

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



2015

Interim Report

Managed by
Spring Asset Management Limited



About Spring REIT

Spring Real Estate Investment Trust (“**Spring REIT**”) is a real estate investment trust constituted by the trust deed entered into on 14 November 2013, as supplemented by the first supplemental deed dated 22 May 2015 (collectively, the “**Trust Deed**”) 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. As at 30 June 2015, the Manager is 90.2% owned by AD Capital Co., Ltd., (“**AD Capital**”) which is a private equity investment firm owned by Development Bank of Japan, Itochu Corporation, Asuka Holdings Co., Ltd., and certain minority management shareholders.

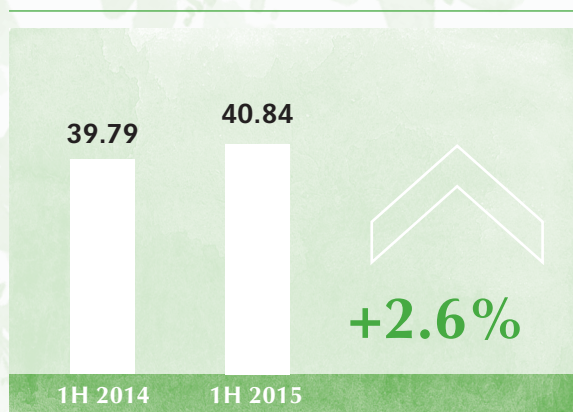
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Financial Highlights

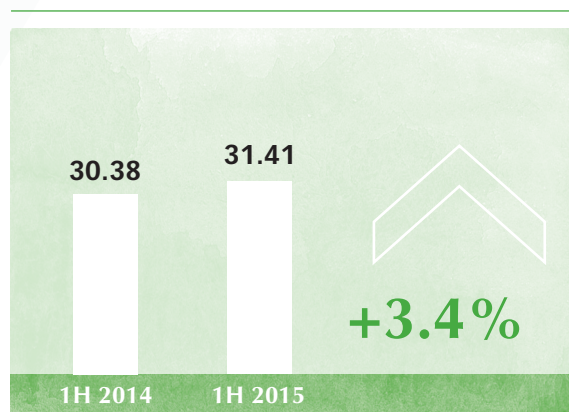
Total Revenue

(US\$ million)



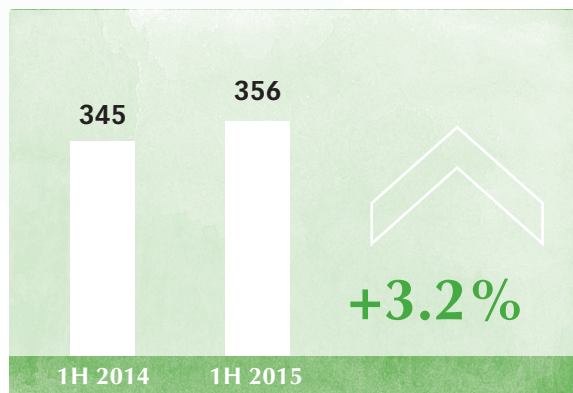
Net Property Income

(US\$ million)



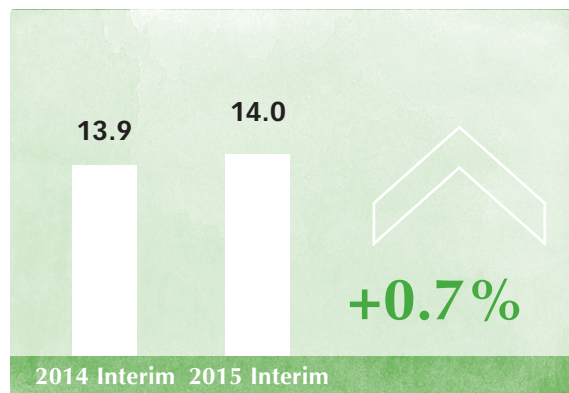
Average Monthly Passing Rent

(RMB/sqm)



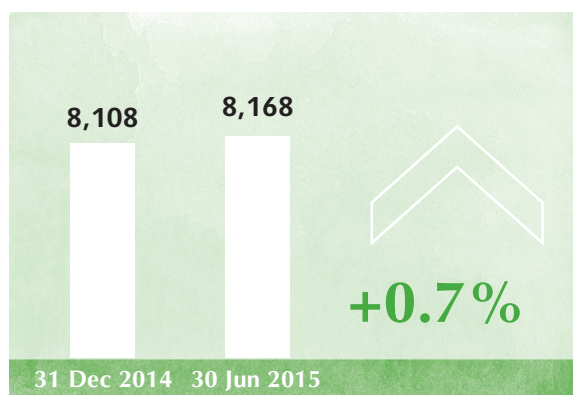
Distribution per Unit

(HK cents)



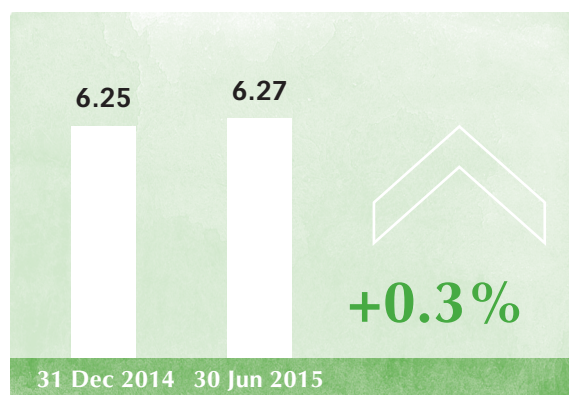
Appraised Property Value

(RMB million)



Net Assets per Unit

(HK\$)



Below are the interim results highlights and distribution summary of Spring REIT and its special purpose vehicle (together, the “**Group**”) for the six months ended 30 June 2015 (the “**Reporting Period**”).

Results Highlights

	Six Months Ended 30 June 2015	Six Months Ended 30 June 2014	Change
Total Revenue (US\$ million)	40.84	39.79	+2.6%
Net Property Income (US\$ million)	31.41	30.38	+3.4%
Net Property Income Margin	76.9%	76.4%	+0.5 ppts
Total Distributable Income (US\$ million)	20.97	19.75	+6.2%
Distribution per Unit (HK cents)	14.0	13.9	+0.7%

	As at 30 June 2015	As at 31 December 2014	Change
Gross Assets (US\$ million)	1,411.41	1,392.40	+1.4%
Appraised Property Value (US\$ million)	1,317.21	1,306.58	+0.8%
Appraised Property Value (RMB million)	8,168.00	8,108.00	+0.7%
Net Assets per Unit (HK\$)	6.27	6.25	+0.3%
Total Borrowings (US\$ million)	473.26	460.68	+2.7%
Total Borrowings to Gross Asset Value	33.5%	33.1%	+0.4 ppts
Number of Units Outstanding	1,114,886,108	1,109,468,088	+0.5%

Distribution Summary

	Distribution per Unit	Distribution Yield ³	Annualized Distribution Yield ³
2015 Interim Distribution¹	HK14.0 cents	4.1%	8.2%
2014 Final Distribution	HK12.5 cents	7.2%	7.2%
2014 Interim Distribution	HK13.9 cents		
2013 Final Distribution ²	HK1.6 cents	0.5%	6.8%
2013 Special Distribution	HK7.0 cents	2.2%	N/A

Notes:

1. The record date of 2015 interim distribution will be 8 September 2015 (“**Record Date**”) and the payment date will be 17 September 2015.
2. The distribution for the period from 5 December 2013 to 31 December 2013 represented only 27 days of operation. It was paid on 30 September 2014.
3. Distribution yield and annualized distribution yield are calculated using the closing price of the Units at the end of each period.

Total Distributable Income

Total distributable income (“**TDI**”) is the consolidated audited or reviewed 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 adjustment, please refer to the section headed “Statement of Distributions” in the condensed consolidated financial statements. TDI to the Unitholders for the Reporting Period amounted to approximately US\$20.97 million (2014: US\$19.75 million).

Distribution

The board of directors (the “**Board**”) has resolved to declare an interim distribution to Unitholders for the Reporting Period (“**2015 Interim Distribution**”) of HK14.0 cents per Unit. This represents a 96% distribution of Spring REIT’s TDI for the Reporting Period. The 2015 Interim Distribution, however, may be subject to adjustment upon the issuance of new Units between 1 July 2015 and 8 September 2015 (the “**Record Date**”), if any. For details of the distribution, please refer to the section headed “Statement of Distributions” in the condensed consolidated financial statements.

All distribution will be made in Hong Kong dollars. The exchange rate adopted by the Manager for conversion of US dollar to Hong Kong dollar for the 2015 Interim 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 30 June 2015.

The Manager confirms that the 2015 Interim Distribution is composed only of consolidated profit after tax before transactions with the Unitholders and non-cash adjustments for the Reporting Period.

Distribution Yield

Distribution per Unit (“**DPU**”) for the Reporting Period is HK14.0 cents (2014: HK13.9 cents) based on the number of outstanding Units of 1,114,886,108 as at 30 June 2015. The DPU for the Reporting Period represents an annualized distribution yield of approximately 8.2% based on the closing price of HK\$3.44 per Unit as at 30 June 2015.

Distribution Policy

In accordance with the Trust Deed, Spring REIT is required to distribute no less than 90% of TDI to the Unitholders. The Manager’s current policy is to distribute to the Unitholders at least 90% of TDI in each 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.

Closure of Register of Unitholders

The Record Date of the 2015 Interim Distribution will be 8 September 2015, Tuesday. The register of Unitholders will be closed for the purpose of determining the identity of Unitholders from 7 September 2015, Monday to 8 September 2015, Tuesday, both days inclusive, during which period no transfer of Units will be registered. The 2015 Interim Distribution is expected to be payable on 17 September 2015, Thursday to Unitholders whose names appear on the register of Unitholders on the Record Date.

In order to qualify for the 2015 Interim 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 not later than 4:30 p.m. on 4 September 2015, Friday.

Chairman's Statement

Dear Unitholders,

On behalf of the Board, I am pleased to present the unaudited consolidated interim results of the Group for the Reporting Period.

