SpringREIT

Spring Real Estate Investment Trust
春泉產業信託

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

(Stock Code: 01426)

Managed by
Spring Asset Management Limited

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023 AND CLOSURE OF REGISTER OF UNITHOLDERS

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 ("**Beijing CBD**") through its ownership in China Central Place Office Tower 1 and 2 (and the relevant portion of the car park) (the "**CCP Property**") and to a landmark shopping mall Huamao Place in Huizhou, located in Greater Bay Area, which comprises seven-storey shopping mall and 750 carpark spaces (the "**Huamao Place**"). 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 2023, 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.

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 2023 to 30 June 2023 (the "**Reporting Period**", "**1H 2023**" or "**2023 Interim Distribution Period**") of HK10.0 cents per Unit ("**2023 Interim Distribution**") to unitholders of Spring REIT ("**Unitholders**") whose names appear on the register of Unitholders on 8 September 2023 (the "**Record Date**"), remaining constant half-on-half ("**HoH**") and representing a decrease of 10.7% year-on-year ("**YoY**") and a payout ratio of 97% (FY2022: 92.5%, 2022 1st half : 90%).

Based on the closing price of HK$2.22 per Unit as at 30 June 2023, the Reporting Period distribution per Unit ("**DPU**") represents an annualized distribution yield of 9.0%. 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 2023 Interim Distribution is HK$1 = RMB0.8886, which represents the average of month-end central parity rates in the 2023 Interim Distribution Period (as announced by the People's Bank of China).

The Manager confirms that 2023 Interim Distribution is composed only of consolidated profit after tax, before transactions with Unitholders attributable to Unitholders and non-cash adjustments for the 2023 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 2023 Interim Distribution will be 8 September 2023. The register of Unitholders will be closed for the purpose of determining the identity of Unitholders from 7 September 2023 to 8 September 2023, both days inclusive, during which period no transfer of Units will be registered. The 2023 Interim Distribution is to be payable on 22 September 2023 to Unitholders whose names appear on the register of Unitholders on the Record Date.

In order to qualify for the 2023 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 6 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Manager is pleased to present the financial results of Spring REIT for the six months ended 30 June 2023. Throughout the Reporting Period, the Chinese economy struggled to recapture its growth trajectory following its reopening after several years of strict "zero-COVID" measures. With slower global growth impacting China's exports, risks associated with the property sector affecting confidence, and local government debt weighing on economic activities, recovery in the commercial real estate market was limited.

Despite this challenging macroeconomic environment, the performance of our property portfolio has been encouraging. Net property income experienced YoY growth of 35.2%, due to the steady performance of our Beijing CCP and the addition Huamao Place in Huizhou. Recognizing the importance of economic resilience in a volatile environment, the Manager placed an emphasis on maintaining occupancy at the Beijing CCP Property, which involved exercising some rent flexibility. This strategy has been effective in insulating the property from some of the weaknesses in the broader market. Meanwhile, our Huizhou property has proved a timely addition. Providing us with a novel exposure to the Greater Bay Area retail sector, it has enabled Spring REIT to take advantage of the resumption of spending by consumers after China's reopening in the first quarter of 2023.

Aggressive interest rate hikes continued throughout the Reporting Period, together with a higher gearing, resulting in an increase of our cash interest expenses for the period despite these being 60% hedged. Total distributable income for the period was RMB131.66 million. The DPU amounted to HK10.0 cents with a payout ratio of 97%, representing a decrease of 10.7% compared with the DPU for the same period in 2022.

CCP Property Operation Review

Beijing office market overview

The Beijing CBD is home to tenants from a wide range of industries, including many from the finance and insurance, professional services, and manufacturing industries. It holds the largest amount of Grade-A office stock in Beijing, amounting to 2.80 million sqm as at 30 June 2023, and accounting for 25.5% of the city's total Grade-A office space of 10.97 million sqm.

Despite a temporary improvement in sentiment following the country's reopening in early 2023, the office market remained subdued throughout the Reporting Period as potential tenants stayed on the sidelines. Although there was some relocation and expansion demand from the IT and finance sectors, fresh demand and new market entrants were limited. With multinationals remaining inactive, domestic tenants comprised more than 78% of total Grade A leasing volume. On a positive note, the number of delayed rental payments, rent relief requests, and early terminations stabilized. This may signal the beginning of improved domestic business conditions following three years of strict "zero-COVID" measures, accompanied by ongoing structural adjustments in many industries, that together exacerbated the financial strains on tenants in the CBD.

Despite this challenging environment, the Beijing property market remained well supported. A lack of new office completions helped maintain occupancy resilience in the broader market. New office space that had come onto the market over the last few years has also largely been taken up, alleviating pressures on both rent and occupancy. At the time of writing, no new office supply is expected in the CBD until 2025. These factors have boosted the resilience of the CBD office market in the face of economic headwinds.

Beijing Office Market Vacancy and Rental Rates in 1H 2023

		Occupancy Rate[1]	HoH Change	YoY Change	Average Rental Rate[1] (RMB/sqm/month)	HoH Change[2]	YoY Change[2]
CBD	Grade A	**89.9%**	**+0.3 ppts**	**+0.5 ppts**	**344**	**(2.9%)**	**(3.8%)**
	Premium Grade A	**91.8%**	**-0.9 ppts**	**+1.3 ppts**	**489**	**(2.5%)**	**(3.1%)**

1 Data is as at 30 June 2023.

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

Source: JLL Research

CCP Property Operation Performance

(in RMB million) For the Six Months Ended	30-Jun-2023	HoH Change	31-Dec-2022	HoH Change	30-Jun-2022
Revenues					
– Rental income	**229.52**	(1.4%)	232.78	(4.4%)	243.48
– Car park income	**1.50**	(27.2%)	2.06	(24.3%)	2.72
– Other income (note i)	**3.46**	(52.5%)	7.29	184.8%	2.56
	234.48	(3.2%)	242.13	(2.7%)	248.76
Property Operating Expenses					
– Property management fee	**(5.18)**	(2.3%)	(5.30)	(3.6%)	(5.50)
– Property taxes (note ii)	**(28.61)**	(1.0%)	(28.91)	(4.8%)	(30.38)
– Withholding tax (note iii)	**(23.89)**	(2.0%)	(24.37)	(4.4%)	(25.50)
– Other taxes (note iv)	**(0.23)**	(14.8%)	(0.27)	80.0%	(0.15)
– Leasing Commission	**(0.89)**	(51.9%)	(1.85)	96.8%	(0.94)
– Other expenses (note v)	**(0.42)**	5.0%	(0.40)	(79.6%)	(1.96)
	(59.22)	(3.1%)	(61.10)	(5.2%)	(64.43)
Net Property Income	**175.26**	(3.2%)	181.03	(1.8%)	184.33

Notes:

i Other income mainly represents compensation paid by tenants for early termination of lease.
ii Property taxes represent real estate tax and land use tax.
iii Withholding tax in the People's Republic of China is calculated based on rental revenues at a rate of 10%.
iv Other taxes represent stamp duty.
v Other expenses mainly represent reinstatement cost.

During the reporting period, the CCP Property reported a 3.2% decrease in revenue HoH, with rental income generated from the office space decreasing by 1.4% HoH. The HoH decline in rental income during the reporting period is attributable to a moderate decline in occupancy since 31 December 2022. The 3.1% HoH decrease in property operating expenses was mainly due to lower commission expenses, as renewals dominated leasing activities during the period. After deducting property operating expenses, net property income was RMB175.26 million, representing a decrease of 3.2% HoH and 4.9% YoY.

Property operating expenses are mainly comprised of tax expenses, namely property taxes, withholding tax and other taxes. Tax expenses in aggregate accounted for 89.0% of the total property operating expenses. The property management fee, payable at 2.0% of total revenue, accounted for 8.7% of the total property operating expenses.

