

SpringREIT

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

Annual Report 2014



Managed by
Spring Asset Management Limited

About Spring REIT

Spring Real Estate Investment Trust ("**Spring REIT**") is a real estate investment trust constituted by a trust deed (the "**Trust Deed**") entered into on 14 November 2013 between Spring Asset Management Limited, as manager of Spring REIT (the "**Manager**"), and DB Trustees (Hong Kong) Limited, as trustee of Spring REIT (the "**Trustee**"). Units of Spring REIT (the "**Units**") were first listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 5 December 2013 (the "**Listing Date**").

About the Manager

Spring REIT is managed by Spring Asset Management Limited, a company incorporated in Hong Kong for the sole purpose of managing Spring REIT. The Manager is wholly owned by AD Capital Co., Ltd., ("**AD Capital**") which is a private equity investment firm owned by Development Bank of Japan, Asuka Holdings Co., Ltd., and certain minority shareholders.



Contents

2	Financial Highlights
7	Chairman's Statement
13	Management Discussion and Analysis
25	Board of Directors and Senior Management
31	Corporate Governance
55	Connected Party Transactions
60	Disclosure of Interests
64	Valuation Report
76	Trustee's Report
77	Independent Auditor's Report
79	Consolidated Income Statement
80	Consolidated Statement of Comprehensive Income
81	Statement of Distributions
83	Consolidated Statement of Financial Position
84	Consolidated Statement of Changes in Equity and Net Assets Attributable to Unitholders
86	Consolidated Statement of Cash Flows
87	Notes to the Consolidated Financial Statements
115	Performance Table
116	Corporate Information



Financial Highlights

Total Revenue
+22.8%
US\$81.46 million
2014

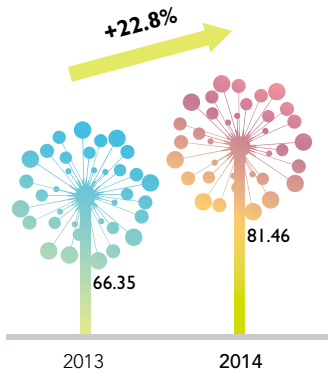
Average Monthly
Passing Rent
+22.2%
RMB352/sqm
2014

Net Property Income
+25.5%
US\$62.17 million
2014

Performance Highlights

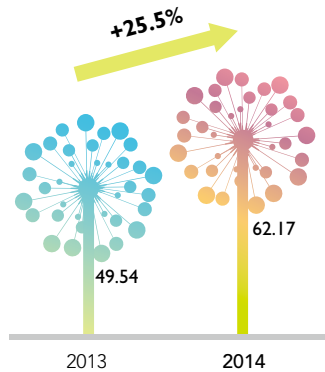
Total Revenue

(US\$ million)



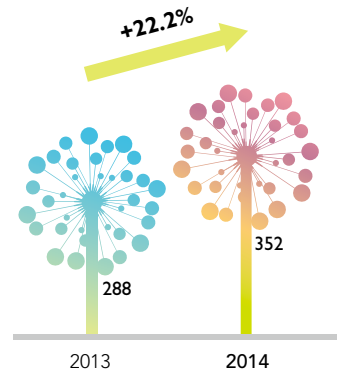
Net Property Income

(US\$ million)



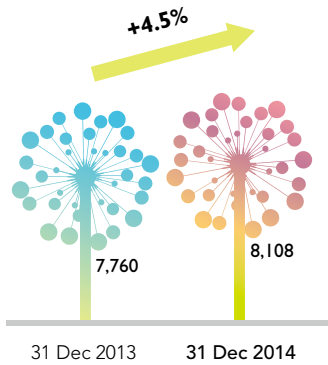
Average Monthly Passing Rent

(RMB/Sqm)



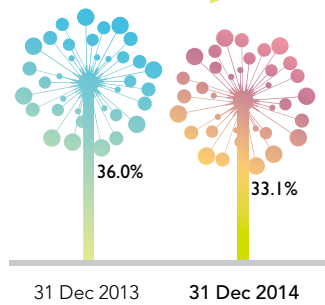
Appraised Property Value

(RMB million)



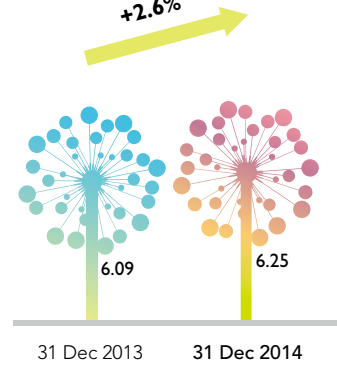
Total Borrowings to Gross Asset Value

-2.9 ppts



Net Assets Attributable to Unitholders per Unit

(HK\$)



Financial Highlights (continued)

Below are the annual results highlights and distribution summary of Spring REIT and its special purpose vehicle (together, the “**Group**”) for the year ended 31 December 2014 (the “**Reporting Year**”).

Results Highlights

For the Year Ended 31 December	2014	2013	Change
Total Revenue (US\$ million)	81.46	66.35	+22.8%
Net Property Income (US\$ million)	62.17	49.54	+25.5%
Net Property Income Margin	76.3%	74.6%	+1.7 ppts
As at 31 December	2014	2013	Change
Gross Assets (US\$ million)	1,392.40	1,403.68	-0.8%
Appraised Property Value (US\$ million)	1,306.58	1,272.78	+2.7%
Appraised Property Value (RMB million)	8,108.00	7,760.00	+4.5%
Net Assets Attributable to Unitholders (US\$ million)	894.15	862.24	+3.7%
Net Assets Attributable to Unitholders per Unit (HK\$)	6.25	6.09	+2.6%
Total Borrowings (US\$ million)	460.68	504.80	-8.7%
Total Borrowings to Gross Asset Value	33.1%	36.0%	-2.9 ppts
Number of Units Outstanding	1,109,468,088	1,098,000,000	+1.0%

Note: Spring REIT was listed on 5 December 2013. For results of operation for the period from 5 December 2013 to 31 December 2013 (“**2013 Relevant Period**”), please refer to the section headed “Consolidated Income Statement” in this annual report.

Distribution Summary

	2014 Final Distribution	2014 Interim Distribution	2013 Final Distribution	Special Distribution
Total Distribution (US\$ million) ¹	17.93	19.77 ³	2.25	9.91
Distribution per Unit (HK cent) ²	12.5	13.9	1.6	7.0
Announcement Date	18 March 2015	18 August 2014	18 August 2014	17 March 2014
Record Date	10 April 2015	12 September 2014	12 September 2014	9 April 2014
Payment Date	22 April 2015	30 September 2014	30 September 2014	16 May 2014

Notes:

- These total distributions represent 100% of the amount available for distribution for each period. For details of the amount available for distribution, please refer to the section headed “Statement of Distributions” in this annual report.
- Cumulatively, distribution per Unit for the period from 5 December 2013 (the Listing Date) to 31 December 2014 and the special distribution paid on 16 May 2014 (“**Special Distribution**”) amount to HK35.0 cents.
- The 2014 Interim Distribution amounted to US\$19.77 million including the discretionary distribution of US\$0.02 million.

Total Distributable Income

Total distributable income (“**TDI**”) is the consolidated profit after tax before transactions with the unitholders of Spring REIT (the “**Unitholders**”) as adjusted to eliminate the effects of certain non-cash items. For details of the adjustments, please refer to the section headed “Statement of Distributions” in this annual report. TDI to the Unitholders for the year ended 31 December 2014 amounted to approximately US\$37.70 million (2013 Relevant Period: US\$2.25 million).

Distribution

The Manager has resolved to declare a final distribution to the Unitholders for the period from 1 July 2014 to 31 December 2014 (“**2014 Final Distribution**”) of HK12.5 cents per Unit. This represents a 100% distribution of Spring REIT’s total amount available for distribution for the period from 1 July 2014 to 31 December 2014. Such 2014 Final Distribution, however, may be subject to adjustment upon the issuance of new units between 1 January 2015 and 10 April 2015 (the “**Record Date**”), if any. For details of the distribution, please refer to the section headed “Statement of Distributions” in this annual report.

All distribution will be paid in Hong Kong dollars. The exchange rate adopted by the Manager for conversion of US dollar to Hong Kong dollar for the 2014 Final Distribution is the average mid-price for HKD/USD opening indicative counter exchange rate, as published by the Hong Kong Association of Banks, for the five (5) business days immediately preceding 31 December 2014.

The Manager confirms that the 2014 Final Distribution is composed only of amount available for distribution for period from 1 July 2014 to 31 December 2014.

Distribution Yield

The distribution per Unit (“**DPU**”) for the Reporting Year, which comprises the 2014 Final Distribution of HK12.5 cents per Unit and the interim distribution for the six-month period from 1 January 2014 to 30 June 2014 (“**2014 Interim Distribution**”) of HK13.9 cents per Unit, amounts to HK26.4 cents. This represents a distribution yield of approximately 7.2% based on the closing price of HK\$3.66 per Unit as at 31 December 2014.

For the period from 5 December 2013 (the Listing Date) to 31 December 2014, the cumulative DPU paid or payable to Unitholders amounts to HK35.0 cents. Based on the closing price of HK\$3.66 per Unit as at 31 December 2014, these distributions represent a total distribution yield since the Listing Date of approximately 9.6%.

Distribution Policy

In accordance with the Trust Deed, Spring REIT is required to distribute no less than 90% of TDI to the Unitholders. Pursuant to the offering circular of Spring REIT dated 25 November 2013 (the “**Offering Circular**”), the Manager’s policy is to distribute to the Unitholders 100% of Spring REIT’s TDI for the 27 days period from the Listing Date to 31 December 2013 and the financial year ended 31 December 2014, and thereafter at least 90% of TDI in each subsequent financial year. The Manager also has the discretion to make distributions over and above the minimum 90% of TDI for any financial year if and to the extent Spring REIT has funds surplus to its business requirements.

Financial Highlights (continued)

Closure of Register of Unitholders

The Record Date of 2014 Final Distribution is 10 April 2015, Friday. The register of Unitholders is closed for the purpose of determining the identity of Unitholders from 9 April 2015, Thursday to 10 April 2015, Friday, both days inclusive, during which period no transfer of Units would be registered. The 2014 Final Distribution is expected to be payable on 22 April 2015, Wednesday to Unitholders whose names appear on the register of Unitholders on the Record Date.

In order to qualify for the 2014 Final Distribution, all properly completed transfer forms in respect of transfer of Units (accompanied by the relevant Unit certificates) must be lodged with Spring REIT's unit registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 8 April 2015, Wednesday.

Chairman's Statement



Chairman's Statement (continued)

Dear Unitholders,

On behalf of the board of Spring Asset Management Limited (the "**Board**"), the manager of Spring REIT, I am pleased to present the annual report of Spring REIT for the financial year ended 31 December 2014.

Delivering on Our Strategy

Spring REIT had marked its first anniversary of trading on the Stock Exchange after its listing on 5 December 2013. Our overall aim was to manage Spring REIT's portfolio to maximize its long-term value and take advantage of the positive rental reversion cycle in Beijing to increase distributions. As demonstrated in this annual results, we are delighted to have made good progress by delivering to our Unitholders a strong set of results for 2014 with 100% payout of the distributable income, as well as a respectable total return which was partly attributable to improved market awareness and disclosure transparency of Spring REIT. In an effort to improve the capital efficiency of Spring REIT, the Manager has also made good progress in obtaining a new financing which would benefit Spring REIT by a reduced interest margin and a more optimal debt maturity profile.

Strong Full-Year Results

Spring REIT recorded a strong set of results for the Reporting Year. Compared with the year ended 31 December 2013, total revenue in 2014 grew by 22.8% to US\$81.46 million and net property income by 25.5% to US\$62.17 million. The growth was primarily driven by continued positive rental reversion on the back of proactive leasing management and favourable market conditions in Beijing. As the Manager entered into new and renewal leases at higher spot rents (for a total area equivalent to 38.3% of the total leased gross floor area ("**GFA**") as at 31 December 2014), Spring REIT's monthly average spot rent reached RMB378 per sqm for the year ended 31 December 2014 compared with RMB375 per sqm for 2013. The average monthly spot rent also lifted up the average monthly passing rent to a record high of RMB352 per sqm for the year ended 31 December 2014 from RMB288 per sqm recorded for 2013.

Unit Price Performance, Distributions, and Total Return for 2014

Spring REIT's strategy and financial results have been well received by the market as suggested by its unit price performance. In the Reporting Year, Spring REIT's unit price had been on an uptrend after recovering from a correction during the first quarter of 2014. The unit price closed at HK\$3.66 as at 31 December 2014, representing a return of 15.5% from HK\$3.17 a year ago. Such unit price return compared favourably to benchmark indices such as Hang Seng Index and Hang Seng REIT Index, which returned 1.3% and 9.7% respectively in 2014.

As to return from distributions, Spring REIT had declared and paid distributions (which comprises the 2013 final distribution, the Special Distribution, and the 2014 Interim Distribution, but excludes the 2014 Final Distribution which is expected to be payable on 22 April 2015, Wednesday) in aggregate of HK22.5 cents per Unit. Based on the closing unit price of HK\$3.17 as at 31 December 2013, this represents a distribution yield of 7.1%.



Spring REIT had marked its first anniversary of trading on the Stock Exchange after its listing on 5 December 2013.

We are delighted to have made good progress by delivering to our Unitholders a strong set of results for 2014 with 100% payout of the distributable income, as well as a respectable total return.

Toshihiro Toyoshima
Chairman

Chairman's Statement (continued)

In aggregate, as measured by the returns from unit price appreciation and distributions paid (assuming distributions were reinvested), Spring REIT achieved a total return of 23.2% during the Reporting Year, outperforming Hang Seng Index and Hang Seng REIT Index which had a total return of 5.3% and 16.9%, respectively¹.

2014 Final Distribution

The Board has resolved to declare a final distribution US\$17.93 million in total, or HK12.5 cents per Unit, for the period from 1 July 2014 to 31 December 2014. The 2014 Final Distribution is expected to be payable on 22 April 2015, Wednesday to Unitholders whose names appear on the register of Unitholders on 10 April 2015, Friday.

In accordance with the Offering Circular, the Manager's policy is to distribute to the Unitholders 100% of Spring REIT's total distributable income for the 27 days period from the Listing Date to 31 December 2013 and the Reporting Year, and thereafter at least 90% of total distributable income in each subsequent financial year. The Manager also has the discretion to make distributions over and above the minimum 90% of total distributable income for any financial year if and to the extent Spring REIT has funds surplus to its business requirements.

New Financing for Long-Term Stability

The Manager consistently evaluates refinancing options for Spring REIT to maximize its returns on the portfolio and distributions to Unitholders. As announced on 19 December 2014 and 18 February 2015, Spring REIT, through its special purpose vehicle, namely RCA01, had signed a facility agreement with 16 international and local banks in connection to a new five-year floating rate secured term loan facility of US\$480.00 million, and a new uncommitted revolving facility of US\$20.00 million. The Manager is pleased to report that the US\$480.00 million secured term loan received an overwhelming response from the banking community resulting in an oversubscription totalling US\$1.47 billion, approximately 3.06 times of the issue size. The US\$480.00 million term loan facility is expected to be drawn down in full in April 2015. The proceeds will be mainly used for the early repayment of the existing term loan and general working capital requirements.

There are two main benefits to obtaining such facilities. Firstly, the longer tenure of the new 5-year term loan facilities (compare with the existing 3-year term loan) would enhance the liquidity and financial resources of Spring REIT while reducing the pressure of refinancing on a more frequent manner. Secondly, the lower interest margin of the new term loan facilities of 2.75% (compared with the 3.5% of the existing 3-year term loan) would help reduce finance costs of Spring REIT over the next 5 years.

¹ Source: Bloomberg data. Total return calculation includes capital appreciation and distributions paid out, assuming distributions paid out were reinvested into the underlying security.

Composition of Manager's Fees in 2015

Pursuant to an announcement of Spring REIT on 29 December 2014, for the year ending 31 December 2015, the Manager has elected to receive its base fee 20% in the form of cash and 80% in the form of Units, and to receive the variable fee entirely in the form of cash.

Independent Non-executive Directors Remuneration Arrangement

In an effort to better align the interests of the Independent Non-executive Directors of the Manager (“INEDs”) with those of the Unitholders and provide an alternative mechanism for the INEDs to participate in the long term prospects of Spring REIT, the Manager has adopted in October 2014 an arrangement for the remuneration of the INEDs (the “**INED Remuneration Arrangement**”). The arrangement provides that each INED can elect to be paid partly or all in the form of Units (to be transferred from the Units held by the Manager) in place of cash. For the year 2015, all INEDs had elected to receive 100% of their remuneration in Units. For the avoidance of doubt, no new Units would be issued by Spring REIT because of this arrangement and all remunerations of INEDs either in cash or Units shall be paid from the assets of the Manager, not Spring REIT. The Manager expects no impact from this arrangement to net asset value and distribution per Unit.

In Memoriam

I report with deep regret the passing away of Dr. Tang Tin Sek on 2 December 2014. Dr. Tang was an Independent Non-executive Director of the Board since the listing of Spring REIT. He was also the chairman of the Audit Committee, and a member of both the Remuneration Committee and the Disclosures Committee. On behalf of the Board, I would like to express our sincere appreciation for Dr. Tang's tremendous and valuable contribution to Spring REIT since its listing. Dr. Tang will be long remembered by his fellow directors, the management team and staff.

Outlook

In 2014, economic growth of China further moderated as it continued to rebalance away from a heavy reliance on investment and exports to a more consumption-based growth model. While its GDP growth of 7.4% in 2014 marks China's lowest since 1990, this was still the second highest among the world's largest economies only to fall behind India's 7.5% — a reminder that China remains a powerhouse of the global economy.

In response to the slowing economy, and enabled by a much reduced inflation, the People's Bank of China cut the benchmark lending rate on 21 November 2014 (for the first time since July 2012) and 1 March 2015 by a total 65 basis points, with one-year rates down from 6% to 5.35%. It will take time before the benefits of the rate cuts to the economy become apparent, but they had already served as immediate reliefs to concerns over China's slowdown by demonstrating that the central bank can and is willing to ease its monetary policy in order to sustain economic growth and development.

Chairman's Statement (continued)

Meanwhile, for Grade-A office market in Beijing, the underlying tight supply-demand situation is expected to continue in 2015, with new supply of Grade-A office space expected to remain limited relative to the overall inventory. In 2015, about 18.5% of the existing office leases (in GFA terms) of Spring REIT is scheduled to expire, which includes SAP AG's lease that expired in March 2015, with almost the same size of office space already been committed by another renowned tenant Epson (China) Co. Ltd. and its affiliate. Under current economic conditions, we continue to see healthy take-ups for quality office space in Beijing CBD by multinational and domestic corporations that are well-established or benefiting from the growth of domestic sectors. Upon successfully drawdown of the new secured term loan and the repayment of the existing secured term loan (expected in April 2015), the savings from a lower interest margin will also contribute to Spring REIT's financial performance in the coming years.

It remains the Manager's strategy to effectively manage the Spring REIT's portfolio to maintain high occupancy and a well-diversified and high-quality tenant base. We will also continue to enhance communications with Unitholders, while exploring potential acquisitions that would further the prospects of Spring REIT.

Appreciation

I would like to take this opportunity to express my sincere gratitude to all the Unitholders for their trust and support. I would also like to thank the Manager's team and professional parties for their hard work and dedication.

On behalf of the Board, I extend my warmest welcome to Mr. Lam Yiu Kin, who has been appointed as an Independent Non-executive Director of the Manager, as a member (and the chairman) of the Audit Committee and as a member of each of the Disclosures Committee and the Remuneration Committee on 12 January 2015.

Toshihiro Toyoshima

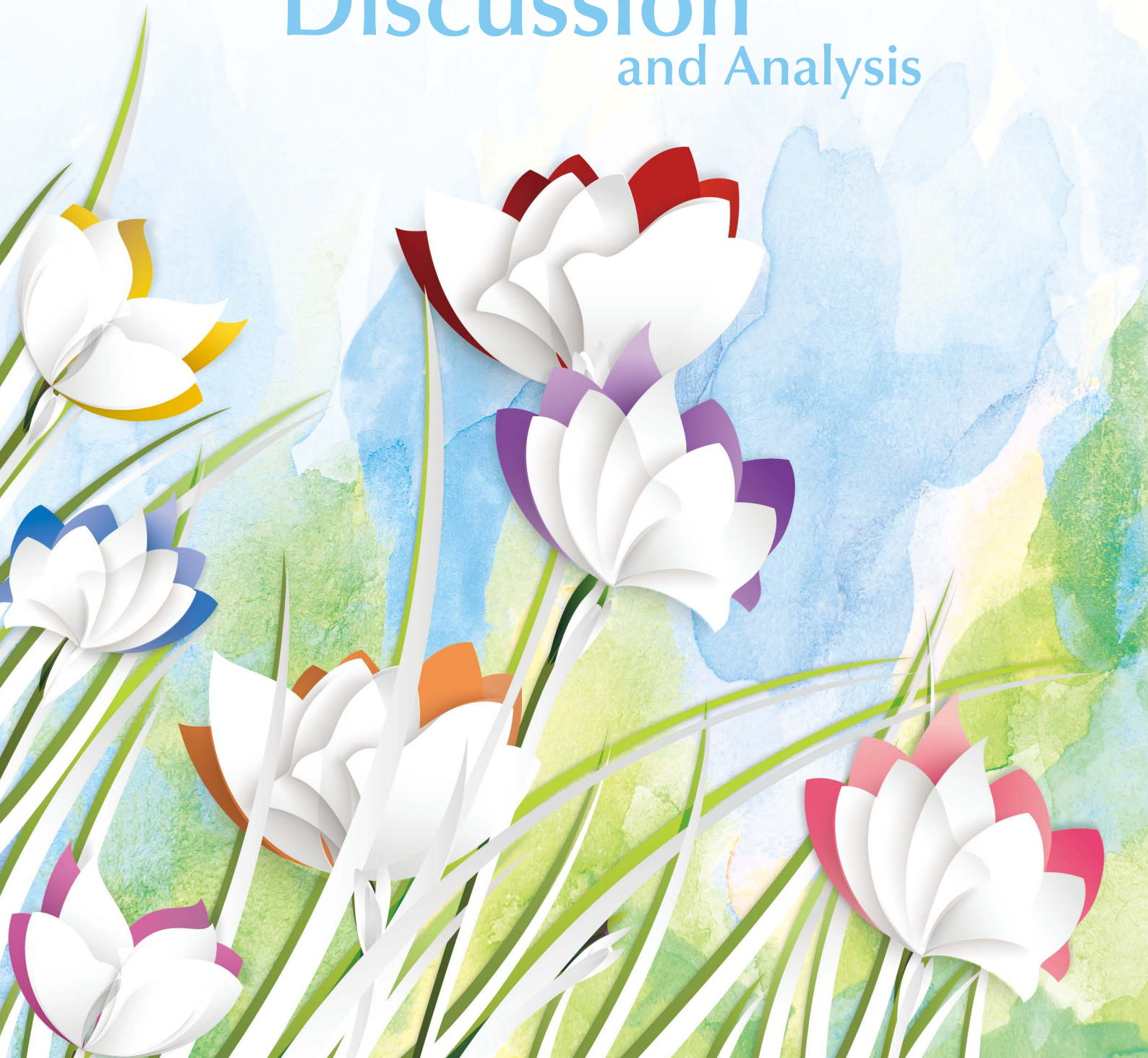
Chairman and Non-executive Director

Spring Asset Management Limited

(as manager of Spring REIT)