Solid Financial Results

The Group recorded solid performance for the six months ended 30 June 2015. Compared to the same period in the last financial year, total revenue grew by 2.6% to US\$40.84 million and net property income increased by 3.4% to US\$31.41 million.

During the first half of 2015, new and renewed leases equivalent to 13.9% of leased gross floor area ("**GFA**") (as at 30 June 2015) have been signed and became effective. Average monthly passing rent was RMB356 per square meter ("**sqm**"), 3.2% higher than RMB345 per sqm recorded for the six months ended 30 June 2014. Average monthly spot rent came in at RMB345 per sqm, 8.5% lower than RMB377 per sqm recorded for the six months ended 30 June 2014. The decline was due to the entering of certain leases during the Reporting Period.

2015 Interim Distribution

The Board has resolved to declare the 2015 Interim Distribution of HK14.0 cents per Unit, for the six months ended 30 June 2015. The 2015 Interim Distribution is expected to be payable on 17 September 2015, Thursday to Unitholders whose names appear on the register of Unitholders on 8 September 2015, Tuesday. Based on the closing price of Units of HK\$3.44 as at 30 June 2015, the 2015 Interim Distribution represents an distribution yield of 4.1%, or an annualized distribution yield of 8.2%.

Completion of Refinancing

Riding on the back of a strong and stable recurring rental income, quality assets in prime location and professional management, Spring REIT, through its wholly owned special purpose vehicle RCA01, has successfully obtained a US\$480.00 million five-year term loan. The term loan had recorded an oversubscription of 3.06 times of the issue size from 16 international and local banks. The term loan was drawn down in April 2015 with the proceeds applied to the early repayment of an existing term loan facility that was to fall due in January 2016.

A Broadened Investment Mandate

Since the listing of Spring REIT on the Stock Exchange in December 2013, we have focused on delivering high organic growth through positive rental reversions on our properties. With passing rents now being closer to market rents, the Manager is exploring other areas to enhance returns for Unitholders. Accordingly, in the Extraordinary General Meeting held in May 2015, among other resolutions, the Manager proposed 4 resolutions to expand the investment scope of Spring REIT which were all approved overwhelmingly by the Unitholders.

In line with the amendments to the code on Real Estate Investment Trusts (the "**REIT Code**") that became effective in August 2014, Spring REIT will now be able to invest up to 10% of its gross asset value in property development and to a limited extent in financial instruments such as listed securities and overseas property funds. Spring REIT will also have greater flexibility with respect to geographical scope and investment in other property types, including industrial properties, warehouses, commercial shopping malls, hotels and serviced apartments. While a widened investment scope will enhance the long-term growth potential of Spring REIT, currently the Manager has no immediate plan for Spring REIT to take up investment opportunities utilizing such new flexibilities.

Closer Ties with Itochu Corporation

During the Reporting Period, the Manager's parent company AD Capital had brought in ITOCHU Corporation ("**ITOCHU**") as a 28.3% shareholder of AD Capital. ITOCHU is a leading trading conglomerate in Japan as well as a Fortune Global 500 company. With business presence in 65 countries and regions around the world, ITOCHU's real estate division provides services that extend from development and construction to sales, operation, leasing, brokering and financial management of real estate projects, with a geographical focus in Japan and other parts of Asia.

Chairman's Statement (continued)

By establishing a closer business relationship through ITOCHU's participation in the shareholding of AD Capital, AD Capital would be well positioned to leverage the experience and resources of ITOCHU in order to facilitate future cooperation on business opportunities in real estate area, including to identify and present Spring REIT with potential real estate investment opportunities that may enhance the long-term development prospect of Spring REIT.

Outlook

Driven by the government's reform measures to pursue a more balanced and sustainable growth paradigm, the moderation in China's economy continued. Both of China's first and second quarter gross domestic product ("GDP") rose 7.0% from a year earlier, which was slower than the 7.3% in the fourth quarter of 2014, but in line with the government's annual GDP target of around 7%.

On monetary policy front, the People's Bank of China continued its easing on the back of lower inflation. In the fourth reduction since November 2014, China's central bank cut the benchmark one-year lending rate to a record low of 4.85% in June 2015.

Meanwhile, China continued its efforts to enhance the long term sustainability of the economy through various reform measures including internationalization of renminbi and gradual liberalization of the capital account. Domestically, the replacement of business tax with value-added tax ("VAT") has been implemented nationwide to promote an adjustment of the economic structure and transformation of enterprises. Currently, the introduction of VAT to the real estate industry is yet to be announced.

Outside of China, one major economic development to watch would be the timing of interest rate hike by the US Federal Reserve, which is widely expected by the market to happen in the coming two quarters.

As the world's and Chinese economies develop, the Manager will continue to closely monitor the operating environment and stay diligent in actively managing Spring REIT to maximize its long-term value and distribution income.

In the second half of 2015, about 9% of the existing office leases (in GFA terms) of Spring REIT is scheduled to expire. The underlying tight supply-demand situation is expected to continue in the remaining of the year, with limited new supply of Grade-A office space in Beijing CBD. Under current economic conditions, we continue to see good take-ups of office space in Beijing CBD. The Manager continues to focus on maintaining high occupancy, strengthening tenant mix and managing costs. Additionally, with the successful completion of refinancing in April this year, the savings from the lower interest margin of the new term loan will contribute to Spring REIT's financial performance in the coming years.

Appreciation

On behalf of the Board, 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 the professional parties for their hard work and dedication.

Toshihiro Toyoshima

Chairman and Non-executive Director

Spring Asset Management Limited

(as manager of Spring REIT)

19 August 2015

Management Discussion and Analysis



Property and Market Overview

The Property

Spring REIT's principal assets include 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 Central Business District of Beijing (the "Beijing CBD") at the intersection of Jianguo Road (建国路) and West Dawang Road (西大望路), between the Third Ring Road and the Fourth Ring Road.

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 RMB8,168.00 million² (equivalent to US\$1,317.21 million)
 - Average Occupancy rate 95%³
- 1 Source: DTZ Consulting
 2 As at 30 June 2015
 3 Average Occupancy for the six months ended 30 June 2015



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

Management Discussion and Analysis (continued)

Property Valuation

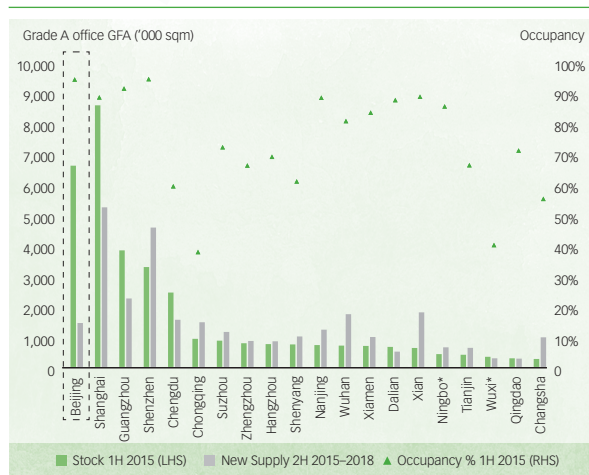
The valuation of the Property as at 30 June 2015 was appraised at RMB8,168.00 million (equivalent to US\$1,317.21 million), representing an appreciation of RMB60.00 million or approximately 0.7% in RMB terms over the valuation as at 31 December 2014, according to a valuation performed by Colliers International (Hong Kong) Limited (the “Principal Valuer”) on the Property. The small increase in appraised value was attributable to a lower capitalization rate of 6.50% (December 2014: 6.75%).

Office Market in Beijing CBD

Beijing CBD is a major business district in Beijing situated 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. Bridged by the Chang’an Avenue/Jianguo Road, the main east-west transportation artery in the city, Beijing CBD connects west to the Forbidden City and east to Tongzhou district where municipal administrative bodies are planned to be relocated. As at 30 June 2015, Beijing CBD Grade-A office submarket had a total stock of 1.83 million sqm, accounted for 27.3% of the city’s total Grade-A office space of around 6.71 million sqm.¹

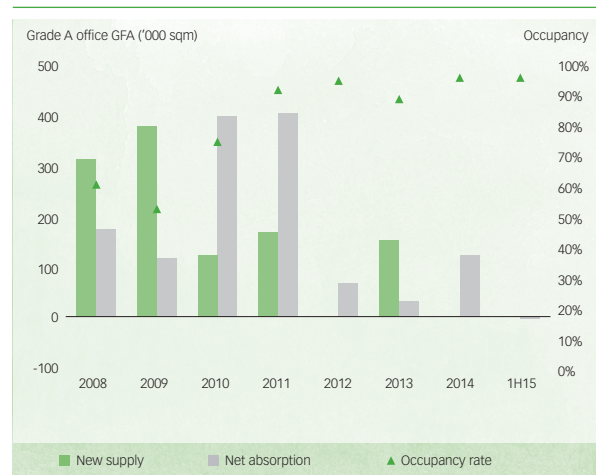
According to market research conducted by Jones Lang LaSalle, there was no new Grade-A office supply in Beijing CBD during the Reporting Period as the new completions were located in Financial Street, Zhongguancun and the decentralised office area of Wangjing. New supply in the CBD area is expected to remain light until 2018, after which completion of the projects in Zhongfu plot is expected to result in more notable new supply in the CBD area. Thanks to steady demand for quality office space from professional services, technology, industrial companies and domestic financial companies, average occupancy in Beijing CBD remained high at 94.7%.¹