Rental Income

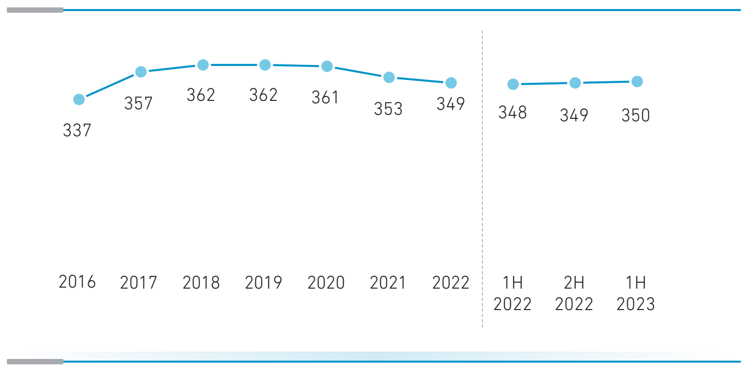
The CCP Property registered an average occupancy of 90.6% in 1H 2023. Average passing rent (net of Value-Added Tax ("**VAT**")) increased marginally to RMB350 per sqm in 1H 2023, implying a positive rental reversion rate[2] of 1.8%. Lease expiries during the period involved a total area of 13,814 sqm (representing 11.5% of the leasable office area). The retention rate[1] for these expiries was 65% (or 8,983 sqm). Including new lettings, a total area of 10,697 sqm (representing 8.9% of the leasable office area) was leased out in the period, of which 28.6% was attributable to new leases.

As of 30 June 2023, rental arrears amounted to RMB0.95 million, representing 2.5% of the total rental income receivable in June 2023. We had recovered 42% of the outstanding arrears as of 30 June by end of July. We will remain diligent in monitoring the situation given the volatile environment.

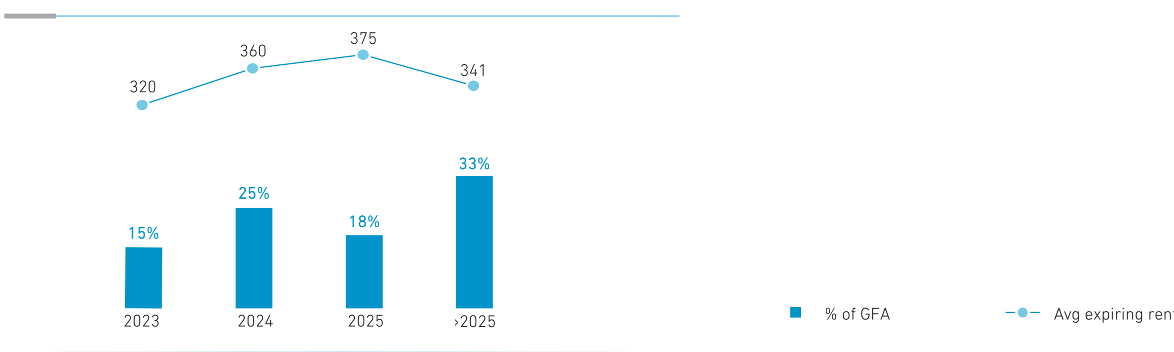
For the Six Months Ended	30-Jun-2023	Change	31-Dec-2022	Change	30-Jun-2022
Average Monthly Passing Rent (RMB/sqm)[3]	**350**	0.3%	349	0.3%	348
Average Occupancy[4]	**90.6%**	-2.4 ppts	93.0%	-3.3 ppts	96.3%

PASSING RENTS

(RMB per sqm per month)



EXPIRY PROFILE BY GFA



1. Retention rate illustrates the proportion of the total area under all the expired leases that was taken up by the same tenants entering into new leases during the relevant period.

2. Rental reversion is calculated on the basis of the difference in the effective rent only for existing tenants who renewed their lease in the same space with the same area during the relevant period.

3. Average monthly passing rent is presented net of business tax and VAT (where applicable) and is an average of the month-end figures throughout the specified period.

4. Occupancy rate is an average of the month-end figures throughout the specified period.

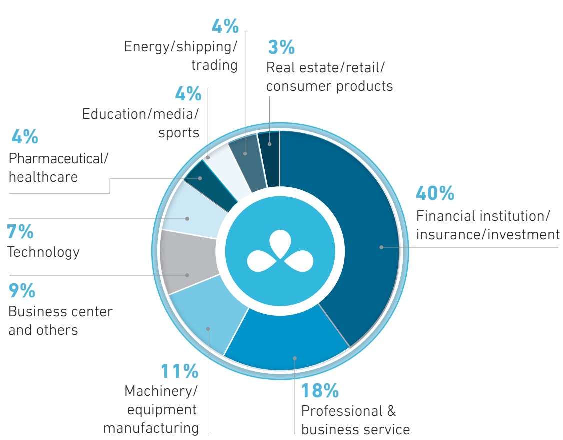
As at 30 June 2023, the weighted average lease expiry in terms of GFA was 639 days for the CCP Property. Leases expiring in the second half of 2023 and in the year ending 31 December 2024 accounted for 14.6% and 25.4% of the total leasable GFA respectively, and the average unit rents for the expiring leases were RMB320 per sqm and RMB360 per sqm respectively.

Tenancy base

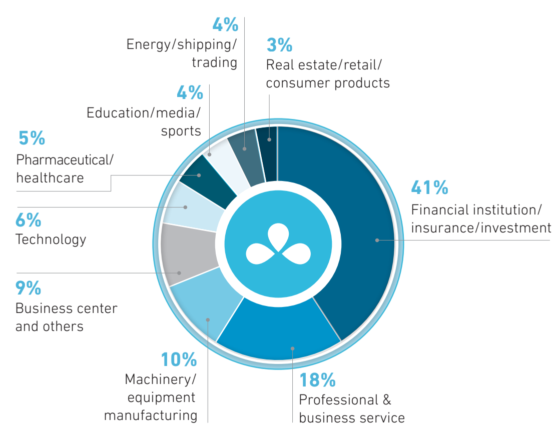
The CCP Property had a total of 189 tenancies as at 30 June 2023. The top five tenants in terms of GFA accounted for 19.7% of the total revenue for the Reporting Period, and occupied 22.1% of total leased GFA as at 30 June 2023. Details of these tenants are set out below.

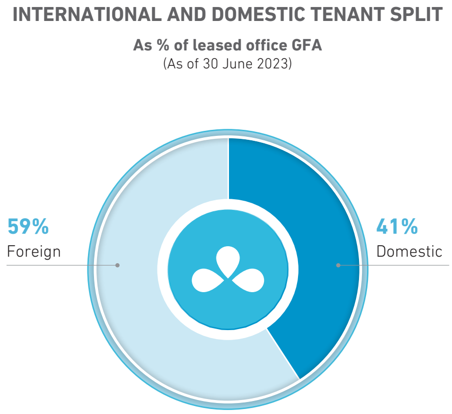
Tenants	Portion of total leased GFA
Epson	6.1%
Zhong De Securities	4.4%
Global Law Office	4.3%
The Executive Centre	4.1%
Conde Nast	3.2%
Total	22.1%

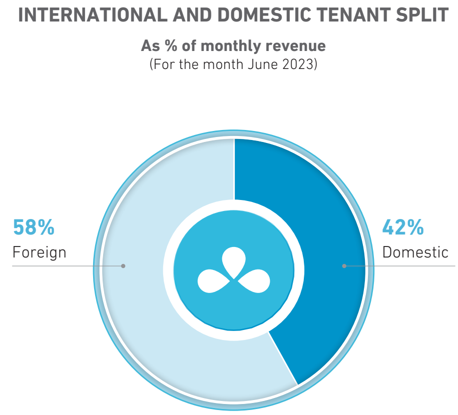
TENANTS BY INDUSTRY
As % of leased office GFA
(As of 30 June 2023)



TENANTS BY INDUSTRY
As % of monthly revenue
(For the month June 2023)







Huamao place operation review

Huizhou city overview

One of the 9+2 cities in the GBA in Guangdong Province, Huizhou covers an area of some 11,000 square kilometres and is rich in natural resources, energy resources, and tourism highlights. With a residential population of 6.2 million, the city serves as an essential gateway and connection between eastern and northern Guangdong Province. Huizhou is also one of the closest mainland cities to Hong Kong, adding to its strategic significance in the region. Due to its superior geographical location and rich resources, Huizhou has attracted many high-quality business enterprises. It has also enjoyed industrial spill-over transfers from the nearby cities of Shenzhen and Dongguan, which have boosted the city's population and helped drive its economic development.

