

SpringREIT

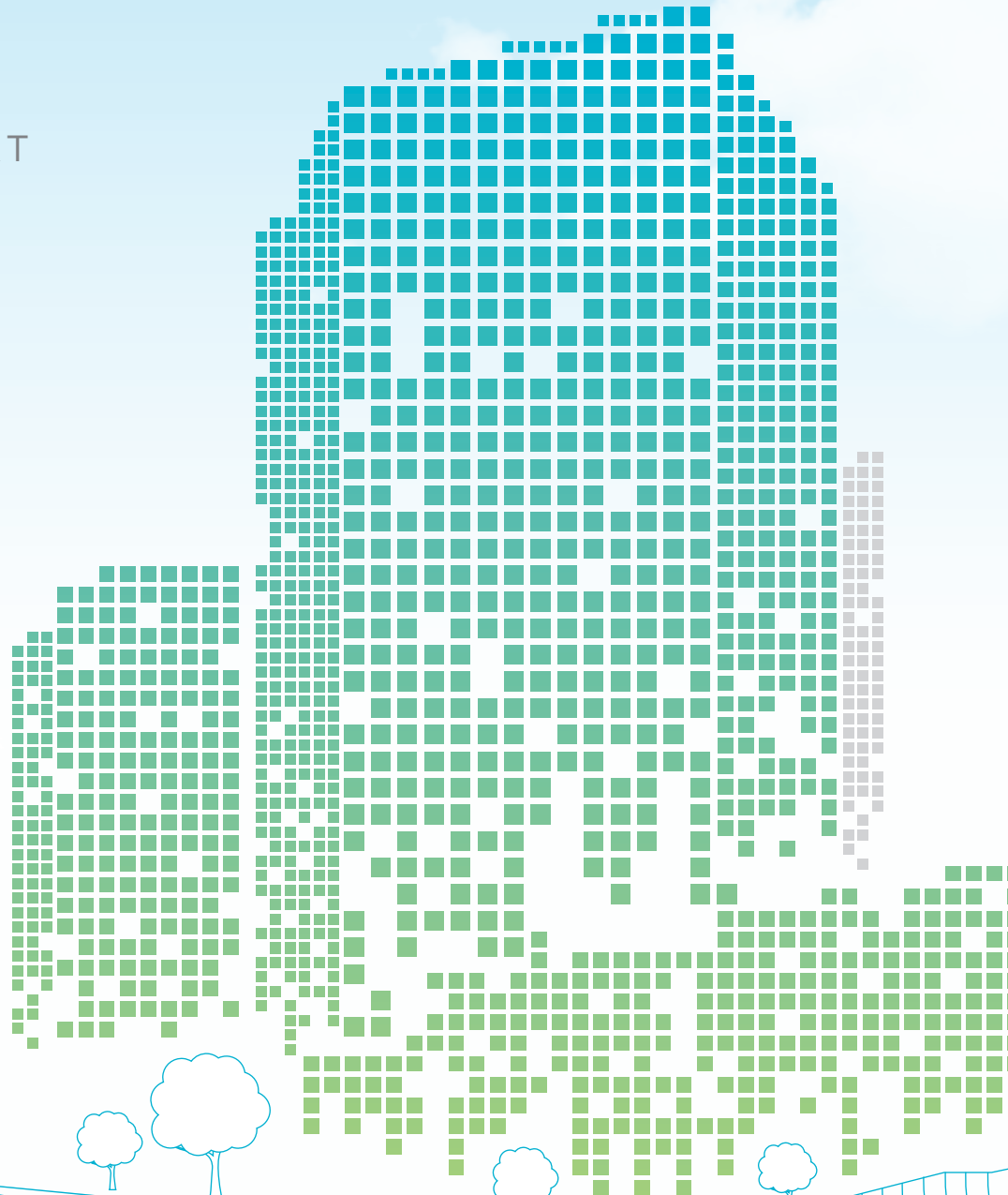
Spring Real Estate Investment Trust

春泉產業信託

Stock Code : 01426

INTERIM REPORT

2021



Managed by
Spring Asset Management Limited

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About Spring REIT

Spring Real Estate Investment Trust (“**Spring REIT**”) is a real estate investment trust constituted by a trust deed entered into on 14 November 2013 as amended and supplemented by the first supplemental deed dated 22 May 2015 and the first amending and restating deed dated 28 May 2021 (collectively, the “**Trust Deed**”) between Spring Asset Management Limited 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.

Spring REIT offers investors direct exposure to two premium office buildings strategically located in Beijing Central Business District (“**CBD**”) through its ownership in China Central Place Office Tower 1 and 2 (and the relevant portion of the car park) (the “**CCP Property**”). Being the first Hong Kong REIT to make an acquisition in the United Kingdom, Spring REIT’s core property portfolio is complimented by a portfolio of 84 separate commercial properties in the United Kingdom (“**UK Portfolio**”) which are leased out on a triple-net basis.

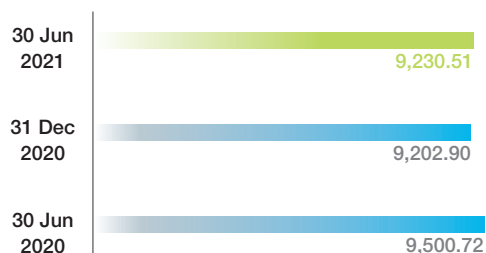
About the Manager

Spring REIT is managed by Spring Asset Management Limited (as manager of Spring REIT, the “**Manager**”), a company incorporated in Hong Kong for the sole purpose of managing Spring REIT. As at 30 June 2021, the Manager is 80.4% owned by Mercuria Investment Co., Limited (“**Mercuria Investment**”). Following a group restructuring, with effect from 9 July 2021, the Manager is 80.4% owned by Mercuria Holdings Co., Ltd. (“**Mercuria Holdings**”), which is an investment holding company listed on the Tokyo Stock Exchange (Stock Code: 7347) with notable shareholders such as Development Bank of Japan, Itochu Corporation and Sumitomo Mitsui Trust Bank, Limited.

Performance Highlights

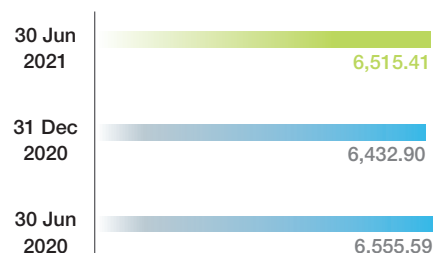
Appraised Property Value

(RMB million)



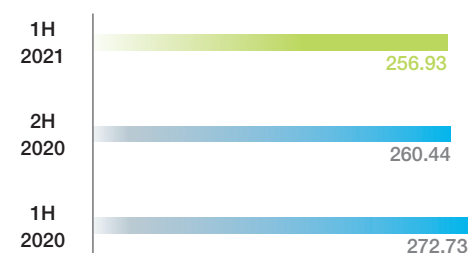
Net Asset Value

(RMB million)



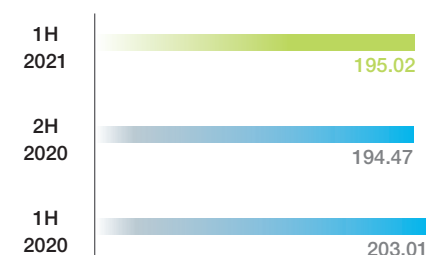
Total Revenue

(RMB million)



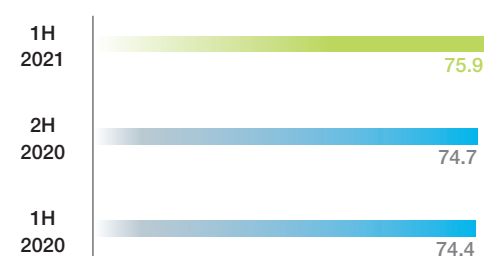
Net Property Income

(RMB million)



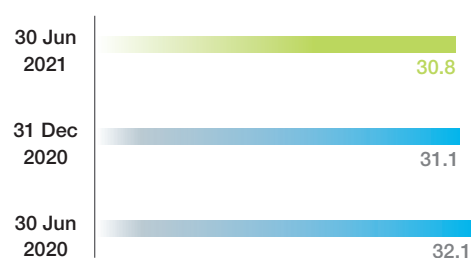
Net Property Income Margin

(%)



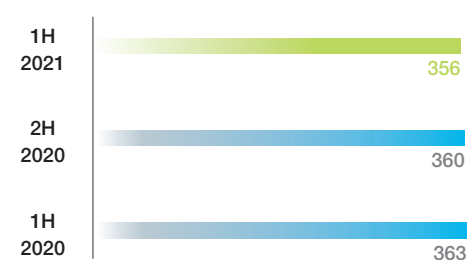
Gearing Ratio

(%)



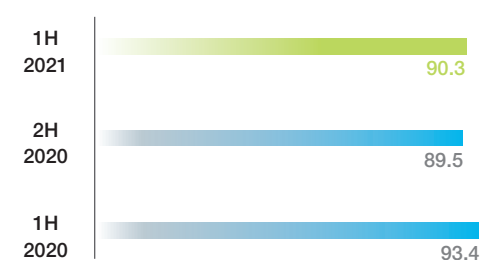
Net Average Monthly Passing Rent

(RMB per sqm per month)



Average Occupancy

(%)



Note: The UK Portfolio is leased 100% to a single tenant on a long-term basis. The average monthly passing rent and average occupancy charts only represents that of the CCP Property

Distribution

The board of directors (the “**Board**”) of the Manager, for and on behalf of Spring REIT, has resolved to declare an interim distribution for the period from 1 January 2021 to 30 June 2021 (the “**Reporting Period**”, “**1H 2021**” or “**2021 Interim Distribution Period**”) of HK10.8 cents per Unit (“**2021 Interim Distribution**”) to unitholders of Spring REIT (“**Unitholders**”) whose names appear on the register of Unitholders on 9 September 2021 (the “**Record Date**”), representing an increase of 2.9% half-on-half (“**HoH**”) and 13.7% year-on-year (“**YoY**”) and a payout ratio of 90% (FY2020: 95%).

Based on the closing price of HK\$2.86 per Unit as at 30 June 2021, the Reporting Period distribution per Unit (“**DPU**”) represents an annualized distribution yield of 7.6%. For details of the distribution, please refer to the section headed “Consolidated Statement of Distributions” in the financial information.

The presentation currency of Spring REIT is Renminbi (“**RMB**”) and all distributions will be paid in Hong Kong Dollars (“**HK\$**”). The exchange rate adopted for the 2021 Interim Distribution is HK\$1 = RMB0.8333, which represents the average of month-end central parity rates in the 2021 Interim Distribution Period (as announced by the People’s Bank of China).

The Manager confirms that 2021 Interim Distribution is composed only of consolidated profit after tax, before transactions with Unitholders and non-cash adjustments for the 2021 Interim Distribution Period.

In accordance with the Trust Deed, the Manager’s current policy is to distribute to Unitholders at least 90% of Total Distributable Income (“**TDI**”) in each financial year. The Manager also has the discretion to direct that Spring REIT makes distributions over and above the minimum 90% of TDI for any financial year if and to the extent that Spring REIT, in the opinion of the Manager, has funds surplus to its business requirements.

The Record Date for the 2021 Interim Distribution will be 9 September 2021. The register of Unitholders will be closed for the purpose of determining the identity of Unitholders from 8 September 2021 to 9 September 2021, both days inclusive, during which period no transfer of Units will be registered. The 2021 Interim Distribution is to be payable on 21 September 2021 to Unitholders whose names appear on the register of Unitholders on the Record Date.

In order to qualify for the 2021 Interim Distribution, all completed transfer forms in respect of transfer of Units (accompanied by the relevant Unit certificates) must be lodged for registration with Tricor Investor Services Limited, Spring REIT’s Unit registrar in Hong Kong, whose address is Level 54, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 7 September 2021.

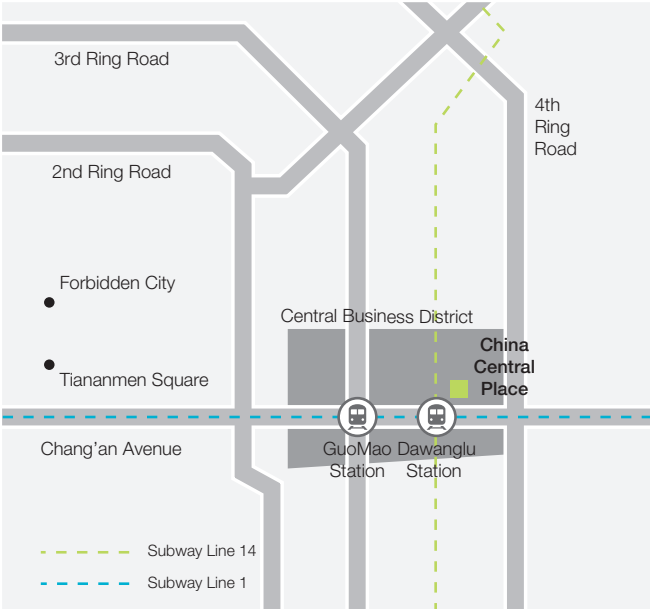
Overview of Spring REIT's Properties

CCP Property

Spring REIT currently offers investors exposure to two premium grade office buildings strategically located in CBD, namely Office Tower 1 and Office Tower 2 in China Central Place and a car park facility located in the underground of the two office buildings. The two office buildings have in aggregate a total gross floor area of 120,245 sqm, and 25,127 sqm of approximately 600 car parking space. CCP Property is strategically located in the southeast corner of Beijing's traditional CBD, which is in the east of the heart of the city in Chaoyang District.

UK Portfolio

The UK Portfolio comprises 84 separate commercial properties with diversified locations across the UK. The properties are leased to Kwik Fit, a nationwide car servicing service provider in the UK. Founded in 1971, Kwik Fit has the largest network of fast-fit centres with more than 600 centres in the country.



Management Discussion and Analysis

The Manager is pleased to present the financial results of Spring REIT for the six months ended 30 June 2021. The extreme external events of 2020 carried forward into the Reporting Period severely impacting the business environment in which Spring REIT operates. These were mainly associated with the COVID-19 pandemic, continued tensions between China and the US, and the challenging leasing environment in Beijing. We are therefore pleased to report that although Spring REIT was inevitably affected by these events, it has bucked the general market trend to deliver 17.5% growth YoY in distributable income and 13.7% growth in DPU, amounting to RMB147.07 million and HK10.8 cents respectively. Such encouraging results in an extremely challenging period are attributable to the quality of our property portfolio, favourable foreign exchange and interest rate movements, and past strategic decisions made to strengthen our balance sheet.

Beijing Office Market Overview

The CBD hosts tenants from a wide range of industries, including finance and insurance, professional services, internet and other hi-tech industries. It holds the largest amount of Grade-A office stock in Beijing, amounting to 2.59 million sqm as at 30 June 2021, representing 25.0% of the city's total Grade-A office stock of 10.37 million sqm.

The Beijing office market gradually improved in 1H 2021, with occupancy rates in the CBD submarket showing signs of bottoming out on the back of an uptick in leasing enquiries and growing leasing demand. Newly completed buildings also enjoyed a pickup in absorption compared with previous quarters. However, the recovery in market occupancy has come at the expense of rental levels, due to landlords continuing to adopt aggressive pricing policies to fill up vacant spaces. Relocations have been an important source of market demand, with tenants taking advantage of softer rents and the high vacancy environment to trade up from their existing premises.

