Carpark Master Lease**") with Beijing Huamao Property Consulting Co., Ltd. First Branch (the "**Carpark Operator**") (as lessee), pursuant to which the Group's carpark spaces within the Development are master-leased to the Carpark Operator at a fixed rent, subject to an annual payment adjustment pursuant to the Carpark Management and Benefit Sharing Agreement (as described below). The Carpark Operator is an independent third party of Spring REIT. Details of the transaction were set out in the announcement of Spring REIT dated 21 December 2021 and 15 December 2023.

In relation to the Carpark Master Lease, the Group (through the Beijing Property Manager) and a wholly-owned subsidiary of Beijing Guohua, both as owners of their respective carpark spaces in the Development, have jointly entered into a carpark management and benefit sharing agreement dated 22 October 2020 and subsequently renewed with last renewal on 15 December 2023 to (i) appoint the Carpark Operator for the provision of management services in respect of the relevant carpark spaces, and (ii) set out the basis for determining the amount of the net income (after deduction of carpark management fees) generated from the carpark and each owner's entitlement thereto (the "Carpark Management and Benefit Sharing Agreement" and together with the Carpark Master Lease, the "**Carpark Contracts**"). Details of the transaction were set out in the announcement of Spring REIT dated 21 December 2021 and 15 December 2023.

Under the Carpark Master Lease, the transaction amount for the Reporting Year was RMB3,882,060. Under the Carpark Management and Benefit Sharing Agreement, (i) the Group's entitlement to the net income (after deduction of carpark management fees) for the Reporting Year was RMB4,833,285, and (ii) the Group's share of the carpark management fees for the Reporting Year was RMB1,678,080.

CONNECTED PARTY TRANSACTIONS (continued)

CONNECTED PARTY TRANSACTIONS — EXPENSES

The following table sets forth the information on connected party transactions (other than those disclosed under the section headed "Connected Party Transactions with Trustee Connected Persons" below) from which the Group incurred its expenses during the Reporting Year:

Name of Connected Person	Relationship with Spring REIT	Nature of the Connected Party Transaction	Expenses for the Reporting Year RMB
Beijing Hua-re Real Estate Consultancy Co., Ltd.	Associated company of the Manager ¹	Property management	10,361,426
Huizhou Huamao Operations Management Co., Ltd.* (惠州華貿商業管理有限公司)	An associate of a substantial holder of Spring REIT ²	Property management	23,945,079

Notes:

1. Beijing Hua-re Real Estate Consultancy Co., Ltd. (the Beijing Property Manager) is 40% owned by Mercuria Investment, which is a fellow subsidiary of the Manager. Mr. Toshihiro Toyoshima, the chairman and Non-executive Director of the Manager is also a director of the Beijing Property Manager.

On 30 August 2011, the Group and the Beijing Property Manager entered into a property management agreement (the "**Beijing Property Management Agreement**") in relation to the provision of certain property management and lease management as well as marketing services by the Beijing Property Manager in respect of the CCP Property. Pursuant to the Beijing Property Management Agreement, a monthly property management fee equivalent to 2% of the CCP Property's monthly total revenue will be payable to the Beijing Property Manager in consideration for the services provided. On 26 July 2021, the Beijing Property Management Agreement was renewed on the same terms and conditions for another two-year period commencing from 1 September 2021 and expiring on 31 August 2023. On 25 August 2023, the Beijing Property Management Agreement was renewed on the same terms and conditions for 28 months commencing from 1 September 2023 and expiring on 31 December 2025. Details of the transaction were set out in the announcement of Spring REIT dated 26 July 2021 and 25 August 2023.

2. On 25 September 2022, the Group and the Huizhou Property Manager entered into a property management agreement (the "**Huizhou Property Management Agreement**") in relation to the provision of certain property management services by the Huizhou Property Manager commencing from 28 September 2022 and expiring on 31 December 2024. Pursuant to the Huizhou Property Management Agreement, the Huizhou Property Manager will be entitled to receive a fee equivalent to 3% of the revenue of the Huizhou Property and a fee equivalent to the Huizhou Property Manager's human resources cost and the corresponding value-added tax. Details of the transaction were set out in the circular of Spring REIT dated 3 May 2022.

On 21 December 2021, the Group and Beijing Guohua, both as owners of their respective portion of the Development have jointly entered into a service contract for a period of 24 months commencing on 1 January 2022 to appoint Beijing Huamao Property Management Co., Ltd., the common area manager (the "**Common Area Manager**"), for the provision of maintenance and management services for the relevant common areas within the Development (the "**Common Area Service Contract**"). On 15 December 2023, the Common Area Service Contract was renewed for a period of 24 months commencing on 1 January 2024. Details of the transaction were set out in the announcement of Spring REIT dated 21 December 2021 and 15 December 2023.

The Group is responsible for its portion of the management fee payable to the Common Area Manager, which is determined taking into account the Group's proportional property area. Pursuant to the Common Area Service Contract, the management fee payable by the Group to the Common Area Manager is settled via deduction from the building management fees paid directly by the tenants of the Group to the building manager, and such management fee amount for the Reporting Year was RMB3,284,852. The Common Area Manager is an independent third party of Spring REIT.

CONNECTED PARTY TRANSACTIONS (continued)

On 21 December 2021, Beijing Huamao Property Consulting Co. Ltd.* (the “**Building Manager**”) (as a delegate of RCA01) and Beijing Huamao Commercial Management Co. Ltd.* (the “**Digital CCP Service Provider**”) entered into an agreement under which the Digital CCP Service Provider agreed to provide certain property digital system services (the “**Digital CCP System Service Contract**”) to the Spring REIT CCP Properties and the tenants. Pursuant to the Digital CCP System Service Contract, the service fee for the Reporting Year was nil.

CONNECTED PARTY TRANSACTIONS WITH TRUSTEE CONNECTED PERSONS

The following tables set forth the information on connected party transactions entered into between the Group and Trustee Connected Persons (which includes the Trustee, any director or chief executive of the Trustee and any associate of the Trustee) during the Reporting Year:

Name of Connected Person	Relationship with Spring REIT	Nature of the Connected Party Transaction	Income/(Expense) for the Reporting Year RMB
Leasing Transactions			
Deutsche Bank AG and its associated companies	Trustee Connected Persons	Leasing	36,834,418 ¹
Ordinary Banking and Financial Services			
Deutsche Bank AG	Trustee Connected Person	Interest income received/receivable on bank deposits	232,856 ²
Deutsche Bank AG	Trustee Connected Person	Bank charges	(20,076) ³

Notes:

- As at 31 December 2023, a rental deposit of RMB6,313,821 was held by the Group from Trustee Connected Persons. RMB5,345,837 was held by RCA01 (a special purpose vehicle wholly owned and controlled by Spring REIT) by way of bank guarantee provided by Deutsche Bank (China) Co., Ltd. as at 31 December 2023.

On 1 November 2016, Spring REIT (through Beijing Property Manager) as landlord and Deutsche Bank (China) Company Limited, a Trustee Connected Person, as tenant entered into a tenancy agreement in respect of certain office premises owned by Spring REIT at the CCP Property for a term of 5 years commencing from 1 December 2016. In October 2021 and November 2021, certain office premises under the tenancy agreement was renewed for a further term of 5 years with effect from 1 December 2021.

On 1 March 2016, Spring REIT (through Beijing Property Manager) as landlord and Zhong De Securities Company Limited, a Trustee Connected Person, as tenant entered into a tenancy agreement in respect of certain office premises owned by Spring REIT at the CCP Property for a term of five years commencing from 1 May 2016 and subsequently renewed for a term of five years commencing from 1 May 2021. In April 2021, the tenancy agreement was renewed for a further term of 5 years with effect from 1 May 2021.

- It represents the interest income received/receivable on the bank deposits with the Trustee Connected Persons.
- It represents the bank charges charged by the Trustee Connected Persons for certain banking services.

CONNECTED PARTY TRANSACTIONS (continued)

CONNECTED PARTY TRANSACTIONS WITH TRUSTEE CONNECTED PERSONS - LEASING UNDER WHICH THE ANNUAL RENT (PER LEASE) EXCEEDS HK\$1 MILLION

The following table sets forth the information on leasing transactions with Trustee Connected Persons with annual rent (per lease) that exceeds HK\$1 million during the Reporting Year.

Name of Connected Person	Relationship with Spring REIT	Nature of the Connected Party Transaction	Rental income for the Reporting Year RMB
Deutsche Bank (China) Company Ltd.	Trustee Connected Person	Lease for the certain premises of 27th and 28th floors of Tower 1, China Central Place and signage income	14,123,157
Zhong De Securities	Trustee Connected Person	Lease for the whole of 22nd and 23rd floors of Tower 1, China Central Place and signage income	19,711,261

CONFIRMATION BY THE MANAGER AND TRUSTEE OF CORPORATE FINANCE TRANSACTION WITH TRUSTEE CONNECTED PERSONS

Both the Manager and the Trustee confirm that there was no corporate finance transaction and/or other connected party transaction (save and except for those disclosed hereinabove) between Spring REIT and any Trustee Connected Persons during the Reporting Year.

CONNECTED PARTY TRANSACTIONS (continued)

WAIVERS FROM STRICT COMPLIANCE

Waivers from strict compliance with the disclosure and approval requirements of Unitholders under Chapter 8 of the REIT Code in respect of certain connected party transactions entered into by Spring REIT and/or its subsidiaries with their connected persons (the “**Waivers**”) have been granted by the SFC. The Waivers have been granted subject to the relevant waiver terms and conditions including, inter alia, the requirements that the transactions should be entered into on normal commercial terms in the ordinary and usual course of business of Spring REIT, and are to be reviewed by the external auditor of Spring REIT, the Independent Non-executive Directors of the Manager and/or the audit committee of the Manager, and (in respect of certain types of transactions) the transaction amounts shall be within the specified annual caps and shall be disclosed in Spring REIT’s semi-annual and annual reports as required under Paragraph 8.14 of the REIT Code (the “**Waiver Conditions**”).

During the Reporting Year, Spring REIT has complied with the requisite Waiver Conditions, where applicable.

An extension of the waiver from strict compliance with the disclosure and approval requirements under Chapter 8 of the REIT Code in respect of certain new and certain existing continuing connected party transactions and new annual caps for certain leasing transactions and property management arrangements between the Group and Manager Connected Persons Group has been granted by the SFC on 20 May 2015 (the “**2015 Waiver Extension**”), subject to annual limitation as to the capped value of such transactions, review to be conducted by the external auditor for each relevant financial period, annual review to be conducted by the Independent Non-executive Directors of the Manager and other terms and conditions.

The 2015 Waiver Extension expired on 31 December 2017 (the “**Expiry Date**”). As disclosed in the announcement of the Manager dated 22 December 2017 (the “**2017 Announcement**”), the Board of the Manager decided not to seek an extension of the 2015 Waiver Extension upon its expiry in view that only two relevant continuing connected party transactions was to subsist beyond the Expiry Date. The Manager has complied with during the Reporting Year and will continue to comply with all disclosure and Unitholders’ approval requirements under Chapter 8 of the REIT Code in respect of any relevant continuing connected party transaction which either: (a) subsisted after the Expiry Date; or (b) was entered into by Spring REIT after the Expiry Date.

CONFIRMATION BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors have confirmed that they have reviewed the terms of all relevant connected party transactions above and are satisfied that the transactions have been entered into:

- (a) in the ordinary and usual course of business of Spring REIT;
- (b) on normal commercial terms (to the extent that there are comparable transactions) or, where there are insufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to Spring REIT than terms available to or from (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreements and the Manager’s internal procedures governing them, if any, on terms that are fair and reasonable and in the interest of the Unitholders as a whole.

CONNECTED PARTY TRANSACTIONS (continued)

REPORT FROM THE AUDITOR IN RELATION TO CERTAIN CONNECTED PARTY TRANSACTIONS

The continuing connected party transactions conducted during the Reporting Year have been reviewed by the external auditor in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The external auditor has issued an unqualified letter containing its findings and conclusions in respect of the connected party transactions including lease transactions, property management transactions and transactions involving ordinary banking and financial services in accordance with the Waivers and the 2015 Waiver Extension from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code granted by the SFC. A copy of such report would be issued and provided to the SFC.

TERMS AND REMUNERATION OF SERVICES PROVIDED BY THE MANAGER, THE TRUSTEE AND THE PRINCIPAL VALUER

Pursuant to the REIT Code, services provided by the Manager and the Trustee to Spring REIT as contemplated under the constitutive documents shall not be deemed connected party transactions, but particulars of such services (except where any service transaction with a value of not more than HK\$1 million), such as terms and remuneration, shall be disclosed in the next published semi-annual report or annual report.

During the Reporting Year, the aggregate amount of fees payable by Spring REIT and/or its subsidiaries to the Manager was RMB62.15 million. The Manager's fee paid in the form of Units amounted to HK\$42.47 million and the Manager's fee paid in the form of cash amounted to HK\$26.66 million. Based on the election made by the Manager dated 2 December 2022 in relation to the Manager's elections for the Base Fee payable in the form of cash as to 20% and in the form of units as to 80%, and for Variable Fee payable in the form of cash entirely, arising from any real estate of Spring REIT for the year ending 31 December 2023 in accordance with the Trust Deed.

During the Reporting Year, the fee payable to the Trustee under the Trust Deed was RMB2.38 million.

Particulars of services provided by the Trustee and the Manager are set out in notes 7 and 11 to the consolidated financial statements of Spring REIT for the Reporting Year, respectively.

* The Company has no official English name. The above unofficial English translation is for identification purpose only. Please refer to Chinese version of annual report for official Chinese name.

DISCLOSURE OF INTERESTS

The REIT Code requires that connected persons (as defined in Paragraph 8.1 of the REIT Code) of Spring REIT shall disclose their interests in the Units. In addition, under the provisions of the Trust Deed, Part XV of the SFO is also deemed to be applicable to, among others, the Directors and chief executives of the Manager and also indirectly to certain persons interested in or having a short position in the Units.

INTERESTS HELD BY THE MANAGER, THE DIRECTORS OR CHIEF EXECUTIVE OF THE MANAGER

As at 31 December 2023, each of the following was the Manager, a director or chief executive of the Manager and thus each of them was a connected person of Spring REIT under the REIT Code and, so far as the Manager is aware, held or was interested in the Units in Spring REIT as follows:

Name	Capacity/Nature of interest	As at 31 December 2023		As at 31 December 2022		Change in % of interest
		Number of Units interested in (Long Position)	Approximate % of interest ¹	Number of Units interested in (Long Position)	Approximate % of interest ¹	
The Manager						
Spring Asset Management Limited ²	Beneficial owner/Beneficial interest	54,354,892	3.77%	35,467,969	2.39%	+1.38%
Directors						
Toshihiro Toyoshima	Beneficial owner/Personal interest	1,652,000	0.11%	1,100,000	0.07%	+0.04%
Hideya Ishino	Beneficial owner/Personal interest	115,000	0.01%	115,000	0.01%	0.00%
Leung Kwok Hoe, Kevin	Beneficial owner/Personal interest	759,000	0.05%	759,000	0.05%	0.00%
Simon Murray ³	Beneficial owner/Personal interest	1,235,000	0.09%	1,033,000	0.07%	+0.02%
Qiu Liping ³	Beneficial owner/Personal interest	1,235,000	0.09%	1,033,000	0.07%	+0.02%
Lam Yiu Kin ³	Beneficial owner/Personal interest	1,280,000	0.09%	1,060,000	0.07%	+0.02%

Notes:

- The percentages expressed herein are based on the total number of issued Units of 1,440,497,110 as at 31 December 2023 and 1,484,931,187 as at 31 December 2022 respectively.
- During the Reporting Year, an aggregate of 19,510,923 new Units were issued to the Manager as payment of part of the Manager's fee. The Manager beneficially owned 54,354,892 Units as at 31 December 2023 (31 December 2022: 35,467,969 Units).
- Each of Mr. Simon Murray, Mr. Qiu Liping and Mr. Lam Yiu Kin received these Units in lieu of cash pursuant to the Independent Non-executive Director Remuneration Announcement. Please refer to the sub-section headed "Disclosure on the Independent Non-executive Director Remuneration Arrangement" in the section headed "Corporate Governance" on page 87 of this annual report for details. As at 31 December 2023, there had been no change to the annual election made by each Independent Non-executive Director.

DISCLOSURE OF INTERESTS (continued)

Save as disclosed above, none of the Manager, the Directors or chief executive of the Manager had beneficial interests (or were deemed to be interested) in any Units and underlying Units or held any short position in the Units as at 31 December 2023 which were required to be notified to the Manager and the Stock Exchange pursuant to Divisions 7, 8 and 9 of Part XV of the SFO or to the Manager only pursuant to the Personal Account Dealing Policy (as the case may be).

INTERESTS HELD BY SUBSTANTIAL UNITHOLDERS UNDER THE REIT CODE

As at 31 December 2023, based on the information available to the Manager, each of the following persons was considered as a “**substantial holder**” and hence a “**connected person**” of Spring REIT within the meaning and for the purpose of the REIT Code. Their interests or short positions in the Units which were required to be disclosed to the Manager and the Stock Exchange pursuant to the provisions of Part XV of the SFO are set out below:

Name	Capacity/Nature of interest	As at 31 December 2023			As at 31 December 2022			Change in % of interest
		Number of Units interested in (Long Position)	Number of underlying Units interested in (Long Position)	Approximate % of issued Units ¹	Number of Units interested in (Long Position)	Number of underlying Units interested in (Long Position)	Approximate % of issued Units ¹	
RCAC ²	Interest of controlled corporation/corporate interests	336,720,159	N/A	23.38%	304,699,361	N/A	20.52%	+2.86%
Sumitomo Mitsui Banking Corporation ²	Person having a security interest in shares/ other interests	334,720,159	N/A	23.24%	334,720,159	N/A	22.54%	+0.70%
Mercuria Investment ³	Interest of controlled corporation/corporate interests	336,720,159	N/A	23.38%	336,720,159	N/A	22.68%	+0.70%
Mercuria Holdings ⁴	Interest of controlled corporation/corporate interests	391,075,051	N/A	27.15%	372,188,128	N/A	25.06%	+2.09%
Spirit Cayman Ltd. ⁵	Beneficial owner/Beneficial interest	169,552,089	N/A	11.77%	169,522,089	N/A	11.42%	+0.35%
PAG ^{5&6}	Interest of controlled corporation/corporate interests	169,552,089	N/A	11.77%	233,562,089	N/A	15.73%	-3.96%
Shan Weijian ⁷	Interest of controlled corporation/corporate interests	169,552,089	N/A	11.77%	—	—	—	+11.77%
Huamao Property ⁸	Interest of controlled corporation & beneficial owner/corporate interests & beneficial interests	360,188,420	N/A	25.00%	185,249,742	N/A	12.48%	+12.52%
Fang Chao ⁸	Interest of controlled corporation/corporate interests	360,188,420	N/A	25.00%	185,249,742	N/A	12.48%	+12.52%
Lin Minghan ⁸	Interest of controlled corporation/corporate interests	360,188,420	N/A	25.00%	185,249,742	N/A	12.48%	+15.52%

DISCLOSURE OF INTERESTS (continued)

Name	Capacity/Nature of interest	As at 31 December 2023			As at 31 December 2022			Change in % of interest
		Number of Units interested in (Long Position)	Number of underlying Units interested in (Long Position)	Approximate % of issued Units ¹	Number of Units interested in (Long Position)	Number of underlying Units interested in (Long Position)	Approximate % of issued Units ¹	
Chia Seok Eng ⁶	Interest of controlled corporation/corporate interests	360,188,420	N/A	25.00%	185,249,742	N/A	12.48%	+15.52%
Sino-Ocean Group Holding Limited ⁷	Interest of controlled corporation/corporate interests	1,470,000	N/A	0.10%	176,408,678	N/A	11.88%	-11.78%

Notes:

- The percentages expressed herein are based on the total number of issued Units of 1,440,497,110 as at 31 December 2023 and 1,484,931,187 as at 31 December 2022 respectively.
- These 336,720,159 Units (including 334,720,159 Units in short position) are beneficially owned by RCA Fund. Based on the information available to the Manager, RCAC is a general partner of RCA Fund. RCAC has exclusive rights to the management, control and operation of RCA Fund and is thus deemed to be interested in the Units held by RCA Fund. The interest of 334,720,159 Units in short position represents a pledge by RCA Fund to Sumitomo Mitsui Banking Corporation using the said Units as collateral to secure the borrowing of a loan.
- These 336,720,159 Units comprise the interests of (i) 32,020,798 Units (including 32,020,798 Units in short position) directly held by a 100% controlled entity (SR Target, L.P.); and (ii) 304,699,361 Units (including 302,699,361 Units in short position) directly held by a 41.45% controlled entity (RCA Fund). Please refer to Note 2 above for details of interests of RCA Fund.
- Based on the disclosure of interests notification filed on 24 November 2023, Mercuria Holdings was interested in 391,245,051 Units (including 334,720,159 Units in short position) through 100% or non-100% controlled entities (including the Manager). The Manager had paid remuneration to its Independent Non-executive Directors by transferring a total of 170,000 Units as per its disclosure of interests notification filed on 18 December 2023. After that, Mercuria Holdings was interested in 391,075,051 Units. These 391,075,051 Units comprise the interests of (i) 336,720,159 Units (including 334,720,159 Units in short position) indirectly held by a 100% controlled entity (Mercuria Investment); and (ii) 54,354,892 Units directly held by a 80.40% controlled entity (the Manager). Please refer to Note 3 above for details of interests of Mercuria Investment.
- These 169,552,089 Units were beneficially owned by Spirit Cayman Ltd. Based on disclosure of interests notification made by PAG (formerly known as PAG Holdings Limited) filed on 11 July 2023, each of PAG Real Estate Limited, PARE (Cayman) Limited and PAG Investment Advisors Pte. Ltd. was interested in the same parcel of 169,552,089 Units in which PAG was deemed to be interested. Please refer to Note 6 below.
- Based on disclosure of interests notifications filed on 11 July 2023:
 - each of PARE (Cayman) Limited (as controlling entity of SCREP VI Management, LLC as to 100%), PAG Investment Advisors Pte. Ltd. (as manager of SCREP VI Management, LLC), SCREP VI Management, LLC (as general partner of SCREP VI, L.P. and SCREP VI Feeder A, L.P.), SCREP VI Feeder A, L.P. (as limited partner and controlling entity of SCREP VI, L.P. as to 75.33%), SCREP VI, L.P. (as controlling entity of SCREP VI Holdings L.P. as to 100%) and SCREP VI Holdings L.P. (as controlling entity of Spirit Cayman Ltd. as to 100%) was deemed to be interested in 169,552,089 Units, being the same parcel of Units directly held by Spirit Cayman Ltd. as referred to in Note 5 above;
 - PAG Real Estate Limited was interested in 169,552,089 Units through its 100% controlled entities PARE (Cayman) Limited and PAG Investment Advisors Pte. Ltd; and
 - PAG was interested in 169,552,089 Units through its 100% controlled entity PAG Real Estate Limited.