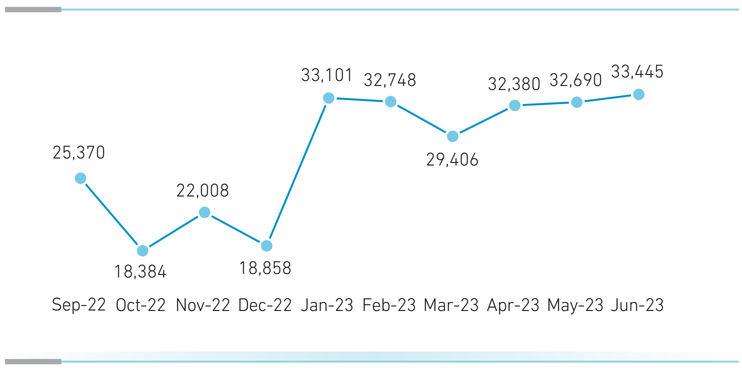
Huizhou retail market review

Huizhou's shopping mall industry has experienced robust growth, driven by high economic growth potential, ongoing urbanisation, consumption upgrading, expanding infrastructure network, and continued government support. According to researcher China Insights Consultancy, the overall gross merchandise value ("**GMV**") of shopping malls in Huizhou increased from RMB14.6 billion in 2017 to RMB20.4 billion in 2022, a CAGR of 6.9%. However, that growth was interrupted by the COVID-19 pandemic between 2020 and 2022. As the economy recovers, the shopping mall industry in Huizhou is expected to regain momentum. China Insights Consultancy projects the total GMV of the shopping mall industry in Huizhou to reach RMB38.8 billion by 2027, with a CAGR of 13.8% from 2022 to 2027, outpacing the growth of other cities in the GBA. As of 30 June 2023, Huizhou had 39 shopping malls covering a total retail GFA of approximately 2.6 million sqm, and managed by approximately 34 operators. Huizhou's shopping mall industry is not highly concentrated, with the top five shopping mall management service providers accounting for 32.2% of the market in retail GFA. Huamao Place's share in the Huizhou shopping industry in gross floor area and GMV amounted to 5.5% and 8.9%, respectively as of 30 June 2023.

Huamao place operation performance

Spring REIT acquired Huamao Place in Huizhou on 28 September 2022. Since the relaxation of COVID policies towards the end of 2022, the mall has experienced a recovery in consumer confidence and an increase in footfall. Signs of a rebound in shopper traffic were clearly observed on New Year's Eve, when an estimated 63,000 shoppers visited the mall, an increase of 15.8% compared to 2021. Average footfall in 1H 2023 amounted to 32,295 shoppers daily.

AVERAGE DAILY FOOTFALL



During the Reporting Period, we have been further enhancing Huamao Place's positioning by introducing a cluster of international cosmetics brands to the shopping mall. Many of these brands are currently only available at Huamao Place in Huizhou, helping to create a sense of exclusivity and luxury for the shopping mall and solidifying its high-end reputation. We believe this strategy is helping to differentiate our shopping mall from those of competitors in the city, and enhancing its status as a premium destination for shoppers. Our local property management team has also been working tirelessly to optimize the trade mix within the shopping mall and thus enhance customers' shopping experience further. For example, the first floor has been rearranged to showcase prominent electric vehicle brands like Tesla and Nio, and also includes stores featuring the latest electronic products from DJI and Apple-authorized retailers. Throughout 1H 2023, we were successful in signing leases with 63 new merchants. These enhancements are positioning Huamao Place strongly to capitalize on the anticipated recovery of consumption demand in 2023.

FINANCIAL HIGHLIGHTS

(in RMB million)

For the six months ended	30-Jun-2023	31-Dec-2022
Revenues		
– Total rental income (note i)	**109.3**	49.3
– Other income (note ii)	**0.8**	0.7
	110.1	50.0
Property Operating Expenses	**(30.0)**	(11.0)
Net Property Income	**80.1**	39.0

* The acquisition of 68% interest of Huamao Place in Huizhou was completed in 28 September 2022.

Notes:

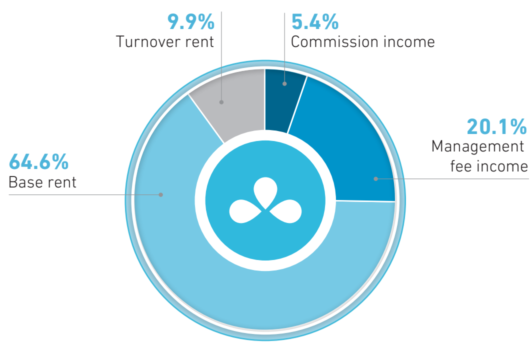
i Total rental income mainly represents base rental income, turnover rent, commission income and service fee income.

ii Other income mainly represents advertising income.

For the six months period ended 30 June 2023, Huamao Place reported revenue of RMB 110.1 million, comprised of base rent, management fee income, turnover rent and commission income. Base rent is the fixed rent provided for in lease agreements, while management fee income represents additional income from tenants for services provided by the local property management team, such as promotions and events. Turnover rent is collected from certain tenants in the form of a percentage of their sales receipts. Commission income represents a share in the sales receipts for products sold on consignment.

HUIZHOU HUAMAO PLACE RENTAL INCOME MIX

(for the six months period ended 30 June 2023)



The contribution of Huizhou Huamao Place in terms of net property income amounted to RMB80.1 million for the six months period ended 30 June 2023.

RENTAL INCOME

In 1H 2023, average occupancy rebounded from 92.2% in 4Q 2022 to 95.9% for the Reporting Period. Meanwhile, the reletting of some space also raised the mall's average monthly rent from RMB148 per sqm in 4Q 2022 to RMB165 per sqm for the Reporting Period. Occupancy cost, defined as total rental income as a percentage of total GMV of the shopping mall, stood at 10.5% for the Reporting Period.

	1H 2023	**4Q 2022**
Average Monthly Rent (RMB/sqm)[1]	**165**	148
– Fixed Rent	**137**	—
– Variable Rent	**28**	—
Average Occupancy rate[2]	**95.9%**	92.2%

1. Average monthly rent is presented net of business tax and VAT (where applicable) and is comprised of base rental income, turnover rental income, consignment sales income and service fee income.

2. Occupancy rate is an average of the month-end figures throughout the specific period.

EXPIRY PROFILE BY GFA

	by GFA	**by June Rental**
year ending 31 December 2023	16%	21%
year ending 31 December 2024	23%	30%
year ending 31 December 2025	19%	27%
year ending 31 December 2026 and beyond	42%	22%
Total	100%	100%

As at 30 June 2023, leases expiring in the years ending 31 December 2023 and 31 December 2024 accounted for 16% and 23% of the total leasable GFA respectively, and accounted for 21% and 30% of the June rental income respectively.

Tenancy base

As a flagship mall in Huizhou, Huamao Place's trade mix is oriented towards high-end and lifestyle items. Food and beverage stores are mainly reputable local and international brands, and are critical anchors for achieving steady high footfall. Apparel, currently the biggest trade sector in Huamao Place, attracts a wide range of target customers, but its share in the mall's trade mix is being gradually reduced in favour of beauty and personal care items such as high-end cosmetics. Currently, the focus is to increase our exposure in electric vehicles and digital products, which are being clustered on the first floor. The area previously occupied by a supermarket lessee has now been relaunched, with new stores offering high-quality fresh produce and other food items.

Huamao Place had a total of 500 tenancies as at 30 June 2023. Details of the top 10 tenants in terms of GFA are set out in the table below.

