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Spring Real Estate Investment Trust

春泉產業信託

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

(Stock code: 01426)

**Managed by
Spring Asset Management Limited**

ANNOUNCEMENT

DISPOSAL OF 83 COMMERCIAL PROPERTIES IN THE UNITED KINGDOM AND SPECIAL DEAL

**Independent Financial Adviser to the Independent Unitholders
and the Trustee**

ALTUS CAPITAL LIMITED

THE DISPOSAL

On 18 February 2025, the Seller (being a wholly-owned subsidiary of Spring REIT), the Buyer (being a third party independent of Spring REIT and its connected persons), the Buyer Guarantor (being a third party independent of Spring REIT and its connected persons) and the Trustee (as Seller's guarantor) entered into the Sale and Purchase Agreement for: (a) the sale of the Target Company Shares, which represent the entire issued share capital of the Target Company; and (b) the assignment of the Target Shareholder Loan, by the Seller to the Buyer. The Target Company is the full legal and beneficial owner and registered owner of 83 commercial properties located in the United Kingdom (being the Target Properties). Following Completion, Spring REIT will cease to hold any interest in the Target Company and the Target Properties.

The Consideration payable by the Buyer shall be £26,385,802, being an amount equal to the aggregate of (i) the consideration for the sale of the Target Company Shares and (ii) the consideration for the assignment of the Target Shareholder Loan. The Share Consideration shall be £6,971,971, being the aggregate of: (i) the net asset value of the Target Company as at 31 December 2024 (being £5,782,394); and (ii) the Agreed Premium of £1,189,577, subject to adjustments to reflect the difference between the Reference NAV (being the net asset value of the Target Company as at 31 December 2024) and Completion NAV (being the net asset value of the Target Company as at the Completion Date), if any. The Loan Consideration shall be £19,413,831, being the aggregate amount outstanding under the Target Shareholder Loan as at 31 December 2024.

DESPATCH OF CIRCULAR, EGM AND CLOSURE OF REGISTER OF UNITHOLDERS

The Circular containing, amongst others: (i) details of the disposal of the commercial properties of Spring REIT in the United Kingdom; (ii) a letter of advice from the Independent Financial Adviser to the Independent Unitholders and the Trustee on the Disposal; and (iii) letters from the Independent Financial Adviser and Independent Auditor in respect of the Expected Gain, will be despatched to the Unitholders on 19 February 2025.

The EGM will be held at 4:00 p.m. on Monday, 10 March 2025 at Room 2401-2, One Admiralty Centre, 18 Harcourt Road, Hong Kong to consider and approve, among other things, the Disposal (including the entry into of the Sale and Purchase Agreement and the transactions contemplated thereunder).

For the purpose of determining the Unitholders who are entitled to vote at the EGM, the Register of Unitholders will be closed from Wednesday, 5 March 2025 to Monday, 10 March 2025 (both days inclusive). In order to qualify for voting at the EGM, all Unit certificates accompanied by the duly completed transfer forms must be lodged with the Unit Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration by 4:30 p.m. on Tuesday, 4 March 2025.

I. DISPOSAL

Background

On 18 February 2025, the Seller (being a wholly-owned subsidiary of Spring REIT), the Buyer (being a third party independent of Spring REIT and its connected persons), the Buyer Guarantor (being a third party independent of Spring REIT and its connected persons) and the Trustee (as Seller's guarantor) entered into the Sale and Purchase Agreement for: (a) the sale of the Target Company Shares, which represent the entire issued share capital of the Target Company; and (b) the assignment of the Target Shareholder Loan, by the Seller to the Buyer. The Target Company is the full legal and beneficial owner and registered owner of 83 commercial properties located in the United Kingdom (being the Target Properties). Following Completion, Spring REIT will cease to hold any interest in the Target Company and the Target Properties.

Each of the Buyer and the Buyer Guarantor is a wholly-owned subsidiary of Itochu Corporation and a fellow subsidiary of the Lessee. Based on the information provided by the Buyer, as at the date of this announcement, the Buyer and its close associates (including Itochu Corporation and its wholly-owned subsidiary Itochu Hong Kong Limited through which it holds Units) held 15,700,000 Units (representing approximately 1.08% of the total number of issued Units). Each of the Buyer, the Buyer Guarantor and their ultimate beneficial owner is a third party independent of Spring REIT and its connected persons.

The Disposal constitutes a discloseable transaction of Spring REIT, given the highest applicable percentage ratio calculated in respect of the Disposal is above 5% but less than 25%, and is subject to reporting and announcement requirements but is exempt from the circular and Unitholders' approval requirements pursuant to Chapter 14 of the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code) and 10.10B of the REIT Code.

The Disposal is also considered a "special deal" under Rule 25 of the Takeovers Code, as it is a disposal of Spring REIT's assets to a Unitholder under an arrangement not capable of being extended to all Unitholders that takes place within six months following the completion of the Whitewash Transaction. Accordingly, the Disposal requires the consent from the Executive which, if granted, would be conditional upon: (a) the Independent Financial Adviser giving a public opinion that the terms of the Disposal are fair and reasonable; and (b) Independent Unitholders approving, by way of an Ordinary Resolution, the Disposal at the EGM.

Target Properties

The Target Properties comprise 83 commercial properties located across the United Kingdom which are currently leased to and operated by the Lessee as car servicing centres. As at 31 December 2024, the total Appraised Value of the Target Properties, as appraised by the Independent Property Valuer, was £71,154,000 (equivalent to approximately RMB649.91 million and approximately HK\$691.70 million, based on the relevant closing rates for 31 December 2024 as quoted by Bloomberg, being approximately GBP1=RMB9.1339 and approximately GBP1=HK\$9.7212).

The table below sets out certain key information of each of the Target Properties:

No.	Property	Nature of Interest (Freehold/ Leasehold)	Gross Internal Area (sq.ft)	Appraised Value as at 31 December 2024 (£)
1.	ALLOA, Clackmannan Road, United Kingdom FK10 1RR	Freehold	8,879	836,000
2.	ALTRINCHAM, 1-3 Church Street, United Kingdom WA14 4DB	Freehold	8,529	1,364,000
3.	AYR, 38 Fort Street, United Kingdom KA7 1DE	Freehold	10,369	627,000
4.	AYR, 22/26 Maybole Road, United Kingdom KA7 2PZ	Freehold	3,970	710,000
5.	BISHOP AUCKLAND, Cockton Hill Road, United Kingdom DL14 6JN	Long leasehold	4,962	—
6.	BLYTH, Cowpen Road, United Kingdom NE24 5TT	Freehold	5,707	884,000
7.	BRIDGWATER, 48-54 St John's Street, United Kingdom TA6 5HY	Freehold	8,603	923,000
8.	BRIDLINGTON, 32-36 St Johns Street, United Kingdom YO16 7JS	Freehold	15,514	1,606,000
9.	BURNLEY, Caldervale Road, United Kingdom BB11 1BS	Long leasehold	3,489	504,000
10.	CARMARTHEN, Pensarn Road, United Kingdom SA31 2BS	Freehold	4,895	720,000
11.	CASTLEFORD, 92 Bridge Street, United Kingdom WF10 4LA	Freehold	3,595	427,000
12.	CHAPEL ALLERTON, 232 Harrogate Road, United Kingdom LS7 4QD	Freehold	12,358	1,993,000