The interests of each of the above were also disclosed in the disclosure of interests notification made by PAG filed on 11 July 2023.
- Based on the notification filed on 11 July 2023, Shan Weijian was deemed to be interested in 169,552,089 Units through PAG (as controlling person of PAG as to 34.67%) as referred to Notes 5 and 6 above.

DISCLOSURE OF INTERESTS (continued)

8. These 360,188,420 Units comprise the interests of (i) 56,500,742 Units directly held by Huamao Property; (ii) 128,749,000 Units directly held by a 100% controlled entity (China Orient Stable Value Fund Limited); (iii) 160,626,029 Units directly held by a 100% controlled entity (Alpa Great Global Limited); and (iv) 14,312,649 Units directly held by a 100% controlled entity (Jade Wave Global Limited). The following disclosure of interests notifications filed are related to the same batch of Units interested and deemed to be interested by Huamao Property:
- (a) according to the notifications filed on 21 September 2023, each of RCA02 (as controlling entity of Huamao Property as to 41.84%), Diligent Glory Investments Limited (as controlling entity of RCA02 as to 100%), Risun Holdings Limited (as controlling entity of Diligent Glory Investments Limited as to 100% and controlling entity of Huamao Property as to 17.68%) and Fang Chao (as controlling person of Risun Holdings Limited as to 80%) was deemed to be interested in those 360,188,420 Units, being the same parcel of Units directly and indirectly held by Huamao Property.
 - (b) according to the notifications filed on 21 September 2023, each of Siberite Limited (as controlling entity of Huamao Property as to 40.48%) and Lin Minghan (as controlling person of Siberite Limited as to 50%) was deemed to be interested in those 360,188,420 Units, being the same parcel of Units directly and indirectly held by Huamao Property.
 - (c) according to the notifications filed on 21 September 2023, each of Siberite Limited (as controlling entity of Huamao Property as to 40.48%), Pebblebay Capital Corp (as controlling entity of Siberite Limited as to 50%) and Chia Seok Eng (as controlling person of Pebblebay Capital Corp as to 100%) was deemed to be interested in those 360,188,420 Units, being the same parcel of Units directly and indirectly held by Huamao Property.
9. As per the disclosure of interests notification made by Sino-Ocean Group Holdings Limited filed on 21 September 2023, Shining Path Limited and Glory Glass Ventures Limited transferred all its interest in Alpha Great Global Limited and Jade Wave Global Limited to Huamao Property pursuant to agreements dated 18 September 2023. Alpha Great Global Limited and Jade Wave Global Limited each holds 160,626,029 and 14,312,649 Units in Spring REIT respectively. Thereafter, Shining Path Limited and Sino-Ocean Group Holding Limited ceased to have an interest in at least 5% of the Units in Spring REIT. In addition, based on the disclosure of interests notification filed by Skyland Union Holdings Limited ("**Skyland**") on 17 February 2020, Skyland held 50% controlling interests in Shining Path Limited which in turn holds 100% controlling interests in Alpha Great Global Limited. After the above transfer of interest in Alpha Great Global Limited by Shining Path Limited to Huamao Property on 18 September 2023, the Manager had not received disclosure of interests notification from Skyland but considered that Skyland also ceased to have an interest in at least 5% of the Units in Spring REIT.

Save as disclosed above and based on the information available to the Manager, no other substantial holders of Spring REIT within the meaning of REIT Code had beneficial interests (or were deemed to be interested) in any Units or underlying Units or held any short position in the Units as at 31 December 2023 which were required to be notified to the Manager and the Stock Exchange pursuant to Divisions 2, 3 and 4 of Part XV of the SFO.

INTERESTS HELD BY SUBSTANTIAL HOLDERS UNDER THE SFO

As at 31 December 2023, the interests and short position in the Units held by persons, other than the Manager, Directors or chief executive of the Manager or substantial holders of Spring REIT under REIT Code disclosed above, who were interested in 5% or more but below 10% of the Units which were required to be disclosed to the Manager and the Stock Exchange pursuant to the provisions of Part XV of the SFO are set out below:

Name	Capacity/ Nature of interest	As at 31 December 2023		As at 31 December 2022		Change in % of interest
		Number of Units interested in (Long Position)	Approximate % of issued Units ¹	Number of Units interested in (Long Position)	Approximate % of issued Units ¹	
Mamoru Taniya	Beneficial owner/ Beneficial interest	102,604,639	7.12%	102,604,639	6.91%	+0.21%

Note:

1. The percentages expressed herein are based on the total number of issued Units of 1,440,497,110 as at 31 December 2023 and 1,484,931,187 as at 31 December 2022 respectively.



DISCLOSURE OF INTERESTS (continued)

Save as disclosed above and based on the information available to the Manager, the Manager is not aware of any other substantial holders of Spring REIT within the meaning of the SFO who had beneficial interests (or were deemed to be interested) in 5% or more but below 10% of the Units or underlying Units or held any short position in the Units as at 31 December 2023 which were required to be notified to the Manager and the Stock Exchange pursuant to Divisions 2, 3 and 4 of Part XV of the SFO.

INTERESTS HELD BY OTHER CONNECTED PERSONS OF SPRING REIT

As at 31 December 2023, save as disclosed above and based on the information available to the Manager, the Manager is not aware of any other connected persons of Spring REIT, including the Trustee, who have interests (or deemed interests) in the Units or underlying Units or held any short position in Units which were required to be notified to the Manager and the Stock Exchange pursuant to the REIT Code or pursuant to the Trust Deed.

VALUATION REPORT

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

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

Australia and New Zealand Banking Group Limited, Singapore Branch
(as Facility Agent of the syndicated loan to RCA01)
10 Collyer Quay, #22-0 Ocean Financial Centre

8 March 2024

Dear Sirs

Valuation of Office Towers 1 & 2 and a total of approximately 600 Underground Car Parking Spaces of China Central Place located at Nos 79 & 81 Jianguo Road, Chaoyang District, Beijing, The People's Republic of China (the "Property")

In accordance with your instructions for us to value Property held by RCA01 ("RCA01") and exhibited to us by Spring Asset Management Limited (the "Company") and DB Trustees (Hong Kong) Limited in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 December 2023 for your financial reporting purpose.

BASIS OF VALUATION

Market Value is defined within "The HKIS Valuation Standards 2020" issued by HKIS and "The RICS Valuation – Global Standards" issued by RICS as: -

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

"the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction."

VALUATION REPORT (continued)

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

VALUATION METHODOLOGY

Our valuation has been undertaken using appropriate valuation methodology and our professional judgement. We have adopted Income Approach – Term and Reversion Method and cross-checked the valuation by Market Approach.

Income Approach – Term and Reversion Method is a valuation methodology by reference to the capacity of a property to generate benefits (i.e. usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value. It is based on the premise that an investor uses the income capability of an investment as a measure of value. All the things being equal, the basic premise is that the higher the income, the higher the value. The income from a property is usually annual operating income or pre-tax cash flow. The conversion of income into an expression of market value is known as the capitalization process, which is to convert estimated annual income expectancy into an indication of value either by dividing the income estimate by an appropriate yield rate or by multiplying the income estimate by an appropriate factor.

For cross-checking purpose, we have adopted the Market Approach. In adopting the Market Approach, we have made reference to the recent market sales evidence which is available in the market. Appropriate adjustments have been made in our valuation to reflect the differences in the characteristics between the Property and the comparable properties such as location, size, age, condition and quality in arriving at our opinion of the market value.

TITLE DOCUMENTS AND ENCUMBRANCES

We have been provided with the copies of extracts of documents in relation of the title to the Property. However, we have not examined the original documents to ascertain any amendments which may not appear on the copies handed to us. We have relied on the information given by the Company regarding the titles and other legal matters relating to the Property.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation which may be incurred in affecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

VALUATION REPORT (continued)

SOURCE OF INFORMATION

In the course of our valuation, we have relied on a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, tenancies, completion dates of the buildings, identification of the Property, particulars of occupancy, site areas and floor areas. Dimensions, measurements and areas included in the valuation report attached are based on information provided to us and are therefore only approximations. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

INSPECTION AND MEASUREMENT

We have inspected the exterior, and where possible, the interior of the Property and the inspection was conducted by Charrisa Xia, our Senior Manager, in September 2023. However, no structural survey has been made and we are therefore unable to report that the Property is free from rot, infestation or any other structural defects, nor were any tests carried out to any of the services. For the purpose of this valuation, we have assumed that the Property has been maintained in satisfactory condition. Moreover, we have not been able to carry out on-site measurements to verify the site areas and floor areas of the Property and we have assumed that the areas shown on the copies of the documents handed to us are correct.

IDENTITY OF PROPERTY TO BE VALUED

We exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the Property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the Property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

COMPLIANCE WITH RELEVANT RULES AND REGULATIONS

We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of any rules and regulations, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorization have been obtained, except only where otherwise stated.

VALUATION REPORT (continued)

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi.

REMARKS

Our valuation complies with Chapter 6.8 of the Code of Real Estate Investment Trusts (the “**REIT Code**”) issued by the Securities and Futures Commission (the “**SFC**”), the Practice Note on Overseas Investment by SFC – Authorized Real Estate Investment Trusts (forming part of the REIT Code), “The HKIS Valuation Standards 2020” published by The Hong Kong Institute of Surveyors (“**HKIS**”), and “The RICS Valuation – Global Standards” issued by the Royal Institution of Chartered Surveyors (“**RICS**”), which incorporate the International Valuation Standards (the “**Red Book**”).

We hereby confirm that we have neither present nor prospective interests in Spring REIT, the Property and/or the Company. Pursuant to Paragraph 6.5 of the REIT Code, we confirm that we are independent to Spring REIT, the Company, DB Trustees (Hong Kong) Limited and each of the significant holders of Spring REIT.

Our executive summary and valuation report are attached.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Reviewed (but not undertaken) by:

Clement W M Leung
MFin MCIREA MHKIS MRICS RPS(GP)

RICS Registered Valuer
Executive Director, Head of China Valuation & Advisory

Gary S K Lau
MHKIS MRICS RPS(GP) CESGA SCR

RICS Registered Valuer
Senior Director, China Valuation & Advisory

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EXECUTIVE SUMMARY

Property	Office Towers 1 & 2 and a total of approximately 600 Underground Car Parking Spaces of China Central Place located at Nos 79 & 81 Jianguo Road, Chaoyang District, Beijing, The PRC
Description	China Central Place is a mixed-use commercial complex comprising a shopping mall, 3 blocks of office towers, 2 blocks of 5-star hotel, various residential buildings, car parking spaces and other ancillary facilities. The Property comprises the 25-storey Office Tower 1 (Level 4 to Level 28), the 29-storey Office Tower 2 (Level 4 to Level 32) and a total of about 600 underground car parking spaces of China Central Place. Level 16 of Office Tower 1 and Level 20 of Office Tower 2 are used as refuge floor. The Property also provides three signages at the eastern and the western sides on the roof of Office Tower 1.
Site Area	13,692.99 sq.m (Note 1)
Registered Owner	RCA01 (第一瑞中資產管理有限公司)
Gross Floor Area	According to the information provided by the Company, the details of approximate gross floor area of the Property are listed as follows:

Portion	Approximate Gross Floor Area (sq.m.)
Office Tower 1	56,068.32
Office Tower 2	64,176.87
Car Park	25,127.35
Total:	145,372.54

State-owned Land Use Certificate	Jing Chao Guo Yong (2010 Chu) Di No. 00118 (京朝國用(2010出)第00118號)
Real Estate Ownership Certificate	X Jing Fang Quan Zheng Chao She Wai Zi Di No. 521508, 521532 – 521537, 521539 – 521542, 521544 – 521545, 521547, 521549 – 521566, 521568 – 521571, 521573 – 521582 and 521584 – 521593 (X京房權證朝涉外字第521508, 521532 – 521537, 521539 – 521542, 521544 – 521545, 521547, 521549 – 521566, 521568 – 521571, 521573 – 521582 and 521584 – 521593號)
Date of Valuation	31 December 2023
Valuation Methodology	Income Approach and Market Approach (for cross checking)
Market Value in Existing State	RMB8,560,000,000

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2023										
Office Towers 1 & 2 and a total of approximately 608 Car Parking Spaces of China Central Place Nos 79 & 81 Jianguo Road Chaoyang District Beijing The PRC	<p>China Central Place is a mixed-use commercial complex comprising a shopping mall, 3 blocks of office towers, 2 blocks of 5-star hotel, various residential towers, car parking spaces and other ancillary facilities. It is completed in 2006.</p> <p>The Property comprises the 25-storey Office Tower 1 (Level 4 to Level 28), the 29-storey Office Tower 2 (Level 4 to Level 32) and a total of about 608 underground car parking spaces of China Central Place with a total gross floor area of approximately 145,372.54 sq.m. Level 16 of Office Tower 1 and Level 20 of Office Tower 2 are used as refuge floor. The underground car parking spaces are on the basement of China Central Place. The Property also provides three signages at the eastern and the western sides on the roof of Office Tower 1.</p> <p>The approximate gross floor area of the Property is listed as follows:</p>	<p>The office portion of the Property with a total gross floor area of approximately 110,864.69 sq.m has been leased under various tenancies with the majority expiring within 3 years, yielding a total monthly rent of approximately RMB38,790,000, exclusive of value-added tax.</p> <p>The remaining portion of the Office Towers 1 and 2 was vacant.</p> <p>The car parking spaces have been leased to a property management company with a term expiring on 31 December 2024, yielding a total annual rent of RMB4,500,000, inclusive of value-added tax.</p> <p>Three signages have been leased under various tenancies with terms expiring on 31 December 2025, 30 April 2026, and 30 November 2026, yielding a total annual rent of approximately RMB3,200,000, exclusive of value-added tax.</p>	RMB8,560,000,000 (RENMINBI EIGHT BILLION FIVE HUNDRED SIXTY MILLION ONLY)										
	<p style="text-align: center;">Approximate Gross Floor Area (sq.m.)</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Office Tower 1</td> <td>56,068.32</td> </tr> <tr> <td>Office Tower 2</td> <td>64,176.87</td> </tr> <tr> <td>Car Park</td> <td>25,127.35</td> </tr> <tr> <td>Total:</td> <td>145,372.54</td> </tr> </tbody> </table>	Portion	Approximate Gross Floor Area (sq.m.)	Office Tower 1	56,068.32	Office Tower 2	64,176.87	Car Park	25,127.35	Total:	145,372.54		
Portion	Approximate Gross Floor Area (sq.m.)												
Office Tower 1	56,068.32												
Office Tower 2	64,176.87												
Car Park	25,127.35												
Total:	145,372.54												
	<p>The Property is held under land use rights term expiring on 28 October 2053 for office and car park uses.</p>												

VALUATION REPORT (continued)

Notes:

- Pursuant to the State-owned Land Use Rights Certificate No. Jing Chao Guo Yong (2010 Chu) Di No. 00118 (國有土地使用證京朝國用(2010出)第00118號) dated 21 May 2010, the land use rights of the Property with a site area of 13,692.99 sq.m have been granted to RCA01 for a land use term expiring on 28 October 2053 for office and car park uses.
- Pursuant to 56 Real Estate Ownership Certificates Nos. X Jing Fang Quan Zheng Chao She Wai Zi Di No. 521508, 521532 – 521537, 521539 – 521542, 521544 – 521545, 521547, 521549 – 521566, 521568 – 521571, 521573 – 521582 and 521584 – 521593 (X京房權證朝涉外字第521508, 521532 – 521537, 521539 – 521542, 521544 – 521545, 521547, 521549 – 521566, 521568 – 521571, 521573 – 521582 and 521584 – 521593號), the building ownership of the Property with a total gross floor area of 145,372.54 sq.m is vested in RCA01.
- As advised by the Company, the Property is subject to a mortgage.
- The key assumptions adopted in our valuation for the Target Property are summarized as follows:

(i)	Term Yield	4.5%
(ii)	Reversionary Yield	5.0%
(iii)	Average Monthly Unit Rent	RMB399

In undertaking our valuation, we have made reference to various asking rental references of office comparables within the same and neighboring districts. These rental references were with reference to their similar comparable to the Target Property. The monthly market unit rent are consistent with the said rental references. Due adjustments to the unit rents of those rental references have been made to reflect factors including but not limited to location, operating scale and tenant mix in arriving at the key assumptions.

- Our analysis of the existing tenancy profile according to the tenancy information provided by the Company is set out below:

Occupancy Profile

Type	Approximate Lettable Area (sq.m)	% of total
Leased	110,864.69	92.2
Vacant	9,380.50	7.8
Total:	120,245.19	100.0

Tenancy Expiry Profile

Year	Approximate Leased Area (sq.m)	% of total	No. of Tenancies	% of total
2024 or before	32,978	29.7	65	33.5
2025	22,468	20.3	40	20.6
2026	41,909	37.8	64	33.0
2027 or after	13,510	12.2	25	12.9
Total:	110,865	100.0	194	100.0

VALUATION REPORT (continued)

Tenancy Duration Profile

Year	Approximate Leased Area (sq.m)	% of total	No. of Tenancies	% of total
Less than 3 years	34,427	31.0	54	27.8
3-6 years	74,589	67.3	139	71.7
More than 6 years	1,849	1.7	1	0.5
Total:	110,865	100.0	194	100.0

6. We have prepared our valuation based on the following assumptions:

- (i) the Property has a proper legal title;
- (ii) all land premium and costs of resettlement and public utilities services have been fully settled;
- (iii) the design and construction of the Property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
- (iv) the Property can be freely disposed of to local or overseas purchasers.

MARKET OVERVIEW

Beijing

Beijing, located at northern China, is the capital of the PRC. It covers a site area of about 16,411 sq.km and had a total residential population of about 21.8 million in 2023. Beijing is one of the most developed cities in China. In 2023, Beijing's Gross Domestic Product (GDP) reached RMB 4,376 billion, increasing by 5.2% YoY. Fixed Asset Investment increased by 4.9% YoY, and the disposable income per capita was about RMB 81,752, increased by 5.6% YoY.

Chaoyang District

Chaoyang District is located at the city centre of Beijing, adjoining Tongzhou District to its east and Dongcheng District to its west. It covers a total site area of about 470.8 sq.km and had a total residential population of about 3.4 million at the end of 2022. It is the home to most of the foreign embassies in Beijing and consists of several major commercial areas, such as the Central Business District, East Second Ring Road, Lufthansa and Wangjing area. In the first half of 2023, the GDP of Chaoyang District amounted to about RMB 390.2 billion, ranking first in Beijing, with a 5.4% YoY growth. Fixed Asset Investment increased by about 15.1% YoY. The disposable income per capita was about RMB 46,352, indicating a YoY growth of roughly 4.8%.

Beijing Office Market

Supply and Demand

In Q4, a total of six newly completed projects entered the market, located in the East 2 Ring Road, Zhongguancun, Tongzhou and Shijingshan areas, adding a total of 538,003 sqm of office space to the market. Influenced by the pandemic and sluggish market sentiment, projects scheduled for delivery this year were concentrated towards the end of the year, which to some extent increased the overall vacancy rate. The city's average vacancy rate for Grade A buildings increased by 3.3 percentage points QoQ to 18.4%. In Q1 2024, Lijin Financial Centre, in the Lize area, is expected to be completed and delivered. Buildings A and B will be used as office towers, with a total office GFA of approximately 73,000 sqm.

VALUATION REPORT (continued)

In Q4, leasing demand in the market slowed down. On one hand, to maintain their operations, many tenants tended to adopt conservative leasing plans and downsized when renewing their leases at the same location. On the other hand, to reduce their vacancy rates, landlords were more inclined to offer existing tenants lower rents to drive lease renewals. Therefore, more landlords and tenants reached agreements to renew leases at the same location during the quarter. Relocating tenants generally chose more cost-effective office buildings in their original districts, showing less willingness to move to other areas. The net absorption of Grade A office space in Beijing decreased to 33,527 sqm in Q4, and the annual net absorption for FY 2023 was 55,873 sqm, a decrease of 11% YoY.

Rents

In Q4 2023, the average rent for Grade A offices in the city dropped by 5.1% QoQ, reaching RMB295.1 per sqm per month and dropping 8.2% YoY. There were three main reasons for the overall decline in rents: First, there was the seasonal effect as Q4 is typically a slow season in the market, resulting in reduced leasing demand, so many landlords chose to lower rents in Q4 to decrease the vacancy rate. Second was the impact of sluggish market trends. Since 2019, rents have been consistently decreasing, leading to generally lower expectations among landlords. As a result, they adjusted rents in line with the expected market decline. Third, the cost and risk of new leases for businesses are relatively high, so in the context of landlords reducing rents, many enterprises chose to renew their leases at their current location with lower rent.

In Q4, among mature areas, the East 2 Ring Road and Olympic Village markets were influenced by new projects entering the market in H2 2023, resulting in an increase of 4.3% and 3.7% QoQ, respectively. BFS, CBD, Lufthansa and Zhongguancun experienced varying degrees of decline. Rents in emerging areas saw a slight increase, with Lize seeing the largest increase of 12.1% YoY and the neighbouring Fengtai area rising by 5.6% YoY. With the development of Beijing's transportation network, businesses are more inclined to choose emerging business districts that have newer buildings and better support facilities with lower rents.

Investment Market

In Q4, Beijing's en-bloc office investment market was active, and office buildings continued to attract more attention than other property types. Three transactions were recorded in the en-bloc office investment market in Q4.

On 10 November, Shaanxi Huabin Real Estate transferred the 15th–17th floors of Block A and the 5th floor of Block B, as well as 11 underground parking spaces, in Beijing Galaxy SOHO, in Chaoyangmen, Dongcheng District, to Imperial Industrial Holdings. The transfer price is unknown at present. Galaxy SOHO is a landmark mixed-use property located in the Chaoyangmen neighbourhood of Beijing. A total area of 10,652.85 sqm was transferred.

VALUATION REPORT (continued)

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

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

8 March 2024

Dear Sirs

Valuation of Huamao Place, No. 9 First Wenchang Road, Jiangbei, Huicheng District, Huizhou City, Guangdong Province, The People's Republic of China (the "Property")

In accordance with your instructions for us to value Property held by Huizhou Runxin Shopping Mall Development Co., Ltd. (惠州市潤鑫商城發展有限公司) and exhibited to us by Spring Asset Management Limited (the "**Company**") and DB Trustees (Hong Kong) Limited in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 December 2023 for your financial reporting purpose.