Grade-A Office Markets across China



Source: Jones Lang LaSalle Research, June 2015

Grade-A Office Market in Beijing CBD



Source: Jones Lang LaSalle Research, June 2015

¹ Jones Lang LaSalle Research, June 2015

Operating and Financial Review

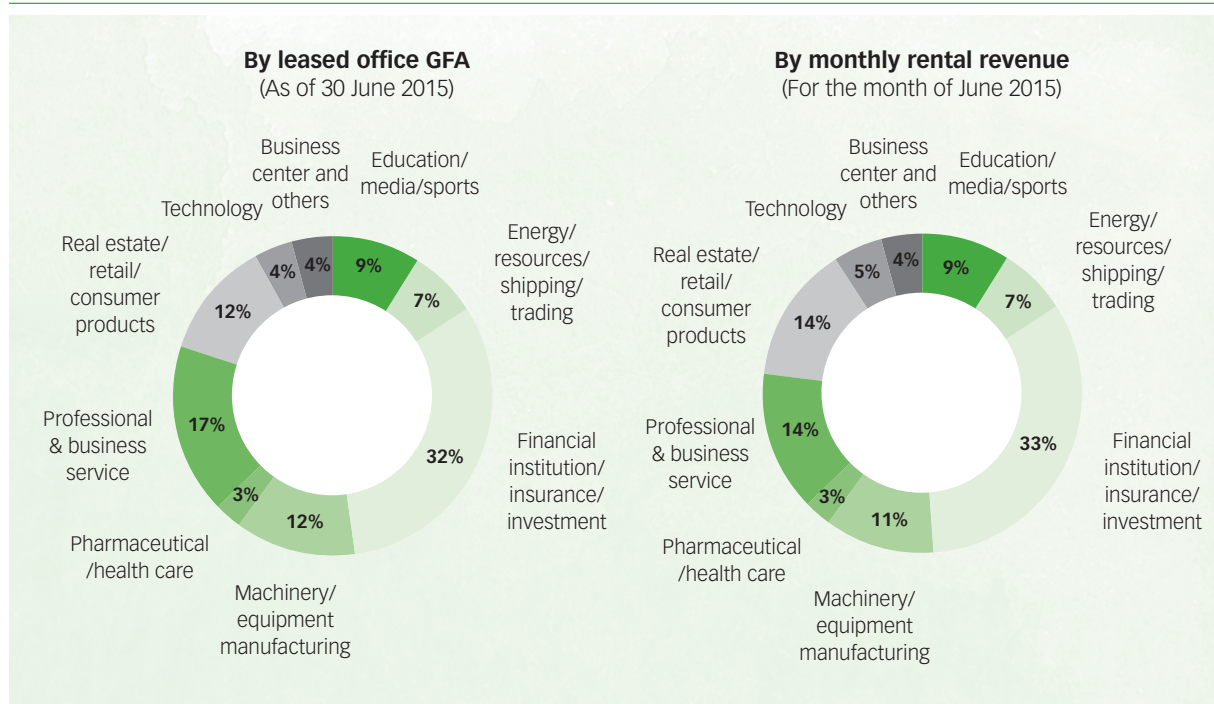
Leasing Performance

The Property enjoyed high occupancy rate averaging around 95% for the six months ended 30 June 2015. In GFA terms, 13.9% of the leases as at 30 June 2015 were entered into during the six months ended 30 June 2015.

For the six months ended 30 June 2015, average monthly passing rent grew 3.2% to RMB356 per sqm, from RMB345 per sqm for the six months ended 30 June 2014. Average monthly spot rent was at RMB345 per sqm, 8.5% lower than RMB377 per sqm for the six months ended 30 June 2014. The decline was due to the entering of certain leases during the Reporting Period, which fetched lower rents as they covered less preferred premises. Excluding these leases, the average monthly spot rent was RMB398 per sqm, 5.6% higher than RMB377 per sqm for the six months ended 30 June 2014.

Amidst ongoing moderation in China's economy, the Manager has put more emphasis on fine-tuning the tenant mix to maintain the brand value and long-term competitiveness of the Property. The Manager will continue to favour tenants with strong business fundamentals and those that have a firm footing in emerging industries.

Tenant mix analysis



Management Discussion and Analysis (continued)

Business Performance

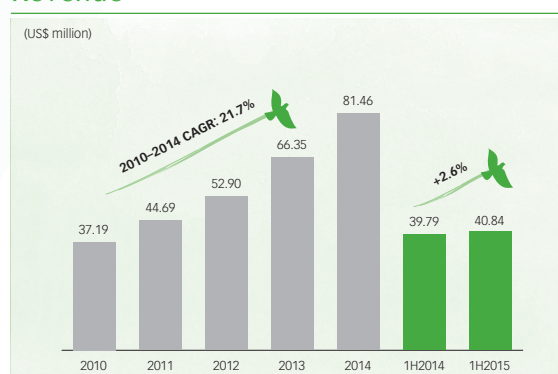
The Group recorded solid performance for the Reporting Period. Total revenue of the Group increased by 2.6% year-on-year to US\$40.84 million (2014: US\$39.79 million). This moderate growth reflected the relatively small portion of new and renewed leases entered into during the Reporting Period and a mildly positive rental reversion.

Property operating expenses rose just 0.2% year-on-year to US\$9.43 million for the Reporting Period (2014: US\$9.41 million). Property operating expenses mainly comprise of withholding tax, business and other tax, and property tax which together accounted for 89.2% of the total. Property management fee, payable at 2.0% of total revenue, accounted for 8.6% of the property operating expenses.

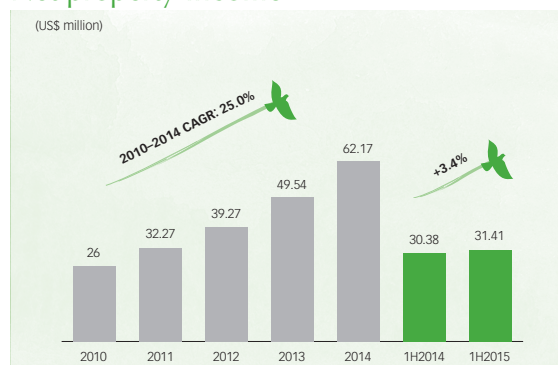
Net property income for the Reporting Period rose 3.4% to US\$31.41 million (2014: US\$30.38 million), largely commensurate with the corresponding increase in total revenue. Net property income margin increased by 0.5 percentage points to 76.9% for the Reporting Period, compared with 76.4% for the six months ended 30 June 2014, reflecting good cost management and positive operating leverage.

Fair value gain of investment property moderated to US\$9.67 million for the Reporting Period (2014: US\$24.88 million), representing a 0.7% increase in fair value in RMB terms as compared with the appraised value as at 31 December 2014. Taking into account of this modest increase in property value, net asset value per Unit was HK\$6.27, compared to HK\$6.25 per Unit at the end of 2014.

Revenue



Net property income



Finance Costs

Total finance costs came in at US\$13.44 million for the Reporting Period, comparing with US\$19.27 million recorded in the six months ended 30 June 2014. Excluding gains and losses resulting from foreign exchange translations and an one-off derecognition of unamortized loan arrangement fee, the interest expense decreased by 1.6% to US\$11.42 million for the Reporting Period, comparing with US\$11.61 million in the six months ended 30 June 2014. The slight reduction in interest expense is attributable to refinancing at lower interest margin.

Non-cash Financial Impacts from Foreign Exchange Fluctuations

On the back of an approximately 0.1% appreciation in RMB against the USD, the Group recorded a foreign exchange gain of US\$124,000 during the Reporting Period. This is mostly attributable to the foreign currency translation of the USD-denominated term loan facilities. This foreign exchange item is unrealized and therefore non-cash in nature and has no impact on the TDI of Spring REIT. Currently, no currency hedge is employed by the Group. The Manager will closely monitor and evaluate the development in the foreign exchange market.

Debt Position

On 18 February 2015, Spring REIT, through RCA01, entered into 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 “**2015 Term Loan Facilities**”). The new loan facilities bear an interest margin of 2.75% per annum over LIBOR.

On 30 April 2015, the term loan facility was drawn down with the proceeds applied to the early repayment of the entire existing US\$465.00 million term loan facility (the “**2013 Term Loan Facility**”) that was to fall due on 27 January 2016. The 2013 Term Loan Facility had an interest margin of 3.50% per annum over LIBOR.

As at 30 June 2015, Spring REIT had in place total loan facilities of US\$500.00 million, comprising of term loan facility of US\$480.00 million which were fully drawn down and a revolving credit facility of US\$20.00 million that remained undrawn.

The term loan facility of US\$480.00 million was recognized to be US\$473.26 million in the financial statements as at 30 June 2015, 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 30 June 2015, the gearing ratio (total borrowings to gross assets value) was 33.5%, compared with 33.1% as at 31 December 2014.

Management Discussion and Analysis (continued)

Pledged Assets

As at 30 June 2015, Spring REIT's investment property, rent receivables, restricted bank accounts, and RCA01's ordinary shares were pledged to secure the 2015 Term Loan Facilities.

Throughout the Reporting Period, both Spring REIT and RCA01 have in material respects complied with all the terms and provisions of the loan facilities.

Cash and Asset Position

As at 30 June 2015, the Group had unrestricted cash amounted to US\$35.65 million, compared with US\$24.29 million as at 31 December 2014. The cash is generally placed in short-term deposits mostly dominated in US dollar. The Group's liquidity and financing requirements are reviewed regularly.

As at 30 June 2015, the gross asset value of the Group was US\$1,411.41 million, increased 1.4% compared with US\$1,392.40 million recorded on 31 December 2014.

Net Assets Attributable to Unitholders

As at 30 June 2015, net assets attributable to Unitholders amounted to US\$902.35 million or HK\$6.27 per Unit.

The net asset value per Unit of HK\$6.27 represented a 82.3% premium to the closing price of the Units of HK\$3.44 on 30 June 2015.

New Units Issued

As at 30 June 2015, the total number of issued Units was 1,114,886,108. As compared with the position of 31 December 2014, a total of 5,418,020 new Units were issued during the Reporting Period.

Date	Particulars	No. of Units
31 December 2014	Beginning balance of total number of Units in issue.	1,109,468,088
23 March 2015	Issue of new Units to the Manager at the price of HK\$3.807 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 December 2014.	+ 3,079,589
8 May 2015	Issue of new Units to the Manager at the price of HK\$3.642 per Unit (being the Market Price as defined in the Trust Deed) as payment of 80% of the Manager's Base Fee for the 3 months period ended 31 March 2015.	+ 2,338,431
30 June 2015	Ending balance of total number of Units in issue.	1,114,886,108

Capital Commitments

As at 30 June 2015, 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 30 June 2015.