No.	Property	Nature of Interest (Freehold/ Leasehold)	Gross Internal Area (sq.ft)	Appraised Value as at 31 December 2024 (£)
13.	CHELMSFORD, 103 New London Road, United Kingdom CM2 0PP	Freehold	20,922	4,237,000
14.	CLEVEDON, 119-120 Kenn Road, United Kingdom BS21 6JE	Freehold	2,562	418,000
15.	COATBRIDGE, 320 Main Street, United Kingdom ML5 3RX	Freehold	4,085	609,000
16.	CONGLETON, 46A West Road, United Kingdom CW12 4EU	Freehold	4,275	602,000
17.	CROYDON, 3 Mitcham Road, United Kingdom CR0 3RU	Freehold	2,988	1,788,000
18.	DONCASTER, Wheatley Hall Road, United Kingdom DN2 4LP	Long leasehold	2,988	289,000
19.	DUMFRIES, 40 Laurieknowe Road, United Kingdom DG2 7DA	Freehold	2,168	234,000
20.	EDINBURGH, 69B Saughton Road North, United Kingdom EH12 7JB	Freehold	3,410	736,000
21.	EDINBURGH, 19 Corstorphine Road, United Kingdom EH12 6DD	Freehold	7,590	1,595,000
22.	EDINBURGH, 81/91 Dundee Street, United Kingdom EH11 1AW	Long leasehold	4,466	869,000
23.	EDINBURGH, 107/109 Dundee Street, United Kingdom EH11 1AW	Long leasehold	9,628	1,873,000
24.	ELLESMERE PORT, 116 Whitby Road, United Kingdom CH65 0AA	Freehold	4,490	656,000
25.	ELTHAM, 727 Sidcup Road, United Kingdom SE9 3AQ	Long leasehold	4,723	777,000
26.	FORFAR, Queenswell Road, United Kingdom DD8 3JA	Freehold	2,875	395,000
27.	GLASGOW, 381 Pollokshaws Road, United Kingdom G41 1QZ	Freehold	4,999	938,000
28.	GLENROTHES, Fullerton Road, United Kingdom KY7 5QR	Freehold	4,500	774,000
29.	GOOLE, 142-148 Boothferry Road, United Kingdom DN14 6AG	Freehold	4,082	545,000
30.	GREAT YARMOUTH, 90 North Quay, United Kingdom NR30 1JT	Freehold	5,314	775,000

No.	Property	Nature of Interest (Freehold/ Leasehold)	Gross Internal Area (sq.ft)	Appraised Value as at 31 December 2024 (£)
31.	HELENSBURGH 3 Charlotte Street, United Kingdom G84 7PH	Freehold	2,950	440,000
32.	HORNCHURCH, Ardleigh Green Road, United Kingdom RM11 2ST	Freehold	3,641	1,099,000
33.	HUDDERSFIELD, Lockwood Road, United Kingdom HD1 3QU	Freehold	5,206	569,000
34.	HYDE, 26-28 Manchester Road, United Kingdom SK14 2BD	Freehold	5,134	582,000
35.	KEIGHLEY, Worthway, United Kingdom BD21 5ET	Long leasehold	3,576	426,000
36.	KEYNSHAM, Ashton Way, United Kingdom BS31 2UF	Freehold	3,214	548,000
37.	KIDDERMINSTER, 20 Churchfields, United Kingdom DY10 2JL	Long leasehold	3,849	378,000
38.	KILMARNOCK, 32/36 Low Glencairn Street, United Kingdom KA1 4DD	Freehold	3,622	805,000
39.	KIRKCALDY, 182 The Esplanade, United Kingdom KY1 2AQ	Freehold	5,818	671,000
40.	LEVEN, The Promenade, United Kingdom KY8 4PJ	Freehold	4,850	514,000
41.	LINCOLN, 148-150 Newark Road, United Kingdom LN5 8QJ	Freehold	4,819	626,000
42.	LIVERPOOL, 232 Aigburth Road, United Kingdom L17 0BJ	Freehold	4,095	708,000
43.	LLANDUDNO, Conway Road, United Kingdom LL30 1DE	Long leasehold	11,137	1,369,000
44.	LOUGHBOROUGH, 24-29 The Rushes, United Kingdom LE11 5BG	Freehold	6,177	1,259,000
45.	MIDDLESBROUGH, 3 Lansdowne Road, United Kingdom TS4 2LW	Freehold	5,255	1,275,000
46.	MONTROSE, 24 George Street, United Kingdom DD10 8EW	Freehold	2,726	351,000
47.	MOTHERWELL, 99a Airbles Road, United Kingdom ML1 2TJ	Freehold	6,220	901,000
48.	NORTHWICH, Leicester Street, United Kingdom CW9 5LQ	Freehold	7,825	956,000

No.	Property	Nature of Interest (Freehold/ Leasehold)	Gross Internal Area (sq.ft)	Appraised Value as at 31 December 2024 (£)
49.	OBAN, Market Street, United Kingdom PA34 4HR	Freehold	5,134	470,000
50.	OLDHAM, Huddersfield Road, United Kingdom OL1 3HR	Freehold	4,411	605,000
51.	OLDHAM, Middleton Road / Lansdowne Road, United Kingdom OL9 9EG	Long leasehold	4,819	350,000
52.	OTLEY, Bondgate, United Kingdom LS21 3AB	Long leasehold	6,247	742,000
53.	PLYMOUTH, 125-129 Alexandra Road, United Kingdom PL4 7EG	Freehold	9,725	1,279,000
54.	PONTYPRIDD, Sardis Road, United Kingdom CF37 1BA	Freehold	4,718	591,000
55.	PORTSMOUTH, 94 East Surrey Street, United Kingdom PO1 1JY	Freehold	5,927	1,004,000
56.	PRESTON, Market Street, United Kingdom PR1 2HP	Long leasehold	14,643	745,000
57.	RADCLIFFE, Bury Road, United Kingdom M26 2UG	Long leasehold	3,074	371,000
58.	RUTHERGLEN, 273 Main Street, United Kingdom G73 1EE	Freehold	4,952	754,000
59.	SHEFFIELD, 726 City Road, United Kingdom S2 1GJ	Long leasehold	4,391	519,000
60.	SHEFFIELD, Townhead Street, United Kingdom S1 1YG	Long leasehold	9,607	1,137,000
61.	SHIPLEY, 58 Briggate, United Kingdom BD17 7BT	Freehold	4,834	611,000
62.	SKEGNESS, 50 Roman Bank, United Kingdom PE25 2SP	Freehold	7,343	801,000
63.	SOUTH CROYDON, 453 Brighton Road, United Kingdom CR2 6EW	Freehold	6,544	2,785,000
64.	SOUTHPORT, 8 Ash Street, United Kingdom PR8 6JH	Freehold	3,875	424,000
65.	STIRLING, 11 Burghmuir Road, United Kingdom FK8 2DY	Freehold	4,980	939,000
66.	STONEHAVEN, 110 Barclay Street, United Kingdom AB39 2AP	Freehold	5,998	681,000