BASIS OF VALUATION

Market Value is defined within "The HKIS Valuation Standards 2020" issued by HKIS and "The RICS Valuation – Global Standards" issued by RICS as: -

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

"the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction."

VALUATION REPORT (continued)

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

VALUATION METHODOLOGY

Our valuation has been undertaken using appropriate valuation methodology and our professional judgement. We have adopted Income Approach – Term and Reversion Method and cross-checked the valuation by Market Approach.

Income Approach – Term and Reversion Method is a valuation methodology by capitalizing the rental income shown on tenancy schedules handed to us by the Company and made provisions for reversionary income potential. In the course of our valuation, the adopted average market rent is approximately RMB179 per sq.m. per month and the adopted reversionary yield is 6.0%.

For cross-checking purpose, we have adopted the Market Approach. In adopting the Market Approach, we have made reference to the recent market sales evidence which is available in the market. Appropriate adjustments have been made in our valuation to reflect the differences in the characteristics between the Property and the comparable properties such as location, size, age, condition and quality in arriving at our opinion of the market value.

TITLE DOCUMENTS AND ENCUMBRANCES

We have been provided with the copies of extracts of documents in relation of the title to the Property. However, we have not examined the original documents to ascertain any amendments which may not appear on the copies handed to us. We have relied on the information given by the Company regarding the titles and other legal matters relating to the Property.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation which may be incurred in affecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

SOURCE OF INFORMATION

In the course of our valuation, we have relied on a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, tenancies, completion dates of the buildings, identification of the Property, particulars of occupancy, site areas and floor areas. Dimensions, measurements and areas included in the valuation report attached are based on information provided to us and are therefore only approximations. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

VALUATION REPORT (continued)

INSPECTION AND MEASUREMENT

We have inspected the exterior, and where possible, the interior of the Property and the inspection was conducted by Tara Luo, our Manager, in November 2022. However, no structural survey has been made and we are therefore unable to report that the Property is free from rot, infestation or any other structural defects, nor were any tests carried out to any of the services. For the purpose of this valuation, we have assumed that the Property has been maintained in satisfactory condition. Moreover, we have not been able to carry out on-site measurements to verify the site areas and floor areas of the Property and we have assumed that the areas shown on the copies of the documents handed to us are correct.

IDENTITY OF PROPERTY TO BE VALUED

We exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the Property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the Property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

COMPLIANCE WITH RELEVANT RULES AND REGULATIONS

We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of any rules and regulations, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorization have been obtained, except only where otherwise stated.

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi.

VALUATION REPORT (continued)

REMARKS

Our valuation complies with Chapter 6.8 of the Code of Real Estate Investment Trusts (the “**REIT Code**”) issued by the Securities and Futures Commission (the “**SFC**”), the Practice Note on Overseas Investment by SFC – Authorized Real Estate Investment Trusts (forming part of the REIT Code), “The HKIS Valuation Standards 2020” published by The Hong Kong Institute of Surveyors (“**HKIS**”), and “The RICS Valuation – Global Standards” issued by the Royal Institution of Chartered Surveyors (“**RICS**”), which incorporate the International Valuation Standards (the “**Red Book**”).

We hereby confirm that we have neither present nor prospective interests in Spring REIT, the Property and/or the Company. Pursuant to Paragraph 6.5 of the REIT Code, we confirm that we are independent to Spring REIT, the Company, DB Trustees (Hong Kong) Limited and each of the significant holders of Spring REIT.

Our executive summary and valuation report are attached.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Reviewed (but not undertaken) by:

Clement W M Leung

MFin MCIREA MHKIS MRICS RPS(GP)

RICS Registered Valuer

Executive Director, Head of China Valuation & Advisory

Gary S K Lau

MHKIS MRICS RPS(GP) CESGA SCR

RICS Registered Valuer

Senior Director, China Valuation & Advisory

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VALUATION REPORT (continued)

EXECUTIVE SUMMARY

Property	Huamao Place, No. 9 First Wenchang Road, Jiangbei, Huicheng District, Huizhou City, Guangdong Province, The PRC
Description	The Property comprises a shopping mall namely Huamao Place, completed in 2011 and erected on a parcel of land with a site area of approximately 41,540.60 sq.m..The Property comprises a 5-storey retail development erected over a 2-level basement with a total gross floor area of approximately 144,925.07 sq.m..
Site Area	41,540.60 sq.m.
Registered Owner	Huizhou Runxin Shopping Mall Development Co., Ltd. (惠州市潤鑫商城發展有限公司)
Gross Lettable Area	According to the information provided by the Company, the details of approximate gross lettable area of the Property are listed as follows:

Level	Approximate Gross Lettable Area (sq.m.)
Basement Level 1	17,261.05
Level 1	17,841.98
Level 2	16,259.93
Level 3	15,425.46
Level 4	16,892.65
Level 5	20,005.60
Total:	103,686.67

State-owned Land Use Certificate	Hui Fu Guo Yong (2008) Di 1302010063
Real Estate Ownership Certificate	Yue Fang De Quan Zheng Huizhou Zi Di 1100140394
Date of Valuation	31 December 2023
Valuation Methodology	Income Approach and Market Approach (for cross checking)
Market Value in Existing State	RMB2,843,000,000

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2023																
Huamao Place, No. 9 First Wenchang Road, Jiangbei, Huicheng District, Huizhou City, Guangdong Province, The PRC	<p>The Property comprises a shopping mall namely Huamao Place, completed in 2011 and erected on a parcel of land with a site area of approximately 41,540.60 sq.m..</p> <p>The Property comprises a 5-storey retail development erected over a 2-level basement with a total gross floor area of approximately 144,925.07 sq.m..</p> <p>As advised, the total gross lettable area of the Property is approximately 103,686.67 sq.m.. Details of the approximate gross lettable area are listed as follows:</p>	<p>Portion of the Property with a total gross lettable area of approximately 101,759.36 sq.m. has been leased under various tenancies with the last term expiring in April 2033, yielding a total monthly rental of approximately RMB19,770,000, inclusive of operation management fees but exclusive of building management fees, promotion fees and other outgoings.</p> <p>The remaining portion of the Property is currently vacant.</p>	RMB2,843,000,000 (RENMINBI TWO BILLION EIGHT HUNDRED FORTY THREE MILLION ONLY)																
	<table border="1"> <thead> <tr> <th>Level</th> <th>Approximate Gross Lettable Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Basement Level 1</td> <td>17,261.05</td> </tr> <tr> <td>Level 1</td> <td>17,841.98</td> </tr> <tr> <td>Level 2</td> <td>16,259.93</td> </tr> <tr> <td>Level 3</td> <td>15,425.46</td> </tr> <tr> <td>Level 4</td> <td>16,892.65</td> </tr> <tr> <td>Level 5</td> <td>20,005.60</td> </tr> <tr> <td>Total:</td> <td>103,686.67</td> </tr> </tbody> </table>	Level	Approximate Gross Lettable Area (sq.m.)	Basement Level 1	17,261.05	Level 1	17,841.98	Level 2	16,259.93	Level 3	15,425.46	Level 4	16,892.65	Level 5	20,005.60	Total:	103,686.67		
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Level 4	16,892.65																		
Level 5	20,005.60																		
Total:	103,686.67																		
	<p>The Property also comprises 700 car parking spaces on Basement Level 2 and 50 open car parking spaces on Level 1.</p> <p>The land use rights of the Property have been granted for a term expiring on 1 February 2048 for commercial use.</p>																		

VALUATION REPORT (continued)

Notes:

- Pursuant to the State-owned Land Use Rights Certificate No. Hui Fu Guo Yong (2008) Di 1302010063 issued by Huizhou Bureau of Land Resources and Housing Management dated 7 November 2008, the land use rights of a parcel of land with a site area of 41,540.60 sq.m. have been granted to Huizhou Runxin Shopping Mall Development Co., Ltd. (惠州市潤鑫商城發展有限公司) for a term expiring on 1 February 2048 for commercial use.
- Pursuant to the Real Estate Title Ownership Certificate No. Yue Fang De Quan Zheng Huizhou Zi Di 1100140394 issued by Huizhou Bureau of Land Resources and Housing Management dated 29 August 2012, the title of the Property with a total gross floor area of 144,925.07 sq.m. is vested in Huizhou Runxin Shopping Mall Development Co., Ltd. (惠州市潤鑫商城發展有限公司).
- The Property is subject to a mortgage in favour of Guangzhou Branch of Ping An Bank Co.,Ltd dated 22 March 2022.
- The key assumptions adopted in our valuation for the Target Property are summarized as follows:

(i)	Term Yield	5.5%
(ii)	Reversionary Yield	6.0%
(iii)	Average Monthly Unit Rent	RMB179

In undertaking our valuation, we have made reference to various asking rental references of office comparables within the same and neighboring districts. These rental references were with reference to their similar comparable to the Target Property. The monthly market unit rent are consistent with the said rental references. Due adjustments to the unit rents of those rental references have been made to reflect factors including but not limited to location, operating scale and tenant mix in arriving at the key assumptions.

- Our analysis of the existing tenancy profile according to the tenancy information provided by the Company is set out below:

Occupancy Profile

Type	Approximate Lettable Area (sq.m)	% of total
Leased	101,759.36	98.1
Vacant	1,927.31	1.9
Total:	103,686.67	100.0

Tenancy Expiry Profile

Year	Approximate Leased Area (sq.m)	% of total	No. of Tenancies	% of total
2024	31,257.81	30.7	227	43.6
2025	20,759.64	20.4	166	31.8
2026	32,231.96	31.7	76	14.6
2027 and beyond	17,509.95	17.2	52	10.0
Total:	101,759.36	100.0	521	100.0

VALUATION REPORT (continued)

Tenancy Duration Profile

Year	Approximate Leased Area (sq.m)	% of total	No. of Tenancies	% of total
Less than 1 year	1,750.37	1.7	17	3.3
More than 1 year and up to 2 years	5,516.92	5.4	65	12.5
More than 2 year and up to 3 years	25,292.65	24.9	228	43.8
More than 3 year and up to 4 years	16,513.16	16.2	108	20.7
More than 4 year and up to 5 years	14,302.33	14.1	48	9.2
More than 5 years	38,383.93	37.7	55	10.5
Total:	101,759.36	100.0	521	100.0

6. We have prepared our valuation based on the following assumptions:

- (i) the Company has no building ownership for portion of the Property in Basement Level 2 with a total gross floor area of approximately 10,876.22 sq.m., which is designated for civil defense use. The Company has the legal and beneficially right to use and manage the mentioned area;
- (ii) apart from the aforesaid area in Note 5(i), the Property has a proper legal title;
- (iii) all land premium and costs of resettlement and public utilities services have been fully settled;
- (iv) the design and construction of the Property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
- (v) the Property can be freely disposed of to local or overseas purchasers.

7. As advised by the Company, the revenue of the parking space is not included in the revenue of the Company. It is obtained by the building management company who will bear the operating cost of the parking space. So the rent income from the car parking space has not been taken into account under the income approach in arriving at the market value of the Property.

8. Market Overview

Huizhou City locates at the southeast of Guangdong Province, China. It has a residential population of approximately 6.05 million within a total area of approximately 11,347 sq.km. at the end of 2022. The nominal Gross Domestic Product ("GDP") of Huizhou was approximately RMB564 billion in 2023, rising by 5.6% year-on-year.

The Property is located at Jiangbei of Huicheng District, which is the central business district ("CBD") of Huizhou. Government offices, high-end residential buildings, 5-star hotels, landmark office buildings, shopping malls and community facilities such as gymnasiums, convention centers, museums and libraries are available within the area.

Jiangbei CBD accommodates most of the mid-to-high-end shopping malls in the city, of which Kaisa Plaza and Huamao Place are the major ones. Kaisa Plaza opened in 2013 with an approximate area of 120,000 sq.m. for commercial portion. Huamao Place, the Property, opened in 2011 and it is located at the center of Jiangbei CBD.

VALUATION REPORT (continued)

The Directors

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

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

14 March 2024

Dear Sirs

Valuation of 84 properties located in the United Kingdom (the "Properties")

In accordance with your instructions for us to value the property interests held by Hawkeye Properties 501 and exhibited to us by Spring Asset Management Limited (the "**Manager**") in the United Kingdom (the "**UK**"), we confirm that we have carried out site inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties as at 31 December 2023 (the "**Date of Valuation**").

BASIS OF VALUATION

Market Value is defined within "The HKIS Valuation Standards 2020" issued by HKIS and "The RICS Valuation – Global Standards" issued by RICS as: -

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

"the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction."

VALUATION REPORT (continued)

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

VALUATION METHODOLOGY

Our valuation has been undertaken using appropriate valuation methodology and our professional judgement. We have adopted Income Approach – Term and Reversion Method and cross-checked the valuation by Market Approach.

Income Approach – Term and Reversion Method is a valuation methodology by reference to the capacity of a property to generate benefits (i.e. usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value. It is based on the premise that an investor uses the income capability of an investment as a measure of value. All the things being equal, the basic premise is that the higher the income, the higher the value. The income from a property is usually annual operating income or pre-tax cash flow. The conversion of income into an expression of market value is known as the capitalization process, which is to convert estimated annual income expectancy into an indication of value either by dividing the income estimate by an appropriate yield rate or by multiplying the income estimate by an appropriate factor.

For cross-checking purpose, we have adopted the Market Approach. In adopting the Market Approach, we have made reference to the recent market sales evidence which is available in the market. Appropriate adjustments have been made in our valuation to reflect the differences in the characteristics between the Property and the comparable properties such as location, size, age, condition and quality in arriving at our opinion of the market value.

TITLE DOCUMENTS AND ENCUMBRANCES

We have not been provided with any Land Registry entries/Title documents/Report of Title of the Properties. We have relied on the information given by the Manager and its legal advisers regarding the title and other legal matters relating to the Properties. We understand that 62 of the Properties are held freehold (known as 'heritable interest' in Scotland), with the remaining 22 held under long leasehold. In the absence of any indication to the contrary, we have provided our assessments on the assumption that the freeholds/heritable interests are held by the existing owner based upon good and marketable Title and that there are no covenants or restrictions that have the potential to impact upon the value of the Properties. With respect to the long leasehold assets, we have not been provided with copy leases but have provided our assessments based on summary information (including rents, rent review pattern and unexpired lease term). We have again assumed that there are no onerous lease covenants that have the potential to impact upon value.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any of the Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoing of any onerous nature which could affect their values.

SOURCE OF INFORMATION

We have relied on a considerable extent on the information given by the Manager and the reports on the title to the Properties from the legal advisers of the Manager. We have no reason to doubt the truth and accuracy of the information provided to us by the Manager and/or the legal advisers of the Manager which is material to the valuation. We have accepted advice given by the Manager on such matters as planning approvals or statutory notices, easements, tenure, ownership, completion dates of buildings, particulars of occupancy, tenancy details, floor areas and all other relevant matters. Unless otherwise stated, dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. We have not been able to carry out on-site measurements to verify the correctness of the floor areas of the Properties and we have assumed that the floor areas shown on the documents handed to us are correct. We were also advised by the Manager that no material facts have been omitted from the information provided.

The site areas are taken from Promap and are set out in the Property Description attached to the valuation report. We have been provided with floor areas, understood to be on a Gross Internal Area (GIA) basis, from measured surveys undertaken by Plowman Craven.

INSPECTION AND MEASUREMENT

We have inspected the exterior, and where possible, the interior of the Properties in January, April, May, and July 2022 by Ed Price, Pav Panesar, Tom Poynton, and Tom Rigg. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the Properties are not free of rot, infestation or any other structural defects. Our valuation is based on the assumption that these aspects are satisfactory. Unless otherwise stated, we have not been able to carry out on-site measurement to verify the site and floor areas of the Properties and we have assumed that the areas shown on the copies of the document handed to us are correct. No tests were carried out on any of the services.

REMARKS

Knight Frank has prepared the valuation based on the information and data available to us as at the valuation date. While the current market is influenced by various policies and regulations, increased global conflicts could add further fluctuations in real estate market. It must be recognised that enactment of emergency measures, changes in mortgage requirements or international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the valuation date may affect the value of the Properties.

In preparing our valuation report, we have complied with the Chapter 6.8 of the Real Estate Investment Trusts (the "**REIT Code**") issued by the Securities and Futures Commission of Hong Kong, the International Valuation Standards issued by International Valuation Standards Council and RICS Valuation – Global Standards 2017: UK national supplement. We confirm that we are independent of the Manager, the trustee and any of the significant shareholders of the scheme within the meaning of Chapter 6.5 of the REIT Code.

As advised by the Manager, the owner of the Properties is required to pay UK income tax on its net rental income at the rate of 19% and is required to account for UK VAT on rent received in respect of the Properties in relation to which an option to tax has been exercised. Apart from the taxes mentioned, there is no other significant overseas taxes may be charged in respect of the Properties.

ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Properties are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

CURRENCY

Unless otherwise stated, the currency adopted in this report is in British Pounds.

Our executive summary and valuation report are attached.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Reviewed (but not undertaken) by:

Clement W M Leung
MFin MCIREA MHKIS MRICS RPS(GP)

RICS Registered Valuer
Executive Director, Head of China Valuation & Advisory

Gary S K Lau
MHKIS MRICS RICS RPS(GP) CESGA SCR

RICS Registered Valuer
Senior Director, China Valuation & Advisory

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VALUATION REPORT (continued)

EXECUTIVE SUMMARY

Property	The subject portfolio comprises 84 properties leased to Kwik-Fit (GB) Limited. The Properties are situated across the UK, within England, Scotland and Wales.
Site Areas	The site areas are taken from Promap and are set out in the Property Description.
Floor Areas	We have been provided with floor areas, understood to be on a Gross Internal Area (GIA) basis, from measured surveys undertaken by Plowman Craven. Individual floor areas are detailed within the Property Description.
Date of Valuation	31 December 2023
Valuation Methodology	Income Approach and Market Approach (for cross-checking)
Market Value in Existing State	£ 70,399,000

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2023
84 properties located in the United Kingdom	<p>The Properties comprise 84 properties leased to Kwik-Fit (GB) Limited ("Kwik-Fit"). The 84 properties are situated across the UK, within England, Scotland and Wales with detailed addresses listed in the Property Description attached herewith.</p> <p>The Properties have a total gross internal area (GIA) of approximately 504,213 sq ft. Details of the Properties are listed in the Property Description attached herewith.</p> <p>We understand that 62 of the Properties are held freehold (known as 'heritable interest' in Scotland), with the remaining 22 held, partly or wholly, under long leasehold.</p>	<p>We have established that most of the Properties are trading as Kwik-Fit servicing centres; the remainder are trading under different brands either due to subsidiary trading names or following partial or complete underletting.</p> <p><i>(Please refer to the Property Description attached for details)</i></p>	<p>£ 70,399,000 (SEVENTY MILLION THREE HUNDRED NINETY-NINE THOUSAND DOLLARS)</p> <p><i>(Please refer to the Property Description attached for details)</i></p>

Notes:

1. According to the information provided by the Client, the 84 properties are leased to Kwik-Fit (GB) Limited. Except the property in Islington, all the other properties are leased for terms expiring on 19 March 2032. For the property in Islington, the lease expires on 26 September 2024. The aggregate annual market rent of the 84 properties is approximately £ 4,695,700.
2. The tenant covenants are to keep the premises in good and substantial repair and condition. The tenant is entitled to sublet the whole or part only of the properties with the prior written consent of the landlord.

VALUATION REPORT (continued)

3. Our analysis of the existing tenancy profile according to the tenancy information provided by the Company is set out below:

Occupancy Profile

Type	Approximate Gross Internal Area (sq ft)	% of total
Leased	504,213	100.0
Vacant	0	0
Total:	504,213	100.0

Tenancy Expiry Profile

Year	Approximate Leased Gross Internal Area (sq ft)	% of total	No. of Tenancies	% of total
2024	4,327	0.9	1	1.2
2032	499,886	99.1	83	98.8
Total:	504,213	100.0	84	100.0

Tenancy Duration Profile

Year	Approximate Leased Gross Internal Area (sq ft)	% of total	No. of Tenancies	% of total
Less than 18 years	4,327	0.9	1	1.2
About 25 years	499,886	99.1	83	98.8
Total:	504,213	100.0	84	100.0

PROPERTY DESCRIPTION

Ref	Address	Postcode	GIA (sq ft)	Tenure	Site Area (sq ft)	Market Rent (£) (Approx.)	Lease Start	Lease End	Net Initial Yield	Market Value (£)
1	ALLOA, Clackmannan Road Brief description: The property comprises a detached single storey steel framed commercial unit with painted render with cladding to external elevations under a double pitched roof which has been re-clad to remove the corrugated asbestos sheeting. The accommodation includes a reception, workshop with six service bays, MOT office, tyre store (within a separate bay adjacent to the workshop), stores, staffroom, wash room and customer and staff WC's. Externally a concrete surfaced car park fronts the property and has capacity for approximately seven vehicles. Asbestos containing material was present within the boarded ceiling of the main workshop store.	FK10 1RR	8,879	Freehold	1,200	62,000	20/03/2007	19/03/2032	6.80%	836,000
2	ALTRINCHAM, 1-3 Church Street Brief description: Detached brick built unit of steel-portal framed construction. Ground floor accommodation includes a welcoming reception area, a 3-bay workshop, staffroom and toilets. Externally there are 14 car parking spaces. The site enjoys good prominence.	WA14 4DB	8,529	Freehold	1,500	85,000	20/03/2007	19/03/2032	5.80%	1,352,000
3	AYR, 38 Fort Street Brief description: The property comprises a terraced single storey steel framed commercial unit of varying construction techniques under a double pitched roof. The layout of the building is T-shaped to fit into the surrounding built environment. The premises trade as Tyre City. The accommodation includes a number of interconnecting units which provide parking accommodation (9 parking spaces) reception, workshop with six service bays, tyre store (within the workshop), office, store, staffroom and staff WC's. Additional on street metered parking is also available. During our inspection it was noted that the subject property was in a poor state of repair.	KA7 1DE	10,369	Freehold	900	46,700	20/03/2007	19/03/2032	6.30%	627,000
4	AYR, 22/26 Maybole Road Brief description: The property comprises a detached single storey commercial unit of steel portal frame construction with brick and block infill walls with profile cladding above under a double pitched roof. The accommodation includes a reception, workshop with three bays (five service bays), tyre store (within the workshop), store, staffroom and customer and staff WC's. Externally a relatively large tarmacadam surfaced car park is to the front and south of the property with capacity for approximately 20 vehicles. A telecoms mast is situated to the southern edge of the site.	KA7 2PZ	3,970	Freehold	1,600	40,000	20/03/2007	19/03/2032	5.90%	704,000
5	BISHOP AUCKLAND, Cockton Hill Road Brief description: The property comprises a compact and well-presented modern detached two-storey steel portal frame unit, with brick and block elevations beneath a dual pitched tiled roof. The accommodation is mostly to ground floor level and includes a small reception, a five-bay workshop, tyre store, with further tyre storage, staffroom and staff WCs to the first floor. Externally there is a small car park with capacity for approximately ten vehicles.	DL14 6JN	4,962	Leasehold	800	35,000	27/07/2007	19/03/2032	—	0
6	BLYTH, Cowpen Road Brief description: The property comprises a modern detached steel portal frame unit with part brick and block and part, profiled panelled elevations beneath a pitched profiled metal panelled roof. The accommodation is situated at ground floor level and includes a six bay workshop, tyre store, paint store, staffroom and customer/staff WC's. All areas are in relatively good cosmetic condition. Externally there is a generous car park with capacity for approximately 18 vehicles.	NE24 5TT	5,707	Freehold	2,100	60,000	20/03/2007	19/03/2032	6.40%	884,000