18 March 2015

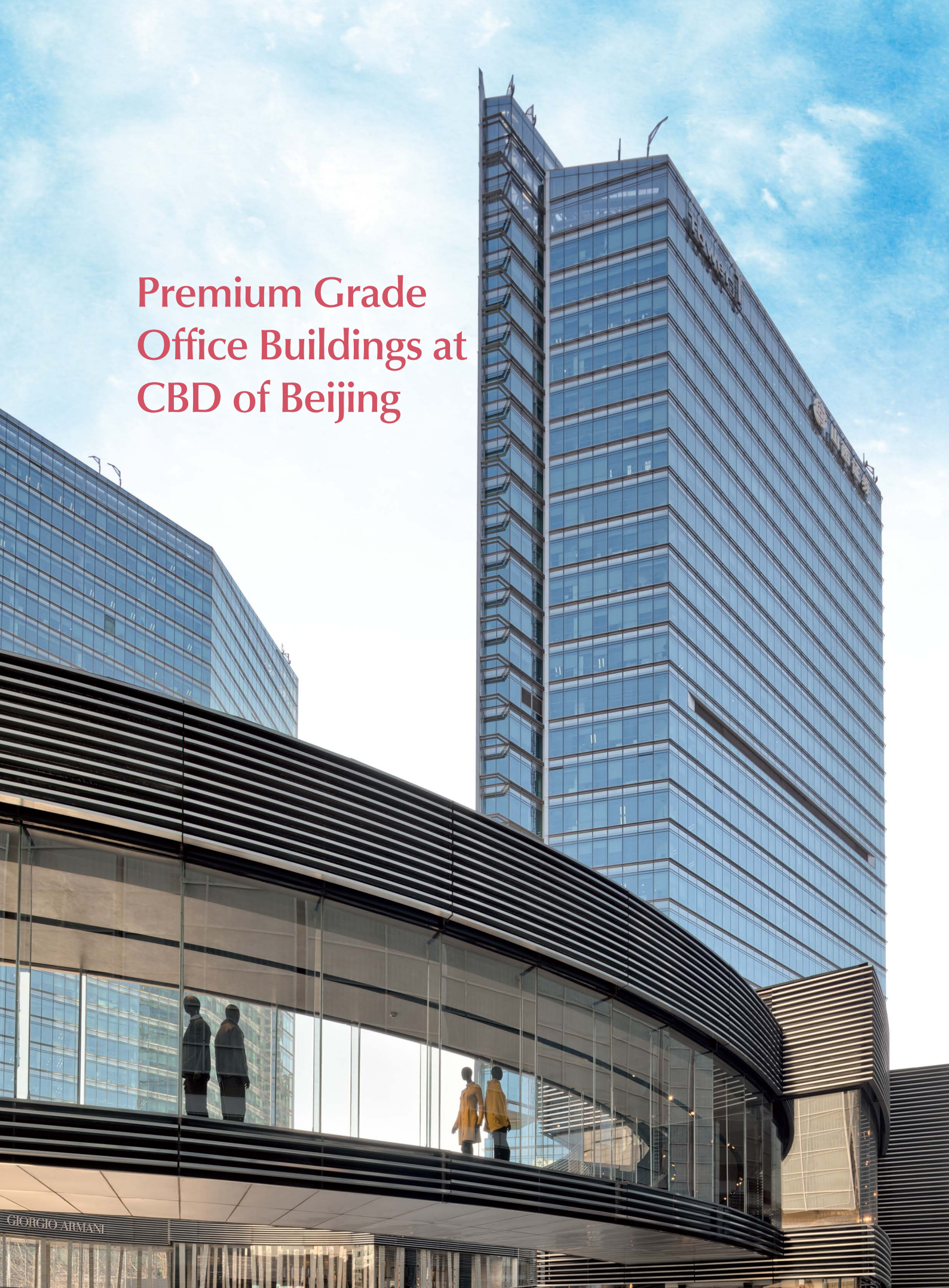
Management Discussion and Analysis



China Central Place Beijing, China



Premium Grade
Office Buildings at
CBD of Beijing



Management Discussion and Analysis (continued)

Overview of Spring REIT's Properties

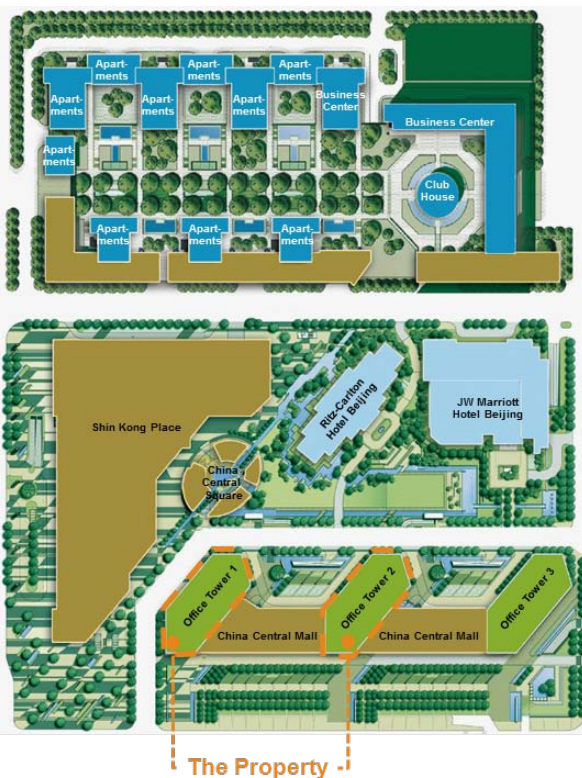
- ✿ The portfolio includes all office floors of Office Tower 1 and Office Tower 2 (total GFA of 120,245 sqm) of China Central Place and approximately 600 car parking spaces (total GFA of 25,127 sqm).
- ✿ China Central Place is a prime mixed-use complex in Beijing CBD with well-recognized brand hotels and shopping centers.
- ✿ Office Tower One and Office Tower Two are 2 of the 11 Premium Grade office buildings in Beijing CBD.¹
- ✿ Appraised value RMB8,108.00 million² (equivalent to US\$1,306.58 million)
- ✿ Average Occupancy rate 96%³

1 Source: DTZ Consulting

2 As at 31 December 2014

3 Average Occupancy for the twelve months ended 31 December 2014

Overview of China Central Place



Location



Accessibility

- ✿ Direct access to Subway Line 1 through the shopping mall
- ✿ Will be directly connected to Subway Line 14 Phase II (Expected to open in December 2015)
- ✿ About 20 km away from the Beijing Capital International Airport

Office

Premium Grade offices

- Awarded as Top 20 Office Buildings in China¹
- Direct underground connection to Beijing Subway

Shopping

Shin Kong Place and other shopping areas

- Shin Kong Place – one of the largest department stores in China by sales
- China Central Mall, with a new Apple Store opened in January 2014

Residential

Residential area

- Residential and serviced apartments with a Clubhouse

Hotels

Five-star luxury hotels

- Ritz-Carlton Hotel Beijing
- JW Marriott Hotel Beijing

¹ Awarded jointly by www.funxun.com, China Office Building Industry Association and Nanfeng Think Tank in 2012.

Property and Market Overview

The Property

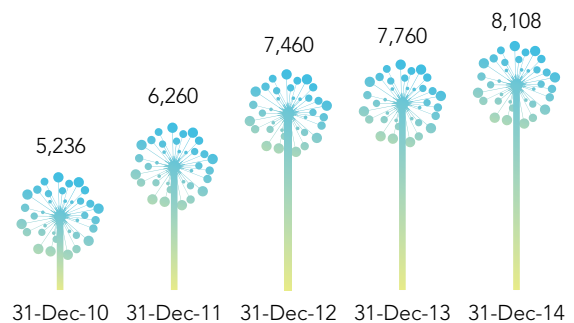
Spring REIT's principal assets includes two Premium Grade office buildings with a total GFA of 120,245 sqm and approximately 600 car parking space at China Central Place, Beijing, China (the "Property").

The Property is strategically located in the CBD of Beijing at the intersection of Jianguo Road (建國路) and West Dawang Road (西大望路), between the Third Ring Road and the Fourth Ring Road.

Property Valuation

According to property valuation performed by Colliers International (Hong Kong) Limited, (the "Principal Valuer"), the appraised value of the Property as at 31 December 2014 was RMB8,108.00 million (equivalent to US\$1,306.58 million), representing an increase of RMB348.00 million or approximately 4.5% over the valuation as at 31 December 2013. The increase in appraised value was attributable to higher rental assumptions based on newly committed leases and a lower capitalisation rate of 6.75% (2013: 7.00%).

Valuation of the Property
(RMB in millions)



Office Market in Beijing CBD

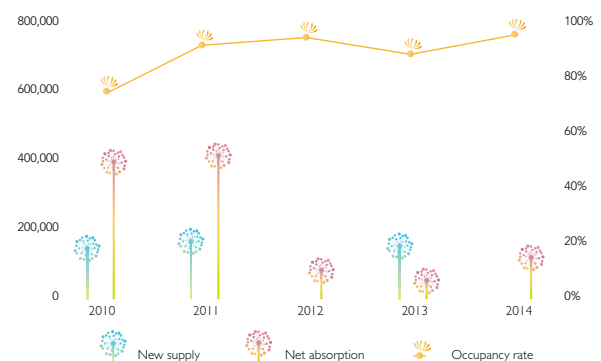
Beijing CBD is a major business district of Beijing located on the east side of the city in Chaoyang District. It has traditionally covered the area around the intersection of Jianguo Road and East Third Ring Road and now extended eastward to include the East Fourth Ring Road. Beijing CBD is home to tenants from a wide range of industries, including finance and insurance, professional services, IT and hi-tech, among others. It is also the largest Grade-A office submarket in Beijing with a total stock of approximately 1.83 million sqm as at the end of 2014, accounting for 28.1% of the city's total Grade-A office space of 6.51 million sqm.¹

The supply-demand dynamics of the Grade-A office market in Beijing CBD continued to be favorable in 2014. According to market research conducted by Jones Lang LaSalle, there was no new Grade-A office supply in Beijing CBD during 2014¹. Meanwhile, demand for space in Beijing CBD was healthy, driven by the financial, IT, and professional services sectors. With a net absorption of approximately 120,000 sqm during the year 2014, the average occupancy rate of the Beijing CBD submarket trended higher to 94.9% at the end of 2014, from 88.0% at the end of 2013¹.

According to the market research conducted by Jones Lang LaSalle, future supply in Beijing CBD is expected to mainly come from the Zhongfu Plot, the only large-scale land plot under development in Beijing CBD.

Nonetheless, the new supply is not expected to start entering the market until 2017, with the majority of the new supply likely to materialise from 2020 onwards¹. The Manager will closely monitor the supply pipeline and ensure the Property is effectively managed under different market conditions.

Grade-A office Market in Beijing CBD
(sqm, GFA)



Source: Jones Lang LaSalle Research, December 2014

¹ Source: Jones Lang LaSalle Research, December 2014

Management Discussion and Analysis (continued)

Operating and Financial Review

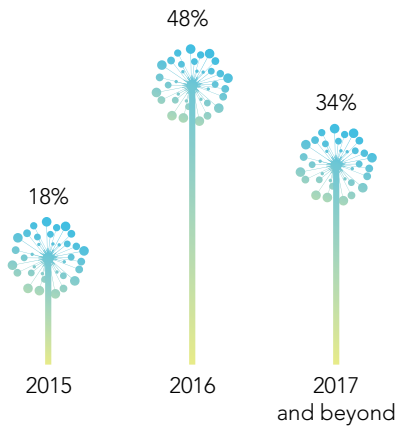
Leasing Performance

In 2014, we furthered our efforts in delivering growth through positive rental reversions. Thanks to our proactive leasing management and favourable market conditions, we executed new and renewal leases at an average monthly spot rent of RMB378 per sqm, compared with RMB375 per sqm achieved in 2013. With 38.3% of the leases (in GFA terms as at 31 December 2014) entered into during the year 2014, the Group's passing rent increased. For the year ended 31 December 2014, average monthly passing rent grew 22.2% to RMB352 per sqm, from RMB288 per sqm for 2013.

The Property also enjoyed consistently high occupancy rate averaging around 96% for the year ended 31 December 2014.

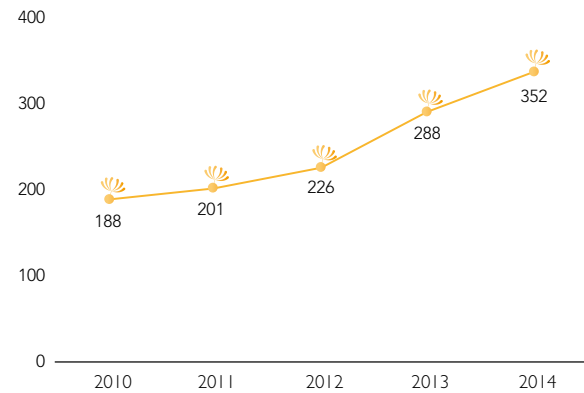
Lease Expiry Profile

(Expiring leases as a % of leased office GFA)



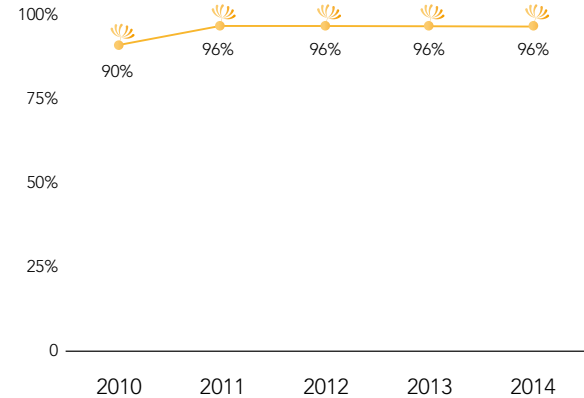
Average Monthly Passing Rent

(RMB per sq.m. per month)



Historical Occupancy Rates

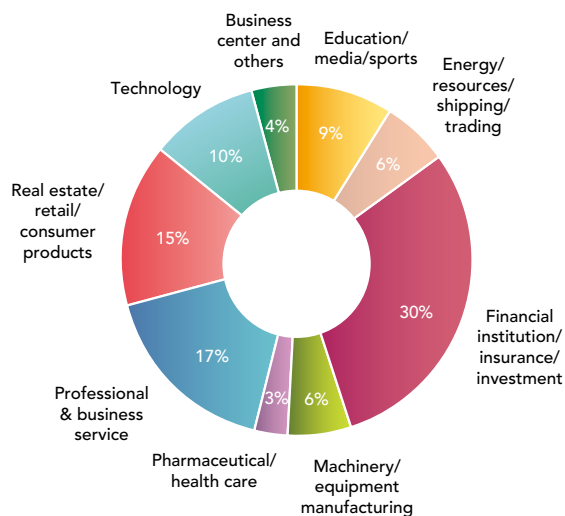
(Average Office Occupancy Rate over the relevant period)



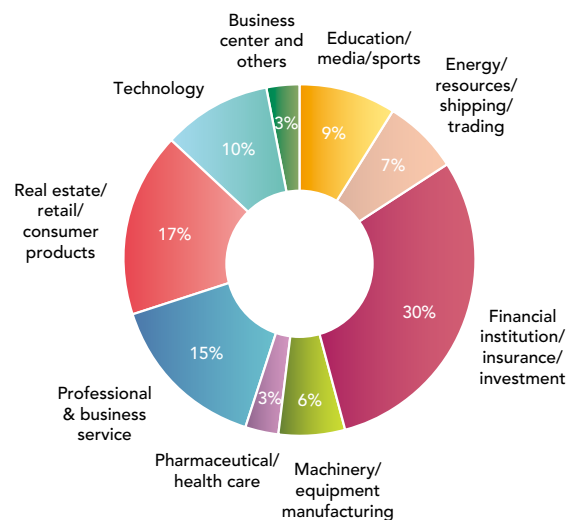
In light of uncertainties over the near-term slowdown in the Chinese economy, the Manager will continue to put in efforts on tenant selection in favour of established tenants with strong business fundamentals than those who pay the highest rents but fall short in other aspects. The Manager firmly believes that a quality tenant base will contribute to sustaining the competitiveness of the Property.

Tenant Mix Analysis

By leased office GFA
(As of 31 December 2014)



By monthly rental revenue
(For the month of December 2014)



Top 5 Tenants as at 31 December 2014

Tenants	% of total leased GFA
Deutsche Bank	6.0%
SAP AG	5.8%
Condé Nast	4.5%
Zhong De Securities	4.0%
Xinyuan Real Estate	3.6%
Total	23.9%

Management Discussion and Analysis (continued)

Business Performance

The Group recorded excellent performance for the year ended 31 December 2014, as it continued to benefit from positive rental reversions of its premium assets. Total revenue of the Group increased by 22.8% year-on-year for the year ended 31 December 2014 to an all-time high of US\$81.46 million.

Property operating expenses rose 14.7% year-on-year to US\$19.28 million for the year ended 31 December 2014. Property operating expenses mainly comprise withholding tax, business and other tax (excluding stamp duty), and property tax, which accounted for 87.2% of the total. Property management fee, payable at 2.0% of total revenue, accounted for 8.5% of the property operating expenses.

Net property income rose 25.5% to US\$62.17 million slightly higher than the corresponding increase in total revenue. Net property income margin increased by 1.7 percentage points to 76.3% for the year ended 31 December 2014, compared with 74.6% for 2013, reflecting good cost management and positive operating leverage.

Fair value gain of investment property increased to US\$56.05 million for the year ended 31 December 2014, representing a 4.5% increase in fair value in RMB terms as compared with the appraised value as at 31 December 2013.

Finance Costs

Total finance costs (which mainly include interest expenses and gains or losses resulting from foreign exchange translations) came in at US\$33.74 million for the year ended 31 December 2014, compared with US\$17.30 million recorded in 2013. The interest expenses for the year ended 31 December 2014 came in at US\$23.50 million, representing a decrease of 18.3% compared with US\$28.78 million for 2013. This reduction in interest expenses is mainly attributable to the early principal repayment of US\$50.00 million in January 2014, which reduced the notional loan principal amount to US\$465.00 million and hence the interest amounts payable.

Non-cash Financial Impacts from Foreign Exchange Fluctuations

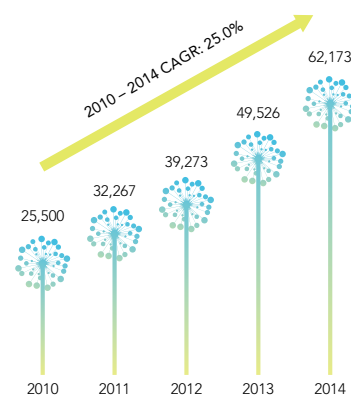
Primarily due to an approximately 1.8% depreciation in RMB against the USD, the Group recorded a foreign exchange loss of US\$8.38 million during the year ended 31 December 2014 (2013: a gain of US\$10.01 million). This is mostly attributable to the foreign currency translation of the USD-denominated term loan facility. Majority of this foreign exchange item is unrealized and therefore non-cash in nature and has no impact on the TDI of Spring REIT.

Currently, there is no currency hedging arrangement for the Group. The Manager will closely monitor and evaluate the development in the foreign exchange market.

Total Revenue
(US\$'000)



Net Property Income
(US\$'000)



Debt Positions

On 28 January 2013, Spring REIT, through RCA01 (the special purpose vehicle wholly owned by Spring REIT), entered into a loan agreement with certain lending banks in connection with a three-year floating rate secured term loan facility in the amount of US\$515.00 million to be matured on 27 January 2016 (with an option to extend for a further period of one year) (the “**Existing Term Loan Facility**”).

On 28 January 2014, RCA01 made a US\$50.00 million early principal repayment, reducing the notional principal amount of the Existing Term Loan Facility to US\$465.00 million.

As at 31 December 2014, the Existing Term Loan Facility of US\$465.00 million was recognized to be US\$460.68 million in the financial statements as of 31 December 2014, as such bank borrowing was carried at amortized cost in accordance with International Financial Reporting Standards. Bank borrowings are recognized initially at fair value, net of transaction costs incurred. They are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

As at 31 December 2014, the gearing ratio (total borrowings to gross assets value) was 33.1%, down from 36.0% as at 31 December 2013.

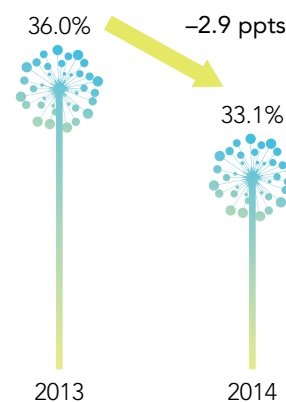
Spring REIT, has on 19 December 2014, through its special purpose vehicle, RCA01, accepted and agreed to a form of legally binding commitment letter issued by Australia and New Zealand Banking Group Limited, Deutsche Bank AG, London Branch and Credit Suisse AG, Singapore Branch (collectively, the mandated lead arrangers, underwriters and bookrunners) in connection with a five year floating rate secured term loan facility of US\$480.00 million (“**New Secured Term Loan**”) and a new uncommitted revolving facility of US\$20.00 million (together, the “**New Term Loan Facilities**”).

On 18 February 2015, Spring REIT, through RCA01, entered into a facility agreement with respect to the aforementioned five year floating rate secured term loan facility of US\$480.00 million and a new uncommitted revolving facility of US\$20.00 million.

Upon the expected drawdown of the New Secured Term Loan of US\$480.00 million in full in April 2015, the proceeds of which are intended to be used for the early repayment of the Existing Term Loan Facility in the amount of US\$465.00 million, financing the fees and expenses incurred and to be incurred by RCA01 in connection with the New Term Loan Facilities, and/or its general working capital requirements. It is also the view of the Manager that, by obtaining the New Term Loan Facilities, the liquidity and financial resources of Spring REIT would be enhanced:

- (i) The capital structure of Spring REIT would also be optimized by a longer term financing, reducing the pressure of doing the refinancing on a more frequent manner; and
- (ii) Leveraging on the current low interest rate environment and the listed status of Spring REIT, the Manager is able to obtain a facility with a lower interest spread (the Existing Term Loan Facility has an interest margin of 350 basis points, whereas the New Term Loan Facilities have an interest margin of only 275 basis points), meaning that Spring REIT will be able to benefit from a reduced interest margin over the next five years.

Gearing at Year-end
(% debt to gross asset value)



Management Discussion and Analysis (continued)

Pledged Assets

As at 31 December 2014, Spring REIT's investment property, derivative financial instruments, rent receivables, restricted bank accounts, and RCA01's ordinary shares were pledged to secure the Term Loan Facility.

Throughout the year ended 31 December 2014, both Spring REIT and RCA01 have in material respects complied with all the terms and provisions of the Term Loan Facility.

Cash and Asset Positions

As at 31 December 2014, the Group's unrestricted cash amounted to US\$24.29 million, compared with US\$67.36 million as at 31 December 2013. The cash is generally placed in short-term deposits mostly denominated in US dollar. The Group's liquidity and financing requirements are reviewed regularly.

As at 31 December 2014, the Group's total time deposits and bank balances amounted to US\$84.94 million, compared with US\$126.97 million as at 31 December 2013.

As at 31 December 2014, the gross asset value of the Group was US\$1,392.40 million, compared with US\$1,403.68 million recorded on 31 December 2013.

The reduction of both the cash and cash equivalents, total time deposits and bank balances and gross assets was mostly because of the early principal repayment of US\$50.00 million of the Term Loan Facility on 28 January 2014 and the payment of distributions to Unitholders.

Net Assets Attributable to Unitholders

During the Reporting Year, the appraised value of the Property recorded a 4.5% year-on-year increase to RMB8.11 billion (31 December 2013: RMB7.76 billion). As a result, net assets attributable to Unitholders increased to US\$894.15 million from US\$862.24 million a year ago.

The net asset value per Unit as at 31 December 2014 was HK\$6.25 (31 December 2013: HK\$6.09). This represents a 70.8% premium to the closing price of the Units of HK\$3.66 on 31 December 2014.

New Units Issued

As at 31 December 2014, the total number of issued Units was 1,109,468,088. As compared with the position of 31 December 2013, a total of 11,468,088 new Units were issued during the Reporting Year.

Date	Particulars	No. of Units
31 December 2013	Beginning balance of total number of Units in issue.	1,098,000,000
21 March 2014	Issue of new Units to the Manager at the price of HK\$2.871 per Unit (being the Market Price as defined in the Trust Deed) as payment of 80% of the Manager's fees for the 27 days period from 5 December 2013 (the Listing Date) to 31 December 2013.	+1,164,987
23 May 2014	Issue of new Units to the Manager at the price of HK\$3.049 per Unit (being the Market Price as defined in the Trust Deed) as payment of 80% of the Manager's fees for the 3 months period ended 31 March 2014.	+3,694,154
28 July 2014	Issue of new Units to the Manager at the price of HK\$3.357 per Unit (being the Market Price as defined in the Trust Deed) as payment of 80% of the Manager's fees for the 3 months period ended 30 June 2014.	+3,430,494
30 October 2014	Issue of new Units to the Manager at the price of HK\$3.608 per Unit (being the Market Price as defined in the Trust Deed) as payment of 80% of the Manager's fees for the 3 months period ended 30 September 2014.	+3,178,453
31 December 2014	Ending balance of total number of Units in issue.	1,109,468,088

Capital Commitments

As at 31 December 2014, the Group did not have any significant capital commitments.

Employees

Spring REIT is managed by the Manager and did not directly employ any staff as at 31 December 2014.

Top 5 Real Estate Agents and Contractors

The top 5 real estate agents and contractors and their respective commission paid and value of service were as follows:

Real estate agents and contractors	Nature of services	Value of contract/ commission paid RMB	Relevant percentage
Beijing Hua-re real Estate consultancy Co. Ltd.	Property Management	10,080,608	74.1%
北京世邦魏理仕物業管理服務有限公司	Leasing	594,744	4.4%
北京高力國際物業服務有限公司	Leasing	537,333	4.0%
北京隆誠經緯房地產經紀有限公司	Leasing	442,146	3.3%
北京中和信恆房地產經紀有限公司	Leasing	435,010	3.2%
TOTAL		12,089,841	88.9%

Management Discussion and Analysis (continued)

Subsequent Events

Proposed Subscription of Shares and Purchase of Shares in AD Capital

On 24 March 2015, the controlling entity of the Manager, entered into a share subscription agreement with ITOCHU Corporation (“**ITOCHU**”), a Fortune Global 500 company, pursuant to which ITOCHU agreed to subscribe for 266 shares in AD Capital.

On the same day, ITOCHU and ASUKA Holdings Co., Ltd. (“**ASUKA Holdings**”), also entered into a share purchase agreement pursuant to which ASUKA Holdings agreed to sell and ITOCHU agreed to purchase 260 shares in AD Capital.

Upon completion, ITOCHU will hold 526 shares, representing 28.3% of the total issued share capital of AD Capital. Development Bank of Japan Inc., ASUKA Holdings and certain management members of AD Capital will hold the remaining 37.7%, 23.7% and 10.3% of the total issued share capital of AD Capital respectively.

