

# Interim Results 2023

## Presentation

22 Aug 2023

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## AGENDA

- 1 **2023 1H RESULTS HIGHLIGHTS**
- 2 CCP PROPERTY OPERATION REVIEW
- 3 HUAMAO PLACE OPERATION REVIEW
- 4 UK PORTFOLIO OPERATION REVIEW
- 5 OUTLOOK & STRATEGIC PRIORITIES



# 2023 1H RESULTS HIGHLIGHTS

- Despite the challenging macroeconomic environment, the performance of the property portfolio has been encouraging. NPI experienced YoY growth of 35.2% to RMB273.89 mn, due to the steady performance of our Beijing CCP and the addition Huamao Place in Huizhou.
- Aggressive interest rate hikes and fluctuations in the RMB exchange rates continued to pose challenges to Spring REIT. At 30 Jun 2023, 77.9% of the HKD loans were covered by the interest rate hedging programme, leading to a managed weighted average cash interest rate at 3.6% for the period.
- In Jul 2023, Spring REIT entered into additional float-to-fixed HKD-RMB cross currency swap and interest rate swap contracts, thus locking in fixed rates for all of its HKD and GBP loan amounts. Together with the RMB loan which is based on the stable PRC Loan Prime Rate, 100% of the loans are either hedged or under a relatively stable rate, significantly reducing the impact of interest rate volatility on Spring REIT.
- Total distributable income for the period was RMB131.66 mn. At a payout ratio of 97%, the DPU amounted to HK10.0 cents, remained unchanged HoH.
- An off-market unit buy-back transaction was completed in Jul 2023, which reduced units outstanding by 4.2% and is accretive to the DPU and net asset value per unit of Spring REIT.

# FINANCIAL SUMMARY

| Operating Results (in RMB mn)   |                               | 1H 2023   | HoH Chg   | 2H 2022            | HoH Chg   | 1H 2022   |
|---------------------------------|-------------------------------|-----------|-----------|--------------------|-----------|-----------|
| Revenue                         |                               | 363.42    | 17.0%     | 310.54             | 16.2%     | 267.31    |
| Property operating expenses     |                               | (89.52)   | 23.2%     | (72.69)            | 12.3%     | (64.73)   |
| Net property income             |                               | 273.89    | 15.2%     | 237.85             | 17.4%     | 202.58    |
| Net property income margin      |                               | 75.4%     | -1.2 ppt  | 76.6%              | +0.8 ppts | 75.8%     |
| G&A expenses                    |                               | (40.61)   | (2.7%)    | (41.74)            | 26.8%     | (32.91)   |
| Cash interest expense           |                               | (92.38)   | 18.7%     | (77.84)            | 140.7%    | (32.34)   |
| Total distributable income      |                               | 131.66    | (5.9%)    | 139.96             | (8.3%)    | 152.65    |
| Payout Ratio                    |                               | 97%       | +4.5 ppts | 92.5% <sup>1</sup> | +2.5 ppts | 90%       |
| DPU (HK cents)                  |                               | 10.0      | -         | 10.0               | (10.7%)   | 11.2      |
| DPU (RMB cents equivalent)      |                               | 8.9       | (1.1%)    | 9.0                | (3.2%)    | 9.3       |
| Financial Positions (in RMB mn) |                               | 30-6-2023 | HoH Chg   | 31-12-2022         | HoH Chg   | 30-6-2022 |
| Portfolio valuation             | CCP Property                  | 8,600.00  | (0.5%)    | 8,640.00           | (0.6%)    | 8,690.00  |
|                                 | Huizhou Property <sup>2</sup> | 2,823.00  | -         | 2,823.00           | N/A       | -         |
|                                 | UK Portfolio                  | 643.23    | 3.8%      | 619.95             | (3.4%)    | 641.82    |
|                                 | Total                         | 12,066.23 | (0.1%)    | 12,082.95          | 29.5%     | 9,331.82  |
| Total borrowings                |                               | 5,131.00  | 5.6%      | 4,857.35           | 57.2%     | 3,089.40  |
| Net asset value                 |                               | 6,370.88  | (2.9%)    | 6,558.84           | (1.9%)    | 6,685.28  |
| Gearing ratio                   |                               | 39.4%     | +1.8 ppts | 37.6%              | +6.8 ppts | 30.8%     |

Notes:

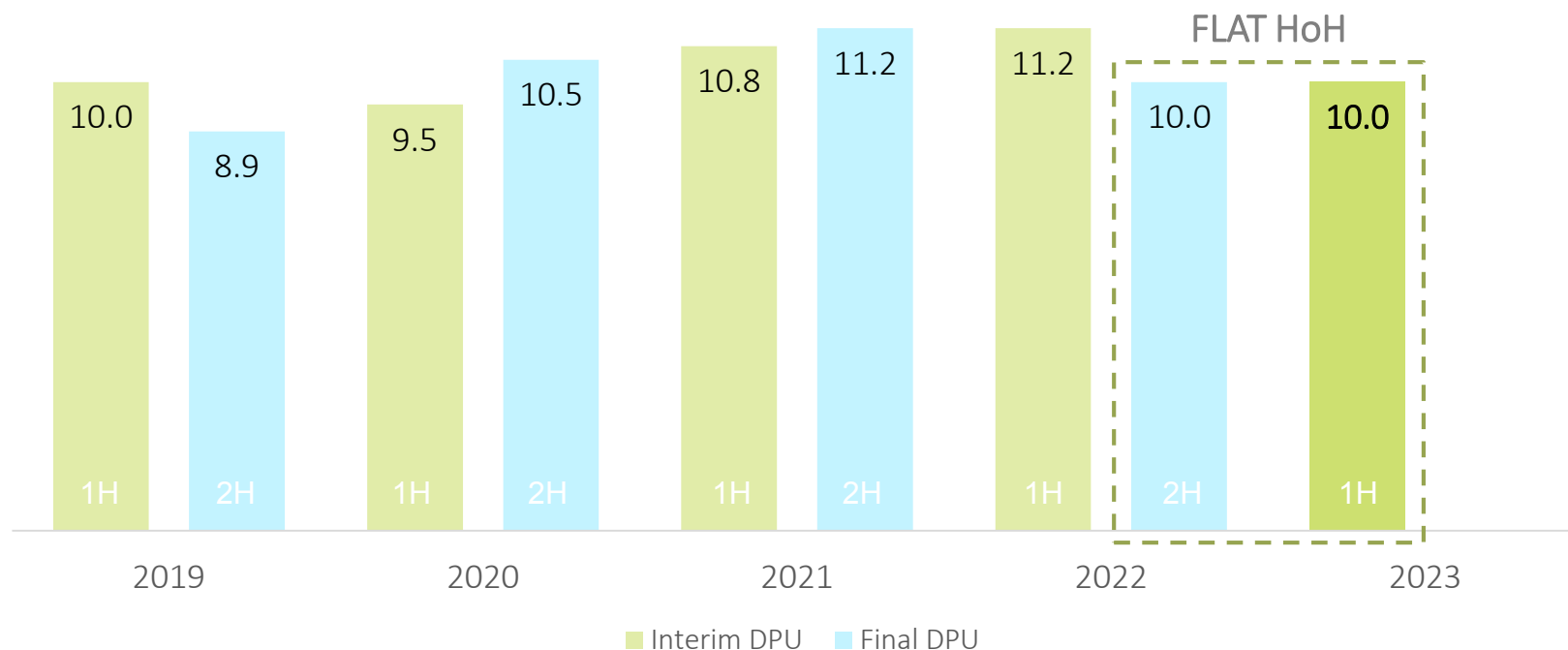
1. Represents the full year payout ratio of 92.5%.