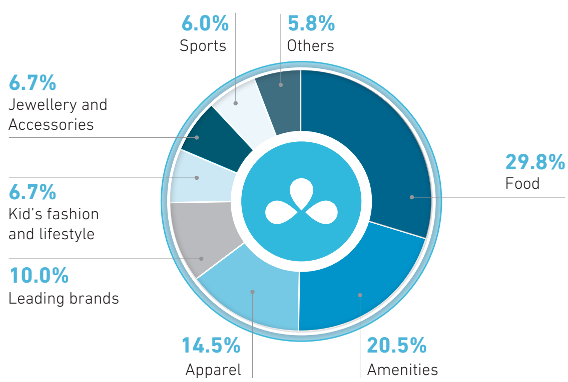
No.	Tenant's trade sector	Expiry	by GFA	by Rental Income
1	Entertainment	**Jun-26**	**7.0%**	**2.6%**
2	Food	**Apr-26**	**4.2%**	**0.8%**
3	Apparel	**Jun-26**	**3.3%**	**0.6%**
4	Others	**Mar-26**	**1.7%**	**0.4%**
5	Apparel	**Jun-28**	**1.5%**	**0.0%**
6	Apparel	**Jun-31**	**1.5%**	**0.5%**
7	Food	**Sep-26**	**1.4%**	**0.6%**
8	Food	**Mar-31**	**1.2%**	**0.9%**
9	Food	**Jun-29**	**1.1%**	**0.4%**
10	Entertainment	**Apr-25**	**1.1%**	**1.0%**
	Total		**24.0%**	**7.8%**

Tenancy Type

	by leased GFA	by Jun rental
Higher of fixed rent or turnover rent	**75%**	**81%**
Turnover rent	**13%**	**8%**
Fixed rent	**12%**	**11%**
Total	**100%**	**100%**

HUAMAO PLACE'S TENANCY MIX BY LEASED GFA

(For the month of June 2023)



UK Portfolio Operation Review

Each of the UK Portfolio's 84 properties 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, under which the tenant pays 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.).

Financial Results Highlights

(in RMB millions unless otherwise specified) For the Six Months Ended	30-Jun-2023	HoH Change	31-Dec-2022	HoH Change	30-Jun-2022
Revenue	**363.42**	17.0%	310.54	16.2%	267.31
Property operating expenses	**(89.52)**	23.2%	(72.69)	12.3%	(64.73)
Net property income	**273.89**	15.2%	237.85	17.4%	202.58
Net property income margin	**75.4%**	-1.2 ppts	76.6%	+0.8 ppts	75.8%
G&A expenses	**(40.61)**	(2.7%)	(41.74)	26.8%	(32.91)
Cash interest expenses	**(92.38)**	18.7%	(77.84)	140.7%	(32.34)
(Loss)/profit after taxation attributable to Unitholders	**(92.92)**	42.0%	(65.42)	N/A	93.77
Total distributable income	**131.66**	(5.9%)	139.96	(8.3%)	152.65

Units Information	1H 2023	HoH Change	2H 2022	HoH Change	1H 2022
DPU (HK cents)	**10.0**	—	10.0	(10.7%)	11.2
DPU (RMB cents equivalent)	**8.9**	(1.1%)	9.0	(3.2%)	9.3
Payout ratio	**97%**	+4.5 ppts	92.5%*	+2.5 ppts	90%
Net asset value per Unit (HK$)	**4.63**	(6.5%)	4.95	6.4%	5.29
Number of Units outstanding	**1,493,567,431**	0.6%	1,484,931,187	0.4%	1,479,302,559

As at	30-Jun-2023	HoH Change	31-Dec-2022	HoH Change	30-Jun-2022
Property valuation	**12,066.23**	(0.1%)	12,082.95	29.5%	9,331.82
Total assets	**13,009.14**	0.6%	12,930.99	28.9%	10,033.78
Total borrowings	**5,131.00**	5.6%	4,857.35	57.2%	3,089.40
Net asset value	**6,370.88**	(2.9%)	6,558.84	(1.9%)	6,685.28
Gearing ratio	**39.4%**	+1.8 ppts	37.6%	+6.8 ppts	30.8%

* Represents the full year payout ratio of 92.5%.

Financial Performance

Spring REIT's revenue for the Reporting Period was RMB363.42 million, representing a 17.0% increase HoH and a 36.0% increase YoY. After taking into account property operating expenses of RMB89.52 million, net property income amounted to RMB273.89 million, representing a 15.2% increase HoH and a 35.2% increase YoY. The net property income margin slightly decreased to 75.4% for the Reporting Period (2H2022: 76.6%;1H2022: 75.8%).

General and administrative expenses amounted to RMB40.61 million. Meanwhile, a total finance cost on interest-bearing borrowings of RMB219.61 million (1H2022: RMB187.62 million) was registered, which consisted of a non-cash foreign exchange loss of RMB118.37 million (1H 2022: RMB137.29 million) when US dollar and HKD bank borrowings were converted to RMB in the financial statements. Cash interest expenses amounted to RMB92.38 million, increased by 185.7% as compared to RMB32.34 million in 1H 2022.

Taking into account the decline in the fair value of the CCP Property, Huizhou Huamao Place and the UK Portfolio of RMB98.41 million (1H 2022: increase in fair value of RMB59.06 million), loss after taxation attributable to Unitholders for the Reporting Period was RMB92.92 million (2H 2022: loss after taxation attributable to Unitholders of RMB65.42 million; 1H 2022: profit after taxation attributable to Unitholders of RMB 93.77 million).

Spring REIT's total distributable income for the Reporting Period was RMB131.66 million, representing a decrease of 5.9% HoH and decrease 13.8% of YoY. Among other adjustments, the reported amount excludes the foreign exchange loss, and the decrease in the fair value of the CCP Property, Huizhou Huamao Place and the UK Portfolio, which are non-cash in nature.

Financial Position

Spring REIT's principal valuer, Knight Frank Petty Limited ("**Knight Frank**" or the "**Principal Valuer**"), performed a valuation of the Spring REIT portfolio as at 30 June 2023. The CCP Property was appraised at RMB8,600 million as at 30 June 2023, representing a 0.5% decrease in value compared to its valuation as at 31 December 2022. The valuation of the CCP Property was arrived at using the income capitalization approach, and cross-checked by the direct comparison approach. The decrease in valuation was attributable mainly to the decrease in occupancy. The capitalization rate/reversionary yield was 5.0% (31 December 2022: 5.0%).

The Huamao Place was appraised at RMB2,823 million as at 30 June 2023, remaining stable in value compared to its valuation as at 31 December 2022. The valuation of the Huamao Place was arrived at using the income approach, and cross-checked by the direct comparison approach. The capitalization rate/reversionary yield was 6.0% (31 December 2022: 6.0%).

The UK Portfolio was appraised at GBP69.8 million (equivalent to RMB643.23 million) as at 30 June 2023, representing a 6.1% decrease in GBP terms and a 3.8% increase in RMB terms compared to its valuation as at 31 December 2022. The valuation of the UK Portfolio was arrived at using the income approach. The reversionary yield ranged from 4.45% to 9.15% (31 December 2022: 3.70% to 8.15%).

As at 30 June 2023, Spring REIT had in place aggregate debt facilities of approximately RMB5,131.00 million, comprising:

1. a combined facility of HKD4,875 million consists of a committed facility of HKD3,705 million and an uncommitted facility of HKD1,170 million (the "**CCP Facilities**"), which bears an interest rate of 1-month HKD HIBOR plus 1.60% per annum and will mature in September 2025. Of the CCP Facilities, HKD4,305 million was outstanding as at the end of the Reporting Period.

2. a facility of GBP51 million (the "**UK Facility**") which bears an interest rate of 2.20% margin per annum plus Sterling Overnight Index Average ("**SONIA**") plus Credit Adjustment Spread ("**CAS**") and will expire in January 2025. Of the UK Facility, after a partial prepayment of GBP2.7 million in April 2023, GBP47.8 million was outstanding as at the end of the Reporting Period.

3. a facility of RMB900 million which bears an interest rate of 60 basis points above the PRC loan prime rate (for five years or more) and will mature in March 2032, of which RMB753.83 million was outstanding as at the end of the Reporting Period.

As at 30 June 2023, the Group's gearing ratio, i.e. total borrowings to gross asset value, was 39.4%, compared with 37.6% at 31 December 2022.

Capital Management

Spring REIT has in place a hedging programme by entering into float-to-fixed interest rate swap ("**IRS**") and cross-currency swap ("**CCS**") contracts of varied tenures to mitigate its interest rate and exchange rate risks.

As at 30 June 2023, in relation to the CCP Facilities, the aggregate notional amount of these IRS contracts was HKD3,355 million, representing 77.9% of the HKD loans of Spring REIT with a weighted average swap rate of 1.21% per annum.

