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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

- (1) PAYMENT OF BASE FEE AND VARIABLE FEE TO SPRING ASSET MANAGEMENT LIMITED BY WAY OF UNITS IN SPRING REAL ESTATE INVESTMENT TRUST AND CASH;
AND
(2) COMPLETION OF ISSUANCE OF SUBJECT 2024 MANAGER FEE UNITS**

Reference is made to the circular and the poll results announcement of Spring REIT dated 23 July 2024 and 9 August 2024 respectively in relation to the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver by Spring REIT.

Reference is also made to the announcement issued by the Manager dated 13 December 2023 in relation to the Manager's 2024 Election that the Base Fee for the year ending 31 December 2024 to be paid to the Manager in the form of cash as to 20% and in the form of Units as 80%, and the Variable Fee, arising from any real estate of Spring REIT for the year ending 31 December 2024, to be paid to the Manager in the form of cash entirely.

The Board announces that the Manager has on 16 August 2024 received payment of (i) the Base Fee in the amount of HK\$12,910,107.14, of which HK\$10,328,085.71 was paid in the form of Units by way of 5,447,302 Units issued to the Manager, and HK\$2,582,021.43 was paid in the form of cash; and (ii) the Variable Fee of HK\$3,943,910.09 in the form of cash. The fee was paid to the Manager for the period from 1 April 2024 to 30 June 2024. The 5,447,302 Units so issued to the Manager represent approximately 0.37% of the total number of 1,455,664,670 Units in issue immediately after the issuance of the Second Tranche Units.

Under the Trust Deed, the number of Manager Fee Units to be issued to settle the Manager's Fee shall be such number of Units as may be purchased for the relevant amount of the Base Fee at the prevailing Market Price (as defined in the Trust Deed), rounded down to the nearest whole number of Units. While the Trust Deed specifies that part of the Manager's Fee should be paid in the form of cash instead of Units where a mandatory offer under the Takeovers Code is triggered, the EGM Resolutions were passed and the Whitewash Waiver was granted for Spring REIT to issue the Subject 2024 Manager Fee Units (subject to the Maximum Subject 2024 Manager Fee Units) to settle 80% of the Base Fee payable for the relevant period.

Based on the Market Price of HK\$1.896, the number of Units to be issued as settlement of 80% of the Base Fee for the period from 1 April 2024 to 30 June 2024 is 5,447,302 Units (which is less than the Maximum Subject 2024 Manager Fee Units). As the issuance of the Second Tranche Units causes the Manager Concert Group to first exceed 30% of the total number of issued Units, this tranche of Manager Fee Units represents the Subject 2024 Manager Fee Tranche (as referred to in the Circular and Whitewash Waiver).

Accordingly, completion of the issuance of the Subject 2024 Manager Fee Units took place on 16 August 2024.

Reference is made to the circular (the "**Circular**") and the poll results announcement of Spring REIT dated 23 July 2024 and 9 August 2024 respectively in relation to the issuance of the Subject 2024 Manager Fee Units and the Whitewash Waiver by Spring REIT. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as given to them in the Circular.

The Board announces that the Manager has on 16 August 2024 received payment of (i) the Base Fee in the amount of HK\$12,910,107.14, of which HK\$10,328,085.71 was paid in the form of Units by way of 5,447,302 Units issued to the Manager, and HK\$2,582,021.43 was paid in the form of cash; and (ii) the Variable Fee of HK\$3,943,910.09 in the form of cash. The fee was paid to the Manager for the period from 1 April 2024 to 30 June 2024. The 5,447,302 Units so issued to the Manager (the "**Second Tranche Units**") represent approximately 0.37% of the total number of 1,455,664,670 Units in issue immediately after the issuance of the Second Tranche Units.

Pursuant to the Trust Deed, the Manager is entitled to receive on a quarterly basis, commencing on and from and including 5 December 2013, among others, the following fees:

- (i) a 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, 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 30 June 2024, 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 in respect of that financial year. As stated in the announcement of Spring REIT dated 13 December 2023, in respect of the financial year ending 31 December 2024, the Manager elected to receive 80% of the Base Fee payable for that year in the form of Units and the remaining 20% of the Base Fee and the entire Variable Fee payable for that year in the form of cash.

Under the Trust Deed, the number of Manager Fee Units to be issued to settle the Manager's Fee shall be such number of Units as may be purchased for the relevant amount of the Base Fee at the prevailing Market Price (as defined in the Trust Deed), rounded down to the nearest whole number of Units. While the Trust Deed specifies that part of the Manager's Fee should be paid in the form of cash instead of Units where a mandatory offer under the Takeovers Code is triggered, the EGM Resolutions were passed and the Whitewash Waiver was granted for Spring REIT to issue the Subject 2024 Manager Fee Units (subject to the Maximum Subject 2024 Manager Fee Units) to settle 80% of the Base Fee payable for the relevant period.

Based on the Market Price of HK\$1.896, the number of Units to be issued as settlement of 80% of the Base Fee for the period from 1 April 2024 to 30 June 2024 is 5,447,302 Units (which is less than the Maximum Subject 2024 Manager Fee Units). As the issuance of the Second Tranche Units causes the Manager Concert Group to first exceed 30% of the total number of issued Units, this tranche of Manager Fee Units represents the Subject 2024 Manager Fee Tranche (as referred to in the Circular and Whitewash Waiver).