2. The acquisition was completed on 28 Sep 2022.

# PROVEN DPU TRACK RECORD

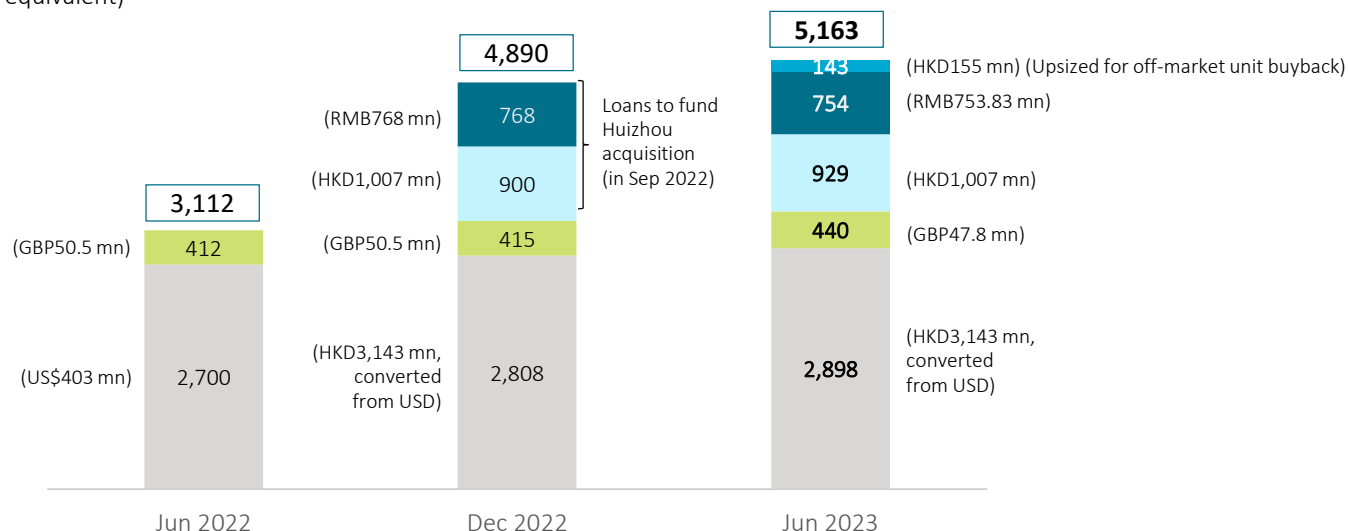
- Maintained a steady distribution for unitholders amid challenging macroeconomic environment, with an annualized DPU yield of 9.0%\*.

(HK cents)



## Debt Profile, by notional amounts

(RMB million equivalent)



### Spring REIT's debt facilities at 30 Jun 2023:

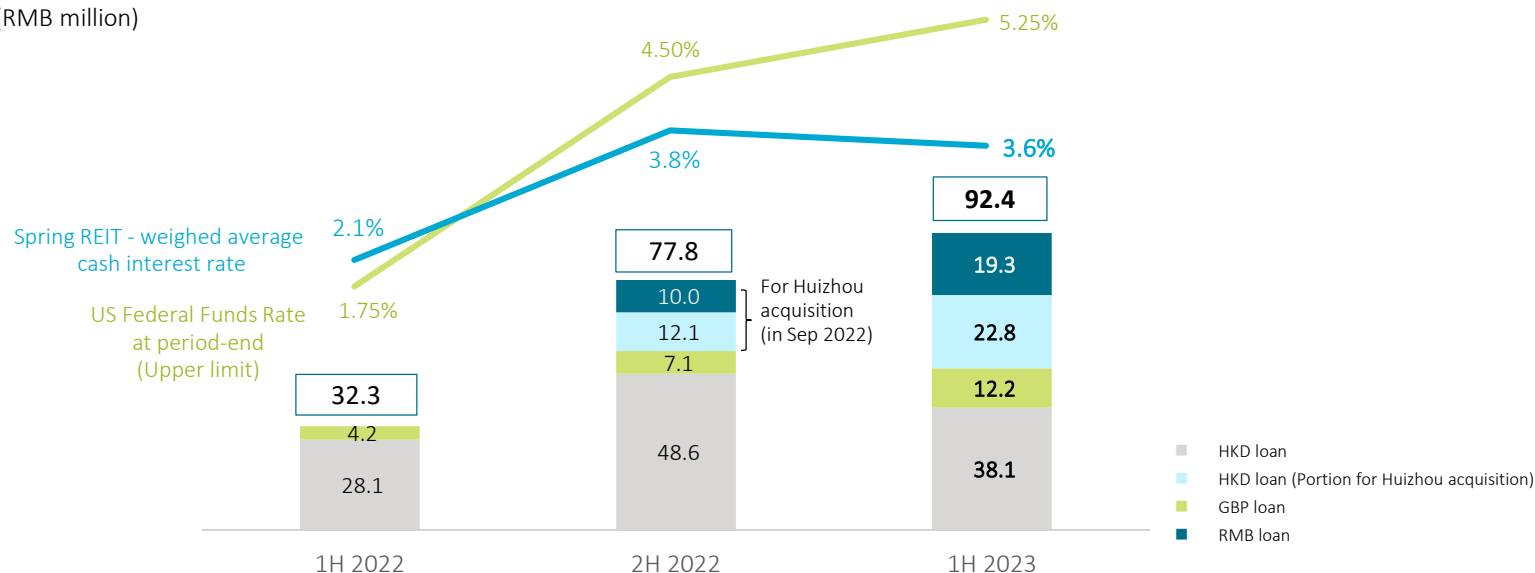
- **HKD4,875 mn facility (3-year term, till Sep 2025)**
  - (i) Drawdown amount of HKD4,305 mn
  - (ii) Undrawn amount of HKD570 mn
- **GBP47.8 mn facility (3-year term, till Jan 2025), after partial prepayment of GBP2.7 mn in Apr 2023**
- **RMB900 mn facility (10-year term, till Mar 2032)**
  - (i) Drawdown amount of RMB818.5 mn
  - (ii) Outstanding amount of RMB753.83 mn
  - (iii) Undrawn amount of RMB81.5 mn
- **Gearing ratio at 39.4% (31 Dec 22: 37.6%)**



Prudent interest rate management with 100% of loans either hedged or at stable rate

## Cash Interest Expenses, net of interest rate hedges

(RMB million)



### Proactive interest rate hedges partly offset interest rate hikes; Cash interest also incurred for the enlarged loan size

- At 30 Jun 2023, 77.9% of the HKD loan was hedged with a weighted average swap rate of 1.21%. While 75% (31 Dec 2022: 77%; 30 Jun 2022: 65%) of total borrowings were either covered by the interest rate hedging programme or under a relatively stable PRC Loan Prime Rate
- Weighted average cash interest rate was 3.6% (2H 2022: 3.8%; 1H 2022: 2.1%)
- In July 2023, Spring REIT entered into additional float-to-fixed HKD-RMB cross-currency swap contracts of a notional amount of HKD950 mn for its HK loan, and a float-to-fixed IRS contract of a notional amount of GBP47.8 mn for its GBP loan, leading to all HKD loans are GBP loan were under fixed interest rates with weighted average swap rate (before interest margin and any credit adjustment spread) at 1.72%
- With the above initiatives, **100% of our loans are either covered by the interest rate hedging programme or under a relatively stable PRC Loan Prime Rate, which has significantly reduced the impact of interest rate volatility**





