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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

Reference is made to the offering circular of Spring Real Estate Investment Trust (“**Spring REIT**”) dated 25 November 2013 (the “**Offering Circular**”) pursuant to which Spring Asset Management Limited (the “**Manager**”) elected to receive 80% of the Base Fee (as defined in the Trust Deed) in the form of Units and 80% of the Variable Fee (as defined in the Trust Deed) in the form of Units, and 20% of the Base Fee in cash and 20% of the Variable Fee in cash for the period from 5 December 2013 to 31 December 2013 (both days inclusive) (the “**Relevant Period**”).

The board of directors (the “**Board**”) of the Manager announces that the Manager has on 21 March 2014, received: (a) payment of the Base Fee for the Relevant Period in the amount of HK\$3,269,987.20, of which HK\$2,615,989.70 was paid in the form of Units by way of 911,177 Units issued to the Manager, and HK\$653,997.50 was paid in the form of cash; and (b) payment of the Variable Fee for the Relevant Period in the amount of HK\$910,863.80, of which HK\$728,691.10 was paid in the form of Units by way of 253,810 Units issued to the Manager, and HK\$182,172.70 was paid in the form of cash. The 1,164,987 Units so issued to the Manager (“**Issue**”) represent approximately 0.11% of the total number of 1,099,164,987 Units in issue immediately after the Issue. The Manager did not hold any Units prior to the Issue.

In accordance with the trust deed dated 14 November 2013 constituting Spring REIT (the “**Trust Deed**”), the number of Units issued as mentioned above as payment of 80% of the Base Fee and 80% of the Variable Fee shall be such number of Units as may be purchased for the relevant amount of the Base Fee and the Variable Fee at the price of HK\$2.871 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**”).

PAYMENT OF THE MANAGER'S BASE FEE AND VARIABLE FEE

Reference is made to the Offering Circular pursuant to which the Manager elected to receive, for the Relevant Period, 80% of the Base Fee in the form of Units, and 80% of the Variable Fee in the form of Units, and 20% of the Base Fee in cash and 20% of the Variable Fee in cash.

The Manager has notified DB Trustees (Hong Kong) Limited (the “**Trustee**” of Spring REIT) in writing of its election to receive 80% of the Base Fee in the form of Units and 80% of the Variable Fee in the form of Units, and 20% of the Base Fee in cash and 20% of the Variable Fee in cash in respect of the Relevant Period.

Pursuant to the Trust Deed, the Manager is entitled to receive, amongst other payments, the following:

- (i) a Base Fee of 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 of 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).

The Board announces that the Manager has, on 21 March 2014, received: (a) payment of the Base Fee for the Relevant Period in the amount of HK\$3,269,987.20, of which HK\$2,615,989.70 was paid in the form of Units by way of 911,177 Units issued to the Manager, and HK\$653,997.50 was paid in the form of cash; and (b) payment of the Variable Fee for the Relevant Period in the amount of HK\$910,863.80, of which HK\$728,691.10 was paid in the form of Units by way of 253,810 Units issued to the Manager, and HK\$182,172.70 was paid in the form of cash. The 1,164,987 Units so issued to the Manager represent approximately 0.11% of the total number of 1,099,164,987 Units in issue immediately after such issue.

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 and 80% of the Variable Fee, shall be such number of Units as may be purchased for the relevant amount of the Base Fee and the Variable Fee, at the price of HK\$2.871 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 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.

By way of a separate announcement made on 17 March 2014, the Manager, as manager of Spring REIT, on 17 March 2014, resolved to declare and pay a special distribution (the "**Special Distribution**") of HK\$76,860,000, equivalent to HK\$0.07 per Unit of Spring REIT based on the total number of Units on issue by Spring REIT (excluding any Units on issue to the Manager) as Wednesday, 9 April 2014 (the "**Special Distribution Record Date**").

The Manager has agreed to waive its right to receive the pro-rated portion of the Special Distribution with respect to any Units held by the Manager as at the Special Distribution Record Date, which shall, for the avoidance of doubt, include any Units issued to the Manager as part payment of the Base Fee and/or the Variable Fee for the Relevant Period.

WAIVER OF REQUIREMENTS FOR UNITHOLDERS' APPROVAL AND VALUATION

The Issue of 1,164,987 Units as payment of 80% of the Base Fee and 80% of the Variable Fee to the Manager is in accordance with the terms of the Trust Deed and pursuant to a waiver granted by the SFC as disclosed in the Offering Circular (the "**Manager Fee Units Waiver**"). Accordingly, the Issue does not require the approval of the Unitholders and does not require a valuation of the real estate held under Spring REIT.

The Manager Fee Units Waiver was granted by the SFC subject to the following conditions:

- (i) the number of Units issued to the Manager as payment of all or part of the Manager's remuneration for each financial year of Spring REIT shall be counted as part of the 20% (or such lower percentage as permitted by the REIT Code from time to time) of outstanding Units that the Manager may issue in each financial year without Unitholders' approval, pursuant to Paragraph 12.2 of the Code on Real Estate Investment Trusts (the "**REIT Code**");
- (ii) 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 remuneration for that financial year 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 that financial year for the purpose of financing any acquisition of real estate by Spring REIT;
- (iii) any issue of Units to the Manager as payment of all or part of the Manager's remuneration shall be made strictly in accordance with the requirements of the Trust Deed and the applicable rules; and
- (iv) in the event that any payment of all or part of the Manager's remuneration in the form of Units exceeds the relevant thresholds set out in Paragraph 12.2 of the REIT Code and condition (ii) (above), and Unitholders' approval is not obtained for the issue of Units for such purpose, then payment of that excess part of the Manager's remuneration shall be made by Spring REIT to the Manager in cash.

TOTAL NUMBER OF UNITS ISSUED TO THE MANAGER IN RESPECT OF THE RELEVANT PERIOD

The 1,164,987 Units comprising the Issue, being all of the Units issued to the Manager so far as payment of the Manager's fees (Base Fee and Variable Fee) in respect of the Relevant Period, represent approximately 0.11% of the Units then in issue immediately upon completion of the initial public offering ("IPO") as mentioned in the Offering Circular, plus the number of Units issued during the Relevant Period for the purpose of financing any acquisition of real estate by Spring REIT (being 0 Units), which is less than the 3% limit stipulated by condition (ii) of the Manager Fee Units Waiver set out above.

UNITHOLDING INTERESTS OF THE MANAGER

Immediately after the Issue, the Manager holds 1,164,987 Units, representing approximately 0.11% of the 1,099,164,987 Units in issue. The Manager did not hold any Units prior to the 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, 21 March, 2014

As of the date of this announcement, the Directors of the Manager are Toshihiro Toyoshima (Chairman and non-executive Director); Lau Jin Tin, Don (executive Director) and Nobumasa Saeki (executive Director); Hideya Ishino (non-executive Director); and Simon Murray, Tin Sek Tang and Liping Qiu (independent non-executive Directors).