Corporate Governance

With the objectives 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 under 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 (**"REITs"**) 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. The major activities during the Reporting Period are set out below:

Expansion of the Scope of the Investment Policy and Objective of Spring REIT To Include Property Development and Related Activities and Relevant Investments

On 27 January 2014, the Securities and Futures Commission (the **"SFC"**) issued a consultation paper on Amendments to the Code on Real Estate Investment Trusts inviting public comments on proposed amendments to the REIT Code to allow REITs to undertake property development activities and invest in certain financial instruments (the **"REIT Code Amendments"**). In the SFC's consultation conclusions released on 22 July 2014, the SFC concluded that the proposals gained majority support and the REIT Code Amendments became effective on 29 August 2014.

As a result of the REIT Code Amendments, the Manager considered the new flexibility provided by the REIT Code Amendments to be beneficial to Spring REIT as such flexibility will support its long-term and sustainable growth and accordingly, has convened an extraordinary general meeting (**"EGM"**) on 20 May 2015 to seek Unitholders' approval to, among other things, expand the investment policy and objective of Spring REIT to include property development and related activities and relevant investments. Details of which were set out in the circular to Unitholders dated 16 April 2015 (the **"Circular"**). 100% and 90% of the votes were cast in favour of the above two changes respectively. Pursuant to the two special resolutions passed at the EGM, the Manager has updated its Compliance Manual to contain measures to mitigate the risks relating to the undertaking of the above activities and ensure compliance of the REIT Code Amendments.

Expansion of the Scope of the Investment Policy and Objective of Spring REIT on Property Types

The Manager proposed to expand the types of properties in which Spring REIT may invest such that Spring REIT will have greater flexibility with respect to investment in properties, including investing in industrial properties, warehouses, commercial shopping malls, hotels and serviced apartments, of which the Manager considers to offer good investment potential based on the prevailing market conditions. A more diverse investment scope will allow Spring REIT to capture investment opportunities across properties of different types when available and appropriate, with the ultimate objective of enhancing the competitiveness of Spring REIT and improving return on assets for the Unitholders. Accordingly, the Manager has sought the approval of the Unitholders at the EGM to expand the property types. Details of which were set out in the Circular. 99.99% of the votes were cast in favour of the resolution. The Manager has revised its Compliance Manual to include appropriate policies and conduct due diligence such that investments are made only after careful and diligent investigations by the Manager.

Corporate Governance (continued)

Expansion of the Scope of the Investment Policy and Objective of Spring REIT on Geographical Scope

The Manager proposed to expand the geographical scope of the investment policy and objective of Spring REIT such that Spring REIT will no longer be limited to high quality income-producing real estate in Mainland China, Hong Kong, Macau, Taiwan, Japan and other areas of Asia, and that Spring REIT may invest in high quality income-producing real estate located in any part of the world. The Manager considers that such proposed change will, among other things, keep Spring REIT competitive with other property investors by adding flexibility and widen the investment scope so that in case an investment opportunity which involves property outside of Mainland China, Hong Kong, Macau, Taiwan, Japan and other areas of Asia and provides attractive long-term cash flows and yields, as well as the potential for net asset value growth arises, the Manager can capture the opportunity to enhance the return on the assets for the Unitholders. Accordingly, the Manager has sought the approval of the Unitholders at the EGM to expand the geographical scope. Details of which were set out in the Circular. 99.99% of the votes were cast in favour of the resolution. The Manager has updated its Compliance Manual to ensure compliance at all times with applicable legal and regulatory requirements, including but not limited to the requirements of the Practice Note on Overseas Investments by SFC-authorized REITs.

Proposed Amendments to the Distribution Formula

The REIT Code requires that a REIT shall distribute to unitholders each year an amount not less than 90% of its audited annual net income after tax. As the current minimum annual distribution amount required under the Trust Deed exceeded the amount required under the REIT Code, the Manager considered it prudent to reconcile the minimum annual distribution stated in the Trust Deed with the minimum annual distribution required under the REIT Code in order to provide the Manager with maximum flexibility to manage cash and achieve the investment policy and objective of Spring REIT. The Manager will also continue to evaluate Spring REIT's distribution policy from time-to-time and may, in its discretion, declare distributions in excess of the minimum required under the REIT Code if and to the extent Spring REIT has funds surplus to its business requirements. Accordingly, the Manager has sought the approval of the Unitholders at the EGM to amend the distribution formula, with effect from and including the financial year ending 31 December 2015, so as to reflect the formula regarding minimum annual distribution requirement under the REIT Code. Details of which were set out in the Circular. 99.99% of the votes were cast in favour of the resolution.

Amendments to the Trust Deed

The Trust Deed was amended to reflect, among other changes, expansions of the scope of the investment policy and objective of Spring REIT and the amendments to distribution formula as mentioned above, pursuant to special resolutions of the Unitholders passed at the EGM. Please refer to the Circular for details of the amendments and the announcement dated 20 May 2015 for details of the poll results. In addition, certain miscellaneous amendments which did not require the approval of Unitholders were also made to the Trust Deed, including the amendments to clarify that the provisions as set out in the Trustee Ordinance which provide that a trustee of a trust is not liable for any act or omission of an agent, nominee or custodian acting for the trust if the trustee has discharged the statutory duty of care applicable to the trustee imposed under the revised Trustee ordinance, is not applicable to Spring REIT.

Throughout the six months ended 30 June 2015, 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 REIT Code and the 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 authorised by 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 authorised by the SFC under Section 116 of the SFO to conduct the regulated activity of asset management. As at the date of this report, Mr. LAU Jin Tin, Don (Executive Director of the Manager), Mr. Nobumasa SAEKI (Executive Director of the Manager) and Mr. CHUNG Wai Fai (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. Mr. LAU Jin Tin, Don, an Executive Director, was appointed by the SFC as an approved person of the Manager pursuant to section 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 (Chapter 29 of the Laws of Hong Kong). The Trustee is qualified to act as a trustee for collective investment schemes authorised under the SFO pursuant to the REIT Code.

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.

Board of Directors of the Manager

The Board of Directors 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 six months ended 30 June 2015 were set out below:

Non-executive Directors

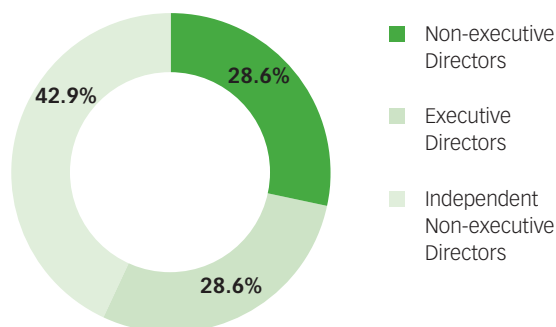
Mr. Toshihiro Toyoshima (*Chairman*)
Mr. Hideya Ishino

Executive Directors

Mr. Lau Jin Tin, Don
Mr. Nobumasa Saeki

INEDs

Mr. Simon Murray
Mr. Liping Qiu
Mr. Lam Yiu Kin¹



¹ Mr. Lam Yiu Kin was appointed as an INED on 12 January 2015.

Corporate Governance (continued)

Conflicts of Interest and Business Competitions with AD Capital, Itochu and Huamao

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 30.96%¹ of the Units in issue as at 30 June 2015. 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 30 June 2015, the Manager is 90.2% owned by 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.

ITOCHU Corporation holds a direct interest of approximately 28.3% in the shares of AD Capital as at 30 June 2015. As the Manager understands, ITOCHU Corporation, its subsidiaries and associated companies ("**ITOCHU**") have established business presence in 65 countries and regions around the world. ITOCHU's real estate division provides services that extend from development and construction to sales, operation, leasing, brokering and financial management of real estate projects, with a geographical focus in Japan and other parts of Asia. There may be circumstances where Spring REIT and ITOCHU may compete with each other for property acquisition, leasing opportunities and other transactions in future. In addition, there is no assurance that conflicts of interests will not arise between Spring REIT, the Manager and ITOCHU.

The Beijing Hua-re Real Estate Consultancy Co., Ltd. (the "**Property Manager**") is currently 40% owned by AD Capital. 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.

¹ Based on the 345,204,000 Units held by RCA Fund and 1,114,886,108 Units outstanding as of 30 June 2015.

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

- (1) 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;
- (2) 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;
- (3) 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;
- (4) the Manager has established procedures to deal with conflict of interests under the Compliance Manual;
- (5) 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 and the Compliance Manual (or where applicable, in compliance with the wavier conditions imposed by the SFC) and that other potential conflicts of interest that may arise are monitored;
- (6) 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;
- (7) 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
- (8) 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 dated 25 November 2013) provides that the Property Manager shall act in the best interest of RCA01.

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, ITOCHU Corporation and in the best interest of Spring REIT and the Unitholders.

Corporate Governance (continued)

Compliance with the Dealings Code

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 and employees of the Manager, subsidiaries of the Manager or the special purpose vehicles of Spring REIT 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, officers and employees 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 as set out in the Dealings Code for the six months ended 30 June 2015.

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	Remuneration for the Reporting Period⁽ⁱ⁾ (HK\$)	Election for Percentage of Fee in Units During the Reporting Period	Units paid as Remuneration during the Reporting Period
Simon Murray	180,000	100%	49,000
Liping Qiu	180,000	100%	49,000
Lam Yiu Kin	169,355	100%	46,000

Notes:

- (i) Each INED’s remuneration remains unchanged from 31 December 2014 to 30 June 2015. Mr. Lam is entitled to an annual director’s fee of HK\$360,000 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.

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 six months ended 30 June 2015, please see the section headed “Disclosure of Interest” below.

Review of the Interim Report

The consolidated interim results of Spring REIT for the Reporting Period have been reviewed by the Disclosures Committee and the Audit Committee in accordance with their respective terms of reference.