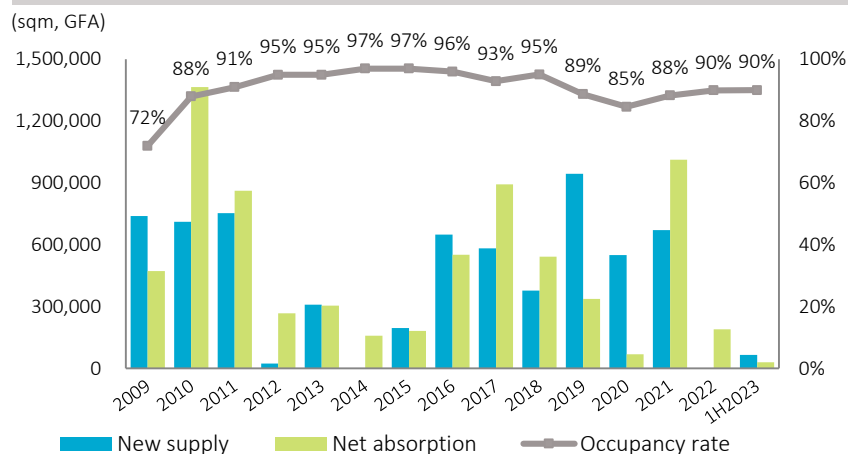
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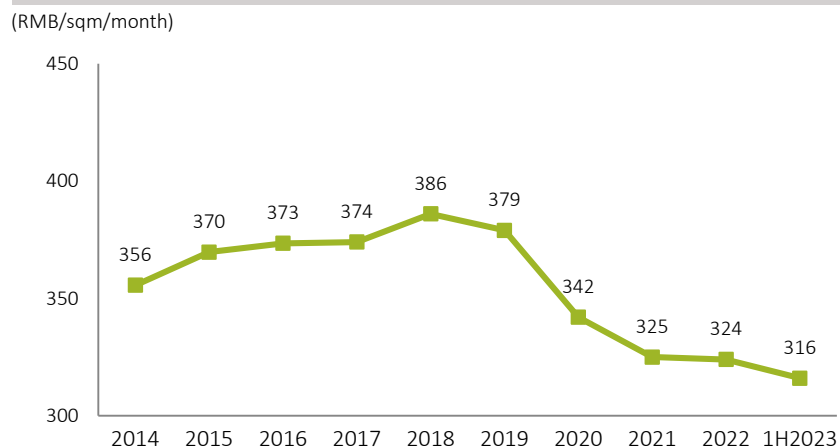
# BEIJING LEASING MARKET CONDITION

## Beijing Overall

### Beijing Overall – Supply, Absorption, Occupancy

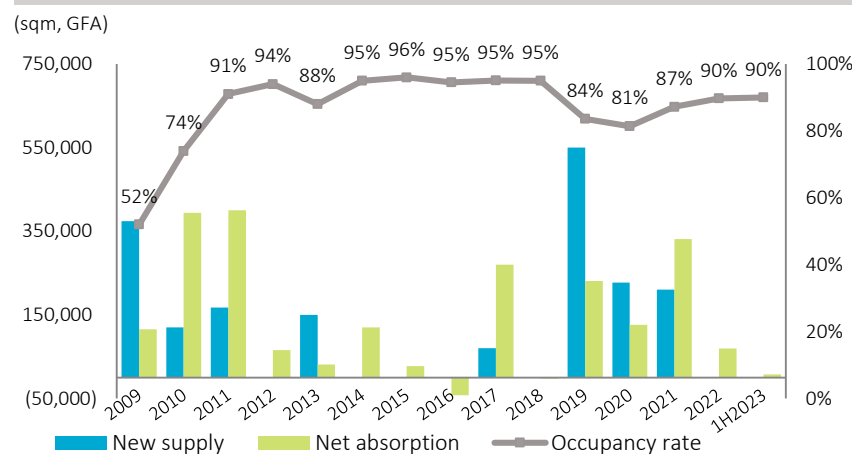


### Beijing Overall – Effective Rental Rate

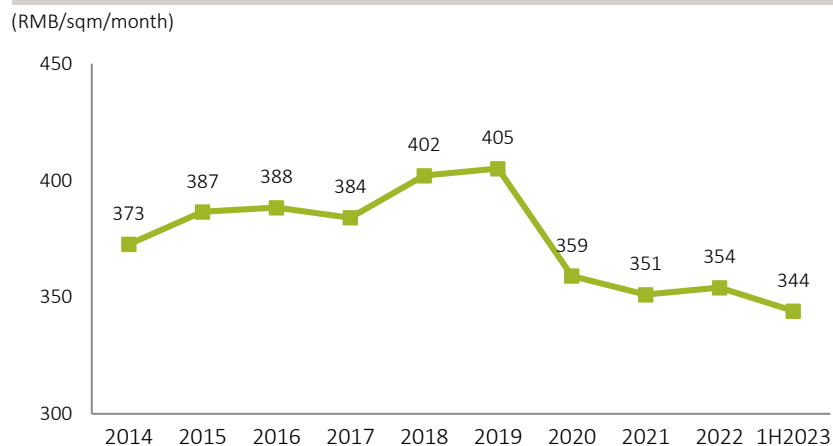


## Beijing CBD

### Beijing CBD – Supply, Absorption, Occupancy



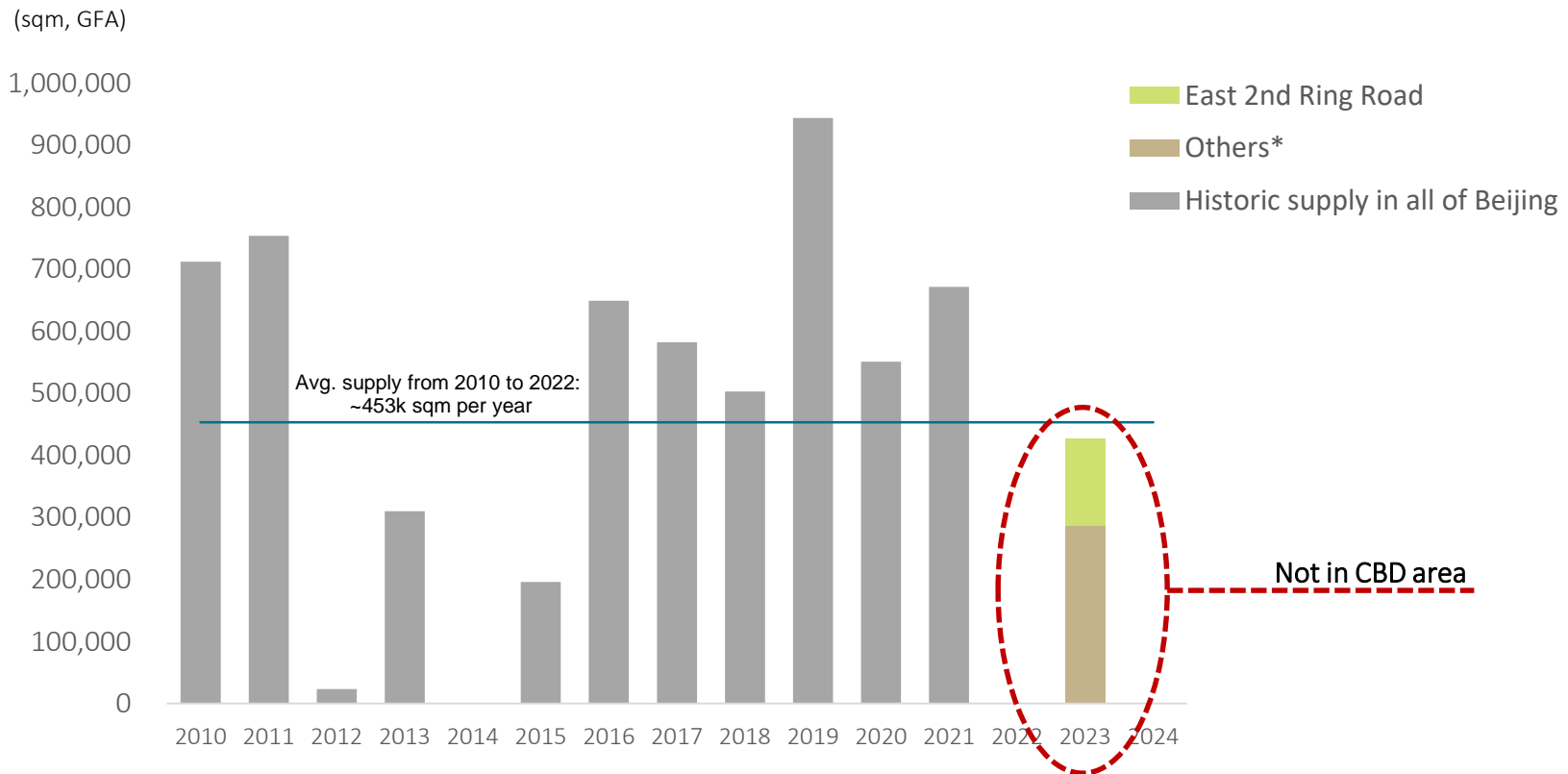
### Beijing CBD – Effective Rental Rate



# BEIJING FUTURE GRADE-A OFFICE SUPPLY

- About 426,000 sqm GFA of new supply in 2023, none will be located in the CBD area
- No new supply in 2024