Domestic companies continued to be the main driver of demand in the leasing market, led by companies in the finance and technology, media and telecommunications sectors. However, Chaoyang District authorities recently released details of supporting policies for multinational companies looking to set up offices in the China (Beijing) Pilot Free Trade Zone, of which the CBD district is a part. These include subsidy schemes and facilitation measures for specific industries, which will be important in encouraging foreign corporations to move in, as well as in spurring foreign investment. This should in turn further stimulate leasing demand from foreign corporations.

Looking forward, two new office completions in the CBD core area will see new office space enter the market in the second half of 2021. However, the impact that these will have on the leasing market is expected to be limited, given that the majority of the space in both developments will be self-used by the landlords. Recovery demand that will help to absorb some vacant space is expected to remain in the near term. With limited new supply coming onto the market beyond 2021, we remain cautiously optimistic about the prospects for the Beijing office market in the upcoming quarters.

Management Discussion and Analysis (Continued)

Beijing Office Market Vacancy and Rental Rates in 1H 2021

		Occupancy Rate ¹	HoH Change	YoY Change	Average Rental Rate ¹ (RMB/sqm/month)	HoH Change ²	YoY Change ²
CBD	Grade A	84.7%	+3.3 ppts	+2.1 ppts	344	(4.0%)	(8.8%)
	Premium Grade A	83.6%	+2.8 ppts	+4.5 ppts	389	(3.7%)	(9.2%)

1. Data is given as at 30 June 2021.

2. YoY and HoH changes in average rental rate are based on chain-linked figures, to facilitate like-for-like comparison.

Source: JLL Research

CCP Property Operation Performance

(in RMB millions)

For the Six Months Ended	30-Jun-2021	HoH Change	31-Dec-2020	HoH Change	30-Jun-2020
Revenues					
– Rental income	231.48	0.1%	231.25	(5.0%)	243.53
– Car park income	2.81	39.1%	2.02	(28.9%)	2.84
– Other income (note i)	2.80	(61.8%)	7.33	9.9%	6.67
	237.09	(1.5%)	240.60	(4.9%)	253.04
Property Operating Expenses					
– Property management fee	(5.17)	(4.6%)	(5.42)	1.5%	(5.34)
– Property tax (note ii)	(28.19)	(3.9%)	(29.33)	(4.0%)	(30.54)
– Withholding tax (note iii)	(23.60)	(3.2%)	(24.39)	(4.1%)	(25.44)
– Other taxes (note iv)	(2.92)	(6.4%)	(3.12)	8.7%	(2.87)
– Leasing Commission	(1.26)	20.0%	(1.05)	23.5%	(0.85)
– Others	(0.41)	(82.8%)	(2.38)	(45.5%)	(4.37)
	(61.55)	(6.3%)	(65.69)	(5.4%)	(69.41)
Net Property Income	175.54	0.4%	174.91	(4.7%)	183.63

Notes:

- Other income mainly represents compensation paid by tenants for early termination of lease and signage income.
- Property tax represents real estate tax and land use tax.
- Withholding tax in the People's Republic of China is calculated based on rental revenues at a rate of 10%.
- Other taxes represent urban construction and maintenance tax, education surcharge and stamp duty.

Management Discussion and Analysis (Continued)

During the Reporting Period, the CCP Property reported a decrease in total revenue of 1.5% HoH, while its rental income remained relatively stable. After deducting property operating expenses of RMB61.55 million, net property income was RMB175.54 million, representing an increase of 0.4% HoH and a decrease of 4.4% YoY.

Property operating expenses are mainly made up of tax expenses, namely withholding tax, property tax and other taxes. Tax expenses in aggregate accounted for 88.9% of the total property operating expenses, while the property management fee, payable at 2.0% of total revenue, accounted for 8.4% of these expenses.

Rental income

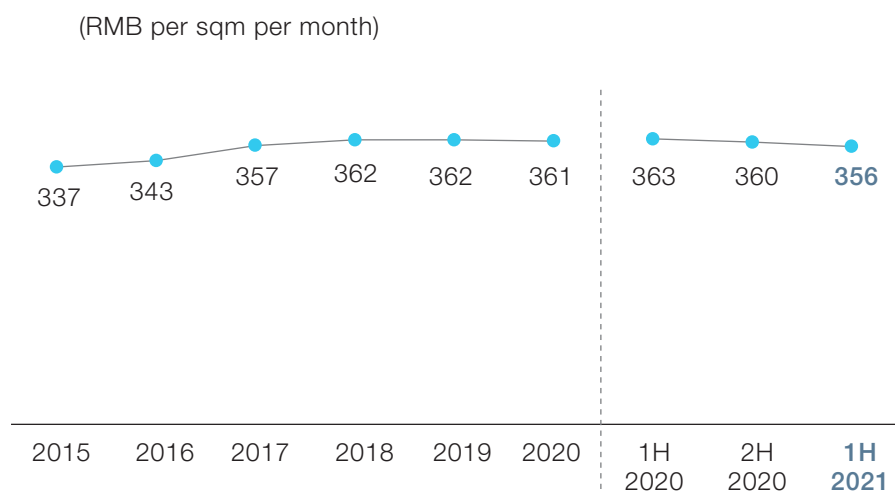
Both renewals and new leases executed from 2H 2020 took place at a time when rental levels were softening in the overall market. As a result, passing rent during the period declined marginally by 1.1%, implying a negative rental reversion rate of 5.5%. However, the impact on rental income was to an extent mitigated by an improvement in the occupancy rate, which had recovered to 93.6% by the end of June 2021 from 90.2% on 31 December 2020. The improvement in occupancy despite the adverse market conditions has once again demonstrated the resilience of our Beijing leasing operation. Lease expiries during the period involved a total area of 27,167 sqm (representing 22.6% of the leasable office area). Of these expiries, 78.6% were renewed. Including the renewals, a total area of 31,305 sqm (representing 26.0% of the leasable office area) was leased out, 31.8% of which was attributable to new leases.

Summary of Operating Performance

For the Six Months Ended	30-Jun-2021	Change	31-Dec-2020	Change	30-Jun-2020
Net monthly average passing rent (RMB/month)	356	(1.1%)	360	(0.8%)	363
Average Occupancy (%)	90.3%	+0.8 pts	89.5%	-3.9 pts	93.4%

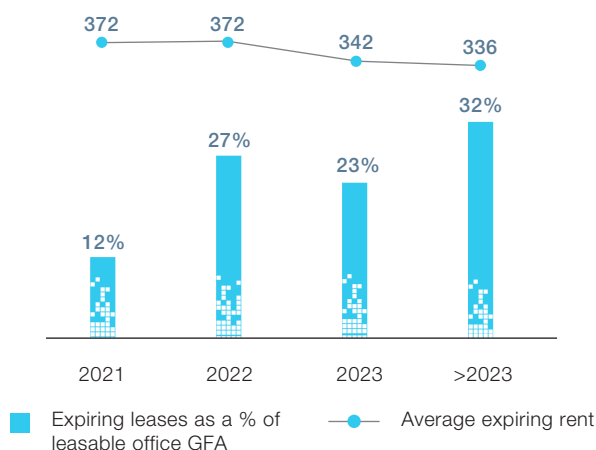
Note: Net passing rent is presented net of VAT.

Passing Rent



Management Discussion and Analysis (Continued)

Expiry Profile by GFA



As at 30 June 2021, the weighted average lease expiry based on GFA was 790 days. Leases expiring in the second half of 2021 and in the year ending 31 December 2022 accounted for 12% and 27% of the total leasable office GFA respectively, and the average unit rents for the expiring leases were RMB372 per sqm for both periods.

Notes:

1. Average monthly passing rent is presented net of business tax and VAT (where applicable) and is an average of the month-end figures within the specified period.
2. Occupancy rate is an average of the month-end figure within the specified period.

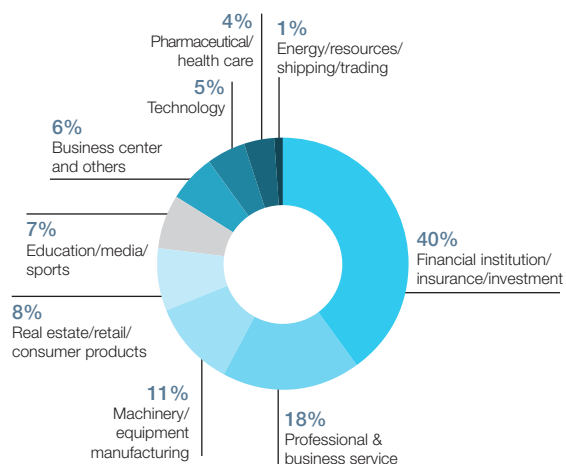
Tenancy base

The CCP Property had a total of 182 tenancies as at 30 June 2021. The top five tenants accounted for 21.9% of total rental revenue for the Reporting Period, and occupied 22.9% of the total leasable GFA as at 30 June 2021. Details of the top five tenants in terms of GFA are set out in the table below.

Tenants	% of total leased GFA
Epson	5.9%
Zhong De Securities	4.3%
Deutsche Bank	4.3%
Xinyuan	4.2%
Global Law Office	4.2%
Total	22.9%

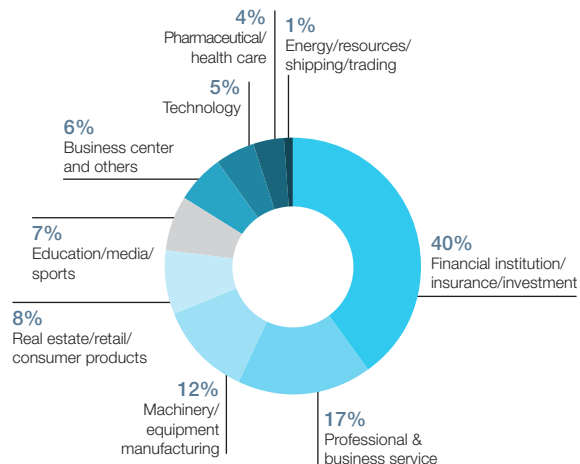
Tenants by Industry

As % of leased office GFA
(As of 30 June 2021)



Tenants by Industry

As % of monthly revenue
(For the month June 2021)



Management Discussion and Analysis (Continued)

UK Portfolio Operation Review

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

In June 2021, Spring REIT completed the disposal of a small parcel of unused land adjacent to one of the Kwik Fit sites, resulting in a gain on disposal amounting to RMB151,000.

Financial Results Highlights

(in RMB million unless otherwise specified)

For the Six Months Ended	30-Jun-2021	HoH Change	31-Dec-2020	HoH Change	30-Jun-2020
Revenue	256.93	(1.3%)	260.44	(4.5%)	272.73
Property operating expenses	(61.90)	(6.2%)	(65.97)	(5.4%)	(69.72)
Net property income	195.02	0.3%	194.47	(4.2%)	203.01
Net property income margin	75.9%	+1.2 ppts	74.7%	+0.3 ppts	74.4%
G&A expenses	(31.52)	(16.3%)	(37.67)	9.5%	(34.40)
Cash interest expense	(31.22)	(24.2%)	(41.18)	(24.6%)	(54.60)
Profit after taxation	212.34	180.3%	75.76	(128.5%)	(265.68)
TDI	147.07	2.5%	143.53	14.6%	125.19

Unit information	1H 2021	HoH Change	2H 2020	HoH Change	1H 2020
DPU (HK cents)	10.8	2.9%	10.5	10.5%	9.5
Payout ratio	90%	-5.0 ppts	95% ¹	-5.0 ppts	100%
Net asset value per Unit (HK\$)	5.34	2.1%	5.23	5.9%	4.94
Number of Units in issue	1,466,273,210	0.4%	1,460,872,865	0.4%	1,454,929,390

As at	30-Jun-2021	HoH Change	31-Dec-2020	HoH Change	30-Jun-2020
Portfolio valuation	9,230.51	0.3%	9,202.90	(3.1%)	9,500.72
Total assets	9,765.84	0.5%	9,712.87	(3.3%)	10,040.17
Total borrowings	3,006.47	(0.6%)	3,024.23	(6.0%)	3,218.11
Net asset value	6,515.41	1.3%	6,432.90	(1.9%)	6,555.59
Gearing ratio	30.8	-0.3 ppts	31.1%	-1.0 ppts	32.1%

¹ Represents the full year payout ratio of 95%.

Management Discussion and Analysis (Continued)

Financial Performance

Spring REIT's revenue for the Reporting Period was RMB256.93 million, representing a decrease of 1.3% HoH and 5.8% YoY. After deducting property operating expenses of RMB61.90 million, net property income amounted to RMB195.02 million, representing a 0.3% increase HoH and a 3.9% decrease YoY. The net property income margin increased to 75.9% for the Reporting Period (2H 2020: 74.7%; 1H 2020: 74.4%).

General and administrative expenses decreased by 16.3% HoH and 8.4% YoY to RMB31.52 million (2H 2020: RMB37.67 million; 1H 2020: RMB34.40 million). A total finance cost for interest-bearing borrowings of RMB12.96 million was registered, which consisted of a non-cash foreign exchange gain. A foreign exchange gain of RMB27.71 million (2H 2020: a gain of RMB212.37 million; 1H 2020: a loss of RMB40.24 million) was recognized when US dollar bank borrowings were translated to RMB. Cash interest expenses amounted to RMB31.22 million, decreasing by 24.2% HoH and decreasing by 42.8% YoY.

Taking into account the increase in fair value of the UK Portfolio of RMB15.36 million and the CCP Property of RMB10.40 million, profit after taxation for the Reporting Period was RMB212.34 million (2H 2020: profit after taxation of RMB75.76 million; 1H 2020: loss after taxation of RMB265.68 million).

TDI of Spring REIT for the Reporting Period was RMB147.07 million, representing increases of 2.5% HoH and 17.5% YoY. Among other adjustments, the TDI excludes the foreign exchange gain and increases in fair value of our investment properties, both of which are non-cash in nature.

Financial Position

Spring REIT's principal valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the "Principal Valuer") performed the valuation of the Spring REIT portfolio as at 30 June 2021. The CCP Property was appraised at RMB8,566.00 million as at 30 June 2021, representing a 0.2% increase compared to its valuation as at 31 December 2020. The valuation of the CCP Property was arrived at using the income approach, and cross-checked by the direct comparison approach. The increase in valuation was mainly attributable to an upward adjustment in the occupancy rate in the calculation. The capitalization rate/reversionary yield stayed stable at 5.0% (31 December 2020: 5.0%; 30 June 2020: 5.0%).

The UK Portfolio was appraised at GBP74.40 million (equivalent to RMB664.51 million) as at 30 June 2021, representing a 2.1% increase in GBP terms compared to its valuation as at 31 December 2020. The valuation of the UK Portfolio was arrived at using an income approach. The reversionary yield ranged from 4.25% to 8.50% (31 December 2020: 4.60% to 8.50%).