ITOCHU is one of the most well-known comprehensive trading companies in the world and ranked no. 183 in Fortune Global 500 in 2014. It has a trading business spanning around the globe and has established 130 bases in 65 countries and regions around the world. ITOCHU was listed on the Osaka Securities Exchange and the Tokyo Stock Exchange in 1950. ITOCHU is involved in domestic trading, import/export, and overseas trading of various products such as textile, machinery, metals, minerals, energy, chemicals, food, information and communications technology, general products, insurance, logistics services, construction, realty and finance, as well as business investment in Japan and overseas. As at 31 March 2014 (U.S. GAAP base), the total assets of ITOCHU was 7,848.4 billion Japanese yen and the shareholders’ equity attributable to parent company was 2,147.0 billion Japanese yen. For the accounting year of 2013 (ended 31 March 2014), the total revenue of ITOCHU amounted to 5,530.9 billion Japanese yen with a net profit of 310.3 billion Japanese yen.

By establishing a closer business relationship with ITOCHU, who is a global conglomerate with business presence in 65 countries and regions around the world, AD Capital believes that it shall be well positioned to leverage the experience and resources of ITOCHU in order to facilitate future cooperation with ITOCHU on business opportunities in real estate area, including to identify and present Spring REIT with potential real estate investment opportunities that would enhance the long-term development prospect of Spring REIT.

Proposed Sale of Shares in the Manager

AD Capital also entered into a share transfer agreement with Huamao Property Holdings Ltd. (“**Huamao HD**”) on 24 March 2015, to sell 882,000 shares of the Manager to Huamao HD.

Upon completion, AD Capital and Huamao HD will hold 90.2% and 9.8% of the total issued share capital in the Manager respectively.

Huamao HD currently holds an 87% stake in Beijing Guohua Real-Estate Co., Ltd., which wholly owns Office Tower 3 of China Central Place complex (“**CCP Complex**”) and partially owns certain other assets of CCP Complex.

The Manager believes that the introduction of Huamao HD as a non-substantial shareholder of the Manager will further enhance future communications on maintenance and improvement of common facilities of and around CCP Complex. This is expected to help maintain the market position of CCP Complex as a prime mixed-use complexes in Beijing, benefiting the Unitholders of Spring REIT.

Board of Directors and Senior Management



Board of Directors and Senior Management (continued)

Directors



Toshihiro Toyoshima

Chairman and Non-executive Director

Mr. Toshihiro Toyoshima, aged 52, was appointed as the Chairman of the Board and a Non-executive Director of the Manager on 29 January 2013. Mr. Toyoshima has been the chief executive officer of AD Capital since October 2008, and has been sitting on its board from its establishment in October 2005. Prior to joining AD Capital, he worked in Development Bank of Japan from April 1985 to October 2008. Between July 2001 and September 2004, Mr. Toyoshima also worked at the World Bank as a senior private sector specialist, in charge of the private sector policies in four African countries.

Mr. Toyoshima graduated from the University of Tokyo with a Bachelor's degree in Law in 1985 and from the Massachusetts Institute of Technology with Master's degrees in Real Estate Development and City Planning in 1992.

Hideya Ishino

Non-executive Director

Mr. Ishino, aged 51, was appointed as a Non-executive Director of the Manager on 10 April 2013. He has been working for AD Capital since June 2008 and has served as the chief operating officer of AD Capital since March 2010. Before joining AD Capital, Mr. Ishino co-founded Sports Vanguard Co., Ltd., a company which provides sports-related internet community services and trading platform, in March 2004. Mr. Ishino had also previously worked in Salomon Brothers (Tokyo) from April 1986 to March 2000.

Mr. Ishino graduated from the University of Tokyo with a Bachelor's degree in Liberal Arts in 1986.





Lau Jin Tin, Don

Executive Director

Mr. Lau, aged 58, was appointed as an Executive Director of the Manager on 10 April 2013 and is one of the Responsible Officers of the Manager. He has extensive experience in corporate finance, risk management and property investment and management. He is a director of RCA01, the special purpose vehicle wholly owned by Spring REIT, since May 2014. He is also an Independent Non-executive Director and a member of the audit, nomination and environmental, social and governance committees of WH Group Limited (a company listed on the Stock Exchange (Stock Code: 0288)) since August 2014. Prior to joining the Manager, he served as a Responsible Officer and Deputy Chief Executive Officer of a REIT listed on the Stock Exchange. He has the appropriate experience in planning the business direction and managing the overall day-to-day operation of a REIT.

Mr. Lau obtained a Master's degree in Applied Finance from Macquarie University.

Nobumasa Saeki

Executive Director

Mr. Saeki, aged 45, was appointed as an Executive Director of the Manager on 10 April 2013 and is one of the Responsible Officers of the Manager. Mr. Saeki is principally responsible for supervising property management for Spring REIT, including: (i) formulating leasing strategy and authorizing all the lease terms to maximize the rental income of the Property; (ii) setting budgets and monitoring of maintenance activities related to the Property; (iii) overseeing day-to-day cash operations of the Property, together with local team members and the Property Manager; and (iv) procuring valuations of the Property and reviewing and analyzing appraisal reports. He was a senior vice president of AD Capital from September 2008 until January 2012 at which time he became a managing director of AD Capital. Prior to that, he was the group head of overseas investment group of Re-Plus Inc., a company listed on the Tokyo Stock Exchange, from July 2007 to September 2008. He was also a vice president of The Tokyo Star Bank, Limited from August 2004 to July 2007, an assistant vice president of GMAC Commercial Mortgage Japan K.K. from July 2002 to August 2004 and an associate director of UBS Warburg Securities Japan Ltd. from March 2000 to July 2002.



Mr. Saeki obtained a Bachelor's degree in Economics from the University of Tokyo in 1993.

Board of Directors and Senior Management (continued)



Simon Murray

Independent Non-executive Director

Mr. Murray, aged 75, was appointed an Independent Non-executive Director of the Manager on 20 November 2013. He is the chairman of General Enterprise Management Services Limited, a private equity fund management company founded by him, since 1998. He is also: (i) an Independent Non-executive Director of CK Hutchison Holdings Limited (a company listed on the Stock Exchange (Stock Code: 0001) since August 1993). With effect from 18 March 2015, Cheung Kong (Holdings) Limited ("Cheung Kong") became a wholly owned subsidiary of CK Hutchison Holdings Limited ("CK Hutchison") and its listing status was replaced by CK Hutchison; (ii) an Independent Non-executive Director of Orient Overseas (International) Limited (a company listed on the Stock Exchange (Stock Code: 316)) since July 1992; (iii) a Non-executive Director of Greenheart Group Limited (a company listed on the Stock Exchange (Stock Code: 94)) since August 2010; (iv) a Non-executive Director of IRC Limited (a company listed on the Stock Exchange (Stock Code: 1029)) since November 2010; (v) an Independent Non-executive Director of Wing Tai Properties Ltd. (a company listed on the Stock Exchange (Stock Code: 369)) since March 1994; (vi) a Non-executive Director of Compagnie Financiere Richemont SA (a company listed on Swiss Exchange) since October 2003; (vii) the chairman and Independent Non-executive Director of Gulf Keystone Petroleum Limited (a company listed on the AIM of the London Stock Exchange) since 4 July 2013; and (viii) an Independent Non-executive Director of China LNG Group Ltd. (a company listed on the Stock Exchange (Stock Code: 931)) since October 2014.

Mr. Murray was the non-executive chairman of Glencore International plc (a company dually listed on the London Stock Exchange and the Stock Exchange (stock code: 805)) from April 2011 to May 2013. He was also a Non-executive Director of Vodafone Group Plc between July 2007 and July 2010 and an independent director of Sino-Forest Corporation between June 1999 and January 2013.

Mr. Murray holds an honorary degree of Doctor of Laws from Bath University.

Liping Qiu

Independent Non-executive Director

Mr. Qiu, aged 50, was appointed as an Independent Non-executive Director of the Manager on 20 November 2013. Mr. Qiu is a co-founder of Milestone Capital, a China-focused private equity investment company. Since February 2002, he has been the general partner of Milestone China Opportunities Fund I and Fund II, L.P., both being partnerships that invest primarily in high-growth Chinese companies. He has also been a director of the board of Trina Solar Limited, a company listed on the New York Stock Exchange, since 2006. Mr. Qiu has been a director of Qinhuangdao Boostsolar Photovoltaic Equipment Co., Ltd. (which has been quoted on the National Equities Exchange and Quotations since 18 August 2014).



Mr. Qiu received his Bachelor's degree and Master's degree in Engineering from the National University of Defense Technology of China.



Lam Yiu Kin

Independent Non-executive Director

Mr. Lam, aged 61, was appointed as an Independent Non-executive Director of the Manager on 12 January 2015. Mr. Lam is a fellow member of the Association of Chartered Certified Accountants (ACCA), the Institute of Chartered Accountants in England & Wales (ICAEW), the Institute of Chartered Accountants in Australia (ICAA), and the Hong Kong Institute of Certified Public Accountants (HKICPA) and a honorary fellow of The Hong Kong Polytechnic University. Mr. Lam has extensive experience in accounting, auditing and business consulting.

Mr. Lam currently serves as an Independent Non-executive Director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (Stock Code: 1349), since October 2013 and Kate China Holdings Limited (Stock Code: 8125), since June 2014.

Mr. Lam was previously a member of the Listing Committee and the Financial Reporting Advisory Panel of the Stock Exchange of Hong Kong Limited from 1997 to 2003, a committee member of HKICPA from 1994 to 2009, and a partner of PricewaterhouseCoopers Hong Kong from 1993 to 2013.

He is presently an Adjunct Professor in the School of Accounting and Finance of The Hong Kong Polytechnic University, and a member of the Finance Committee of the Hong Kong Management Association. Mr. Lam graduated from The Hong Kong Polytechnic University with a higher diploma in June 1975.

Board of Directors and Senior Management (continued)

Senior Executives



Chung Wai Fai

Senior vice president

Mr. Chung, aged 33, is a senior vice president, one of the Responsible Officers and head of investment and investor relations of the Manager. He is responsible for identifying and evaluating potential acquisitions or investments and for investor relations activities. Mr. Chung has over 10 years of experience in asset management and investment research in the Asia ex-Japan region. Prior to joining the Manager, Mr. Chung was a senior fund manager and responsible officer of Imperial Capital Limited, where he was involved in launching an absolute-return Asia ex-Japan equity fund and assumed responsibilities in product development and strategy formulation. Previously, Mr. Chung was a fund manager of iVenture Investment Management Limited and was actively involved in investment idea generation, equity research, macroeconomic analysis, and day-to-day portfolio management of its absolute-return Asia ex-Japan equity fund. Mr. Chung started his career at PricewaterhouseCoopers, performing statutory audit works for companies in Hong Kong and mainland China.

Mr. Chung obtained a bachelor degree in business administration in finance from Hong Kong University of Science and Technology in 2003.

Alice Yu

Chief compliance officer

Ms. Yu, aged 50, was appointed the chief compliance officer of the Manager in April 2013 and is the head of compliance. Prior to joining the Manager, Ms. Yu acted as a responsible officer in various assignments including: Ohra Capital Partners Limited from 2010 to 2013; FB Investment Management Limited from 2007 to 2009; Qi Yuan Asset Management (H.K.) Limited from 2002 to 2007. She was the investment manager of Hang Seng Investment Management Limited from 1997 to 1999. From 1994 to 1997, she was a portfolio manager of Daiwa International Capital Management (HK) Limited.



Ms. Yu obtained a bachelor's degree in arts from the University of Hong Kong in November 1987. She finished the ICA international diploma in compliance with merit result in 2012 and has been a professional member (MICA) of International Compliance Association since then. She undertook a corporate governance compliance training program and was awarded a certificate in directorship from the Hong Kong Baptist University in 2007.

Other positions held by each of the above directors and senior staff in the Manager are set out in the Corporate Governance Report under the section "Organizational and Reporting Structure of the Manager" on page 32.

Corporate Governance

With the objective of establishing and maintaining high standards of corporate governance, certain policies and procedures have been put in place to promote the operation of Spring REIT in a transparent manner and with built-in checks and balances. The corporate governance policies of Spring REIT have been adopted with due regard to the requirements of Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange, with necessary changes as if those rules were applicable to real estate investment trusts in Hong Kong.

The Manager was established for the sole purpose of managing Spring REIT. The Manager is committed to maintaining good corporate governance practices and procedures. The corporate governance principles emphasize on accountability to all Unitholders, resolution of conflict of interest issues, transparency in reporting, compliance with relevant procedures and guidelines. The Manager has adopted a compliance manual (the “**Compliance Manual**”) for use in relation to the management and operation of Spring REIT, which sets out the key processes, systems and measures, and certain corporate governance policies and procedures to be applied for compliance with all applicable regulations and legislation. The Board plays a central support and supervisory role in the corporate governance duties. It will regularly review the Compliance Manual and other policies and procedures on corporate governance and on legal and regulatory compliance, approving changes to governance policies in light of the latest statutory regime and international best practices and reviewing corporate governance disclosures.

Throughout the Reporting Year, both the Manager and Spring REIT have in material terms complied with the provisions of the Compliance Manual, the corporate governance policy, the Trust Deed, the Code on Real Estate Investment Trusts (the “**REIT Code**”) and applicable provisions of the Securities and Futures Ordinance (the “**SFO**”) and the Listing Rules.

Authorization Structure

Spring REIT is a collective investment scheme constituted as a unit trust and authorized by Securities and Futures Commission (the “**SFC**”) under section 104 of the SFO and regulated by the SFC pursuant to the provisions of the REIT Code and applicable provisions of the SFO and the Listing Rules. The Manager has been authorized by the SFC under section 116 of the SFO to conduct the regulated activities of asset management. As at the date of this report, Mr. Lau Jin Tin, Don (the Executive Director of the Manager), Mr. Nobumasa Saeki (the Executive Director of the Manager) and Mr. Chung Wai Fai (the Senior Vice President of the Manager) are the responsible officers of the Manager pursuant to the requirements under section 125 of the SFO and Paragraph 5.4 of the REIT Code (“**Responsible Officers**”). The Responsible Officers have completed the Continuous Professional Training as required by the SFO for the Reporting Year. Mr. Lau Jin Tin, Don, an Executive Director, was appointed by the SFC as an approved person of the Manager pursuant to sections 104(2) and 105(2) of the SFO.

DB Trustees (Hong Kong) Limited, in its capacity as trustee of Spring REIT, is registered as a trust company under section 77 of the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong). The Trustee is qualified to act as a trustee for collective investment schemes authorized under the SFO pursuant to the REIT Code.

Corporate Governance (continued)

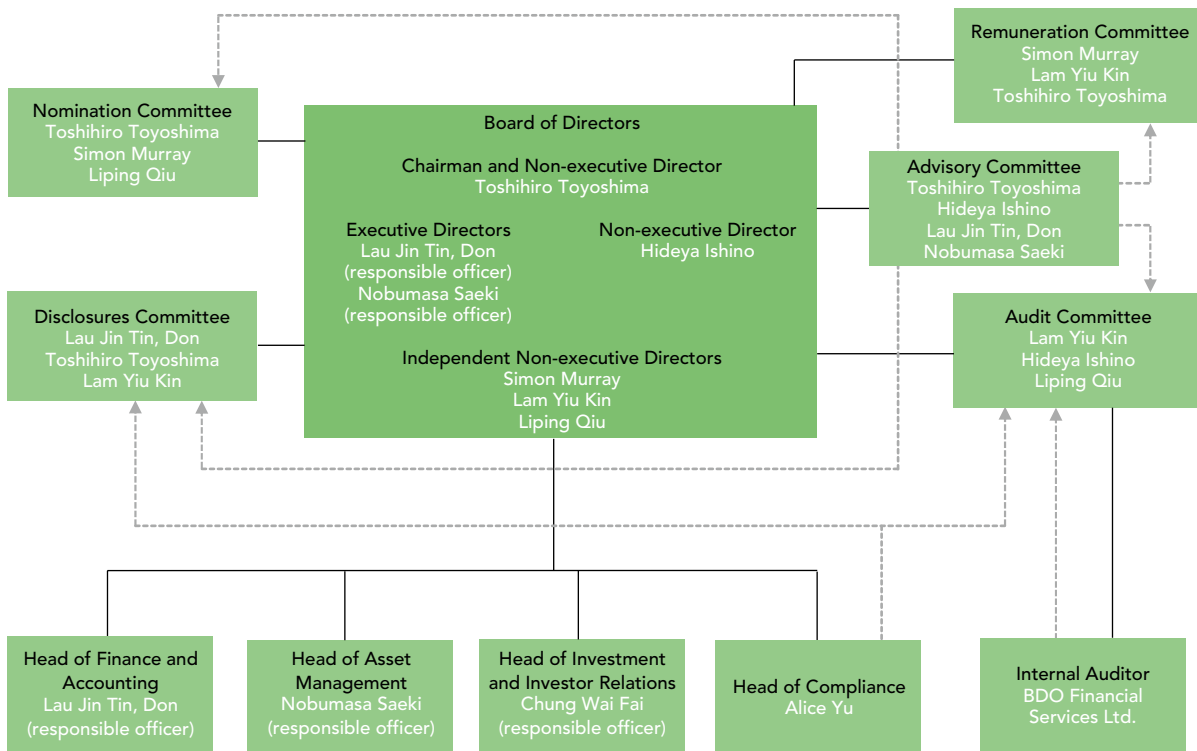
Roles of the Trustee and the Manager

The Trustee and the Manager are independent of each other. The Trustee is responsible under the Trust Deed for the safe custody of the assets of Spring REIT on behalf of the Unitholders.

The Manager's role under the Trust Deed is to manage Spring REIT and its assets in accordance with the Trust Deed in the sole interest of the Unitholders and to fulfil the duties imposed on it under general law as the manager of Spring REIT in particular, to ensure that the financial and economic aspects of Spring REIT's assets are professionally managed in the sole interests of the Unitholders.

Organizational and Reporting Structure of the Manager

The following diagram sets forth the organizational and reporting structure of the Manager:



Dotted lines represent ad hoc reporting on a case by case basis.

Board of Directors of the Manager

The Board of the Manager currently comprises seven members, with two Executive Directors and five Non-executive Directors (including three Independent Non-executive Directors (“INEDS”)). The Board of Directors of the Manager during the Reporting Year is set out below:

Non-executive Directors

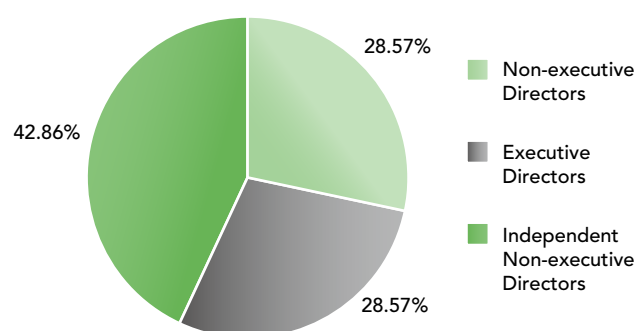
Toshihiro Toyoshima (*Chairman*)
Hideya Ishino

Executive Directors

Lau Jin Tin, Don
Nobumasa Saeki

Independent Non-executive Directors

Simon Murray
Dr Tin Sek Tang¹
Liping Qiu
Lam Yiu Kin²



¹ Dr. Tin Sek Tang passed away on 2 December 2014. During the period from 2 December 2014 to 11 January 2015, the composition of the Board comprised a total of six Directors, comprising two Executive Directors, two Non-executive Directors and two Independent Non-executive Directors. For details, please refer to an announcement of the Manager dated 4 December 2014.

² Mr. Lam Yiu Kin appointed as Independent Non-executive Director with effect from 12 January 2015. For details, please refer to an announcement of the Manager dated 12 January 2015.

Biographical details of the Directors are set out on pages 25 to 30 of this Annual Report and published on Spring REIT’s website at www.springreit.com.

Board Responsibilities

The Board is responsible for ensuring that the Manager discharges its duties under the Trust Deed, which include but not limited to:

- (i) managing Spring REIT in accordance with the Trust Deed in the sole interest of the Unitholders;
- (ii) ensuring sufficient oversight of the daily operations and financial conditions of Spring REIT when managing Spring REIT; and
- (iii) ensuring compliance with the licensing and authorization conditions of the Manager and Spring REIT and with any applicable laws, rules, codes or guidelines issued by government departments, regulatory bodies, exchanges or any other organizations regarding the activities of Spring REIT or its administration.

The Board’s function is largely separated from, and independent of, the executive management function. The Board leads and guides the Manager’s corporate strategy and direction. Subject to the matters specifically reserved to the Board as set out in the Compliance Manual, the Board delegates certain management and supervisory functions to relevant committees of the Board. For more details, please see the section headed “Delegation by and Key Reserved Matters to the Board” below.

Corporate Governance (continued)

Board Composition

With the aim of creating a board structure that is both effective and balanced, the size of the Board has been set to provide for a minimum of seven Directors and a maximum of nine Directors. The Board should have at least three INEDs. Pursuant to the Manager's corporate governance policy, INEDs must be individuals who fulfil the independence criteria set out in the Compliance Manual that are no less exacting than those set out in rule 3.13 of the Listing Rules for assessing the independence of an independent non-executive director. During the Reporting Year, the Manager has received written annual confirmation from each INED of his independence pursuant to the "Criteria for Independence of INEDs" as set out in the Compliance Manual.

Dr. Tin Sek Tang, an INED passed away on 2 December 2014. Thereafter, the number of INEDs on the Board was less than the minimum number of INEDs required under the Compliance Manual. On 12 January 2015, Mr. Lam Yiu Kin was appointed as an INED, who has appropriate professional qualification or accounting or related financial management expertise. Accordingly, the composition of the Board of the Manager has met the minimum number of INEDs' requirement of the Compliance Manual from 12 January 2015.

The composition of the Board is determined mainly using the following principles:

- (i) the Chairman of the Board should be a Non-executive Director;
- (ii) the Board should have a balance of skill and experience appropriate for the requirements of Spring REIT's business and should ensure that changes to its composition can be managed without undue disruption;
- (iii) the Board should have a balance composition of Executive Directors, Non-executive Directors and INEDs so that there is a strong independent element on the Board which can effectively exercise independent judgment;
- (iv) the Board should include Non-executive Directors of sufficient caliber and number for their views to carry weight; and
- (v) at least one-third, and a minimum of three members, of the Board should be INEDs and at least one INED must have appropriate professional qualifications or accounting or related financial management expertise.

The Board composition is being reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience and that the Directors being appointed have the relevant expertise and experience in discharging their duties.

There are no relationships (including financial business, family or other material/relevant relationships) between Board members and in particular, between the Chairman and the Executive Directors.

Board Meetings

The Board meets on a regular basis and generally no less than four times in each financial year at approximately quarterly intervals. According to the Compliance Manual, directors are given written notices of board meetings at least fourteen days in advance of the regular meetings, with suitable arrangements in place to allow Directors to raise items in the agenda. Agenda and accompanying board papers are circulated at least three days before the scheduled date of a board meeting. Board consents are given by votes at board meetings and written resolutions are signed by all Directors from time to time. Board process is further facilitated by the use of telephone conferences in cases where urgent decisions are required before the next regular board meeting or where certain Director(s) is/are out of town.

No Board meeting, or any adjourned Board meeting, will be quorate unless a simple majority of Directors for the time being are present at the time when the relevant business is transacted. A Director who, whether directly or indirectly, has a material interest in a contract or proposed transaction, arrangement or contract with the Manager, which is of significance to the Manager's business, must declare the nature and extent of his interest either at the earliest Board meeting or by giving a general notice to the Board before the question of entering into the transaction, arrangement or contract is taken into consideration on behalf of the Manager.

A Director who is prohibited from voting by reason of a conflict of interest is not counted for the purposes of establishing the necessary quorum for the meeting.

Matters to be considered by the Board are to be adopted on the basis of a simple majority of votes.

During the Reporting Year, four physical meetings of the Board were held and 19 separate written resolutions were passed by all members of the Board. The attendance of individual directors at such Board meetings is as follows:

Members of the Board	Number of meetings attended/ Number of Meetings Held	Attendance Rate
Chairman and Non-executive Director		
Mr. Toshihiro Toyoshima	4/4	100%
Executive Directors		
Mr. Lau Jin Tin, Don	4/4	100%
Mr. Nobumasa Saeki	4/4	100%
Non-executive Director		
Mr. Hideya Ishino	4/4	100%
INEDs		
Mr. Simon Murray	3/4	75%
Dr. Tang Tin Sek (passed away on 2 December 2014)	3/4	75%
Mr. Liping Qiu	4/4	100%
Mr. Lam Yiu Kin (appointed on 12 January 2015)	Not Applicable	Not Applicable

Corporate Governance (continued)

Director's Training

Each newly appointed Director will receive a package of orientation materials on the business and operations of Spring REIT and the legal framework under which Spring REIT is governed. The package includes but not limited to the REIT Code, Trust Deed and Compliance Manual and recent publications of Spring REIT. Senior executives of the Manager also provide the Directors with the necessary information in the form of exceptional reports. Also, additional information will always be provided to the Directors upon request.

To keep Directors abreast of their responsibilities and infuse them with new knowledge relevant to the Group and Spring REIT's business and operating environment, the Manager arranges and provides continuous professional development training and relevant reading materials to Directors to help ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which Spring REIT conduct its businesses and to refresh their skills and knowledge on the roles, functions and duties of a Director.