## Grade-A office supply by year



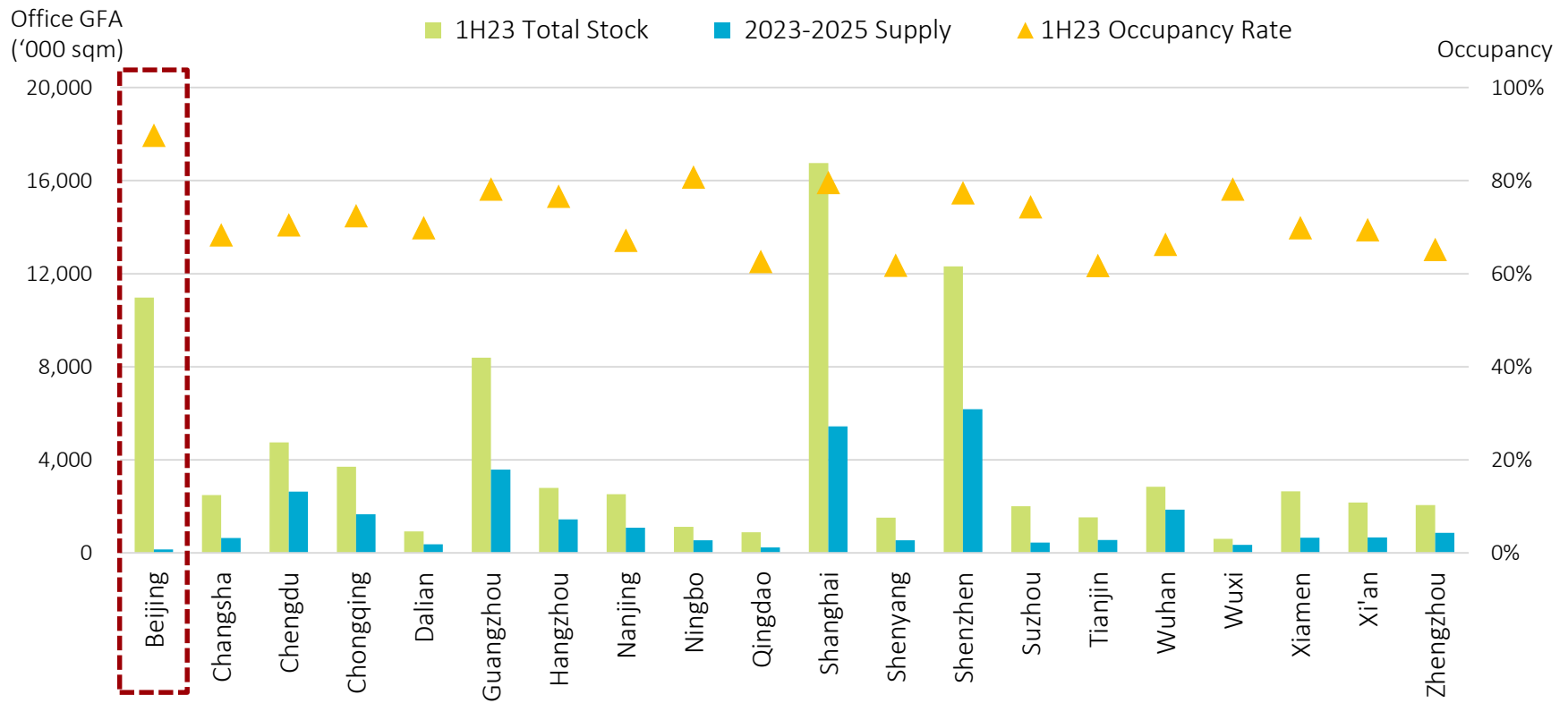
Note:

\* Others included Zhongguancun, 3<sup>rd</sup> Embassy Area and Olympic Area

All of the above data are based on JLL Research in Jun 2023.

# COMPARISON OF GRADE-A OFFICE MARKETS ACROSS CHINA

- Beijing has highest office occupancy of 90%. Guangzhou and Shanghai have occupancy rates of close to 80%.
- Low new supply in Beijing in the next 3 years, only 0.5 % p.a. of existing stock  
(vs avg. 13.8% p.a. of other selected cities)



Source: JLL Research, Jun 2023

# CCP PROPERTY: OPERATIONS SUMMARY

- Total revenue was decreased by 3.2% HoH, with rental income generated decreasing by 1.4% HoH attributable to a moderate decline in occupancy since 31 December 2022.
- Property operating expenses declined by 3.1% mainly due to lower leasing commission incurred.
- Cost structure remained stable, with NPI margin at 74.7% (2H 2022: 74.8%; 1H 2022: 74.1%).

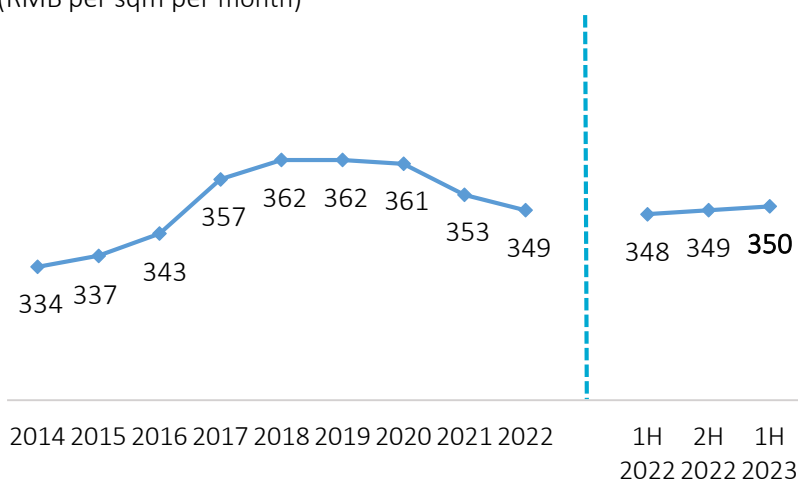
| (in RMB million)                   | 1H 2023       | HoH Chg       | 2H 2022       | HoH Chg       | 1H 2022       |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Revenues</b>                    |               |               |               |               |               |
| - Rental income                    | 229.52        | (1.4%)        | 232.78        | (4.4%)        | 243.48        |
| - Car park income                  | 1.50          | (27.2%)       | 2.06          | (24.3%)       | 2.72          |
| - Other income                     | 3.46          | (52.5%)       | 7.29          | 184.8%        | 2.56          |
| Total revenue                      | 234.48        | (3.2%)        | 242.13        | (2.7%)        | 248.76        |
| <b>Property Operating Expenses</b> |               |               |               |               |               |
| - Property management fee          | (5.18)        | (2.3%)        | (5.30)        | (3.6%)        | (5.50)        |
| - Property tax                     | (28.61)       | (1.0%)        | (28.91)       | (4.8%)        | (30.38)       |
| - Withholding tax                  | (23.89)       | (2.0%)        | (24.37)       | (4.4%)        | (25.50)       |
| - Other taxes                      | (0.23)        | (14.8%)       | (0.27)        | 80.0%         | (0.15)        |
| - Leasing commission               | (0.89)        | (51.9%)       | (1.85)        | 96.8%         | (0.94)        |
| - Others                           | (0.42)        | 5.0%          | (0.40)        | (79.6%)       | (1.96)        |
| Total property expenses            | (59.22)       | (3.1%)        | (61.10)       | (5.2%)        | (64.43)       |
| <b>Net Property Income</b>         | <b>175.26</b> | <b>(3.2%)</b> | <b>181.03</b> | <b>(1.8%)</b> | <b>184.33</b> |

# CCP PROPERTY: LEASING PERFORMANCE

- Average passing rent increased slightly by 0.3% HoH, and increased by 0.6% YoY.
- The CCP Property registered an average occupancy of 91% in 1H 2023.