As at 30 June 2021, Spring REIT had in place aggregate secured loan facilities of approximately RMB3,006.47 million, comprising:

Management Discussion and Analysis (Continued)

1. A secured term loan facility of US\$403.00 million and an uncommitted undrawn term loan facility of US\$80.00 million, totaling US\$483.00 million (the “**CCP Facilities**”), which bears an interest rate of 3-month US dollar LIBOR plus 1.55% per annum and will expire in December 2024.
2. A facility of GBP50.00 million (the “**UK Facility**”) extended by Sumitomo Mitsui Banking Corporation and put in place on 26 January 2018. The UK Facility bears an interest rate of 3-month GBP LIBOR plus 2.20% per annum and will expire in January 2022.

As at 30 June 2021, the gearing ratio, i.e. total borrowings to gross asset value, was 30.8%, compared with 31.1% as at 31 December 2020.

In 2020, Spring REIT entered into multiple interest rate swaps contracts (“**IRS Contracts**”), with a weighted average swap rate of 0.52% per annum with maturity in December 2024, in tandem with the date of loan maturity of the CCP Facilities. The aggregate notional amount of these IRS Contracts is US\$300 million, representing 74.4% of the US\$ loans already drawn down by Spring REIT.

As at 30 June 2021, Spring REIT’s investment properties, rent receivables, restricted bank balances, IRS Contracts, ordinary shares of RCA01 and Hawkeye Properties 501 Limited and all assets of Hawkeye Properties 501 Limited were pledged to secure term loan facilities where applicable. In addition, RCA01 and Hawkeye Properties 501 Limited’s restricted bank balances were charged to or otherwise subject to the control of the security agent to the CCP Facilities or the UK Facility. Throughout the Reporting Period, Spring REIT, RCA01, RUK01 Limited and Hawkeye Properties 501 Limited have in all material respects complied with the terms and provisions of the finance and security documents.

The unrestricted cash of Spring REIT (together with its special purpose vehicles, the “**Group**”) amounted to RMB160.25 million as at 30 June 2021, compared with RMB154.44 million as at 31 December 2020. The Group also had total undrawn uncommitted bank loan facilities of US\$80.00 million. With these financial resources, Spring REIT has sufficient liquid assets to satisfy its working capital and operating requirements. The unrestricted cash is generally placed as short-term deposits, mostly denominated in US\$. The Group’s liquidity and financing requirements are reviewed regularly.

As at 30 June 2021, the gross asset value of the Group was RMB9,765.84 million, representing an increase of 0.5% HoH and a decrease of 2.7% YoY.

Net Assets Attributable to Unitholders

As at 30 June 2021, net assets attributable to Unitholders stood at RMB6,515.41 million.

The net asset value per Unit as at 30 June 2021 was HK\$5.34 (31 December 2020: HK\$5.23; 30 June 2020: HK\$4.94). This represented a 86.7% premium to the closing price of the Units of HK\$2.86 as at 30 June 2021, the last trading day in the Reporting Period.

Management Discussion and Analysis (Continued)

Capital Commitments

As at 30 June 2021, the Group had no significant capital commitments.

Employees

Spring REIT is managed by the Manager and did not directly employ any staff during the Reporting Period.

Outlook

By contrast with the global economy, which was still suffering from pandemic uncertainties in the first half of 2021, the economy in China is ahead of the pack and shows signs of increasing stability. China's efficient handling of the pandemic by its central and local governments, and the limited number of recent cases reported, suggest that we are now seeing the light at the end of the tunnel for COVID-19. The leasing market in Beijing has stabilized and is expected to be supported by a revival of leasing demand going forward.

Market sentiment in Beijing has also been helped by the fact that the slew of new office supply has almost come to an end, and there is limited land supply for future office development in the CBD area. The volume of tenant enquiries has risen, driven by businesses looking to trade up their premises to take advantage of attractive rental levels. Although tighter regulation by the Chinese government over technology companies is expected to temporarily weigh on rental levels in the short term, the Manager remains cautiously optimistic that the dynamics of the Beijing office market will continue to improve given the positive underlying market trends.

For Spring REIT, most of the major leases due to expire in the second half of 2021 have been secured for renewal. While rental reversion was negative during the Reporting Period, reflecting softened rental rates in the broader market, the Manager is optimistic that occupancy will continue to improve in the second half as leasing activities return. In the meantime, the Manager will remain vigilant in its approach to Spring REIT's leasing operations.

Looking ahead to the second half of 2021, Spring REIT's core CCP Property in Beijing is in a strong position. It is likely to be among the first batch of properties to recover given its premium quality and location, and we remain positive that its operating performance will continue to improve throughout the year. Meanwhile, the UK Portfolio will continue to provide additional steady returns.

Our enhanced strategic relationships with Sino-Ocean Group Holding Limited and Huamao Property Holdings Ltd. are also paving the way for potential high-quality investment opportunities in the years ahead. Spring REIT will be focused on ensuring that any new acquisitions live up to the standards of quality and reliability of its existing assets. The Manager is firmly committed to steering Spring REIT safely through the challenging macro-economic environment, and Unitholders can be assured of our unwavering determination to deliver long-term and sustainable growth in distributions.

Corporate Governance

With the objective of establishing and maintaining high standards of corporate governance, certain policies and procedures have been put in place to promote the operation of Spring REIT in a transparent manner and with built-in checks and balances. The corporate governance policies of Spring REIT have been adopted with due regard to the requirements under Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), with necessary changes, as if those rules were applicable to real estate investment trusts (the “**REIT**”) 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 current corporate governance principles emphasize on accountability to all stakeholders, resolution of conflict of interest issues, transparency in reporting, and 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 legislation and regulations. The Board plays a central supportive and supervisory role in the corporate governance duties. It regularly reviews 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.

During the Reporting Period, both the Manager and Spring REIT have in material terms complied with the provisions of the Compliance Manual including the corporate governance policy set out in Schedule 5 of the Compliance Manual, the Trust Deed, the Code on Real Estate Investment Trusts (the “**REIT Code**”) and applicable provisions of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) and the Listing Rules.

During the Reporting Period, an annual general meeting of Spring REIT was held on 27 May 2021 (to note the audited financial statements of Spring REIT together with the independent auditor’s report for the year ended 31 December 2020, and the re-appointment of the independent auditor of Spring REIT; and to approve the buy-back mandate) for meeting with Unitholders and answering their questions, if any.

As disclosed in the announcement of Spring REIT dated 28 May 2021, the Trust Deed was amended and restated to reflect recent amendments of the REIT Code gazetted and announced by the Securities and Futures Commission (the “**SFC**”) on 4 December 2020 (the “**REIT Code Amendments**”), including: (i) the requirements under the REIT Code in respect of investments by REITs in minority-owned properties; (ii) the relaxation of the diversification limit applicable to relevant investments and the requirements applicable to non-core investments of Spring REIT; (iii) the scope of and requirements for connected party transactions and notifiable transactions of Spring REIT for in line with the Listing Rules; (iv) the change in the borrowing limit of REIT’s under the REIT Code; and (v) miscellaneous REIT Code Amendments.

Corporate Governance (Continued)

Authorization Structure

Spring REIT is a collective investment scheme constituted as a unit trust and authorized by the SFC under section 104 of the SFO and regulated by the SFC pursuant to the applicable provisions of the SFO, the REIT Code and the Listing Rules. The Manager has been authorized by the SFC under section 116 of the SFO to conduct the regulated activities of asset management. As at the date of this report, Mr. Leung Kwok Hoe, Kevin (Executive Director and Chief Executive Officer of the Manager), Mr. Chung Wai Fai (Executive Director of the Manager) and Ms. Alice Yu (Chief Compliance Officer of the Manager) are the responsible officers of the Manager (the “RO”) pursuant to the requirements under section 125 of the SFO and Paragraph 5.4 of the REIT Code. Mr. Leung Kwok Hoe, Kevin, Executive Director and Chief Executive Officer of the Manager, was approved by the SFC as an approved person of the Manager pursuant to sections 104(2) and 105(2) of the SFO.

During the Reporting Period, Mr. Nobumasa Saeki resigned as an Executive Director, Managing Director, RO and member of the Advisory Committee of the Manager and Mr. Chung Wai Fai ceased to act as the alternate director to Mr. Nobumasa Saeki on 24 March 2021. Mr. Chung Wai Fai was appointed as an Executive Director and a member of the Advisory Committee of the Manager on 24 March 2021.

DB Trustees (Hong Kong) Limited 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 authorized 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 for the safe custody of the assets of Spring REIT on behalf of the Unitholders and to oversee the activities of the Manager in accordance with and in compliance with the Trust Deed, and the regulatory requirements applicable to Spring REIT.

The Manager is responsible for managing Spring REIT and its assets in accordance with the Trust Deed and ensuring that Spring REIT’s assets are managed in the sole interests of the Unitholders.

The relationship among the Trustee, the Manager and the Unitholders is set out in the Trust Deed, as may be amended and supplemented from time to time.

The Board

The Board currently comprises seven members, including two Executive Directors and five Non-executive Directors, of which three are Independent Non-executive Directors (“**Independent Non-executive Directors**”). The composition of the Board during the Reporting Period is set out below:

Non-executive Directors

Toshihiro Toyoshima (*Chairman*)
Hideya Ishino

Executive Directors

Leung Kwok Hoe, Kevin (*Chief Executive Officer*)
Nobumasa Saeki (*resigned as Executive Director on 24 March 2021*)
Chung Wai Fai (*appointed as Executive Director on 24 March 2021*)

Corporate Governance (Continued)

Independent Non-executive Directors

Simon Murray
Lam Yiu Kin
Qiu Liping

Alternate Director

Chung Wai Fai (*ceased to act as alternate director to Mr. Nobumasa Saeki on 24 March 2021*)

Conflicts of Interest and Business Competitions with Mercuria Group

Mercuria Investment may exercise influence over the affairs of Spring REIT through its control over the Manager and RCA Fund 01, L.P. ("**RCA Fund**"). RCA Fund, which is managed by Mercuria Investment pursuant to a management agreement between Mercuria Investment and RCA Fund (acting through its general partner, RCAC), held 20.78% interest in the Units of Spring REIT as at 30 June 2021. Mercuria Investment can therefore exercise influence on RCA Fund and its exercise of rights as a Unitholder in respect of the affairs of Spring REIT (in particular, in relation to matters that are subject to voting by the Unitholders, on which RCA Fund is not required to abstain from voting), including in relation to the approval of significant corporate transactions, such as acquisitions and disposals.

Besides, Mercuria Investment has interest in the Units of Spring REIT directly or through various subsidiaries; including, in particular, the Manager (as at 30 June 2021, issued shares in the Manager were owned by Mercuria Investment as to 80.4% and some of the Non-executive Directors of the Manager were and still are directors and/or senior executive of Mercuria Investment) which has received and will continue to receive Units of Spring REIT by virtue of all or part of its entitlement to the fees for asset management services rendered to Spring REIT.

Listed on Tokyo Stock Exchange in October 2016 until 30 June 2021, Mercuria Investment is principally engaged in investing in companies and projects in growth sectors in Japan, China and other Asian countries and regions with selective investments in the property market. There may be circumstances where Spring REIT will have to compete directly with Mercuria Investment and/or its subsidiaries or associates for acquisitions or disposals of properties as well as for tenants within the Asian or global markets. There can be no assurance that conflicts of interest will not arise between Spring REIT and Mercuria Investment in the future.

Mercuria Investment was previously the holding company of the Manager and became a fellow subsidiary of the Manager following a group restructuring which resulted in each of Mercuria Investment and the Manager becoming a subsidiary of a newly incorporated holding company, Mercuria Holdings (a company listed on Tokyo Stock Exchange) (collectively "**Mercuria Group**"), with effect from 1 July 2021 and 9 July 2021 respectively.

All conflicts of interest are managed by the Board in accordance with the articles of association of the Manager, the Compliance Manual and other relevant policies and guidelines issued for and adopted by Spring REIT. The Manager has also established various procedures to deal with potential conflicts of interest, including but not limited to:

- (i) unless with the approval of the SFC, the Manager will not manage any real estate investment trust other than Spring REIT nor manage other real estate assets other than those in which Spring REIT has an ownership interest or investment;

Corporate Governance (Continued)

- (ii) the Manager will ensure that it will be able to function independently from its shareholders, and all executive officers are employed by the Manager on a full-time basis and are dedicated to the operations of Spring REIT;
- (iii) the Manager has also appointed Independent Non-executive Directors and set up an Audit Committee to provide independent checks on the performance of the Executive Directors/officers and ensure that the Executive Directors/officers manage and operate Spring REIT independently from Mercuria Group;
- (iv) the Manager has established procedures in the Compliance Manual to deal with conflicts of interest;
- (v) the Manager has established an internal control system to ensure that connected party transactions between Spring REIT and its connected persons are monitored and undertaken according to procedures and/or on terms in compliance with the REIT Code (or where applicable, in compliance with the waiver conditions imposed by the SFC) and that other potential conflicts of interest that may arise are monitored;
- (vi) all conflicts of interest involving a substantial Unitholder or a Director will be required to be managed by a physical Board meeting rather than a written resolution and all Independent Non-executive Directors who, and whose associates, have no material interest in the matter should be present at such Board meeting; and
- (vii) where a Director has material interests, whether direct or indirect, in a matter which is the subject of a resolution proposed at a Board meeting of the Manager, such interested Director is expected to disclose his interest to the Board and shall abstain from voting on the resolution concerned.

Conflicts of Interest and Business Competitions with the Property Manager

Under the Property Management Agreement entered into between RCA01 (a special purpose vehicle of Spring REIT) and Beijing Hua-re Real Estate Consultancy Co., Ltd., (the “**Property Manager**”), the Property Manager provides lease management services, building management services and cash management services for the Beijing CCP Property on an exclusive basis subject to the overall management and supervision of the Manager. The Property Manager is currently 40% owned by Mercuria Investment and 60% owned by third parties. If the Property Manager were to manage also any other property which competes with the Beijing CCP Property, there may be potential conflicts of interest between Spring REIT and the Property Manager in respect of the performance of property management services in relation to the Beijing CCP Property and such other property.

To eliminate the likelihood of any potential future conflicts of interest, the Property Manager has a team of operational staff dedicated exclusively to provide property management services including lease management services to the Beijing CCP Property. Besides, the Property Manager has delegated to Beijing Huamao Property Management Co., Ltd. (北京華貿物業顧問有限公司), responsible for the maintenance, repair and upkeep of common areas, common facilities and public structures, operation of the building services systems and maintenance of building security. With respect to property management services, the Manager does not anticipate any significant likelihood of conflicts of interest arising between Spring REIT and the Property Manager.

Corporate Governance (Continued)

New Issue of Units

During the Reporting Period, an aggregate of 6,666,345 new Units were issued to the Manager as payment of part of the Manager's fees. Please refer to the announcements dated 26 March 2021 and 30 April 2021 for more details.

During the Reporting Period, the Manager (on behalf of Spring REIT) bought back a total of 1,539,000 Units on the Stock Exchange and a total of 1,266,000 Units were cancelled prior to the end of the Reporting Period. Please refer to the section headed "Purchase, Sale or Redemption of Units" for details.

The total number of Units in issue as at 30 June 2021 was 1,466,273,210 Units.