No.	Property	Nature of Interest (Freehold/Leasehold)	Gross Internal Area (sq.ft)	Appraised Value as at 31 December 2024 (£)
67.	SUNDERLAND, Monk Street, United Kingdom SR6 0BD	Freehold	7,938	910,000
68.	THORNBURY, 14 Mead Court, United Kingdom BS35 3UW	Long leasehold	3,579	408,000
69.	TOTTENHAM, 32 Monument Way, United Kingdom N17 9NX	Freehold	5,451	2,877,000
70.	TRURO, Treaswalls Road, United Kingdom TR1 3PY	Freehold	9,626	1,038,000
71.	WARRINGTON, Priestley Street/Garibaldi Street, United Kingdom WA5 1TE	Long leasehold	5,721	511,000
72.	WIGAN, Wallgate, United Kingdom WN5 0XG	Long leasehold	10,236	1,384,000
73.	WORCESTER, 1 Carden Street, City Walls, United Kingdom WR1 2AX	Long leasehold	8,535	949,000
74.	YOKER, 2369-2375 Dumbarton Road, United Kingdom G14 0NT	Freehold	8,548	982,000
75.	GLOUCESTER, Unit 3 Northbrook Road, United Kingdom GL4 3DP	Freehold	16,814	1,320,000
76.	STIRLING, 1 Whitehouse Road, United Kingdom FK7 7SS	Freehold	5,425	554,000
77.	BARRHEAD, 17 Cross Arthurlie Street, United Kingdom G78 1QY	Freehold	3,856	551,000
78.	BIRMINGHAM, 900/902 Coventry Road, United Kingdom B10 0UA	Long leasehold	5,977	124,000
79.	EDINBURGH, 40a Portobello Road, United Kingdom EH8 7EH	Freehold	4,006	723,000
80.	LICHFIELD, 8-9 Europa Way, United Kingdom WS14 9TZ	Freehold	1,835	254,000
81.	NELSON, 130 Leeds Road, United Kingdom BB9 9XB	Long leasehold	4,645	470,000
82.	THORNABY ON TEES, 212 Thornaby Road, United Kingdom TS17 8AA	Freehold	5,169	665,000
83.	WESTON-SUPER-MARE, Winterstoke Road, United Kingdom BS23 3YE	Freehold	2,849	445,000
	Total		<u>499,886</u>	<u>71,154,000</u>

Note: The Target Company previously held the leasehold estate of a property located in Islington under a head-lease, which had expired on 28 September 2024 and was not renewed. Following the expiry of the leasehold interest, Spring REIT ceased to hold legal and beneficial interest in this property. This property does not form part of the Disposal and ceased to be reflected into the net asset value of the Target Company (including the Reference NAV (being the net asset value of the Target Company as at 31 December 2024) and Completion NAV (being the net asset value of the Target Company as at the Completion Date) for the purposes of calculating the Share Consideration)).

The Target Properties are under long term Leases each with a remaining term of approximately 7 years, expiring on 19 March 2032 with the Lessee's option to renew for a further term of 15 years on substantially the same key terms (apart from rent which is to be at a market level agreed between the parties).

Sale and Purchase Agreement

The Seller (being a wholly-owned subsidiary of Spring REIT and the sole owner of the Target Company Shares), the Buyer, the Buyer Guarantor and the Trustee (as Seller's guarantor) entered into the Sale and Purchase Agreement on 18 February 2025 pursuant to which the Seller agreed to sell, and the Buyer agreed to purchase, the Target Company Shares comprising the entire issued share capital of the Target Company which in turn is the full legal and beneficial owner and registered owner of the Target Properties, free from any encumbrances.

The principal terms of the Sale and Purchase Agreement are as follows:

- Date** : 18 February 2025
- Parties** : (1) RUK01 Limited as Seller
- (2) Anglo-Dutch Property (UK) Holding Limited as Buyer (whose ultimate beneficial owner is Itochu Corporation)
- (3) European Tyre Enterprise Limited as Buyer Guarantor (whose ultimate beneficial owner is Itochu Corporation)
- (4) DB Trustees (Hong Kong) Limited (in its capacity as trustee of Spring REIT) as Seller's guarantor

Subject matter of the Disposal : The entire issued share capital of Hawkeye Properties 501 Limited (being the Target Company), which is the full legal and beneficial owner and registered owner of the 83 commercial properties located in the United Kingdom (being the Target Properties)

Consideration : The Consideration payable by the Buyer shall be £26,385,802, being an amount equal to the aggregate of (i) the consideration for the sale of the Target Company Shares (“**Share Consideration**”) and (ii) the consideration for the assignment of the Target Shareholder Loan (“**Loan Consideration**”).

The Share Consideration (including the Agreed Premium) has been arrived at on a willing buyer and a willing seller arm’s length transaction basis with reference to: (i) the Reference NAV; and (ii) the Appraised Value as at 31 December 2024 (being £71,154,000) as appraised by Knight Frank Petty Limited, an independent property valuer and the principal valuer of Spring REIT. The Loan Consideration is based on the aggregate amount outstanding under the Target Shareholder Loan as at 31 December 2024.

Share Consideration : The Share Consideration shall be £6,971,971, being the aggregate of the following amounts:

(a) the net asset value of the Target Company as at 31 December 2024 (being £5,782,394) (“**Reference NAV**”); and

(b) an amount equal to £1,189,577 (“**Agreed Premium**”),

subject to adjustments to reflect the difference between the Reference NAV and the net asset value of the Target Company as at the Completion Date (“**Completion NAV**”), if any.

The Reference NAV is based on the unaudited balance sheet of the Target Company as at 31 December 2024. The value of the Target Properties as at 31 December 2024 as reflected in those accounts was £71,154,000, being the Appraised Value. The Agreed Premium, which represents approximately 1.7% of the Appraised Value, is the uplift to the value of the Target Properties as at 31 December 2024 as offered by the Buyer and agreed by the Seller.

The Seller shall provide to the Buyer not less than seven business days prior to the Completion Date a draft completion statement (“**Draft Completion Statement**”), and the Seller and the Buyer shall negotiate and agree in good faith the Completion NAV, failing which the payment to be made by the Buyer on the Completion Date shall be based on the Completion NAV stated on such Draft Completion Statement (“**Estimated Completion NAV**”).

The Buyer shall pay to the Seller the Share Consideration determined based on the Estimated Completion NAV on the Completion Date in cash.

The Seller shall, within 40 business days following the Completion Date, deliver to the Buyer a revised draft of the Draft Completion Statement. The Buyer may give notice disputing such revised draft within 30 business days thereafter, in which case the Seller and the Buyer shall endeavour to agree the revised draft in good faith within 10 business days of such notice, failing which the dispute shall be referred to the determination by an independent expert at a firm of internationally recognised chartered accountants in the United Kingdom and Jersey. The Draft Completion Statement as agreed between the Seller and the Buyer or, in the event of a dispute, as amended to reflect any modifications agreed between the Seller and the Buyer or any expert’s determination shall be the final (“**Final Completion Statement**”). The “**Final Completion NAV**” shall be the Completion NAV as stated on the Final Completion Statement.