VALUATION REPORT (continued)

Ref	Address	Postcode	GIA (sq ft)	Tenure	Site Area (sq ft)	Market Rent (£) (Approx.)	Lease Start	Lease End	Net Initial Yield	Market Value (£)
7	BRIDGWATER, 48-54 St John's Street Brief description:	TA6 5HY	8,603	Freehold	1,200	65,000	20/03/2007	19/03/2032	6.55%	923,000
	This is a detached and refurbished property, comprising ground and first floor elements. The construction comprises traditional brick and steel portal frame, beneath a pitched roof structure. Ground floor includes 8 workshop bays, tyre stores, customer and staff WCs and a staffroom. There is a further tyre store at first floor level. Externally there is a car park with capacity for 10 vehicles.									
8	BRIDLINGTON, 32-36 St Johns Street Brief description:	YO16 7JS	15,514	Freehold	2,700	93,000	20/03/2007	19/03/2032	6.80%	1,606,000
	The property comprises two adjoining single storey units, both of brick and block construction with multi-pitch steel-framed, corrugated sheet roofing with intermittent translucent panels. The Kwik Fit accommodation is situated at ground floor level and includes reception area, a six bay workshop, tyre store, staffroom and customer/staff WCs. The rear unit – formerly occupied as a gym but vacant for at least the last ten years – is a very dilapidated condition with significant works required to bring it back into acceptable condition. Externally there is a large forecourt with parking for approximately 20 vehicles.									
9	BURNLEY, Caldervale Road Brief description:	BB11 1BS	3,489	Leasehold	1,200	35,000	20/03/2007	19/03/2032	6.20%	500,000
	The unit comprises a detached brick built unit of steel-portal framed construction beneath a pitched roof. Ground floor accommodation includes a welcoming reception area, 6-bay workshop, staffroom and toilets. Externally there is a good amount of parking provision with approximately 23 spaces. The site enjoys very good prominence.									
10	CARMARTHEN, Pensarn Road Brief description:	SA31 2BS	4,895	Freehold	1,000	40,000	20/03/2007	19/03/2032	6.90%	498,000
	The property comprises a detached purpose built unit of steel portal frame construction, with a distinctive arched roof. The accommodation is entirely at ground floor level, comprising a reception area, 5 bay workshop, tyre stores, staffroom and staff/customer WCs. Externally there is a spacious car park with capacity for approximately 12 vehicles.									
11	CASTLEFORD, 92 Bridge Street Brief description:	WF10 4LA	3,595	Freehold	600	27,000	20/03/2007	19/03/2032	5.90%	423,000
	The property comprises a single storey unit of block construction under a part-pitched and part flat roof. The accommodation is situated at ground floor level and includes two workshops with a total of five bays, tyre store, staffroom and customer/staff WCs. The internal areas are generally in need of cosmetic update but are otherwise functional for its use. Externally there is a small car park with capacity for five cars and two marked disabled spaces.									
12	CHAPEL ALLERTON, 232 Harrogate Road Brief description:	LS7 4QD	12,358	Freehold	1,900	114,000	20/03/2007	19/03/2032	5.35%	1,956,000
	The property comprises two adjoining units of similar brick and block construction beneath a largely pitched steel framed profiled metal paneled roof, with part flat roof to the smaller unit (formerly sublet to Majestic Wine). The accommodation is situated at ground floor level and includes seven bays, inspection pit, tyre storage, staffroom and customer/staff WCs. Externally there are two parking areas with capacity for approximately 12 vehicles.									

VALUATION REPORT (continued)

Ref	Address	Postcode	GIA (sq ft)	Tenure	Site Area (sq ft)	Market Rent (£) (Approx.)	Lease Start	Lease End	Net Initial Yield	Market Value (£)
13	CHELMSFORD, 103 New London Road Brief description:	CM2 0PP	20,922	Freehold	2,400	220,000	20/03/2007	19/03/2032	4.85%	4,150,000
	The property comprises an extended, refurbished and very impressive Kwik-Fit Plus facility. The unit is formed of a double width commercial building, having been extended to the north to provide a high quality operation and one of the best examples in the Kwik-Fit UK network. There are 13 service bays in addition to internal parking bays as well as a small external car park.									
14	CLEVEDON, 119-120 Kenn Road Brief description:	BS21 6JE	2,562	Freehold	1,200	26,000	20/03/2007	19/03/2032	6.90%	418,000
	The property comprises a detached two storey unit of traditional brick construction, trading as Kwik-Fit. Ground floor accommodation includes a reception area along with 3 bay workshop, tyre stores, staff/customer-WCs and staffroom. Ancillary offices and stores are situated on the first floor, although we were unable to inspect this area as it has been blocked off and is not utilised by the tenant. The external area is spacious with car parking for approximately 17 vehicles.									
15	COATBRIDGE, 320 Main Street Brief description:	ML5 3RX	4,085	Freehold	1,300	37,000	20/03/2007	19/03/2032	5.80%	604,000
	The property comprises a detached single storey steel framed commercial unit with infill blockwork walls under a pitched and hipped tiled roof. The accommodation includes a reception, workshop with three bays (five service bays), tyre store (within the workshop), store, staffroom and customer and staff WC's. Externally a tarmacadam surfaced car park fronting the property has capacity for approximately 15 vehicles.									
16	CONGLETON, 46A West Road Brief description:	CW12 4EU	4,275	Freehold	700	38,000	20/03/2007	19/03/2032	5.80%	596,000
	The unit comprises a brick built unit of concrete-framed construction beneath a pitched roof. Ground floor accommodation includes a dated reception area, workshop, staffroom and toilets. Externally there is limited parking provision. The site enjoys very good prominence.									
17	CROYDON, 3 Mitcham Road Brief description:	CR0 3RU	4,393	Freehold	1,300	88,000	20/03/2007	19/03/2032	4.40%	1,747,000
	The property comprises a detached purpose built Kwik-Fit of steel portal frame construction with brick elevations and a pitched roof. Internally in addition to the five bay workshop (including MOT) there is a reception area, tyre store and ancillary accommodation. Externally, there are 12 parking spaces arranged at the front of the property with the nine spaces along the side. At the time of inspection the latter spaces were being occupied by the McCarthy Cars business, which has a workshop behind the rear boundary of the property and appears to have a right of way over the subject property.									
18	DONCASTER, Wheatey Hall Road Brief description:	DN2 4LP	2,988	Leasehold	900	29,000	20/03/2007	19/03/2032	7.05%	287,000
	The property comprises a detached single storey steel framed commercial unit with brick and block infill walls under a corrugated flat roof. The accommodation includes a reception, workshop with six bays (six service bays), office, tyre store (within the workshop), staffroom and customer and staff WC's. Externally a predominantly tarmacadam surfaced car park fronts and is to the west of the property and has capacity for approximately 15 vehicles.									

VALUATION REPORT (continued)

Ref	Address	Postcode	GIA (sq ft)	Tenure	Site Area (sq ft)	Market Rent (£) (Approx.)	Lease Start	Lease End	Net Initial Yield	Market Value (£)
19	DUMFRIES, 40 Laurieknowe Road Brief description: The property comprises a semi-detached single storey steel framed commercial unit with brick/block/natural stone infill walls under a double pitched roof. The accommodation includes a reception (within single storey side offshoot), workshop with three service bays, tyre stores (within the workshop and mezzanine level), store, staffroom and customer WC. Externally a small concrete surfaced car park fronts the property with capacity for approximately five vehicles.	DG2 7DA	2,168	Freehold	400	17,000	20/03/2007	19/03/2032	7.05%	234,000
20	EDINBURGH, 69B Saughton Road North Brief description: The unit is single storey with brick elevations beneath a pitched roof encompassing a large roof light. The accommodation is well presented and includes reception area, workshop, staffroom and toilets. Externally there is average parking provision with approximately 13 spaces.	EH12 7JB	3,410	Freehold	1,100	43,000	20/03/2007	19/03/2032	5.50%	736,000
21	EDINBURGH, 19 Corstorphine Road Brief description: The unit is part single storey and part two storey with brick elevations beneath a flat roof. The accommodation is well presented and includes reception area, 7-bay workshop, staffroom and toilets. At first floor is office accommodation and a boardroom. Externally there is average parking provision with approximately 10 spaces.	EH12 6DD	7,590	Freehold	900	91,000	20/03/2007	19/03/2032	5.35%	1,565,000
22	EDINBURGH, 81/91 Dundee Street Brief description: The subject unit is occupied by O'Hare & McGovern who are the contractors for the build of the school. The incumbent has installed partitioning within the unit. The unit is predominantly single storey (small office at first floor) and of steel frame construction beneath a pitched roof. The accommodation includes office, workshops, staffroom and toilets.	EH11 1AW	4,466	Leasehold	1,600	47,000	20/03/2007	19/03/2032	5.75%	854,000
23	EDINBURGH, 107/109 Dundee Street Brief description: Road closed at time of inspection to facilitate building of new school nearby. The unit comprises an impressive facility. It is single storey and the accommodation includes office, two workshops, staffroom and toilets. There is good externally parking provision.	EH11 1AW	9,628	Leasehold	800	123,000	20/03/2007	19/03/2032	5.50%	1,839,000
24	ELLESMERE PORT, 116 Whitby Road Brief description: The property comprises a detached, single storey unit of brick and steel frame construction under a pitched roof. Externally, there are 10 parking spaces, and internally the accommodation comprises a five bay workshop (including MOT), reception incorporating WC and staff facilities.	CH65 0AA	4,490	Freehold	900	40,000	20/03/2007	19/03/2032	5.70%	650,000

VALUATION REPORT (continued)

Ref	Address	Postcode	GIA (sq ft)	Tenure	Site Area (sq ft)	Market Rent (£) (Approx.)	Lease Start	Lease End	Net Initial Yield	Market Value (£)
25	ELTHAM, 727 Sidcup Road Brief description:	SE9 3AQ	4,723	Leasehold	600	65,000	20/03/2007	19/03/2032	6.65%	766,000
	The property comprises a concrete framed building with brick elevations and a pitched roof arranged over ground and basement levels. At ground floor level is a customer reception and five bay workshop. The basement is a tyre and parts storage area. Externally, there are six parking spaces arranged to the front of the building. At the rear of the property (accessed via a fire escape from the basement or externally over land occupied by Ford) is a small fenced area which is not being utilised and has been used for the storage of old cars and equipment.									
26	FORFAR, Queenswell Road Brief description:	DD8 3JA	2,875	Freehold	1,090	28,000	20/03/2007	19/03/2032	6.55%	395,000
	The property comprises a detached single storey steel framed commercial unit with brick and block infill walls with cladding under a double pitched roof. The accommodation includes a reception, workshop with four bays (five service bays), MOT office, tyre store (within the workshop), store, staffroom and customer WC's. Externally a tarmacadam surfaced car park fronts and is to the east of the property and has capacity for approximately 20 vehicles. Due to weather conditions we were unable to count car parking spaces and so have assumed that the 20 car parking spaces which we have been notified of is correct.									
27	GLASGOW, 381 Pollokshaws Road Brief description:	G41 1OZ	4,999	Freehold	2,100	54,000	20/03/2007	19/03/2032	5.35%	921,000
	The property comprises a detached single storey steel framed commercial unit with brick infill walls with cladding above under a slightly pitched roof. The accommodation includes a reception, workshop with five bays (eight service bays), tyre store (within the workshop), workshop office, staffroom and customer and staff WC's. Externally a tarmacadam surfaced car park has capacity for approximately 12 vehicles. The property appears to have been recently refurbished to a Kwik Fit Premier standard.									
28	GLENROTHES, Fullerton Road Brief description:	KY7 5OR	4,500	Freehold	200	46,000	20/03/2007	19/03/2032	6.40%	774,000
	The unit is single storey with brick elevations beneath a pitched roof. The accommodation is well presented and includes reception area, workshop, staffroom and toilets. Externally there is a large parking area with approximately 17 car parking spaces.									
29	GOOLE, 142-148 Boothferry Road Brief description:	DN14 6AG	4,082	Freehold	1,200	38,000	20/03/2007	19/03/2032	6.65%	565,000
	The property comprises a detached single storey steel portal framed commercial unit with brick infill walls under a double pitched roof. The accommodation includes a reception, workshop with three bays (four service bays), tyre store (within the workshop), staffroom and customer and staff WC's. Externally a tarmacadam surfaced car park fronts and is to the south of the property and has capacity for approximately 15 vehicles.									
30	GREAT YARMOUTH, 90 North Quay Brief description:	NR30 1JT	5,314	Freehold	700	43,000	20/03/2007	19/03/2032	7.15%	775,000
	The property comprises a detached mainly single storey unit with a small first floor which has brick and glazed elevations. Internally, there is a reception area, four bay workshop and tyre store. The first floor comprises a timber floor tyre storage area.									

VALUATION REPORT (continued)

Ref	Address	Postcode	GIA (sq ft)	Tenure	Site Area (sq ft)	Market Rent (£) (Approx.)	Lease Start	Lease End	Net Initial Yield	Market Value (£)
31	HELENSBURGH, 3 Charlotte Street Brief description: The property comprises a semi-detached single storey steel framed commercial unit with part painted/part unpainted rendered elevations under a double pitched roof. The accommodation includes a reception, workshop with two bays one of which was not in use (four service bays), staffroom and customer WC's. Tyre stores are provided within the workshop and on a mezzanine level. No parking is demised to the property albeit on-street parking is available in the vicinity.	684 7PH	2,950	Freehold	300	24,000	20/03/2007	19/03/2032	7.60%	440,000
32	HORNBURCH, Ardleigh Green Road Brief description: The property comprises a detached single storey unit of brick and steel portal frame construction together with a multi-pitched roof structure. The accommodation is situated entirely at ground floor level and includes a 4 bay workshop, reception, tyre stores, staffroom and customer/staff WCs. There is a small car park with room for 7 vehicles.	RM11 2ST	3,641	Freehold	800	56,000	20/03/2007	19/03/2032	4.95%	1,077,000
33	HUDDERSFIELD, Lockwood Road Brief description: The property comprises a detached part two storey part single storey steel framed commercial unit with brick and block infill walls under a flat roof. The accommodation includes a reception, workshop with six bays (six service bays), MOT office, staffroom and customer and staff WC's to ground floor level. A tyre store is to the first floor. Externally a tarmacadam surfaced car park is to the rear (east) of the property and has capacity for approximately five vehicles. Parking capacity could be increased through the creation of additional parking spaces on the property's Lockwood Road (A616) frontage.	HD1 3QU	5,206	Freehold	600	44,000	20/03/2007	19/03/2032	5.90%	564,000
34	HYDE, 26-28 Manchester Road Brief description: The unit comprises a two storey end terrace brick built unit with flat roof. Ground floor accommodation includes a dated reception area, 6-bay workshop, staffroom and toilets. At first floor is a tyre store. The building is poorly maintained but the parking provision is good.	SK14 2BD	5,134	Freehold	700	40,000	20/03/2007	19/03/2032	6.55%	582,000
35	ISLINGTON, 379 Camden Road Brief description: The property comprises a five bay workshop which is set back from the road, the elevations are brick and the roof is supported by a steel truss. There is a reception area and staff welfare accommodation. The car park has a capacity of nine vehicles.	N7 0SH	4,327	Leasehold	800	121,000	20/03/2007	26/09/2024	—	59,000
36	KEIGHLEY, Worthway Brief description: The property comprises a detached single storey steel framed commercial unit with brick and block infill walls with cladding above to part under a pitched roof. The accommodation includes a reception, workshop with four bays (five service bays), MOT office, office, tyre store (within the workshop), staffroom and customer and staff WC's. Externally a concrete surfaced car park fronts the property and has capacity for approximately 11 vehicles.	BD21 5ET	3,576	Leasehold	800	36,000	20/03/2007	19/03/2032	7.55%	426,000
37	KEYNSHAM, Ashton Way Brief description: The property comprises a detached purpose-built unit of steel portal frame construction, with block elevations beneath a pitched roof. The accommodation is at ground floor level and includes a reception area, 4 bay workshop, tyre store, staffroom and customer/staff WCs. Externally there is a small car park with capacity for 7 vehicles.	BS31 2UF	3,214	Freehold	800	34,000	20/03/2007	19/03/2032	5.90%	543,000

VALUATION REPORT (continued)

Ref	Address	Postcode	GIA (sq ft)	Tenure	Site Area (sq ft)	Market Rent (£) (Approx.)	Lease Start	Lease End	Net Initial Yield	Market Value (£)
38	KIDDERMINSTER, 20 Churchfields Brief description:	DY10 2JL	3,849	Leasehold	900	34,000	20/03/2007	19/03/2032	7.30%	378,000
										The property comprises a detached steel portal frame unit with brick elevations beneath a pitched roof. The accommodation is situated principally at ground floor level and includes a 6 bay workshop, tyre store, staffroom and customer/staff WCs. A small first floor staff room and WC are excluded from the measured survey referred to below. Externally there is a small car park with capacity for approximately 8 vehicles.
39	KILMARNOCK, 32/36 Low Glencairn Street Brief description:	KA1 4DD	3,622	Freehold	900	46,000	20/03/2007	19/03/2032	6.50%	805,000
										The property comprises a detached single storey commercial unit of steel frame construction with brick and block infill walls with profile cladding above under a double pitched roof. The accommodation includes a reception, workshop with three bays (six service bays), tyre store (within the workshop), MOT office, workshop office, store, staffroom and customer and staff WC's. Externally a tarmacadam surfaced car park to the front of the property has capacity for approximately 11 vehicles.
40	KIRKCALDY, 182 The Esplanade Brief description:	KY1 2AQ	5,818	Freehold	1,000	45,000	20/03/2007	19/03/2032	6.65%	671,000
										The unit is single storey with brick elevations beneath a flat roof. The accommodation is well presented and includes reception area, workshop, staffroom and toilets. Externally there is limited parking as the site is relatively compact.
41	LEVEN, The Promenade Brief description:	KY8 4PJ	4,850	Freehold	700	39,000	20/03/2007	19/03/2032	7.00%	514,000
										The unit is single storey and of concrete frame construction beneath a pitched roof. The accommodation is well presented and includes reception area, workshop, staffroom and toilets. Externally there are approximately 5 car parking spaces.
42	LINCOLN, 148-150 Newark Road Brief description:	LN5 8QJ	4,819	Freehold	700	41,000	20/03/2007	19/03/2032	5.90%	626,000
										The property comprises a brick constructed unit with brick and profile clad elevations with a parapet wall obscuring the roof. Internally, the property comprises a reception, tyre store and ancillary areas, and incorporates four workshop bays and an MOT bay. A small area of the building (extending to perhaps 100 sq ft) was inaccessible at the time of our inspection owing to the presence of asbestos. We reviewed the asbestos register whilst on site (prepared by SW & MS Consulting, dated October 2013) and it was noted that four low risk asbestos containing materials were found. We understand from staff on site that the tenant is planning to remove the asbestos. Externally, there are nine parking bays.
43	LIVERPOOL, 232 Aigburth Road Brief description:	L17 0BJ	4,095	Freehold	600	35,000	20/03/2007	19/03/2032	6.15%	702,000
										The subject property is situated fronting and to the south of the A561 Aigburth Road, approximately four miles south east of central Liverpool. The immediate surroundings are principally residential in nature with commercial uses. A number of local businesses trade from shop fronts along Aigburth Road a short distance to the east.
44	LLANDUDNO, Conway Road Brief description:	LL30 1DE	11,137	Leasehold	1,700	89,000	20/03/2007	19/03/2032	6.15%	1,359,000
										The site comprises a single storey, purpose built fast fit centre, having a steel truss supported pitched roof. The building is branded as 'Kwik Fit Plus' and benefits from 22 car parking spaces. Internally, the property provides a reception, tyre storage area, staffroom, welfare facilities and a large workshop accommodating ten bays (including MOT).

VALUATION REPORT (continued)

Ref	Address	Postcode	GIA (sq ft)	Tenure	Site Area (sq ft)	Market Rent (£) (Approx.)	Lease Start	Lease End	Net Initial Yield	Market Value (£)
45	LOUGHBOROUGH, 24-29 The Rushes Brief description:	LE11 5BG	6,177	Freehold	2,300	77,000	20/03/2007	19/03/2032	5.70%	1,248,000
	The property is a purpose built Kwik Fit having steel portal frame construction and brick and profile clad elevations. Internally there is a reception, tyre store and five workshop bays plus MOT. Externally, there are 40 parking spaces for the use of Kwik Fit. The site is shared with a Johnsons Dry Cleaners, who we understand occupy by way of a sub-lease from Kwik Fit, and occupy four parking spaces.									
46	MIDDLESBROUGH, 3 Lansdowne Road Brief description:	TS4 2LW	5,255	Freehold	1,300	68,000	20/03/2007	19/03/2032	5.90%	1,264,000
	The property comprises a detached L-shaped unit of brick and block construction beneath a steel-framed pitched roof with skylights to its apex. The accommodation is mainly at ground floor level and includes a 4 bay workshop, two MOT bays, staffroom and customer WCs, with mezzanine tyre storage and ancillary staff rooms. It is in generally good cosmetic order with the latest branding and fit-out. Externally there is parking for approximately 13 vehicles.									
47	MONTROSE, 24 George Street Brief description:	DD10 8EW	2,726	Freehold	670	25,000	20/03/2007	19/03/2032	6.80%	351,000
	The property comprises a detached single storey steel framed commercial unit with brick infill walls under a roof that was not visible from ground floor level. The accommodation includes a reception, workshop with two bays (two service bays), tyre store (within the workshop and an adjoining bay), store, staffroom and customer WCs. Externally a tarmacadam surfaced car park fronts the property and has capacity for approximately ten vehicles.									
48	MOTHERWELL, 99A Airbles Road Brief description:	ML1 2TJ	6,220	Freehold	600	59,000	20/03/2007	19/03/2032	5.90%	894,000
	The property comprises a semi-detached single storey steel framed commercial unit with painted brick external elevations with cladding above under a part flat/part pitched roof. The accommodation includes a reception, workshop with three bays (six service bays), tyre store (within the workshop), MOT office, workshop office, staffroom and customer and staff WCs. Externally a sloping tarmacadam surfaced car park to the west of the property has capacity for approximately 11 vehicles. The property appears to have been recently refurbished to a Kwik Fit Premier standard.									
49	NORTHWICH, Leicester Street Brief description:	CW9 5LQ	7,825	Freehold	700	63,000	20/03/2007	19/03/2032	6.30%	949,000
	The building is of brick and steel frame construction which is part single storey and part double storey, beneath a pitched roof. Ground floor accommodation includes a reception area, three separate workshops, staffroom and toilets. At first floor is ancillary accommodation. The site has good parking provision and has two access points.									
50	OBAN, Market Street Brief description:	PA34 4HR	5,134	Freehold	370	35,000	20/03/2007	19/03/2032	7.85%	470,000
	The property comprises a detached single storey steel framed commercial unit with painted rendered and brick infill walls under a double pitched roof. The accommodation includes a reception, workshop with single bay (four service bays), store, staffroom and customer WCs. A tyre store is provided on a mezzanine level. Externally no parking is provided albeit on street parking and a large free car park is available in the vicinity. Cracking was noted to various external walls (particularly the eastern elevation) and we would recommend that this is investigated and remedied by a chartered building surveyor.									