## Average Passing Rents

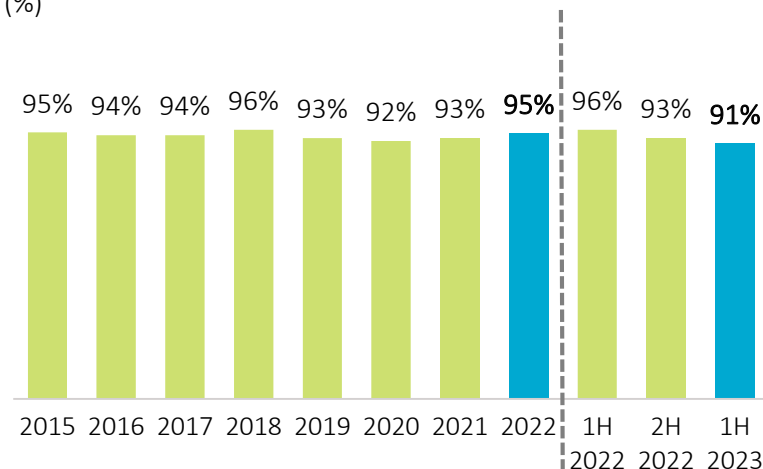
(RMB per sqm per month)



- Rental reversion of 1.8% for 1H 2023 (FY 2022: -0.3%)
- Retention rate 65% (FY22: 69%)

## Average Occupancy Rates

(%)

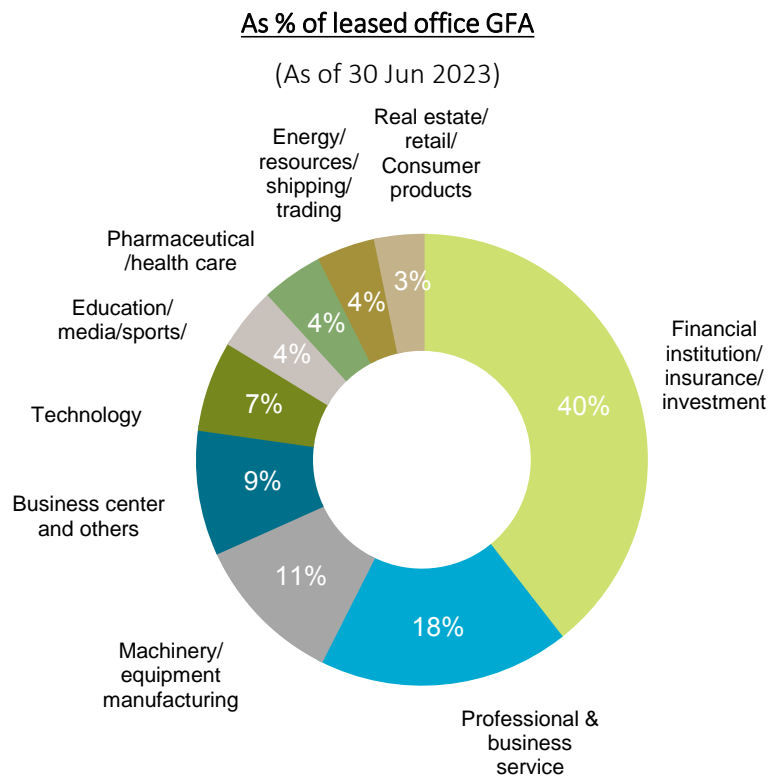


- Average occupancy rate dropped to 91% for 1H 2023 (end-2022: 93%), affected by tenant downsizing and early termination.
- As at 30 June 2023, occupancy rate was recorded at 91.1%.

# CCP PROPERTY: TENANT BASE

Diverse and high-quality tenant mix

## Tenants by Industry



## Top 5 Tenants

| Tenants              | % of total leased GFA |
|----------------------|-----------------------|
| Epson                | 6.1%                  |
| Zhong De Securities  | 4.4%                  |
| Global Law           | 4.3%                  |
| The Executive Centre | 4.1%                  |
| Condé Nast           | 3.2%                  |

22.1%

Note: as of 30 Jun 2023

## Other industry-leading tenants

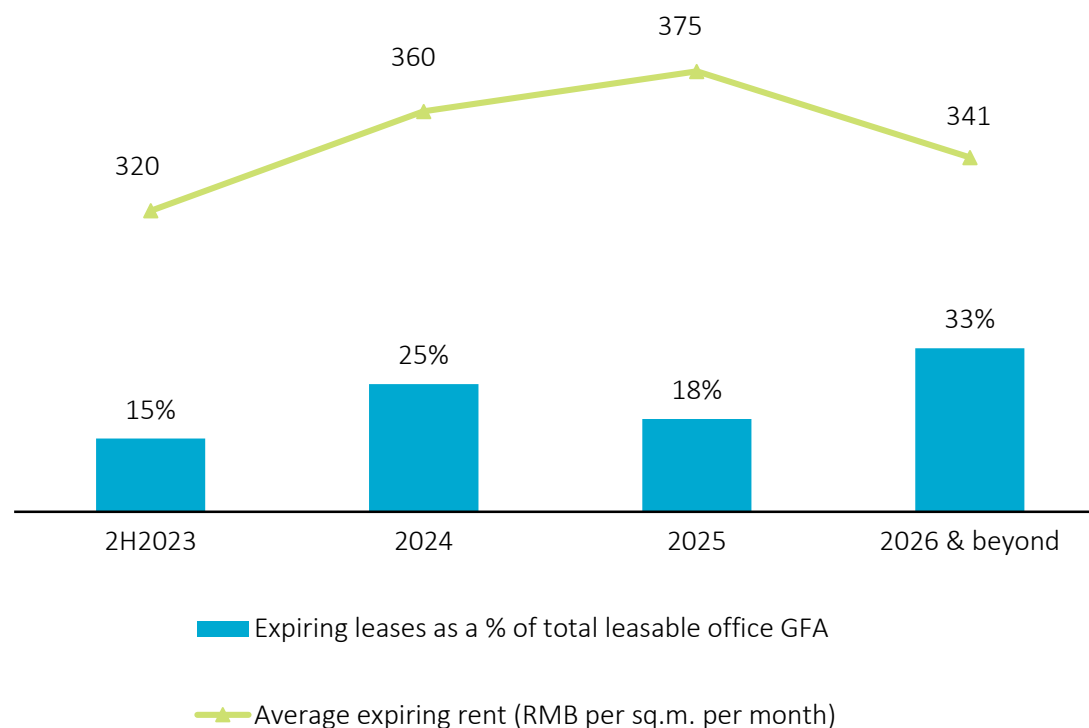
- White & Case
- Baxter
- DB
- SMBC Nikko Securities
- AECOM
- Bain & Company
- Richemont
- AIG