Compliance with the Dealings Code

To monitor and supervise any dealing 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. Pursuant to the Dealings Code, all Directors, the Manager and the senior executives, officers and employees of the Manager and subsidiaries of the Manager or the special purpose vehicles of Spring REIT (collectively "**Management Persons**") who wish to deal in the Units and, because of their office or employment with the Manager, the relevant subsidiaries of the Manager or the relevant special purpose vehicles of Spring REIT, are likely to be in possession of unpublished inside information in relation to the securities of Spring REIT, 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 apply to the securities of Spring REIT. In addition, the Management Persons must not make any unauthorized disclosure of confidential information obtained in the course of their service to any other person or make any use of such information for the benefits of themselves or others.

Specific enquiry has been made with the Management Persons who have confirmed that they complied with the required standard set out in the Dealings Code throughout the Reporting Period.

Disclosure on Independent Non-executive Director Remuneration Arrangement

Pursuant to the announcement of the Manager dated 24 October 2014, the Manager has adopted an arrangement for the remuneration of Independent Non-executive Directors (the "**Independent Non-executive Director Remuneration Announcement**"). As stated in the Independent Non-executive Director Remuneration Announcement, the Manager is required to disclose the following information in the interim report and annual report of Spring REIT:

Corporate Governance (Continued)

Name of Independent Non-executive Director of the Manager	Remuneration for the Reporting Period ⁽ⁱ⁾ (HK\$)	Election for percentage of remuneration to be paid in form of Units during the Reporting Period	Number of Units paid as remuneration during the Reporting Period ⁽ⁱⁱ⁾
Mr. Simon Murray	207,000	100%	72,000
Mr. Qiu Liping	207,000	100%	72,000
Mr. Lam Yiu Kin	225,000	100%	78,000

Notes:

- (i) The remunerations were determined after arm's length negotiation between each Independent Non-executive Director and the Manager, with reference to market conditions as well as experience and qualifications of each Independent Non-executive Director.
- (ii) For each Independent Non-executive Director's current beneficial interests in Units of Spring REIT and the change (if any) in their respective beneficial interests in Units of Spring REIT during the Reporting Period, please see the section headed "Disclosure of Interests" in this report.

Review of Interim Report

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

The consolidated interim results of Spring REIT for the Reporting Period have also been reviewed by the external auditor of Spring REIT 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.

Changes in Information of Directors of the Manager

During the Reporting Period and up to the date of this interim report, the Manager received notification regarding the following changes in Directors' information:

Director	Changes in Information
Mr. Chung Wai Fai <i>Executive Director</i>	<ul style="list-style-type: none"> – appointed as an Executive Director of Spring Asset Management Limited, the Manager of Spring REIT, with effect from 24 March 2021 – appointed as a director of RCA01, a special purpose vehicle of Spring REIT which holds Spring REIT's properties in Beijing, with effect from 26 March 2021 – appointed as a director of Hawkeye Properties 501 Limited, a special purpose vehicle of Spring REIT which holds Spring REIT's properties in the United Kingdom, with effect from 11 May 2021

Save as disclosed above, as at the date of this interim report, the Manager has not been notified of any change in Directors' information which is required to be included in this report.

Corporate Governance (Continued)

Purchase, Sale or Redemption of Units

During the Reporting Period, the Manager (on behalf of Spring REIT) bought back a total of 1,539,000 Units on the Stock Exchange at an aggregate consideration (excluding expenses) of approximately HK\$4.3 million. Further details are set out as follows:

Month	Number of Units bought back	Purchase price per Unit		Approximate aggregate consideration (excluding expenses) HK\$'000
		Highest HK\$	Lowest HK\$	
2021				
January	145,000	2.7275	2.6894	394
February	–	–	–	–
March	108,000	2.8100	2.7725	301
April	36,000	2.8400	2.7882	102
May	547,000	2.8200	2.6913	1,508
June	703,000	2.9290	2.8416	2,040

All Unit buy-backs by the Manager in the Reporting Period were carried out pursuant to the general mandate to buy back Units granted by the Unitholders that was in force in the relevant time, and were made in the interests of Spring REIT and the Unitholders as a whole. The buy-backs were effected by the Manager for the enhancement of the net asset value and/or earnings per Unit. The average cost (excluding expenses) of the Units bought back was approximately HK\$2.8163 per Unit. All the above bought back Units were cancelled as at the date of this report.

Save as disclosed above, there was no purchase, sale or redemption of the Units by the Manager on behalf of Spring REIT or any of the special purpose vehicles that are owned and controlled by Spring REIT during the Reporting Period. Please also refer to the section headed “Management Discussion and Analysis – New Issue of Units” in this report for details relating to new Units issued by Spring REIT during the Reporting Period.

Public Float of the Units

Based on information that is publicly available and within the knowledge of the Directors, Spring REIT maintained a public float of not less than 25% of the issued and outstanding Units as of 30 June 2021.

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 Paragraph 2.16A of the REIT Code); or (ii) Relevant Investments (as defined in Paragraph 7.2B of the REIT Code).

Connected Party Transactions

The connected party transaction rules of the REIT Code govern transactions between Spring REIT or other parts of the Group (on one side) and connected persons (as defined in Paragraph 8.1 of the REIT Code) of Spring REIT (on the other side). Such transactions will constitute connected party transactions for the purposes of the REIT Code.

Connected persons (as defined in Paragraph 8.1 of the REIT Code) of Spring REIT include, among others:

- (a) the Manager of Spring REIT;
- (b) the Trustee of Spring REIT;
- (c) a substantial holder;

Notes:

- (1) A holder is a substantial holder if it is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of Spring REIT or any of its subsidiaries.

- (d) a director or chief executive of (i) the Manager of Spring REIT; (ii) the Trustee of Spring REIT; or (iii) any subsidiaries of Spring REIT

Notes:

- (1) "Chief executive" is a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the board of directors for the conduct of the business of the relevant entity.
- (2) "Director" of the Manager or any of subsidiaries of Spring REIT also includes a person who was a director of the Manager or any subsidiaries of Spring REIT in the last 12 months.

- (e) an associate of the persons in (a), (b), (c) or (d) above;
- (f) a "connected subsidiary" as defined in Chapter 14A of the Listing Rules (modified as appropriate pursuant to 2.26 of the REIT Code); and
- (g) a person deemed to be connected by SFC.

Notes:

- (1) SFC has the power to deem any person to be a connected person.
- (2) In general, a "deemed connected person" under Chapter 14A of the Listing Rules (modified as appropriate pursuant to 2.26) would be deemed as a connected person under this paragraph.

Based on the best knowledge of the Manager, set out below is the information in respect of connected party transactions during the Reporting Period involving Spring REIT and/or its subsidiaries (on the one side) and connected persons (as defined in Paragraph 8.1 of the REIT Code) of Spring REIT (on the other side), which are governed by Chapter 8 of the REIT Code.

Connected Party Transactions (Continued)

Connected Party Transactions – Income

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

Name of Connected Person	Relationship with Spring REIT	Nature of the Connected Party Transaction	Income for the Reporting Period RMB	Rental Deposit received as at 30 Jun 2021 RMB
MIBJ Consulting (Beijing) Co., Ltd.	An associate of the Manager and an associate of a director of the Manager ¹	Leasing	476,744	280,629
PAG Investment Consulting (Beijing) Co., Limited (太盟投資管理諮詢(北京)有限公司)	An associate of a substantial holder of Spring REIT ²	Leasing	1,266,991	742,757

Notes:

- MIBJ Consulting (Beijing) Co., Ltd. (“**Mercuria Beijing**”) is wholly-owned by Mercuria Holdings Co., Ltd., which in turn holds 80.4% 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 directors of Mercuria Beijing. On 19 December 2017, the Group (through the Property Manager) as landlord and Mercuria Beijing as tenant entered into a tenancy agreement in respect of certain office premises owned by Spring REIT at the CCP Property for a term of three years commencing from 1 January 2018. The tenancy agreement was subsequently terminated on 28 February 2020 and replaced by another tenancy agreement for another office premises owned by Spring REIT at the CCP Property for a term of ten months commencing from 1 March 2020. On 29 December 2020, the tenancy agreement was renewed for a further term of three years with effect from 1 January 2021. Details of the transaction were set out in the announcement of Spring REIT dated 22 December 2017, 28 February 2020 and 29 December 2020.
- PAG Investment Consulting (Beijing) Co., Limited (太盟投資管理諮詢(北京)有限公司) (“**PAG Beijing**”) is a non-wholly owned subsidiary of PAG Holdings Limited, a substantial holder of Spring REIT, and therefore a connected person of Spring REIT pursuant to paragraph 8.1(f) of the REIT Code. On 6 September 2019, the Group (through its Property Manager) as landlord and PAG Beijing as tenant entered into a tenancy agreement in respect of certain office premises owned by Spring REIT at the CCP Property for a term of three years commencing from 1 November 2019. Details of the transaction were set out in the announcement of Spring REIT dated 9 September 2019.

On 24 December 2020, Beijing Guohua Real Estate Co., Ltd.* (“**Beijing Guohua**”), being an associate of Huamao Property Holdings Limited (“**Huamao Property**”), became a connected person of Spring REIT upon Huamao Property increasing its units to become a substantial unitholder of Spring REIT.

The Group (as lessor) has entered into a carpark master lease contract dated 1 January 2017 and subsequently renewed with last renewal on 9 February 2021 (the “**Carpark Master Lease**”) with Beijing Huamao Property Consulting Co., Ltd. First Branch (the “**Carpark Operator**”) (as lessee), who is an associate of Beijing Huamao Property Management Co., Ltd., who in turn is the building manager of the relevant common areas within China Central Place in Beijing, the PRC (the “**Development**”) (the “**Building Manager**”), pursuant to which the Group’s carpark spaces within the Development are master-leased to the Carpark Operator at a fixed rent, subject to an annual payment adjustment pursuant to the Carpark Management and Benefit Sharing Agreement (as described below). Each of the Building Manager and Carpark Operator is an independent third party of Spring REIT.

Connected Party Transactions (Continued)

In relation to the Carpark Master Lease, the Group (through its Property Manager) and Beijing Huamao Asset Management Limited*, a subsidiary of Beijing Guohua, both as owners of their respective carpark spaces in the Development, have jointly entered into a carpark management and benefit sharing agreement dated 22 October 2020 and as supplemented by a supplemental agreement dated 9 February 2021 to (i) appoint the Carpark Operator for the provision of management services in respect of the relevant carpark spaces, and (ii) set out the basis for determining the amount of the net income (after deduction of carpark management fees) generated from the carpark and each owner's entitlement thereto (the "**Carpark Management and Benefit Sharing Agreement**" and together with the Carpark Master Lease, the "**Carpark Contracts**").

Under the Carpark Master Lease, the transaction amount for the period from 1 January 2021 to 30 June 2021 was RMB3,059,172. Under the Carpark Management and Benefit Sharing Agreement, (i) the Group's entitlement to the net income (after deduction of carpark management fees) for the period from 1 January 2021 to 30 June 2021 was RMB2,777,942, and (ii) the Group's share of the carpark management fees for the period from 1 January 2021 to 30 June 2021 was RMB839,040.

Connected Party Transactions – Expenses

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

Name of Connected Person	Relationship with Spring REIT	Nature of the Connected Party Transaction	Expenses for the Reporting Period RMB
Beijing Hua-re Real Estate Consultancy Co., Ltd.	An associate of the Manager and an associate of a director of the Manager	Property management	5,169,366

Note:

1. Beijing Hua-re Real Estate Consultancy Co., Ltd. is 40% owned by Mercuria Investment, which in turn holds 80.4% shareholding in the Manager as of 30 June 2021. Mr. Toshihiro Toyoshima, the chairman and Non-executive Director of the Manager is also a director of the Property Manager.

On 30 August 2011, the Group and the Property Manager entered into a property management agreement (the "**Property Management Agreement**") in relation to the provision of certain property management and lease management as well as marketing services by the Property Manager in respect of the CCP Property. Pursuant to the Property Management Agreement, a monthly property management fee equivalent to 2% of the CCP Property's monthly total revenue will be payable to the Property Manager in consideration for the services provided. On 1 September 2019, the Property Management Agreement was extended for a further term of two years expiring 31 August 2021. Details of the transaction were set out in the announcement of Spring REIT dated 19 July 2019.

On 26 July 2021, the parties to the Property Management Agreement confirmed in writing to renew the Property Management Agreement on the same terms and conditions for another two-year period commencing from 1 September 2021 and expiring on 31 August 2023. Details of the transaction were set out in the announcement of Spring REIT dated 26 July 2021.

The Group and Beijing Guohua, both as owners of their respective portion of the Development have jointly entered into a service contract, as renewed for a further period of 24 months on 31 December 2019, to appoint the Building Manager for the provision of maintenance and management services for the relevant common areas within the Development (the "**Common Area Service Contract**").

The Group is responsible for its portion of the management fee payable to the building manager, which is determined taking into account the Group's proportional property area. Pursuant to the Common Area Service Contract, the management fee payable by the Group to the building manager is settled via deduction from the building management fees paid directly by the tenants of the Group to the building manager, and such management fee amount for the period from 1 January 2021 to 30 June 2021 was RMB1,642,462. The Building Manager is an independent third party of Spring REIT.

Connected Party Transactions (Continued)

Connected Party Transactions with Trustee Connected Persons

The following tables set forth the information on connected party transactions entered into between the Group and Trustee Connected Persons (which includes the Trustee, any director or chief executive of the Trustee and any associate of the Trustee) during the Reporting Period:

Name of Connected Person	Relationship with Spring REIT	Nature of the Connected Party Transaction	Income/(Expense) for the Reporting Period RMB
Leasing Transactions			
Deutsche Bank AG and its associated companies	Trustee Connected Persons	Leasing ¹	22,322,053 ¹
Ordinary Banking and Financial Services			
Deutsche Bank AG	Trustee Connected Person	Interest income received/receivable on bank deposits	1,197,162 ²
Deutsche Bank AG	Trustee Connected Person	Bank charges	10,330 ³

Note:

- As at 30 June 2021, a rental deposit of RMB 6,704,791 was held by the Group from Trustee Connected Persons. 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 2021.

On 1 November 2016, Spring REIT (through its Property Manager) as landlord and Deutsche Bank (China) Company Limited, a Trustee Connected Person, as tenant entered into a tenancy agreement in respect of certain office premises owned by Spring REIT at the CCP Property for a term of 5 years commencing from 1 December 2016.

On 1 March 2016, Spring REIT (through its Property Manager) as landlord and Zhong De Securities Company Limited, a Trustee Connected Person, as tenant entered into a tenancy agreement in respect of certain office premises owned by Spring REIT at the CCP Property for a term of five years commencing from 1 May 2016 and subsequently renewed for a term of five years commencing from 1 May 2021.

- It represents the interest income received/receivable on the bank deposits with the Trustee Connected Persons.
- It represents the bank charges charged by the Trustee Connected Persons for certain banking services.

Connected Party Transactions (Continued)

Connected Party Transactions with Trustee Connected Persons – Leasing Under Which the Annual Rent (per lease) Exceeds HK\$1 million

The following table sets forth the information on leasing transactions with Trustee Connected Persons with annual rent (per lease) that exceeds HK\$1 million during the Reporting Period.