As at 30 June 2023, the proportion of Spring REIT's borrowings either covered by the interest rate hedging programme or under a relatively stable PRC Loan Prime Rate was approximately 75% (2H 2022: 77%; 1H 2022: 65%).

During the Reporting Period, the weighted average cash interest rate (after interest margin) per annum was approximately 3.6% (2H 2022: 3.8%; 1H 2022: 2.1%).

In July 2023, Spring REIT entered into additional float-to-fixed HKD-RMB CCS contracts of a notional amount of HKD950 million for its CCP Facilities, and a float-to-fixed IRS contract of a notional amount of GBP47.8 million for its UK Facility.

As a result, all of the loan amounts of the CCP Facilities and the UK Facility were under fixed interest rates, and the weighted average swap rate per annum (before interest margin and any credit adjustment spread) was approximately 1.72%. Meanwhile, our RMB-denominated loan is based on the PRC Loan Prime Rate which was relatively stable and on a downward trend during the Reporting Period.

Hence, with the above initiatives, 100% of our loans are either covered by the interest rate hedging programme or under a relatively stable PRC Loan Prime Rate, which has significantly reduced the impact of interest rate volatility on Spring REIT.

Net Assets Attributable to Unitholders

As at 30 June 2023, net assets attributable to Unitholders stood at RMB6,370.88 million.

The net asset value per Unit as at 30 June 2023 was HK$4.63 (31 December 2022: HK$4.95; 30 June 2022: HK$5.29). This represented a 108.6% premium to the closing price of the Units of HK$2.22 as at 30 June 2023, the last trading day in the Reporting Period.

Capital Commitments

As at 30 June 2023, 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

The mood in early 2023 was upbeat following the reopening of China's economy after several years of strict "zero-COVID" measures. However, the economy has since struggled to maintain its growth trajectory, and economic growth proved underwhelming during the Reporting Period. This reflected the deleveraging of balance sheets undertaken by both the public and the private sectors, as well as structural adjustments undertaken by many industries (including the real estate sector) to conform with national policies. Despite the temporary economic headwinds, we believe that policy stimuli and revived domestic consumption will see growth momentum pick up in 2024.

The performance of the commercial property market in Beijing reflected the sentiment of caution in the broader market. As tenants have returned to their offices and have no longer needed to work from home, demand for Grade A offices has stabilized and we have noted a marked improvement in rental arrears and missed rental payments. However, rents have remained soft with few new office tenants entering the market. At the same time, many existing tenants have delayed decisions to relocate or expand in the face of the uncertain economic outlook. This has resulted in intense competition among landlords to retain existing tenants or attract new ones. In the longer term, however, the Manager remains cautiously optimistic about prospects for the Beijing office market. Given the absence of further Grade A office supply in the CBD in the near future, we expect the market to remain resilient. In total, 14.6% of the leases at Spring REIT's CCP Property were due to expire in the second half of 2023, of which over 65% have been secured for renewal. In the meantime, we were pleased to have maintained occupancy at 91% at the end of the Reporting Period.

The Beijing office market is closely linked to the state of both the global and the Chinese economy. By contrast, our new acquisition, Huamao Place in Huizhou, more closely reflects domestic consumption in the Greater Bay Area. The GBA has been designated an area of strategic importance for the nation's future development, and its population, including that of Huizhou City, is expected to become more affluent in the years ahead due to economic growth, ongoing urbanisation, consumption upgrades, and continued government support. As Huizhou's premier shopping mall, Huamao Place is well-placed to profit from the long-term success of this unique region. During the Reporting Period, we enjoyed a full-term contribution from its operation. Despite a challenging 2022 when the retail sector (including Huamao Place) was a victim of the COVID pandemic and related social restrictions, the untiring efforts of the local Huizhou management team led to an encouraging rebound in footfall and gross merchandise value at Huamao Place after China's reopening. The current tenant configuration, which highlights electronic vehicles and hi-tech products, food and beverages, and cosmetic products, has been designed to take advantage of the shift in post-COVID era consumer preferences. With an occupancy rate of approximately 96% during the Reporting Period, Spring REIT will continue to benefit from its defensive quality in the second half of 2023.

In the near term, we expect volatility for both interest rates and currencies to continue. Fortunately, Spring REIT's earlier initiative of implementing float-to-fixed interest rate hedges for all its HKD and GBP loan exposures has mitigated our interest rate risk to a certain extent in 2023. In the meantime, we are paying close attention to the movements of the RMB against the USD and HKD. From a risk management perspective, we have not ruled out the possibility of increasing the proportion of our RMB-denominated loan against our HKD borrowing. We are optimistic that our efforts to create value through prudent asset management strategies will translate into an enhanced distribution for Unitholders.

On 25 May 2023, Spring REIT announced that it intended to repurchase approximately 4.23% of its outstanding issued units. The exercise, which constituted an off-market transaction, allowed Spring REIT to buy back its units at HK$2.3810 per unit, which is accretive to the distribution per unit and net asset value per unit of Spring REIT. We were pleased to receive 99.99% support from our Unitholders at the EGM on 23 June 2023. The transaction was completed in July 2023 and the repurchased units has been cancelled subsequently. Once again, we have demonstrated Spring REIT's commitment to pursue opportunities that only deliver accretion in the DPU.

Going forward, the Manager remains firmly committed to steering Spring REIT safely through the challenging macroeconomic environment. 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 in Hong Kong.

The Manager was established for the sole purpose of managing Spring REIT. The Manager is committed to maintain good corporate governance culture, 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 manuals 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. All Directors act with integrity, lead by example, and promote the desired culture which instils and continually reinforces across the organization values of acting lawfully, ethically and responsibly.

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 13 June 2023 (to note the audited financial statements of Spring REIT together with the independent auditor's report for the year ended 31 December 2022, and the re-appointment of the independent auditor of Spring REIT; and to approve the buy-back mandate and the continual service of each of Mr. Simon Murray and Mr. Qiu Liping as an independent non-executive directors of the Manager) for meeting with Unitholders and answering their questions, if any.

Besides, an extraordinary general meeting was held on 23 June 2023 to seek Unitholders' approval on the connected transaction involving off-market Unit buy-back, details of which were set out in the circular to Unitholders dated 27 May 2023.

Authorization Structure

Spring REIT is a collective investment scheme constituted as a unit trust and authorized by the Securities and Futures Commission (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 announcement, Mr. Leung Kwok Hoe, Kevin (Executive Director and Chief Executive Officer of the Manager), Mr. Chung Wai Fai (Executive Director and Chief Financial Officer of the Manager) and Ms. Bai Yanan 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. Ms. Law Hung Yan Verona ceased as the RO on 4 June 2023.

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.

New Issue of Units

During the Reporting Period, an aggregate of 8,895,244 new Units were issued to the Manager as payment of part of the Manager's fee. Please refer to the announcements dated 24 March 2023 and 2 May 2023 for more details.

During the Reporting Period, the Manager (on behalf of Spring REIT) bought back a total of 259,000 Units on the Stock Exchange and all the Units bought back 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 2023 was 1,493,567,431 Units.

Purchase, Sale or Redemption of Units

During the Reporting Period, the Manager (on behalf of Spring REIT) bought back a total of 259,000 Units on the Stock Exchange at an aggregate consideration (excluding expenses) of approximately HK$0.6 million. Further details are set out as follows:

Month	Number of Units bought back	Purchase price per Unit Highest	Purchase price per Unit Lowest	Approximate aggregate consideration (excluding expenses)
		HK$	HK$	HK$'000
2023				
March	79,000	2.3947	2.3597	187
April	180,000	2.4410	2.4313	439

All on-market 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 on-market was approximately HK$2.42 per Unit. All the above Units bought back were cancelled during the Reporting Period.

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 "New Issue of Units" in this announcement for details relating to new Units issued by Spring REIT during the Reporting Period.