The consolidated interim results of Spring REIT for the Reporting Period have been reviewed by Spring REIT's auditor in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

Change in Information of Directors of the Manager

The Manager received notification regarding the following change of Director's Information:

Director	Change in Information
Mr. Lam Yiu Kin	<p>Vital Mobile Holdings Limited, of which Mr. Lam has been serving as a director, was listed on the Stock Exchange on 26 June 2015 (stock code: 6133). Mr. Lam was (upon listing of Vital Mobile Holdings Limited) and continue to be an independent non-executive director, the chairman of the audit committee and a member of the remuneration and nomination committees of Vital Mobile Holdings Limited.</p> <p>Appointed as the independent non-executive director and a member of the audit, remuneration and nomination committee of Global Digital Creations Holdings Limited (a company listed on the Stock Exchange (stock code: 8271)) with effect from 27 July 2015.</p> <p>Appointed as the independent non-executive director and a member of the audit, remuneration and nomination committee of Shougang Concord Century Holdings Limited (a company listed on the Stock Exchange (stock code: 0103)) with effect from 1 August 2015.</p> <p>Appointed as the independent non-executive director and the chairman of the audit committee and a member of the remuneration and nomination committees of Mason Financial Holdings Limited (a company listed on the Stock Exchange (stock code: 0273)) with effect from 1 August 2015.</p> <p>Appointed as the independent non-executive director and a member of the audit committee of COSCO Pacific Limited (a company listed on the Stock Exchange (stock code: 1199)) with effect from 14 August 2015.</p>

Corporate Governance (continued)

Director	Change in Information
Mr. Simon Murray	<p>Re-designated from an independent non-executive director to a non-executive director of China LNG Group Limited (a company listed on the Stock Exchange (stock code: 0931)) with effect from 2 April 2015.</p> <p>Appointed as an independent non-executive director of Cheung Kong Property Holdings Limited (a company listed on the Stock Exchange (stock code: 1113)) with effect from 26 February 2015.</p> <p>Appointed as an independent non-executive director of CK Hutchison Holdings Limited (a company listed on the Stock Exchange (stock code: 0001)) with effect from 9 January 2015 and resigned with effect from 3 June 2015.</p> <p>Resigned as an independent non-executive director of Cheung Kong (Holdings) Limited with effect from 3 June 2015.</p> <p>Has become the non-executive chairman of General Enterprise Management Services Limited with effect from 1 July 2015.</p>

Save for the above, the Manager has not been notified of any change in Director's information.

Purchase, Sale or Redemption of Units

During the Reporting Period, there was no repurchase, 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 Manager, Spring REIT maintained a public float of not less than 25% of the issued and outstanding Units as of 30 June 2015.

Investments in Property Development and Relevant Investments

During the Reporting Period, 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 (the "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.

According to professional tax advice obtained by the Manager, Spring REIT meets the "regularly traded on an established securities market" criteria for the calendar year of 2014 and should therefore be excluded from having "financial accounts" under the IGA for calendar year 2015, and hence is not required to perform account due diligence, reporting or withholding for its account holders under FATCA.

Connected Party Transactions

Information in respect of the connected party transactions entered into during the Reporting Period between the Spring REIT Group (as defined in the Offering Circular) and its connected persons (as defined in Paragraph 8.1 of the REIT Code), which are governed by Chapter 8 of the REIT Code, other than those transactions that are excluded pursuant to waivers granted by the SFC and/or exempted from the disclosure requirements, is set out in this section.

Connected Party Transactions — Income

The following table sets forth information on connected party transactions (other than those transactions disclosed under the section headed “Connected Party Transaction with the Trustee Connected Persons” below) from which the Spring REIT Group derived its income during the Reporting Period:

Name of Connected Party	Relationship with Spring REIT	Nature of Connected Party Transaction	Income for the Reporting Period RMB	Rental Deposit received as at 30 June 2015 RMB
AD Capital (Beijing) Investment Consulting Co., Ltd.	Associated company of the Manager and associate of a director of the Manager ¹	Leasing	483,472	284,809
ITOCHU (China) Holding Co., Ltd.	Associated company of the Manager ²	Leasing	748,359 ³	2,419,161

Notes:

- AD Capital (Beijing) Investment Consulting Co., Ltd. (formerly known as Asuka DBJ (Beijing) Investment Consulting Co., Ltd.) is wholly owned by AD Capital, which holds 90.2% shareholding in the Manager. Both Mr. Toshihiro Toyoshima, the Chairman and Non-Executive Director of the Manager, and Mr. Hideya Ishino, a Non-Executive Director of the Manager, are also the directors of AD Capital (Beijing) Investment Consulting Co., Ltd.
- As disclosed in an announcement of Spring REIT dated 29 May 2015, ITOCHU has acquired approximately 28.3% of the issued share capital in AD Capital and thus indirectly holds approximately 25.5% of the total issue share capital of the Manager. Accordingly, ITOCHU has become an associated company of the Manager under the REIT Code. As a result, ITOCHU has become a connected person of the Spring REIT Group under the REIT Code.
- The amount represented lease payments paid by ITOCHU (China) Holding Co., Ltd. for the period from 29 May 2015 (the date on which it became a connected person of Spring REIT) up to 30 June 2015.

Connected Party Transactions (continued)

Connected Party Transactions — Expenses

The following table sets forth information on connected party transactions (other than those disclosed under the section headed “Connected Party Transactions with the Trustee Connected Persons” below) in which the Spring REIT Group incurred its expenses during the Reporting Period:

Name of Connected Party	Relationship with Spring REIT	Nature of Connected Party Transaction	Expenses for the Reporting Period RMB
Beijing Hua-re Real Estate Consultancy Co., Ltd.	Associated company of the Manager ¹	Property management	5,056,303

Note:

1. Beijing Hua-re Real Estate Consultancy Co., Ltd. is owned as to 40% by AD Capital which holds 90.2% shareholding in the Manager.

Connected Party Transactions with the Trustee Connected Persons

The following tables set forth information on connected party transactions entered into with the Trustee Connected Persons (as defined in the Offering Circular) during the Reporting Period:

Name of Connected Party	Relationship with Spring REIT	Nature of Connected Party Transaction	Income/(Expense) for the Reporting Period RMB
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Leasing Transactions

Deutsche Bank AG and its associated companies	Trustee Connected Persons	Leasing	22,824,687 ¹
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Ordinary Banking and Financial Services

Deutsche Bank AG, Hong Kong Branch	Trustee Connected Persons	Interest income received/receivable on bank deposits	1,751,733
Deutsche Bank AG, London Branch	Trustee Connected Persons	Loan Interest	(2,236,715) ²
Deutsche Bank AG, Hong Kong Branch	Trustee Connected Persons	Bank charges	(18,799)
Deutsche Bank AG, London Branch	Trustee Connected Persons	Fees related to term loan	(17,872,128)

Note:

1. As at 30 June 2015, the Spring REIT Group received from the Trustee Connected Persons a rental deposit of RMB6,803,393. A rental deposit by way of bank guarantee provided by Deutsche Bank (China) Co., Ltd. was held by RCA01 (a special purpose vehicle wholly owned and controlled by Spring REIT) as at 30 June 2015.
2. On 30 April 2015, RCA01 concluded the US\$500,000,000 term loan and revolving facilities with a syndicate of banks. Deutsche Bank AG, London Branch was appointed as one of the mandated lead arrangers, underwriters and bookrunners and acted as one of the lenders for the financing. The outstanding principal balance of these facilities were US\$480,000,000 as at 30 June 2015.

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 during the Reporting Period:

Name of Connected Party	Relationship with Spring REIT	Nature of Connected Party Transaction	Rental income for the Reporting Period 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	12,152,418
Zhong De Securities	Trustee connected person	Lease for the whole of 22nd and 23rd floors of Tower 1, China Central Place and signage income	10,672,269

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

Both the Manager and the Trustee confirm that the appointment of Deutsche Bank AG, London Branch as the mandated lead arrangers, underwriters and book-runners for the US\$500,000,000 term loan and revolving facilities as described in the announcements dated 19 December 2014 and 18 February 2015 has complied with the general conditions of the waiver granted by the SFC to Spring REIT on 21 November 2013 in respect of “Corporate Finance Transaction” between the Spring REIT Group and the Trustee Connected Persons, and that the Trustee has not been involved in the making of any decision to enter into any of the above corporate finance transaction on behalf of the Spring REIT Group (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 during the Reporting Period.

Waiver from Strict Compliance

An extension of period of waiver from strict compliance with the disclosure and approval requirements under Chapter 8 of the REIT Code in respect of certain new and all the existing continuing connected party transactions and new annual caps for certain leasing transactions and property management arrangements between the Spring REIT Group and its connected persons have been granted by the SFC on 20 May 2015, subject to annual limitation as to the capped value of such transactions, review by the Auditor for each relevant financial period, annual review by the INEDs and other terms and conditions. For detailed terms and conditions of the waiver extension, please refer to the announcement of Spring REIT dated 20 May 2015.

Connected Party Transactions (continued)

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 Reporting Period, the aggregate amount of fees payable by Spring REIT and/or RCA01 to the Manager, and Principal Valuer were RMB23,494,352 and RMB111,692 respectively.

During the Reporting Period, the trustee fee of approximately RMB821,945 (inclusive of the additional fees of RMB49,620 for duties undertaken by the Trustee in relation to the US\$500,000,000 term loan and revolving facilities which are outside the scope of the Trustee's normal duties in the ordinary course of Spring REIT's normal day-to-day business operations) has been incurred.

Particulars of services provided by the Trustee, the Manager and the Principal Valuer are set out in notes 8, 11 and 8 respectively of the condensed consolidated financial information of Spring REIT for the Reporting Period.

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, certain provisions of Part XV of the SFO in relation to disclosure of interests are also deemed to be applicable to the Directors and chief executives of the Manager and also indirectly to certain persons interested in or having a short position in Units.

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

As at 30 June 2015, the interests and short positions held by the Manager, the Directors, senior executives and officers of the Manager in the Units 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 30 June 2015		As at 31 December 2014		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	11,177,108 ¹	1.00%	11,420,088	1.03%	(0.03)%
Directors						
Toshihiro Toyoshima	Beneficial owner/ Personal interest	600,000	0.05%	400,000	0.04%	0.01%
Lau Jin Tin, Don	Beneficial owner/ Personal interest	200,000	0.02%	200,000	0.02%	0.00%
Nobumasa Saeki	Beneficial owner/ Personal interest	200,000	0.02%	200,000	0.02%	0.00%
Hideya Ishino	Beneficial owner/ Personal interest	49,000	0.00%	49,000	0.00%	0.00%
Simon Murray	Beneficial owner/ Personal interest	73,000 ²	0.01%	24,000	0.00%	0.01%
Liping Qiu	Beneficial owner/ Personal interest	73,000 ³	0.01%	24,000	0.00%	0.01%
Lam Yiu Kin	Beneficial owner/ Personal interest	46,000 ⁴	0.00%	-	0.00%	0.00%

Notes:

1. During the Reporting Period, the Manager received 5,418,020 new Units as payment of the Manager's fees. The Manager paid (from the assets of the Manager not Spring REIT) its INEDs 161,000 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 30 June 2015, 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 30 June 2015, there had been no change to (i) the INED's remuneration; and (ii) the annual election made by this INED.