Based on the training records provided to the Manager by the Directors, the Directors have participated in the following training during the Reporting Year:

Members of the Board	Attending expert briefing/seminars/conference relevant to the business/directors' duties
Chairman and Non-Executive Director	
Mr. Toshihiro Toyoshima	✓
Executive Directors	
Mr. Lau Jin Tin, Don	✓
Mr. Nobumasa Saeki	✓
Non-Executive Director	
Mr. Hideya Ishino	✓
INEDs	
Mr. Simon Murray	✓
Dr. Tang Tin Sek (passed away on 2 December 2014)	Not applicable
Mr. Liping Qiu	✓
Mr. Lam Yiu Kin (appointed on 12 January 2015)	✓

Note: All directors have read publications and newspapers about the updated information for economics, commercial, directors' duties, etc. during the Reporting Year.

Delegation by and Key Reserved Matters to the Board

To maintain appropriate checks and balances on management actions, certain matters which have a critical bearing on Spring REIT are specifically reserved for consideration by the full Board. These mainly include:

- (i) approval of interim, final and special (if any) distributions, interim and annual reports and financial statements and circulars to Unitholders;
- (ii) recommendation to Unitholders on any change of the provisions of the Trust Deed;
- (iii) approval of acquisition and/or disposition of properties;
- (iv) appointment or removal of the Executive Director and any other Directors as well as the company secretary;
- (v) issue of new Units of Spring REIT;
- (vi) approval of any matter which would have a material effect on the Spring REIT's financial position, liabilities, future strategy or reputation; and
- (vii) delegation of powers and authority to various Board committees.

Insurance

During the Reporting Year, appropriate directors' and officers' liabilities insurance and professional indemnity insurance have been arranged in respect of legal action against the Directors and officers of the Manager and the provision of professional services by the Manager to Spring REIT.

Chairman and Executive Directors of the Manager

The positions of Chairman (Mr. Toshihiro Toyoshima, who is a Non-executive Director) and the Executive Directors (Mr. Lau Jin Tin, Don and Mr. Nobumasa Saeki) are held by separate persons in order to maintain an effective segregation of duties. The Chairman leads the Board discussions and deliberations and is responsible for setting the meeting agenda of Board meetings. He ensures that Board meetings are held when necessary. He promotes high standards of corporate governance and maintenance of effective communications with Unitholders. Each of the Executive Directors is responsible for the day-to-day operation and management of the Manager and Spring REIT. Each of the Executive Directors executes the strategic plans set out by the Board and ensures that the Directors are kept updated and informed of Spring REIT's business via management reports.

Corporate Governance (continued)

Appointment, Re-election and Removal of Directors

The appointment, re-election and removal of Directors (including Responsible Officers) is a matter for the Board and the shareholders of the Manager to determine in accordance with the Compliance Manual, the articles of association of the Manager and the applicable law. As the Manager is licensed by the SFC under Part V of the SFO, the appointment and removal of any of the Executive Directors and the Non-executive Directors (including the INEDs) and the removal of a Responsible Officer must be notified to the SFC and the appointment of a Responsible Officer requires the prior approval of the SFC.

All the INEDs (except Mr. Lam Yiu Kin who was appointed on 12 January 2015) were appointed on 20 November 2013, for an initial term of three years and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment, unless and until terminated by not less than three months' notice in writing served by either party.

Disclosure on INED Remuneration Arrangement

Pursuant to the announcement of the Manager dated 24 October 2014, the Manager has adopted an arrangement for the remuneration of INEDs (the "INED Remuneration Announcement"). As stated in the INED Remuneration Announcement, the Manager is required to disclose in the interim report and the annual report of Spring REIT of the following matters:

INED	Annual Remuneration for the Reporting Year ⁽ⁱ⁾ (HK\$)	Election for Percentage of Fee in Units During the Reporting Year	Units paid as Remuneration during the Reporting Year ⁽ⁱⁱ⁾	Annual Remuneration for the Year 2015 ⁽ⁱ⁾ (HK\$)	Election for Percentage of fee in Units for the Year 2015
Simon Murray	360,000	100%	24,000	360,000	100%
Liping Qiu	360,000	100%	24,000	360,000	100%
Lam Yiu Kin	N/A	N/A	N/A	360,000	100%
Tin Sek Tang	360,000	100%	17,000	N/A	N/A

Notes:

- (i) Each INED's remuneration remains unchanged from date of the INED Remuneration Announcement to 31 December 2014. Mr. Lam is entitled to an annual director's fee of HK\$360,000 (on a pro-rata basis) with effect from 12 January 2015. This fee was determined after arm's length negotiation between each INED and the Manager, with reference to market conditions, the experience and qualifications of each INED.
- (ii) Due to the unfortunate departure of Dr. Tin Sek Tang, the 17,000 Units representing his remuneration have not been transferred to Dr. Tang as at 31 December 2014.
- (iii) For each INED's current beneficial interest in Spring REIT and the change (if any) in their respective beneficial interest in Spring REIT during the year ended 31 December 2014, please see the section headed "Disclosure of Interest" below.

Board Committees

The Board has the power to delegate to committees consisting of such numbers of its body as it thinks fit. Various committees have been established to assist the Board in discharging its responsibilities. The committees of the Board have been set up with clear terms of reference to review specific issues or items and then to submit their findings and recommendations to the full Board for consideration and endorsement. Unless the decision making power has been vested in the relevant committee by the Board, the ultimate responsibility for making final decisions rests with the full Board and not the committees.

The committees of the Board are currently as follows:

Audit Committee

The members of the Audit Committee of the Manager are appointed by the Board from among the Directors and comprises the Non-executive Directors only. Majority of the members of the Audit Committee shall be INEDs and at least one INED has appropriate professional qualification or accounting or related financial management expertise. As at the date of this report, the Audit Committee is chaired by an INED, namely Mr. Lam Yiu Kin. The other members of the Audit Committee are Mr. Liping Qiu (an INED) and Mr. Hideya Ishino (a Non-executive Director).

Dr. Tin Sek Tang passed away on 2 December 2014. Thereafter, the number of INEDs on the Audit Committee and the professional qualification of independent non-executive director on the Audit Committee did not meet the requirements under the Compliance Manual. The role of the Chairman of the Audit Committee had been temporarily performed by the remaining INED in the Audit Committee, Mr. Liping Qiu. On 12 January 2015, Mr. Lam Yiu Kin was appointed as a member and chairman of the Audit Committee, who has appropriate professional qualification or accounting or related financial management expertise. Accordingly, the composition of the Audit Committee met the requirement of the Compliance Manual.

The Audit Committee is responsible for establishing and maintaining an adequate internal control structure, effective financial reporting and risk management systems and ensuring the quality and integrity of financial statements. The Audit Committee is also responsible for the nomination of independent external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. The Audit Committee also ensures the existence and working of an effective system of internal control and risk management, in respect of both the Manager and Spring REIT.

The Audit Committee's responsibilities also include:

- (i) reviewing dealings of the Manager and the Directors on a half-yearly basis;
- (ii) reviewing all financial statements and all external audit reports and developing and implementing a policy on the engagement of external auditors to supply non-audit services;
- (iii) ensuring the internal audit function is adequately resourced and guiding the management to take appropriate actions to remedy any faults or deficiencies in internal controls which may be identified;
- (iv) assisting the Board in its monitoring of the entities' overall risk management profile and setting guidelines and policies to govern risk assessment and risk management;
- (v) periodically reviewing and monitoring all connected party transactions and related party transactions;

Corporate Governance (continued)

- (vi) reviewing the Manager and Spring REIT's compliance with legal and regulatory requirements on a regular basis; and
- (vii) reviewing and approving the annual internal audit plan and reviewing the internal audit reports and activities.

During the Reporting Year, three physical meetings of the Audit Committee were held and 2 separate written resolutions were passed by all members of the Audit Committee. The attendance of individual directors at such Audit Committee meetings is as follows:

Members of the Audit Committee	Number of meetings attended/ Number of Meetings Held	Attendance Rate
Dr. Tang Tin Sek (<i>Chairman</i>) (passed away on 2 December 2014)	2/3	66.67%
Mr. Hideya Ishino	3/3	100%
Mr. Liping Qiu	3/3	100%
Mr. Lam Yiu Kin (appointed on 12 January 2015)	Not Applicable	Not Applicable

The following is a summary of the major work done of the Audit Committee during the Reporting Year:

- (i) reviewed the audited financial statements, the final results announcement and annual report of Spring REIT for the year ended 31 December 2013;
- (ii) reviewed the unaudited financial statements, the interim results announcement and interim report of Spring REIT for the six months period ended 30 June 2014;
- (iii) reviewed the internal control report of Spring REIT prepared by the internal auditor;
- (iv) considered and recommended to the Board on the re-appointment of external auditor of Spring REIT and approved the terms of engagement;
- (v) reviewed the legal and regulatory compliance matters for the year ended 31 December 2013 and for the six months period ended 30 June 2014 which included, among others, the connected party transactions of Spring REIT; and
- (vi) reviewed and approved the 2014 annual budget of Spring REIT prepared by the Manager.

Promotional Expenses

Pursuant to the waiver granted by the SFC on 21 November 2013 from strict compliance with the requirements under paragraph 9.13(b) of the REIT Code, certain expenses relating to marketing, promotion, advertising, roadshows, press conferences, luncheons, presentations, and other public relations-related fees (collectively "Promotional Expenses") are allowed to be paid out of the deposited property (as defined in the Trust Deed) of Spring REIT.

During the Reporting Year, the Promotional Expenses incurred amounted to US\$0.11 million. Pursuant to the conditions of the above-mentioned waiver and having reviewed the supporting evidences as it may reasonably deem necessary, the Audit Committee has confirmed that such Promotional Expenses were incurred (i) in accordance with the internal control procedures of the Manager; and (ii) the nature of these Promotional Expenses was solely for the purposes as set out in the relevant clauses of the Trust Deed.

Disclosures Committee

The members of the Disclosures Committee are appointed by the Board from among the Directors. The Disclosures Committee consists of three Directors, one of whom should at all times be an INED. The role of the Disclosures Committee includes reviewing matters relating to the disclosure of information to Unitholders and public announcements. The Disclosures Committee also works with the management of the Manager to ensure the disclosure of information is accurate, complete and not misleading. As at the date of this report, the members of the Disclosures Committee are Mr. Lau Jin Tin, Don (an Executive Director), Mr. Toshihiro Toyoshima (a Non-executive Director) and Mr. Lam Yiu Kin (an INED). Mr. Lau Jin Tin, Don has been appointed as the chairman of the Disclosures Committee.

The Disclosures Committee's responsibilities mainly include:

- (i) reviewing and making recommendations to the Board on matters of corporate disclosure issues and announcements regarding (without limitation) financial reporting, connected party transactions, and potential areas of conflict of interests;
- (ii) overseeing compliance with applicable legal requirements and the continuity, accuracy, clarity, completeness and currency of information disseminated by or on behalf of Spring REIT to the public and applicable regulatory agencies;
- (iii) reviewing and approving all material non-public information and all public regulatory filings of or on behalf of Spring REIT prior to such information being disseminated to the public or filed with applicable regulatory agencies;
- (iv) reviewing periodic and current reports, proxy statements, information statements, registration statements and any other information filed with regulatory bodies;
- (v) reviewing press releases containing financial information, information about material acquisitions or dispositions or other information material to Unitholders;
- (vi) reviewing correspondence containing financial information disseminated to Unitholders;
- (vii) selecting, appointing, directing and terminating, where appropriate, outside experts (such as legal advisors or accountants) as the Disclosures Committee deems necessary in the performance of its duties; and
- (viii) maintaining and updating the terms of reference as the Disclosures Committee deems appropriate.

Corporate Governance (continued)

During the Reporting Year, two physical meetings of the Disclosures Committee were held and 18 separate written resolutions were passed by all members of the Disclosures Committee. The attendance of individual directors at such Disclosures Committee meetings is as follows:

Members of the Disclosures Committee	Number of meetings attended/ Number of Meetings Held	Attendance Rate
Mr. Lau Jin Tin, Don (<i>Chairman</i>)	2/2	100%
Mr. Toshihiro Toyoshima	2/2	100%
Dr. Tang Tin Sek (passed away on 2 December 2014)	2/2	100%
Mr. Lam Yiu Kin (appointed on 12 January 2015)	Not Applicable	Not Applicable

The following is a summary of the major work done of the Disclosures Committee during the Reporting Year:

- (i) reviewed and approved the disclosure of the final results announcement and the 2013 final distribution, annual report for the year ended 31 December 2013, draft announcement relating to the payment of Manager's fees in cash and in Units;
- (ii) reviewed and approved the disclosure of the interim results announcement and 2014 interim distribution, interim report for the six months period ended 30 June 2014;
- (iii) reviewed and approved the draft announcement in relation to special distribution;
- (iv) reviewed and approved the notice convening the annual general meeting;
- (v) reviewed and approved the draft announcements in relation to unaudited operating statistics for 30 June 2014 and 30 September 2014;
- (vi) reviewed and approved the draft announcement in relation to the 2014 election of Manager's fees;
- (vii) reviewed and approved the draft announcement in relation to change of address of the Manager;
- (viii) reviewed and approved the draft announcement in relation to the INED remuneration arrangement;
- (ix) reviewed and approved the draft announcement in relation to the passing away of an INED;
- (x) reviewed and approved the draft announcement in relation to early repayment of existing bank loans and new term loan facilities and connected party transaction; and
- (xi) reviewed and approved the draft announcement in relation to the 2015 election of Manager's fees.

Remuneration Committee

The members of the Remuneration Committee are appointed by the Board from among the Directors. A majority of the members of the Remuneration Committee shall at all times be INEDs. The Chairman of the Remuneration Committee shall at all times be an INED. As at the date of this report, the members of the Remuneration Committee are Mr. Simon Murray, Mr. Lam Yiu Kin (each of whom are INEDs) and Mr. Toshihiro Toyoshima (a Non-executive Director). Mr. Simon Murray has been appointed as the chairman of the Remuneration Committee.

The Remuneration Committee is responsible for reviewing the terms and conditions of employment of Directors and all senior staff of the Manager (other than the members of Remuneration Committee, whose remuneration is determined by the Board) and recommending an appropriate manpower deployment plan (including the succession plan for the management of the Manager and the Board), remuneration and retirement policies and packages. The Remuneration Committee also ensures that no Director is involved in deciding his own remuneration.

During the Reporting Year, one physical meeting of the Remuneration Committee was held and 3 separate written resolutions were passed by all members of the Remuneration Committee. The attendance of individual directors at such Remuneration Committee meeting is as follows:

Members of the Remuneration Committee	Number of meetings attended/ Number of Meeting Held	Attendance Rate
Mr. Simon Murray (<i>Chairman</i>)	1/1	100%
Dr. Tang Tin Sek (passed away on 2 December 2014)	1/1	100%
Mr. Toshihiro Toyoshima	1/1	100%
Mr. Lam Yiu Kin (appointed on 12 January 2015)	Not Applicable	Not Applicable

During the Reporting Year, the Remuneration Committee reviewed the existing terms and conditions of employment of the Directors and senior staff, remuneration packages of individual Executive Director and senior staff, remuneration of INEDs, manpower deployment plan, and remuneration and retirement policies. The Remuneration Committee also recommended the INED Remuneration arrangement as disclosed on page 38.

Nomination Committee

The members of the Nomination Committee are appointed by the Board from among the Directors. A majority of the members of the Nomination Committee shall at all times be INEDs. The Chairman of the Nomination Committee shall at all times be an INED or the Chairman of the Board. As at the date of this report, the members of the Nomination Committee are Mr. Toshihiro Toyoshima (a Non-executive Director), Mr. Simon Murray and Mr. Liping Qiu (each of whom are INEDs). Mr. Toshihiro Toyoshima has been appointed as the chairman of the Nomination Committee.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and its committees on an ongoing basis and for nominating, and providing recommendations on, persons for appointment, re-appointment or removal of Directors.

Corporate Governance (continued)

During the Reporting Year, one physical meeting of the Nomination Committee was held and 1 separate written resolutions were passed by all members of the Nomination Committee. The attendance of individual directors at such Nomination Committee meetings is as follows:

Members of the Nomination Committee	Number of meetings attended/ Number of Meeting Held	Attendance Rate
Mr. Toshihiro Toyoshima (<i>Chairman</i>)	1/1	100%
Mr. Simon Murray	0/1	0%
Mr. Liping Qiu	1/1	100%

During the Reporting Year, the Nomination Committee reviewed the structure, size and composition of the Board and the respective committees. The Nomination Committee also assessed the independence of INEDs.

Advisory Committee

The members of the Advisory Committee are appointed by the Board from among the Directors. As at the date of this report, the members of the Advisory Committee are Mr. Lau Jin Tin, Don, Mr. Nobumasa Saeki (each of whom are Executive Directors), Mr. Toshihiro Toyoshima and Mr. Hideya Ishino (each of whom are Non-executive Directors). The role of the Advisory Committee includes generally reviewing the management services provided by the Manager to Spring REIT, the financial performance of the Manager and Spring REIT, investor relations with respect to Spring REIT and potential acquisition opportunities, as well as supervising the performance of service providers to the Manager and Spring REIT (including the performance of the property manager and the building manager). The Advisory Committee presents information to the Board from time to time between Board meetings as advisable and ensures the smooth co-ordination between the various committees established by the Board. Where appropriate, the Advisory Committee can recommend to the chairman that a Board meeting be convened to discuss any Spring REIT matter. Meetings of the Advisory Committee are being held monthly (or more frequently if required) to review Spring REIT management issues and to make recommendations to the Board. During the Reporting Year, twenty one meetings were held by the Advisory Committee.

Company Secretary

The Manager has engaged Fair Wind Secretarial Services Limited, an external secretarial services provider, as the company secretary of the Manager (the "**Company Secretary**"). The primary contact person with the company secretary of the Manager is Ms. Alice Yu, the chief compliance officer of the Manager. The Company Secretary comprises a team of qualified company secretarial professionals who provide a full range of company secretarial support to the Manager and its Directors. Senior management of the Manager maintain regular contact with the Company Secretary to ensure the latter has knowledge of the affairs of Spring REIT. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable law, rules and regulations are followed.

Internal Auditor

The internal audit function of the Manager has been outsourced to BDO Financial Services Limited, an independent third party in accordance with the instructions of the Manager. The internal auditor (the “**Internal Auditor**”) has been engaged to perform an independent assessment of Spring REIT and the Manager’s internal control systems.

The Internal Auditor reports directly to the Audit Committee on audit matters, and to the Board on administrative matters.

The functions of internal audit include:

- (i) reviewing the accuracy and completeness of records of all operations and transactions of Spring REIT and ensuring that the Manager’s internal control system functions properly;
- (ii) identifying contingency events and escalating them to the appropriate level within the Manager; and
- (iii) reviewing and making recommendations to the Board or the Audit Committee (as the case may be) to ensure effective segregation of duties and operation functions of the Manager and effectiveness and accuracy of the reporting of irregularities and infringements of the Manager’s operational and compliance procedures.

During the Reporting Year, the Internal Auditor has conducted a risk-based review of the policies and procedures described in the Compliance Manual to ensure they have been operated as expected. Based on the results of the internal audit review for the year ended 31 December 2014 and the assessment of the Audit Committee thereon, the Board considers that the internal control systems are effective and adequate. No significant irregularity or deficiency in internal controls that may affect Unitholder’s investment and Spring REIT’s assets was identified.

External Auditor

Spring REIT’s external auditor is PricewaterhouseCoopers (“**PwC**”). The responsibilities of the external auditor with respect to the financial reporting are set out in the Independent Auditor’s Report on page 77 of this Annual Report. PwC has confirmed to the Audit Committee that they are independent with respect to acting as an external auditor to Spring REIT. PwC has been re-appointed for performing the audit for the financial year ending 31 December 2015.

Corporate Governance (continued)

During the Reporting Year, the fees paid/payable to PwC relating to audit and other non-audit services are set out as follows:

Services rendered	Fees paid/ payable US\$'000
— Audit services PwC	165
— Other non-audit services PwC	150
	315

Management of Business Risk

The Board meets quarterly or more often if necessary to review the financial performance of Spring REIT and the Manager against a previously approved budget. The Board also reviews any risks relating to the management and performance of Spring REIT from time to time, to examine liability management and acts upon any comments from the external auditor, where appropriate. In assessing any business risk, the Board will consider the economic environment and risk relevant to property market. In respect of risk management, mitigating strategies are formulated by the management team to combat with identified risks and are overseen by the Board on an ongoing basis. It reviews management reports and feasibility studies on individual development projects prior to approving any major transactions.

The Manager has put in place procedures to ensure well defined and accessible channels to report on suspected fraud, corruption, dishonest practices and for the independent investigation of any reports and appropriate follow up action. The aim of the whistle-blowing policy is to encourage the reporting of such matters in good faith with the confidence that persons making such reports will be treated fairly, and to the extent possible, be protected from reprisal.

Conflicts of Interest and Business Competitions

AD Capital may influence the affairs of Spring REIT through its control over RCA Fund 01, L.P. ("**RCA Fund**") and the Manager. RCA Fund, a fund managed by AD Capital pursuant to a management agreement between AD Capital and RCA Fund (acting through its general partner, RCAC), held 31.11% as at 31 December 2014. AD Capital will therefore have the ability to influence RCA Fund's right as a Unitholder in respect of the affairs of Spring REIT (in so far as such matters are subject to the vote by the Unitholders and RCA Fund is not required to abstain from voting), including in relation to approval of significant corporate transactions, such as acquisitions and disposals. In addition, as at 31 December 2014, the Manager is a wholly-owned subsidiary of AD Capital and some of its Non-executive Directors are also directors and/or senior executives of AD Capital. AD Capital may exercise influence over the activities of Spring REIT through the Manager.

The principal activities of AD Capital include investment in, among other things, real estate assets and, there can be no assurance that AD Capital will not invest in real estate assets in Beijing or elsewhere in the PRC or other parts of Asia in the future. Moreover, AD Capital may in the future manage or invest in other real estate investment trusts or other vehicles which may compete with Spring REIT. There can be no assurance that conflicts of interest will not arise between Spring REIT and AD Capital in the future.

Beijing Hua-re Real Estate Consultancy Co., Ltd., (the “**Property Manager**”) is currently 40% owned by AD Capital and 60% by third parties. If the Property Manager were to manage a property which competes with the Property, there can be no assurance that the Property Manager will not favor those properties owned by AD Capital or such third parties over the Property when providing management services to Spring REIT, which could lead to lower occupancy rates and/or lower rental income for the Property as a whole and thus materially adversely affect the business, financial condition, results of operations and prospects of Spring REIT and distributions to Unitholders.

All conflicts of interest are managed by the Board in accordance with the articles of association of the Manager and applicable laws, rules and regulations and the Compliance Manual. All conflicts of interest relating to Spring REIT shall be avoided and, if not possible, be managed.

The Manager has established the following measures to deal with conflicts of interest:

- (i) unless with the approval of the SFC, the Manager will not manage any REIT other than Spring REIT nor manage other real estate assets other than those in which Spring REIT has an ownership interest or investment;
- (ii) the Manager will ensure that it will be able to function independently from its shareholders and all executive officers are employed by the Manager on a full time basis and be dedicated to the operations of Spring REIT;
- (iii) the Manager also has INEDs and the Audit Committee which provide independent checks on the performance of the executive officers and ensure that the executive officers manage and operate Spring REIT independent from AD Capital;
- (iv) the Manager has established procedures to deal with conflict of interests under the Compliance Manual;
- (v) the Manager has established internal control systems to ensure that connected party transactions between Spring REIT and its connected persons are monitored and undertaken according to procedures and/or on terms in compliance with the REIT Code (or where applicable, in compliance with the waiver conditions imposed by the SFC) and that other potential conflicts of interest that may arise are monitored;
- (vi) all conflicts of interest involving a significant Unitholder or a Director will be required to be managed by a physical Board meeting rather than a written resolution and all INEDs who, and whose associates, have no material interest in the matter should be present at such Board meeting;
- (vii) a Director who has material interests in a matter which is the subject of a resolution proposed at a Board meeting of the Manager shall abstain from voting on the resolution concerned and shall not be counted in the quorum at the Board meeting at which such resolution is proposed; and
- (viii) the Property Manager has a team of operational staff exclusively dedicated to provide property management services to the Property. The Property Management Agreement (as defined in the Offering Circular) provides that the Property Manager shall act in the best interest of RCA01.

Corporate Governance (continued)

The Manager has established an internal control system intended to ensure that connected party transactions between Spring REIT and its connected persons are monitored and are undertaken on terms in compliance with the REIT Code and the Compliance Manual.

The Manager confirms that it is capable of performing, and shall continue to perform, its duties for Spring REIT independent of the related business of AD Capital, RCA Fund, RCAC and in the best interest of Spring REIT and the Unitholders.

Reporting and Transparency

Spring REIT prepares its financial statements in accordance with International Financial Reporting Standards with a financial year-end of 31 December and a financial half-year of 30 June. In accordance with the REIT Code, the annual reports and semi-annual reports for Spring REIT are published and sent to Unitholders and filed with the SFC no later than four months following each financial year-end and the semi-annual reports no later than two months following each financial half-year end respectively. In addition, Spring REIT provides Unitholders with unaudited operating statistics, such as occupancy levels and passing rents of the Property on a quarterly basis.