As announced by the Manager on 25 May 2023, the Manager and BT Cayman Ltd. (**"BT Cayman"**) entered into a buy-back agreement, pursuant to which the Manager (acting in its capacity as manager for and on behalf of Spring REIT) conditionally agreed to acquire and BT Cayman conditionally agreed to dispose of 63,235,000 Units held by BT Cayman, representing approximately 4.23% of issued Units as at 30 June 2023 (the "**Off-market Unit Buy-back**"). The price of Off-market Unit Buy-back was fixed at HK$2.3810. The Off-market Unit Buy-back was approved by the independent Unitholders at an extraordinary general meeting of Spring REIT held on 23 June 2023. Completion of the Off-market Unit Buy-back was taken place on 7 July 2023. Details of the Off-market Unit Buy-back were set out in Spring REIT's announcements dated 25 May 2023, 28 May 2023, 30 May 2023, 23 June 2023 and 7 July 2023 and Spring REIT's circular dated 27 May 2023 respectively.

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 2023.

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).

Review of Interim Results

The consolidated interim results of Spring REIT for the Reporting Period 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.

Issuance of the Interim Report

The interim report of Spring REIT for the Reporting Period will be published on the websites of the Hong Kong Exchanges and Clearing Limited, at www.hkexnews.hk, and Spring REIT, at www.springreit.com, and will be sent to Unitholders on or before 31 August 2023.

By order of the Board
Spring Asset Management Limited
(as manager of Spring Real Estate Investment Trust)
Mr. Toshihiro Toyoshima
Chairman of the Manager

Hong Kong, 22 August 2023

As at the date of this announcement, the directors of the Manager are Toshihiro Toyoshima (Chairman and non-executive director); Leung Kwok Hoe, Kevin (executive director and Chief Executive Officer) and Chung Wai Fai, Michael (executive director and Chief Financial Officer); Hideya Ishino (non-executive director); and Simon Murray, Qiu Liping and Lam Yiu Kin (independent non-executive directors).

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
Revenues	6	**363,415**	267,307
Property operating expenses	7	**(89,521)**	(64,732)
Net property income		**273,894**	202,575
General and administrative expenses	8	**(40,605)**	(32,908)
Fair value (loss)/gain of investment properties	14	**(98,412)**	59,057
Fair value loss of right-of-use assets	15	**(107)**	(253)
Other gains, net	9	**19,593**	53,735
Operating profit		**154,363**	282,206
Bank interest income		**2,736**	1,825
Finance costs on interest-bearing borrowings	10	**(219,610)**	(187,615)
(Loss)/profit before taxation and transactions with Unitholders		**(62,511)**	96,416
Income tax expense	11	**(19,582)**	(2,643)
(Loss)/profit for the period, before transactions with Unitholders		**(82,093)**	93,773
Distributions paid to Unitholders:			
– 2021 final distribution		**—**	(139,224)
– 2022 final distribution *(note i)*		**(135,192)**	—
		(217,285)	(45,451)

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Represented by:		
Change in net assets attributable to Unitholders, excluding issuance of new units and units bought back for cancellation	**(206,529)**	(485)
Amount arising from exchange reserve movements regarding translation of financial statements	**(21,580)**	(44,966)
Non-controlling interests	**10,824**	—
	(217,285)	(45,451)
(Loss)/profit for the period, before transactions with Unitholders attributable to:		
– Unitholders *(note ii)*	**(92,917)**	93,773
– Non-controlling interests	**10,824**	—
	(82,093)	93,773

Notes:

(i) 2022 final distribution of RMB135,192,000 for the year ended 31 December 2022 was paid during the six months ended 30 June 2023. Total distribution for the six months ended 30 June 2023 is presented in the consolidated statement of distributions.

(ii) (Loss)/earnings per unit, based upon (loss)/profit for the period, before transactions with Unitholders attributable to Unitholders and the weighted average number of units in issue, is set out in note 13.

The notes on pages 41 to 66 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Note	Before transactions with Unitholders (Unaudited) *RMB'000*	Transactions with Unitholders (note i) (Unaudited) *RMB'000*	After transactions with Unitholders (note ii) (Unaudited) *RMB'000*	Non-Controlling interests (Unaudited) *RMB'000*	Total (Unaudited) *RMB'000*
For the six months ended 30 June 2023						
Loss for the period		**(92,917)**	**71,337**	**(21,580)**	**10,824**	**(10,756)**
Other comprehensive income:						
Items that may be reclassified to condensed consolidated income statement						
Exchange losses on translation of financial statements of subsidiaries		**(28,365)**	**—**	**(28,365)**	**—**	**(28,365)**
Items that may not be reclassified to condensed consolidated income statement						
Exchange gains on translation of financial statements of Spring REIT		**49,945**	**—**	**49,945**	**—**	**49,945**
Total comprehensive income for the period	ii	**(71,337)**	**71,337**	**—**	**10,824**	**10,824**
For the six months ended 30 June 2022						
Profit for the period		93,773	(138,739)	(44,966)	—	(44,966)
Other comprehensive income:						
Items that may be reclassified to condensed consolidated income statement						
Exchange losses on translation of financial statements of subsidiaries		(5,165)	—	(5,165)	—	(5,165)
Items that may not be reclassified to condensed consolidated income statement						
Exchange gains on translation of financial statements of Spring REIT		50,131	—	50,131	—	50,131
Total comprehensive income for the period	ii	138,739	(138,739)	—	—	—

Notes:

(i) Transactions with Unitholders comprise the distributions paid to Unitholders of RMB135,192,000 (2022: RMB139,224,000), and change in net assets attributable to Unitholders excluding issuance of new units and units bought back for cancellation, which is a decrease of RMB206,529,000 (2022: decrease of RMB485,000).

(ii) In accordance with the Trust Deed, Spring REIT is required to distribute not less than 90% of total distributable income to Unitholders for each financial year. Accordingly, the units contain contractual obligations of Spring REIT to pay cash distributions. The Unitholders' funds are therefore classified as a financial liability rather than equity in accordance with International Accounting Standard 32: Financial Instruments: Presentation. Consistent with Unitholders' funds being classified as a financial liability, the distributions to Unitholders and change in net assets attributable to Unitholders, excluding issuance of new units and units bought back for cancellation, 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 41 to 66 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF DISTRIBUTIONS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
(Loss)/profit for the period, before transactions with Unitholders attributable to Unitholders	**(92,917)**	93,773
Adjustments:		
– Fair value loss/(gain) of investment properties attributable to Unitholders	**95,196**	(59,057)
– Fair value loss of right-of-use assets	**107**	253
– Net fair value loss/(gain) of derivative financial instruments	**9,803**	(92,790)
– Deferred taxation attributable to Unitholders	**1,867**	1,341
– Manager's fee in units in lieu of cash	**19,479**	15,987
– Amortisation of transaction costs for host liability components of bank borrowings	**8,999**	16,797
– Unrealised foreign exchange loss	**89,126**	176,347
Distributable income for the period *(note ii)*	**131,660**	152,651
Total distributions of the period *(note iii)*	**127,710**	137,386
Percentage of total distribution over distributable income for the period	**97%**	90%
Distributions per unit to Unitholders for the period		
– Interim distribution per unit, to be paid *(note iv, v and vi)*	**HK10.0 cents**	HK11.2 cents

Notes:

(i) All distributions to Unitholders are determined and paid in Hong Kong dollar. For Unitholder's reference, the distributions per unit to Unitholders expressed in RMB term is as follows:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Distributions per unit to Unitholders		
– Interim distribution per unit	**RMB8.9 cents**	RMB9.3 cents
Distribution per unit for the period	**RMB8.9 cents**	RMB9.3 cents

(ii) Under the terms of the Trust Deed, the distributable income represents the (loss)/profit for the period before transactions with Unitholders attributable to Unitholders, adjusted to eliminate the effects of certain non-cash transactions which have been recorded in the condensed consolidated income statement for the period.

(iii) 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.

(iv) On 20 April 2023, a total of 259,000 units repurchased during the six months ended 30 June 2023 were subsequently cancelled. On 24 March 2023 and 2 May 2023, a total of 4,411,081 and 4,484,163 units were issued as payment of part of the Manager's fees respectively.

Subsequent to the six month ended 30 June 2023, on 18 July 2023, a total of 63,235,000 units repurchased on 7 July 2023 were cancelled. On 18 August 2023, a total of 5,001,961 units were issued as payment of part of the Manager's fees.

Accordingly, the interim distribution per unit of HK10.0 cents for the six months ended 30 June 2023 is calculated based on the interim distribution to be paid to Unitholders of RMB127,710,000 for the period and 1,435,334,392 units in issue as at 22 August 2023, being the date of declaration of the interim distribution, rounded to the nearest HK0.1 cents.