Disclosure of Interests (continued)

- Mr. Lam Yiu Kin 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 30 June 2015, there had been no change to (i) the INED's remuneration; and (ii) the annual election made by this INED.
- The percentages expressed are based on the total number of Units of 1,114,886,108 in issue as at 30 June 2015 and 1,109,468,088 as at 31 December 2014 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 30 June 2015 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 30 June 2015, based on the information available to the Manager, each of the following corporations 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 30 June 2015		As at 31 December 2014		Change in % interest
		Number of Units Interested (Long Position)	Approximate % of Issued Units ¹	Number of Units Interested (Long Position)	Approximate % of Issued Unit ¹	
RCA Fund ²	Beneficial owner/ Beneficial interest	345,204,000	30.96%	345,204,000	31.11%	(0.15)%
RCAC ²	Interest of controlled corporation/ corporate interests	345,204,000	30.96%	345,204,000	31.11%	(0.15)%

Notes:

- The percentages expressed are based on the total number of Units of 1,114,886,108 in issue as at 30 June 2015 and 1,109,468,088 as at 31 December 2014 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.

Save as disclosed above and based on the 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 30 June 2015 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 30 June 2015, the interests and short position in Units held by corporations, other than the Manager, 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 30 June 2015		As at 31 December 2014		Change in % interest
		Number of Units Interested (Long Position)	Approximate % of Issued Unit ¹	Number of Units Interested (Long Position)	Approximate % of Issued Unit ¹	
Asuka Asset Management Co., Ltd.	Investment manager/ other interest	99,871,000	8.96%	132,703,000	11.96%	(3.00)%
Principal Real Estate Investors, LLC	Investment Manager/ other interest	58,199,000	5.22%	58,199,000	5.25%	(0.03)%

Note:

- The percentages expressed are based on the total number of Units of 1,114,886,108 in issue as at 30 June 2015 and 1,109,468,088 as at 31 December 2014 respectively.

Save as disclosed above and based on 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 30 June 2015 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 INED of the Manager, passed away on 2 December 2014. Pursuant to the announcement of Spring REIT dated 24 October 2014 regarding the arrangement for remuneration of INED paid out of the Manager's own asset, Dr. Tang entitled to a total of 17,000 Units for the period from 1 October 2014 to 2 December 2014 as his director's remuneration. Such 17,000 Units had been transferred to the wife of Dr. Tang on 27 March 2015.

As at 30 June 2015, saved as disclosed above and based on 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.

Report on Review of Interim Financial Information

**TO THE BOARD OF DIRECTORS OF SPRING ASSET MANAGEMENT LIMITED
(as "Manager" of SPRING REAL ESTATE INVESTMENT TRUST)**

Introduction

We have reviewed the interim financial information set out on pages 29 to 50, which comprises the condensed consolidated statement of financial position of Spring Real Estate Investment Trust (the "Spring REIT") and its subsidiary (together, the "Group") as at 30 June 2015 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and net assets attributable to Unitholders and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. The directors of the Manager are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 19 August 2015

Condensed Consolidated Income Statement

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 (Unaudited) US\$'000	2014 (Unaudited) US\$'000
Revenues	6	40,840	39,793
Property operating expenses	7	(9,426)	(9,410)
Net property income		31,414	30,383
General and administrative expenses	8	(4,793)	(4,566)
Fair value gain of investment property		9,669	24,875
Other losses, net	9	(318)	(994)
Operating profit		35,972	49,698
Finance income		282	222
Finance costs on interest-bearing borrowings	10	(13,438)	(19,270)
Profit for the period, before transactions with Unitholders (note i)		22,816	30,650
Distributions paid to Unitholders:			
— 2013 special distribution (note ii)		—	(9,912)
— 2014 final distribution (note iii)		(17,931)	—
		4,885	20,738
Represented by:			
Change in net assets attributable to Unitholders, excluding issuance of new units		5,588	6,785
Amount arising from exchange reserve movements regarding translations of financial statements/ profit for the period after transactions with Unitholders		(703)	13,953
		4,885	20,738

Notes:

- (i) Earnings per unit, based upon profit for the period, before transactions with Unitholders and the weighted average number of units in issue, are set out in note 12.
- (ii) This represents the 2013 special distribution of US\$9,912,000 paid during the six months ended 30 June 2014.
- (iii) 2014 final distribution of US\$17,931,000 for the year ended 31 December 2014 (2013: US\$2,248,000) was paid during the six months ended 30 June 2015. Total distribution for the six months ended 30 June 2015 is presented in the statement of distributions.

The notes on pages 35 to 50 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

Note	Before transactions with Unitholders (Unaudited) US\$'000	Transactions with Unitholders (Note i) (Unaudited) US\$'000	After transactions with Unitholders (Unaudited) US\$'000
For the six months ended 30 June 2015			
Profit for the period/change in net assets attributable and distribution paid to Unitholders	22,816	(23,519)	(703)
Other comprehensive income:			
<i>Items that may be reclassified to the condensed consolidated income statement</i>			
Exchange gains on translation of financial statements	703	–	703
Total comprehensive income for the period (ii)	23,519	(23,519)	–

Note	Before transactions with Unitholders (Unaudited) US\$'000	Transactions with Unitholders (Note i) (Unaudited) US\$'000	After transactions with Unitholders (Unaudited) US\$'000
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For the six months ended 30 June 2014			
Profit for the period/change in net assets attributable and distribution paid to Unitholders	30,650	(16,697)	13,953
Other comprehensive loss:			
<i>Items that may be reclassified to the condensed consolidated income statement</i>			
Exchange losses on translation of financial statements	(13,953)	–	(13,953)
Total comprehensive income for the period	16,697	(16,697)	–

Notes:

- (i) Transactions with Unitholders comprise the distributions paid to Unitholders of US\$17,931,000 (2014: US\$9,912,000) and change in net assets attributable to Unitholders, excluding issuance of new units, of US\$5,588,000 (2014: US\$6,785,000).
- (ii) In accordance with the Trust Deed, Spring REIT is required to distribute not less than 90% of total distributable income to the 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 condensed consolidated income statement. Accordingly, the total comprehensive income, after transactions with Unitholders is zero.

The notes on pages 35 to 50 are an integral part of these condensed consolidated interim financial information.

Statement of Distributions

For the period from 1 January 2015 to 30 June 2015 (the "Period")

	Note	2015 (Unaudited) US\$'000	2014 (Unaudited) US\$'000
Profit for the period, before transactions with Unitholders		22,816	30,650
Adjustments:			
— Fair value gain of investment property		(9,669)	(24,875)
— Fair value losses of derivative financial instruments		85	580
— Manager fee payable in units in lieu of cash		2,212	2,974
— Amortization of transaction costs for the bank borrowings		3,296	2,352
— Derecognition of loan arrangement fee upon early repayment of previous bank borrowings	10	2,358	—
— Unrealized foreign exchange (gains)/losses		(124)	8,067
Distributable income for the period (note i)		20,974	19,748
Discretionary distribution		—	20
Amount available for distribution		20,974	19,768
Total distribution of the period (note ii)		20,135	19,768
As a percentage of the amount available for distribution		96%	100%
Distributions per unit for the period			
— Interim Distribution per unit (notes iii and iv)		HK14.0 cents	HK13.9 cents

Notes:

- (i) Under the terms of the Trust Deed, the distributable income represents the profit for the period before transactions with Unitholders, adjusted to eliminate the effects of certain non-cash transactions which have been recorded in the condensed consolidated income statement for the periods.
- (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 per unit of HK14.0 cents for the six months ended 30 June 2015 is calculated based on the interim distribution to be paid to Unitholders of US\$20,135,000 for the first half of 2015 and 1,114,886,108 units in issue as at 30 June 2015, without taking into account any consideration or subdivision of Units which may have occurred between the dates of declaration of the distribution and 8 September 2015 (the "Record Date"). The interim distribution for the six months ended 30 June 2015 is expected to be paid on 17 September 2015. Such interim distribution per unit, however, is subject to adjustment upon the issuance of new Units between 1 July 2015 and 8 September 2015, if any.
- (iv) All distributions to Unitholders are determined and paid in HK\$.

The notes on pages 35 to 50 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

As at 30 June 2015

	Note	As at 30 June 2015 (Unaudited) US\$'000	As at 31 December 2014 (Audited) US\$'000
Non-current assets			
Investment property	13	1,317,207	1,306,583
Derivative financial instruments	14	–	85
Total non-current assets		1,317,207	1,306,668
Current assets			
Trade and other receivables	15	1,035	784
Restricted bank balances	16	57,514	60,657
Cash and cash equivalents	16	35,649	24,286
Total current assets		94,198	85,727
Total assets		1,411,405	1,392,395
Current liabilities			
Trade and other payables	17	12,416	13,970
Rental deposits	17	23,375	23,588
Total current liabilities		35,791	37,558
<i>Net current assets</i>		58,407	48,169
Non-current liabilities, excluding net assets attributable to Unitholders			
Interest-bearing borrowings	18	473,262	460,683
<i>Total liabilities, excluding net assets attributable to Unitholders</i>		509,053	498,241
Net assets attributable to Unitholders		902,352	894,154
Total assets less current liabilities		1,375,614	1,354,837
Units in issue ('000)	19	1,114,886	1,109,468
Net asset value per unit attributable to Unitholders			
In US\$		0.81	0.81
In HK\$		6.27	6.25

The notes on pages 35 to 50 are an integral part of these condensed consolidated interim financial information.

