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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

**POST-COMPLETION TRUE-UP PAYMENTS FOR
ACQUISITION OF 68% INTEREST OF
HUAMAO PLACE IN HUIZHOU, THE PRC**

The Manager announces that:

- (i) on 28 December 2022, the Offshore Purchaser has paid the Offshore True-up Payment of RMB952,292.93 in cash to the Offshore Seller;
- (ii) on 28 December 2022, the Onshore Purchaser has paid the Onshore True-up Payment of RMB101,004,896.78 (including the Purchaser Deferred Payment of RMB99,790,205.70) in cash to the Onshore Seller; and
- (iii) the final Offshore Consideration (after taking into account the Offshore True-up Payment) is RMB650,525,833.79 and the final Onshore Consideration (after taking into account the Onshore True-up Payment) is RMB991,004,896.78. Accordingly, the final Consideration (after taking into account the True-up Payments) is RMB1,641,530,730.57.

Reference is made to the circular of Spring Real Estate Investment Trust (“**Spring REIT**”) dated 3 May 2022 (the “**Circular**”) and the announcements of Spring REIT dated 29 April 2022 and 28 September 2022, respectively, each relating to, among other things, the acquisition of the commercial property known as Huamao Place in Huizhou, the PRC. Unless the context requires otherwise, terms used in this announcement shall have the same meanings as those defined in the Circular.

DETERMINATION OF TRUE-UP PAYMENTS

Completion of the Acquisition took place on 28 September 2022 pursuant to the terms of the Acquisition Agreements. On the same day, the Purchasers paid and procured the payment of the aggregate amount of approximately RMB1,572.36 million, being the Completion Payment.

The Manager announces that, the Completion Statement prepared based on the audited financial statements of the Target Group as at the Completion Date as audited by PricewaterhouseCoopers has been determined in accordance with the Acquisition Agreements.

Based on the Completion Statement:

- (i) the Project Company Adjusted NAV has been determined to be RMB1,036,391,612.93;
- (ii) the Other Group Adjusted NAV has been determined to be negative RMB179,775,566.22; and
- (iii) the aggregate outstanding amounts owed under the PAB Facility has been determined to be RMB800,000,000.00.

Offshore True-up Payment

The Offshore Purchaser shall pay to the Offshore Seller the Offshore True-up Payment, which comprises:

- (a) 31% of the Project Company Adjusted NAV as set out in the Completion Statement (being RMB321,281,400.00) minus 31% of the Project Company Adjusted NAV as set out in the Pro Forma Completion Statement (being RMB320,263,685.85); plus
- (b) the Other Group Adjusted NAV as set out in the Completion Statement (being negative RMB179,775,566.22) minus the Other Group Adjusted NAV as set out in the Pro Forma Completion Statement (being negative RMB179,710,145.00); plus

- (c) 31% of the aggregate outstanding amounts owed under the PAB Facility as set out in the Pro Forma Completion Statement (being RMB248,000,000.00) minus 31% of the aggregate outstanding amount owed under the PAB Facility as set out in the Completion Statement (being RMB248,000,000.00).

The Offshore True-up Payment of RMB952,292.93 shall be paid within five business days after the agreement or determination of the Completion Statement pursuant to the Offshore Share Purchase Deed.

Accordingly, on 28 December 2022, the Offshore Purchaser has paid the Offshore True-up Payment of RMB952,292.93 in cash to the Offshore Seller.

Onshore True-up Payment

The Onshore Purchaser shall pay to the Onshore Seller the Onshore True-up Payment, which comprises the balance of the following plus the Purchaser Deferred Payment (being RMB99,790,205.70):

- (a) 37% of the Project Company Adjusted NAV as set out in the Completion Statement (being RMB383,464,896.78) minus 37% of the Project Company Adjusted NAV as set out in the Pro Forma Completion Statement (being RMB382,250,205.70); plus
- (b) 37% of the aggregate outstanding amounts owed under the PAB Facility as set out in the Pro Forma Completion Statement (being RMB296,000,000.00) minus 37% of the aggregate outstanding amount owed under the PAB Facility as set out in the Completion Statement (being RMB296,000,000.00).

The Onshore True-up Payment of RMB101,004,896.78 (including the Purchaser Deferred Payment of RMB99,790,205.70) shall be paid within 30 business days (or such other longer period as agreed by the Onshore Seller and Onshore Purchaser in writing) after determination of the Completion Statement pursuant to the Onshore Share Purchase Agreement.

Accordingly, on 28 December 2022, the Onshore Purchaser has paid the Onshore True-up Payment of RMB101,004,896.78 in cash to the Onshore Seller.

FINAL CONSIDERATION FOR THE ACQUISITION

The final Offshore Consideration (after taking into account the Offshore True-up Payment) is RMB650,525,833.79 and the final Onshore Consideration (after taking into account the Onshore True-up Payment) is RMB991,004,896.78. Accordingly, the final Consideration (after taking into account the True-up Payments) is RMB1,641,530,730.57.

TAX HOLDBACK AMOUNT

The Offshore Seller has authorised the Offshore Purchaser to pay on behalf of the Offshore Seller to the relevant PRC tax authority the corresponding tax payable under the China Indirect Transfer Rules in connection with the Offshore Seller's sale of the Offshore Sale Shares (the "**Seller's Tax Liability**"). Accordingly, the Offshore Purchaser has paid the Seller's Tax Liability in the amount of RMB65,798,689.69 on behalf of the Offshore Seller to the relevant PRC tax authority on 1 November 2022.

The Offshore Purchaser will pay the Offshore Seller the balance of the Tax Holdback Amount (being RMB1,201,310.31) after the Offshore Seller has complied with certain obligations under the China Indirect Transfer Rules and paid the corresponding tax payable under the China Indirect Transfer Rules in respect of the Offshore Seller's sale of the Offshore Sale Shares.

UPDATE ON FINANCING STRUCTURE

Upon the Completion and payment of the True-up Payments, Spring REIT has in place aggregate debt facilities of approximately RMB5,012.5 million, comprising:

- (a) a facility of HKD4,150 million and an uncommitted undrawn term loan facility of HKD725 million (HKD4,875 million in total), both of which bear an interest rate of 1-month HKD HIBOR plus 1.60% per annum and will mature in September 2025;
- (b) a facility of GBP51.0 million which bears an interest rate of 2.20% margin per annum plus Sterling Overnight Index Average plus Credit Adjustment Spread and will mature in January 2025, of which GBP50.5 million has been drawn down; and
- (c) a facility of RMB900 million which bears an interest rate of 60 basis points above the loan prime rate for more than five years and will mature in March 2032, of which RMB800 million has been drawn down.

As of the date of this announcement, Spring REIT has entered into spot and forward-start interest rate swaps with a total notional amount of HKD3,355 million of varied terms and tenures to provide fixed rate funding for part of its HKD denominated loan facilities, at a weighted average swap rate (before loan interest margin) of 1.21%. Further updates will be provided in the annual report of Spring REIT for the year ending 31 December 2022.

GENERAL

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

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

Hong Kong, 28 December 2022

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); Hideya Ishino (non-executive director); and Simon Murray, Lam Yiu Kin and Liping Qiu (independent non-executive directors).