After Completion and following the agreement or determination of the Final Completion Statement:

- (a) If the Final Completion NAV exceeds the Estimated Completion NAV, the Buyer shall pay to the Seller the amount equal to such excess in cash within 15 days of the agreement of the Final Completion Statement; or
- (b) If the Final Completion NAV is less than the Estimated Completion NAV, the Seller shall pay to the Buyer the amount equal to such shortfall in cash within 15 days of the agreement of the Final Completion Statement; or
- (c) If the Final Completion NAV is equal to the Estimated Completion NAV, neither the Seller or the Buyer shall be required to make any further payment to the other in respect of the Completion NAV.

Loan Consideration : The loan consideration shall be £19,413,831 (“**Loan Consideration**”), being the aggregate amount outstanding under the Target Shareholder Loan as at 31 December 2024. The Seller shall procure that: (i) at Completion the aggregate amount outstanding under the Target Shareholder Loan does not exceed £19,413,831; and (ii) on or prior to Completion the Target Company shall have repaid any accrued but unpaid interest under the Target Shareholder Loan for the period beginning on 1 January 2025 and ending on the Completion Date.

The Buyer shall pay to the Seller the Loan Consideration on the Completion Date in cash.

Conditions precedent : Completion is subject to and conditional upon the satisfaction of the following conditions precedent:

- (a) the passing of the Ordinary Resolution by the Independent Unitholders approving the transactions contemplated under the Sale and Purchase Agreement; and

- (b) the consent of the Executive in relation to the transactions contemplated under the Sale and Purchase Agreement as may be required under Rule 25 of the Takeovers Code having been obtained, and such consent not having been revoked by end of 31 March 2025 (or such later date as agreed between the Seller and the Buyer).

Completion date

- : Completion will take place on the seventh business day after the later of: (a) the date on which the Ordinary Resolution for approving the transactions contemplated under the Sale and Purchase Agreement is passed by the Independent Unitholders; and (b) the consent of the Executive in relation to the transactions contemplated under the Sale and Purchase Agreement as may be required under Rule 25 of the Takeovers Code is obtained by the Manager, or such other date as agreed in writing between the Buyer and the Seller.

Representations, warranties, undertakings, covenant and indemnity

- : The Sale and Purchase Agreement contains certain customary representations, warranties and undertakings in respect of, among other things, the Seller, Target Company, Target Company Shares, Target Shareholder Loan and Target Properties, as well as a customary indemnity and tax covenant, all of which are given by the Seller and are customary terms for transactions of this nature and scale.

The Sale and Purchase Agreement also contains certain customary representations and warranties given by the Buyer with respect to itself, all of which are customary terms for transactions of this nature and scale.

Guarantee by the Buyer Guarantor

- : The Buyer Guarantor unconditionally and irrevocably guarantees to the Seller:
 - (a) the Buyer's performance of all its obligations under the Sale and Purchase Agreement and other transaction documents; and
 - (b) that whenever the Buyer does not pay any amount when due under the Sale and Purchase Agreement and other transaction documents, the Buyer Guarantor shall on demand pay that amount.

Guarantee by the Trustee : The Trustee unconditionally and irrevocably guarantees to the Buyer:

- (a) the Seller's performance of all its obligations under the Sale and Purchase Agreement and other transaction documents; and
- (b) that whenever the Seller does not pay any amount when due under the Sale and Purchase Agreement and other transaction documents, the Trustee shall on demand pay that amount.

Limitation of liability : The aggregate maximum liability of the Seller and the Trustee in respect of all claims (including warranty, indemnity and tax covenant claims) under the Sale and Purchase Agreement shall not exceed the Consideration. The liability of the Seller and the Trustee in respect of all tax-related claims, all non-tax-related claims (other than any indemnity claims), and all indemnity claims under the Sale and Purchase Agreement shall be capped at the Consideration, £10,000,000 and £250,000 respectively. In addition, the Seller and the Trustee shall not be liable for any individual claim (excluding any indemnity or tax-related claim) that does not exceed £50,000 or for any claim (excluding any indemnity or tax-related claim) unless and until the aggregate liability of the Seller and the Trustee in respect of all claims (excluding all indemnity or tax-related claims) exceeds £100,000, in which case the Seller and the Trustee shall be liable for the whole amount.

The Seller and the Trustee shall not be liable for any warranty, indemnity or tax covenant claim unless the Buyer has given notice of such claim: (a) (in respect of fundamental warranties) before the fifth anniversary of the Completion Date; (b) (in respect of tax-related claims) before the seventh anniversary of the Completion Date; or (c) (in respect of all other warranty or indemnity claims) before the date falling 18 months after the Completion Date.

Termination

: The Sale and Purchase Agreement may be terminated by the Buyer or Seller prior to Completion: (i) if the completion obligations are not complied with; or (ii) if the conditions precedents are not satisfied by the end of 31 March 2025 (or such later date as agreed between the Seller and the Buyer).

The Sale and Purchase Agreement may be terminated by the Buyer prior to Completion if any notice, fine or other sanction is issued or any investigation is commenced by any regulator in respect of any material non-compliance by the Target Company where such material non-compliance would have a material adverse impact on the Target Company.

Upon termination, the Sale and Purchase Agreement will cease to have effect, except for certain provisions relating to confidentiality, announcements, and other general matters which will remain binding on all parties.

II. INFORMATION ABOUT THE PARTIES

Spring REIT is a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO a real estate investment trust, subject to applicable conditions from time to time, the units of which are listed on the Stock Exchange. Spring REIT's current portfolio comprises the CCP Property in Beijing, Huamao Place in Huizhou, Guangdong Province, and the Target Properties in the United Kingdom. Spring REIT is managed by the Manager, a company incorporated in Hong Kong for the sole purpose of managing Spring REIT. As at the date of this announcement, the Manager was 80.4% owned by Mercuria Holdings Co., Ltd., which is an investment holding company listed on the Tokyo Stock Exchange (Stock Code: 7347).

The Seller is private limited company incorporated under the laws of Jersey and is a wholly-owned subsidiary of Spring REIT. The Seller is not currently engaged in any business other than the holding of the Target Company which in turn holds the Target Properties.

The Target Company is a private limited company incorporated under the laws of Jersey and is a wholly-owned subsidiary of Spring REIT. The Target Company is not currently engaged in any business other than the holding of the Target Properties.

The Buyer is a private limited company incorporated under the laws of England and Wales and an indirectly wholly-owned subsidiary of Itochu Corporation. The Buyer

is currently engaged in business of holding and managing investment properties, which will include holding the Target Company following Completion. The Buyer Guarantor is a private limited company incorporated under the laws of England and Wales and a wholly-owned subsidiary of Itochu Corporation. The Buyer Guarantor's principal business is tyres distribution and automotive servicing. Itochu Corporation is a global trading company which is currently listed on the Tokyo Stock Exchange. It is ranked no. 108 in Fortune Global 500 in 2024. Its trading business and investments spans across 65 countries and regions around the world and covers sectors including textile, machinery, metals, minerals, energy, chemicals, food, information and communications technology, general products, insurance, logistics services, construction, realty and finance. Based on their public disclosure, the total assets of Itochu Corporation as at 30 September 2024 was 14,388.9 billion Japanese yen. Based on the public search available as at the date of this announcement, Itochu Corporation owned 11.28% interest in Mercuria Holdings Co., Ltd.

