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Spring Real Estate Investment Trust

春泉產業信託

(a Hong Kong collective investment scheme authorized 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

PAYMENT OF BASE FEE AND VARIABLE FEE TO SPRING ASSET MANAGEMENT LIMITED BY WAY OF UNITS IN SPRING REAL ESTATE INVESTMENT TRUST AND CASH

PAYMENT OF THE MANAGER'S BASE FEE AND VARIABLE FEE FOR THE PERIOD FROM 1 OCTOBER 2023 TO 31 DECEMBER 2023

Reference is made to the announcement issued by the Manager dated 2 December 2022 in relation to the Manager's election 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%, and Variable Fee to be paid to the Manager in the form of cash entirely, arising from any real estate of Spring Real Estate Investment Trust ("Spring REIT") for the year ending 31 December 2023.

The board of directors (the "**Board**") of the Manager announces that the Manager has on 25 March 2024 received payment of the Base Fee in the amount of HK\$13,069,607.31, of which HK\$10,455,685.85 was paid in the form of Units by way of 5,227,842 Units issued to the Manager on 25 March 2024, and HK\$2,613,921.46 was paid on 25 March 2024 in form of cash. The fee was paid to the Manager for the period from 1 October 2023 to 31 December 2023. The 5,227,842 Units so issued to the Manager ("**Issue**") represent approximately 0.36% of the total number of 1,444,637,952 Units in issue immediately after the Issue.

The Variable Fee for the period from 1 October 2023 to 31 December 2023 was paid in the form of cash to the Manager on 25 March 2024. Disclosure of details of the Variable Fee will be made by the Manager in the next financial report of Spring REIT.

In accordance with the trust deed dated 14 November 2013 constituting Spring REIT, as amended, supplemented and/or restated from time to time (the "**Trust Deed**"), the number of Units issued as mentioned above as payment of 80% of the Base Fee to the Manager, shall be such number of Units as may be purchased for the relevant amount of the Base Fee at the price of HK\$2.000 per Unit (being the prevailing Market Price as defined in the Trust Deed), rounded down to the nearest whole number of Units.

The above Issue of Units to the Manager is provided for in the Trust Deed. Pursuant to a waiver granted by the Securities and Futures Commission ("SFC"), such Issue does not require the approval of the holders of the Units in Spring REIT (the "Unitholders").

The Manager held 54,354,892 Units immediately before the Issue. Immediately after the Issue of the 5,227,842 Units, the Manager holds 59,582,734 Units, representing approximately 4.12% of the 1,444,637,952 Units in issue.

Pursuant to the Trust Deed, an adjustment amount of HK\$754,655.90 was also payable and paid on 25 March 2024, in cash, by the Manager to Spring REIT in respect of the adjustment of the Base Fee and Variable Fee for the period from 1 January 2023 to 31 December 2023.

PAYMENT OF THE MANAGER'S BASE FEE AND VARIABLE FEE FOR THE PERIOD FROM 1 OCTOBER 2023 TO 31 DECEMBER 2023

Pursuant to the Trust Deed, Spring Asset Management Limited, manager of Spring REIT (the "**Manager**"), is entitled to receive, commencing on and from and including 5 December 2013, among others, the following fees:

- (i) a base fee (the "**Base Fee**"), which is defined in the Trust Deed as 0.4% per annum of the amount of the Deposited Property (as defined in the Trust Deed) calculated quarterly as of the close of business on the last Business Day of each calendar quarter, and allocated rateably for any partial periods and during the term of Spring REIT; and
- (ii) a variable fee (the "**Variable Fee**"), which is defined in the Trust Deed as 3.0% per annum of the Net Property Income (as defined in the Trust Deed) of Spring REIT (before deduction therefrom of the Base Fee and the Variable Fee). For the purpose of calculating the Variable Fee, the Net Property Income was computed based on the unaudited management accounts of Spring REIT for the period ended 31 December 2023, subject to adjustments (if any) pursuant to Clause 11.1.2.4 of the Trust Deed.

Pursuant to the Trust Deed, the Manager may elect, annually on or before 15 January of each financial year, to receive the Base Fee and the Variable Fee in the form of cash and/or in the form of units of Spring REIT (the "**Units**") in respect of that financial year. Reference is made to the announcement issued by the Manager dated 2 December 2022 in relation to the Manager's election that the Base Fee for the year ending 31 December 2023 shall be paid to the Manager in the form of cash as to 20% and in the form of Units as 80%, and Variable Fee shall be paid to the Manager in the form of cash entirely, arising from any real estate of Spring REIT for the year ending 31 December 2023.