As required by the REIT Code, the Manager is required to keep Unitholders informed of any material information and developments with respect to Spring REIT in a timely and transparent manner in order to keep Unitholders apprised of the position of Spring REIT. The Manager furnishes Unitholders with notices of meeting of Unitholders, announcements relating to Spring REIT, circulars in respect of transactions that require Unitholders' approval or information that is material in relation to Spring REIT (such as connected party transactions, transactions that exceed a stated percentage threshold, a material change in Spring REIT's financial forecasts, an issue of new Units or a valuation of real estate held by Spring REIT). These documents are also made available by publishing them on the designated website of Hong Kong Exchanges and Clearing Limited and the website of Spring REIT.

Directors' Responsibility for Financial Statements

The Directors acknowledge their responsibility for preparation of consolidated financial statements of Spring REIT that give a true and fair view in accordance with International Financial Reporting Standard, the relevant provisions of the Trust Deed and the relevant disclosure requirements set out in Appendix C of the REIT Code.

The consolidated financial statements of Spring REIT for the year ended 31 December 2014 were audited by PwC and a statement on their responsibilities with respect to financial reporting are set out in the Independent Auditor's Report on page 77 of this Annual Report.

Issues of Further Units Post-Listing

To minimize the possible material dilution of holdings of Unitholders, any further issue of Units will need to comply with the pre-emption provisions contained in the REIT Code, the Trust Deed and any other applicable laws and regulations. Such provisions require that further issues of Units be first offered on a pro rata pre-emptive basis to existing Unitholders except that Units may be issued: (i) free of such pre-emption rights (ii) free of pre-emption rights in other circumstances provided that the approval of Unitholders by way of an ordinary resolution is obtained, provided that the number of Units issued under (i) and (ii) above shall not exceed an aggregate maximum in any financial year of 20% of the number of Units outstanding at the end of the previous financial year; and (iii) Units may be issued to independent third party as consideration for the acquisition of additional real estate.

Interests of, and dealings in Units by Directors, the Manager or the Significant Unitholders

To monitor and supervise any dealings of Units, the Manager has adopted a code containing rules on dealings in the securities of Spring REIT by the Directors and the Manager (the “**Dealings Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “**Model Code**”). Pursuant to the Dealings Code, all Directors, senior executives, officers or employees of the Manager, subsidiaries of the Manager or the special purpose vehicles of Spring REIT (“**Management Persons**”) who, because of his/her office or employment in the Manager, the relevant subsidiaries of the Manager or the relevant special purpose vehicles of Spring REIT, is likely to be in possession of unpublished price sensitive information in relation to the securities of Spring REIT wishing to deal in the Units, must first have regard to the provisions analogous to those set out in Parts XIII and XIV of the SFO with respect to insider dealing and market misconduct, as if those provisions applied to the securities of Spring REIT. In addition, a Director or the Manager must not make any unauthorized disclosure of confidential information obtained in the course of his/her or its service to any other person or make any use of such information for the advantage of himself or itself or others. The Dealings Code also extends to senior executives and officers of the Manager. Specific enquiry has been made with the Manager’s Directors, senior executives and officers and they have confirmed that they complied with the required standard set out in the Dealings Code throughout the Reporting Year.

Management Persons who are in the possession of, aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are significant transactions or any unpublished inside information must refrain from dealing in the Units as soon as they become in the possession of, aware of them or privy to such information until proper disclosure of the information in accordance with the REIT Code and any applicable provisions of the Listing Rules. Management Persons who are privy to relevant negotiations or agreements or any inside information should caution those Management Persons who are not so privy that there may be unpublished inside information and that they must not deal in Spring REIT’s securities until proper disclosure of information has been made.

Corporate Governance (continued)

A Management Person and the Manager must not deal in any securities of Spring REIT at any time when he/she is in possession of unpublished price-sensitive information in relation to those securities, or where clearance to deal is not otherwise conferred upon him/her in the manner as provided in the Dealings Code. In addition, Management Persons must not deal in the securities of Spring REIT on any day on which Spring REIT's financial results are published and: (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the annual results; and (b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) or half-yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the relevant results, unless the circumstances are exceptional. In any event, in the case of dealings by a Management Persons, the Management Persons must comply with the procedures set out in the Dealings Code.

Under the Trust Deed and by virtue of Part XV of the SFO, Unitholders will have a notifiable interest if their holdings of Units reach or exceed the notifiable percentage level (as defined in the SFO for the purposes of Part XV of the SFO), i.e. 5.0% of the Units then in issue, and are required to notify the Stock Exchange and the Manager of their holdings in Spring REIT. The Manager keeps a register for these purposes and records in the register, against a person's name, the particulars provided pursuant to the notification and the date of entry of such record. The said register is available for inspection by the Trustee and any Unitholder at any time during business hours upon reasonable notice to the Manager.

Communication with Unitholders

The Manager considers that mutual and effective communication with Unitholders and the investment community about corporate strategy, business development and prospects is an important priority for Spring REIT. The Manager also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Unitholders and investors to make informed decisions.

The convening of an annual general meetings of Unitholders by the Manager is one of the communication channels between the Board and the Unitholders. It provides an opportunity for Unitholders to obtain a better understanding of and, if necessary, to enquire the Board about Spring REIT's operating performance. The annual general meeting was held on 22 May 2014 and attended by all the Directors and the external auditor.

Investors and Unitholders may at any time direct their enquiries about Spring REIT to the Board by writing to the Manager's office in Hong Kong at Suite 2801, 28th Floor, Man Yee Building, 68 Des Voeux Road Central, Hong Kong or by email to website at: ir@springreit.com.

Notice of Unitholders' Meetings

The Trustee or the Manager may at any time convene a meeting of Unitholders. The Manager shall also convene a meeting of Unitholders if requested in writing by not less than two Unitholders registered as holding together not less than 10% of the Units for the time being in issue and outstanding. Whilst it is a requirement under the Trust Deed that at least 14 days' or 10 clear business days' (whichever is longer) notice of the meeting shall be given to Unitholders where an ordinary resolution is proposed for consideration at such meeting, and at least 21 days' or 20 clear business days' (whichever is longer) notice shall be given to Unitholders where a special resolution is proposed for consideration at such meeting, the Manager has adopted the requirement under the Corporate Governance Code of the Listing Rules that notice of annual general meeting should be sent at least 20 clear business days before the meeting and notice of all other general meetings should be sent at least 10 clear business days before the meetings.

Matters to be decided by Unitholders by special resolution

A meeting of Unitholders when convened may, by way of a special resolution and in accordance with the Trust Deed, among others, the following matters:

- (i) change in the Manager's investment policies and objectives of Spring REIT;
- (ii) disposal of any of Spring REIT's investment (which is in the nature of real estate or shares in any special purpose vehicle holding interest in real estate) prior to the expiry of two years from the time of Spring REIT's holding of such investment;
- (iii) any increase in the rate above the permitted limit or change in structure of the Manager's fees (other than any additional fee as allowed under the Trust Deed);
- (iv) any increase in the rate above the permitted limit or change in structure of the Trustee's fees (other than any additional fee as allowed under the Trust Deed);
- (v) any modifications, variation, alteration or addition to the Trustee Deed which shall be agreed by the Trustee and the Manager as provided in the Trust Deed (save for issues that are necessary to comply with applicable regulatory requirements);
- (vi) remove Spring REIT's external auditor and appoint new external auditor;
- (vii) remove the Trustee and appoint new Trustee;
- (viii) termination of Spring REIT; and
- (ix) merger of Spring REIT in compliance with applicable provisions of the Takeover Code.

Corporate Governance (continued)

Quorum

Two or more Unitholders present in person or by proxy registered as holding together not less than 10% of the Units for the time being in issue and outstanding will form a quorum for the transactions of all business, except for the purpose of passing a special resolution. The quorum for passing a special resolution will be two or more Unitholders present in person or by proxy registered as holding together not less than 25% of the Units for the time being in issue and outstanding.

Voting

For a meeting at which Unitholders have a material interest in the business to be conducted and that interest is different from the interests of other Unitholders which includes but not limited to an issue of new Units where a Unitholder may increase his holdings of Units by more than his pro rata share, such Unitholders shall be prohibited from voting their own Units at such meeting or being counted in the quorum for such meeting.

Poll Vote

At any meeting, a resolution put to the meeting shall be decided on a poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, and the result of the poll shall be deemed to be the resolution of the meeting. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder provided that such Units are fully paid up. Votes cast by a Unitholder in contravention of the REIT Code or Listing Rules shall not be counted.

Investor Relations

The Manager is committed to providing an open and effective communication platform, ensuring that Unitholders and the investment community at large are informed of the ongoing developments of Spring REIT. The Manager reinforces this platform by utilizing a variety of interactive means to engage and maintain dialogues with investors and analysts. The Manager believes feedback and comments from the investment community are critical to shaping the future direction of Spring REIT.

To the extent possible under the current regulatory framework, communications with investors are conducted through:

- (i) direct communication including physical meetings conducted with the senior management of the Manager, both locally and overseas;
- (ii) guided property tours organized by the Manager and the property management team;
- (iii) provision of regular communication materials; and
- (iv) announcements and press releases posted on Spring REIT's website, including disclosures made pursuant to regulatory requirements or on a voluntary basis.

Other than annual and interim results announcements, the Manager also voluntarily releases the unaudited operational statistics of Spring REIT on a quarterly basis.

Constitutional Documents

During the Reporting Year, there is no change in Spring REIT's and the Manager's constitutional documents, such as Trust Deed and the Manager's articles of association.

Compliance with the Compliance Manual

During the Reporting Year, both the Manager and Spring REIT have in material terms complied with the provisions of the Compliance Manual. The Compliance Manual was updated twice during the Reporting Year.

Review of Annual Report

The consolidated annual results of Spring REIT for the Reporting Year have been reviewed by the Audit Committee and the Disclosures Committee of the Manager in accordance with their respective terms of reference. The consolidated annual results of Spring REIT for the Reporting Year have also been audited by the external auditor of Spring REIT in accordance with International Auditing Standards.

Change in Information of Directors of the Manager

During the Reporting Year, the Manager received notification regarding the following change of Director's information:

Director	Change in Information
Mr. Lau Jin Tin, Don Executive Director of the Manager	— Appointed as a director of RCA01 with effect from 23 May 2014.
	— Appointed as the independent non-executive director and a member of the audit and nomination committees of WH Group Limited (a company listed on the Stock Exchange (stock code:0288)) with effect from 5 August 2014.
Mr. Simon Murray Independent Non-Executive Director of the Manager	— Resigned as the Vice Chairman and independent non-executive director of Essar Energy plc (a company listed on the London Stock Exchange) on 19 May 2014.
	— Appointed as the independent non-executive director of China LNG Group Limited (a company listed on the Stock Exchange (stock code:9311)) with effect from 23 October 2014.

Corporate Governance (continued)

Purchase, Sale or Redemption of Units

During the Reporting Year, there was no purchase, sale or redemption of the Units by the Manager on behalf of Spring REIT or any of the special purpose vehicles that are owned and controlled by Spring REIT.

Public Float of the Units

Based on information that is publicly available and within the knowledge of the Directors, Spring REIT maintained a public float of not less than 25% of the issued and outstanding Units as of 31 December 2014.

Investments in Property Development and Relevant Investments

As at 31 December 2014, Spring REIT did not enter into any (i) Investments in Property Development and Related Activities (as defined in the REIT Code); and (ii) Relevant Investments (as defined in the REIT Code).

Foreign Account Tax Compliance Act ("FATCA")

Hong Kong and the United States ("U.S.") have signed a Model 2 inter-governmental agreement ("IGA") on 13 November 2014. Pursuant to the IGA, a Hong Kong "financial institutions" will need to register with US Internal Revenue Service ("IRS"). As Spring REIT is recognised as a "financial institution" for the purpose of FATCA, the Manager, in its capacity as the "Sponsoring Entity" of Spring REIT, has registered with the IRS on 27 June 2014 and the registration was approved on 29 June 2014.

Connected Party Transactions

The connected party transaction rules of the REIT Code govern transactions between Spring REIT and/or RCA01 and their connected persons (as defined in Paragraph 8.1 of the REIT Code). Such transactions will constitute connected party transactions for the purposes of the REIT Code.

Spring REIT's connected persons (as defined in Paragraph 8.1 of the REIT Code) includes, among others:

- (a) the Manager of Spring REIT;
- (b) the Principal Valuer of Spring REIT;
- (c) the Trustee of Spring REIT;
- (d) a significant holder;

Notes:

- (1) A holder is a significant holder if it holds 10% or more of the outstanding Units.
- (2) The following holdings will be deemed holdings of a holder:
 - (i) holdings of the associate of the holder who is an individual; or
 - (ii) holdings of the director, senior executive, officer, controlling entity, holding company, subsidiary or associated company of the holder if the holder is an entity.
- (e) a director, senior executive or an officer of any of the entities in (a), (b), (c) or (d) above;
- (f) an associate of the persons in (d) or (e); and
- (g) a controlling entity, holding company, subsidiary or associated company of any of the entities in (a) to (d).

Set out below is information in respect of connected party transactions during the year ended 31 December 2014 involving Spring REIT and/or RCA01 and their connected persons as defined in Paragraph 8.1 of the REIT Code, which are governed by Chapter 8 of the REIT Code based on the best knowledge of the Manager.

The terms "associated company" and "associate" shall have the same meanings as they are defined under the REIT Code.

Waivers from Strict Compliance

Waivers from strict compliance with the disclosure and approval requirements of Unitholders under Chapter 8 of the REIT Code in respect of certain connected party transactions entered into by Spring REIT and/or RCA01 with its connected persons (the "Waivers") have been granted by the SFC. The Waivers have been granted subject to the relevant waiver terms and conditions including, inter alia, the requirements that transactions should be entered into on normal commercial terms in the ordinary and usual course of business of Spring REIT, and are to be reviewed by the auditor of Spring REIT, the Independent Non-executive Directors of the Manager and/or the audit committee of the Manager and (in respect of certain types of transactions) the transaction amounts should be within the specified annual caps and shall be disclosed in Spring REIT's semi-annual and annual reports as required under Paragraph 8.14 of the REIT Code (the "Waiver Conditions").

During the Reporting Year, Spring REIT has complied with the requisite Waiver Conditions, where applicable.

Connected Party Transactions (continued)

Connected Party Transactions – Income

The following table sets out information on connected party transactions (other than those transactions entered into with the Trustee Connected Persons (as defined in the Offering Circular)) from which Spring REIT derived its income during the Reporting Year:

Name of Connected Party	Relationship with Spring REIT	Nature of Connected Party Transaction	Income for the Reporting Year RMB	Rental Deposit received as at 31 December 2014 RMB
AD Capital (Beijing) Investment Consulting Co., Ltd.	Associated company of the Manager and associate of a director of the Manager (Note 1)	Leasing	687,039	216,244
DBJ-JAIC Investment Consulting (Beijing) Co., Ltd.	Associated company of the Manager (Note 2)	Leasing	651,997	NIL
Wownew (Beijing) Commerce Co. Ltd.	Associate of a director of the Manager (Note 3)	Leasing	142,043	NIL

Notes:

- AD Capital (Beijing) Investment Consulting Co., Ltd. (formerly Asuka DBJ (Beijing) Investment Consulting Co., Ltd.) is wholly owned by AD Capital Co., Ltd., which holds 100% shareholding in the Manager. Toshihiro Toyoshima is a director of AD Capital (Beijing) Investment Consulting Co., Ltd.
- DBJ-JAIC Investment Consulting (Beijing) Co., Ltd. is owned as to 48% by Development Bank of Japan Inc., which indirectly holds a 49% shareholding in the Manager through AD Capital Co., Ltd. The lease with DBJ-JAIC Investment Consulting (Beijing) Co., Ltd. has expired in September 2014.
- Toshihiro Toyoshima, a director of the Manager, is also a director of Wownew (Beijing) Commerce Co. Ltd. The lease with Wownew (Beijing) Commerce Co. Ltd. has expired in May 2014.

Connected Party Transactions — Expenses

The following table sets out information on connected party transactions (other than those transactions entered into with the Trustee Connected Persons) in which Spring REIT incurred its expenses during the Reporting Year:

Name of Connected Party	Relationship with Spring REIT	Nature of Connected Party Transaction	Expenses for the Reporting Year RMB
Beijing Hua-re Real Estate Consultancy Co., Ltd.	Associated company of the Manager (Note 1)	Property management	10,080,608

Note:

1. Beijing Hua-re Real Estate Consultancy Co., Ltd. is owned as to 40% by AD Capital Co., Ltd., which holds 100% shareholding in the Manager.

Connected Party Transactions with Trustee Connected Persons

The following table sets out information on connected party transactions with the Trustee Connected Persons during the Reporting Year:

Name of Connected Party	Relationship with Spring REIT	Nature of Connected Party Transaction	Income for the Reporting Year RMB	Rental Deposit received as at 31 December 2014 RMB
-------------------------	-------------------------------	---------------------------------------	-----------------------------------	--

Leasing Transactions

Deutsche Bank AG and its associated companies	Trustee Connected Persons	Leasing	45,167,902	6,803,393 (Note 1)
---	---------------------------	---------	------------	--------------------

Ordinary Banking and Financial Services

Deutsche Bank AG, Hong Kong Branch	Trustee Connected Persons	Interest income received/receivable on bank deposits	2,875,044	N/A
Deutsche Bank AG, Hong Kong Branch	Trustee Connected Persons	Bank charges	29,155	N/A
Deutsche Bank AG, London Branch	Trustee Connected Persons	Fees related to loan commitment	5,943,648	N/A

Note:

1. A rental deposit by way of bank guarantee provided by Deutsche Bank (China) Co., Ltd. was held by RCA01 as at 31 December 2014.

Connected Party Transactions (continued)

Connected Party Transactions – Leasing under which the annual income exceed HK\$1 million

The following table sets forth information on leasing transactions with connected persons with annual income that exceeds HK\$1 million.

Name of Connected Party	Relationship with Spring REIT	Nature of Connected Party Transaction	Rental income for the Reporting Year RMB
Deutsche Bank (China) Company Ltd.	Trustee connected person	Lease for the whole of 26th, 27th and 28th floors of Tower 1, China Central Place and signage income	30,333,344
Zhong De Securities	Trustee connected person	Lease for the whole of 22nd and 23rd floors of Tower 1, China Central Place and signage income	14,834,558

Confirmation by the Manager and Trustee of Corporate Finance Transaction with the Trustee Connected Persons

Both the Manager and the Trustee confirm that there is no corporate finance transaction and other connected party transaction (save and except for those disclosed hereinabove) with the Trustee Connected Persons during the Reporting Year and that the Trustee has not been involved in the making of any decision to enter into any corporate finance transaction on behalf of Spring REIT (subject to the Trustee's duties of oversight under the REIT Code and the Trust Deed) including the selection of the financial advisor of the transaction.

Confirmation by the INEDs

The INEDs have confirmed that they have reviewed the terms of all relevant connected party transactions above and that they are satisfied that these transactions have been entered into:

- (a) in the ordinary and usual course of business of Spring REIT;
- (b) on normal commercial terms (to the extent that there are comparable transactions) or, where there are insufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to Spring REIT than terms available to or from (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreement and the Manager's internal procedures governing them, if any, on terms that are fair and reasonable and in the interests of the Unitholders as a whole.

Report from the Auditor in Relation to Certain Connected Party Transactions

The continuing connected party transactions conducted in the year have been reviewed by the external auditor in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The external auditor has issued an unqualified letter containing its findings and conclusions in respect of the connected party transactions including lease transactions, property management transactions and transactions involving ordinary banking and financial services in accordance with the Waivers from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code granted by the SFC. A copy of such report would be issued and provided to the SFC.

Agreed-upon procedures are conducted in each year end on connected party transactions including lease transactions, property management transactions and transactions involving ordinary banking and financial services in relation to the Manager's internal procedures in accordance with Hong Kong Standards on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" under HKICPA. A copy of such report would be issued and provided to the SFC.

Terms and Remuneration of Services Provided by the Manager, the Trustee and the Principal Valuer

Pursuant to note 2 to Paragraph 8.10 of the REIT Code, services provided by the Manager, the Trustee and the Principal Valuer to Spring REIT as contemplated under the constitutive documents shall not be deemed connected party transactions. Therefore, such services are not disclosed in the above sections. During the year ended 31 December 2014, the aggregate amount of fees payable by Spring REIT to the Trustee and the Manager were RMB1,448,397 and RMB45,583,582 respectively.

During the Reporting Year, an amount of RMB847,691 in aggregate was rendered for services to the Group by Colliers International and its associated entities. Among these, approximately RMB310,358 was the valuation fee incurred for service rendered by Colliers International in its capacity as the Principal Valuer of Spring REIT.

Particulars of services provided by the Trustee, the Manager and the Principal Valuer are set out in notes 7, 10 and 7 respectively of the consolidated financial statements of Spring REIT for the year ended 31 December 2014.

Disclosure of Interests

The REIT Code requires that connected persons (as defined in Paragraph 8.1 of the REIT Code) of Spring REIT shall disclose their interests in Units. In addition, under the provisions of the Trust Deed, Part XV of the SFO is also deemed to be applicable to, among other things, the Director and chief executives of the Manager.

Interests Held by the Manager, the Directors, Senior Executives and Officers of the Manager

As at 31 December 2014, the interests and short positions held by the Manager, the Directors, senior executives and officers of the Manager in the Units which were required to be disclosed to the Manager and the Stock Exchange pursuant to the provisions of Part XV of the SFO are set out below:

Name	Capacity/ Nature of Interest	As at 31 December 2014		As at 31 December 2013		Change in % interest
		Number of Units Interested (Long Position)	Approximate % of interest ⁵	Number of Units Interested (Long Position)	Approximate % of interest ⁵	
The Manager						
Spring Asset Management Limited	Beneficial owner/ Beneficial interest	11,420,088 ^{1,4}	1.03%	–	0.00%	1.03%
Directors						
Toyoshima Toshihiro	Beneficial owner/ Personal interest	400,000	0.04%	–	0.00%	0.04%
Lau Jin Tin, Don	Beneficial owner/ Personal interest	200,000	0.02%	–	0.00%	0.02%
Nobumasa Saeki	Beneficial owner/ Personal interest	200,000	0.02%	–	0.00%	0.02%
Hideya Ishino	Beneficial owner/ Personal interest	49,000	0.00%	–	0.00%	0.00%
Simon Murray	Beneficial owner/ Personal interest	24,000 ²	0.00%	–	0.00%	0.00%
Liping Qiu	Beneficial owner/ Personal interest	24,000 ³	0.00%	–	0.00%	0.00%

Notes:

1. During the Reporting Year, the Manager received 11,468,088 new Units as payment of the Manager's fees. The Manager paid (from the assets of the Manager not Spring REIT) its INEDs 48,000 Units in lieu of cash for the INEDs' remuneration, pursuant to the announcement made by the Manager on 24 October 2014.
2. Mr. Simon Murray received these Units in lieu of cash, pursuant to the announcement made by the Manager on 24 October 2014 regarding the arrangement for remuneration of INED paid out of the Manager's own asset. As at 31 December 2014, there had been no change to (i) the INED's remuneration; and (ii) the annual election made by this INED.
3. Mr. Liping Qiu received these Units in lieu of cash, pursuant to the announcement made by the Manager on 24 October 2014 regarding the arrangement for remuneration of INED paid out of the Manager's own asset. As at 31 December 2014, there had been no change to (i) the INED's remuneration; and (ii) the annual election made by this INED.
4. 17,000 Units represent INED's remuneration pursuant to the announcement made by the Manager on 24 October 2014 regarding the arrangement for remuneration of INED out of the Manager's own asset were payable to Dr. Tin Sek Tang, INED of the Manager. Due to the passing away of Dr. Tang, these Units have not been transferred to Dr. Tang as at 31 December 2014.
5. The percentages expressed are based on the total number of issued Units of 1,109,468,088 as at 31 December 2014 and 1,098,000,000 as at 31 December 2013 respectively.

Save as disclosed, none of the Manager, the Directors, senior executives or senior officers of the Manager had beneficially interested (or deemed to be interested) in Units or held any short position in Units as at 31 December 2014 which were required to be notified to the Manager and the Stock Exchange pursuant to Divisions 7, 8 and 9 of Part XV of the SFO or pursuant to the Dealings Code as adopted by the Manager.

Interests Held by Significant Holders

As at 31 December 2014, based on the information available to the Manager, each of the following persons was considered as a "significant holder" of Units and hence a "connected person" of Spring REIT within the meaning and for the purpose of the REIT Code. Their interests or short positions in Units which were required to be disclosed to the Manager and the Stock Exchange pursuant to the provisions of Part XV of the SFO are set out below:

Name	Capacity/ Nature of Interest	As at 31 December 2014		As at 31 December 2013		Change in % interest
		Number of Units Interested (Long Position)	Approximate % of Issued Units ¹	Number of Units Interested (Long Position)	Approximate % of Issued Units ¹	
RCA Fund ²	Beneficial owner/ Beneficial interest	345,204,000	31.11	658,500,000	59.97	-28.86
RCAC ²	Interest of controlled corporation/corporate interests	345,204,000	31.11	658,500,000	59.97	-28.86
Asuka Asset Management Co., Ltd.	Investment manager/ other interest	132,703,000	11.96	-	-	+11.96

Disclosure of Interests (continued)

Notes:

- The percentages expressed are based on the total number of issued Units of 1,109,468,088 as at 31 December 2014 and 1,098,000,000 as at 31 December 2013 respectively.
- Based on the information available to the Manager, RCAC is a general partner of RCA Fund. RCAC has the exclusive right on the management, control and operation in RCA Fund and is deemed to have corporate interest in the Units held by RCA Fund.