Note: as of 30 Jun 2023



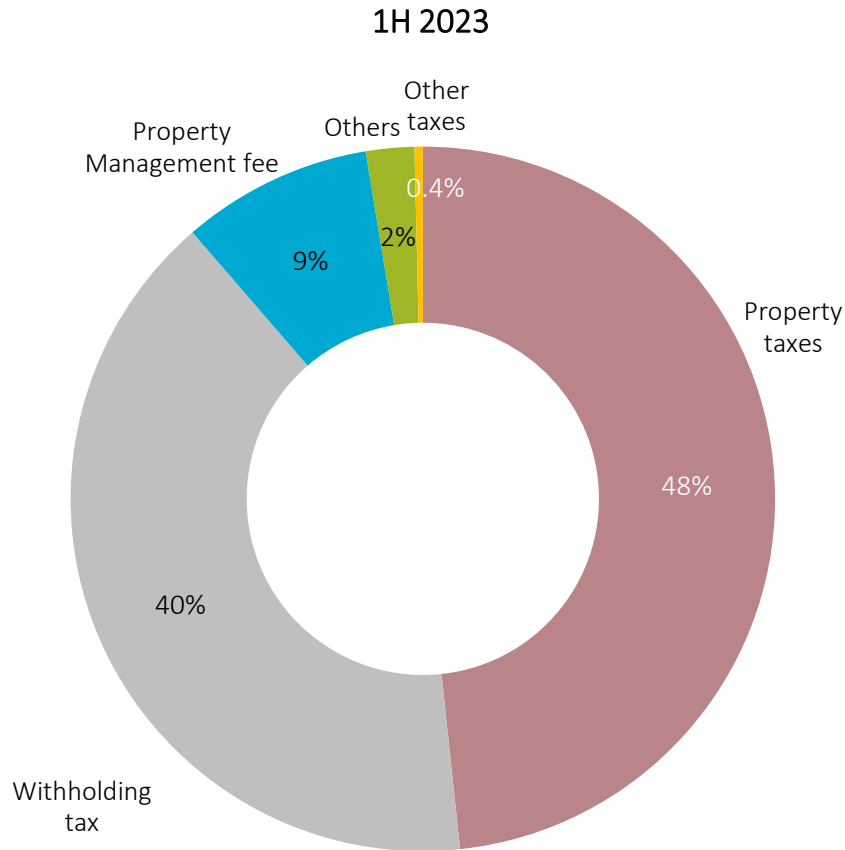
# CCP PROPERTY: EXPIRING LEASE PROFILE

- Average lease expiry of existing leases (in GFA terms) as of 30 Jun 2023 was 639 days.
- Lease expiries in 2H2023 – about 15% of the leasable GFA, with an average expiring rental rate of RMB320 per sqm.
- As of 30 Jun 2023, rental arrears amounted to RMB0.95 million, representing 2.5% of the total rental income receivable in Jun 2023. 42% of the outstanding arrears as of 30 Jun 2023 was recovered within 25 days.



# CCP PROPERTY: COST STRUCTURE

Most property expenses are revenue-linked or fixed. Stable NPI margin.



## ■ Property taxes

- Includes real estate tax and land use tax
- Land use tax based on the site area of the development

## ■ Withholding tax

- 10% of revenues received from rental operations

## ■ Property management fee

- 2% of the total revenue

## ■ Others

- Includes reinstatement costs, agent commission, insurance, etc.

## ■ Other taxes

- Stamp duty of 0.1% on total rental income payable over the term of each lease



## AGENDA

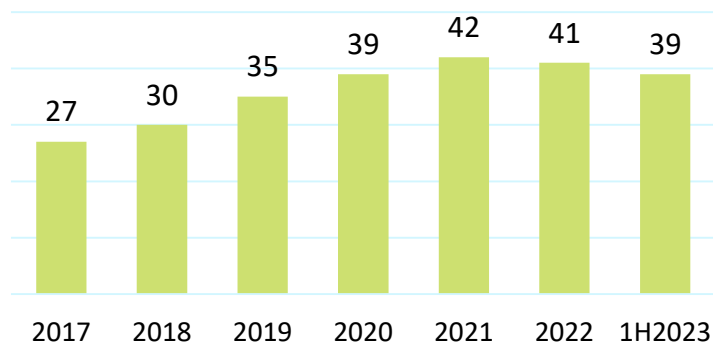
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# Huizhou Market Overview

Local shopping mall industry has been expanding, and expected to regain momentum after COVID

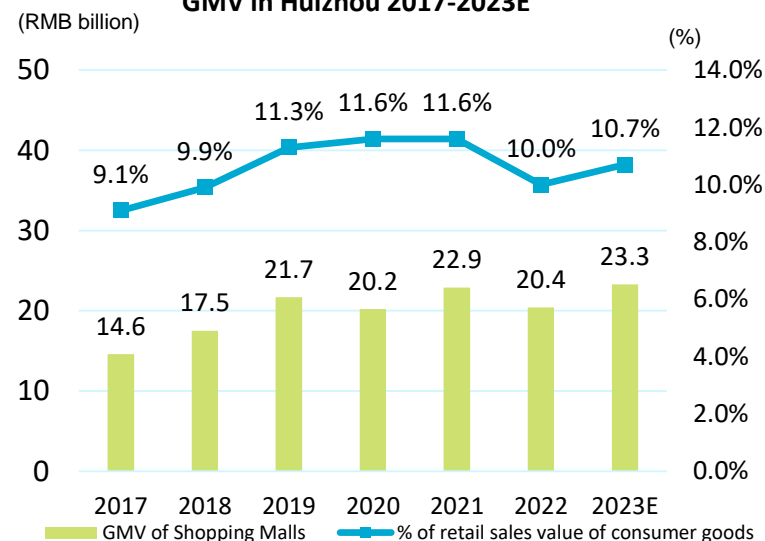
- Huizhou's shopping mall industry has experienced robust growth, driven by high economic growth potential, ongoing urbanization, consumption upgrading, expanding retail facilities, and continued government support.
- 39 shopping malls in Huizhou with overall retail GFA of approx. 2.6 million sqm at the end of June 2023, managed by 34 shopping mall management service providers. The industry is not highly concentrated, with top 5 accounting for 32.2% of retail GFA in the market.
- The overall Gross Merchandise Value ("GMV") of shopping malls in Huizhou increased from RMB14.6 billion in 2017 to RMB20.4 billion in 2022, with a CAGR of 6.9%. However, growth was interrupted by Covid between 2020 and 2022.
- As the economy recovers on the back of stimulus measures and the easing of domestic COVID-19 restrictions, the shopping mall industry in Huizhou is expected to regain momentum.