Distributions to Unitholders for the six months ended 30 June 2023 represent a payout ratio of 97% (2022: 90%) of Spring REIT's total distributable income for the period. The interim distribution for the six months ended 30 June 2023 is expected to be paid to Unitholders on 22 September 2023. Such interim distributions per unit, however, may be subject to adjustment upon the issuance of new units between 22 August 2023 (being the date of the declaration of the interim distribution) and 8 September 2023 (the "Record Date"), if any.

(v) On 25 July 2022, a total of 770,000 units, comprising 579,000 units repurchased during the six months ended 30 June 2022 and 191,000 units repurchased during the period from 1 July 2022 to 18 July 2022, were subsequently cancelled. On 11 August 2022, a total of 3,490,017 units were issued as payment of part of the Manager's fees. Accordingly, the interim distribution per unit of HK11.2 cents for the six months ended 30 June 2022 is calculated based on the interim distribution to be paid to Unitholders of RMB137,386,000 for the period and 1,482,022,576 units in issue as at 23 August 2022, being the date of declaration of the final distribution, rounded to the nearest HK0.1 cents.

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

The notes on pages 41 to 66 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	**As at 30 June 2023 (Unaudited) *RMB'000***	As at 31 December 2022 (Audited) *RMB'000*
Assets			
Investment properties	14	**12,066,230**	12,082,952
Right-of-use assets	15	**15,841**	14,460
Derivative financial instruments	16	**154,276**	159,994
Restricted bank balances	18	**338,700**	366,840
Trade and other receivables	17	**94,212**	104,313
Cash and cash equivalents	18	**339,876**	202,434
Total assets		**13,009,135**	12,930,993
Liabilities, excluding net assets attributable to Unitholders			
Interest-bearing borrowings	20	**5,130,999**	4,857,346
Deferred tax liabilities	21	**100,059**	97,313
Lease liabilities	15	**11,531**	10,601
Rental deposits	19	**206,017**	204,566
Trade and other payables	19	**190,844**	217,279
Income tax payable		**40,813**	37,880
Total liabilities, excluding net assets attributable to Unitholders		**5,680,263**	5,424,985
Non-controlling interests		**957,989**	947,165
Net assets attributable to Unitholders		**6,370,883**	6,558,843
Units in issue ('000)	22	**1,493,567**	1,484,931
Net asset value per unit attributable to Unitholders			
In RMB		**4.27**	4.42
In HK$		**4.63**	4.95

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

Leung Kwok Hoe, Kevin	**Chung Wai Fai, Michael**
Executive Director	*Executive Director*

The notes on pages 41 to 66 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the six months ended 30 June 2023

	Reserves *RMB'000*	Net assets attributable to Unitholders *RMB'000*	Non-Controlling interest *RMB'000*	Total *RMB'000*
As at 1 January 2023	—	6,558,843	947,165	7,506,008
Loss for the period, before transactions with Unitholders	—	(92,917)	10,824	(82,093)
Exchange gains on translation of financial statements	21,580	—	—	21,580
Amount arising from exchange reserve movements	(21,580)	21,580	—	—
Distributions paid to Unitholders:				
– 2022 final distribution	—	(135,192)	—	(135,192)
Change in net assets attributable to Unitholders for the six months ended 30 June 2023, excluding issuance of new units and units bought back for cancellation	—	(206,529)	10,824	(195,705)
Issuance of units *(note 22)*	—	19,120	—	19,120
Units bought back for cancellation *(note 22)*	—	(551)	—	(551)
As at 30 June 2023	—	6,370,883	957,989	7,328,872

	Reserves	Net assets attributable to Unitholders
	RMB'000	*RMB'000*
As at 1 January 2022	—	6,671,653
Profit for the period, before transactions with Unitholders	—	93,773
Exchange gains on translation of financial statements	44,966	—
Amount arising from exchange reserve movements	(44,966)	44,966
Distributions paid to Unitholders:		
– 2021 final distribution	—	(139,224)
Change in net assets attributable to Unitholders for the six months ended 30 June 2022, excluding issues of new units and units bought back for cancellation	—	(485)
Issuance of units *(note 22)*	—	15,956
Units bought back for cancellation *(note 22)*	—	(1,846)
As at 30 June 2022	—	6,685,278

Note: The amount represented earnings retained for the period to offset the reserve movements.

The notes on pages 41 to 66 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 2602, 26/F, LHT Tower, 31 Queen's Road Central, 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 2023 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 2022, 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 2022 as described in those annual financial statements.

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

The Group has adopted all of the new standards, amendments, improvements and interpretation issued by the International Accounting Standards Board that are mandatory for annual accounting periods beginning on or after 1 January 2023.

New standards, amendments, improvements and interpretation to existing standards effective in 2023:

		Effective for accounting periods beginning on or after
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 4 Amendments	Extension of the temporary exemption from applying IFRS 9 and IFRS 4	1 January 2023
IFRS 17 and IFRS 17 Amendments	Insurance Contracts	1 January 2023

The adoption of these new standards, amendments, improvements and interpretation to existing standards does not have a material impact on the accounting policies or results and the financial position of the Group and/or the disclosure set out in these condensed consolidated financial information.

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
IAS 1 Amendments	Non-current Liabilities with Covenants	1 January 2024
IAS 1 Amendments	Classification of Liabilities as Current or Non-current	1 January 2024
IFRS 16 Amendments	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements (amendments)	1 January 2024
IFRS 10 and IAS 28 (2011) Amendments	Lease Liability in a Sale and Leaseback	To be determined

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

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 2022.

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

6 REVENUE AND SEGMENT INFORMATION

The Group holds investment properties in the PRC and the UK, and is principally engaged in property investment and provision of related services. 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 2023, revenue of RMB344.6 million (30 June 2022: RMB248.8 million) is attributable to tenants from the PRC investment properties and RMB18.8 million (30 June 2022: RMB18.4 million) is attributable to tenants from the UK investment properties. As at 30 June 2023, investment properties of RMB11,423 million (31 December 2022: RMB11,463 million) is located in the PRC and RMB643 million (31 December 2022: RMB620 million) is located in the UK. Right-of-use assets of RMB16 million (31 December 2022: RMB14 million) is located in the UK.

An analysis of revenues of the Group is as follows:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenues		
Rental income	**346,974**	262,028
Car park income	**1,497**	2,720
Other income *(note i)*	**14,944**	2,559
	363,415	267,307

Note:

(i) Other income mainly represents compensation paid by tenants for early termination of lease and miscellaneous income charged to tenants.

7 PROPERTY OPERATING EXPENSES

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Property management fee	**16,717**	5,767
Property taxes *(note i)*	**38,613**	30,385
Other taxes *(note ii)*	**2,269**	146
Withholding tax *(note iii)*	**23,892**	25,499
Leasing commission	**889**	942
Advertising and promotion expenses	**6,586**	—
Reinstatement costs	**—**	1,551
Others	**555**	442
	89,521	64,732

Notes:

(i) Property taxes represent real estate tax and land use tax in the PRC. Real estate tax applicable to the Group's PRC 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, consumption tax and stamp duty in the PRC.

(iii) Withholding tax is calculated based on 10% of the revenues received from rental operation for the Beijing properties.

8 GENERAL AND ADMINISTRATIVE EXPENSES

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Manager's fee *(note i)*	**31,512**	25,704
Trustee fee	**1,359**	880
Valuation fee	**266**	761
Auditor's remuneration		
– Audit services	**105**	102
– Other assurance services	**732**	612
– Other non-assurance services	**169**	13
Legal and other professional fee *(note ii)*	**5,271**	4,389
Others	**1,191**	447
	40,605	32,908

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.

9 OTHER GAINS, NET

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Net fair value (loss)/gain of derivative financial instruments at fair value through profit or loss	**(9,803)**	92,790
Foreign exchange gains/(losses), net	**29,248**	(39,055)
Other gain	**148**	—
	19,593	53,735

10 FINANCE COSTS ON INTEREST-BEARING BORROWINGS

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest expenses on bank borrowings *(note i)*	**(135,049)**	(50,695)
Interest income on derivative financial instruments	**34,249**	808
Interest expenses on lease liabilities	**(436)**	(436)
Foreign exchange losses on bank borrowings *(note ii)*	**(118,374)**	(137,292)
	(219,610)	(187,615)

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 losses on bank borrowings arise upon translating the bank borrowings denominated in foreign currencies.