Pursuant to the Offering Circular, during the Reporting Year, RCA Fund made distributions in-specie of 313,296,000 Units in aggregate to its limited partners. As a result of such distributions in-specie, Asuka Asset Management Co., Ltd. and HS Securities Co., Ltd. reached or exceeded the notifiable percentage level (as defined in SFO).

Save as disclosed above and information available to the Manager, no other significant holders had beneficially interested (or deemed to be interested) in Units or held any short position in Units as at 31 December 2014 which were required to be notified to the Manager and the Stock Exchange pursuant to Divisions 2, 3 and 4 of Part XV of the SFO or pursuant to the Dealings Code as adopted by the Manager.

Interests Held by Substantial Unitholders under the SFO

As at 31 December 2014, the interests and short position in Units held by persons, other than the Manager, its Directors or senior executives and officers of the Manager or significant holders of Spring REIT, who were interested in 5% or more but below 10% of Units which were required to be disclosed to the Manager and the Stock Exchange pursuant to the provisions of Part XV of the SFO are set out below:

Name	Capacity/ Nature of Interest	As at 31 December 2014		As at 31 December 2013		Change in % interest
		Units Interested (Long Position)	Approximate % of Issued Units ¹	Units Interested (Long Position)	Approximate % of Issued Units ¹	
HS Securities Co., Ltd.	Beneficial owner/ Beneficial interest	60,465,000	5.45	-	-	+5.45
Principal Real Estate Investors, LLC	Investment manager/ other interest	58,199,000	5.25	-	-	+5.25

Note:

- The percentages expressed are based on the total number of issued Units of 1,109,468,088 as at 31 December 2014 and 1,098,000,000 as at 31 December 2013 respectively.

Save as disclosed above and the information available to the Manager, the Manager is not aware of any other substantial Unitholders under the SFO had beneficially interested (or deemed to be interested) in 5% or more but below 10% of Units or held any short position in Units as at 31 December 2014 which were required to be notified to the Manager and the Stock Exchange pursuant to Divisions 2, 3 and 4 of Part XV of the SFO or pursuant to the Dealings Code as adopted by the Manager.

Interests Held by Other Connected Persons

Dr. Tin Sek Tang, the former Independent Non-executive Director of the Manager, passed away on 2 December 2014. Pursuant to the announcement of Spring REIT dated 24 October 2014 in connection with the INED Remuneration Arrangement, Dr. Tang would entitle to a total of 17,000 Units for the period from 1 October 2014 to 2 December 2014 as his director's remuneration. As at 31 December 2014, such 17,000 Units have not been transferred to him or his estate.

As at 31 December 2014, saved as disclosed above and the information available to the Manager, the Manager is not aware of any other connected persons of Spring REIT, including the Trustee and the Principal Valuer, who are interested (or deemed to be interested) in Units which were required to be notified to the Manager and the Stock Exchange pursuant to the Part XV of the SFO or pursuant to the Dealings Code as adopted by the Manager.

Valuation Report



26 January 2015

Spring Asset Management Limited
(as manager of Spring Real Estate Investment Trust)
Room 2801, 28/F Man Yee Building
68 Des Voeux Road
Central
Hong Kong

DB Trustees (Hong Kong) Limited
(as trustee of Spring Real Estate Investment Trust)
52/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Australia and New Zealand Banking Group Limited, Singapore Branch
(as Facility Agent of the syndicated loan to RCA01)
10 Collyer Quay, #22-0 Ocean Financial Centre
Singapore

Dear Sirs

Re: Office Tower 1 & 2 in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings located at Nos.79 and 81 Jianguo Road, Chaoyang District, Beijing, the People's Republic of China (the "Property")

Instructions

With reference to the instructions received from Spring Asset Management Limited (as manager of Spring Real Estate Investment Trust) (the "**REIT Manager**") and DB Trustees (Hong Kong) Limited to value the Property held by RCA01 (the "**Company**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary to provide you with our opinion of the market value of the Property, as at 31 December 2014 (the "**Valuation Date**"), for Accounting and Financing Purposes.

Basis of Valuation

Our valuation of the Property represents the market value which we would define as “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value. The value of a property is also estimated without regard to costs of sale or purchase, and without offset for any associated taxes.

Valuation Methodology

In the course of our valuation, we have taken into account the existing tenancies of the Property.

We have adopted Discounted Cash Flow Analysis (“**DCF Analysis**”) to assess the market value of the Property. DCF Analysis involves discounting the estimated future net cash flows of the Property to its present value by using an appropriate discount rate that reflects the rate of return required by a third-party investor for an investment of this type. The DCF Analysis, which factors annual rental income streams, was based on the following assumptions:

- (i) We have estimated the market rent, excluding the property management fee, as at the Valuation Date is RMB425 per sq m per month based on newly-committed leases in the last six months. For 2015 and 2016, the rent will grow at 0% and 3% per annum, respectively, followed by an annual growth rate of 5% from 2017 to 2019;
- (ii) We have made reference to the occupancy rate of similar office developments in Beijing CBD and adopted a long-run occupancy rate of 95% in DCF Analysis;
- (iii) The discount rate adopted was 8.75%. We have taken into account the location, income and tenant mix of the Property and the rate of return requirement of property investors when determining the discount rate;
- (iv) A terminal capitalisation rate of 5.75% was applied when deriving the present value of the cash flows after year 2019;
- (v) The operating period of the Property is based on the un-expired term of the land-use rights of approximately 39 years as mentioned in the land-use rights certificate of the Property.

Valuation Report (continued)

We have also carried out the valuation by the Income Capitalisation Approach, which is a valuation method typically used for income-producing properties. The Income Capitalisation Approach estimates the values of the properties on an open market basis by capitalising rental income on an assumed fully leased basis having regard to the current passing rental income from existing tenancies and potential future reversionary income at the market level. In this valuation method, the total rental income is divided into a current passing rental income over the existing lease term (the term income) and a potential future reversionary rental income over the residual land-use term (the reversionary income). The term value involves the capitalisation of the current passing rental income over the existing lease term. The reversionary value is taken to be current market rental income upon the expiry of the lease over the residual land-use rights term and is capitalised on an assumed fully leased basis. The gross yield adopted for capitalisation of the rental income is derived with reference to the comparable Grade A offices in Beijing in consideration of the characteristics of the Property. This expected return reflects implicitly the quality of the investment, the expectation of the potential future rental growth, capital appreciation, risk factors, and our experience in valuing other similar properties.

The market rent adopted in the Income Capitalisation Approach is RMB425 per square meter per month, which is in line with our assumption in DCF approach as it reflects the achievable rent in the market. The adopted capitalisation rate in our valuation is 6.75%. The capitalisation rate applied to the rental income generated for the unexpired term of the land-use rights of the Property until 28 October 2053.

Assumptions and Caveats

Our valuation has been made on the assumption that the owner sells the Property on the open market in their existing state without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Property. In addition, no forced sale situation in any manner is assumed in our valuation.

In our valuations, we have not made any allowance for any charges, mortgages or amounts owing on the Property or for expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

We have assumed that no significant capital expenditure by the owners of the Property will be required in the foreseeable future.

We are not aware of any significant overseas taxes expected to be charged in respect of the Property.

Title Investigation

We have been provided with copies of documents in relation to the title of the Property interests situated in the PRC. We have not, however, examined the original documents to verify ownership or to verify any material encumbrances that might be attached to the Property or any amendments, which may not appear on the copies handed to us. We have relied on the PRC legal opinion given by the Manager's PRC legal adviser on the PRC law regarding title to the Property.

Valuation Consideration

We have relied to a very considerable extent on the information provided by the Manager and have accepted advice given to us on such matters as development schemes for the Property and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information provided to us by the Manager.

We have inspected the exterior of the Property and, where possible, we have also inspected the interior of the premises. However, we have not carried out investigations to determine the suitability of the ground conditions, the services, etc. for any future development. According to the Building Condition Survey Report prepared by Nikken Sekkei Co., Ltd provided to us by the Manager, the Property is structurally safe and is maintained in a good condition. We have not carried out detailed site measurements to verify the correctness of the site and floor areas in respect of the Property but have assumed that the site and floor areas provided to us are correct. All documents and contracts have been used as a reference only and all dimensions, measurements and areas are approximations.

Remarks

Our valuation is prepared in accordance with Chapter 6.8 of the Code on Real Estate Investment Trusts (the "REIT Code") issued by the Securities and Futures Commission (the "SFC"), the Practice Note on Overseas Investment by SFC — Authorized Real Estate Investment Trusts (forming part of the REIT Code) and the "HKIS Valuation Standards on Properties (First Edition 2005)" published by The Hong Kong Institute of Surveyors and the RICS Valuation — Professional Standards, incorporating the International Valuation Standards (2014) published by the Royal Institution of Chartered Surveyors.

Valuation Report (continued)

This valuation report is prepared on a fair and unbiased basis and is issued subject to our general assumptions and limitation conditions.

We hereby certify that we have neither present or prospective interests in Spring REIT and/or the Company. Pursuant to Paragraph 6.5 of the REIT Code, we confirm that we are independent to Spring REIT, the Trustee, the Manager and each of the significant holders of Spring REIT.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB). Our valuation certificate is attached.

Yours faithfully,
For and on behalf of
Colliers International (Hong Kong) Ltd

Zhi Rong He (Flora He)

MRICS MCOMFIN

Senior Director

Valuation and Advisory Services I China

David Faulkner

BSc (Hons) FRICS FHKIS RPS(GP) MAE

Executive Director

Valuation and Advisory Services I Asia

Note: Mr. David Faulkner, Chartered Valuation Surveyor, BSc (Hons), FRICS, FHKIS, RPS (GP), MAE, has over 25 years of experience in the valuation of properties in Hong Kong and the PRC.

Ms. Zhi Rong He (Flora He), Chartered Valuation Surveyor, MRICS, MCOMFIN, has over 10 years of experience in the valuation of properties in Hong Kong and the PRC.

Valuation of the Property

Valuation Abstract

Property:	Office Tower 1 & 2 in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings located at Nos.79 and 81 Jianguo Road, Chaoyang District, Beijing, the People's Republic of China (中華人民共和國北京市朝陽建國路79, 81華貿中心1, 2號樓辦公區域及地下車位部分)
Description:	The Property comprises all of the office floors of Office Tower 1 (including Levels 4 to 28, and the emergency shelter floor on Level 16, which contains no lettable space) and Office Tower 2 (including Levels 4 to 32, and the emergency shelter floor on Level 20, which contains no lettable space) in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings. The Property was completed in 2006 and the office portion is of Premium Grade (the highest quality of Grade A) quality by Colliers International's definition.
Site Area:	13,692.99 sq m
GFA:	Office: 120,245.19 sq m Car Park: 25,127.35 sq m Total: 145,372.54 sq m
Registered Owner:	RCA01
State-owned Land-Use Rights Certificate:	Jing Chao Guo Yong (2010 Chu) Di 00118 Hao (京朝國用(2010出)第00118号)
Permitted Use:	Office and car park uses
Building Ownership Certificate:	56 Real Estate Ownership Certificates Nos. X Jing Fang Quan Zheng Chao She Wai Zi Di 521508 to 521593 Hao (discontinuous)
Valuation Date:	31 December 2014
Valuation Approach:	Discounted Cash Flow Analysis ("DCF Analysis") Income Capitalisation Approach
Market Value in Existing State as at 31 December 2014:	DCF Analysis: RMB8,076,000,000 Income Capitalisation Approach: RMB8,140,000,000 Reconciled Value: RMB8,108,000,000 RENMINBI EIGHT BILLION ONE HUNDRED AND EIGHT MILLION

Valuation Report (continued)

Valuation Certificate

Property	Description and Tenure	Particulars of Occupancy	Estimated Net Property Yield	Market Value in Existing State as at 31 December 2014												
Office Tower 1 & 2 in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings located at Nos.79 and 81 Jianguo Road, Chaoyang District, Beijing, the People's Republic of China	<p>China Central Place is a mixed-use development in Beijing CBD, which comprises luxury retail, three premium grade office towers, two five star hotels, car park, residential, club house, etc.</p> <p>The Property comprises all of the office floors of Office Tower 1 (including Levels 4 to 28, and the emergency shelter floor on Level 16, which contains no lettable space) and Office Tower 2 (including Levels 4 to 32, and the emergency shelter floor on Level 20, which contains no lettable space) in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings. The Property was completed in 2006 and the office portion is of Premium Grade (the highest quality of Grade A) quality by Collier International's definition.</p> <p>The Property has a total gross floor area (GFA) of approximately 145,372.54 sq m, a breakdown is as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>Office — Tower 1</td> <td>56,068.32</td> </tr> <tr> <td>Office — Tower 2</td> <td>64,176.87</td> </tr> <tr> <td>Sub-total</td> <td>120,245.19</td> </tr> <tr> <td>Car Park</td> <td>25,127.35</td> </tr> <tr> <td>Total</td> <td>145,372.54</td> </tr> </tbody> </table> <p>The land-use rights of the Property have been granted for a term expiring on 28 October 2053 for office and car park use.</p>	Use	GFA (sq m)	Office — Tower 1	56,068.32	Office — Tower 2	64,176.87	Sub-total	120,245.19	Car Park	25,127.35	Total	145,372.54	<p>As at the Valuation Date, the office portion of the Property is let under various tenancies for various terms with the latest expiring on 15 February 2018, yielding a total monthly rental income of approximately RMB45,800,000, exclusive of property management fee and utility charges. A number of tenancies contain rent review clauses and/or options to renew for further terms at the then prevailing market rent.</p> <p>The occupancy rate of the Property (excluding car park) as at 31 December 2014 was about 97%.</p> <p>Approximately 600 car park spaces are being operated as a fee-paying car park. The total average monthly income in 2014 is approximately RMB400,000.</p> <p>Various naming rights are let under various agreements, yielding an average monthly rental of approximately RMB375,000 in 2014.</p>	6.2%	RMB8,108,000,000
Use	GFA (sq m)															
Office — Tower 1	56,068.32															
Office — Tower 2	64,176.87															
Sub-total	120,245.19															
Car Park	25,127.35															
Total	145,372.54															

Notes:

- (1) Pursuant to State-Owned Land-Use Right Certificate Jing Chao Guo Yong (2010 Chu) No.00118 (京朝國用(2010出)第00118號) dated 21 May 2010, the land-use rights of the Property, with a site area of 13,692.99 sq m, have been granted to RCA01 for a 50-year term expiring on 28 October 2053 for office and car park uses.
- (2) Pursuant to the 56 Real Estate Ownership Certificates X Jing Fang Quan Zheng Chao She Wai Zi No. 521508 to 521593 (discontinuous) issued by the Beijing Municipal Commission of Construction (北京市建設委員會), the ownership of the Property, located at Nos.79 and 81 Jianguo Road, Chaoyang District, with a total gross floor area of approximately 145,372.54 sq m (including 120,245.19 sq m for office use and 25,127.35 sq m for car park use), is vested to RCA01.
- (3) The ownership and corresponding land-use rights of the Property are mortgaged to Australia and New Zealand Bank Group Limited, Singapore Branch, the security agent under the Facility Agreement and the other documents set out in Security Agreements, for a loan amount of USD515,000,000. Current outstanding loan amount is USD465,000,000 after the partial prepayment made in January 2014.
- (4) In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repairs to the main building structure and the tenant is responsible for the maintenance of internal non-structural repairs of the Property.
- (5) The estimated net property yield of the Property is based on the said monthly rental income of the office and car park portion for December 2014 and average monthly income from naming rights after allowing business tax and real estate tax provided by RCA01.
- (6) Based on the tenancy information provided by the Manager, our analysis of the existing tenancy profile as at 31 December 2014 (excluding car parking spaces) is set out below:

Valuation Report (continued)

Occupancy Profile

Type	Office GFA (sq m) (approx.)	Total Proportion (approx.)
Leased	116,763	97%
Vacant	3,482	3%
Total	120,245	100%

Tenancy Commencement Profile

Year	Leased Office GFA (sq m) (approx.)	Percent of Total (approx.)	No. of Tenancies	Percent of Total (approx.)
2007	36,715	31.4%	44	24.7%
2008	10,763	9.2%	12	6.7%
2009	5,895	5.0%	11	6.2%
2010	10,328	8.8%	18	10.1%
2011	8,102	6.9%	13	7.3%
2012	16,673	14.3%	21	11.8%
2013	15,940	13.7%	29	16.3%
2014	12,347	10.6%	30	16.9%
Total	116,763	100.0%	178	100.0%

Tenancy Expiry Profile

Year	Leased Office GFA (sq m) (approx.)	Percent of Total (approx.)	No. of Tenancies	Percent of Total (approx.)
2015	21,552	18.5%	32	18.0%
2016	55,945	47.9%	82	46.1%
2017	31,062	26.6%	53	29.8%
2018	8,204	7.0%	11	6.2%
Total	116,763	100.0%	178	100.0%

Tenancy Duration Profile

Duration	Leased Office GFA (sq m) (approx.)	Percent of Total (approx.)	No. of Tenancies	Percent of Total (approx.)
0–1 year	0	0.0%	0	0.0%
1–2 years	262	0.2%	1	0.6%
2–3 years	13,319	11.4%	26	14.6%
3–4 years	28,546	24.4%	49	27.5%
4–5 years	1,805	1.5%	6	3.4%
5–6 years	3,053	2.6%	6	3.4%
6–7 years	19,845	17.0%	27	15.2%
7–8 years	5,649	4.8%	8	4.5%
8–9 years	11,643	10.0%	12	6.7%
9–10 years	25,383	21.7%	35	19.7%
10+ years	7,259	6.2%	8	4.5%
Total	116,763	100.0%	178	100.0%

PRC Legal Opinion on RCA01

The PRC legal opinion states, inter alia, that:

- (i) RCA01 has obtained the land-use rights and building ownership rights of the Property with a site area of 13,692.99 sq m and the gross floor area of 145,372.54 sq m, respectively. RCA01, being the sole legal owner of the land-use rights and building ownership rights of the Property, has obtained all necessary permits and certificates from relevant departments of the PRC Government, and has the rights to occupy, use, lease, transfer, mortgage or deal with the said land-use rights and building ownership rights by other lawful means in accordance with the permitted use during the term of the said land-use rights.
- (ii) The land-use rights and building ownership rights of the Property are mortgaged to the security agent under the Facility Agreement and the Security Agreements for a loan amount of USD515,000,000. Except the aforesaid mortgage, there are no other mortgage registrations and seizure records relating to the building ownership and land-use rights of the Property.
- (iii) RCA01 is the sole legal owner of the building ownership rights of the Property and possesses the rights to lease the Property and receive rental income from the leased Property according to the relevant tenancy agreements.
- (iv) The existing tenancy agreements are legal and valid, and binding on both the signing parties within the respective tenancy period.
- (v) The tenants should not sub-let the leased portion of the Property during relevant lease terms unless agreed by RCA01 in writing. The tenants agree to waive its rights of refusal regarding the purchase of the leased portion of the Property. If RCA01 wishes to dispose of the leased portion of the Property, no consent is required of the tenants but a notice shall be given to the tenants. The said property management agreements regarding the office portion of the Property as stipulated in the valuation certificate are legal and valid, and binding on both the signing parties.

Valuation Report (continued)

MARKET OVERVIEW

China General Overview

The People's Republic of China (PRC) is the most populous country with a total population of over 1.4 billion in 2014. Since implementation of the Open Door Policy in 1978, it has become one of the fastest-growing economies in the world mainly driven by the rapid urbanisation progress and heavy investment on secondary and tertiary industries. As of 2014, China's total gross domestic product (GDP) summed up to approximately RMB63.6 billion according to the preliminary data from the National Statistics Bureau; it was ranked the second largest economy by both nominal GDP and purchasing power parity in the world. Over the past decades, the economic growth and development of China lead the major cities to improve their infrastructure and expand their real estate markets. In addition, the World Bank anticipates China's GDP growth will continue at an average rate of 7.1% in 2015.

Beijing City Overview

Beijing is the capital city of the PRC. It is a centre of politics, culture, transport, tourism and international exchanges; home of the Chinese Central Governments including The State Council of the PRC and National People's Congress. There are a large number of state-owned enterprises (SOEs) and multinational corporations (MNCs) have chosen Beijing to be their bases in China. As a capital city, Beijing policies are influential nationwide particularly in its economy. Beijing is also an important transport hub in mainland China, in air, rail, and road transportation. Nowadays as the rising international status and the leading role of China in international affairs, in addition with the successful hosting of the 2008 Olympic Games, Beijing has become the eye-catching city to the world, and attracted both domestic and international investors and corporations.

Beijing Office Market

Beijing's office property market is primarily divided into two sectors, Grade A and Grade B. Grade A sector is often related to Premium Grade properties and properties of the same type. These properties are prestigious and usually occupy the prime locations within major cities. Apart from the standard of the building itself, they have higher quality furnishings, better artistic facilities and excellent accessibility. They are built to compete for premier office users, typically for multinational enterprises, large domestic firms and high-profile companies. Therefore, these buildings often carry the highest rental rates within the area. The Property is a Grade A, Premium Grade office property located in the Central Business District (CBD) of Beijing.

CBD and Financial Street are the two well-developed business submarkets in Beijing. They are the places of interests to many reputable domestic and multinational corporations, as well as financial institutions at the state level. The two areas supply most of the Premium Grade office properties and concentrate a large amount of the high-profile tenants. Rents in these areas are therefore the highest in the city.

Supply and Demand

Since 2004, the stock of Grade A office properties in Beijing has been increasing. CBD is one of the most promising submarkets for office properties. Over the past year, two new projects were handed over, namely Fortune Financial Centre Phase III and Ocean International Centre Phase II, adding approximately 150,000 sq m and 50,000 sq m of quality office in the CBD area, respectively. As of the end of 3Q 2014, Beijing had approximately 5.53 million sq m of Grade A office stock in the leasing market, expanded by 5.0% y-o-y. By 2018, new supply of Grade A Office in CBD submarket is scheduled to total approximate 1.2 million sq m. As a result, the new supply of quality office spaces is expected to intensify the competition in the area in the medium to long-term.

Demand for Grade A office in Beijing over the past 10 years has been relatively high compared to its counterpart. Vacancy rate has decreased from 10.0% in 4Q 2010 to 4.8% in 3Q 2014. In the CBD submarket, majority of the demand for Grade A office properties comes from domestic companies in finance, insurance, energy, IT, high-tech and professional services industries, collectively responsible for nearly 70% of all leasing recorded transaction, among which nearly 80% of the leasing transactions were completed by domestic firms in 3Q 2014. Demand from financial sector continued to be the highest proportion among all industries. As a result of the rising demand and continuous absorption, vacancy rate of Grade A office properties in CBD decreased 3.4 percentage point from 10.0% in 2013 to 6.6% in 3Q 2014.

Rents

Beijing's Grade A office market rental rate has undergone continuous growth since 2010. The overall average market rental rate of Grade A Office properties has increased from approximately RMB160 per sq m per month in 2010 to RMB310 per sq m per month in 3Q 2014, which was almost doubled. Growth of average rent was significant over the earlier years; as landlords in the CBD core areas offered incentives and rental discounts to extend contracts with high-profile tenants as well as the below-average rents offered at the new supply to reach the stabilised occupancy, growth in rent revealed modest fluctuation in the recent years.

Financial Street and CBD are the two submarkets recorded with the highest rents in the Beijing. Financial Street, an internationally influential business and financial district carries a highest average office rental of RMB375 per sq m per month, mainly due to the lack of new supply of office properties. The average rental rate in CBD submarket was recorded the second highest as of the end of 3Q 2014, which was approximately RMB340 per sq m per month with slight decreases comparing to the past few quarters, and future rents will continue to re-adjust as more Grade A Office properties enter the market. The Premium Grade office properties' average rental rates for new leases in the CBD submarket are between RMB400 and 450 per sq m per month in 2014.

Market Trend

Due to the slowdown in economic growth, both of the international and domestic corporations are hesitant to expand or postpone decisions regarding office locations. In response to the sluggish global economic condition, the People's Bank of China cut the reserve requirement for commercial banks in April 2014; and in November of the same year, the benchmark interest rates for loans and deposits were reduced by 40 and 25 basis points, respectively. These regulation adjustments were designed to promote and boost economic growth in the coming year. In addition, the on-going reform policies emphasise a free market economy will encourage sustainable long-term growth of China's private firms and help strengthen the economy in terms of domestic consumption and international demand.

The Property comprises Office Tower 1 and Office Tower 2 of China Central Place in the CBD area of Beijing. It is a flagship property in the CBD area with competitive advantages in terms of premium quality and location. Since comparable new supply in the area is limited, the Property has a better marketability in maintaining existing tenants as acquiring new ones. Due to the above premises, rents of the Property will be unlikely to face a downward pressure even if the rents in the CBD Grade A office area may experience slight volatility in the short term. As of the end of 4Q 2014, rents for newly-signed leases is approximately RMB430 per sq m per month and the occupancy rate has reached approximately 97%. Overall, the performance of the Property is expected to remain optimistic in the mid-to long-term period.

Trustee's Report

Spring Asset Management Limited
(in its capacity as the REIT Manager of Spring REIT)
Room 2801, 28/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Dear Sirs,

Spring Real Estate Investment Trust
Annual Confirmation for the period from 1 January 2014 to 31 December 2014

We hereby confirm that, in our opinion, the Manager of Spring Real Estate Investment Trust ("**Spring REIT**") has, in all material respects, managed Spring REIT in accordance with the provisions of the Trust Deed dated 14 November 2013 for the period from 1 January 2014 to 31 December 2014.