VALUATION REPORT (continued)

Ref	Address	Postcode	GIA (sq ft)	Tenure	Site Area (sq ft)	Market Rent (£) (Approx.)	Lease Start	Lease End	Net Initial Yield	Market Value (£)
51	OLDHAM, Huddersfield Road Brief description:	OL1 3HR	4,411	Freehold	1,300	42,000	20/03/2007	19/03/2032	6.55%	605,000
										The property comprises a detached single storey steel portal framed commercial unit with brick and block infill walls with cladding above under a double pitched roof. The accommodation includes a reception, workshop with three bays (five service bays), MOT office, tyre store (within the workshop), store, staffroom and customer and staff WC's. Externally a tarmacadam surfaced car park fronts the property and has capacity for approximately 12 vehicles. An external storage container was also in use as a tyre store at the date of inspection.
52	OLDHAM, Middleton Road/Lansdowne Road Brief description:	OL9 9EG	4,819	Leasehold	1,300	36,000	20/03/2007	19/03/2032	8.30%	350,000
										The property comprises a detached part two storey part single storey commercial unit with brick and rendered infill walls under a flat roof. The accommodation includes a reception, workshop with six bays (five service bays), MOT office, store, staffroom and customer and staff WC's. A tyre store is to the first floor. Externally a tarmacadam surfaced car park fronts the property and has capacity for approximately 11 vehicles. Two external storage containers were also positioned to the south of the property at the date of inspection and we understand that these were in use as tyre stores.
53	OTLEY, Bondgate Brief description:	LS21 3AB	6,247	Leasehold	1,000	52,000	20/03/2007	19/03/2032	6.25%	736,000
										The property comprises a relatively dated detached single-storey steel frame unit with brick/block elevations, partially clad with local stone to lower elevations and profiled metal sheet to upper parts, beneath a pitched corrugated cement sheet roof. The accommodation is situated at ground floor level and includes small reception area, a four vehicle workshop, rolling road, tyre store, staffroom and customer/staff WCs. The unit is generally in average cosmetic order. Externally there is a small car park with capacity for approximately ten vehicles.
54	PLYMOUTH, 125-129 Alexandra Road Brief description:	PL4 7EG	9,725	Freehold	2,500	83,000	20/03/2007	19/03/2032	5.80%	1,268,000
										The property comprises a detached single storey commercial unit of steel portal framed construction, utilising a pitched roof. The business trades as Kwik-Fit Plus, and the accommodation includes a 7 bay workshop, tyre stores, staffroom and customer/staff WCs. Externally there is a good sized car park with capacity for 17 vehicles.
55	PONTYPRIDD, Sardin Road Brief description:	CF37 1BA	4,718	Freehold	1,400	39,000	20/03/2007	19/03/2032	6.90%	592,000
										The property comprises a detached single storey commercial unit of steel portal framed construction, utilising a flat roof. The accommodation includes a 5 bay workshop, tyre stores, staffroom and customer/staff WCs. Externally there is a good sized car park with capacity for approximately 15 vehicles.
56	PORTSMOUTH, 94 East Surrey Street Brief description:	PO1 1JY	5,927	Freehold	900	62,000	20/03/2007	19/03/2032	6.00%	996,000
										The property comprises a detached two storey unit with brick elevations and a parapet wall obscuring the roof. Internally, there is a reception, ancillary areas and a six bay workshop. At first floor level is a large tyre and parts store. Externally, there are eight parking spaces.

VALUATION REPORT (continued)

Ref	Address	Postcode	GIA (sq ft)	Tenure	Site Area (sq ft)	Market Rent (£) (Approx.)	Lease Start	Lease End	Net Initial Yield	Market Value (£)
57	PRESTON, Market Street Brief description:	PR1 2HP	14,643	Leasehold	2,000	92,000	20/03/2007	19/03/2032	9.05%	745,000
										The property comprises a part one and part two storey unit formed of interconnecting buildings on a sloping site. The section operated by Kwik Fit is single storey and incorporates a reception, staff facilities, WC's and a rear tyre store in addition to the five bay workshop which also includes and MOT bay. To the left hand side of the Kwik Fit operation is a two storey building of traditional construction which is in need of comprehensive refurbishment or redevelopment, the majority of it being unfit for occupation. This section of the accommodation has effectively been closed off by the tenant and is not in use. Externally, there are 11 parking bays at the front of the site, with a roughly surfaced area at the rear on the upper portion of the site utilised for staff parking.
58	RADCLIFFE, Bury Road Brief description:	M26 2UG	3,074	Leasehold	900	25,000	20/03/2007	19/03/2032	6.90%	371,000
										The property is single-storey and of concrete frame and brick construction beneath a flat roof. The accommodation includes a reception area, workshop, staffroom and toilets. There is limited parking provision.
59	RUTHERGLEN, 273 Main Street Brief description:	G73 1EE	4,952	Freehold	800	43,000	20/03/2007	19/03/2032	5.35%	754,000
										The property comprises a detached two storey steel framed commercial unit with brick elevations under a flat roof. The accommodation includes a reception, workshop with three bays (five service bays), MOT office, store, staffroom and customer WC. To the first floor a tyre store, store, meeting room and staff WC are provided. Externally a tarmacadam surfaced car park fronting the property has capacity for approximately 11 vehicles. The property appears to have been recently refurbished to a Kwik Fit Premier standard.
60	SHEFFIELD, 726 City Road Brief description:	S2 1GJ	4,391	Leasehold	1,200	46,000	20/03/2007	19/03/2032	8.35%	516,000
										The property comprises a detached single storey steel portal framed commercial unit with brick and block infill walls with cladding above to part under a double pitched roof. The accommodation includes a reception, workshop with three bays (six service bays), MOT office, tyre store (within the workshop), staffroom and customer and staff WC's. Externally a tarmacadam surfaced car park fronts the property and has capacity for approximately 10 vehicles.
61	SHEFFIELD, Townhead Street Brief description:	S1 1YG	9,607	Leasehold	900	79,000	20/03/2007	19/03/2032	6.30%	1,128,000
										At the time of our inspection, development works were being undertaken by the tenant to provide a Kwik Fit training centre. The property comprises a semi-detached commercial unit of steel framed construction with brick and block infill walls under a part pitched part flat roof. The accommodation includes a reception, workshop with two bays (six service bays), MOT office, tyre store (within the workshop), store, staffroom and customer and staff WC's. A first floor above the reception provides storage accommodation. Externally a small concrete surfaced car park fronts the property and has capacity for approximately eight vehicles.
62	SHIPLEY, 58 Briggate Brief description:	BD17 7BT	4,834	Freehold	1,000	44,000	20/03/2007	19/03/2032	6.55%	611,000
										The property comprises two split level light industrial buildings; to the front is a single bay workshop having a steel truss supported roof and comprising five workshop bays and an offset reception area. To the rear (accessed via stairs from the workshop or via a vehicle ramp to the side of the workshop) is a tyre storage area incorporating a small office mezzanine and an MOT bay.

VALUATION REPORT (continued)

Ref	Address	Postcode	GIA (sq ft)	Tenure	Site Area (sq ft)	Market Rent (£) (Approx.)	Lease Start	Lease End	Net Initial Yield	Market Value (£)
63	SKEGNESS, 50 Roman Bank Brief description: The property comprises two split level light industrial buildings; to the front is a single bay workshop having a steel truss supported roof and comprising five workshop bays and an offset reception area. To the rear (accessed via stairs from the workshop or via a vehicle ramp to the side of the workshop) is a tyre storage area incorporating a small office mezzanine and an MOT bay.	PE25 2SP	7,343	Freehold	1,100	59,000	20/03/2007	19/03/2032	7.00%	801,000
64	SOUTH CROYDON, 463 Brighton Road Brief description: The property comprises a purpose built single storey steel framed building with a pitched roof and arranged in an 'L' shape. Internally, there is a reception area, tyre store, ancillary accommodation and an 11 bay workshop. Externally, there is the capacity to park up to 19 vehicles.	CR2 6EW	6,544	Freehold	1,800	128,000	20/03/2007	19/03/2032	4.35%	2,721,000
65	SOUTHPORT, 8 Ash Street Brief description: The property comprises a single storey unit having brick elevations and a steel truss supported pitched roof. The internal accommodation comprises a customer reception, tyre store, mezzanine storage and a three-bay workshop.	PR8 6JH	3,875	Freehold	500	26,000	20/03/2007	19/03/2032	5.90%	424,000
66	STIRLING, 11 Burghmuir Road Brief description: The property comprises a detached single storey steel framed commercial unit with painted rendered external elevations with profile cladding above under a double pitched roof. The accommodation includes a reception, workshop with four bays (six service bays), tyre store (within the workshop), store, staffroom and customer and staff WC's. Due to weather conditions we were unable to count car parking spaces and so have assumed that the 75 car parking spaces which we have been notified of is correct. Subsidence also appeared to be apparent to the corners of the building and we would recommend that this is investigated by a chartered building surveyor at the earliest opportunity.	FK8 2DY	4,980	Freehold	1,000	51,000	20/03/2007	19/03/2032	5.85%	939,000
67	STONEHAVEN, 110 Barclay Street Brief description: The property comprises a semi-detached single storey steel framed commercial unit with painted rendered and block infill walls under a roof that was not visible from ground floor level. The accommodation includes a reception, workshop with single bay with an additional bay that was not in use (four service bays), MOT office, tyre store (within the workshop), stores, staffroom and customer and staff WC's. Externally a very small concrete surfaced car park fronts the property and has capacity for approximately two vehicles. On street parking is however available in the vicinity.	AB39 2AP	5,998	Freehold	640	49,000	20/03/2007	19/03/2032	6.70%	681,000
68	SUNDERLAND, Monk Street Brief description: The property comprises a detached part two- and part single -storey brick/block unit with brick elevations respectively beneath a part flat asphalt covered roof and part steel-framed pitched corrugated cement sheet roof to the workshop unit. The accommodation is mostly situated at ground floor level and includes a six bay workshop, customer waiting room and WCs. The first floor is in very basic cosmetic condition and used only for untracked tyre storage. The property is in particular need of refurbishment inside and out and we understand it is scheduled to undergo improvement imminently.	SR6 0BD	7,938	Freehold	1,000	56,000	20/03/2007	19/03/2032	5.90%	902,000

VALUATION REPORT (continued)

Ref	Address	Postcode	GIA (sq ft)	Tenure	Site Area (sq ft)	Market Rent (£) (Approx.)	Lease Start	Lease End	Net Initial Yield	Market Value (£)
69	THORNBURY, 14 Mead Court Brief description: The property comprises a detached, refurbished two storey commercial unit of steel portal framed construction, utilising a mono pitched roof. The accommodation includes a 4 bay workshop, tyre stores, staffroom and customer/staff WCs, together with first floor stores. Externally there is a car park with capacity for approximately 10 vehicles.	BS35 3UW	3,579	Leasehold	700	29,000	20/03/2007	19/03/2032	6.90%	408,000
70	TOTTENHAM, 32 Monument Way Brief description: The property comprises a purpose built single storey building having a steel frame and a pitched roof. Internally, there is a reception area, tyre store, staff welfare facilities and an eight bay workshop. Parking is extensive, having 22 spaces arranged to the front and side of the site.	N17 9NX	5,451	Freehold	1,800	138,000	20/03/2007	19/03/2032	4.50%	2,845,000
71	TRURO, Treaswalls Road Brief description: The property comprises a detached single storey commercial unit of steel portal framed construction, utilising a pitched roof. The accommodation includes a 5 bay workshop, tyre stores, staffroom and customer/staff WCs. The Brandon Tool Hire unit comprises a trade counter, with reception area and stores. Externally there is a good sized car park with capacity for 18 vehicles, as well as yard space to the rear.	TR1 3PY	9,626	Freehold	4,100	67,000	20/03/2007	19/03/2032	7.60%	1,038,000
72	WARRINGTON, Priestley Street/Garibaldi Street Brief description: Single storey unit of concrete frame construction beneath a flat roof. The accommodation includes a welcoming reception area, well presented workshop, staffroom and toilets. Externally there are approximately 12 car parking spaces. The site enjoys good prominence. The unit has access from the rear.	WA5 1TE	5,721	Leasehold	500	54,000	20/03/2007	19/03/2032	7.55%	508,000
73	WIGAN, Wallgate Brief description: The property comprises a single storey steel portal framed building with brick elevations which has been split to accommodate Kwik Fit (front section) and a third party occupier (rear section), the latter we assume occupy on a sub-lease from Kwik Fit. We did not inspect the rear portion of the building (which was locked at the time of our inspection). The front section comprises customer reception, tyre store and a seven bay workshop. Externally, there is a large parking area capable of accommodating approximately 26 vehicles at the front, with a large service yard extending behind the rear section of the building.	WN5 0XG	10,236	Leasehold	4,900	87,000	20/03/2007	19/03/2032	6.00%	1,373,000
74	WORCESTER, 1 Carden Street, City Walls Brief description: The property comprises a detached single storey commercial unit of steel portal framed construction, utilising a pitched roof. The accommodation, which was refurbished in late 2016, includes an 8 bay workshop, tyre stores, staffroom and customer/staff WCs. Externally there is a good sized car park with capacity for 10 vehicles.	WR1 2AX	8,535	Leasehold	1,400	85,000	20/03/2007	19/03/2032	7.30%	942,000

VALUATION REPORT (continued)

Ref	Address	Postcode	GIA (sq ft)	Tenure	Site Area (sq ft)	Market Rent (£) (Approx.)	Lease Start	Lease End	Net Initial Yield	Market Value (£)
75	YOKER, 2369-2375 Dumbarton Road Brief description: The property comprises a detached single storey steel framed commercial unit with painted brick and pebbledash external elevations under a double pitched roof. The accommodation includes a reception, two workshop bays (six service bays), MOT office, tyre store (within the workshop), store, staffroom and customer WC's. Externally a concrete surfaced car park fronts the property and has capacity for approximately six vehicles.	G14 0NT	8,548	Freehold	1,000	68,000	20/03/2007	19/03/2032	6.20%	974,000
76	GLOUCESTER, Unit 3 Northbrook Road Brief description: The property comprises a converted industrial premises occupying part ground and part first floor accommodation. The construction utilises traditional brick elevations together with a steel frame, beneath pitched roof structures. The premises trade as Central Tyres, together with a former training centre for Kwik-Fit (hence there is now surplus space). The Central Tyres unit consists of reception area, 6 bay workshop, stores, WCs and staffroom, whilst the former Kwik-Fit training centre (which we were unable to inspect) is understood to provide a training area with a 2 bay workshop, stores, first floor offices and WCs. Externally there is a large car park with room for approximately 50 vehicles.	GL4 3DP	16,814	Freehold	4,100	92,000	20/03/2007	19/03/2032	6.20%	1,320,000
77	STIRLING, 1 Whitehouse Road Brief description: The property comprises a detached commercial unit with block and painted rendered external elevations under a predominantly pitched roof. The accommodation includes reception, workshop, store and WC's. Externally there is a surfaced car park with capacity for approximately 15 vehicles.	FK7 7SS	5,425	Freehold	2,000	40,000	20/03/2007	19/03/2032	6.90%	554,000
78	BARRHEAD, 17 Cross Arthurie Street Brief description: The property comprises a detached single storey steel framed commercial unit with brick infill walls with painted render to external elevations under a double pitched roof. The accommodation includes a reception, workshop with three bays (four service bays), tyre store (within the workshop), MOT office, staffroom and customer WC's. Externally a tarmac surfaced car park is to the front and south of the property and has capacity for approximately eight vehicles.	G78 1QY	3,856	Freehold	1,200	35,000	20/03/2007	19/03/2032	6.15%	546,000
79	BIRMINGHAM, 900/902 Coventry Road Brief description: The property is a detached dated building which is part single storey and part two storey, with brick elevations. The accommodation includes a 4 bay workshop along with tyre store, WCs and additional storage at first floor level.	B10 0UA	5,977	Leasehold	500	45,000	20/03/2007	19/03/2032	—	124,000
80	EDINBURGH, 40A Portobello Road Brief description: The unit is single storey with mainly brick elevations beneath a pitched roof. We were unable to inspect the property internally.	EH8 7EH	4,006	Freehold	1,200	38,000	20/03/2007	19/03/2032	6.20%	711,000

VALUATION REPORT (continued)

Ref	Address	Postcode	GIA (sq ft)	Tenure	Site Area (sq ft)	Market Rent (£) (Approx.)	Lease Start	Lease End	Net Initial Yield	Market Value (£)
81	LICHELD, 8-9 Europa Way Brief description: The property is a single mid-terrace unit of steel portal frame construction beneath a flat roof. The unit has been rebranded Tyre City. Accommodation includes reception, 4-bay workshop, tyre store and WCs.	WS14 9TZ	1,835	Freehold	100	17,000	20/03/2007	19/03/2032	6.05%	254,000
82	NELSON, 130 Leeds Road Brief description: The building is of concrete frame construction which is part single storey and part double storey, beneath a flat roof. Ground floor accommodation includes a small dated reception area, workshop, staffroom and toilets. At first floor is a tyre store. The building is relatively dated and poorly maintained but the parking provision is good.	BB9 9XB	4,645	Leasehold	700	35,000	20/03/2007	19/03/2032	7.40%	470,000
83	THORNABY ON TEES, 212 Thornaby Road Brief description: The property comprises a well presented modern detached steel portal frame unit with brick/block elevations beneath a pitched profile metal, pannelled roof. The accommodation includes a three bay workshop, tyre store, reception and WCs to ground floor. The first floor is mainly given over to tyre storage with staff ancillary rooms and goods lift to one end Externally there is a small car park with capacity for approximately ten cars including two marked disabled spaces.	TS17 8AA	5,169	Freehold	800	41,000	20/03/2007	19/03/2032	6.00%	660,000
84	WESTON-SUPER-MARE, Winstoke Road Brief description: The property comprises a detached, converted two storey unit of brick construction, utilising a flat roof. The accommodation includes a 3 bay workshop, tyre stores, staffroom and customer/staff WCs. Externally there is a small car park with capacity for 5 vehicles.	BS23 3YE	2,849	Freehold	300	26,000	20/03/2007	19/03/2032	6.80%	445,000
Aggregate/Average						4,695,700			6.37%	70,399,000

TRUSTEE'S REPORT

Spring Asset Management Limited
(in its capacity as the REIT Manager of Spring REIT)
Room 2602, 26/F,
LHT Tower,
31 Queen's Road Central,
Central, Hong Kong

Attention: Mr. Leung Kwok Hoe, Kevin

Dear Sirs,

Spring Real Estate Investment Trust
Annual Confirmation for the period from 1 January 2023 to 31 December 2023

We hereby confirm that, in our opinion, the Manager of Spring Real Estate Investment Trust ("Spring REIT") has, in all material respects, managed Spring REIT in accordance with the provisions of the Trust Deed dated 14 November 2013 (as amended by the First Supplemental Deed dated 22 May 2015 and the First Amending and Restating Deed dated 28 May 2021) for the period from 1 January 2023 to 31 December 2023.

DB Trustees (Hong Kong) Limited
(in its capacity as trustee of Spring Real Estate Investment Trust)

Hong Kong, 21 March 2024

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF SPRING REAL ESTATE INVESTMENT TRUST

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

OPINION

What we have audited

The consolidated financial statements of Spring Real Estate Investment Trust (the "Spring REIT") and its subsidiaries (together, the "Group"), which are set out on pages 170 to 218, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity and net assets attributable to the Unitholders for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of distributions for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountant ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A key audit matter identified in our audit is summarised as follows:

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of Investment Properties</p> <p>Refer to notes 2(e), 4(a) and 13 to the consolidated financial statements</p> <p>The valuation of the Group's investment properties is a key component of the net asset value attributable to the Unitholders and underpins the Group's result for the year. The valuation of investment properties in the consolidated statement of financial position was RMB12,039 million as at 31 December 2023 and the fair value loss of investment properties for the year ended 31 December 2023 was RMB132 million.</p> <p>The valuation of the Group's investment properties is inherently subjective to, among other factors, the individual nature of the property, its location and the expected future rentals for that particular property.</p> <p>The valuation was carried out by a third party valuer (the "Valuer"). The Valuer was engaged by Spring Asset Management Limited (the "Manager" of Spring REIT) and the Trustee. The Valuer has considerable experience of the market in which the Group operates.</p>	<p>We obtained an understanding of the management's internal control and assessment process of valuation of the investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.</p> <p>We read the Valuer's reports which confirm that the valuation was prepared in accordance with the HKIS Valuation Standard, the RICS Valuation – Global Standards, and the REIT Code. We assessed the Valuer's competence, capabilities and objectivity by understanding the experience, reputation in field, professional certification and based on our previous experience of the valuer.</p>

INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>In determining investment properties' valuation, the Valuer adopted the income capitalisation approach cross-checked by the direct comparison approach where applicable. The Valuer took into account property-specific information such as the current tenancy agreements and rental income in the valuation process. The Valuer applies assumptions for capitalisation rate and market rent, which are influenced by the prevailing market yields and market transactions.</p> <p>The existence of significant estimation uncertainty on the key assumptions warrants specific audit focus in this area.</p>	<p>We checked on a sample basis on the data used by the Valuer from which the valuation was based upon. This data included key terms of lease agreements and rental income schedules which we agreed to appropriate supporting documentation.</p> <p>We involved our internal valuation expert in assessing valuation approaches (i.e. income capitalisation approach) and the key assumptions (i.e. capitalisation rate and base rent). We discussed with the Manager and the Valuer to understand the valuation approaches and to challenge the key assumptions adopted by the Manager and the Valuer. We compared the estimates and assumptions used by the Valuer against industry benchmarks and market transactions. We evaluated whether assumptions were appropriate in light of the evidence provided by the Valuer.</p> <p>We considered that the methodologies used in preparing the valuations were appropriate and key assumptions were supportable in light of available market evidence.</p>

OTHER INFORMATION

The Manager is responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE MANAGER AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Manager is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by ISAB, and for such internal control as the Manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

In addition, the Manager is required to ensure that the consolidated financial statements have been properly prepared in accordance with the relevant provisions of the the Trust Deed dated 14 November 2013, as amended by the First Supplemental Deed dated on 22 May 2015 and the First Amending and Restating Deed dated on 28 May 2021 (the "Trust Deed"), and the relevant disclosure provision of Appendix C of the Code on Real Estate Investment Trusts issued by the Hong Kong Securities and Futures Commission (the "REIT Code").