The Trustee is DB Trustees (Hong Kong) Limited. The Trustee is a company incorporated in Hong Kong and registered as a trust company under section 77 of the Trustee Ordinance. The Trustee is qualified to act as a trustee for collective investment schemes authorised under the SFO pursuant to the REIT Code. The Trustee has the fiduciary duty to hold assets of Spring REIT in trust for the benefits of the Unitholders, and to oversee the activities of the Manager for compliance with the relevant constitutive documents of, and relevant regulatory requirements applicable to, Spring REIT. The Trustee is an indirect wholly-owned subsidiary of Deutsche Bank AG.

III. FINANCIAL INFORMATION ON THE TARGET COMPANY

Based on the audited financial information of the Target Company, the total revenue and net loss of the Target Company for the two financial years ended 31 December 2022 and 2023 were as follows:

	For the financial year ended 31 December 2022	For the financial year ended 31 December 2023
	(audited)	(audited)
	(£)	(£)
Total revenue	4,441,612	4,816,044
Net loss before tax	(2,621,255) ⁽¹⁾	(4,585,218) ⁽¹⁾
Net loss after tax	(2,465,944)	(5,091,535)

Notes:

- (1) The net loss before tax of the Target Company for the year ended 31 December 2022 and 2023 is mainly attributable to the fair value loss of the investment properties amounting to £3,544,000 and £3,882,000 respectively.

Based on the audited financial information of the Target Company, the total assets and net asset value of the Target Company as at 31 December 2022 and 2023 were as follows:

	As at 31 December 2022 (audited) (£)	As at 31 December 2023 (audited) (£)
Total assets	80,348,948	75,231,772
Net asset value	11,801,359	6,109,824

IV. FEES AND CHARGES

On Completion, the Manager will be entitled, pursuant to the Trust Deed, to receive a divestment fee of £132,000 (equivalent to approximately HK\$1,296,000) (“**Divestment Fee**”) which is equal to being 0.5% of the Consideration. Pursuant to the Trust Deed, the Manager may elect to receive the Divestment Fee in the form of cash or, at the election of the Manager, entirely in the form of Units or partly in cash and partly in the form of Units. The Manager elects to receive the Divestment Fee in the form of cash.

In addition, pursuant to the Trust Deed, the Trustee is entitled to charge additional fees for duties undertaken by the Trustee which are of an exceptional nature or otherwise outside the scope of the Trustee’s normal duties in the ordinary course of Spring REIT’s normal day-to-day business operations including the acquisition or disposal of a property. The Trustee has agreed with the Manager that it will charge Spring REIT a one-time additional fee based on the time and costs incurred by it for duties undertaken by the Trustee in connection with the Disposal, with such additional fee expected to be HK\$100,000 and payable in cash (“**Trustee’s Additional Fee**”).

V. FINANCIAL IMPACT OF THE DISPOSAL

The Manager confirms that, as at the date of this announcement, there had not been any material adverse change in the financial or trading position of the Group since the date that the latest published audited accounts of the Group were prepared. The Manager also does not expect the Disposal to have any material adverse impact on the financial position of the Group as compared to that as at 30 June 2024 (as disclosed in the 2024 Interim Report).

Impact on gearing ratio

As disclosed in the 2024 Interim Report, the gearing ratio of Spring REIT was approximately 40.6% as at 30 June 2024. The gearing ratio of Spring REIT is expected to decrease to approximately 38.5% immediately after Completion, assuming that the proceeds would be used towards general working capital of Spring REIT.

Expected Gain on the Disposal

Upon Completion, an after-tax gain of approximately £0.23 million (equivalent to approximately RMB2.16 million) (“**Expected Gain**”), which is calculated based on the Agreed Premium of £1,189,577 (equivalent to approximately RMB10.91 million), less: (i) related accumulated exchange loss of £0.18 million (equivalent to approximately RMB1.62 million) as at 31 December 2024 arising from the Target Company to be reclassified to consolidated income statement (which is extracted from the consolidated unaudited management accounts) and (ii) estimated Expenses of £0.78 million (equivalent to approximately RMB7.13 million), is expected to result from the Disposal.

Based on current information available on the Target Company, apart from the normal operating results of the Target Company up to the expected Completion Date, there will be no other significant impact on the Expected Gain.

The disclosure of Expected Gain constitutes a profit forecast under Rule 10 of Takeovers Code and is required to be reported on by both the Independent Financial Adviser and the Independent Auditor in accordance with Rule 10.4 of the Takeovers Code. Please refer to Appendix I to the Circular for the letters issued by the Independent Auditor and the Independent Financial Adviser in respect of the Expected Gain.

Pro Forma Distribution per Unit (DPU)

The pro forma financial effects of the Disposal on the DPU for the financial year ended 31 December 2023, as if the Disposal was completed on 1 January 2023, are as follows:

	Before the Disposal	After the Disposal
Net property income (<i>RMB'000</i>)	543,262 ⁽¹⁾	501,384
Total distributable income (<i>RMB'000</i>)	252,140 ⁽¹⁾	250,834 ⁽²⁾
Issued Units (<i>'000</i>)	1,440,497,110 ⁽¹⁾	1,439,349,605 ⁽³⁾
DPU (<i>HK cents</i>)	19.0 ⁽¹⁾	18.9 ⁽⁴⁾

Notes:

- (1) Based on the audited consolidated statement of distribution of Spring REIT for the year ended 31 December 2023.
- (2) The financial performance of the Group (excluding the Target Company) is based on: (a) the audited consolidated financial information of Spring REIT for the year ended 31 December 2023 and the audited financial information of the Target Company for the year ended 31 December 2023; (b) assuming the Disposal was completed on 1 January 2023; and (c) assuming the net proceeds will generate interest income of 3% per annum with fixed deposit with the bank.

Total distributable income in respect of the Group (excluding the Target Company) is determined in accordance with the Trust Deed and the annual report of the Group for the year ended 31 December 2023, that is, the consolidated profit before transactions with unitholders attributable to unitholders for the year ended 31 December 2023, after adjusting fair value gain on investment properties and right-of-use assets, deferred taxation in respect of fair value gain on investment properties and other tax deductions claimed, unrealised foreign exchange gain, manager's fee expense in units in lieu of cash, fair value gain on derivative financial instruments, amortisation of transaction cost for bank borrowings, gain on disposal of investment properties and depreciation attributable to Unitholders.

- (3) Represents the 1,440,497,110 Units (being the number of issued Units as at 31 December 2023) less approximately 1,147,505 Units that would not be issued to the Manager for settlement of the Manager's fee for the year ended 31 December 2023 had the Disposal been completed on 1 January 2023.
- (4) DPU after the Disposal is calculated based on 97.5% of the total distributable income (note 2) and the number of issued Units (note 3). The exchange rate adopted for the DPU is HK\$1=RMB0.9011, being the average of month-end central parity rates as announced by the People's Bank of China for the year ended 31 December 2023.