DB Trustees (Hong Kong) Limited
(in its capacity as trustee of Spring Real Estate Investment Trust)

Hong Kong, 28 January 2015

Independent Auditor's Report



羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SPRING REAL ESTATE INVESTMENT TRUST

(a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

We have audited the consolidated financial statements of Spring Real Estate Investment Trust (the "Spring REIT") and its subsidiary (together, the "Group") set out on pages 79 to 114, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and net assets attributable to Unitholders and the consolidated statement of cash flows for year ended 31 December 2014, and a summary of significant accounting policies and other explanatory information.

Manager's Responsibility for the Consolidated Financial Statements

Spring Asset Management Limited (the "Manager") is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and is responsible for ensuring that the consolidated financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed dated 14 November 2013 (the "Trust Deed"), and the relevant disclosure requirements set out in the Appendix C of the Code on Real Estate Investment Trusts established by the Securities and Futures Commission of Hong Kong (the "REIT Code"), and for such internal control as the Manager determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain the reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (continued)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2014, and of the Group's results and cash flows for the year ended 31 December 2014 in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the relevant provisions of the Trust Deed and the relevant disclosure requirements set out in Appendix C of the REIT Code.

Other Matters

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 March 2015

Consolidated Income Statement

For the year ended 31 December 2014

		Year ended 31 December		For the period from 5 December 2013 (date of listing) to 31 December 2013
	Notes	2014 US\$'000	2013 US\$'000	2013 US\$'000 (note iv)
Revenues	5	81,458	66,349	5,377
Property operating expenses	6	(19,285)	(16,813)	(1,467)
Net property income		62,173	49,536	3,910
General and administrative expenses	7	(10,309)	(4,959)	(619)
Fair value gain of investment property	12	56,048	49,184	–
Other losses, net	8	(1,252)	(7,021)	(266)
Operating profit		106,660	86,740	3,025
Finance income		467	384	85
Finance costs on interest-bearing borrowings	9	(33,742)	(17,302)	456
Profit for the year, before transactions with Unitholders (note i)		73,385	69,822	3,566
Distributions paid to Unitholders:				
— 2013 special distribution (note ii)		(9,912)	–	–
— 2013 final distribution (note iii)		(2,248)	–	–
— 2014 interim distribution (note iii)		(19,768)	–	–
		41,457	69,822	3,566
Represented by:				
Change in net assets attributable to Unitholders, excluding issuance of new units		27,062	7,354	7,354
Amount arising from exchange reserve movements regarding translations of financial statements/profit for the year after transactions with Unitholders		14,395	62,468	(3,788)
		41,457	69,822	3,566

Notes:

- (i) Earnings per unit, based upon profit for the year, before transactions with Unitholders and the weighted average of number of units in issue, is set out in note 11.
- (ii) This represents the 2013 special distribution of US\$9,912,000 paid during the year.
- (iii) 2014 interim distribution and 2013 final distribution of US\$19,768,000 and US\$2,248,000 respectively were paid during the year. Total distribution for the year ended 31 December 2014 is presented in the statement of distributions.
- (iv) The financial results from 5 December 2013 (date of listing) to 31 December 2013 were disclosed for Unitholder's benefit of understanding the performance of Spring REIT after the listing.

The notes on pages 87 to 114 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Notes	Before transactions with Unitholders US\$'000	Transactions with Unitholders US\$'000 (note i)	After transactions with Unitholders US\$'000
For the year ended 31 December 2014				
Profit for the year/change in net assets attributable and distribution paid to Unitholders		73,385	(58,990)	14,395
Other comprehensive loss:				
<i>Items that may be reclassified to consolidated income statement</i>				
Exchange losses on translation of financial statements		(14,395)	–	(14,395)
Total comprehensive income for the year	ii	58,990	(58,990)	–
For the year ended 31 December 2013				
Profit for the year/change in net assets attributable to Unitholders		69,822	(7,354)	62,468
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to consolidated income statement</i>				
Exchange gains on translation of financial statements		14,760	–	14,760
<i>Items that may be reclassified to consolidated income statement</i>				
Exchange gains on translation of financial statements		3,788	–	3,788
Total comprehensive income for the year		88,370	(7,354)	81,016

Notes:

- (i) Transactions with Unitholders comprise the 2013 special distributions paid to Unitholders of US\$9,912,000 (2013: Nil), 2013 final distribution of US\$2,248,000, (2013: Nil) 2014 interim distribution of US\$19,768,000 (2013: Nil) and change in net assets attributable to Unitholders, excluding issuance of new units of US\$27,062,000 (2013: US\$7,354,000).
- (ii) In accordance with the Trust Deed, Spring REIT is required to distribute not less than 90% of total distributable income to Unitholders for each financial year. Accordingly, the units contain contractual obligations of Spring REIT to pay cash distributions. The Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with International Accounting Standard 32: Financial Instruments: Presentation. Consistent with Unitholders' funds being classified as a financial liability, the distributions to Unitholders and change in net assets attributable to Unitholders, excluding issuance of new units, are part of finance costs which are recognized in the consolidated income statement. Accordingly, since the listing of the Spring REIT, the total comprehensive income, after transactions with Unitholders is zero.

The notes on pages 87 to 114 are an integral part of these consolidated financial statements.

Statement of Distributions

For the year ended 31 December 2014

	For the year ended 31 December 2014 USD'000	For the period from 5 December 2013 (date of listing) to 31 December 2013 USD'000
Profit before transactions with Unitholders	73,385	3,566
Adjustments:		
— Fair value gain of investment property	(56,048)	–
— Fair value losses of derivative financial instruments	695	28
— Manager fee payable in units in lieu of cash	5,918	410
— Amortization of transaction cost for the bank borrowings	5,372	570
— Unrealized foreign exchange losses/(gains)	8,377	(2,326)
Distributable income for the year/period (note i)	37,699	2,248
Interim distribution, paid (note iii)	(19,768)	–
Amount available for final distribution	17,931	2,248
Final distribution, to be paid	17,931	2,248
Total distribution of the year/period (note ii)	37,699	2,248
As a percentage of amount available for distribution	100%	100%
Distributions per unit to Unitholders		
— Interim distribution per unit, paid (note iii)	HK 13.9 cents	–
— Final distribution per unit, to be paid (note iv)	HK 12.5 cents	HK 1.6 cents
Distribution per unit for the year/period (note iv)	HK 26.4 cents	HK 1.6 cents
Special distribution per unit, paid (note v)	–	HK 7.0 cents
Total	HK 26.4 cents	HK 8.6 cents

Statement of Distributions (continued)

Notes:

- (i) Under the terms of the Trust Deed, the distributable income represents the profit for the year/period before transactions with Unitholders, adjusted to eliminate the effects of certain non-cash transactions which have been recorded in the consolidated income statement for the year/period.
- (ii) In accordance with the terms of the Trust Deed, Spring REIT is required to distribute to Unitholders not less than 90% of its total distributable income for each financial year. As disclosed in the offering circular dated 25 November 2013, it is the Manager's intention to distribute 100% of Spring REIT's total distributable income for the period from the Listing Date to 31 December 2013 and the financial year ended 31 December 2014, and thereafter not less than 90% of its total distributable income for each subsequent financial period. The Manager also has the discretion to make distributions over and above the minimum 90% of Spring REIT's total distributable income if and to the extent Spring REIT has funds surplus to meet its business requirements.
- (iii) Interim distribution of US\$19,768,000 included (i) distributable income for the six months ended 30 June 2014 of US\$19,748,000 and (ii) discretionary distribution of US\$20,000. The interim distribution per unit for the six months ended 30 June 2014 was calculated based on the interim distribution of US\$19,768,000 for the period and 1,102,859,141 units in issue as at 30 June 2014. The interim distribution was paid to Unitholders on 30 September 2014.
- (iv) The final distribution per unit of HK12.5 cents for the year ended 31 December 2014 is calculated based on the final distribution to be paid to Unitholders of US\$17,931,000 for the second half of the financial year and 1,109,468,088 units in issue as at 31 December 2014. The final distribution for the year ended 31 December 2014 is expected to be paid to Unitholders on 22 April 2015. Such final distributions per unit, however, may be subject to adjustment upon the issuance of new units between 1 January 2015 and 10 April 2015 (the "record date"), if any.

The final distribution per unit of HK1.6 cents for the period from 5 December 2013 to 31 December 2013 is calculated based on the final distribution paid to the Unitholders of US\$2,248,000 for the period and 1,102,859,141 units in issue as at 30 June 2014, rounded to the nearest HK0.1 cents. The final distribution for the year ended 31 December 2013 was paid to Unitholders on 30 September 2014.
- (v) A special distribution per unit of HK7.0 cents amounting to a total of US\$9,912,000 was declared by the Manager on 17 March 2014, and was paid on 16 May 2014.
- (vi) All distributions to Unitholders are determined and paid in HK\$.

The notes on pages 87 to 114 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	As at 31 December 2014 US\$'000	2013 US\$'000
Non-current assets			
Investment property	12	1,306,583	1,272,778
Derivative financial instruments	13	85	780
Total non-current assets		1,306,668	1,273,558
Current assets			
Trade and other receivables	14	784	3,156
Restricted bank balances	15	60,657	59,610
Cash and cash equivalents	15	24,286	67,360
Total current assets		85,727	130,126
Total assets		1,392,395	1,403,684
Current liabilities			
Trade and other payables	16	13,970	14,728
Rental deposits	16	23,588	21,913
Total current liabilities		37,558	36,641
Net current assets		48,169	93,485
Non-current liabilities, excluding net assets attributable to Unitholders			
Interest-bearing borrowings	17	460,683	504,799
Total liabilities, excluding net assets attributable to Unitholders		498,241	541,440
Net assets attributable to Unitholders		894,154	862,244
Total assets less current liabilities		1,354,837	1,367,043
Units in issue ('000)	18	1,109,468	1,098,000
Net asset value per unit attributable to Unitholders			
In US\$		0.81	0.78
In HK\$		6.25	6.09

The notes on pages 87 to 114 are an integral part of these consolidated financial statements.

For and on behalf of the Board of Directors of
Spring Asset Management Limited, as the Manager

Lau Jin Tin, Don
Executive Director

Nobumasa Saeki
Executive Director

Consolidated Statement of Changes in Equity and Net Assets Attributable to Unitholders

For the year ended 31 December 2014

	Reserves US\$'000 (note)	Net assets attributable to Unitholders US\$'000	Total US\$'000
As at 1 January 2014	–	862,244	862,244
Profit for the year, before transactions with Unitholders	–	73,385	73,385
Exchange losses on translation of financial statements	(14,395)	–	(14,395)
Amount arising from exchange reserve movements	14,395	(14,395)	–
Distributions paid to Unitholders:			
— 2013 special distribution	–	(9,912)	(9,912)
— 2013 final distribution	–	(2,248)	(2,248)
— 2014 interim distribution	–	(19,768)	(19,768)
Change in net assets attributable to Unitholders for the year ended 31 December 2014, excluding issues of new units	–	27,062	27,062
Issuance of units	–	4,848	4,848
As at 31 December 2014	–	894,154	894,154

	Other reserves	Equity Pre-listing equity Retained earnings	Reserves (note)	Net assets attributable to Unitholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 January 2013	182,028	584,019	–	–	766,047
Profit for the year, before transactions with Unitholders	–	66,256	–	3,566	69,822
Exchange gains on translation of financial statements	14,760	–	3,788	–	18,548
Amount arising from exchange reserve movements	–	–	(3,788)	3,788	–
Total comprehensive income for the year/ change in net assets attributable to Unitholders	14,760	66,256	–	7,354	88,370
Exchange gains on translation of redeemable preference shares	4,924	–	–	–	4,924
Dividend:					
— Reimbursement of issuance cost to RCA Fund 01, LP. ("RCA Fund")	–	(1,445)	–	–	(1,445)
— Dividend payable to RCA01's redeemable preference shareholders	–	(43,589)	–	–	(43,589)
Issuance of units:					
— Units issued to RCA Fund to acquired RCA01	(201,712)	(605,241)	–	806,953	–
— Units issued to public	–	–	–	47,937	47,937
	(196,788)	(650,275)	–	854,890	7,827
As at 31 December 2013	–	–	–	862,244	862,244

Note: Reserves include exchange reserve, arising from translation of financial statements; and retained earnings, representing amount set aside to offset exchange reserve movements.

The notes on pages 87 to 114 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	Year ended 31 December	
		2014 US\$'000	2013 US\$'000
Cash flows from operating activities			
Cash generated from operations	19	61,003	54,228
Interest received		467	384
Net cash from operating activities		61,470	54,612
Cash flows from investing activity			
Increase in amount due from preference shareholders		–	(3,287)
Net cash used in investing activity		–	(3,287)
Cash flows from financing activities			
Drawdown of borrowings		–	497,006
Repayment of borrowings		(50,000)	(480,000)
Purchase of derivative financial instruments		–	(2,421)
Interest paid		(17,840)	(20,157)
Other incidental borrowing cost		(2,400)	(675)
Increase in restricted bank balances		(1,585)	(21,502)
Distributions to Unitholders		(31,928)	–
Units issued to public		–	48,149
Dividend paid to RCA Fund prior to the listing		–	(15,000)
Reimbursement of issuance cost to RCA Fund		–	(1,445)
Net cash (used in)/generated from financing activities		(103,753)	3,955
Net (decrease)/increase in cash and cash equivalents		(42,283)	55,280
Cash and cash equivalents at the beginning of the year		67,360	12,076
Exchange (loss)/gain on cash and cash equivalents		(791)	4
Cash and cash equivalents at end of year		24,286	67,360

Notes to the Consolidated Financial Statements

1 General Information

Spring REIT is a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Spring REIT was established on 25 November 2013 and was listed on The Stock Exchange of Hong Kong Limited on 5 December 2013. Spring REIT is governed by the Trust Deed entered into between Spring Asset Management Limited (the "Manager") and DB Trustees (Hong Kong) Limited (the "Trustee") on 14 November 2013, and the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong. The addresses of the registered offices of the Manager, Spring Asset Management Limited, and of the trustee of the Spring REIT, DB Trustees (Hong Kong) Limited, are Room 2801, 28/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong and 52/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, respectively.

The principal activity of Spring REIT and RCA01, its wholly owned subsidiary (together, the "Group") is to invest in income-producing real estate assets.

The consolidated financial statements are presented in United States dollars ("US\$"). The functional currency of Spring REIT is in Hong Kong dollars ("HK\$"), the distribution of Spring REIT is determined and paid in HK\$.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied during the year unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), the requirements of the Trust Deed and the relevant disclosure requirements as set out in Appendix C of the REIT Code issued by the Securities and Futures Commission of Hong Kong.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property and derivative financial instruments, which are carried at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Notes to the Consolidated Financial Statements (continued)

2 Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

New standards, amendments and interpretations adopted by the Group

The Group has adopted all of the new and revised standards and amendments issued by the International Accounting Standard Board that are relevant to the Group's operations and mandatory for annual accounting periods beginning 1 January 2014.

New standards, amendments and interpretations effective in 2014 which are relevant to the Group's operations:

IAS 32 Amendments	Financial Instruments: Presentation on Assets and Liabilities Offsetting
IAS 36 Amendments	'Impairment of Assets' on Recoverable Amount Disclosure
IAS 39 Amendments	'Financial Instruments: Recognition and Measurement' Novation of derivatives
IFRS 10, IFRS 12 Amendments and IAS 27	Consolidation for Investment Entities
IFRIC Interpretation 21	Levies

The adoption of these new standards, amendments and interpretations does not have a material impact on the accounting policies or results and the financial position of the Group.

New standards, amendments, interpretations or improvements to existing standards not yet adopted

The following new or revised standards, amendments to standards are in issue but not yet effective, and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
IAS 19 Amendments	Defined Benefit Plans: Employee Contribution	1 July 2014
Annual Improvements 2012	Annual Improvements to IFRSs 2010–2012 cycle	1 July 2014
Annual Improvements 2013	Annual Improvements to IFRSs 2011–2013 cycle	1 July 2014
IAS 16 and IAS 38 Amendments	Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016
IAS 16 and IAS 41 Amendments	Agriculture: Bearer Plant	1 January 2016
IAS 27 Amendments	Equity Method in Separate Financial Statements	1 January 2016
IAS 28 and IFRS 10 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
IFRS 11 Amendments	Accounting for Acquisitions of Interests in Joint Operation	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
Annual Improvements 2014	Annual Improvements to IFRSs 2012–2014 cycle	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IFRS 9	Financial Instruments	1 January 2018

2 Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

New standards, amendments, interpretations or improvements to existing standards not yet adopted (Continued)

The Group will apply the above new standards, interpretation, amendments or improvements to existing standards as and when they become effective. The Group has already commenced an assessment of the impact of these new standards, interpretation, amendments or improvements to existing standards, and anticipated that the adoption of new standards, interpretation, amendments or improvements to existing standards will not have a material effect on the Group's operating result or financial position.

(b) Consolidation

The consolidated financial statements incorporate the assets and liabilities of Spring REIT and its subsidiary as at 31 December 2014 and their results for the year then ended.

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, for rental income in the ordinary course of the Group's activities. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(i) Rental and car park income

Operating lease rental income from investment property is recognized in the consolidated income statement on a straight-line basis over the terms of lease agreements. Lease incentives provided, such as rent-free periods, are amortized on a straight-line basis and are recognized as a reduction of rental income over the respective term of the lease.

(ii) Interest income

Interest income is recognized on a time proportion basis using the effective interest method.

Notes to the Consolidated Financial Statements (continued)

2 Summary of Significant Accounting Policies (Continued)

(d) Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuer. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement as part of a valuation gain or loss.

(e) Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at its fair value at the end of each reporting year. The change in the fair value is recognized in the consolidated income statement.

(f) Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the consolidated income statement.

In the event that lease incentives, including rent free periods, are given to enter into operating leases, such incentives are recognized as deferred rent receivables. The aggregate benefit of incentives is recognized as a reduction of rental income on a straight-line basis.

(g) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2 Summary of Significant Accounting Policies (Continued)

(h) Interest-bearing borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(i) Borrowing costs

Borrowing costs are recognized in the consolidated income statement in the period in which they are incurred.

(j) Payables and provisions

(i) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(ii) Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation that reflects current market assessments of the time value of money and the risks specific to the obligation.

(iii) Rental deposit

Rental deposits arise when the Group enters into lease agreement directly with a tenant. Such deposits are included in current liabilities, as they are expected to be realized in the Group's normal business operating cycle.

Notes to the Consolidated Financial Statements (continued)

2 Summary of Significant Accounting Policies (Continued)

(k) Taxation

The current taxation charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the People's Republic of China ("PRC") where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The Group is a foreign enterprise established outside the PRC, and paid withholding taxation charged at 10% over the revenues derived from the investment property. Deferred tax liabilities have not been established for the withholding taxation, since the withholding tax, which is based on gross revenues rather than profits, is an operating expense.

(l) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Spring REIT's functional currency is Hong Kong dollars. The consolidated financial statements are presented in United States dollars to facilitate analysis of financial information by Unitholders.

The Group's functional currency is different from the presentation currency and the results and financial position are translated into the presentation currency as follows:

- (i) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each consolidated income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognized in other comprehensive income.

2 Summary of Significant Accounting Policies (Continued)

(l) Foreign currency translation (Continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within 'finance costs'. All other foreign exchange gains and losses are presented in the consolidated income statement within other gains or losses.

Translation differences on non-monetary financial assets and liabilities such as derivatives held at fair value through profit or loss are recognized in the consolidated income statement as part of the fair value gains or losses. Translation differences on other non-monetary financial assets are included in other comprehensive income.

(m) Unitholders' funds as a financial liability

In accordance with the Trust Deed, Spring REIT is required to distribute to Unitholders not less than 90% of the Group's total distributable income for each financial year. Accordingly, the units contain a contractual obligation of the trust to pay to its Unitholders cash distributions. The Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with IAS 32: Financial Instruments: Presentation. This liability is shown on the consolidated statement of financial position as the net assets attributable to Unitholders.

3 Financial Risk and Capital Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management. The management manages and monitors these risk exposures to ensure appropriate measures are implemented on timely and effective manners.

Notes to the Consolidated Financial Statements (continued)

3 Financial Risk and Capital Risk Management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk

(i) Foreign exchange risk

The subsidiary of the Group operates in the PRC with functional currency in Renminbi ("RMB") and is therefore exposed to foreign exchange risk arising from commercial transactions, and from recognized assets and liabilities that are denominated in non-functional currency. This is primarily with respect to the US\$.

The Group currently does not have foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider entering into forward foreign exchange contracts to reduce the exposure should the need arise.

As at 31 December 2014, if RMB had strengthened/weakened by 5% against the US\$ with all other variables held constant, profit for the year would have been increased/decreased by US\$21,011,000 (2013: US\$23,282,000) respectively, mainly as a result of foreign exchange differences on translation of monetary assets and liabilities being denominated in a currency that is not the functional currency items such as cash and bank balance, derivative financial instruments, other payables and borrowings. Foreign exchange differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

(ii) Interest rate risk

The Group's interest rate risk mainly arises from its long-term borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk which is partially offset by bank deposits at variable rate. Under the Group's interest rate management policy, the Group generally raises borrowings at floating rates and may use plain vanilla interest rate caps to manage the risk where the Group forecasts a significant rise in interest rate in the foreseeable future.

The Group entered into two plain vanilla interest rate caps with notional principal amounts of US\$260 million and US\$255 million in February 2013 to economically hedge the interest rate risk arising from the variable rate bank borrowings with principal amount of US\$515 million at draw down. The US dollar London Interbank Offered Rate ("LIBOR") interest rate is capped at 1.3% until the maturity of the caps in January 2016.

As at 31 December 2014, if interest rates had been 10 basis points higher/lower with all other variables held constant, profit for the year would have been US\$380,000 (2013: US\$388,000) lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings offset by bank deposits at variable rate.

3 Financial Risk and Capital Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk arises from the potential failure of the Group's counterparties to meet their obligations under financial contracts. The Group is exposed to credit risk on its deposits with financial institutions, derivative financial instruments, trade and other receivables.

For deposits with financial institutions, the Group has limited its credit exposure by restricting their selection of financial institutions to reputable banks with sound credit ratings.

In respect of credit exposures to trade and other receivables, credit risk exposure is minimized by undertaking transactions with a large number of counterparties and conducting credit reviews on prospective tenants. Monthly rentals are payable in advance by tenants in accordance with the leases. The Group also has policies in place to ensure that rental security deposits are required from tenants prior to commencement of leases. It also has other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate provision for impairment losses is made for irrecoverable amounts.

In respect of rental receipts handled by the property manager, no significant credit risk is expected as the bank account which receives rental income of the Group is under the supervision of the Manager.

(c) Liquidity risk

Cash flow forecasting is performed by the Group's finance function ("Group Finance"). Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its borrowing facilities (note 17) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal financial position ratio targets and, if applicable external regulatory or legal requirements.

Liquidity risk management includes maintaining sufficient cash, the availability of funding from operating cash flow and seeking stable financing activities. The Group will continue to monitor market conditions to assess the possibility of arranging longer term refinancing at favorable rates and extending the maturity profile of its debts.

Notes to the Consolidated Financial Statements (continued)

3 Financial Risk and Capital Risk Management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows which comprise both interest and principal cash flows.

	Within 1 year US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000
--	---------------------------	--------------------------------------	--------------------------------------

At 31 December 2014

Accruals and other payables	2,604	–	–
Rental deposit	4,645	9,412	9,531
Interest payable on borrowings	19,484	1,589	–
Interest-bearing borrowings	–	465,000	–

	Within 1 year US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000
--	---------------------------	--------------------------------------	--------------------------------------

At 31 December 2013

Accruals and other payables	1,292	–	–
Rental deposit	5,106	4,971	11,836
Interest payable on borrowings	20,947	25,960	2,251
Interest-bearing borrowings	–	–	515,000

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Unitholders.

The Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total borrowings divided by total assets.

	As at 31 December	
	2014 US\$'000	2013 US\$'000
Total borrowings (note 17)	460,683	504,799
Total assets	1,392,395	1,403,684
Gearing ratio	33.1%	36.0%

3 Financial Risk and Capital Risk Management (Continued)

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2014 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

See note 12 for disclosures of the investment property that is measured at fair value.

The following table presents financial instruments that are measured at fair values.

At 31 December 2014	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Asset				
Derivative financial instruments	–	85	–	85

At 31 December 2013	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Asset				
Derivative financial instruments	–	780	–	780

There were no transfers between levels 1 and 2 during the year.

Valuation techniques used to derive level 2 fair values:

The level 2 derivative financial instruments represented plain vanilla interest rate cap contracts which are not traded in an active market. The fair values of these derivative financial instruments are based on prices quoted by financial institutions, which are determined using forward prices at the end of the reporting period.

There were no changes in valuation techniques during the year.

Notes to the Consolidated Financial Statements (continued)

4 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimates of fair value of investment property

The fair value of each investment property is individually determined at each reporting date by independent valuer using valuation techniques. Details of the judgement and assumptions have been disclosed in note 12.

(b) Estimates of fair values of derivatives

Fair values of derivative financial instruments have been arrived at using valuations provided by the counterparty banks for each reporting year with reference to market data such as interest rates and exchange rates. Actual results may differ when assumptions and selections of valuation technique changes.