Number of Huizhou shopping malls



Source: CIC Research, Jun 2023

GMV in Huizhou 2017-2023E

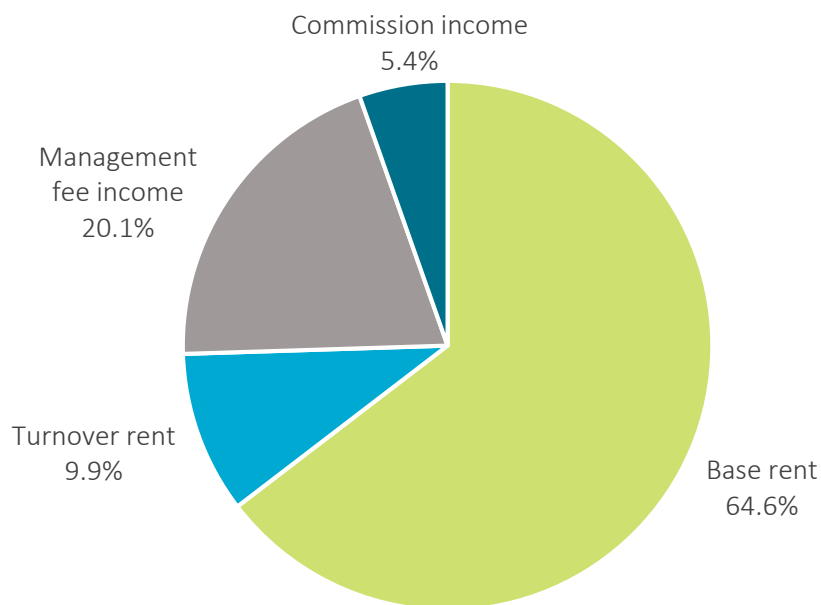


Source: CIC Research, Jun 2023

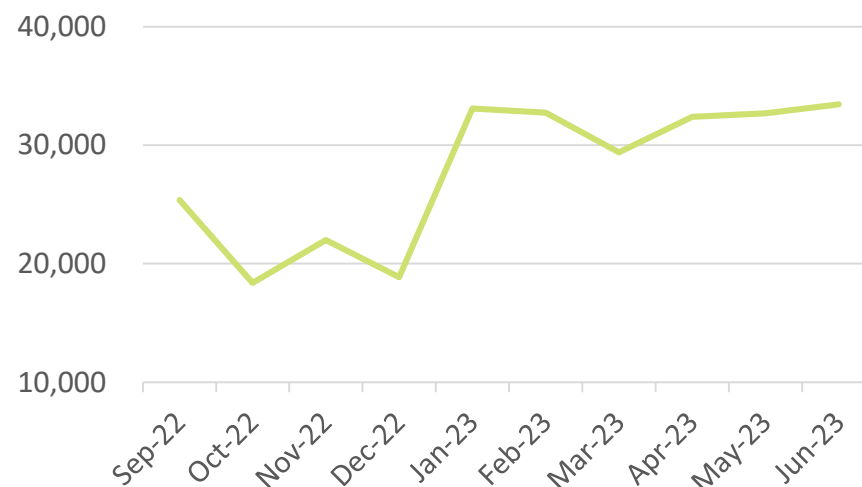
# HUAMAO PLACE IN HUIZHOU: OPERATION PERFORMANCE

- Performance improved especially for the first quarter of the year on the back of Chinese New Year holidays and relaxed COVID policy.
- Signs of a rebound in shopper traffic were clearly observed on New Year's Eve, when ~63,000 shoppers visited the mall, an increase of 15.8% compared to 2021.

**Rental Income Mix (1H 2023)**



**Average Daily Footfall**



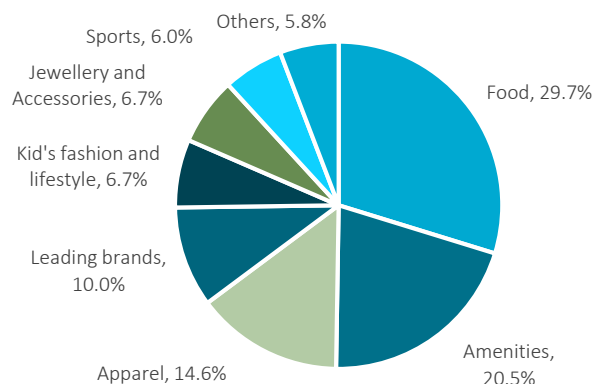
|                              | 1H 2023 | 4Q 2022 |
|------------------------------|---------|---------|
| Revenue (RMB mn)             | 110     | 50      |
| Net Property Income (RMB mn) | 80      | 39      |

|                            | 1H 2023 | 4Q 2022 | Change   |
|----------------------------|---------|---------|----------|
| Avg Occupancy Rate         | 95.9%   | 92.2%   | +3.7 pts |
| Avg Monthly Rent (RMB/sqm) | 165     | 148     | +11.5%   |

Note: The acquisition of Huamao Place was completed on 28 Sep 2022.

# Ongoing Optimization to our Tenant Mix

Trade sector in terms of GLA (as at 30 Jun 2023)



- ✓ Reconfiguration of the trade mix has been ongoing in order to enhance the overall shopping experience. The first floor has been repositioned to showcase prominent electric vehicles brands like Tesla and Nio, as well as stores featuring latest digital products from DJI and Apple-authorized retailer.
- ✓ We enhanced the positioning of the mall by introducing a cluster of international cosmetics brands, that are currently exclusive to Huamao Place in Huizhou, cosmetic brands included Estée Lauder, Lancôme, Kiehl's, WHOO, GUERLAIN, DIOR, YSL, 3CE, Shu Uemura, and SkinCeuticals

- ✓ The high-end sports area on the second floor has been further enhanced with the relocation of Armani Exchange and the addition of Samsonite, Tommy Hilfiger, Kent & Curwen, Fila and Adidas Megastore.
- ✓ The new-concept marketplace located at the basement area called "ONES," features specialty shops that offer fresh produce, household products, and social dining options
- ✓ Throughout 1H 2023, we successfully signed leases with 63 new merchants.

## Brands Highlight

|              |         |      |               |              |                  |           |     |
|--------------|---------|------|---------------|--------------|------------------|-----------|-----|
| Calvin Klein | Lancôme | Muji | Chow Tai Fook | Estée Lauder | Haidilao Hot Pot | Hugo Boss | YSL |
|              | DJI     | Lego | Whoo          | Pandora      | Tesla            | Nio       |     |





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# Location of the properties



## KEY:

- LARGE RENT
- MEDIUM RENT
- SMALL RENT

| TRADING NAME  | TOWN            | ADDRESS                     | POSTCODE |
|---------------|-----------------|-----------------------------|----------|
| Kwik Fit      | Chelmsford      | 103 New London Road         | CM2 0PP  |
| Kwik Fit      | South Croydon   | 453 Brighton Road           | CR2 6EW  |
| Kwik Fit      | Tottenham       | 32 Monument Way             | N17 9NX  |
| Kwik Fit      | Bridlington     | 32-36 St Johns Street       | YO16 7JS |
| Kwik Fit      | Chapel Allerton | Leeds, 232 Harrogate Road   | LS7 4QD  |
| Kwik Fit      | Edinburgh       | 107/109 Dundee Street       | EH11 1AW |
| Kwik Fit      | Croydon         | 3 Mitcham Road              | CR0 3RU  |
| Kwik Fit      | Wigan           | Wallgate                    | WN5 0XG  |
| Kwik Fit      | Edinburgh       | 19 Corstorphine Road        | EH12 6DD |
| Kwik Fit      | Llandudno       | Conway Road                 | LL30 1DE |
| Kwik Fit      | Altrincham      | 1-3 Church Street           | WA14 4DB |
| Kwik Fit      | Middlesbrough   | 3 Lansdowne Road            | TS4 2LW  |
| Kwik Fit      | Plymouth        | 125-129 Alexandra Road      | PL4 7EG  |
| Kwik Fit      | Loughborough    | 24-29 The Rushes            | LE11 5BG |
| Kwik Fit      | Truro           | Treaswalls Road             | TR1 3PY  |
| Central Tyres | Gloucester      | Unit 3 Northbrook Road      | GL4 3DP  |
| Kwik Fit      | Portsmouth      | 94 East Surrey Street       | PO1 1JY  |
| Kwik Fit      | Bridgewater     | 48-54 St John's Street      | TA6 5HY  |
| Kwik Fit      | Worcester       | 1 Carden Street, City Walls | WR1 2AX  |
| Kwik Fit      | Yoker           | 2369-2375 Dumbarton Road    | G14 0NT  |
| Tyre City     | Northwich       | Leicester Street            | CW9 5LQ  |
| Kwik Fit      | Blyth           | Cowpen Road                 | NE24 5TT |
| Kwik Fit      | Stirling        | 11 Burghmuir Road           | FK8 2DY  |
| Kwik Fit      | Sunderland      | Monk Street                 | SR6 0BD  |
| Kwik Fit      | Motherwell      | 99a Airbles Road            | ML1 2TJ  |
| Kwik Fit      | Kilmarnock      | 32/36 Low Glencairn Street  | KA1 4DD  |
| Kwik Fit      | Skegness        | 50 Roman Bank               | PE25 2SP |
| Kwik Fit      | Hornchurch      | Ardleigh Green Road         | RM11 2ST |
| Kwik Fit      | Glasgow         | 381 Pollokshaws Road        | G41 1QZ  |
| Kwik Fit      | Sheffield       | Townhead Street             | S1 1YG   |
| Kwik Fit      | Glenrothes      | Fullerton Road              | KY7 5QR  |
| Kwik Fit      | Alloa           | Clackmannan Road            | FK10 1RR |
| Kwik Fit      | Great Yarmouth  | 90 North Quay               | NR30 1JT |
| Kwik Fit      | Edinburgh       | 81/91 Dundee Street         | EH11 1AW |
| Kwik Fit      | Carmarthen      | Pensarn Road                | SA31 2BS |
| Kwik Fit      | Preston         | Market Street               | PR1 2HP  |
| Kwik Fit      | Kirkcaldy       | 182 The Esplanade           | KY1 2AQ  |
| Kwik Fit      | Rutherglen      | 273 Main Street             | G73 1EE  |
| Kwik Fit      | Ayr             | 22/26 Maybole Road          | KA7 2PZ  |
| Kwik Fit      | Liverpool       | 232 Aigburth Road           | L17 0BJ  |
| Kwik Fit      | Stonehaven      | 110 Barclay Street          | AB39 2AP |
| Non-Op        | Edinburgh       | 40a Portobello Road         | EH8 7EH  |