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. In addition, we are required to assess whether the consolidated financial statements of the Group have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON MATTERS UNDER THE RELEVANT PROVISIONS OF THE TRUST DEED AND THE RELEVANT DISCLOSURE PROVISIONS OF APPENDIX C OF THE REIT CODE

In our opinion, the consolidated financial statements have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code.

The engagement partner on the audit resulting in this independent auditor's report is Wong Hung Nam.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 March 2024

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Notes	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Revenues	5	732,448	577,851
Property operating expenses	6	(189,186)	(137,423)
Net property income		543,262	440,428
General and administrative expenses	7	(89,005)	(74,651)
Fair value (loss)/gain of investment properties	13	(131,833)	268,730
Fair value loss of right-of-use assets	14	(187)	(312)
Other losses, net	8	(98,736)	(18,695)
Operating profit		223,501	615,500
Bank interest income		4,932	4,166
Finance costs on interest-bearing borrowings	9	(236,994)	(397,726)
(Loss)/profit before taxation and transactions with Unitholders		(8,561)	221,940
Income tax expense	10	(44,998)	(103,508)
(Loss)/profit for the year, before transactions with Unitholders		(53,559)	118,432
Distributions paid to Unitholders:			
– 2021 final distribution		—	(139,224)
– 2022 interim distribution		—	(137,386)
– 2022 final distribution (note ii)		(135,192)	—
– 2023 interim distribution (note ii)		(127,710)	—
		(316,461)	(158,178)
Represented by:			
Change in net assets attributable to Unitholders, excluding issuance of new units and units bought back for cancellation		(320,910)	(140,732)
Amount arising from exchange reserve movements regarding translations of financial statements		(19,536)	(107,526)
Non-controlling interests		23,985	90,080
		(316,461)	(158,178)
Profit for the year, before transactions with Unitholders attributable to:			
– Unitholders (note i)		(77,544)	28,352
– Non-controlling interests		23,985	90,080
		(53,559)	118,432

Notes:

- (i) (Loss)/earnings per unit, based upon (loss)/profit for the year, before transactions with Unitholders attributable to Unitholders and the weighted average number of units in issue, is set out in note 12.
- (ii) 2023 interim distribution and 2022 final distribution of RMB127,710,000 and RMB135,192,000 respectively were paid during the year ended 31 December 2023. Total distribution for the year ended 31 December 2023 is presented in the consolidated statement of distributions.

The notes on pages 178 to 218 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Before transactions with Unitholders RMB'000	Transactions with Unitholders (note i) RMB'000	After transactions with Unitholders (note ii) RMB'000	Non-controlling interests RMB'000	Total RMB'000
For the year ended 31 December 2023					
Loss for the year	(77,544)	58,008	(19,536)	23,985	4,449
Other comprehensive income:					
<i>Items that may be reclassified to consolidated income statement</i>					
Exchange losses on translation of financial statements of subsidiaries	(16,867)	—	(16,867)	—	(16,867)
<i>Items that may not be reclassified to consolidated income statement</i>					
Exchange gains on translation of financial statements of Spring REIT	36,403	—	36,403	—	36,403
Total comprehensive income for the year	(58,008)	58,008	—	23,985	23,985
For the year ended 31 December 2022					
Profit for the year	28,352	(135,878)	(107,526)	90,080	(17,446)
Other comprehensive income:					
<i>Items that may be reclassified to consolidated income statement</i>					
Exchange gains on translation of financial statements of subsidiaries	29,633	—	29,633	—	29,633
<i>Items that may not be reclassified to consolidated income statement</i>					
Exchange gains on translation of financial statements of Spring REIT	77,893	—	77,893	—	77,893
Total comprehensive income for the year	135,878	(135,878)	—	90,080	90,080

Notes:

- (i) Transactions with Unitholders comprise the distributions paid to Unitholders of RMB262,902,000 (2022: RMB276,610,000), change in net assets attributable to Unitholders excluding issuance of new units and unit bought back for cancellation, which is a decrease of RMB 320,910,000 (2022: a decrease of RMB140,732,000).
- (ii) In accordance with the Trust Deed, Spring REIT is required to distribute not less than 90% of total distributable income to Unitholders for each financial year. Accordingly, the units contain contractual obligations of Spring REIT to pay cash distributions. The Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with International Accounting Standard 32: Financial Instruments: Presentation. Consistent with Unitholders' funds being classified as a financial liability, the distributions to Unitholders and change in net assets attributable to Unitholders, excluding issuance of new units and units bought back for cancellation, are part of finance costs which are recognized in the consolidated income statement. Accordingly, the total comprehensive income attributable to Unitholders after transactions with Unitholders is zero.

The notes on pages 178 to 218 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF DISTRIBUTIONS

For the year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
(Loss)/profit for the year, before transactions with Unitholders attributable to Unitholders	(77,544)	28,352
Adjustments:		
– Fair value loss/(gain) of investment properties attributable to Unitholders	132,210	(153,350)
– Fair value loss of right-of-use assets	187	312
– Net fair value loss/(gain) of derivative financial instruments	120,615	(81,767)
– Deferred taxation on change in fair values of investment properties attributable to Unitholders	8,729	63,499
– Manager's fee expenses in units in lieu of cash	38,611	34,500
– Interests calculated under effective interest method of bank borrowings	(166)	39,361
– Unrealised foreign exchange losses	29,497	361,699
Distributable income for the year (note ii)	252,139	292,606
Total distributions of the year (note iii)	245,836	270,661
Represented by:		
Interim distribution, paid (note iv)	127,710	137,386
Final distribution, to be paid (note v)	118,126	133,275
Total distributions of the year (note iii)	245,836	270,661
Percentage of total distribution over distributable income for the year	97.5%	92.5%
Distributions per unit to Unitholders		
– Interim distribution per unit, paid (note iv)	HK10.0 cents	HK11.2 cents
– Final distribution per unit, to be paid (note v)	HK9.0 cents	HK10.0 cents
Distribution per unit for the year (note vi)	HK19.0 cents	HK21.2 cents

The notes on pages 178 to 218 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF DISTRIBUTIONS (continued)

For the year ended 31 December 2023

Notes:

- (i) All distributions to Unitholders are determined and paid in Hong Kong dollar. For Unitholder's reference, the distributions per unit to Unitholders expressed in RMB term is as follows:

	2023	2022
Distributions per unit to Unitholders		
– Interim distribution per unit	RMB8.9 cents	RMB9.3 cents
– Final distribution per unit	RMB8.2 cents	RMB9.0 cents
Distribution per unit for the year	RMB17.1 cents	RMB18.3 cents

- (ii) Under the terms of the Trust Deed, the distributable income represents the (loss)/profit for the year before transactions with Unitholders attributable to Unitholders, adjusted to eliminate the effects of certain non-cash transactions which have been recorded in the consolidated income statement for the year.
- (iii) In accordance with the terms of the Trust Deed, Spring REIT is required to distribute to Unitholders not less than 90% of its total distributable income for each financial year. The Manager also has the discretion to make distributions over and above the minimum 90% of Spring REIT's total distributable income if and to the extent Spring REIT has funds surplus to meet its business requirements.
- (iv) The interim distribution per unit of HK\$10.0 cents for the six months ended 30 June 2023 was calculated based on the interim distribution of RMB127,710,000 for the period and 1,435,334,392 units in issue as at 8 September 2023, being the record date of 2023 Interim Distribution, rounded to the nearest HK\$0.1 cents. The interim distribution was paid to Unitholders on 22 September 2023.
- (v) The final distribution per unit of HK\$9.0 cents for the year ended 31 December 2023 is calculated based on the final distribution to be paid to Unitholders of RMB118,126,000 for the second half of the financial year and 1,439,410,110 units in issue as at 21 March 2024, being the date of declaration of the final distribution, rounded to the nearest HK\$0.1 cents.

The final distribution for the year ended 31 December 2023 is expected to be paid to Unitholders on 29 April 2024. Such final distributions per unit, however, may be subject to adjustment upon the issuance of new units and units bought back and cancelled between 21 March 2024 (being the date of the declaration of the final distribution) and 17 April 2024 (the "Record Date"), if any.

The final distribution per unit of HK\$10.0 cents for the year ended 31 December 2022 was calculated based on the final distribution paid to the Unitholders of RMB133,275,000 for the second half of the financial year and 1,484,931,187 units in issue as at 28 April 2023, being the record date of 2022 Final Distribution, rounded to the nearest HK\$0.1 cents. The final distribution for the year ended 31 December 2022 was paid to Unitholders on 15 May 2023.

- (vi) All distributions to Unitholders are determined and paid in Hong Kong dollar.

The notes on pages 178 to 218 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	As at 31 December	
		2023 RMB'000	2022 RMB'000
Assets			
Investment properties	13	12,039,343	12,082,952
Right-of-use assets	14	15,468	14,460
Derivative financial instruments	15	93,186	159,994
Restricted bank balances	17	326,532	366,840
Trade and other receivables	16	88,103	104,313
Cash and cash equivalents	17	222,893	202,434
Total assets		12,785,525	12,930,993
Liabilities, excluding net assets attributable to Unitholders			
Interest-bearing borrowings	19	5,054,490	4,857,346
Derivative financial instruments	15	41,376	—
Deferred tax liabilities	20	110,150	97,313
Lease liabilities	14	11,163	10,601
Rental deposits	18	211,544	204,566
Trade and other payables	18	215,122	217,279
Income tax payable		39,866	37,880
Total liabilities, excluding net assets attributable to Unitholders		5,683,711	5,424,985
Non-controlling interests		971,150	947,165
Net assets attributable to Unitholders		6,130,664	6,558,843
Units in issue ('000)	21	1,440,497	1,484,931
Net asset value per unit attributable to Unitholders			
In RMB		4.26	4.42
Equivalent in HK\$		4.70	4.95

For and on behalf of the Board of Directors of
Spring Asset Management Limited, as the Manager

Leung Kwok Hoe, Kevin
Executive Director

Chung Wai Fai, Michael
Executive Director

The notes on pages 178 to 218 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2023

	Reserve RMB'000	Net assets attributable to Unitholders RMB'000	Non- controlling interest RMB'000	Total RMB'000
As at 1 January 2023	—	6,558,843	947,165	7,506,008
(Loss)/profit for the year and before transactions with Unitholders	—	(77,544)	23,985	(53,559)
Exchange gains on translation of financial statements	19,536	—	—	19,536
Amount arising from exchange reserve movements (note)	(19,536)	19,536	—	—
Distributions paid to Unitholders:				
– 2022 final distribution	—	(135,192)	—	(135,192)
– 2023 interim distribution	—	(127,710)	—	(127,710)
Change in net assets attributable to Unitholders for the year ended 31 December 2023, excluding issuance of new units and units bought back for cancellation	—	(320,910)	23,985	(296,925)
Issuance of units (note 21)	—	32,786	—	32,786
Units bought back for cancellation (note 21)	—	(140,055)	—	(140,055)
	—	(107,269)	—	(107,269)
As at 31 December 2023	—	6,130,664	971,150	7,101,814

Note: The amount represented earnings retained for the year to offset the reserve movements.

The notes on pages 178 to 218 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

For the year ended 31 December 2023

	Reserve RMB'000	Net assets attributable to Unitholders RMB'000	Non- controlling interest RMB'000	Total RMB'000
As at 1 January 2022	—	6,671,653	—	6,671,653
Acquisition of subsidiaries (note 24)	—	—	857,085	857,085
Profit for the year and before transactions with Unitholders	—	28,352	90,080	118,432
Exchange gains on translation of financial statements	107,526	—	—	107,526
Amount arising from exchange reserve movements (note)	(107,526)	107,526	—	—
Distributions paid to Unitholders:				
– 2021 final distribution	—	(139,224)	—	(139,224)
– 2022 interim distribution	—	(137,386)	—	(137,386)
Change in net assets attributable to Unitholders for the year ended 31 December 2022, excluding issuance of new units and units bought back for cancellation	—	(140,732)	90,080	(50,652)
Issuance of units (note 21)	—	32,664	—	32,664
Units bought back for cancellation (note 21)	—	(4,742)	—	(4,742)
	—	27,922	—	27,922
As at 31 December 2022	—	6,558,843	947,165	7,506,008

Note: The amount represented earnings retained for the year to offset the reserve movements.

The notes on pages 178 to 218 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash generated from operations	22	500,210	393,224
Interest received		4,932	4,166
Income tax paid		(21,324)	(7,494)
Net cash generated from operating activities		483,818	389,896
Cash flows from investing activities			
Additions to investment properties		(27,608)	(18,319)
Acquisition of subsidiaries	24	—	(739,730)
Net cash used in investing activities		(27,608)	(758,049)
Cash flows from financing activities			
Payment of lease liabilities		(1,202)	(950)
Repurchase of units in issued		(140,055)	(4,742)
Net proceeds from borrowings		203,720	3,710,173
Repayment of borrowings		(90,906)	(2,899,748)
Interest paid		(181,187)	(110,181)
Decrease in restricted bank balances		45,173	4,157
Distributions to Unitholders		(268,963)	(289,695)
Settlement of derivative financial instruments		(10,423)	(33,008)
Net cash (used in)/generated from financing activities		(443,843)	376,006
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		202,434	156,047
Exchange gain on cash and cash equivalents		8,092	38,534
Cash and cash equivalents at end of year		222,893	202,434

The notes on pages 178 to 218 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1 GENERAL INFORMATION

Spring Real Estate Investment Trust ("Spring REIT") is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Spring REIT was established on 25 November 2013 and its units are listed on the main board of The Stock Exchange of Hong Kong Limited (the "HKSE") on 5 December 2013. Spring REIT is governed by a trust deed entered into on 14 November 2013 as amended and supplemented by the first supplemental deed dated 22 May 2015 and the First Amending and Restating Deed entered into between Spring Asset Management Limited (the "Manager") and DB Trustees (Hong Kong) Limited (the "Trustee") on 28 May 2021 (collectively, the "Trust Deed") and the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong (the "REIT Code"). The addresses of the registered offices of the Manager and the Trustee are Room 2602, 26/F, LHT Tower, 31 Queen's Road Central, Hong Kong and 60/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, respectively.

The principal activity of Spring REIT and its subsidiaries (together, the "Group") is to own and invest in income-producing real estate assets.

The consolidated financial statements are presented in Renminbi ("RMB"). The functional currency of Spring REIT is Hong Kong dollars ("HK\$"), the distribution of Spring REIT is determined and paid in HK\$.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and Interpretations issued by the International Accounting Standards Board ("IASB"), the requirements of the Trust Deed and the relevant disclosure requirements as set out in Appendix C of the REIT Code issued by the Securities and Futures Commission of Hong Kong.

The Group has adopted the liquidity basis in the presentation of the consolidated statement of financial position as it is considered to be more relevant and meaningful to readers based on the timing of their realisation or settlement of assets and liabilities as justified by the market situation.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, right-of-use assets and derivative financial instruments, which are carried at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

New standards and amendments to existing standards adopted by the Group

The Group has adopted all of the new standards and amendments to existing standards issued by the IASB that are relevant to the Group's operations and mandatory for annual accounting periods beginning 1 January 2023.

New standards and amendments, to existing standards effective in 2023:

IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
IAS 8 (Amendments)	Definition of Accounting Estimates
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
IAS 12 (Amendments)	International Tax Reform — Pillar Two Model Rules
IFRS 17 and IFRS 17 (Amendments)	Insurance Contracts
IFRS 17 (Amendment)	Initial Application of IFRS 17 and IFRS 9 — Comparative Information

The adoption of these new standards and amendments to existing standards does not have a material impact on the accounting policies or results and the financial position of the Group and/or the disclosure set out in these consolidated financial statements.

New standards and amendments to existing standards not yet adopted

The following new standards and amendments to existing standards are in issue but not yet effective, and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
IAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
IAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
IAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

New standards and amendments to existing standards not yet adopted (continued)

The Group will apply the above new standards and amendments to existing standards as and when they become effective. The Group has already commenced an assessment of the impact of these new standards and amendments to existing standards, and anticipated that the adoption of new standards and amendments to existing standards will not have a material effect on the Group's operating result or financial position.

(b) Consolidation

The consolidated financial statements incorporate the assets and liabilities of Spring REIT and its subsidiaries as at 31 December 2023 and their results for the year then ended.

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the units issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are expensed in the consolidated income statement during the period in which they are incurred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of financial position and statement of changes in equity and net assets attributable to Unitholders respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, for rental income in the ordinary course of the Group's activities. Amounts disclosed as revenue are net of returns and amounts collected on behalf of third parties. Revenue is recognised when or as the control of the good or service is transferred to the customer.

(i) Rental and car park income

Operating lease rental income from investment properties is recognised in the consolidated income statement on a straight-line basis over the terms of lease agreements. Lease incentives provided, such as rent-free periods, are amortised on a straight-line basis and are recognised as a reduction of rental income over the respective term of the lease.

(ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(d) Property operating expenses

Property operating expenses include property related outgoings and other expenses, are recognised on an accrual basis.

(e) Investment properties

Investment properties, principally comprising freehold land, leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuer. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement as part of a valuation gain or loss.

(f) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at its fair value at the end of each reporting year. The change in the fair value is recognised in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(g) Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The amount of the provision is recognised in the consolidated income statement.

In the event that lease incentives, including rent free periods, are given to enter into operating leases, such incentives are recognised as deferred rent receivables. The aggregate benefit of incentives is recognised as a reduction of rental income on a straight-line basis.

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

(i) Interest-bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(j) Borrowing costs

Borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

(k) Payables and provisions

(i) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(k) Payables and provisions (continued)

(ii) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation that reflects current market assessments of the time value of money and the risks specific to the obligation.

(iii) Rental deposits

Rental deposits arise when the Company enters into lease agreement directly with a tenant.

(l) Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation arising from investment property is determined based on the expected manner as to how the investment properties will be recovered through sale or through use with the corresponding tax rate applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(m) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Spring REIT's functional currency is HK\$ and the consolidated financial statements are presented in RMB.

The Group's functional currency is different from the presentation currency and the results and financial position are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within "finance costs". All other foreign exchange gains and losses are presented in the consolidated income statement within other gains or losses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(n) Leases

(i) At initial recognition

The Group acting as lessee recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The right-of-use asset is measured at its cost which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Group; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate adjusted for the length of lease.

Lease liabilities include the net present value of the following lease payments:

- fixed lease payments, included in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, or the penalty payable on the exercise of a termination option unless the Group is reasonably certain not to exercise the option; and
- any amounts expected to be payable under residual value guarantees.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the investment properties used in the Group's leasing activities. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group is using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(n) Leases (continued)

(ii) Subsequent measurement

The Group measures the right-of-use assets that meet the definition of investment property using the fair value model applied to its investment property.

The lease liability is measured as follows:

- (a) increasing the carrying amount to reflect interest on the lease liability;
- (b) reducing the carrying amount to reflect the lease payments made; and
- (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Where the Group is exposed to potential future increases in variable lease payments based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(o) Unitholders' funds as a financial liability

In accordance with the Trust Deed, Spring REIT is required to distribute to Unitholders not less than 90% of the Group's total distributable income for each financial year. Accordingly, the units contain a contractual obligation of the trust to pay to its Unitholders cash distributions. The Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with IAS 32: Financial Instruments: Presentation. It is shown on the consolidated statement of financial position as the net assets attributable to Unitholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management. The management manages and monitors these risk exposures to ensure appropriate measures are implemented on timely and effective manners.

(a) Market risk

(i) Foreign exchange risk

The subsidiaries of the Group operate in the People Republic of China (the "PRC") and the United Kingdom (the "UK") with functional currency in Renminbi ("RMB") and British Pound Sterling ("GBP") respectively. It is therefore exposed to foreign exchange risk arising from commercial transactions, and from recognised assets and liabilities that are denominated in a currency that is not the functional currency. This is primarily with respect to the US\$ and HK\$.

As at 31 December 2023, the Group has four (2022: nil) cross currency swaps swapping RMB to HK\$ with total notional amount of HK\$1,950 million (approximately RMB 1,767 million) to hedge the foreign exchange risk from the HK\$ denominated bank borrowings until 23 September 2025.

As at 31 December 2023, if US\$ had strengthened/weakened by 5% against the RMB with all other variables held constant, loss for the year would have been increase/decrease by RMB47,232,000 (2022: profit for the year would decrease/increase by RMB45,817,000) respectively, mainly as a result of foreign exchange differences on translation of monetary assets and liabilities being denominated in US\$ that is not the functional currency items in the PRC such as cash and bank balance and other payables.

As at 31 December 2023, if HK\$ had strengthened/weakened by 5% against the RMB with all other variables held constant, loss for the year would have been increase/decrease by RMB132,165,000 (2022: profit for the year would decrease/increase by RMB126,829,000) respectively, mainly as a result of foreign exchange differences on translation of monetary assets and liabilities being denominated in HK\$ that is not the functional currency items in the PRC such as cash and bank balance, other payables and borrowings.

As at 31 December 2023, if GBP had strengthened/weakened by 5% against the US\$ with all other variables held constant, loss for the year would have been increased/decreased by RMB7,638,000 (2022: profit for the year would decrease/increase by RMB8,308,000) respectively, mainly as a result of foreign exchange differences on translation of monetary assets and liabilities being denominated in US\$ that is not the functional currency items in the UK.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk

The Group's interest rate risk mainly arises from its long-term borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk which is partially offset by bank deposits at variable rate. Under the Group's interest rate management policy, the Group generally raises borrowings at floating rates and may use plain vanilla interest rate swaps to manage the risk where the Group forecasts a significant rise in interest rate in the foreseeable future.