(c) Taxation

The Group is a foreign enterprise established outside the PRC. The Group is subject to various taxes in the PRC. Significant judgement is required in determining the provision for taxation including deferred taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes or writes back liabilities for anticipated tax issues based on estimates of whether additional taxes will be due or reversal to be made. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxation and deferred tax.

5 Revenue and Segment Information

The Group holds an investment property in the PRC and is principally engaged in property investment. Revenue mainly consists of rental income from tenants. Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker, that are used to make strategic decisions. Given that management review the operating results of the Group on an aggregate basis, no segment information is therefore presented.

The Group's revenues from tenants are derived solely from its operation in the PRC and the non-current assets of the Group are also mainly located in the PRC.

5 Revenue and Segment Information (Continued)

An analysis of revenues of the Group is as follows:

	Year ended 31 December		For the
	2014	2013	period from
	US\$'000	US\$'000	5 December
Rental income	79,678	65,746	2013 (date of
Car park income	803	494	listing) to
Other income (note)	977	109	31 December
			2013
			US\$'000
	81,458	66,349	5,377

Note: Other income mainly represents compensation paid by tenants for early termination of lease.

6 Property Operating Expenses

	Year ended 31 December		For the
	2014	2013	period from
	US\$'000	US\$'000	5 December
Property management fee	1,636	1,374	2013 (date of
Property tax (note i)	4,034	3,954	listing) to
Business and other tax (note ii)	4,624	3,989	31 December
Withholding tax (note iii)	8,221	6,940	2013
Leasing commission	635	409	US\$'000
Others	135	147	
	19,285	16,813	1,467

Notes:

- (i) Property taxes represent real estate tax and land use tax.
- (ii) Business tax and other taxes represent business tax, urban construction and maintenance tax, education surcharge and stamp duty.
- (iii) Withholding tax in the PRC is calculated based on 10% of the revenues received from rental operation.

Notes to the Consolidated Financial Statements (continued)

7 General and Administrative Expenses

	Year ended 31 December		For the
	2014	2013	period from
	US\$'000	US\$'000	5 December
			2013
			(date of listing)
			to 31 December
			2013
			US\$'000
Manager fee (note i)	7,397	513	513
Asset management fee (note i)	–	3,710	–
Trustee fee	235	31	31
Valuation fee	50	20	3
Auditor's remuneration:			
— audit services	165	170	56
— non-audit services	80	30	2
Legal and other professional fee (note ii)	2,341	485	14
Others	41	–	–
	10,309	4,959	619

Notes:

- (i) Pursuant to an agreement signed between RCA01 and AD Capital Co., Ltd, an asset management fee would be charged to RCA01 for services such as casualty insurance review, monitoring of the property manager, construction, renovation and leasing of the Group's investment property, financial reporting, financing and business plan preparation. The asset management agreement was terminated on 2 December 2013, and thereafter has been replaced by the Trust Deed, which the Manager is entitled to receive a manager fee after the listing of the Spring REIT on 5 December 2013. The breakdown of the Manager's fee was set out in note 10.
- (ii) Legal and other professional fee mainly comprises advisory fees and other professional fees.

8 Other Losses, Net

	Year ended 31 December		For the
	2014	2013	period from
	US\$'000	US\$'000	5 December
			2013 (date of
			listing) to
			31 December
			2013
			US\$'000
Derivative financial instruments at fair value through profit or loss:			
Net fair value losses	695	1,652	28
Foreign exchange losses	538	5,338	238
Other miscellaneous loss	19	31	–
	1,252	7,021	266

9 Finance Costs

	Year ended 31 December		For the
	2014	2013	period from
	US\$'000	US\$'000	5 December
Interest expenses on bank borrowings (note i)	23,503	28,778	2013 (date of listing) to
Foreign exchange losses / (gains) on bank borrowings (note ii)	7,839	(15,343)	31 December
Other incidental borrowing costs (note iii)	2,400	3,867	2013
Total	33,742	17,302	(456)

Notes:

- (i) Interest expenses on bank borrowings comprised contractual loan interest and amortized loan arrangement fee, which were recognized using the effective interest rate method.
- (ii) Foreign exchange losses and gains on bank borrowings arise upon translating the bank borrowings denominated in foreign currencies to RMB. The exchange gains and losses on bank borrowings during the year ended 31 December 2013 and 2014, were mainly arisen from the appreciation and depreciation of RMB against US\$ respectively.
- (iii) Others incidental borrowing costs comprise loan arrangement fee, derecognition of unamortized loan arrangement fee and bank charge.

10 Manager's Fee

	Year ended 31 December		For the
	2014	2013	period from
	US\$'000	US\$'000	5 December
Base fee	5,542	395	2013 (date of listing) to
Variable fee	1,855	118	31 December
	7,397	513	513

Notes to the Consolidated Financial Statements (continued)

10 Manager's Fee (Continued)

Pursuant to the Trust Deed, the Manager is entitled to receive remuneration for its services as the manager of Spring REIT, which is the aggregate of:

- (i) Base fee at 0.4% per annum of the value of the Deposited Property (as defined in the Trust Deed).
- (ii) Variable fee at 3.0% per annum of the Net Property Income (as defined in the Trust Deed) (before deduction therefrom of the base fee and variable fee).

11 Earnings per Unit

	For the year ended 31 December 2014 US\$'000	For the period from 5 December 2013 (date of listing) to 31 December 2013 US\$'000
Profit for the year/period, before transactions with Unitholders	73,385	3,566
Weighted average number of units for the year/period for calculating basic earnings per unit	1,103,194,007	1,098,000,000
Adjustment for units issuable in respect of the Manager fee	3,155,592	1,003,894
Weighted average number of units for the year/period for calculating diluted earnings per unit	1,106,349,599	1,099,003,894
Basic earnings per unit based upon profit before transactions with Unitholders	US 6.65 cents	US 0.32 cents
Diluted earnings per unit based upon profit before transactions with Unitholders	US 6.63 cents	US 0.32 cents

12 Investment Property

Details of the movements of investment property is as follows:

	For the year ended 31 December	
	2014 US\$'000	2013 US\$'000
At beginning of the year	1,272,778	1,186,859
Exchange differences recognized in other comprehensive income	(22,243)	36,735
Changes in fair value recognized in consolidated income statement	56,048	49,184
At end of the year	1,306,583	1,272,778

The investment property comprises office tower 1 & 2 and approximately 600 car parking spaces located at No. 79 and 81 Jianguo Road, Beijing, the PRC. Land use rights have been granted to RCA01 for a 50-year term expiring on 28 October 2053.

As at 31 December 2014, the Group had no unprovided contractual obligations for future repairs and maintenance of the investment property (2013: Nil).

As at 31 December 2014, the investment property was pledged to secure the Group's bank borrowings (note 17).

Valuation Process

The Group's investment property was valued by an independent professionally qualified valuer who holds a recognized relevant professional qualification and have recent experience in the locations and segments of the investment property valued.

The Manager reviewed the valuations performed by the independent valuer for financial reporting purpose. Discussions of valuation processes and results are held between the Manager and the independent valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 December 2014 and 2013, the fair values of the investment property have been determined by Colliers International (Hong Kong) Limited. The independent valuer used the discounted cash flow method and income capitalization approach for the valuation.

Changes in Level 2 and 3 fair values are revisited at each reporting date. As part of this discussion, the team presented reports that explain the reasons for the fair value movements.

Notes to the Consolidated Financial Statements (continued)

12 Investment Property (Continued)

Valuation techniques

The discounted cash flow method in the context of property valuation is defined in International Valuation Standards as a financial modelling technique based on explicit assumptions regarding the prospective cash flow to a property. This analysis involves the projection of a series of periodic cash flows to an operating property. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property. In operating real property, periodic cash flow is typically estimated as gross income less vacancy and operating expenses and other outgoings. The series of periodic net operating incomes, along with an estimate of the terminal value which is anticipated at the end of the projection period, is then discounted at the discount rate, being a cost of capital or a rate of return used to convert a monetary sum, payable or receivable in the future, into present value.

The income capitalization approach estimates the value of the property on an open market basis by capitalizing net rental income on a fully leased basis having regard to the current passing rental income from existing tenancies and potential future reversionary income at the market level. In calculating the net rental income, no deduction has been made from the net passing rental income which is exclusive of property management fee. In this valuation method, the total rental income is divided into a current passing rental income over the existing lease term (the term income) and a potential future reversionary rental income over the residual land use term (the reversionary income). The term value involves the capitalization of the current passing rental income over the existing lease term. The reversionary value is taken to be current market rental income upon the expiry of the lease over the residual land use rights term and is capitalized on a fully leased basis. It is then discounted back to the date of valuation. In this approach, the valuer has considered the term yield and reversionary yield. The term yield is used for capitalization of the current passing rental income as at the date of valuation whilst the reversionary yield is used to convert reversionary rental income.

Fair value hierarchy

Description	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1) US\$'000	Significant other observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000
Recurring fair value measurements investment property:			
As at 31 December 2014	–	–	1,306,583
As at 31 December 2013	–	–	1,272,778

There were no transfers between levels 1, 2 and 3 during the year of 2014.

12 Investment Property (Continued)

Key unobservable inputs used to determine fair values

(a) **Capitalization rate**

This is estimated based on the market lease over market value on comparables. The higher the capitalization rates used, the lower the fair values of the investment property. In the 31 December 2014 valuation, a capitalization rate of 6.75% (2013: 7%) is used in the income capitalization approach; and a net terminal capitalization rate of 5.75% (2013: 6%) is used in the discounted cash flow method.

(b) **Discount rate**

This is estimated based on cost of capital of a rate of return used to convert a monetary sum, payable or receivable in the future into present value. The higher the discount rates used, the lower the fair values of the investment property. In the 31 December 2014 valuation, a discount rate of 8.75% (2013: 9%) is used in the discounted cash flow method.

(c) **Base rent**

This is estimated based on the market lease comparables. The higher the base rent used, the higher the fair value of the investment property. For the year ended 31 December 2014, an average gross monthly office unit base rent of RMB425 (2013: RMB410) per square meter is used in the valuation.

As at 31 December 2014, if the market value of investment property had been 5% higher/lower with all other variables held constant, the carrying value of the Group's investment property would have been US\$65,329,000 (2013: US\$62,700,000) higher/lower.

13 Derivative Financial Instruments

	As at 31 December	
	2014	2013
	US\$'000	US\$'000
Non-current assets		
Interest rate caps	85	780

The Group has entered into certain interest rate caps as part of its financial risk management but did not account for these as accounting hedges under IAS 39. Plain vanilla interest rate cap is used to hedge the interest payments of variable debt instruments and the relevant floating interest rate risk.

Notes to the Consolidated Financial Statements (continued)

13 Derivative Financial Instruments (Continued)

The aggregated notional principal amount of outstanding plain vanilla interest rate caps as at 31 December 2014 was US\$515 million (2013: US\$515 million).

The Group recorded fair value losses on derivative financial instruments for the year ended 31 December 2014 amounting to US\$695,000 (2013: US\$1,652,000) (note 8) which were charged to the consolidated income statement.

The maximum exposure to credit risk at the reporting date is the carrying values of the derivative financial instruments.

As at 31 December 2014 and 2013, the Group's derivative financial instruments were pledged to secure the Group's bank borrowings (note 17).

14 Trade and Other Receivables

	As at 31 December	
	2014	2013
	US\$'000	US\$'000
Deferred rent receivables	729	3,147
Prepayment	55	9
	784	3,156

Notes:

- (i) Trade and other receivables are denominated in RMB and the carrying amounts of these receivables approximate their fair values.
Monthly rentals are payable in advance by tenants in accordance with the leases while daily gross receipts from car parks are received from the car park operators in arrears.
- (ii) The Group's exposure from outstanding rent receivables is generally fully covered by the rental deposits from the corresponding tenants (note 16).
- (iii) As at 31 December 2014 and 2013, the Group's rent receivables and all future rent receivables were pledged to secure the Group's bank borrowings (note 17).

There is no rent receivable as at 31 December 2014 and 2013.

15 Restricted Bank Balances and Cash and Cash Equivalents

	As at 31 December	
	2014	2013
	US\$'000	US\$'000
Restricted bank balances	60,657	59,610
Cash and cash equivalents	24,286	67,360
Total time deposits and bank balances	84,943	126,970

Cash and cash equivalents and restricted bank balances are denominated in the following currencies:

	As at 31 December	
	2014	2013
	US\$'000	US\$'000
US\$	50,113	49,365
RMB	34,195	30,803
HK\$	635	46,692
JPY	–	110
	84,943	126,970

Restricted bank balances are related to bank accounts restricted under the bank borrowing facility agreements and were charged to the facility agent, the Australia and New Zealand Banking Group Limited, of the Group's bank borrowings (note 17). Prior consent from facility agent must be obtained before transfer and withdrawal of funds in the restricted bank accounts.

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government. Included in the unrestricted bank balances, there is an amount of US\$635,000 which is denominated in RMB (2013: US\$5,000).

	As at 31 December	
	2014	2013
	US\$'000	US\$'000
Bank balances	84,943	126,860
Short-term bank deposits	–	110
	84,943	126,970

Notes to the Consolidated Financial Statements (continued)

16 Rental Deposits and Trade and Other Payables

	As at 31 December	
	2014	2013
	US\$'000	US\$'000
Rental deposits (note i)	23,588	21,913
Trade and other payables		
Rental receipts in advance	6,448	8,639
Provision for withholding tax	1,375	743
Provision for other taxes (note ii)	411	410
Accrued expenses and other payables	5,736	4,936
	13,970	14,728

Notes:

- (i) Rental deposits are classified as current liabilities on the basis that it is expected to be realized in the Group's normal rental business operating cycle. The ageing analysis is as follows:

	As at 31 December	
	2014	2013
	US\$'000	US\$'000
Within 1 year	4,645	5,106
Over 1 year	18,943	16,807
	23,588	21,913

- (ii) Provision for other taxes represents provision for business tax, urban construction and maintenance tax, education surcharge and stamp duty.

The carrying amounts of rental deposits and trade and other payables approximate their fair values.

17 Interest-Bearing Borrowings

	As at 31 December	
	2014	2013
	US\$'000	US\$'000
Non-current Bank borrowings	460,683	504,799

17 Interest-Bearing Borrowings (Continued)

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting year are as follows:

	As at 31 December	
	2014	2013
	US\$'000	US\$'000
6 months or less	460,683	504,799

The carrying amounts of bank borrowings approximate their fair value, as the borrowings were at floating interest rate.

The Group's bank borrowings are denominated in US\$.

Notes:

- (i) A term loan facility (the "Term Loan Facility"), with principal of US\$515 million was drawdown on 28 January 2013. The amount is wholly repayable on 27 January 2016. The borrowing bears interest of 3.5% above 3-months LIBOR. On 28 January 2014, RCA01, the special purpose vehicle wholly owned by Spring REIT, made a US\$50,000,000 early principal repayment of the Term Loan Facility. As at 31 December 2014, the notional principle amount of the Term Loan Facility was US\$465 million (2013: US\$515 million).
- (ii) As at 31 December 2014 and 2013, the Group's investment property (note 12), derivative financial instruments (note 13), rent receivables and all future rent receivables (note 14), restricted bank accounts (note 15), and the Group's subsidiary's shares was pledged to secure the Group's Term Loan Facilities.
- (iii) On 18 February 2015, the Group had entered into a new US\$480 million term loan, and a US\$20 million uncommitted revolving facility. The expected drawdown date of the loan is in April 2015, which will be utilized to repay the existing US\$465 million term loan. The uncommitted revolving facility is to be used to facilitate the general working capital needs of the Group in the future.

18 Units in Issue

	Number of units
Balance as at 31 December 2013	1,098,000,000
New units issued for Manager's fee	11,468,088
Balance as at 31 December 2014	1,109,468,088

Traded market value of the units as of 31 December 2014 was HK\$3.66 per unit. Based on 1,109,468,088 units, the market capitalization was US\$523.6 million.

Notes to the Consolidated Financial Statements (continued)

19 Notes to Statements of Cash Flows

Net cash flow from operating activities

	Year ended 31 December	
	2014 US\$'000	2013 US\$'000
Profit for the year, before transactions with Unitholders	73,385	69,822
Changes in fair value of investment property	(56,048)	(49,184)
Net fair value losses on derivative financial instruments	695	1,652
Interest income	(467)	(384)
Finance costs on interest-bearing borrowings	33,742	17,302
Net exchange losses	538	3,959
Decrease/(increase) in trade and other receivables	2,317	(1,281)
Increase in rental deposits	2,058	4,744
Increase in trade and other payables	4,783	7,598
	61,003	54,228

Material non-cash movements:

- (i) For the year ended 31 December 2013, the dividend payable of US\$28,588,000 to redeemable preference shareholders is offset with the amount due from preference shareholders on 30 June 2013.
- (ii) For the year ended 31 December 2014, the Manager's fee amounting US\$4,848,000 (2013: Nil) was settled by issuance of new units.

20 Future Minimum Rental Receivables

As at 31 December 2014, the analysis of the Group's aggregate future minimum rental receivable under non-cancellable leases is as follows:

	As at 31 December	
	2014 US\$'000	2013 US\$'000
Within 1 year	75,745	60,912
After 1 year, but within 5 years	64,801	78,246
	140,546	139,158

Note: Most of the operating leases are on fixed terms and of terms of 3 years (2013: 3 years).

21 Connected Party Transactions and Related Party Transactions and Balances

As at 31 December 2014, RCA01 Fund L.P. is the immediate and ultimate holding company of the Group.

For the year ended 31 December 2014, the Group entered into the following transactions with related parties at mutually agreed terms in the normal course of its business.

After the listing date on 5 December 2013, the transactions with connected parties would be considered as connected party transactions subjected to the requirements of REIT Code in the waiver letter from SFC dated 21 November 2013.

(a) Nature of relationship with connected/related parties

The table set forth below summarizes the names of the connected/related parties and nature of their relationship with the Group as at 31 December 2014:

Connected/related party	Relationship with the Group
DB Trustees (HK) Ltd	The Trustee of Spring REIT
Spring Asset Management Limited*	The Manager of Spring REIT
RCA Fund 01 L.P. ("RCA Fund")*	Significant Unitholder of Spring REIT
AD Capital Co., Ltd ("AD Capital")*	Parent Company of the Manager
Development Bank of Japan, Inc. ("DBJ")*	An associated company of a significant Unitholder of Spring REIT and a controlling entity of the Manager through AD Capital
Beijing Development Investment Consulting Ltd. ("BDIC")*	An associate of a director of the Manager
AD Capital (Beijing) Investment Consulting Co. Ltd. ("ADC BJ")* (formerly known as Asuka DBJ (Beijing) Investment Consulting Co. Ltd.)	An associated company of the Manager
Beijing Hua-re Real Estate Consultancy Co., Ltd. ("HuaRe")*	An associated company of the Manager
Colliers International (Hong Kong) Ltd.	The Principal Valuer
DBJ-JAIC Investment Consulting (Beijing) Co., Ltd. ("JAIC")*	An associated company of the Manager
Wownew (Beijing) Commerce Co. Ltd. ("Wownew")*	An associate of a director of the Manager
Deutsche Bank AG, Hong Kong Branch ("DBHK")	Trustee Connected Persons
Deutsche Bank (China) Company Ltd. ("DB China")	Trustee Connected Persons
Deutsche Bank AG, London Branch ("DBUK")	Trustee Connected Persons
Zhong De Securities ("ZDS")	Trustee Connected Persons

* These connected parties are also considered as related parties of the Group.

Notes to the Consolidated Financial Statements (continued)

21 Connected Party Transactions and Related Party Transactions and Balances (Continued)

(b) Income from connected/related parties

	Note	Year ended 31 December		For the
		2014	2013	period from
		US\$'000	US\$'000	5 December
				2013 (date of
				listing) to
				31 December
				2013
				US\$'000
Rental revenue from ADC BJ	(i)	112	113	8
Rental revenue from BDIC	(i), (ix)	–	30	–
Rental revenue from JAIC	(i), (viii)	106	10	10
Rental revenue from Wownew	(i), (viii)	23	4	4
Rental revenue from DB China	(i), (viii)	4,922	337	337
Rental revenue from ZDS	(i), (viii)	2,408	178	178
Interest income from DBHK	(ii), (viii)	465	85	85

(c) Expenses to connected/related parties

	Note	Year ended 31 December		For the
		2014	2013	period from
		US\$'000	US\$'000	5 December
				2013 (date of
				listing) to
				31 December
				2013
				US\$'000
Management fees to HuaRe	(iii)	1,636	1,374	128
Asset management fee to AD Capital	(iv),(ix)	–	3,710	–
Trustee's fee paid and payable to the Trustee	(v),(viii)	235	31	31
Manager fee to Spring Asset Management Limited	(vi),(viii)	7,397	513	513
Valuation fee paid to valuer	(vii),(viii)	50	3	3
Loan arrangement fee to DBUK	(ii),(viii)	960	–	–

21 Connected Party Transactions and Related Party Transactions and Balances (Continued)

(d) Balances with connected/related parties

	Note	As at 31 December	
		2014 US\$'000	2013 US\$'000
Lease deposit from ADC BJ		35	35
Lease deposit from JAIC		–	45
Lease deposit from Wownew		–	17
Lease deposit from DB China		467	350
Lease deposit from ZDS		630	641

- (i) Rental revenue was charged in accordance with the terms of the relevant agreements with the connected/related parties.
- (ii) Interest income received on bank deposits was charged in accordance with the terms of the relevant agreements with DBHK. Loan arrangement fee to DBUK was charged based on mutually agreed terms.
- (iii) Property management services fees were charged based on mutually agreed terms between the parties.
- (iv) Asset management fee was charged based on mutually agreed terms between the parties.
- (v) The Trustee is entitled to receive a one-off acceptance fee of US\$23,000 and in each financial year, an ongoing fee of not more than 0.025% of the value of the Deposited Property payable semi-annually or quarterly in arrears, subject to a minimum of US\$9,000 per annum.
- (vi) Fee to the Manager was charged in accordance with the Trust Deed.
- (vii) Valuation fee were charged based on mutually agreed terms between the parties.
- (viii) The amount represented the transactions with those connected/related parties since the relationship of connected/related parties established from the Listing Date.
- (ix) The amount represented the transactions with those connected/related parties before the Listing Date.

No transaction was entered with the directors of the Manager (being the key management personnel) for each of the years ended 31 December 2014 (2013: Nil).

Notes to the Consolidated Financial Statements (continued)

22 Subsidiary

Name	Place of establishment and kind of legal entity/ place of operations	Principal activities	Particulars of issued share capital	Interest held
Directly held:				
RCA01	Cayman Islands, limited liability	Property investment	1,000 of US\$1 each	100%

23 Approval of the Consolidated Financial Statements

The consolidated financial statements were authorized for issue by the Manager on 18 March 2015.

Performance Table

	For the year ended 31 December 2014	For the period from 5 December 2013 to 31 December 2013
Net assets attributable to Unitholders	US\$ 894.15 million	US\$ 862.24 million
Net assets per Unit attributable to Unitholders	HK\$6.25	HK\$6.09
Highest traded unit price	HK\$3.78	HK\$3.81
Highest premium of the traded unit price to net assets per Unit	N/A	N/A
Lowest traded unit price	HK\$2.78	HK\$2.99
Highest discount of the traded unit price to net assets per Unit	55.5%	50.9%
Distributions per Unit ¹	HK26.4 cents	HK1.6 cents
Net yield per Unit ¹	7.2%	0.5%
Net yield (annualized) per Unit ¹	7.2%	6.8%
Total borrowings as a percentage of gross assets	33.1%	36.0%
Market capitalization ²	US\$ 523.61 million	US\$ 448.90 million
Units issued	1,109,468,088	1,098,000,000

Notes:

- 1 Net yield per Unit is calculated based on distribution per Unit for each year/period to the closing price as at the end of each year/period.
- 2 Market capitalization is calculated based on the closing unit price of the year/period times the unit outstanding as at the end of the year/period.

Corporate Information

The Manager

Spring Asset Management Limited
Room 2801, 28/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong
Tel: +852 3100 0300
Fax: +852 3100 0320

Board of Directors of the Manager

Chairman and Non-executive Director

Mr. Toshihiro Toyoshima

Executive Directors

Mr. Lau Jin Tin, Don
Mr. Nobumasa Saeki

Non-executive Director

Mr. Hideya Ishino

Independent Non-executive Directors

Mr. Simon Murray
Mr. Liping Qiu
Mr. Lam Yiu Kin

Responsible Officers of the Manager

Mr. Lau Jin Tin, Don
Mr. Nobumasa Saeki
Mr. Chung Wai Fai

Company Secretary of the Manager

Fair Wind Secretarial Services Limited

Auditor

PricewaterhouseCoopers

Internal Auditor

BDO Financial Services Limited

Trustee

DB Trustees (Hong Kong) Limited

Principal Valuer

Colliers International (Hong Kong) Limited

Legal Advisors

As to Hong Kong and United States laws
DLA Piper Hong Kong

As to PRC law

Zhong Lun Law Firm

As to Cayman Islands law

Maples and Calder

Unit Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Property Manager

Beijing Hua-re Real Estate Consultancy Co., Ltd

Investor Relations

Mr. Chung Wai Fai
Email: ir@springreit.com

Stock Code

Hong Kong: 1426

Website

www.springreit.com

SpringREIT

Spring Real Estate Investment Trust
春泉產業信託

Stock Code : 01426

www.springreit.com

Managed by
Spring Asset Management Limited