Pro Forma Net asset value (NAV) attributable to Unitholders per Unit

The pro forma financial effects of the Disposal on the NAV attributable to Unitholders per Unit as at 31 December 2023, as if the Disposal was completed on 31 December 2023, are as follows:

	Before the Disposal	After the Disposal
NAV attributable to Unitholders (RMB'000)	6,130,660 ⁽¹⁾	6,141,893 ⁽²⁾
Issued Units ('000)	1,440,497,110 ⁽¹⁾	1,440,497,110 ⁽³⁾
NAV attributable to Unitholders per Unit (HK\$)	4.70 ⁽⁴⁾	4.71 ⁽⁵⁾

Notes:

- (1) Based on the audited consolidated statement of financial position of Spring REIT as at 31 December 2023.
- (2) The financial position of the Group (excluding the Target Company) is based on: (a) the audited consolidated financial statements of Spring REIT as at 31 December 2023 and the audited financial information of the Target Company as at 31 December 2023; and (b) assuming the Disposal had been completed on 31 December 2023.
- (3) Being the number of issued Units as at 31 December 2023.
- (4) NAV attributable to Unitholders per Unit before the Disposal is calculated based on NAV attributable to Unitholders (note 1) and the number of Issued Units (note 3). The exchange rate adopted for the NAV attributable to Unitholders per Unit is HK\$1=RMB0.9062, being the central parity rate as announced by the People's Bank of China as at 31 December 2023.
- (5) NAV attributable to Unitholders per Unit after the Disposal is calculated based on NAV attributable to Unitholders (note 2) and the number of Issued Units (note 3). The exchange rate adopted for the NAV attributable to Unitholders per Unit is HK\$1=RMB0.9062, being the central parity rate as announced by the People's Bank of China as at 31 December 2023.

Unitholders should note that the financial effects of the Disposal are on a pro forma basis and subject to the assumptions set out above. Accordingly, they do not constitute a profit forecast or represent the actual financial position of Spring REIT as a result of the Disposal after Completion.

VI. USE OF PROCEEDS

The proceeds from the Disposal (which are expected to be approximately £25.61 million (equivalent to approximately RMB234.90 million and approximately HK\$251.55 million respectively) after deducting Expenses) are expected to be used primarily for general working capital of Spring REIT, and for other capital management opportunities or investment opportunities that align with Spring REIT's strategic objectives, should they arise.

The Trust Deed does not require the Manager to distribute realised gains from the Disposal to Unitholders.

VII. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Manager believes that the Disposal is in the best interests of Spring REIT and its Unitholders as a whole for the following reasons and benefits:

Strategic Refocus on Core Markets

The Disposal reflects a strategic move to streamline Spring REIT's portfolio by divesting non-core assets and concentrating investments in commercial properties within the PRC. Following the acquisition of the Target Properties in 2017, Spring REIT has demonstrated its strategic focus on the PRC's commercial real estate market through the subsequent acquisition of a 68% interest in Huamao Place in 2022. The Target Properties now account for a minor portion (being 5.4%) of Spring REIT's portfolio valuation as of 30 June 2024. By divesting its investments in the United Kingdom, Spring REIT strategically consolidates its focus on the PRC commercial real estate market, ensuring a more aligned portfolio while capitalising on investment opportunities in a market where it has established operational expertise and a proven track record through its existing portfolio management.

Enhanced Financial Flexibility Through Gearing Reduction

The Disposal is expected to reduce Spring REIT's gearing ratio from 40.6% to 38.5% as of 30 June 2024, lowering overall leverage while improving financial flexibility. With the Target Company's gearing levels higher than Spring REIT's overall gearing level, this divestment is a proactive step towards achieving a more balanced and robust capital structure for Spring REIT. A lower gearing ratio enables Spring REIT to manage interest rate risks more effectively while providing flexibility for future funding needs, including acquisitions, asset enhancements, or other strategic initiatives.

Streamlined Operations and Resource Optimisation

The Disposal enables Spring REIT to consolidate its operational focus and streamline its organisational structure. While the Target Properties' triple-net lease arrangement requires minimal day-to-day operations management, the cross-border portfolio still demands comprehensive governance infrastructure. This includes UK-specific legal compliance, tax reporting, financing arrangements, and dedicated professional service providers. Eliminating these region-specific requirements for the relatively small UK portfolio allows the Manager to focus its resources entirely on Spring REIT's core PRC portfolio, where its established relationships, market expertise, and hands-on asset management capabilities can drive greater value creation.

VIII. REGULATORY IMPLICATIONS

REIT Code and Listing Rules

As one or more of the applicable percentage ratios in respect of the Disposal exceeds 5% but all the applicable percentage ratios are less than 25%, the Disposal pursuant to the Sale and Purchase Agreement constitutes a discloseable transaction of Spring REIT and is, pursuant to 10.10B of the REIT Code and Chapter 14 of the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code), subject to reporting and announcement requirements, but is exempt from circular and Unitholders' approval requirements.

Takeovers Code

For the reasons disclosed in the Whitewash Circular, the Manager (in its personal capacity) had applied for, and subsequently obtained from the Executive, the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Transaction, as approved by Independent Unitholders at the extraordinary general meeting of Spring REIT held on 9 August 2024, was completed by the issuance of the Subject 2024 Manager Fee Units on 16 August 2024.

Notwithstanding the completion of the Whitewash Transaction, under Rule 25 of the Takeovers Code, any arrangement made with a Unitholder within six months after the close of the Whitewash Transaction that has favourable conditions not capable to be extended to all Unitholders is considered a "special deal". Given the Buyer and Itochu Hong Kong Limited (the latter being a Unitholder) are both subsidiaries of Itochu Corporation and the Sale and Purchase Agreement is entered into within six months from 16 August 2024, the Disposal is considered a "special deal" under Rule 25 of the Takeovers Code and requires the consent of the Executive.

The Executive's consent, if granted, would be conditional upon: (a) the Independent Financial Adviser giving a public opinion that the terms of the Disposal are fair and reasonable; and (b) the approval of the Disposal by more than 50% of the votes cast by the Independent Unitholders present and voting (either in person or by proxy) by way of a poll at the EGM.

If the Disposal is not approved by Independent Unitholders at the EGM or the Executive's consent is not obtained, the condition precedent under the Sale and Purchase Agreement will not be satisfied and the completion of the Disposal will not take place.

IX. OPINIONS AND RECOMMENDATIONS

Directors

The Directors (including the INEDs), taking into account the duties of the Manager under the REIT Code and the Trust Deed, are of the opinion that the Disposal (including the entry into of the Sale and Purchase Agreement and the transactions contemplated thereunder) is: (a) on terms which are fair and reasonable; (b) consistent with the investment objectives and strategy of Spring REIT and in compliance with the REIT Code and the Trust Deed; and (c) in the interests of Spring REIT, the Independent Unitholders and the Unitholders as a whole. Accordingly, the Directors (including the INEDs) recommend that the Independent Unitholders vote in favour of the Disposal at the EGM.

No Independent Board Committee will be formed

For the reasons stated in the section headed "VIII. REGULATORY IMPLICATIONS — Takeovers Code", the Disposal is considered a "special deal" under Rule 25 of the Takeovers Code as it is an arrangement made with a Unitholder within six months of the completion of the Whitewash Transaction, being the issuance of the Subject 2024 Manager Fee Units on 16 August 2024. As disclosed in the Whitewash Circular, as the Subject 2024 Manager Fee Units were issued to the Manager, who received these Units in its personal capacity, and all of the Directors (including the INEDs) were considered to have a direct or indirect interest in the Whitewash Transaction and, accordingly, pursuant to Rule 2.8 of the Takeovers Code, no independent committee of the Board was formed to advise the Independent Unitholders in connection with the Whitewash Transaction.