Name of Connected Person	Relationship with Spring REIT	Nature of the Connected Party Transaction	Rental income for the Reporting Period RMB
Deutsche Bank (China) Company Ltd.	Trustee Connected Person	Lease for the whole of 27th and 28th floors of Tower 1, China Central Place and signage income	11,891,916
Zhong De Securities	Trustee Connected Person	Lease for the whole of 22nd and 23rd floors of Tower 1, China Central Place and signage income	10,430,137

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

Both the Manager and the Trustee confirm that there was no corporate finance transaction and/or other connected party transaction (save and except for those disclosed hereinabove) between Spring REIT and any Trustee Connected Persons during the Reporting Period.

Waivers from Strict Compliance

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

During the Reporting Period, Spring REIT has complied with the requisite Waiver Conditions, where applicable. An extension of the waiver from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code in respect of certain new and certain existing continuing connected party transactions and new annual caps for certain leasing transactions and property management arrangements between the Group and Manager Connected Persons Group has been granted by the SFC on 20 May 2015 (the "**2015 Waiver Extension**"), subject to annual limitation as to the capped value of such transactions, review to be conducted by the external auditor for each relevant financial period, annual review to be conducted by the Independent Non-executive Directors of the Manager and other terms and conditions.

Connected Party Transactions (Continued)

The 2015 Waiver Extension expired on 31 December 2017 (the “**Expiry Date**”). As disclosed in the announcement of the Manager dated 22 December 2017 (the “**2017 Announcement**”), the Board of the Manager decided not to seek an extension of the 2015 Waiver Extension upon its expiry in view that only two relevant continuing connected party transactions was to subsist beyond the Expiry Date. The Manager has complied with during the Reporting Period and will continue to comply with all disclosure and Unitholders’ approval requirements under Chapter 8 of the REIT Code in respect of any relevant continuing connected party transaction which either: (a) subsisted after the Expiry Date; or (b) was entered into by Spring REIT after the Expiry Date.

Confirmation by the Independent Non-executive Directors

The Independent Non-executive Directors have confirmed that they have reviewed the terms of all relevant connected party transactions above and are satisfied that the transactions have been entered into:

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

Terms and Remuneration of Services Provided by the Manager and the Trustee

Pursuant to the REIT Code, services provided by the Manager and the Trustee to Spring REIT as contemplated under the constitutive documents shall not be deemed connected party transactions, but particulars of such services (except where any service transaction with a value of not more than HK\$1 million), such as terms and remuneration, shall be disclosed in the next published semi-annual report or annual report.

During the Reporting Period, the aggregate amount of fees payable by Spring REIT and/or its subsidiaries to the Manager was RMB25.15 million. The Manager’s fee paid in the form of Units amounted to HK\$18.50 million and the Manager’s fee paid in the form of cash amounted to HK\$11.65 million. On 4 December 2020, the Manager had elected for the base fee payable in the form of cash as to 20% and in the form of Units as to 80%, and for Variable Fee payable in the form of cash entirely, arising from any real estate of Spring REIT for the year ending 31 December 2021 in accordance with the Trust Deed.

During the Reporting Period, the fee payable to the Trustee under the Trust Deed was RMB0.72 million.

Particulars of services provided by the Trustee and the Manager are set out in notes 7 and 11 to the condensed consolidated interim financial information of Spring REIT for the Reporting Period, respectively.

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 the Units. In addition, under the provisions of the Trust Deed, Part XV of the SFO is also deemed to be applicable to, among others, the Directors and chief executives of the Manager and also indirectly to certain persons interested in or having a short position in the Units.

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

As at 30 June 2021, each of the following was the Manager, a director, senior executive or officer of the Manager and thus each of them was a connected person of Spring REIT under the REIT Code and, so far as the Manager is aware, held or was interested in the Units in Spring REIT as follows:

Name	Capacity/ Nature of Interest	As at 30 June 2021		As at 31 December 2020		Change in % of interest
		Number of Units interested in (Long Position)	Approximate % of interest ¹	Number of Units interested in (Long Position)	Approximate % of interest ¹	
The Manager						
Spring Asset Management Limited ²	Beneficial owner/ Beneficial interest	14,808,992	1.01%	8,364,647	0.57%	+0.44%
Directors						
Toshihiro Toyoshima	Beneficial owner/ Personal interest	1,100,000	0.08%	1,100,000	0.08%	0.00%
Hideya Ishino	Beneficial owner/ Personal interest	115,000	0.01%	115,000	0.01%	0.00%
Leung Kwok Hoe, Kevin	Beneficial owner/ Personal interest	759,000	0.05%	759,000	0.05%	0.00%
Simon Murray ³	Beneficial owner/ Personal interest	802,000	0.05%	730,000	0.05%	0.00%
Qiu Liping ³	Beneficial owner/ Personal interest	802,000	0.05%	730,000	0.05%	0.00%
Lam Yiu Kin ³	Beneficial owner/ Personal interest	807,000	0.06%	729,000	0.05%	+0.01%
Senior Executive						
Alice Yu	Beneficial owner/ Personal interest	170,000	0.01%	170,000	0.01%	0.00%
Former Executive Director						
Nobumasa Saeki ⁴	Beneficial owner/ Personal interest	400,000	0.03%	400,000	0.03%	0.00%

Disclosure of Interests (Continued)

Notes:

1. The percentages expressed herein are based on the total number of issued Units of 1,466,273,210 as at 30 June 2021 and 1,460,872,865 as at 31 December 2020 respectively.
2. During the Reporting Period, an aggregate of 6,666,345 new Units were issued to the Manager as payment of part of the Manager's fee. The Manager beneficially owned 14,808,992 Units as at 30 June 2021 (31 December 2020: 8,364,647 Units).
3. Each of Mr. Simon Murray, Mr. Qiu Liping and Mr. Lam Yiu Kin received these Units in lieu of cash pursuant to the arrangement for remuneration of Independent Non-executive Director paid out of the Manager's own assets, under which each of the Independent Non-executive Directors of the Manager may elect the percentage of his remuneration to be made in the form of Units to be transferred from the Manager (the "**Independent Non-executive Director Remuneration Arrangement**"), as detailed in the Independent Non-executive Director Remuneration Announcement. Please refer to the sub-section headed "Disclosure on the Independent Non-executive Director Remuneration Arrangement" in the section headed "Corporate Governance" on page 17 of this interim report for details. As at 30 June 2021, there had been no change to the annual election made by each Independent Non-executive Director.
4. Mr. Nobumasa Saeki resigned as Executive Director on 24 March 2021. His interest in Units stated under the column "As at 30 June 2021" above represents his interest as at 24 March 2021 (the date of his resignation).

Save as disclosed above, none of the Manager, the Directors, senior executives or officers of the Manager had beneficial interests (or were deemed to be interested) in any Units and underlying Units or held any short position in the Units as at 30 June 2021 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 to the Manager only pursuant to the dealing policy set out in the Compliance Manual (as the case may be).

Disclosure of Interests (Continued)

Interests Held by Substantial Unitholders

As at 30 June 2021, based on the information available to the Manager, each of the following persons was considered as a “substantial holder” 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 the Units which were required to be disclosed to the Manager and the Stock Exchange pursuant to the provisions of Part XV of the SFO are set out below:

Name	Capacity/ Nature of interest	As at 30 June 2021			As at 31 December 2020			Change in % of interest
		Number of Units interested in (Long Position)	Number of underlying Units interested in (Long Position)	Approximate % of issued Units ¹	Number of Units interested in (Long Position)	Number of underlying Units interested in (Long Position)	Approximate % of issued Units ¹	
RCAC ²	Interest of controlled corporation/ corporate interests	304,699,361	N/A	20.78%	363,654,000	N/A	24.89%	-4.11%
Sumitomo Mitsui Banking Corporation ²	Person having a security interest in shares/ other interests	334,720,159	N/A	22.83%	415,243,109	N/A	28.42%	-5.59%
Mercuria Investment ³	Interest of controlled corporation/ corporate interests	351,529,151	N/A	23.97%	404,039,445	N/A	27.66%	-3.69%
PAG Holdings Limited ^{4 & 5}	Interest of controlled corporation/ corporate interests	233,562,089	N/A	15.93%	233,562,089	N/A	15.99%	-0.06%
Spirit Cayman Limited ⁶	Beneficial owner/ Beneficial interest	169,552,089	N/A	11.56%	169,552,089	N/A	11.61%	-0.05%
Huamao Property ⁷	Interest of controlled corporation & beneficial owner/corporate interests & beneficial interests	185,249,742	N/A	12.63%	185,249,742	N/A	12.68%	-0.05%
Fang Chao ⁷	Interest of controlled corporation/ corporate interests	185,249,742	N/A	12.63%	185,249,742	N/A	12.68%	-0.05%
Lin Minghan ⁷	Interest of controlled corporation/ corporate interests	185,249,742	N/A	12.63%	185,249,742	N/A	12.68%	-0.05%

Disclosure of Interests (Continued)

Name	Capacity/ Nature of interest	As at 30 June 2021			As at 31 December 2020			Change in % of interest
		Number of Units interested in (Long Position)	Number of underlying Units interested in (Long Position)	Approximate % of issued Units ¹	Number of Units interested in (Long Position)	Number of underlying Units interested in (Long Position)	Approximate % of issued Units ¹	
Chia Seok Eng ⁷	Interest of controlled corporation/ corporate interests	185,249,742	N/A	12.63%	185,249,742	N/A	12.68%	-0.05%
Shining Path Limited ⁸	Interest of controlled corporation/ corporate interests	162,096,029	N/A	11.05%	162,096,029	N/A	11.10%	-0.05%
Skyland Union Holdings Limited ⁹	Interest of controlled corporation/ corporate interests	162,096,029	N/A	11.05%	162,096,029	N/A	11.10%	-0.05%
Sino-Ocean Group ¹⁰	Interest of controlled corporation/ corporate interests	176,408,678	N/A	12.03%	176,408,678	N/A	12.08%	-0.05%

Notes:

- The percentages expressed herein are based on the total number of issued Units of 1,466,273,210 as at 30 June 2021 and 1,460,872,865 as at 31 December 2020 respectively.
- These 304,699,361 Units (including 302,699,361 Units in short position) are beneficially owned by RCA Fund. Based on the information available to the Manager, RCAC is a general partner of RCA Fund. RCAC has exclusive rights to the management, control and operation of RCA Fund and is thus deemed to be interested in the Units held by RCA Fund. The interest of 302,699,361 Units in short position represents a pledge by RCA Fund to Sumitomo Mitsui Banking Corporation using the said Units as collateral to secure the borrowing of a loan.
- These 351,529,151 Units comprise the interests of (i) 32,020,798 Units (including 32,020,798 Units in short position) directly held by a 100% controlled entity (SR Target, L.P.); (ii) 14,808,992 Units directly held by a 80.40% controlled entity (the Manager, as per its notification filed on 24 June 2021); and (iii) 304,699,361 Units (including 302,699,361 Units in short position) directly held by a 41.45% controlled entity (RCA Fund). Please refer to Note 2 above for details of interests of RCA Fund.
- These 233,562,089 Units comprise the interests of (i) 64,010,000 Units directly held by BT Cayman Limited; and (ii) 169,552,089 Units directly held by Spirit Cayman Limited. Based on disclosure of interests notification made by PAG Holdings Limited filed on 2 December 2020, each of PAG Real Estate Limited, PARE (Cayman) Limited and PAG Investment Advisors Pte. Ltd. was interested in the same parcel of 233,562,089 Units in which PAG Holdings Limited was interested.
- Based on disclosure of interests notifications filed on 2 December 2020:
 - each of PARE (Cayman) Limited (as controlling entity of SCREP V Management (Cayman), LLC as to 100%), PAG Investment Advisors Pte. Ltd. (as manager of SCREP V Management (Cayman), LLC), SCREP V Management (Cayman), LLC (as general partner of Secured Capital Real Estate Partners V, L.P. and SCREP V Feeder B, L.P.), SCREP V Feeder B, L.P. (as limited partner and controlling entity of Secured Capital Real Estate Partners V, L.P. as to 70.87%) and Secured Capital Real Estate Partners V, L.P. (as controlling entity of BT Cayman Limited as to 100%) was deemed to be interested in 64,010,000 Units, being the same parcel of Units directly held by BT Cayman Limited as referred to in Note 4(i) above;

Disclosure of Interests (Continued)

- (b) each of PARE (Cayman) Limited (as controlling entity of SCREP VI Management, LLC as to 100%), PAG Investment Advisors Pte. Ltd. (as manager of SCREP VI Management, LLC), SCREP VI Management, LLC (as general partner of SCREP VI, L.P. and SCREP VI Feeder A, L.P.), SCREP VI Feeder A, L.P. (as limited partner and controlling entity of SCREP VI, L.P. as to 75.33%), SCREP VI, L.P. (as controlling entity of SCREP VI Holdings L.P. as to 100%) and SCREP VI Holdings L.P. (as controlling entity of Spirit Cayman Limited as to 100%) was deemed to be interested in 169,552,089 Units, being the same parcel of Units directly held by Spirit Cayman Limited as referred to in Note 4(ii) above;
- (c) PAG Investment Advisors Pte. Ltd. was interested in 233,562,089 Units, comprising 64,010,000 Units which it was deemed to be interested in as manager of SCREP V Management (Cayman), LLC and 169,552,089 Units which it was deemed to be interested in as manager of SCREP VI Management, LLC;
- (d) PARE (Cayman) Limited was interested in 233,562,089 Units, comprising 64,010,000 Units which it was deemed to be interested in through its controlled corporation SCREP V Management (Cayman), LLC and 169,552,089 Units which it was deemed to be interested in through its controlled corporation SCREP VI Management, LLC;
- (e) PAG Real Estate Limited was interested in 233,562,089 Units through its 100% controlled corporations PARE (Cayman) Limited and PAG Investment Advisors Pte. Ltd; and
- (f) PAG Holdings Limited was interested in 233,562,089 Units through its 100% controlled corporation PAG Real Estate Limited.

The interests of each of the above were also disclosed in the disclosure of interests notification made by PAG Holdings Limited filed on 2 December 2020.

- 6. These 169,552,089 Units were beneficially owned by Spirit Cayman Limited. Please refer to Note 5(b) above.
- 7. These 185,249,742 Units comprise the interests of (i) 56,500,742 Units directly held by Huamao Property Holdings Ltd. ("**Huamao Property**"); and (ii) 128,749,000 Units directly held by a 100% controlled entity (China Orient Stable Value Fund Limited). The following disclosure of interests notifications filed are related to the same batch of Units interested and deemed to be interested by Huamao Property:
 - (a) according to the notifications filed on 24 December 2020, each of RCA02 (as controlling entity of Huamao Property as to 41.84%), Diligent Glory Investments Limited (as controlling entity of RCA02 as to 100%), Risun Holdings Limited (as controlling entity of Diligent Glory Investments Limited as to 100%) and Fang Chao (as controlling person of Risun Holdings Limited as to 80%) was deemed to be interested in those 185,249,742 Units, being the same parcel of Units directly and indirectly held by Huamao Property.
 - (b) according to the notifications filed on 7 January 2021, each of Siberite Limited (as controlling entity of Huamao Property as to 40.48%) and Lin Minghan (as controlling person of Siberite Limited as to 50%) was deemed to be interested in those 185,249,742 Units, being the same parcel of Units directly and indirectly held by Huamao Property.
 - (c) according to the notifications filed on 7 January 2021, each of Siberite Limited (as controlling entity of Huamao Property as to 40.48%), Pebblebay Capital Corp (as controlling entity of Siberite Limited as to 50%) and Chia Seok Eng (as controlling person of Pebblebay Capital Corp as to 100%) was deemed to be interested in those 185,249,742 Units, being the same parcel of Units directly and indirectly held by Huamao Property.
- 8. Based on the notification filed by Shining Path Limited on 21 December 2020, Shining Path Limited was interested in 162,096,029 Units, comprising the interests of (i) 160,626,029 Units directly held by a 100% controlled entity (Alpha Great Global Limited); and (ii) 1,470,000 Units held directly by a 100% controlled entity (Pure Sage Investments Limited).
- 9. Based on the notification filed by Skyland Union Holdings Limited on 17 February 2020, Skyland Union Holdings Limited was interested in 160,626,029 Units as Skyland Union Holdings Limited holds 50% controlling interests in Shining Path Limited which in turn holds 100% controlling interests in Alpha Great Global Limited as referred to Note 8(i) above. Accordingly, Skyland Union Holdings Limited is deemed to be interested in the 160,626,029 Units held by Alpha Great Global Limited.