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

Lau Jin Tin, Don
Executive Director
19 August 2015

Nobumasa Saeki
Executive Director
19 August 2015

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

For the six months ended 30 June 2015

	Reserves (Unaudited) US\$'000	Net assets attributable to Unitholders (Unaudited) US\$'000	Total (Unaudited) US\$'000
As at 1 January 2015	–	894,154	894,154
Profit for the six months ended 30 June 2015, before transactions with Unitholders	–	22,816	22,816
Exchange gains on translation of financial statements	703	–	703
Amount arising from exchange reserve movements	(703)	703	–
Distribution paid to Unitholders — 2014 final distribution	–	(17,931)	(17,931)
Change in net assets attributable to Unitholders for six months ended 30 June 2015, excluding issues of new units	–	5,588	5,588
Issuance of units	–	2,610	2,610
As at 30 June 2015	–	902,352	902,352

	Reserves (Unaudited) US\$'000	Net assets attributable to Unitholders (Unaudited) US\$'000	Total (Unaudited) US\$'000
As at 1 January 2014	–	862,244	862,244
Profit for the six months ended 30 June 2014, before transactions with Unitholders	–	30,650	30,650
Exchange losses on translation of financial statements	(13,953)	–	(13,953)
Amount arising from exchange reserve movements	13,953	(13,953)	–
Distribution paid to Unitholders — 2013 special distribution	–	(9,912)	(9,912)
Change in net assets attributable to Unitholders for six months ended 30 June 2014, excluding issues of new units	–	6,785	6,785
Issuance of units	–	1,885	1,885
As at 30 June 2014	–	870,914	870,914

The notes on pages 35 to 50 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 (Unaudited) US\$'000	2014 (Unaudited) US\$'000
Cash flows from operating activities			
Cash generated from operations	20	27,803	28,411
Interest received		282	222
Net cash from operating activities		28,085	28,633
Cash flows from financing activities			
Drawdown of borrowings		471,924	–
Repayment of borrowings		(465,000)	(50,000)
Interest paid		(8,125)	(8,873)
Distributions to Unitholders		(17,931)	(9,912)
Decrease in restricted bank balances		3,167	1,020
Net cash used in financing activities		(15,965)	(67,765)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		24,286	67,360
Exchange (losses)/gains on cash and cash equivalents		(757)	552
Cash and cash equivalents at the end of the period		35,649	28,780

The notes on pages 35 to 50 are an integral part of these condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

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 main board of 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 as amended and supplemented by the First Supplemental Deed dated 22 May 2015 (together the “Trust Deed”), 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, and the trustee of the Spring REIT, DB Trustees (Hong Kong) Limited, are Rm. 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 condensed consolidated interim financial information is presented in United States Dollars (“US\$”). The functional currency of Spring REIT is Hong Kong dollar (“HK\$”), the distribution of Spring REIT is determined and paid in HK\$.

2 Basis of Preparation

The condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim financial reporting” issued by the International Accounting Standards Board. The condensed consolidated interim financial information should be read in conjunction with the Group’s annual financial statements as at 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards.

3 Accounting Policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014 as described in those annual financial statements.

New and amended standards adopted by the Group

The Group has adopted, for the first time, the following 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 2015.

Standards and amendments effective in 2015 which are relevant to the Group’s operations:

IAS 19 Amendments	Defined Benefit Plans: Employee Contribution
Annual Improvements Project	Annual Improvements to IFRSs 2010–2012 cycle
Annual Improvements Project	Annual Improvements to IFRSs 2011–2013 cycle

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

Notes to the Condensed Consolidated Interim Financial Information (continued)

3 Accounting Policies (continued)

New or revised standards and amendments which are not yet effective

The following new standards, amendments to standards and improvements 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 1 Amendment	Disclosure Initiative	1 January 2016
IAS 16 and IAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016
IAS 16 and IAS 41 Amendment	Agriculture: Bearer Plant	1 January 2016
IAS 27 Amendment	Equity Method in Separate Financial Statements	1 January 2016
IAS 28 and IFRS 10 Amendment	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
IAS 28, IFRS 10 and IFRS 12 Amendment	Investment Entities: Applying the Consolidation Exception	1 January 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 11 Amendment	Accounting for acquisitions of interests in joint operation	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with customers	1 January 2018
Annual Improvement 2014	Annual Improvements to IFRSs 2012–2014 cycle	1 January 2016

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

4 Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty 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 13.

4 Estimates (continued)

(b) 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 issued 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 Financial Risk and Capital Risk Management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

6 Revenues 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.

An analysis of revenues of the Group is as follows:

	Six months ended 30 June	
	2015 (Unaudited) US\$'000	2014 (Unaudited) US\$'000
Rental income	39,463	38,728
Car park income	341	432
Other income (<i>note</i>)	1,036	633
	40,840	39,793

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

Notes to the Condensed Consolidated Interim Financial Information (continued)

7 Property Operating Expenses

	Six months ended 30 June	
	2015 (Unaudited) US\$'000	2014 (Unaudited) US\$'000
Property management fee	(813)	(799)
Property tax (note i)	(1,997)	(1,956)
Business and other tax (note ii)	(2,317)	(2,267)
Withholding tax (note iii)	(4,092)	(4,011)
Leasing commission	(141)	(310)
Others	(66)	(67)
	(9,426)	(9,410)

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.

8 General and Administrative Expenses

	Six months ended 30 June	
	2015 (Unaudited) US\$'000	2014 (Unaudited) US\$'000
Manager fee (note i)	(3,777)	(3,717)
Trustee fee	(124)	(119)
Valuation fee	(18)	(20)
Auditor's remuneration	(86)	(80)
Legal and other professional fee (note ii)	(762)	(605)
Others	(26)	(25)
	(4,793)	(4,566)

Notes:

- (i) The breakdown of the Manager's fee was set out in note 11.
- (ii) Legal and other professional fee mainly comprises advisory fees and other professional fees.

9 Other Losses, Net

	Six months ended 30 June	
	2015 (Unaudited) US\$'000	2014 (Unaudited) US\$'000
Derivative financial instruments at fair value through profit or loss:		
Net fair value losses	(85)	(580)
Foreign exchange losses	(217)	(411)
Other miscellaneous loss	(16)	(3)
	(318)	(994)

10 Finance Costs on Interest-Bearing Borrowings

	Six months ended 30 June	
	2015 (Unaudited) US\$'000	2014 (Unaudited) US\$'000
Interest expense on bank borrowings (note i)	(11,421)	(11,614)
Foreign exchange gains/(losses) on bank borrowings (note ii)	341	(7,656)
Other incidental borrowing costs (note iii)	(2,358)	–
Total	(13,438)	(19,270)

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 gains/(losses) 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 six months ended 30 June 2015 and 2014, were mainly arisen from appreciation and depreciation of RMB against US\$ respectively.
- (iii) Other incidental borrowing costs represent derecognition of unamortized loan arrangement fee. In April 2015, the Group early repaid a bank borrowing, resulting in a derecognition of loan arrangement fee upon early repayment of bank borrowings of US\$2,358,000 during the six months ended 30 June 2015.

11 Manager's Fee

	Six months ended 30 June	
	2015 (Unaudited) US\$'000	2014 (Unaudited) US\$'000
Base fee	2,834	2,807
Variable fee	943	910
	3,777	3,717

Notes to the Condensed Consolidated Interim Financial Information (continued)

11 Manager's Fee (continued)

Pursuant to the Trust Deed, the Manager is entitled to receive remuneration for its services as 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).

12 Earnings Per Unit

	As at 30 June 2015 (Unaudited) US\$'000	As at 30 June 2014 (Unaudited) US\$'000
Profit for the period, before transactions with Unitholders	22,816	30,650
Weighted average number of units for the period for calculating basic earnings per unit	1,111,867,172	1,099,425,644
Adjustment for units issuable in respect of the Manager fee	2,415,054	3,430,494
Weighted average number of units for the period for calculating diluted earnings per unit	1,114,282,226	1,102,822,984
Basic earnings per unit based upon profit before transactions with Unitholders	US\$2.1 cent	US\$2.8 cent
Diluted earnings per unit based upon profit before transactions with Unitholders	US\$2.1 cent	US\$2.8 cent

13 Investment Property

Detail of the movements of investment property is as follows:

	For the period ended 30 June 2015 (Unaudited) US\$'000	For the year ended 31 December 2014 (Audited) US\$'000
At beginning of the period/year	1,306,583	1,272,778
Exchange differences recognized in other comprehensive income	955	(22,243)
Changes in fair value recognized in consolidated income statement	9,669	56,048
At end of the period/year	1,317,207	1,306,583

The investment property comprises office towers 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.

13 Investment Property (continued)

As at 30 June 2015, the Group had no unprovided contractual obligations for future repairs and maintenance of the investment property (2014: Nil).

As at 30 June 2015, the investment property was pledged to secure the Group's bank borrowings (note 18).

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 30 June 2015 and 31 December 2014, 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.

Valuation techniques

The discounted cash flow method in the context of property valuation is defined in the 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 values of the properties 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 independent qualified 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.

Notes to the Condensed Consolidated Interim Financial Information (continued)

13 Investment Property (continued) Fair value hierarchy

Description	Fair value measurements at 30 June 2015 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	–	–	1,317,207

Description	Fair value measurements at 31 December 2014		
	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	–	–	1,306,583

There were no transfers between Levels 1, 2 and 3 during the six months period ended 30 June 2015.

Key unobservable inputs used to determine fair values are as follows:

(i) Capitalization rate

This is estimated based on the market lease over market value on comparable. The higher the capitalization rates used, the lower the fair values of the investment property. In the 30 June 2015 valuation, a capitalization rate of 6.50% (31 December 2014: 6.75%) is used in the income capitalization approach; a net terminal capitalization rate of 5.50% (31 December 2014: 5.75%) is used in the discounted cash flow method.

(ii) 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 30 June 2015 valuation, a discount rate of 8.75% (31 December 2014: 8.75%) is used in the discounted cash flow method.

(iii) Base rent

This is estimated based on the market lease comparable. The higher the base rent used, the higher the fair values of the investment property. For the period ended 30 June 2015, the average gross monthly office unit base rent of RMB420 per square meter (31 December 2014: RMB425) is used in the valuation.