The Board announces that the Manager has on 25 March 2024 received payment of the Base Fee in the amount of HK\$13,069,607.31, of which HK\$10,455,685.85 was paid in the form of Units by way of 5,227,842 Units issued to the Manager on 25 March 2024, and HK\$2,613,921.46 was paid on 25 March 2024 in form of cash. The fee was paid to the Manager for the period from 1 October 2023 to 31 December 2023. The 5,227,842 Units so issued to the Manager represent approximately 0.36% of the total number of 1,444,637,952 Units in issue immediately after the Issue.

The Variable Fee for the period from 1 October 2023 to 31 December 2023 was paid in the form of cash to the Manager on 25 March 2024. Disclosure of details of the Variable Fee will be made by the Manager in the next financial report of Spring REIT.

Pursuant to the Trust Deed, an adjustment of HK\$754,655.90 was also payable and paid on 25 March 2024, in cash, by the Manager to Spring REIT in respect of the adjustment of Base Fee and Variable Fee for the period from 1 January 2023 to 31 December 2023 (“**2023 Financial Year**”). Such adjustment amount represents the difference between (i) the total amount of the Base Fee and Variable Fee payable to the Manager in respect of the 2023 Financial Year calculated based on the published audited financial statements of Spring REIT for the 2023 Financial Year; and (ii) the total amount of the Base Fee and Variable Fee already paid to the Manager in respect of the 2023 Financial Year. Such adjustment to the Manager’s Base Fee and Variable Fee for the 2023 Financial Year is consistent with the relevant provisions of the Trust Deed.

In accordance with the Trust Deed, the number of Units issued to the Manager as mentioned above as payment of 80% of the Base Fee to the Manager, shall be such number of Units as may be purchased for the relevant amount of the Base Fee at the price of HK\$2.000 per Unit (being the prevailing Market Price as defined in the Trust Deed), rounded down to the nearest whole number of Units.

The Market Price shall, according to the Trust Deed, be the price as determined by the Manager as being the average closing price of the Units in the ten (10) trading days immediately preceding the date on which the relevant Units are issued to the Manager. The number of Units under the Issue was determined on a basis which is consistent with the relevant provisions of the Trust Deed.

The payment of the Manager’s fee is denominated in Hong Kong Dollar. The exchange rates adopted by the Manager to calculate the payment of the Manager’s fee for the period from 1 October 2023 to 31 December 2023 were the average of month-end central parity rates in the three months ended 31 December 2023, as announced by the People’s Bank of China. Such exchange rates were deemed appropriate by the Manager in the circumstances, in accordance with the relevant provisions of the Trust Deed.

The Issue of 5,227,842 Units as payment of 80% of the Base Fee to the Manager is in accordance with the terms of the Trust Deed and does not require specific prior approval of Unitholders pursuant to paragraph 12.6 of the REIT Code.

The number of the new Units issued to the Manager as payment of all or part of the Manager’s fee for each financial year of Spring REIT shall be counted as part of the 20% of outstanding Units that the Manager may issue in each financial year without Unitholders’ approval pursuant to paragraph 12.2 of the REIT Code. In addition, pursuant to paragraph 12.6 of the REIT Code, in respect of each financial year, the maximum number of Units that may be issued to the Manager as payment of all or part of the Manager’s fee for that financial year without Unitholders’ approval shall, in the aggregate, be limited to such number of Units as represents 3% of the total number of Units outstanding as at the last day of the immediately preceding financial year plus the number of Units (if any) issued in the relevant financial year for the purposes of financing any acquisition of real estate by Spring REIT.

TOTAL NUMBER OF UNITS ISSUED TO THE MANAGER IN RESPECT OF THIS FINANCIAL YEAR

The 20,327,684 Units comprising the Issue, being the total number of Units issued to the Manager so far as payment of 80% of the Base Fee in respect of the financial year ending 31 December 2023, represents 1.37% of the Units outstanding as at 31 December 2022 (being the last day of the immediately preceding financial year), being less than 3.0% of the Units outstanding as at that date. For the period from 1 January 2023 to the date of this announcement, no Unit has been issued for the purpose of financing any acquisition of real estate by Spring REIT.

UNITHOLDING INTERESTS OF THE MANAGER

The Manager held 54,354,892 Units immediately before the Issue. Immediately after the Issue of the 5,227,842 Units, the Manager holds 59,582,734 Units, representing approximately 4.12% of the 1,444,637,952 Units in issue.

GENERAL

The announcement is made pursuant to Paragraph 10.4(k) of the REIT Code.

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

Hong Kong, 25 March 2024

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