Based on the notification filed by Shining Path Limited on 21 December 2020, the Manager was aware that Skyland Union Holdings Limited was also deemed to be interested in 1,470,000 Units which was indirectly held by Shining Path Limited through its 100% controlled entity (Pure Sage Investments Limited), as at 30 June 2021 as referred to Note 8 (ii) above.

Disclosure of Interests (Continued)

10. Based on the notification filed by Sino-Ocean Group Holding Limited ("**Sino-Ocean Group**") on 21 December 2020, Sino-Ocean Group was deemed to be interested in 176,408,678 Units, comprising the interests of (i) 162,096,029 Units indirectly held by its indirect 50% controlled entity Shining Path Limited through 100% controlled corporations as referred to Note 8 above; and (ii) 14,312,649 Units indirectly held by its indirect 49% controlled entity, Fortune Joy Ventures Limited through a controlled entity Jade Wave Global Limited.

Save as disclosed above and based on the information available to the Manager, no other substantial Unitholders had beneficial interests (or were deemed to be interested) in any Units or underlying Units or held any short position in the Units as at 30 June 2021 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.

Interests Held by Substantial Unitholders under the SFO

As at 30 June 2021, the interests and short position in the Units held by persons, other than the Manager, Directors or senior executives and officers of the Manager or substantial Unitholders of Spring REIT under REIT Code disclosed above, who were interested in 5% or more but below 10% of the Units which were required to be disclosed to the Manager and the Stock Exchange pursuant to the provisions of Part XV of the SFO are set out below:

Name	Capacity/ Nature of interest	As at 30 June 2021		As at 31 December 2020		Change in % of interest
		Number of Units interested in (Long Position)	Approximate % of issued Units ¹	Number of Units interested in (Long Position)	Approximate % of issued Units ¹	
Mamoru Taniya	Beneficial owner/ Beneficial interest	102,604,639	7.00%	102,604,639	7.02%	-0.02%

Note:

1. The percentages expressed herein are based on the total number of issued Units of 1,466,273,210 as at 30 June 2021 and 1,460,872,865 as at 31 December 2020 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 who had beneficial interests (or were deemed to be interested) in 5% or more but below 10% of the Units or underlying Units or held any short position in the Units as at 30 June 2021 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.

Interests Held by Other Connected Persons of Spring REIT

As at 30 June 2021, save 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 have interests (or deemed interests) in the Units or underlying Units or held any short position in Units which were required to be notified to the Manager and the Stock Exchange pursuant to the REIT Code or pursuant to the Trust Deed.

Report on Review of Interim Financial Information

As at 30 June 2021

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 33 to 62, which comprises the condensed consolidated statement of financial position of Spring Real Estate Investment Trust (the “**Spring REIT**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2021 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the consolidated statement of distribution, the condensed consolidated statement of changes in net assets attributable to Unitholders and the 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, 24 August 2021

Condensed Consolidated Income Statement

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	Notes	(Unaudited) RMB'000	(Unaudited) RMB'000
Revenues	6	256,928	272,726
Property operating expenses	7	(61,904)	(69,721)
Net property income		195,024	203,005
General and administrative expenses	8	(31,520)	(34,400)
Fair value gain/(loss) of investment properties	14	25,764	(336,845)
Fair value gain/(loss) of right-of-use assets	15	224	(754)
Other gains, net	9	36,241	8,907
Operating profit/(loss)		225,733	(160,087)
Finance income		1,198	1,724
Finance costs	10	(12,961)	(106,218)
Profit/(loss) before taxation and transactions with Unitholders		213,970	(264,581)
Income tax expense	11	(1,631)	(1,097)
Profit/(loss) for the period, before transactions with Unitholders		212,339	(265,678)
Distributions paid to Unitholders:			
– 2019 final distribution		–	(117,685)
– 2020 final distribution (note i)		(128,170)	–
		84,169	(383,363)
Represented by:			
Change in net assets attributable to Unitholders, excluding issues of new units and units bought back for cancellation		70,753	(365,201)
Amount arising from exchange reserve movements regarding translation of financial statements		13,416	(18,162)
		84,169	(383,363)

Notes:

- (i) 2020 final distribution of RMB128,170,000 for the year ended 31 December 2020 was paid during the six months ended 30 June 2021. Total distribution for the six months ended 30 June 2021 is presented in the consolidated statement of distributions.
- (ii) Earnings/(loss) per unit, based upon profit/(loss) for the period, before transactions with Unitholders and the weighted average number of units in issue, is set out in note 13.

The notes on pages 39 to 62 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Note	Before transactions with Unitholders (Unaudited) RMB'000	Transactions with Unitholders (note i) (Unaudited) RMB'000	After transactions with Unitholders (Unaudited) RMB'000
For the six months ended 30 June 2021				
Profit for the period		212,339	(198,923)	13,416
Other comprehensive income:				
<i>Items that may be reclassified to condensed consolidated income statement</i>				
Exchange loss on translation of financial statements of subsidiaries		(82)	–	(82)
<i>Items that may not be reclassified to condensed consolidated income statement</i>				
Exchange loss on translation of financial statements of Spring REIT		(13,334)	–	(13,334)
Total comprehensive income for the period	ii	198,923	(198,923)	–
For the six months ended 30 June 2020				
Loss for the period		(265,678)	247,516	(18,162)
Other comprehensive income:				
<i>Items that may be reclassified to condensed consolidated income statement</i>				
Exchange loss on translation of financial statements of subsidiaries		(2,396)	–	(2,396)
<i>Items that may not be reclassified to condensed consolidated income statement</i>				
Exchange gain on translation of financial statements of Spring REIT		20,558	–	20,558
Total comprehensive loss for the period	ii	(247,516)	247,516	–

Notes:

- (i) Transactions with Unitholders comprise the distributions paid to Unitholders of RMB128,170,000 (2020: RMB117,685,000), and change in net assets attributable to Unitholders excluding issues of new units and units bought back for cancellation, which is an increase of RMB70,753,000 (2020: a decrease of RMB365,201,000).
- (ii) In accordance with the Trust Deed, Spring REIT is required to distribute not less than 90% of total distributable income to Unitholders for each financial year. Accordingly, the units contain contractual obligations of Spring REIT to pay cash distributions. The Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with International Accounting Standard 32: Financial Instruments: Presentation. Consistent with Unitholders' funds being classified as a financial liability, the distributions to Unitholders and change in net assets attributable to Unitholders, excluding issues of new units, are part of finance costs which are recognised in the condensed consolidated income statement. Accordingly, the total comprehensive income, after transactions with Unitholders is zero.

The notes on pages 39 to 62 are an integral part of these condensed consolidated interim financial information.

Consolidated Statement of Distributions

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit/(loss) for the period, before transactions with Unitholders	212,339	(265,678)
Adjustments:		
– Fair value (gain)/loss of investment properties	(25,764)	336,845
– Fair value (gain)/loss of right-of-use assets	(224)	754
– Gain on conversion of convertible bonds	–	(56,699)
– Gain on disposal of investment properties	(151)	–
– Net fair value (gain)/loss of derivative financial instruments	(25,058)	16,770
– Manager's fee expenses in units in lieu of cash	15,395	16,749
– Amortisation of transaction costs for host liability components of convertible bonds and bank borrowings	9,279	5,187
– Unrealised foreign exchange (gain)/loss	(38,742)	71,259
Distributable income for the period (note i)	147,074	125,187
Total distributions of the period (note ii)	132,367	125,187
Percentage of total distribution over distributable income for the period	90%	100%
Distributions per unit to Unitholders for the period		
– Interim distribution per unit, to be paid (note iii and iv)	HK10.8 cents	HK9.5 cents

Notes:

- (i) Under the terms of the Trust Deed, the distributable income represents the profit/(loss) for the period before transactions with Unitholders, adjusted to eliminate the effects of certain non-cash transactions which have been recorded in the consolidated income statement for the period.
- (ii) In accordance with the terms of the Trust Deed, Spring REIT is required to distribute to Unitholders not less than 90% of its total distributable income for each financial year. 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) On 26 July 2021, a total of 589,000 units, comprising 273,000 units repurchased during the six months ended 30 June 2021 and 316,000 units repurchased during the period from 1 July 2021 to 19 July 2021, were subsequently cancelled. On 11 August 2021, a total of 3,269,154 units were issued as payment of part of the Manager's fees. Accordingly, the interim distribution per unit of HK10.8 cents for the six months ended 30 June 2021 is calculated based on the interim distribution to be paid to Unitholders of RMB132,367,000 for the period and 1,468,953,364 units in issue as at 24 August 2021, being the date of declaration of the final distribution, rounded to the nearest HK0.1 cents.

Distributions to Unitholders for the six months ended 30 June 2021 represent a payout ratio of 90% (2020: 100%) of Spring REIT's total distributable income for the period. The interim distribution for the six months ended 30 June 2021 is expected to be paid to Unitholders on 21 September 2021. Such interim distributions per unit, however, may be subject to adjustment upon the issuance of new units between 24 August 2021 (being the date of the declaration of the interim distribution) and 9 September 2021 (the "Record Date"), if any.

- (iv) All distributions to Unitholders are determined and paid in Hong Kong dollar.

The notes on pages 39 to 62 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Assets			
Investment properties	14	9,230,513	9,202,902
Right-of-use assets	15	15,319	15,073
Derivative financial instruments	16	8,648	–
Restricted bank balances	18	316,472	313,924
Trade and other receivables	17	34,639	26,531
Cash and cash equivalents	18	160,251	154,435
Total assets		9,765,842	9,712,865
Liabilities, excluding net assets attributable to Unitholders			
Interest-bearing borrowings	20	3,006,474	3,024,232
Derivative financial instruments	16	–	16,550
Lease liabilities	15	11,465	11,504
Rental deposits	19	149,983	147,980
Income tax payable		2,983	2,669
Trade and other payables	19	79,530	77,033
Total liabilities, excluding net assets attributable to Unitholders		3,250,435	3,279,968
Net assets attributable to Unitholders		6,515,407	6,432,897
Units in issue ('000)	22	1,466,273	1,460,873
Net asset value per unit attributable to Unitholders			
In RMB		4.44	4.40
In HK\$		5.34	5.23

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

Leung Kwok Hoe, Kevin
Executive Director

Chung Wai Fai, Michael
Executive Director

The notes on pages 39 to 62 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the six months ended 30 June 2021

	Reserves (note) RMB'000	Net assets attributable to Unitholders RMB'000
As at 1 January 2021	–	6,432,897
Profit for the period, before transactions with Unitholders	–	212,339
Exchange loss on translation of financial statements	(13,416)	–
Amount arising from exchange reserve movements	13,416	(13,416)
Distributions paid to Unitholders:		
– 2020 final distribution	–	(128,170)
Change in net assets attributable to Unitholders for the six months ended 30 June 2021, excluding issues of new units and units bought back for cancellation	–	70,753
Issuance of units	–	15,349
Units bought back for cancellation (note 22)	–	(3,592)
As at 30 June 2021	–	6,515,407
As at 1 January 2020	–	6,447,775
Loss for the period, before transactions with Unitholders	–	(265,678)
Exchange gain on translation of financial statements	18,162	–
Amount arising from exchange reserve movements	(18,162)	18,162
Distributions paid to Unitholders:		
– 2019 final distribution	–	(117,685)
Change in net assets attributable to Unitholders for the six months ended 30 June 2020, excluding issues of new units	–	(365,201)
Issuance of units	–	473,013
As at 30 June 2020	–	6,555,587

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

The notes on pages 39 to 62 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	Note	(Unaudited) RMB'000	(Unaudited) RMB'000
Cash flows from operating activities			
Cash generated from operations	23	176,915	141,869
Interest received		1,198	1,724
Income tax paid		(1,317)	(2,094)
Net cash generated from operating activities		176,796	141,499
Cash flows from investing activities			
Additions to investment properties		(2,914)	–
Net proceeds from disposal of investment properties		1,813	–
Cash used in investing activities		(1,101)	–
Cash flows from financing activities			
Interest paid		(31,222)	(55,596)
Payment of lease liabilities		(527)	(576)
(Increase)/decrease in restricted bank balances		(4,343)	48,617
Repurchase of units in issue		(3,592)	–
Distributions to Unitholders		(128,170)	(117,685)
Net cash used in financing activities		(167,854)	(125,240)
Net increase in cash and cash equivalents		7,841	16,259
Cash and cash equivalents at the beginning of the period		154,435	124,992
Exchange (loss)/gain on cash and cash equivalents		(2,025)	2,756
Cash and cash equivalents at end of period		160,251	144,007

The notes on pages 39 to 62 are an integral part of these condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 General information

Spring Real Estate Investment Trust (“**Spring REIT**”) is a Hong Kong collective investment scheme authorised 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 its units are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**HKSE**”) on 5 December 2013. Spring REIT is governed by a trust deed entered into on 14 November 2013 as amended and supplemented by the first supplemental deed dated 22 May 2015 and the First Amending and Restating Deed entered into between Spring Asset Management Limited (the “**Manager**”) and DB Trustees (Hong Kong) Limited (the “**Trustee**”) on 28 May 2021 (collectively, the “**Trust Deed**”) and the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong (the “**REIT Code**”). The addresses of the registered offices of the Manager and the Trustee are Room 2801, 28/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong and 60/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, respectively.

The principal activity of Spring REIT and its subsidiaries (together, the “**Group**”) is to own and invest in income-producing real estate assets.

The condensed consolidated interim financial information are presented in Renminbi (“**RMB**”). The functional currency of Spring REIT is Hong Kong dollars (“**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 2021 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 2020, which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

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 2020 as described in those annual financial statements.