As at 30 June 2015, 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\$65,860,000 (31 December 2014: US\$65,329,000) higher/lower.

14 Derivative Financial Instruments

	As at 30 June 2015 (Unaudited) US\$'000	As at 31 December 2014 (Audited) US\$'000
Non-current assets		
Interest rate caps	–	85
	–	85

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 relevant floating interest rate risk.

The aggregated notional principal amount of the outstanding plain vanilla interest rate cap as at 30 June 2015 was US\$515 million (31 December 2014: US\$515 million).

The Group recorded fair value losses on derivative financial instruments for the six months ended 30 June 2015 amounting to US\$85,000 (30 June 2014: US\$580,000) (note 9) which were charged to the condensed consolidated income statement.

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

15 Trade and Other Receivables

	As at 30 June 2015 (Unaudited) US\$'000	As at 31 December 2014 (Audited) US\$'000
Rent receivables	139	–
Deferred rent receivables	705	729
Prepayment	191	55
	1,035	784

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. The ageing of the rent receivables is 1 to 3 months (2014: Nil).
- (ii) The Group's exposure from outstanding rent receivables is generally fully covered by the rental deposits from the corresponding tenants (note 17).
- (iii) As at 30 June 2015 and 31 December 2014, the Group's rent receivables and all future rent receivables were pledged to secure the Group's bank borrowing (note 18).

Notes to the Condensed Consolidated Interim Financial Information (continued)

16 Restricted Bank Balances and Cash and Cash Equivalents

	As at 30 June 2015 (Unaudited) US\$'000	As at 31 December 2014 (Audited) US\$'000
Restricted bank balance	57,514	60,657
Cash and cash equivalents	35,649	24,286
	93,163	84,943

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

	As at 30 June 2015 (Unaudited) US\$'000	As at 31 December 2014 (Audited) US\$'000
RMB	32,951	34,195
US\$	58,679	50,113
HKD	1,533	635
	93,163	84,943

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 18). 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\$1,000 which is denominated in RMB for the six months ended 30 June 2015 (31 December 2014: US\$635,000). Included in the restricted bank balances, there is an amount of US\$32,950,000 which is denominated in RMB for the six months ended 30 June 2015 (31 December 2014: US\$33,560,000).

17 Rental Deposits And Trade And Other Payables

	As at 30 June 2015 (Unaudited) US\$'000	As at 31 December 2014 (Audited) US\$'000
Rental deposits (note i)	23,375	23,588
Trade and other payables:		
Rental receipts in advance	6,332	6,448
Provision for withholding tax	704	1,375
Provision for other taxes (note ii)	388	411
Accrued expenses and other payables	4,992	5,736
	12,416	13,970

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 30 June 2015 (Unaudited) US\$'000	As at 31 December 2014 (Audited) US\$'000
Within 1 year	8,312	4,645
Over 1 year	15,063	18,943
	23,375	23,588

- (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.

18 Interest-Bearing Borrowings

	As at 30 June 2015 (Unaudited) US\$'000	As at 31 December 2014 (Audited) US\$'000
Non-current Bank borrowings	473,262	460,683

Notes to the Condensed Consolidated Interim Financial Information (continued)

18 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 period are as follows:

	As at 30 June 2015 (Unaudited) US\$'000	As at 31 December 2014 (Audited) US\$'000
6 months or less	473,262	460,683

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 new term loan facility, with principal of US\$480 million was drawn on 30 April 2015 to repay the previous term loan facility of US\$465 million. The amount is wholly repayable on 29 April 2020. The borrowing bears interest of 2.75% above 3-month LIBOR. The Group had also entered into a US\$20 million uncommitted revolving facility, which is to be used to facilitate the general working capital needs of the Group in the future. Both the new term loan facility and uncommitted revolving facility are guaranteed by the Trustee. The Group's subsidiary's shares were pledged to secure the Group's term loan facility and uncommitted revolving facility.
- (ii) As at 30 June 2015 and 31 December 2014, the Group's investment property (note 13), rent receivables and all future rent receivables (note 15), and restricted bank accounts (note 16) were pledged to secured the Group's term loan facilities. As at 31 December 2014, the Group's derivative instruments (note 14) were pledged to secure the Group's term loan facilities.

19 Units in Issue

	Number of units
Balance as at 31 December 2014	1,109,468,088
New units issued for Manager's fee	5,418,020
Balance as at 30 June 2015	1,114,886,108

Traded market value of units as of 30 June 2015 was HK\$3.44 per unit. Based on 1,114,886,108 units in issue, the market capitalization was US\$494.76 million.

20 Notes to statements of cash flows

Net cash flow from operating activities

	Six months ended 30 June	
	2015	2014
	(Unaudited) US\$'000	(Unaudited) US\$'000
Profit for the period before transactions with Unitholders	22,816	30,650
Changes in fair value of investment property	(9,669)	(24,875)
Net fair value losses on derivative financial instruments	85	580
Interest income	(282)	(222)
Finance costs on interest-bearing borrowings	13,438	19,270
Net exchange losses	217	411
Increase in trade and other receivables	(250)	(379)
(Decrease)/increase in rental deposits	(229)	1,394
Increase in trade and other payables	1,677	1,582
	27,803	28,411

Material non-cash movements:

- (i) For the six months ended 30 June 2015, the unamortized loan arrangement fee upon early termination of 2013 term loan is US\$2,358,000 as discussed in note 10 (2014: Nil).
- (ii) For the six months ended 30 June 2015, the change in working capital in respect of trade and other payables of US\$1,677,000 (2014: US\$1,582,000) did not include the non-cash settlement of Manager fee payable amounting US\$2,610,000 (2014: US\$1,883,000) by issuance of new units.

21 Future Minimum Rental Receivables

As at 30 June 2015, the analysis of the Group's aggregate future minimum rental receivable under non-cancellable leases is as follows:

	As at	As at
	30 June	31 December
	2015	2014
	(Unaudited)	(Audited)
	US\$'000	US\$'000
Within 1 year	70,063	75,745
After 1 year, but within 5 years	63,567	64,801
	133,630	140,546

Note: Most of the operating leases are on fixed terms and of terms of 3 years (2014: 3 years).

Notes to the Condensed Consolidated Interim Financial Information (continued)

22 Connected party transactions and related party transactions and balances

As at 30 June 2015, RCA01 Fund L.P. is the immediate and ultimate holding company of the Group.

For the six months ended 30 June 2015, the Group entered into the following transactions with related parties at mutually agreed terms in the normal course of its business.

(a) Nature of relationship with connected/related parties

The table set forth below summarizes the names of the connected/related parties, as defined in the REIT Code/IAS 24 (Revised) "Related Party Disclosures", and nature of their relationship with the Group as at 30 June 2015:

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 Holder of Spring REIT
AD Capital Co., Ltd*	Parent Company of the Manager
Development Bank of Japan, Inc. ("DBJ")*	An associated company of a significant holder of Spring REIT and a controlling entity of the Manager through AD Capital
ITOCHU (China) Holding Co., Ltd. ("ITOCHU")*	An associated company 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.

22 Connected party transactions and related party transactions and balances

(continued)

(b) Income from connected/related parties

	Note	Six months ended 30 June	
		2015 (Unaudited) US\$'000	2014 (Unaudited) US\$'000
Rental revenue from ITOCHU	(i)	121	–
Rental revenue from ADC BJ	(i)	78	56
Rental revenue from JAIC	(i)	–	70
Rental revenue from Wownew	(i)	–	23
Rental revenue from DB China and ZDS	(i)	3,669	3,636
Interest income from DBHK	(ii)	279	220

(c) Expenses to connected/related parties

	Note	Six months ended 30 June	
		2015 (Unaudited) US\$'000	2014 (Unaudited) US\$'000
Management fees to HuaRe	(iii)	813	799
Trustee's fee paid and payable to the Trustee	(iv)	124	119
Administration fee of the new term loan facility paid to the Trustee		8	–
Manager fee to Spring Asset Management Limited	(v)	3,777	3,717
Valuation fee to valuer	(vi)	18	20
Interest expense to DBUK	(vii)	360	–
Term loan upfront fee to DBUK	(vii)	2,880	–

(d) Balances with connected/related parties

	As at	As at
	30 June 2015 (Unaudited) US\$'000	31 December 2014 (Audited) US\$'000
Lease deposit from ITOCHU	390	–
Lease deposit from ADC BJ	46	35
Lease deposit from DB China and ZDS	1,096	1,097

- (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.

Notes to the Condensed Consolidated Interim Financial Information (continued)

22 Connected party transactions and related party transactions and balances

(continued)

(d) Balances with connected/related parties (continued)

- (iii) Property management services fees were charged based on mutually agreed terms between the parties.
- (iv) The Trustee is entitled to in each financial period, 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 month.
- (v) Fee to the Manager was charged in accordance with the Trust Deed.
- (vi) Valuation fee were charged based on mutually agreed terms between the parties.
- (vii) Interest expense was charged in accordance with the terms of the relevant agreements with DBUK. Loan agreement fee to DBUK was charged based on mutually agreed terms.

No transaction was entered with the directors of the Manager (being the key management personnel) for the period ended 30 June 2015. (2014: Nil)

23 Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information was authorized for issue by the Manager on 19 August 2015.

Performance Table

As at 30 June	2015	2014
Net assets attributable to Unitholders	US\$902.35 million	US\$870.91 million
Net assets per Unit attributable to Unitholders	HK\$6.27	HK\$6.12
Total borrowings as a percentage of gross assets	33.5%	33.5%
Market capitalization ¹	US\$497.76 million	US\$449.66 million
Units issued	1,114,886,108	1,102,859,141

For the six months ended 30 June	2015	2014
Highest traded unit price	HK\$3.83	HK\$3.20
Highest premium of the traded unit price to net assets per Unit	N/A	N/A
Lowest traded unit price	HK\$3.32	HK\$2.78
Highest discount of the traded unit price to net assets per Unit	47.0%	54.6%
Distributions per Unit	HK14.0 cents	HK13.9 cents
Net yield per Unit ²	4.1%	4.4%
Net yield (annualized) per Unit ²	8.2%	8.9%

Notes:

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

Corporate Information

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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

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DLA Piper Hong Kong

As to PRC law

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