As at 31 December 2023, the Group has four (2022: three) plain vanilla interest rate swaps with total notional amount of HK\$2,355 million and GBP 47.8 million (approximately total RMB2,566 million) (2022: total notional amount of HK\$3,355 million (approximately RMB2,967 million)) to hedge the interest rate risk arising from the variable rate bank borrowings. For the HK\$ denominated bank borrowings, the Group pays interest at fixed rates from 1.144% to 1.25% per annum (2022: 1.144% to 1.25% per annum) and receives interest at the rate of 1-month HK\$ HIBOR (2022: 1-month HK\$ HIBOR) until 23 September 2025. For the GBP denominated bank borrowings, the Group pays interest at fixed rate of 3.8% per annum and receives interest rate at the rate of 3-month compounded Sterling Overnight Index Average until 27 January 2025.

As at 31 December 2023, if interest rates had been 50 basis points higher/lower with all other variables held constant, loss for the year would have been increase/decrease by RMB1,282,000 (2022: profit for the year would decrease/increase by RMB6,616,000) lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings after taking into consideration of interest rate swaps.

(b) Credit risk

Credit risk arises from the potential failure of the Group's counterparties to meet their obligations under financial contracts. The Group is exposed to credit risk on its deposits with financial institutions, derivative financial instruments as well as trade and other receivables.

For deposits with financial institutions, the Group has limited its credit exposure by restricting their selection of financial institutions to reputable banks with sound credit ratings.

In respect of credit exposures to tenants, credit risk exposure is minimised by undertaking transactions with a large number of counterparties and conducting credit evaluations on prospective tenants before lease agreements are entered into with tenants. Monthly rentals are payable in advance by tenants in accordance with the leases. The Group also has policies in place to ensure that rental security deposits are required from tenants prior to commencement of leases. It also has other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate provision for impairment losses is made for irrecoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Cash flow forecasting is performed by the Group's finance function ("Group Finance"). Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its borrowing facilities (note 19) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal financial position ratio targets and, if applicable external regulatory or legal requirements.

Liquidity risk management includes maintaining sufficient cash, the availability of funding from operating cash flow and seeking stable financing activities. The Group will continue to monitor market conditions to assess the possibility of arranging longer term refinancing at favorable rates and extending the maturity profile of its debts. Taking into account the liquidity position, covenants and regulatory compliance (including the gearing ratio) of the Group, management expected the Group has adequate resources to meet its liabilities and commitment as and when they fall due and to continue in operational existence for the foreseeable future.

The table below analyses the Group's financial assets into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity dates.

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
At 31 December 2023				
Restricted bank balances	—	286,532	—	40,000
Trade and other receivables	43,010	—	—	—
Cash and cash equivalents	222,893	—	—	—
Derivative financial instruments (net recovered)	—	51,810	—	—
At 31 December 2022				
Restricted bank balances	—	—	326,840	40,000
Trade and other receivables	50,026	—	—	—
Cash and cash equivalents	202,434	—	—	—
Derivative financial instruments	24,578	135,416	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows which comprise both interest and principal cash flows.

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
At 31 December 2023				
Trade and other payables	129,112	—	—	—
Rental deposits	71,815	48,075	81,892	9,762
Interest payable on borrowings	298,784	167,083	78,200	48,090
Interest-bearing borrowings	67,765	4,447,249	250,329	342,116
Lease liabilities	1,148	1,148	3,440	54,338
At 31 December 2022				
Trade and other payables	140,666	—	—	—
Rental deposits	64,764	51,455	84,804	3,543
Interest payable on borrowings	272,279	249,015	213,760	48,364
Interest-bearing borrowings	64,000	64,000	4,323,131	408,000
Lease liabilities	1,060	1,060	3,177	50,218

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Unitholders.

The Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total borrowings divided by total assets.

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Total borrowings (note 19)	5,054,490	4,857,346
Total assets	12,785,525	12,930,993
Gearing ratio	39.5%	37.6%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents financial instruments that are measured at fair values.

At 31 December 2023	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Derivative assets				
Derivative financial instruments	—	93,186	—	93,186
Derivative liabilities				
Derivative financial instruments	—	41,376	—	41,376
At 31 December 2022				
Derivative assets				
Derivative financial instruments	—	159,994	—	159,994

There were no transfers between levels 1, 2 and 3 during the year (2022: nil).

Valuation techniques used to derive the fair values of the derivatives are as follows:

As at 31 December 2023, the level 2 derivative financial instruments represented four (2022: three) plain vanilla interest rate swaps and four cross currency swaps (2022: nil) which are not traded in an active market. The fair values of these derivative financial instruments are based on prices quoted by financial institutions at the end of the reporting period.

There were no changes in valuation techniques during the year.

The disclosures of the investment properties and right-of-use assets, that are measured at fair value, are set out in notes 13 and 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimates of fair value of investment properties

The fair value of each investment property is individually determined at each reporting date by independent valuer using valuation techniques. Details of the judgement and assumptions have been disclosed in note 13.

(b) Estimates of fair values of derivative financial instruments

Fair values have been arrived at using valuations provided by the counterparty banks/valuer for each reporting period with reference to market data. Actual results may differ when assumptions and selections of valuation technique changes.

(c) Taxation

The Group is a foreign enterprise established outside the PRC and the UK. The Group is subject to various taxes in the PRC and the UK. Significant judgement is required in determining the provision for taxation including deferred taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises or writes back liabilities for anticipated tax issues based on estimates of whether additional taxes will be due or reversal to be made. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxation and deferred tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

5 REVENUE AND SEGMENT INFORMATION

The Group holds investment properties in the PRC and the UK, and is principally engaged in property investment and provision of related services. Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. Given that management reviews the operating results of the Group on an aggregate basis, no segment information is therefore presented.

For the year ended 31 December 2023, revenue of RMB690 million (2022: RMB541 million) is attributable to tenants from the PRC investment properties and RMB42 million (2022: RMB37 million) is attributable to tenants from the UK investment properties. As at 31 December 2023, investment properties of RMB11,403 million (2022: RMB11,463 million) is located in the PRC and RMB636 million (2022: RMB620 million) is located in the UK. Right-of-use assets of RMB15 million (2022: RMB14 million) is located in the UK.

An analysis of revenues of the Group is as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Revenues		
Rental income	701,862	561,631
Car park income	3,562	4,784
Other income (note i)	27,024	11,436
	732,448	577,851

Note:

(i) Other income mainly represents compensation paid by tenants for early termination of lease and miscellaneous income charged to tenants.

6 PROPERTY OPERATING EXPENSES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Property management fee	34,815	17,563
Property taxes (note i)	80,822	63,442
Other taxes (note ii)	5,272	1,461
Enterprise income tax (note iii)	48,187	49,867
Leasing commission	3,918	2,794
Reinstatement costs	—	1,551
Advertising and promotional expenses	15,151	—
Others	1,021	745
	189,186	137,423

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

6 PROPERTY OPERATING EXPENSES (continued)

Notes:

- (i) Property taxes represent real estate tax and land use tax in the PRC. Real estate tax applicable to the Group's PRC properties is calculated: (a) for leased area, at 12% of rental income; and (b) for vacant area, at 1.2% of the residual value of the relevant area.
- (ii) Other taxes represent urban construction and maintenance tax, education surcharge, consumption tax and stamp duty in the PRC.
- (iii) Enterprise income tax is calculated based on 10% of the revenues received from rental operation for the Beijing properties.

7 GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Manager's fee (note i)	62,153	54,770
Trustee fee	2,381	1,715
Valuation fee	652	1,210
Auditor's remuneration		
- Audit services	2,228	1,956
- Other assurance services	657	626
- Other non-assurance services	343	334
Legal and other professional fees	15,697	9,173
Others	4,894	4,867
	89,005	74,651

Notes:

- (i) The breakdown of the Manager's fee was set out in note 11.
- (ii) For the year ended 31 December 2022, acquisition fee amounts to RMB16.6 million, trustee fee amount to RMB0.1 million and auditor's remuneration amounts to RMB0.3 million in related to the acquisition of Huizhou property were capitalized into the investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

8 OTHER LOSSES, NET

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Net fair value (loss)/gain of derivative financial instruments at fair value through profit or loss	(120,615)	81,767
Foreign exchange gains/(losses), net	21,099	(108,803)
Other gains	780	8,341
	(98,736)	(18,695)

9 FINANCE COSTS ON INTEREST-BEARING BORROWINGS

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Interest expenses on bank borrowings (note i)	(288,834)	(165,837)
Interest income on derivative financial instruments	103,329	21,870
Interest expenses on lease liabilities	(893)	(863)
Foreign exchange losses on bank borrowings (note ii)	(50,596)	(252,896)
	(236,994)	(397,726)

Notes:

- (i) Interest expenses on bank borrowings comprised contractual loan interest and amortised loan arrangement fee, which were recognised using the effective interest rate method.
- (ii) Foreign exchange losses on bank borrowings arise upon translating the bank borrowings denominated in foreign currencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

10 INCOME TAX EXPENSE

For the subsidiary with operation in Beijing, the PRC, it is not subject to the corporate income tax but it is subject to enterprise income tax as disclosed in note 6(iii).

For the subsidiary with operation in Huizhou, the PRC, it is subject to corporate income tax at a rate of 25%.

Prior to 31 March 2023, for the subsidiary with operation in the UK, it is subject to corporate income tax at a 19%. From 31 March 2023 onwards, the UK subsidiary is subject to corporation tax at a rate of 25%.

No Hong Kong profits tax has been provided as the Group has no assessable profit in Hong Kong.

The amount of income tax expense charged to the consolidated income statement represents:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Current tax		
Current income tax	32,161	8,871
Over provision in prior year	—	(2)
	32,161	8,869
Deferred taxation	12,837	94,639
	44,998	103,508

The differences between the Group's expected tax charge, calculated at the domestic rates applicable to the country concerned, and the Group's tax charge for the years were as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
(Loss)/profit before income tax and transactions with unitholders	(8,561)	221,940
Exclude loss/(profit) from the PRC operation which is not subject to income tax (note 6(iii))	47,187	(25,321)
	38,626	196,619
Tax calculated at the Hong Kong profit tax rate at 16.5% (2022: 16.5%)	6,373	32,442
Effect on different taxation rate on overseas operations	7,373	31,970
Income not subject to tax	(8,340)	(1,984)
Expenses not deductible for tax purposes	39,592	43,756
Effect on temporary differences previously not recognised	—	(2,674)
Over provision in prior year	—	(2)
	44,998	103,508

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

11 MANAGER'S FEE

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Base fee	47,306	41,934
Variable fee	14,847	12,836
Acquisition fee	—	16,606
	62,153	71,376

Pursuant to the Trust Deed, the Manager is entitled to receive remuneration for its services as the manager of Spring REIT, which is the aggregate of:

- (i) Base fee at 0.4% per annum of the value of the Deposited Property ("Base Fee", as defined in the Trust Deed).
- (ii) Variable fee at 3.0% per annum of the Net Property Income ("Variable Fee", as defined in the Trust Deed) (before deduction therefrom of the Base Fee and Variable Fee).
- (iii) The acquisition fee was incurred from the acquisition of subsidiaries which was capitalized in investment property.

Based on the election made by the Manager dated 2 December 2022 and 3 December 2021 in relation to the Manager's elections for the Base Fee to be paid to the Manager in the form of cash as to 20% and in the form of Units as to 80% (2022: same), and Variable Fee to be paid to the Manager in the form of cash entirely (2022: same), arising from any real estate of Spring REIT for the year ended 31 December 2023 and 2022 in accordance with the Trust Deed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

12 (LOSS)/EARNINGS PER UNIT

	2023 RMB'000	2022 RMB'000
(Loss)/profit for the year before transactions with Unitholders attributable to Unitholders	(77,544)	28,352
Weighted average number of units for the year for calculating basic earnings per unit	1,463,749,811	1,478,856,171
Adjustment for dilutive units issuable in respect of the Manager's fee	—	4,404,119
Weighted average number of units for the year for calculating diluted (loss)/earnings per unit	1,463,749,811	1,483,260,290
Basic (loss)/earnings per unit based upon profit before transactions with Unitholders attributable to Unitholders	(RMB5.3 cents)	RMB1.9 cents
Diluted (loss)/earnings per unit based upon profit before transactions with Unitholders attributable to Unitholders	(RMB5.3 cents)	RMB1.9 cents

The units issuable in respect of the Manager's fee are considered to have an anti-dilutive effect on the basic loss per unit for the year ended 31 December 2023, thus it is not included in the calculation of diluted loss per unit.

13 INVESTMENT PROPERTIES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
At beginning of the year	12,082,952	9,307,096
Acquisition of subsidiaries (note 24)	—	2,442,000
Capitalisation of transaction costs for the acquisition of subsidiaries	—	51,024
Additions	37,636	33,731
Exchange differences recognized in other comprehensive income	50,588	(19,629)
Changes in fair value recognised in consolidated income statement	(131,833)	268,730
At end of the year	12,039,343	12,082,952

Notes:

- (i) The investment properties of the Group include those located in Beijing, Huizhou and the UK.

In Beijing, the investment properties comprise office towers 1 & 2 and approximately 608 car parking spaces located at No. 79 and 81 Jianguo Road, Beijing, the PRC. The land use rights of the properties have been granted to RCA01 for a 50-year term expiring on 28 October 2053.

In Huizhou, the investment properties comprise seven-storey shopping mall and 700 underground and 50 above-ground car park spaces located at No. 9 First Wencheng Road, Huicheng District, Huizhou, Guangdong Province, the PRC. The land use rights of the properties have been granted to Huizhou Runxin for 40-year term expiring on 1 February 2048.

In the UK, the investment properties comprise 84 individual properties with diversified locations across the UK. The investment properties are held under either freehold or leasehold interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

13 INVESTMENT PROPERTIES (continued)

On 28 September 2022, the Group completed the acquisition of 68% interest of Huizhou Huamao Place through acquisition of subsidiaries (note 24).

As at 31 December 2023 and 31 December 2022, the Group had no unprovided contractual obligations for future repairs and maintenance of the investment properties.

As at 31 December 2023 and 31 December 2022, the investment properties were pledged to secure the Group's interest-bearing borrowings (note 19).

Valuation process

The Group's investment properties were valued by an independent qualified valuer not connected to the Group who holds a recognised relevant professional qualification and has recent experiences in the locations and segments of the investment properties valued.

The Manager reviewed the valuation performed by the independent valuer for financial reporting purpose. Discussions of valuation processes and results are held between the Manager and the independent valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 December 2023 and 2022, the fair values of the investment properties have been determined by Knight Frank Petty Limited. The independent valuer adopted the income capitalisation approach and cross-checked by the direct comparison approach for the valuation where applicable.

Valuation techniques

(i) PRC investment properties

The income capitalisation approach estimates the value of the property on an open market basis by capitalising the estimated rental income having regard to the current passing rental income from the existing tenancies and potential future reversionary income at the market level. In this valuation method, the total rental income comprises the current passing rental income over the existing remaining lease terms (the "**term income**") and a potential market rental income upon reversion (the "**reversionary income**"). The term value involves the capitalisation of the current passing rental income over the existing remaining lease terms. The reversionary value is estimated by capitalising the current market rental income. It is then discounted back to the valuation date. In this method, the independent qualified valuer has considered the term and reversionary yields to capitalise the current passing rental income and the market rental income, respectively.

The direct comparison approach is based on comparing the subject property with other comparable sales evidences of similar properties in the local market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

13 INVESTMENT PROPERTIES (continued)

Valuation techniques (continued)

(ii) UK investment properties

The income capitalisation approach estimates the values of the properties on an open market basis by capitalising the estimated rental income having regard to the current passing rental income from the existing tenancies and potential future reversionary income at the market level. In this valuation method, the total rental income comprises the term income and the reversionary income. Both the term income and the reversionary income are capitalised using the same capitalisation rate either on perpetual basis (for freehold properties) or on the basis of the properties' remaining land tenure (for leasehold properties).

Fair value hierarchy

	Fair value measurements using		
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements			
As at 31 December 2023	—	—	12,039,343
As at 31 December 2022	—	—	12,082,952

There were no transfers between levels 1, 2 and 3 during the year (2022: nil).

Key unobservable inputs used to determine fair values

(i) Beijing CCP properties

(a) Capitalisation rate

This is estimated based on the market lease over market value on comparable. The higher the capitalisation rates used, the lower the fair values of the investment properties. In the 31 December 2023 valuation, a capitalisation rate of 5.0% (2022: 5.0%) is used in the income capitalisation approach.

(b) Base rent

Base rent is the standard rent payable under the lease exclusive of any other charges and reimbursements. This was estimated based on the market lease comparable. The higher the base rent used, the higher the fair values of the investment property. The average gross monthly office unit base rent of RMB399 (2022: RMB399) per square meter exclusive of VAT is used in the valuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

13 INVESTMENT PROPERTIES (continued)

Key unobservable inputs used to determine fair values (Continued)

(ii) Huizhou Huamao Place

(a) Capitalisation rate

This is estimated based on the market lease over market value on comparable. The higher the capitalization rates used, the lower the fair values of the investment properties. In the 31 December 2023 valuation, a capitalization rate of 6.0% (2022:6.0%) is used in the income capitalisation approach.

(b) Base rent

Base rent is the standard rent payable under the lease exclusive of any other charges and reimbursements. This was estimated based on the market lease comparable. The higher the base rent used, the higher the fair values of the investment properties. The gross monthly base rent for the retail unit is RMB179 (2022: RMB176) per square meter.

(iii) UK investment properties

(a) Capitalisation rate

This is estimated based on the market lease over market value on comparable. The higher the capitalisation rate used, the lower the fair values of the investment property. In the 31 December 2023 valuations, the capitalisation rate used in the income capitalisation approach of 84 investment properties range from 4.35% to 9.05% (2022: 3.70% to 8.15%).

(b) Base rent

Base rent is the standard rent payable under the lease exclusive of taxes, other relevant charges and reimbursements. This was estimated based on the market lease comparable. The higher the base rent used, the higher the fair values of the investment properties. The gross annual unit base rents of 84 investment properties range from GBP4.50 to GBP27.96 (2022: GBP4.52 to GBP23.57) per square foot.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

14 LEASES

This note provides information for leases where the Group is a lessee that is not occupied by the Group.

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Right-of-use assets		
At beginning of the year	14,460	15,217
Exchange differences recognised in other comprehensive income	1,195	(445)
Changes in fair value recognised in consolidated income statement	(187)	(312)
At end of the year	15,468	14,460

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Lease liabilities, expected to be settled:		
Within 1 year	344	96
After 1 year	10,819	10,505
	11,163	10,601

The following table presents right-of-use assets that related to investment properties are measured at fair values.

Fair value hierarchy

	Fair value measurements using		
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements			
As at 31 December 2023	—	—	15,468
As at 31 December 2022	—	—	14,460

There were no transfers between levels 1, 2 and 3 during the year (2022:nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

15 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Derivative assets		
Derivative financial instruments	93,186	159,994
Derivative liabilities		
Derivative financial instruments	41,376	—

The Group has entered into four (2022: three) interest rate swaps and four (2022: nil) cross currency swaps as part of its financial risk management but did not account for these as accounting hedges under IFRS 9. Plain vanilla interest rate swap was used to hedge the floating interest payments of the debt instruments. Cross-currency swap was used to hedge both floating interest payment and foreign exchange risk of the debt instruments.

The aggregated notional principal amounts of the interest rate swaps as at 31 December 2023 were HK\$2,355 million and GBP47.8 million (approximately total RMB2,566 million) (31 December 2022: HK\$3,355 million (approximately RMB2,967 million)) with HK\$2,355 million mature on 23 September 2025 and GBP47.8 million mature on 27 January 2025 (2022: HK\$1,000 million mature on 29 December 2023 and HK\$2,355 million mature on 23 September 2025).

The Group entered into four cross currency swaps swapping RMB to HK\$. The total aggregated notional principal amount as of 31 December 2023 was HK\$1,950 million (approximately RMB1,767 million) with maturity on 23 September 2025.

The Group recorded net fair value loss on derivative financial instruments for the year ended 31 December 2023 amounting to RMB120,615,000 (2022: gain of RMB81,767,000) (note 8) which were charged to the consolidated income statement.

The maximum exposure to credit risk at the reporting date is the carrying values of the derivative financial instruments.

The carrying amounts of derivatives are expected to be recovered/settled after twelve months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

16 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Rent receivables (note vi)	10,223	7,266
Deferred rent receivables (note iv)	35,080	41,135
Prepayments	9,026	10,884
Other receivables	8,960	2,151
VAT recoverable	—	117
Indemnified tax recoverable (note v)	24,814	42,760
	88,103	104,313

Notes:

- (i) Trade and other receivables are mainly denominated in RMB and GBP, and the carrying amounts of these receivables approximate their fair values.

There are no specific credit terms given to the tenants.

Fixed monthly rentals are payable in advance by tenants in accordance with the leases while the turnover rent and daily gross receipts from tenants, and car parks are received from the car park operators in arrears.

- (ii) The Group's exposure from outstanding rent receivables and deferred rent receivables is generally fully covered by the rental deposits from the corresponding tenants (note 18).
- (iii) As at 31 December 2023 and 2022, the rent receivables and all future rent receivables in the PRC were pledged to secure the Group's interest-bearing borrowings (note 19).
- (iv) Deferred rent receivables represent the accumulated difference between effective rental revenue and actual rental receipts.
- (v) The balance represents the tax indemnity from seller in relation to the acquisition of Huizhou properties for any tax liabilities of the project company before the acquisition and the balance was unsecured, interest free, repayable on demand and denominated in RMB.
- (vi) The ageing of rent receivables, presented based on the due date, is as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
0 – 30 days	4,207	4,939
31 – 90 days	1,967	661
Over 90 days	4,049	1,666
	10,223	7,266

- (vii) The carrying amounts of trade and other receivables are expected to be recovered within the next twelve months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

17 RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Restricted bank balances	326,532	366,840
Cash and cash equivalents	222,893	202,434
	549,425	569,274

Cash and cash equivalents and restricted bank balances are denominated in the following currencies:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
US\$	19,290	25,206
RMB	352,093	305,290
HK\$	166,241	210,584
GBP	11,801	28,194
	549,425	569,274

Restricted bank balances are related to bank accounts restricted under the bank borrowing facility agreements of the Group's bank interest-bearing borrowings (note 19).

The carrying amounts of cash and cash equivalent and restricted bank balances are expected to be recovered as below:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Cash and cash equivalents		
Within 1 year	222,893	202,434
Restricted bank balances		
After 1 year	326,532	366,840

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

18 RENTAL DEPOSITS AND TRADE AND OTHER PAYABLES

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Rental deposits (note i)	211,544	204,566
Trade and other payables:		
Rental receipts in advance	59,677	52,380
Provision for other taxes (note ii)	15,003	16,377
Accrued expenses and other payables	140,442	148,522
	215,122	217,279

Notes:

- (i) The carrying amount is expected to be settled based on the terms of agreement as below:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Within 1 year	71,815	64,764
After 1 year	139,729	139,802
	211,544	204,566

- (ii) Provision for other taxes represents provision for value added tax, urban construction and maintenance tax, education surcharge and stamp duty.