New standards, amendments, interpretations and improvements to existing standards adopted by the Group

The Group has adopted all of the new standards issued by the International Accounting Standards Board that are mandatory for annual accounting periods beginning 1 January 2021.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

3 Accounting policies (Continued)

New standards, amendments, interpretations and improvements to existing standards adopted by the Group (Continued)

New standards, amendments, interpretations and improvements to existing standards effective in 2021:

IFRS 16 Amendments	COVID-19 Related Rent Concessions
IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16 Amendments	Interest Rate Benchmark Reform – Phase 2

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

New standards, amendments, improvements and interpretation to existing standards not yet adopted

The following new standards, amendments, improvements and interpretation to existing standards are in issue but not yet effective, and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
IFRS 16 Amendments	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
IFRS 3, IAS 16 and IAS 37 Amendments	Narrow-Scope Amendments	1 January 2022
Annual Improvements to IAS 41, IFRS 1, IFRS 9, and IFRS 16	Annual Improvements 2018-2020 Cycle	1 January 2022
IAS 1 Amendments	Classification of Liabilities as Current or Non-current	1 January 2023
IAS 1 and IFRS Practice Statement 2 Amendments	Disclosure of Accounting Policies	1 January 2023
IAS 8 Amendments	Definition of Accounting Estimates	1 January 2023
IAS 12 Amendments	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
IFRS 10 and IAS 28 (2011) Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will apply the above new standards, amendments and interpretations 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 interpretations to existing standards, and anticipated that the adoption of new standards, amendments and interpretations to existing standards will not have a material effect on the Group's operating result or financial position.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

4 Critical accounting estimates and judgements

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

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

(a) Estimates of fair value of investment properties

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 14.

(b) Estimates of fair values of derivative financial instruments

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

(c) Taxation

The Group is a foreign enterprise established outside the PRC and the UK. The Group is subject to various taxes in the PRC and the UK. 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 recognises or writes back liabilities for anticipated tax issues based on estimates of whether additional taxes will be due or reversal to be made. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxation and deferred tax.

5 Financial risk

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 does 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 2020.

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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6 Revenue and segment information

The Group holds investment properties in the PRC and the UK, and is principally engaged in property investment. 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 reviews the operating results of the Group on an aggregate basis, no segment information is therefore presented.

For the six months period ended 30 June 2021, revenue of RMB237.1 million (30 June 2020: RMB253.0 million) is attributable to tenants from the PRC investment properties and RMB19.8 million (30 June 2020: RMB19.7 million) is attributable to tenants from the UK investment properties. As at 30 June 2021, investment properties of RMB8,566 million (31 December 2020: RMB8,553 million) is located in the PRC and RMB665 million (31 December 2020: RMB650 million) is located in the UK. Right-of-use assets of RMB15.3 million (31 December 2020: RMB15.1 million) is located in the UK.

An analysis of revenues of the Group is as follows:

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Revenues		
Rental income	253,574	265,463
Car park income	2,807	2,844
Other income (note i)	547	4,419
	256,928	272,726

Note:

- (i) 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	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Property management fee	5,452	5,622
Property taxes (note i)	28,192	30,545
Other taxes (note ii)	2,919	2,870
Withholding tax (note iii)	23,604	25,438
Leasing commission	1,256	853
Others	481	4,393
	61,904	69,721

Notes:

- (i) Property taxes represent real estate tax and land use tax in the PRC. Real estate tax applicable to the Group's Beijing properties is calculated: (a) for leased area, at 12% of rental income; and (b) for vacant area, at 1.2% of the residual value of the relevant area.
- (ii) Other taxes represent urban construction and maintenance tax, education surcharge and stamp duty in the PRC.
- (iii) Withholding tax is calculated based on 10% of the revenues received from rental operation in the PRC.

8 General and administrative expenses

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Manager's fee (note i)	25,153	26,889
Trustee fee	721	913
Valuation fee	423	461
Auditor's remuneration		
– Audit services	101	247
– Other assurance services	610	651
Legal and other professional fee (note ii)	3,720	4,731
Others	792	508
	31,520	34,400

Notes:

- (i) The breakdown of the Manager's fee was set out in note 12.
- (ii) Legal and other professional fee mainly comprises advisory fees and other professional fees.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

9 Other gains, net

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Net fair value gain/(loss) of derivative financial instruments at fair value through profit or loss	25,058	(16,770)
Foreign exchange gain/(loss)	11,032	(31,022)
Gain on conversion of convertible bonds (note 21)	–	56,699
Gain on disposal of investment properties	151	–
	36,241	8,907

10 Finance costs

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Interest expenses on bank borrowings (note i)	36,934	55,854
Interest expenses on convertible bonds	–	4,299
Interest expenses on derivative financial instruments	3,267	4,327
Interest expenses on lease liabilities	470	469
Foreign exchange (gain)/loss on bank borrowings (note ii)	(27,710)	40,237
Others	–	1,032
	12,961	106,218

Notes:

- (i) Interest expenses on bank borrowings comprised contractual loan interest and amortised loan arrangement fee, which were recognised using the effective interest rate method.
- (ii) Foreign exchange (gain)/loss on bank borrowings arise upon translating the bank borrowings denominated in foreign currencies.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

11 Income tax expense

For the subsidiary with operation in the PRC, it is not subject to the corporate income tax. It is subject to withholding tax as disclosed in note 7(iii).

Prior to 6 April 2020, for the subsidiary with operation in the UK, it is subject to non-resident landlord income tax at a rate of 20%. From 6 April 2020 onwards, the UK subsidiary is subject to corporation tax at a rate of 19%.

No Hong Kong profits tax has been provided as the Group has no assessable profit in Hong Kong.

The amount of income tax expense charged to the condensed consolidated income statement represents:

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Current income tax	1,323	1,097
Under-provision in prior year	308	–
	1,631	1,097

The differences between the Group's expected tax charge, calculated at the domestic rates applicable to the country concerned, and the Group's tax charge for the period was as follows:

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Profit/(loss) before income tax and transactions with Unitholders	213,970	(264,581)
Exclude (profit)/loss from the PRC operation which is not subject to income tax (note 7(iii))	(211,347)	249,566
	2,623	(15,015)
Tax calculated at the Hong Kong profit tax rate at 16.5% (2020: 16.5%)	433	(2,477)
Effect on different taxation rate on overseas operations	729	(875)
Income not subject to tax	(4,618)	(12,448)
Expenses not deductible for tax purposes	4,779	16,897
Under-provision in prior year	308	–
	1,631	1,097

Notes to the Condensed Consolidated Interim Financial Information (Continued)

12 Manager's fee

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Base fee	19,293	20,799
Variable fee	5,860	6,090
	25,153	26,889

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

- (i) Base fee at 0.4% per annum of the value of the deposited property ("**Base Fee**", as defined in the Trust Deed).
- (ii) Variable fee at 3.0% per annum of the net property income ("**Variable Fee**", as defined in the Trust Deed) (before deduction therefrom of the Base fee and Variable fee).

Based on the election made by the Manager dated 4 December 2020 and 10 December 2019 in relation to the Manager's elections for the Base Fee to be paid to the Manager in the form of cash as to 20% and in the form of Units as to 80% (2020: same), and Variable Fee to be paid to the Manager in the form of cash entirely (2020: same), arising from any real estate of Spring REIT for the year ended 31 December 2021 and 2020 in accordance with the Trust Deed.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

13 Earnings/(loss) per unit

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Profit/(loss) for the period, before transactions with Unitholders	212,339	(265,678)
Adjustment for dilutive convertible bonds	–	(52,372)
Profit/(loss) for the period, before transactions with Unitholders for calculating diluted earnings/(loss) per unit	212,339	(318,050)
Weighted average number of units for the period for calculating basic earnings/(loss) per unit	1,463,501,297	1,412,628,282
Adjustment for dilutive units issuable in respect of the Manager's fee	3,269,154	–
Adjustment for dilutive convertible bonds	–	37,067,545
Weighted average number of units for the period for calculating diluted earnings/(loss) per unit	1,466,770,451	1,449,695,827
Basic earnings/(loss) per unit based upon profit/(loss) before transactions with Unitholders	RMB14.5 cents	(RMB18.8 cents)
Diluted earnings/(loss) per unit based upon profit/(loss) before transactions with Unitholders	RMB14.5 cents	(RMB21.9 cents)

Notes to the Condensed Consolidated Interim Financial Information (Continued)

14 Investment properties

	For the period ended 30 June 2021 (Unaudited) RMB'000	For the year ended 31 December 2020 (Audited) RMB'000
At the beginning of the period/year	9,202,902	9,873,265
Additions	2,596	26,609
Disposal	(1,662)	–
Exchange differences recognised in other comprehensive income	913	(24,294)
Changes in fair value recognised in consolidated income statement	25,764	(672,678)
At the end of the period/year	9,230,513	9,202,902

Note:

- (i) The investment properties of the Group include those located in the PRC and the UK.

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

In the UK, the investment properties comprise 84 individual properties with diversified locations across the UK. The investment properties are held under either freehold or leasehold interests.

On 4 June 2021, the Group completed the disposal of a portion of property located in the UK. The net disposal proceed was RMB1,813,000 and the gain on disposal was RMB151,000.

As at 30 June 2021 and 31 December 2020, the Group had no unprovided contractual obligations for future repairs and maintenance of the investment properties.

As at 30 June 2021 and 31 December 2020, the investment properties were pledged to secure the Group's bank borrowings (note 20).

Valuation process

The Group's investment properties were valued by an independent qualified valuer not connected to the Group who holds a recognised relevant professional qualification and has recent experiences in the locations and segments of the investment properties valued.

The Manager reviewed the valuation 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 2021 and 31 December 2020, the fair values of the investment properties have been determined by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

The independent valuer adopted the income capitalisation approach and cross-checked by the direct comparison approach for the valuation where applicable.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

14 Investment properties (Continued)

Valuation techniques

(i) PRC investment properties

The income capitalisation approach estimates the value of the properties on an open market basis by capitalising the estimated rental income on a fully leased basis having regard to the current passing rental income from the existing tenancies and potential future reversionary income at the market level. In this valuation method, the total rental income comprises the current passing rental income over the existing remaining lease terms (the “**term income**”) and a potential market rental income upon reversion (the “**reversionary income**”). The term value involves the capitalisation of the current passing rental income over the existing remaining lease terms. The reversionary value is estimated by capitalising the current market rental income on a fully leased basis. It is then discounted back to the valuation date. In this method, the independent qualified valuer has considered the term and reversionary yields to capitalise the current passing rental income and the market rental income, respectively.

The direct comparison approach is based on comparing the subject property with other comparable sales evidences of similar properties in the local market.

(ii) UK investment properties

The income capitalisation approach estimates the values of the properties on an open market basis by capitalising the estimated rental income on a fully leased basis having regard to the current passing rental income from the existing tenancies and potential future reversionary income at the market level. In this valuation method, the total rental income comprises the term income and the reversionary income. Both the term income and the reversionary income are capitalised using the same capitalisation rate either on perpetual basis (for freehold properties) or on the basis of the properties’ remaining land tenure (for leasehold properties).

Fair value hierarchy

	Fair value measurements using		
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements			
As at 30 June 2021	–	–	9,230,513
As at 31 December 2020	–	–	9,202,902

There were no transfers between levels 1, 2 and 3 during the period/year.

14 Investment properties (Continued)

Key unobservable inputs used to determine fair values

(i) PRC investment properties

(a) Capitalisation rate

This is estimated based on the market lease over market value on comparable. The higher the capitalisation rates used, the lower the fair values of the investment properties. In the 30 June 2021 valuation, a capitalisation rate of 5.0% (31 December 2020: 5.0%) is used in the income capitalisation approach.

(b) Base rent

Base rent is the standard rent payable under the lease exclusive of any other charges and reimbursements. This was estimated based on the market lease comparable. The higher the base rent used, the higher the fair values of the investment properties. The average gross monthly office unit base rent of RMB384 (31 December 2020: RMB387) per square meter exclusive of VAT is used in the valuation.

(ii) UK investment properties

(a) Capitalisation rate

This is estimated based on the market lease over market value on comparable. The higher the capitalisation rates used, the lower the fair values of the investment properties. In the 30 June 2021 valuations, the capitalisation rate used in the income capitalisation approach of 84 investment properties range from 4.25% to 8.5% (31 December 2020: from 4.6% to 8.5%).

(b) Base rent

Base rent is the standard rent payable under the lease exclusive of taxes, other relevant charges and reimbursements. This was estimated based on the market lease comparable. The higher the base rent used, the higher the fair values of the investment properties. The gross annual unit base rents of 84 investment properties range from GBP4.50 to GBP22.50 (31 December 2020: from GBP4.50 to GBP22.47) per square foot.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

15 Leases

This note provides information for leases where the Group is a lessee that is not occupied by the Group.

	For the period ended 30 June 2021 (Unaudited) RMB'000	For the year ended 31 December 2020 (Audited) RMB'000
Right-of-use assets		
At the beginning of the period/year	15,073	16,304
Exchange differences recognised in other comprehensive income	22	(567)
Changes in fair value recognised in consolidated income statement	224	(664)
At the end of the period/year	15,319	15,073
	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Lease liabilities, expected to be settled:		
Within 1 year	116	169
After 1 year	11,349	11,335
	11,465	11,504

Fair value hierarchy

	Fair value measurements using		
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements			
As at 30 June 2021			
Asset			
Right-of-use assets	-	-	15,319
As at 31 December 2020			
Asset			
Right-of-use assets	-	-	15,073

There were no transfers between levels 1, 2 and 3 during the period/year.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

16 Derivative financial instruments

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Asset		
Fair value of the interest rate swaps	8,648	–
Liability		
Fair value of the interest rate swaps	–	16,550

The Group has entered into six (31 December 2020: six) interest rate swaps as part of its financial risk management but did not account for these as accounting hedges under IFRS 9. Plain vanilla interest rate swap was used to hedge the floating interest payments of the debt instruments.

The aggregated notional principal amount of the interest rate swaps as at 30 June 2021 was RMB1,937 million (31 December 2020: RMB1,958 million) with maturity on 20 December 2024.

The Group recorded net fair value gain on interest rate swaps for the six months ended 30 June 2021 amounting to RMB25,058,000 (30 June 2020: net fair value loss of RMB16,770,000) (note 9) which were credited/(charged) to the condensed consolidated income statement.

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

The carrying amounts of interest rate swaps are expected to be recovered/(settled) as below:

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
After 1 year	8,648	(16,550)

Notes to the Condensed Consolidated Interim Financial Information (Continued)

16 Derivative financial instruments (Continued) Fair value hierarchy

	Fair value measurements using		
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements			
As at 30 June 2021			
Asset			
Fair value of the interest rate swaps	–	8,648	–
As at 31 December 2020			
Liability			
Fair value of the interest rate swaps	–	16,550	–

There were no transfers between levels 1, 2 and 3 during the period/year.

17 Trade and other receivables

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Rent receivables	359	1,643
Deferred rent receivables (note iv)	27,394	22,373
Prepayments	4,910	2,332
Other receivable	1,976	54
VAT recoverable	–	129
	34,639	26,531

Notes:

- (i) Trade and other receivables are denominated in RMB and GBP, and the carrying amounts of these receivables approximate their fair values.

There are no specific credit terms given to the tenants.

Monthly rentals are payable in advance by tenants in accordance with the leases while daily gross receipts from car parks are received from the car park operators in arrears.
- (ii) The Group's exposure from outstanding rent receivables and deferred rent receivables in the PRC is generally fully covered by the rental deposits from the corresponding tenants (note 19).
- (iii) As at 30 June 2021 and 31 December 2020, the Group's rent receivables and all future rent receivables were pledged to secure the Group's bank borrowings in the PRC (note 20).
- (iv) Deferred rent receivables represent the accumulated difference between effective rental revenue and actual rental receipts.
- (v) The carrying amounts of trade and other receivables are expected to be recovered within the next twelve months.