Given the Disposal is considered a "special deal" in the context of the Whitewash Transaction and the Whitewash Waiver, pursuant to Rule 2.8 of the Takeovers Code, it is also not possible to form an independent committee of the Board, and the Independent Financial Adviser has been appointed to represent the interests of and to advise the Independent Unitholders in connection with the Disposal.

Independent Financial Adviser

Altus Capital Limited has been appointed as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Unitholders and the Trustee as to, among other things, whether the Disposal (including the entry into of the Sale and Purchase Agreement and the transactions contemplated thereunder) is, or is not, on terms which are fair and reasonable, in the interests of the Independent Unitholders and as to voting on the Disposal. The letter of advice from the Independent Financial Adviser is set out in the “Letter from the Independent Financial Adviser” in the Circular.

Trustee

Based and in sole reliance on: (a) the information and assurances provided by the Manager; (b) the opinion and recommendation of the Board; (c) the opinion from the Independent Financial Adviser; and (d) the opinion of the Independent Property Valuer, the Trustee, having taken into account its duties set out in the REIT Code and the Trust Deed:

- (a) has no objection to the Disposal (including the entry into of the Sale and Purchase Agreement and the transactions contemplated thereunder);
- (b) is of the view that the Disposal (including the entry into of the Sale and Purchase Agreement and the transactions contemplated thereunder) is consistent with Spring REIT’s investment policy and in compliance with the REIT Code and the Trust Deed; and
- (c) is of the view that the Disposal (including the entry into of the Sale and Purchase Agreement and the transactions contemplated thereunder) is fair and reasonable so far as the Unitholders are concerned.

The Disposal (including the entry into of the Sale and Purchase Agreement and the transactions contemplated thereunder) is subject to Independent Unitholders’ approval. The Trustee’s view is furnished for the sole purpose of complying with 10.5 and 10.10(o) of the REIT Code, and is not to be taken as a recommendation or representation by the Trustee of the merits of the Disposal. The Trustee has not made any assessment of the merits or impact of the Disposal or of any statements or information made or disclosed in this announcement, other than for the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code. Accordingly, the Trustee urges all Unitholders, including those who have any doubts as to the merits or impact of the Disposal, to consider the opinions of the Independent Financial Adviser and the Independent Property Valuer addressed to them and to seek their own additional financial or other professional advice.

X. GENERAL

The Circular containing, amongst others: (i) details of the disposal of the commercial properties of Spring REIT in the United Kingdom; and (ii) a letter of advice from the Independent Financial Adviser to the Independent Unitholders and the Trustee on the Disposal, will be despatched to the Unitholders on 19 February 2025.

The EGM will be held at 4:00 p.m. on Monday, 10 March 2025 at Room 2401-2, One Admiralty Centre, 18 Harcourt Road, Hong Kong to consider and approve, among other things, the Disposal (including the entry into of the Sale and Purchase Agreement and the transactions contemplated thereunder).

The Manager will seek Independent Unitholders' approval for the Disposal by way of an Ordinary Resolution. For the text of the EGM Resolution, please refer to the EGM Notice.

For the purpose of determining the Unitholders who are entitled to vote at the EGM, the Register of Unitholders will be closed from Wednesday, 5 March 2025 to Monday, 10 March 2025 (both days inclusive). In order to qualify for voting at the EGM, all Unit certificates accompanied by the duly completed transfer forms must be lodged with the Unit Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration by 4:30 p.m. on Tuesday, 4 March 2025.

Further announcements will be made, among other things, on (i) poll results of the EGM; and (ii) the completion of the Disposal, as and when necessary or appropriate in accordance with the applicable regulatory requirements.

This announcement is made pursuant to 10.3 and 10.4 of the REIT Code.

Unitholders and investors are advised to exercise caution when dealing in the securities of Spring REIT.

XI. DEFINITIONS

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

“2024 Interim Report”	the interim report of Spring REIT for the six months ended 30 June 2024 published on 29 August 2024
“Agreed Premium”	has the meaning ascribed to this term in section I headed “DISPOSAL — Sale and Purchase Agreement” of this announcement

“Appraised Value”	the value of the Target Properties as at 31 December 2024 as appraised by the Independent Property Valuer, being £71,154,000
“Base Fee”	the base fee of 0.4% per annum of the amount of Deposited Property payable to the Manager in accordance with Clause 11.1.1 of the Trust Deed
“Board”	the board of Directors
“Buyer”	Anglo-Dutch Property (UK) Holding Limited, a private limited company incorporated under the laws of England and Wales and whose ultimate beneficial owner is Itochu Corporation
“Buyer Guarantor”	European Tyre Enterprise Limited, a private limited company incorporated under the laws of England and Wales and whose ultimate beneficial owner is Itochu Corporation
“CCP Property”	the real estate property located at No. 79 and No. 81, Jianguo Road, Chaoyang District, Beijing, the PRC and which comprises all of the office floors of Office Tower 1, China Central Place, Beijing, the PRC (including Levels 4 to 28, and the equipment and emergency shelter floor on Level 16, which contains no lettable space) and Office Tower 2, China Central Place, Beijing, the PRC (including Levels 4 to 32, and the equipment and emergency shelter floor on Level 20, which contains no lettable space) and a total of approximately 600 carpark spaces located in the underground levels of the two office buildings, which is wholly-owned by Spring REIT
“Circular”	the circular of Spring REIT to be despatched to the Unitholders on 19 February 2025
“Completion”	completion of the transactions contemplated under the Sale and Purchase Agreement
“Completion Date”	the date on which Completion takes place
“Completion NAV”	has the meaning ascribed to this term in section I headed “DISPOSAL — Sale and Purchase Agreement” of this announcement

“Consideration”	the Share Consideration and the Loan Consideration in aggregate
“Deposited Property”	all of the assets of Spring REIT
“Directors”	the directors of the Manager
“Disposal”	the disposal of the Target Company Shares and the assignment of the Target Shareholder Loan under the Sale and Purchase Agreement
“Divestment Fee”	has the meaning ascribed to this term in section IV headed “FEES AND CHARGES” of this announcement
“DPU”	distribution per Unit
“Draft Completion Statement”	has the meaning ascribed to this term in section I headed “DISPOSAL — Sale and Purchase Agreement” of this announcement
“EGM”	the extraordinary general meeting of Unitholders convened by and referred to in the EGM Notice
“EGM Notice”	the notice included in the Circular in respect of the EGM to consider and, if thought fit, approve the Disposal
“EGM Resolution”	the Ordinary Resolution to approve, among other things, the Disposal (including the entry into of the Sale and Purchase Agreement and the transactions contemplated thereunder), to be proposed at the EGM for the approval of the Independent Unitholders, as set out in the EGM Notice
“Estimated Completion NAV”	has the meaning ascribed to this term in section I headed “DISPOSAL — Sale and Purchase Agreement” of this announcement
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegates
“Existing Properties”	the properties currently held by Spring REIT, being (a) the Target Property; (b) CCP Property; and (c) a 68% interest in Huamao Place