The carrying amounts of trade and other payables approximate their fair values, mainly denominated in RMB and GBP and are expected to be settled within twelve months.

19 INTEREST-BEARING BORROWINGS

The carrying amounts of bank borrowing are expected to be settled as below:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Bank borrowings		
Within 1 year	67,765	64,000
After 1 year	4,986,725	4,793,346
	5,054,490	4,857,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

19 INTEREST-BEARING BORROWINGS (continued)

Bank borrowings are denominated in the following currencies:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
HK\$ (note i)	3,890,949	3,674,729
RMB (note ii)	735,309	768,000
GBP (note iii)	428,232	414,617
	5,054,490	4,857,346

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting year are as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
6 months or less	5,054,490	4,857,346

The carrying amounts of bank borrowings approximate their fair values, as the borrowings were at floating interest rate.

Notes:

- (i) The borrowing bears interest of 1.60% per annum above 1-month HK\$ HIBOR and repayable in full on 23 September 2025;
- (ii) The borrowing bears interest of 60 basis point above the loan prime rate for more than five years as announced by the National Interbank Funding Centre, repayable periodically and will mature in March 2032; and
- (iii) The borrowing is repayable in full on 26 January 2025 and bears interest of 2.20% margin plus Sterling Overnight Index Average plus Credit Adjustment Spread.

As at 31 December 2023 and 31 December 2022, the Group's investment properties (note 13), derivative financial instruments (note 15), rent receivables (note 16) and all future rent receivables of the investment properties (note 23), restricted bank balances (note 17), interests in certain subsidiaries of the Group and certain assets of a subsidiary of the Group were pledged to secure the Group's loan borrowings. In addition, the Trustee (in its capacity as trustee of Spring REIT) has provided guarantee for all the loan facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

20 DEFERRED TAX LIABILITIES

Deferred taxation is calculated in full on temporary differences under the liability method.

Deferred tax liabilities are expected to be settled after one year.

The movements in deferred tax liabilities during the year are as follows:

	Investment properties revaluation RMB'000	Acceleration depreciation allowance RMB'000	Total RMB'000
At 31 December 2023			
At beginning of the year	95,250	2,063	97,313
Deferred tax expense recognised in consolidated income statement	5,000	7,837	12,837
At end of the year	100,250	9,900	110,150

	Investment properties revaluation RMB'000	Acceleration depreciation allowance RMB'000	Total RMB'000
At 31 December 2022			
At beginning of the year	2,760	—	2,760
Exchange differences recognised in other comprehensive income	(86)	—	(86)
Deferred tax expense recognised in consolidated income statement	92,576	2,063	94,639
At end of the year	95,250	2,063	97,313

21 UNITS IN ISSUE

	Number of units As at 31 December	
	2023	2022
Balance as at beginning of the year	1,484,931,187	1,472,383,580
New units issued for Manager's fee	19,510,923	14,674,607
Repurchase of units in issue (note ii)	(63,945,000)	(2,127,000)
Balance as at end of the year	1,440,497,110	1,484,931,187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

21 UNITS IN ISSUE (continued)

Notes:

- (i) Traded market value of the units as of 31 December 2023 was HK\$2.28 (2022: HK\$2.40) per unit. Based on 1,440,497,110 (2022: 1,484,931,187) units, the market capitalisation was HK\$3,284 million (approximately RMB2,976 million) (2022: HK\$3,564 million (approximately RMB3,205 million)).
- (ii) Pursuant to the general mandate granted to the Manager by the Unitholders, the Manager (on behalf of Spring REIT) bought back a total of 64,348,000 units (2022: 2,127,000 units) at an aggregate amount of approximately RMB140,055,000 (2022: RMB4,742,000) during the year ended 31 December 2023. 63,945,000 units (2022: 2,127,000 units) bought back were cancelled during the year and 403,000 units bought back were cancelled in January 2024.

22 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Cash generated from operating activities

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
(Loss)/profit before taxation and transactions with Unitholders	(8,561)	221,940
Fair value loss/(gain) of investment properties	131,833	(268,730)
Fair value loss of right-of-use assets	187	312
Net fair value loss/(gain) on derivative financial instruments	120,615	(81,767)
Manager's fee expenses in units in lieu of cash	38,611	34,500
Bank interest income	(4,932)	(4,166)
Finance costs (note 9)	236,994	397,726
Foreign exchange (gains)/losses	(21,099)	108,803
Decrease in trade and other receivables	2,901	10,733
Increase in rental deposits	6,978	876
Decrease in trade and other payables	(3,317)	(27,003)
	500,210	393,224

Material non-cash movement:

For the year ended 31 December 2023, the Manager's fee amounting to RMB38,611,000 (2022: RMB34,500,000) was settled by issuance of new units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

22 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(b) Movement of financial liabilities arising from financing activities

The details of movement of financial liabilities arising from financing activities are as follows:

	Interest payable (included in trade and other payables) RMB'000	Interest-bearing borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2023	6,679	4,857,346	10,601	4,874,626
<i>Cash flows in financing activities</i>				
Payment of lease liabilities	—	—	(1,202)	(1,202)
Interest paid	(181,187)	—	—	(181,187)
Net proceeds from borrowings	—	203,720	—	203,720
Repayment of borrowings	—	(90,906)	—	(90,906)
Interest expense on bank borrowings (note 9)	289,000	(166)	—	288,834
Interest expense on lease liabilities (note 9)	—	—	893	893
Interest income on derivative financial instruments (note 9)	(103,329)	—	—	(103,329)
Exchange difference recognised in profit and loss	10	50,596	—	50,606
Exchange difference recognised in other comprehensive income	321	33,900	871	35,092
As at 31 December 2023	11,494	5,054,490	11,163	5,077,147

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

22 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(b) Movement of financial liabilities arising from financing activities (continued)

	Interest payable (included in trade and other payables) RMB'000	Interest- bearing borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2022	10,734	2,960,830	11,009	2,982,573
<i>Cash flows in financing activities</i>				
Payment of lease liabilities	—	—	(950)	(950)
Interest paid	(110,181)	—	—	(110,181)
Net proceeds from borrowings	—	3,710,173	—	3,710,173
Repayment of borrowings	—	(2,899,748)	—	(2,899,748)
Acquisition of subsidiaries	—	800,000	—	800,000
Interest expense on bank borrowings (note 9)	126,476	39,361	—	165,837
Interest expense on lease liabilities (note 9)	—	—	863	863
Interest income on derivative financial instruments (note 9)	(21,870)	—	—	(21,870)
Exchange difference recognised in profit and loss	1,565	252,896	—	254,461
Exchange difference recognised in other comprehensive income	(45)	(6,166)	(321)	(6,532)
As at 31 December 2022	6,679	4,857,346	10,601	4,874,626

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

23 FUTURE MINIMUM RENTAL RECEIVABLES

As at 31 December 2023, the analysis of the Group's aggregate future minimum rental receivable under non-cancellable leases is as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Within 1 year	616,502	633,346
1 – 2 years	461,364	493,517
2 – 3 years	286,603	327,607
3 – 4 years	146,101	162,046
4 – 5 years	106,042	74,057
After 5 years	204,626	204,317
	1,821,238	1,894,890

Note: Most of the operating leases are on fixed terms and of terms of 3 years (2022: 3 years).

24 ACQUISITION OF SUBSIDIARIES

On 29 April 2022, the Group entered into conditional acquisition agreements, pursuant to which they would acquire an aggregate 68% interest in Huizhou Runxin and its investment holding companies from the Associates of a substantial Unitholder. Huizhou Runxin owns a seven-storey shopping mall and certain carpark spaces in Huizhou City, the PRC. The acquisition was completed on 28 September 2022 at purchase consideration of RMB1,641.5 million and related transaction costs of RMB51.0 million which RMB890.0 million was satisfied by the novation of payable from the seller and the remaining balance were settled in cash. The acquisition have been accounted for by the Group as acquisition of asset under IFRS 3 "Business Combinations" since substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset, the Huizhou Huamao Place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

24 ACQUISITION OF SUBSIDIARIES (continued)

The assets and liabilities arising from the acquisition are as follows:

	RMB'000
Investment properties	2,442,000
Restricted bank balances	40,000
Trade and other receivables (including receivable due from seller)	1,132,320
Cash and cash equivalents	55,011
Interest-bearing borrowings	(800,000)
Rental deposits	(53,051)
Trade and other payables	(102,111)
Tax payable	(35,778)
Other net assets	(179,776)
Net assets acquired	2,498,615
Non-controlling interests	(857,085)
Purchase consideration for the acquisition	1,641,530
Consideration satisfied by assumption of payable (non-cash transaction)	(890,000)
Cash and cash equivalents acquired	(55,011)
	696,519
Transaction cost (note)	51,024
Transaction costs paid in prior year	(7,813)
Net outflow of cash – investing activities	739,730

Note: The transaction costs related to the acquisition of RMB51 million were capitalised in the investment properties.

25 CONNECTED PARTY TRANSACTIONS AND RELATED PARTY TRANSACTIONS AND BALANCES

As at 31 December 2023, RCA Fund 01, L.P. is the immediate and ultimate holding company of the Group.

For the year ended 31 December 2023, the Group entered into the following transactions with related parties at mutually agreed terms in the normal course of its business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

25 CONNECTED PARTY TRANSACTIONS AND RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Nature of relationship with connected/related parties

The table set forth below summarises the names of the connected/related parties, as defined in the REIT Code/IAS 24 (Revised) "Related Party Disclosures", and nature of their relationship with the Group as at 31 December 2023:

Connected/related party	Relationship with the Group
DB Trustees (HK) Ltd. *	The Trustee of Spring REIT
Spring Asset Management Limited*	The Manager of Spring REIT
RCA Fund 01, L.P. (" RCA Fund ") *	A Substantial Unitholder of Spring REIT
PAG Investment Consulting (Beijing) Co., Limited (" PAG Beijing ") * #	An Associate of a Substantial Unitholder of Spring REIT
Beijing Guohua Real Estate Co., Ltd. (" Beijing Guohua ") * # (note ix and x)	An Associate of a Substantial Unitholder of Spring REIT
MIBJ Consulting (Beijing) Co., Ltd. (" MIBJ ") *	An Associate of the Manager and an Associate of a director of the Manager
Beijing Hua-re Real Estate Consultancy Co., Ltd. (" HuaRe ") *	An Associate of the Manager and an Associate of a director of the Manager
Beijing Huamao Commercial Management Co., Ltd. (" Beijing Huamao Commercial Management ") * (note xi)	An Associate of a Substantial Unitholder of Spring REIT
Huizhou Huamao Operations Management Co., Ltd. (" Huizhou Huamao Operations Management ") *	An Associate of a Substantial Unitholder of Spring REIT
Deutsche Bank AG and its subsidiaries (excluding the Trustee) (" DBAG ") *	Trustee Connected Persons
Zhong De Securities (" ZDS ") *	Trustee Connected Persons

* These connected parties are also considered as related parties of the Group.

(b) Income from connected/related parties

	Notes	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Rental revenue from MIBJ	(i)	961	955
Rental revenue from DBAG and ZDS	(i)	33,834	36,879
Rental revenue from PAG Beijing	(i)	2,507	2,530
Rental revenue from Huizhou Huamao Operations Management	(i)	2,005	249
Interest income from DBAG	(ii)	233	447

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

25 CONNECTED PARTY TRANSACTIONS AND RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Expenses to connected/related parties

	Notes	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Property management fee to HuaRe	(iii)	10,361	10,801
Property management fee to Huizhou Huamao Operations Management	(iii)	23,945	6,194
Trustee's fee paid and payable to the Trustee	(iv)	2,381	1,804
Manager's fee to Spring Asset Management Limited	(v)	62,153	71,376
Bank charges to DBAG	(vi)	20	22

(d) Balances with connected/related parties

	Notes	As at 31 December	
		2023 RMB'000	2022 RMB'000
Lease deposit from MIBJ	(vii)	295	295
Lease deposit from DBAG and ZDS	(vii)	6,314	6,857
Lease deposit from PAG Beijing	(vii)	770	770
Lease deposit from Huamao	(vii)	431	180
Consideration payable to Huamao Focus	(viii)	1,201	1,201

Notes:

- (i) Rental revenue was charged in accordance with the terms of the relevant agreements with the connected/related parties.
- (ii) Interest income received on bank deposits, bank charges and settlement of a financial instrument were charged in accordance with the terms of the relevant agreements with DBAG.
- (iii) Property management services fees were charged based on mutually agreed terms between the parties.
- (iv) The Trustee is entitled to in each financial period, an ongoing fee of not more than 0.025% of the value of the deposited property payable semi-annually or quarterly in arrears, subject to a minimum of RMB672,000 per annum. For the year ended 31 December 2022, additional Trustee Fee amounting to RMB89,000 was capitalised in the investment property arising from acquisition of subsidiaries.
- (v) Fee to the Manager was charged in accordance with the Trust Deed. For the year ended 31 December 2022, acquisition Fee amounting to RMB16,606,000 was capitalised in the investment property arising from the acquisition of subsidiaries.
- (vi) Bank charges was charged in accordance with the terms of the relevant agreements with DBAG.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

25 CONNECTED PARTY TRANSACTIONS AND RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(d) Balances with connected/related parties (continued)

Notes (Continued):

- (vii) Lease deposits were received in accordance with the terms of the relevant lease agreements.
- (viii) The amount represents the balance of the tax holdback amount in accordance with the terms of the relevant acquisition agreements.
- (ix) The Group (as lessor) has entered into a carpark master lease contract dated 1 January 2017 and subsequently renewed with last renewal on 15 December 2023 (the "Carpark Master Lease") with Beijing Huamao Property Consulting Co., Ltd. First Branch (the "Carpark Operator") (as lessee), pursuant to which the Group's carpark spaces within the Development are master-leased to the Carpark Operator at a fixed rent, subject to an annual payment adjustment pursuant to the Carpark Management and Benefit Sharing Agreement (as described below). The Carpark Operator is an independent third party of Spring REIT.

In relation to the Carpark Master Lease, the Group (through its Beijing Property Manager) and a wholly-owned subsidiary of Beijing Guohua, both as owners of their respective carpark spaces in the Development, have jointly entered into a carpark management and benefit sharing agreement dated 22 October 2020 and subsequently renewed with latest renewal on 15 December 2023 to (i) appoint the Carpark Operator for the provision of management services in respect of the relevant carpark spaces, and (ii) set out the basis for determining the amount of the net income (after deduction of carpark management fees) generated from the carpark and each owner's entitlement thereto (the "Carpark Management and Benefit Sharing Agreement" and together with the Carpark Master Lease, the "Carpark Contracts").

Under the Carpark Master Lease, the transaction amount for the year ended 31 December 2023 was RMB3,882,060 (2022: RMB5,214,377). Under the Carpark Management and Benefit Sharing Agreement, (i) the Group's entitlement to the net income (after deduction of carpark management fees) for the year ended 31 December 2023 was RMB4,833,285 (2022: RMB3,882,060), and (ii) the Group's share of the carpark management fees for the year ended 31 December 2023 was RMB1,678,080 (2022: RMB1,678,080).

- (x) On 21 December 2021, the Group and Beijing Guohua, both as owners of their respective portion of the Development have jointly entered into a service contract for a period of 24 months to appoint Beijing Huamao Property Management Co., Ltd., the common area manager (the "Common Area Manager"), for the provision of maintenance and management services for the relevant common areas within the Development (the "Common Area Service Contract").

The Group is responsible for its portion of the management fee payable to the Common Area Manager, which is determined taking into account the Group's proportional property area. Pursuant to the Common Area Service Contract, the management fee payable by the Group to the Common Area Manager is settled via deduction from the building management fees paid directly by the tenants of the Group to the building manager, and such management fee amount for the year ended 31 December 2023 was RMB3,284,852 (2022: RMB3,284,852). The Common Area Manager is an independent third party of Spring REIT.

- (xi) On 21 December 2021, Beijing Huamao Property Consulting Co. Ltd.* (the "Building Manager") (as a delegate of RCA01) and Beijing Huamao Commercial Management Co. Ltd.* (the "Digital CCP Service Provider") entered into an agreement under which the Digital CCP Service Provider agreed to provide certain property digital system services (the "Digital CCP System Service Contract") to the Spring REIT CCP Properties and the tenants. Pursuant to the Digital CCP System Service Contract, the service fee for the Reporting Year was nil (2022: RMB3,673,454).

No transaction was entered with the directors of the Manager (being the key management personnel) for the year ended 31 December 2023 (2022: Nil).

* The Company has no official English name. The above unofficial English translation is for identification purpose only. Please refer to Chinese version of annual report for official Chinese name.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

26 PRINCIPAL SUBSIDIARIES

Name	Place of establishment and kind of legal entity/place of operations	Principal activities	Particulars of issued share capital	Interest held	
				2023	2022
Directly held:					
RCA01	Cayman Islands, limited liability	Property investment	1,000 of US\$1 each	100%	100%
RUK01 Limited	Jersey, limited liability	Investment holding	1 of GBP1 each	100%	100%
RHZ01 Limited	British Virgin Islands, limited liability	Investment holding	1 of US\$1 each	100%	100%
Indirectly held:					
Huamao Capital Focus 03 Limited	British Virgin Islands, limited liability	Investment holding	1 of US \$1 each	100%	100%
Hawkeye Properties 501 Limited	Jersey, limited liability	Property investment	2 of GBP1 each	100%	100%
Huizhou Runxin Shopping Mall Development Co., Ltd.	PRC, limited liability	Property investment	RMB400,000,000	68%	68%

The above list contains only the particulars of the subsidiaries which principally affect the results or assets and liabilities of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

27 FINANCIAL INSTRUMENTS BY CATEGORY

	Notes	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Financial assets			
<i>Financial assets at amortised cost:</i>			
Trade and other receivables	16	35,037	50,026
Restricted bank balances	17	326,532	366,840
Cash and cash equivalents	17	222,893	202,434
<i>Financial assets at fair value through profit and loss:</i>			
Derivative financial instruments	15	93,186	159,994
		685,621	779,294
Financial liabilities			
<i>Financial liabilities at amortised cost:</i>			
Accrued expenses and other payables	18	140,442	148,522
Rental deposits	18	211,544	204,566
Interest-bearing borrowings	19	5,054,490	4,857,346
Lease liabilities	14	11,163	10,601
<i>Financial liabilities at fair value through profit and loss:</i>			
Derivative financial instruments	15	41,376	—
		5,459,015	5,221,035

The Group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

28 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorised for issue by the Manager on 21 March 2024.

PERFORMANCE TABLE AND OTHER INFORMATION

Year ended 31 December	2023	2022	2021	2020	2019
Net assets attributable to Unitholders	RMB6,130.66 million	RMB6,558.84 million	RMB6,671.65 million	RMB6,432.90 million	RMB6,447.78 million
Net assets per Unit attributable to Unitholders	HK\$4.70	HK\$4.95	HK\$5.56	HK\$5.23	HK\$5.61
Total borrowings as a percentage of gross assets	39.5%	37.6%	30.0%	31.1%	35.5
Market capitalization ¹	RMB2,976.26 million	RMB3,183.57 million	RMB3,096.89 million	RMB3,319.57 million	RMB3,700.22 million
Units issued	1,440,497,110	1,484,931,187	1,472,383,580	1,460,872,865	1,285,813,315

For the year ended 31 December	2023	2022	2021	2020	2019
Highest traded unit price	HK\$2.58	HK\$2.90	HK\$3.00	HK\$3.29	HK\$3.72
Highest premium of the traded unit price to net assets per Unit	N/A	N/A	N/A	N/A	N/A
Lowest traded unit price	HK\$1.83	HK\$2.07	HK\$2.52	HK\$2.00	HK\$3.14
Highest discount of the traded unit price to net assets per Unit	61.06%	58.18%	54.68%	61.80%	44.00%
Distributions per Unit ²	HK19.0 cents	HK21.2 cents	HK22.0 cents	HK20.0 cents	HK18.9 cents
Net yield per Unit ²	8.3%	8.8%	8.5%	7.4%	5.9%

Notes:

1 Market capitalization is calculated based on the closing unit price of the period times the unit outstanding as at the end of the period.

2 Net yield per Unit is calculated based on distribution per Unit for each period to the closing price as at the end of each period.

TOP 5 REAL ESTATE AGENTS AND CONTRACTORS FOR THE REPORTING YEAR

Real estate agents and contractors	Nature of services	Value of contract/ commission paid (RMB'000)	Relevant percentage
Huizhou Huamao Operations Management Co., Ltd.	Property Management	23,945	31.7%
Beijing Hua-re Real Estate Consultancy Co. Ltd.	Property Management	10,361	13.7%
北京孚信建設安裝工程有限公司	Renovation works, repairs and maintenance	4,857	6.4%
北京中屹宏大建設工程有限公司	Renovation works, repairs and maintenance	4,700	6.2%
北京東海建築有限公司	Renovation works, repairs and maintenance	4,070	5.4%
TOTAL		47,933	63.4%

CORPORATE INFORMATION

THE MANAGER

Spring Asset Management Limited
Room 2602, 26/F, LHT Tower, 31 Queen's Road Central,
Central, Hong Kong
Tel: +852 3100 0300
Fax: +852 3100 0320

BOARD OF DIRECTORS OF THE MANAGER

Chairman and Non-executive Director

Mr. Toshihiro Toyoshima

Executive Directors

Mr. Leung Kwok Hoe, Kevin
Mr. Chung Wai Fai, Michael

Non-executive Director

Mr. Hideya Ishino

Independent Non-executive Directors

Mr. Simon Murray
Ms. Tong Shumeng (appointed on 1 January 2024)
Mr. Qiu Liping
Mr. Lam Yiu Kin

RESPONSIBLE OFFICERS OF THE MANAGER

Mr. Leung Kwok Hoe, Kevin
Mr. Chung Wai Fai, Michael
Ms. Bai Yanan
Ms. Law Hung Yan, Verona (ceasation on 4 June 2023)

COMPANY SECRETARY OF THE MANAGER

Fair Wind Secretarial Services Limited

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

INTERNAL AUDITOR

BDO Risk Advisory Services Limited

TRUSTEE

DB Trustees (Hong Kong) Limited

PRINCIPAL VALUER

Knight Frank Petty Limited

LEGAL ADVISORS

Baker & McKenzie

UNIT REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
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INVESTOR RELATIONS

Email: ir@springreit.com

STOCK CODE

Hong Kong: 1426

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SpringREIT

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春泉產業信託

Stock Code : 01426

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Managed by

Spring Asset Management Limited