| TRADING NAME  | TOWN              | ADDRESS                           | POSTCODE |
|---------------|-------------------|-----------------------------------|----------|
| Kwik Fit      | Otley             | Bondgate                          | LS21 3AB |
| Kwik Fit      | Thornaby-On-Tees  | 212 Thornaby Road                 | TS17 8AA |
| Kwik Fit      | Edinburgh         | 69b Saughton Road North           | EH12 7JB |
| Kwik Fit      | Shipley           | 58 Briggate                       | BD17 7BT |
| Kwik Fit      | Oldham            | Huddersfield Road                 | OL1 3HR  |
| Kwik Fit      | Ellesmere Port    | 116 Whitby Road                   | CH65 0AA |
| Kwik Fit      | Pontypridd        | Sardis Road                       | CF37 1BA |
| Kwik Fit      | Hyde              | 26-28 Manchester Road             | SK14 2BD |
| Kwik Fit      | Lincoln           | 148-150 Newark Road               | LN5 8QJ  |
| Kwik Fit      | Coatbridge        | 320 Main Street                   | ML5 3RX  |
| Kwik Fit      | Goole             | Boothferry Road                   | DN14 6AG |
| Kwik Fit      | Huddersfield      | Lockwood Road                     | HD1 3QU  |
| Kwik Fit      | Congleton         | 46a West Road                     | CW12 4EU |
| Kwik Fit      | Barrhead          | 17 Cross Arthurlie Street         | G78 1QY  |
| Budget        | Ayr               | 38 Fort Street                    | KA7 1DE  |
| Central Tyres | Stirling          | 1 Whitehouse Road                 | FK7 7SS  |
| Kwik Fit      | Keynsham          | Ashton Way                        | BS31 2UF |
| Kwik Fit      | Sheffield         | 726 City Road                     | S2 1GJ   |
| Kwik Fit      | Leven             | The Promenade                     | KY8 4PJ  |
| Kwik Fit      | Oban              | Market Street                     | PA34 4HR |
| Kwik Fit      | Nelson            | 130 Leeds Road                    | BB9 9XB  |
| Kwik Fit      | Burnley           | Caldervale Road                   | BB11 1BS |
| Kwik Fit      | Helensburgh       | 3 Charlotte Street                | G84 7PH  |
| Winterstoke   | Weston-Super-Mare | Winterstoke Road                  | BS23 3YE |
| Kwik Fit      | Warrington        | Priestley Street/Garibaldi Street | WA5 1TE  |
| Kwik Fit      | Eltham            | 727 Sidcup Road                   | SE9 3AQ  |
| Kwik Fit      | Clevedon          | 119-120 Kenn Road                 | BS21 6JE |
| Kwik Fit      | Keighley          | Worthway                          | BD21 5ET |
| Kwik Fit      | Thornbury         | 14 Mead Court                     | BS35 3UW |
| Kwik Fit      | Southport         | 8 Ash Street                      | PR8 6JH  |
| Kwik Fit      | Forfar            | Queenswell Road                   | DD8 3JA  |
| Kwik Fit      | Castleford        | Leeds, 92 Bridge Street           | WF10 4LA |
| Kwik Fit      | Raddcliffe        | Bury Road                         | M26 2UG  |
| Kwik Fit      | Oldham            | Middleton Road/Lansdowne Road     | OL9 9EG  |
| Kwik Fit      | Birmingham        | 900/902 Coventry Road             | B10 0UA  |
| Kwik Fit      | Montrose          | 24 George Street                  | DD10 8EW |
| Kwik Fit      | Islington         | 379 Camden Road                   | N7 0SH   |
| Kwik Fit      | Kidderminster     | 20 Churchfields                   | DY10 2JL |
| Kwik Fit      | Doncaster         | Wheatley Hall Road                | DN2 4LP  |
| Tyre City     | Lichfield         | 8-9 Europa Way                    | WS14 9TZ |
| Budget        | Dumfries          | 40 Lauricknowe Road               | DG2 7DA  |
| Kwik Fit      | Bishop Auckland   | Cockton Hill Road                 | DL14 6JN |

# UK PORTFOLIO OPERATION SUMMARY

Long-term, quality cash flow backed by guarantee, with upward-only revisions

- Each of the 84 properties in the UK Portfolio is under a long-term lease with the tenant Kwik-Fit (GB) Limited, a leading car servicing operator in the United Kingdom, with all but one of the leases expiring in March 2032.
- Car servicing is considered an essential service by UK government and garages remained open during COVID.
- Currently, the UK Portfolio has an occupancy rate of 100%, with an annual contract rental income of approximately GBP4.55 million.
- Spring REIT enjoys substantial pass through of rental income as the leases are “full repairing and insuring” in nature. This means that the tenant agrees to pay all real estate taxes, building insurance, and maintenance (the triple "nets") on the properties, in addition to any normal fees that are specified under the agreement (e.g. rent, utilities, etc.).



## AGENDA

- 1 2023 1H RESULTS HIGHLIGHTS
- 2 CCP PROPERTY OPERATION REVIEW
- 3 HUAMAO PLACE OPERATION REVIEW
- 4 UK PORTFOLIO OPERATION REVIEW
- 5 OUTLOOK & STRATEGIC PRIORITIES**

## Beijing CBD office market is expected to remain resilient

- The performance of the commercial property market in Beijing reflected the sentiment of caution in the broader market. In the longer term, the Manager remains cautiously optimistic about prospects for the Beijing office market. Given likely economic recovery in the second half of 2023 and the absence of further Grade A office supply in the CBD in the near future, we expect the market to remain resilient. In total, 14.6% of the leases at Spring REIT's CCP Property were due to expire in the second half of 2023, of which over 65% have been secured for renewal.

## Huamao Place in Huizhou, GBA is well-placed to profit from the long-term success of GBA

- Our new acquisition, Huamao Place in Huizhou, is well-placed to profit from the long-term success of GBA. Its current tenant configuration, which highlights electric vehicles and hi-tech products, food and beverages, and cosmetic products, has been designed to take advantage of the shift in post-COVID era consumer preferences. Spring REIT will continue to benefit from its defensive quality of the second half of 2023.

## Prudent capital management against interest rate hikes

- In the near term, we expect volatility for both interest rates and currencies to continue. Fortunately, Spring REIT's earlier initiative of implementing float-to-fixed interest rate hedges for all its HKD and GBP loan exposures has mitigated our interest rate risk to a certain extent in 2023. From a risk management perspective, we have not ruled out the possibility of increasing the proportion of our RMB-denominated loan against our HKD borrowing.