Notes to the Condensed Consolidated Interim
Financial Information (Continued)

18 Restricted bank balances and cash and cash equivalents

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Restricted bank balances	316,472	313,924
Cash and cash equivalents	160,251	154,435
	476,723	468,359

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

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
US\$	210,206	233,856
RMB	201,714	197,949
HK\$	32,970	4,895
GBP	31,833	31,659
	476,723	468,359

Restricted bank balances are related to bank accounts restricted under the bank borrowing facility agreements of the Group's bank borrowings (note 20).

The carrying amounts of restricted bank balances and cash and cash equivalents are expected to be recovered after one year and within the next twelve months, respectively.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

19 Rental deposits and trade and other payables

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Rental deposits (note i)	149,983	147,980
Trade and other payables:		
Rental receipts in advance	47,635	43,302
Provision for other taxes (note ii)	252	374
VAT payable	2,532	1,969
Accrued expenses and other payables	29,111	31,388
	79,530	77,033

Notes:

- (i) The ageing analysis based on the terms of agreement is as follows and the carrying amount is expected to settle as below:

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Within 1 year	56,880	49,315
Over 1 year	93,103	98,665
	149,983	147,980

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

The carrying amounts of trade and other payables approximate their fair values and are expected to be settled within twelve months.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

20 Interest-bearing borrowings

The carrying amounts of bank borrowings are expected to be settled as below:

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Bank borrowings		
Within 1 year	445,624	–
After 1 year	2,560,850	3,024,232
	3,006,474	3,024,232

Bank borrowings are denominated in the following currencies:

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
US\$ (note i)	2,560,850	2,580,135
GBP (note ii)	445,624	444,097
	3,006,474	3,024,232

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

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
6 months or less	3,006,474	3,024,232

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

Notes:

- (i) The borrowing bears interest of 1.55% per annum above 3-month US\$ LIBOR and repayable in full on 24 December 2024; and
- (ii) The borrowing is repayable in full on 26 January 2022 and bears an interest rate of 3-month GBP LIBOR plus 2.20% per annum.

As at 30 June 2021 and 31 December 2020, the Group's investment properties (note 14), derivative financial instruments (note 16), rent receivables (note 17) and all future rent receivables (note 24), restricted bank balances (note 18), interests in certain subsidiaries of the Group and certain assets of a subsidiary of the Group were pledged to secure the Group's loan borrowings. In addition, the Trustee (in its capacity as trustee of Spring REIT) has provided guarantee for all the loan facilities.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

21 Convertible bonds

On 27 November 2019, the Group issued HK\$585 million convertible bonds at 1.75% per annum due on 27 November 2022. These bonds are convertible into new units at an initial conversion price of HK\$3.642 per unit at the option of the bond holder.

	For the period ended 30 June 2021 (Unaudited) RMB'000	For the year ended 31 December 2020 (Audited) RMB'000
Host liability components		
At the beginning of the period/year	–	422,013
Conversion of convertible bonds	–	(428,014)
Finance costs	–	3,307
Exchange difference recognised in other comprehensive income	–	2,694
At the end of the period/year	–	–
Derivative components		
At the beginning of the period/year	–	83,226
Conversion of convertible bonds	–	(83,756)
Exchange difference recognised in other comprehensive income	–	530
At the end of the period/year	–	–
At the end of the period/year	–	–

On 12 February 2020, the holder of the convertible bonds has converted all of the bonds based on the initial conversion price of HK\$3.642 per unit, and 160,626,029 new units has been issued and allotted to the bond holder. The conversion represented a settlement of the Group's financial liabilities and resulted in a gain of approximately RMB56.7 million.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

22 Units in issue

	Number of units For the period ended 30 June 2021	For the year ended 31 December 2020
Balance at the beginning of the period/year	1,460,872,865	1,285,813,315
New units issued for Manager's fee	6,666,345	15,648,521
New units issued for conversion of convertible bonds (note 21)	–	160,626,029
Repurchase of units in issue (note ii)	(1,266,000)	(1,215,000)
Balance at the end of the period/year (note i)	1,466,273,210	1,460,872,865

Notes:

- (i) Traded market value of the units as of 30 June 2021 was HK\$2.86 (31 December 2020: HK\$2.70) per unit. Based on 1,466,273,210 (31 December 2020: 1,460,872,865) units, the market capitalisation was HK\$4,194 million (approximately RMB3,488 million) (31 December 2020: HK\$3,944 million (approximately RMB3,320 million)).
- (ii) Pursuant to the general mandate granted to the Manager by the Unitholders, the Manager (on behalf of Spring REIT) bought back a total of 1,539,000 units at an aggregate price of approximately RMB3,592,000 during the period ended 30 June 2021. 1,266,000 units bought back were cancelled during the period.

23 Notes to condensed consolidated statement of cash flows

Cash generated from operating activities

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Profit/(loss) before taxation, before transactions with Unitholders	213,970	(264,581)
Fair value (gain)/loss of investment properties	(25,764)	336,845
Fair value (gain)/loss of right-of-use assets	(224)	754
Net fair value (gain)/loss of derivative financial instruments	(25,058)	16,770
Gain on conversion of convertible bonds	–	(56,699)
Gain on disposal of investment properties	(151)	–
Manager's fee expenses in units in lieu of cash	15,395	16,749
Interest income	(1,198)	(1,724)
Finance costs on interest-bearing borrowings	12,961	106,218
Foreign exchange (gains)/losses	(11,032)	31,022
(Increase)/decrease in trade and other receivables	(8,363)	23,817
Increase/(decrease) in rental deposits	2,003	(7,120)
Increase/(decrease) in trade and other payables	4,376	(60,182)
	176,915	141,869

Material non-cash movements:

- (i) The Manager's fee amounting RMB15,395,000 (2020: RMB16,749,000) was settled by issuance of new units.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

24 Future minimum rental receivables

As at 30 June 2021, the analysis of the Group's aggregate future minimum rental receivable under non-cancellable leases is as follows:

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Within 1 year	486,855	467,365
1 – 2 years	378,464	355,174
2 – 3 years	283,315	247,423
3 – 4 years	176,563	158,233
4 – 5 years	134,318	115,804
After 5 years	280,877	266,565
	1,740,392	1,610,564

Note: Most of the operating leases are on fixed terms and of terms of 3 years (2020: 3 years).

25 Connected party transactions and related party transactions and balances

For the period ended 30 June 2021, 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 summarises 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 2021:

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 ")*	A Substantial Unitholder of Spring REIT
PAG Investment Consulting (Beijing) Co., Limited*# (" PAG Beijing ")	An Associate of a Substantial Unitholder of Spring REIT
Beijing Guohua Real Estate Co., Ltd. (" Beijing Guohua ")*# (note i, xi and xii)	An Associate of a Substantial Unitholder of Spring REIT
MIBJ Consulting (Beijing) Co., Ltd. (" MIBJ ")*	An Associate of the Manager and an Associate of a director of the Manager

Notes to the Condensed Consolidated Interim Financial Information (Continued)

25 Connected party transactions and related party transactions and balances

(Continued)

(a) Nature of relationship with connected/related parties (Continued)

Connected/related party	Relationship with the Group
Beijing Hua-re Real Estate Consultancy Co., Ltd. (“HuaRe”)*	An Associate of the Manager and an Associate of a director of the Manager
Jones Lang LaSalle Corporate Appraisal and Advisory Limited (note ii)	The Principal Valuer
Deutsche Bank AG and its subsidiaries (excluding the Trustee) (“DBAG”)*	Trustee Connected Persons
Zhong De Securities (“ZDS”)*	Trustee Connected Persons

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

(b) Income from connected/related parties

	Note	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Rental revenue from MIBJ	(iii)	477	560
Rental revenue from DBAG and ZDS	(ii)	22,322	22,609
Rental revenue from PAG Beijing	(iii)	1,267	1,267
Interest income from DBAG	(iv)	1,197	1,718

(c) Expenses to connected/related parties

	Note	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Property management fee to HuaRe	(v)	5,169	5,342
Trustee’s fee paid and payable to the Trustee	(vi)	721	913
Manager’s fee to Spring Asset Management Limited	(vii)	25,153	26,889
Valuation fee to the Principal Valuer	(viii)	–	461
Other professional fee to the Principal Valuer	(viii)	–	92
Bank charges to DBAG	(ix)	10	28

Notes to the Condensed Consolidated Interim Financial Information (Continued)

25 Connected party transactions and related party transactions and balances

(Continued)

(d) Balances with connected/related parties

	Note	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Lease deposit from MIBJ	(x)	281	281
Lease deposit from DBAG and ZDS	(x)	6,705	6,840
Lease deposit from PAG Beijing	(x)	743	743

Notes:

- (i) On 24 December 2020, Beijing Guohua, being an associate of Huamao Property Holdings Limited ("**Huamao Property**"), became a connected person of Spring REIT upon Huamao Property increasing its units to become a substantial unitholder of Spring REIT.
- (ii) On 4 December 2020, the Principal valuer is no longer a connected person of the Group as defined under the REIT code when its amendments became effective on the same date.
- (iii) Rental revenue was charged in accordance with the terms of the relevant agreements with the connected/related parties.
- (iv) Interest income received on bank deposits, bank charges and settlement of a financial instrument were charged in accordance with the terms of the relevant agreements with DBAG.
- (v) Property management services fees were charged based on mutually agreed terms between the parties.
- (vi) 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 RMB672,000 per annum.
- (vii) Fee to the Manager was charged in accordance with the Trust Deed.
- (viii) Valuation fee and other professional fee were charged based on mutually agreed terms between the parties.
- (ix) Bank charges was charged in accordance with the terms of the relevant agreements with DBAG.
- (x) Lease deposits were received in accordance with the terms of the relevant lease agreements.
- (xi) The Group (as lessor) has entered into a carpark master lease contract dated 1 January 2017 and subsequently renewed with last renewal on 9 February 2021 (the "**Carpark Master Lease**") with Beijing Huamao Property Consulting Co., Ltd. First Branch (the "**Carpark Operator**") (as lessee), who is an associate of Beijing Huamao Property Management Co., Ltd., who in turn is the building manager of the relevant common areas within China Central Place in Beijing, the PRC (the "**Development**") (the "**Building Manager**"), pursuant to which the Group's carpark spaces within the Development are master-leased to the Carpark Operator at a fixed rent, subject to an annual payment adjustment pursuant to the Carpark Management and Benefit Sharing Agreement (as described below). Each of the Building Manager and Carpark Operator is an independent third party of Spring REIT.

In relation to the Carpark Master Lease, the Group (through its Property Manager) and Beijing Huamao Asset Management Limited#, a subsidiary of Beijing Guohua, both as owners of their respective carpark spaces in the Development, have jointly entered into a carpark management and benefit sharing agreement dated 22 October 2020 and as supplemented by a supplemental agreement dated 9 February 2021 to (i) appoint the Carpark Operator for the provision of management services in respect of the relevant carpark spaces, and (ii) set out the basis for determining the amount of the net income (after deduction of carpark management fees) generated from the carpark and each owner's entitlement thereto (the "**Carpark Management and Benefit Sharing Agreement**" and together with the Carpark Master Lease, the "**Carpark Contracts**"). Under the Carpark Master Lease, the transaction amount for six months ended 30 June 2021 was RMB3,059,172.

Under the Carpark Management and Benefit Sharing Agreement, (i) the Group's entitlement to the net income (after deduction of carpark management fees) for the six months ended 30 June 2021 was RMB2,777,942 and (ii) the Group's share of the carpark management fees for the six months ended 30 June 2021 was RMB839,040.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

25 Connected party transactions and related party transactions and balances

(Continued)

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

Notes: (Continued)

- (xii) The Group and Beijing Guohua, both as owners of their respective portion of the Development have jointly entered into a service contract, as renewed for a further period of 24 months on 31 December 2019, to appoint the Building Manager for the provision of maintenance and management services for the relevant common areas within the Development (the “**Common Area Service Contract**”).

The Group is responsible for its portion of the management fee payable to the building manager, which is determined taking into account the Group’s proportional property area. Pursuant to the Common Area Service Contract, the management fee payable by the Group to the building manager is settled via deduction from the building management fees paid directly by the tenants of the Group to the building manager, and such management fee amount for the six months ended 30 June 2021 was RMB1,642,462. The Building Manager is an independent third party of Spring REIT.

No transaction was entered with the directors of the Manager (being the key management personnel) for the period ended 30 June 2021 (2020: Nil).

* The company has no official English name. The above unofficial English translation is for identification purpose only. Please refer to Chinese version of interim report for official Chinese name.

26 Subsidiaries

Name	Place of establishment and kind of legal entity/ place of operations	Principal activities	Particulars of issued share capital	Interest held
Directly held:				
RCA01	Cayman Islands, limited liability	Property investment	1,000 of US\$1 each	100%
RUK01 Limited	Jersey, limited liability	Investment holding	1 of GBP1 each	100%
Indirectly held:				
Hawkeye Properties 501 Limited	Jersey, limited liability	Property investment	2 of GBP1 each	100%

27 Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information was authorised for issue by the Manager on 24 August 2021.

Performance Table

As at 30 June	2021	2020
Net assets attributable to Unitholders	RMB6,515.41 million	RMB6,555.59 million
Net assets per Unit attributable to Unitholders	HK\$5.34	HK\$4.94
Total borrowings as a percentage of gross assets	30.8%	32.1%
Market capitalization ¹	RMB3,489.44 million	RMB3,329.07 million
Units issued	1,466,273,210	1,454,929,390
For the six months ended 30 June	2021	2020
Highest traded unit price	HK\$2.95	HK\$3.29
Highest premium of the traded unit price to net assets per Unit	N/A	N/A
Lowest traded unit price	HK\$2.52	HK\$2.00
Highest discount of the traded unit price to net assets per Unit	52.8%	59.5%
Distributions per Unit ²	HK10.8 cents	HK9.5 cents
Net yield per Unit ²	3.8%	3.8%
Net yield (annualized) per Unit ²	7.6%	7.6%

Notes:

- 1 Market capitalization is calculated based on the closing unit price of the period times the unit issued as at the end of the 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

The Manager

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Mr. Toshihiro Toyoshima

Executive Directors

Mr. Leung Kwok Hoe, Kevin
Mr. Chung Wai Fai
(appointed on 24 March 2021)
Mr. Nobumasa Saeki
(resigned on 24 March 2021)

Non-executive Director

Mr. Hideya Ishino

Independent Non-executive Directors

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

Alternate Director

Mr. Chung Wai Fai
(ceased to act as alternate director to
Mr. Nobumasa Saeki on 24 March 2021)

Responsible Officers of the Manager

Mr. Leung Kwok Hoe, Kevin
Mr. Chung Wai Fai
Ms. Alice Yu
Mr. Nobumasa Saeki (resigned on 24 March 2021)

Company Secretary of the Manager

Fair Wind Secretarial Services Limited

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Internal Auditor

BDO Financial Services Limited

Trustee

DB Trustees (Hong Kong) Limited

Principal Valuer

Jones Lang LaSalle Corporate Appraisal and
Advisory Limited

Legal Advisors

Baker & McKenzie

Unit Registrar

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Property Manager

Beijing Hua-re Real Estate Consultancy Co., Ltd
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