Accordingly, completion of the issuance of the Subject 2024 Manager Fee Units (“**Completion**”) took place on 16 August 2024. The following table sets forth the unitholding structure of Spring REIT immediately before and after Completion.

	(a) Immediately before Completion		(b) Immediately after Completion	
	<i>Units</i>	<i>%</i>	<i>Units</i>	<i>%</i>
Manager Concert Group				
Spring Asset Management Limited ⁽¹⁾	64,825,150	4.47	70,272,452	4.83
RCA Fund 01, L.P. ⁽²⁾	336,720,159	23.22	336,720,159	23.13
Artemis Asset Management Co., Ltd. ⁽³⁾	23,538,000	1.63	23,538,000	1.62
Directors of Spring Asset Management Limited ⁽⁴⁾	6,613,000	0.45	6,613,000	0.45
<i>Toshihiro Toyoshima</i> ⁽⁵⁾	1,652,000	0.11	1,652,000	0.11
<i>Leung Kwok Hoe, Kevin</i>	759,000	0.05	759,000	0.05
<i>Hideya Ishino</i>	115,000	0.01	115,000	0.01
<i>Simon Murray</i>	1,344,000	0.09	1,344,000	0.09
<i>Qiu Liping</i>	1,344,000	0.09	1,344,000	0.09
<i>Lam Yiu Kin</i>	1,399,000	0.10	1,399,000	0.10
Subtotal for Manager Concert Group	431,696,309	29.77	437,143,611	30.03
Huamao Property ⁽⁶⁾	360,188,420	24.84	360,188,420	24.74
Subtotal for Manager Presumed Concert Group	791,884,729	54.61	797,332,031	54.77
Other substantial Unitholder(s)				
Spirit Cayman Ltd. ⁽⁷⁾	169,552,089	11.69	169,552,089	11.65
Other Unitholders	488,780,550	33.70	488,780,550	33.58
Total	1,450,217,368	100.00	1,455,664,670	100.00

Notes:

- (1) The Units held by the Manager is held in its personal capacity.
- (2) RCA Fund 01, L.P. (“**RCA Fund**”) is managed by Mercuria Investment Co., Ltd. (“**Mercuria Investment**”) pursuant to a management agreement. Mercuria Investment can therefore exercise influence on RCA Fund and its exercise of rights as a Unitholder in respect of the affairs of Spring REIT (in particular, in relation to matters that are subject to voting by the Unitholders, on which RCA Fund is not required to abstain from voting). Mercuria Investment is a fellow subsidiary of the Manager in which both companies are subsidiaries of Mercuria Holdings.

- (3) Artemis Asset Management Co., Ltd. (“**Artemis**”) is a wholly-owned subsidiary of ADC Fund 2013, a fund the general partner of which is ADC International Co., Ltd., which is in turn a wholly-owned subsidiary of Mercuria Investment.
- (4) Each of the Directors listed is presumed to be a party acting in concert with the Manager pursuant to class (6) presumption under the definition of “acting in concert” under the Takeovers Code.
- (5) Mr. Toshihiro Toyoshima’s unitholding includes 552,000 Units that he received pursuant to an inheritance arrangement on 18 May 2023.
- (6) This comprises: 56,500,742 Units held directly by Huamao Property, 128,749,000 Units held by China Orient Stable Value Fund Limited (“**China Orient**”), 160,626,029 Units held by Alpha Great Global Limited (“**Alpha Great**”) and 14,312,649 Units held by Jade Wave Global Limited (“**Jade Wave**”). Each of China Orient, Alpha Great and Jade Wave is wholly-owned by Huamao Property. Huamao Property is presumed to be acting in concert with the Manager under Class (1) of the definition of “acting in concert” under the Takeovers Code.
- (7) Based on the latest disclosure of interest filings by PAG (as a substantial Unitholder of Spring REIT) as at the date of this announcement, Spirit Cayman Ltd. is a subsidiary of SCREP VI Holdings, L.P., whose general partner is a subsidiary of PAG.

The remainder of the Base Fee and the Variable Fee payable for the period from 1 April 2024 to 30 June 2024, being HK\$2,582,021.43 and HK\$3,943,910.09 respectively, were paid in the form of cash to the Manager on 16 August 2024. Disclosure of details of the Variable Fee will be made by the Manager in the next financial report of Spring REIT.

The payment of the Manager’s Fee is denominated in Hong Kong Dollars. The exchange rates adopted by the Manager to calculate the payment of the Manager’s Fee for the period from 1 April 2024 to 30 June 2024 were the average of month-end central parity rates in the three months ended 30 June 2024, 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.

Total number of Units issued to the Manager in respect of this financial year

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 12.2 of the REIT Code. In addition, pursuant to 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.

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 2024, being 11,026,718 Units (including the Second Tranche Units), represents 0.77% of the Units outstanding as at 31 December 2023 (being the last day of the immediately preceding financial year), which is less than 3% of the Units outstanding as at that date. For the period from 1 January 2024 to the date of this announcement, no Unit has been issued for the purpose of financing any acquisition of real estate by Spring REIT.

General

The above announcement is made pursuant to 10.3 and 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, 16 August 2024

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

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