“Expected Gain”	has the meaning ascribed to this term in section V headed “FINANCIAL IMPACT OF THE DISPOSAL” of this announcement
“Expenses”	the expenses of approximately RMB7.13 million payable by Spring REIT in connection with the Disposal, mainly comprising the Divestment Fee, Trustee’s Additional Fee and professional expenses
“Final Completion NAV”	has the meaning ascribed to this term in section I headed “DISPOSAL — Sale and Purchase Agreement” of this announcement
“Final Completion Statement”	has the meaning ascribed to this term in section I headed “DISPOSAL — Sale and Purchase Agreement” of this announcement
“GBP” or “£”	British Pound Sterling, the lawful currency of the United Kingdom
“Group”	Spring REIT and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huamao Place”	the property known as Huamao Place (華貿天地) located at No 9, First Wenchang Road, Huicheng District, Huizhou, Guangdong Province, the PRC
“Huamao Property”	Huamao Property Holdings Ltd., an exempted limited liability company registered under the laws of the Cayman Islands and a substantial Unitholder of Spring REIT
“Independent Auditor”	PricewaterhouseCoopers, being the independent auditor of Spring REIT
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Unitholders and the Trustee on the Disposal

“Independent Property Valuer”	Knight Frank Petty Limited, being the principal valuer of Spring REIT
“Independent Unitholder(s)”	Unitholder(s) other than (i) the Manager (in its personal capacity); (ii) the other members of the Manager Presumed Concert Group; (iii) the Buyer and its close associates (including Itochu Corporation and Itochu Hong Kong Limited); and (iv) any other Unitholder(s) who are involved in or interested in the Disposal
“INED(s)”	independent non-executive Director(s)
“Leases”	the long-term leases which the Target Properties are subject to, and each is referred to as a “ Lease ”
“Lessee”	Kwik-Fit (GB) Limited, an indirect wholly-owned subsidiary of Itochu Corporation and a third party independent of Spring REIT and its connected persons
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan Consideration”	has the meaning ascribed to this term in section I headed “DISPOSAL — Sale and Purchase Agreement” of this announcement
“Manager”	Spring Asset Management Limited (acting in its capacity as the manager for and on behalf of Spring REIT), a company incorporated under the laws of Hong Kong
“Manager Concert Group”	as at the date of this announcement, comprises the Manager, RCA Fund 01, L.P., Artemis Asset Management Co., Ltd. and the six Directors (being Toshihiro Toyoshima, Leung Kwok Hoe, Kevin, Hideya Ishino, Simon Murray, Qiu Liping and Lam Yiu Kin)
“Manager Presumed Concert Group”	the Manager and parties acting in concert (both presumed and as a matter of fact) with it under the Takeovers Code, including Huamao Property (who is presumed to be acting in concert with the Manager under Class (1) of the definition of “ <i>acting in concert</i> ” under the Takeovers Code)

“NAV”	net asset value
“Ordinary Resolution”	a resolution of Unitholders passed by a simple majority of the votes of those attending, and entitled to vote at the EGM, where the votes shall be taken by way of poll, but with a quorum of two or more Unitholders holding at least 10% of the Units in issue
“PRC”	The People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, Taiwan and Macau
“Reference NAV”	has the meaning ascribed to this term in section I headed “DISPOSAL — Sale and Purchase Agreement” of this announcement
“Register of Unitholders”	the register of Unitholders of Spring REIT
“REIT”	Real Estate Investment Trust
“REIT Code”	The Code on Real Estate Investment Trusts published by the SFC, as amended, supplemented or otherwise modified from time to time
“RMB”	Renminbi, the official currency of the PRC
“Sale and Purchase Agreement”	the share purchase agreement entered into between the Seller, the Buyer, the Buyer Guarantor and the Trustee (as Seller’s guarantor) dated 18 February 2025 in respect of the sale and purchase of the Target Company Shares
“Seller”	RUK01 Limited, a private limited company incorporated under the laws of Jersey, and a special purpose vehicle and wholly-owned subsidiary of Spring REIT
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“Share Consideration”	has the meaning ascribed to this term in section I headed “DISPOSAL — Sale and Purchase Agreement” of this announcement
“Spring REIT”	Spring Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) subject to applicable conditions from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject 2024 Manager Fee Units”	the 5,447,302 Units issued to the Manager on 16 August 2024 as settlement of 80% of the Base Fee for the period from 1 April 2024 to 30 June 2024 that caused the aggregate unitholding of Manager Concert Group to first exceed 30%
“subsidiary”	has the meaning ascribed to the term in the REIT Code
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Target Company”	Hawkeye Properties 501 Limited, a company incorporated under the laws of Jersey and the full legal and beneficial owner and registered owner of the Target Properties
“Target Company Shares”	two issued shares of the Target Company, to which the entire amount of issued share capital of the Target Company is attributable
“Target Properties”	the 83 commercial properties located in the United Kingdom which are owned by the Target Company and the particulars of which are set out in section I headed “DISPOSAL — Target Properties” of this announcement, and each is referred to as a “Target Property”

“Target Shareholder Loan”	all loans and other amounts (whether principal, interest or otherwise) owing by the Target Company to the Seller, which, as agreed between the Seller and the Buyer, amounts to £19,413,831 as at 31 December 2024
“Trust Deed”	the deed of trust constituting Spring REIT dated 14 November 2013 and entered into between the Trustee and the Manager, as amended, supplemented and/or otherwise modified for the time being
“Trustee”	DB Trustees (Hong Kong) Limited, in its capacity as trustee of Spring REIT
“Trustee’s Additional Fee”	has the meaning ascribed to this term in section IV headed “FEES AND CHARGES” of this announcement
“Unit”	one undivided unit in Spring REIT
“Unit Registrar”	Tricor Investor Services Limited, in its capacity as the unit registrar of Spring REIT
“United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“Unitholder(s)”	the holder(s) of the Units
“Whitewash Circular”	the circular of Spring REIT dated 23 July 2024 in relation to, among other things, the issuance of the Subject 2024 Manager Fee Units and Whitewash Waiver
“Whitewash Transaction”	the issuance of the Subject 2024 Manager Fee Units on 16 August 2024, as approved by the Independent Unitholders at the extraordinary general meeting of Spring REIT held on 9 August 2024

“Whitewash Waiver”

the whitewash waiver granted by the Executive on 9 August 2024 under Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the Manager to make a general offer for all issued Units and other securities of Spring REIT (if any) not already owned or agreed to be acquired by the Manager Concert Group as a result of the Manager’s receipt of the Subject 2024 Manager Fee Units (being those Units that caused the aggregate unitholding of the Manager Concert Group to **first** exceed 30%)

“%”

per cent

For the purpose of this announcement, unless otherwise indicated:

- (1) conversion of GBP into RMB is calculated at the approximate exchange rate of GBP1.00 to RMB9.1726, which represents the closing rate for 17 February 2025 as quoted by Bloomberg;
- (2) conversion of GBP into HK\$ is calculated at the approximate exchange rate of GBP1.00 to HK\$9.8230, which represents the closing rate for 17 February 2025 as quoted by Bloomberg; and
- (3) conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB0.9211, which represents the central parity rate as at 17 February 2025 as announced by the People’s Bank of China.

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

Hong Kong, 19 February 2025

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

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