11 INCOME TAX EXPENSE

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

For the subsidiary with operation in Huizhou, the PRC, it is subject to corporate income tax at a rate of 25%.

Prior to 31 March 2023, for the subsidiary with operation in the UK, it is subject to corporate income tax at a 19%. From 31 March 2023 onwards, the UK subsidiary is subject to corporation tax at a rate of 25%.

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	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax		
Current income tax	**16,836**	1,302
	16,836	1,302
Deferred taxation	**2,746**	1,341
	19,582	2,643

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 periodw were as follows:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
(Loss)/profit before income tax and transactions with Unitholders	**(62,511)**	96,416
Exclude profit from the PRC operation which is not subject to income tax *(note 7(iii))*	**79,405**	(121,485)
	16,894	(25,069)
Tax calculated at the Hong Kong profit tax rate at 16.5% (2022: 16.5%)	**2,788**	(4,136)
Effect on different taxation rate on overseas operations	**2,476**	(48)
Income not subject to tax	**(8,646)**	(169)
Expenses not deductible for tax purposes	**22,964**	6,996
	19,582	2,643

12 MANAGER'S FEE

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Base fee	**23,953**	19,628
Variable fee	**7,559**	6,076
	31,512	25,704

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 2 December 2022 and 3 December 2021 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% (2022: same), and Variable Fee to be paid to the Manager in the form of cash entirely (2022: same), arising from any real estate of Spring REIT for the six months period ended 30 June 2023 and 2022 in accordance with the Trust Deed.

13 (LOSS)/ EARNINGS PER UNIT

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
(Loss)/profit for the period, before transactions with Unitholders attributable to Unitholders	**(92,917)**	93,773
Weighted average number of units for the period for calculating basic earnings per unit	**1,488,702,672**	1,475,393,909
Adjustment for dilutive units issuable in respect of the Manager's fee	**—**	3,490,017
Weighted average number of units for the period for calculating diluted earnings per unit	**1,488,702,672**	1,478,883,926
Basic (loss)/earnings per unit based upon (loss)/profit before transactions with Unitholders attributable to Unitholders	**(RMB6.2 cents)**	RMB6.4 cents
Diluted (loss)/earnings per unit based upon (loss)/profit before transactions with Unitholders attributable to Unitholders	**(RMB6.2 cents)**	RMB6.3 cents

14 INVESTMENT PROPERTIES

	For the period ended 30 June 2023	For the year ended 31 December 2022
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
At beginning of the period/year	**12,082,952**	9,307,096
Acquisition of subsidiaries *(note 24)*	**—**	2,442,000
Transaction costs for the acquisition of subsidiaries	**—**	51,024
Additions	**20,454**	—
Exchange differences recognised in other comprehensive income	**61,236**	(19,629)
Changes in fair value recognised in consolidated income statement	**(98,412)**	268,730
At end of the period/year	**12,066,230**	12,082,952

Notes:

(i) The investment properties of the Group include those located in the Beijing, Huizhou and the UK.

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

In Huizhou, the investment properties comprises seven-storey shopping mall and 700 underground and 50 above-ground car park spaces located at No. 9 First Wencheng Road, Huicheng District, Huizhou, Guangdong Province, the PRC. The land use rights of the properties have been granted to Huizhou Runxin for 40-year term expiring on 1 February 2048.

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 28 September 2022, the Group completed the acquisition of 68% interest of Huizhou Huamao Place through acquisition of subsidiaries (note 24).

As at 30 June 2023 and 31 December 2022, 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 2023 and 31 December 2022, the fair values of the investment properties have been determined by Knight Frank Petty Limited.

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

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 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. 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 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	**Level 2**	**Level 3**
	RMB'000	***RMB'000***	***RMB'000***
Recurring fair value measurements			
As at 30 June 2023	**—**	**—**	**12,066,230**
As at 31 December 2022	—	—	12,082,952

There were no transfers between levels 1, 2 and 3 during the period/year (31 December 2022: nil).

Key unobservable inputs used to determine fair values

(i) Beijing CCP 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 2023 valuation, a capitalisation rate of 5.0% (31 December 2022: 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 RMB398 (31 December 2022: RMB399) per square meter exclusive of VAT is used in the valuation.

(ii) Huizhou Huamao Place

(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 2023 valuation, a capitalisation rate of 6.0% (31 December 2022: 6.0%) 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 gross monthly base rent for the retail unit is RMB177 (31 December 2022: RMB176) per square meter.

(iii) 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 2023 valuations, the capitalisation rate used in the income capitalisation approach of 84 investment properties ranged from 4.45% to 9.15% (31 December 2022: 3.70% to 8.15%).

(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 ranged from GBP4.00 to GBP27.50 (31 December 2022: GBP4.52 to GBP23.57) per square foot.

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 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
	RMB'000	*RMB'000*
Right-of-use assets		
At beginning of the period/year	**14,460**	15,217
Exchange differences recognised in other comprehensive income	**1,488**	(445)
Changes in fair value recognised in consolidated income statement	**(107)**	(312)
At end of the period/year	**15,841**	14,460

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
	RMB'000	*RMB'000*
Lease liabilities, expected to be settled:		
Within 1 year	**254**	96
After 1 year	**11,277**	10,505
	11,531	10,601

Fair value hierarchy

	Fair value measurements using		
	Level 1	**Level 2**	**Level 3**
	RMB'000	***RMB'000***	***RMB'000***
Recurring fair value measurements			
As at 30 June 2023	**—**	**—**	**15,841**
As at 31 December 2022	—	—	14,460

There were no transfers between levels 1, 2 and 3 during the period/year (31 December 2022: nil).

16 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
	RMB'000	*RMB'000*
Asset		
Fair value of the interest rate swaps	**154,276**	159,994

As at 30 June 2023, the Group has entered into three (31 December 2022: three) 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 2023 was HK$3,355 million (approximately RMB3,093 million) (31 December 2022: HK$3,355 million (approximately RMB2,967 million)) with HK$1,000 million mature on 29 December 2023 and HK$2,355 million mature on 23 September 2025 (31 December 2022: same).

The Group recorded net fair value loss on interest rate swaps for the six months ended 30 June 2023 amounting to RMB9,803,000 (30 June 2022: gain on RMB92,790,000) (note 9) which were charged to the condensed consolidated income statement.

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

The carrying amounts of interest rate swaps are expected to be recovered after twelve months.

17 TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 (Unaudited) *RMB'000*	As at 31 December 2022 (Audited) *RMB'000*
Rent receivables	**7,140**	7,266
Deferred rent receivables *(note iv)*	**40,602**	41,135
Prepayments	**9,995**	10,884
Other receivables	**3,473**	2,151
VAT recoverable	**215**	117
Indemnified tax recoverable *(note v)*	**32,787**	42,760
	94,212	104,313

Notes:

(i) Trade and other receivables are mainly 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.

Fixed monthly rentals are payable in advance by tenants in accordance with the leases while the turnover rent and daily gross receipts from tenants and 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 2023 and 31 December 2022, the Group's rent receivables and all future rent receivables in the PRC were pledged to secure the Group's interest-bearing borrowings (note 20).

(iv) Deferred rent receivables represent the accumulated difference between effective rental revenue and actual rental receipts.

(v) Balance represents the tax indemnity from seller in relation to the acquisition of Huizhou properties for any tax liabilities of the project company before the acquisition and the balance was unsecured, interest free, repayable on demand and denominated in RMB.

(vi) The ageing of rent receivables, presented based on the due date, is as follows:

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
	RMB'000	*RMB'000*
0 – 30 days	**2,160**	4,939
31 – 90 days	**1,435**	661
Over 90 days	**3,545**	1,666
	7,140	7,266

(vii) The carrying amounts of trade and other receivables are expected to be recovered within the next twelve months.

18 RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
	RMB'000	*RMB'000*
Restricted bank balances	**338,700**	366,840
Cash and cash equivalents	**339,876**	202,434
	678,576	569,274

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

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
	RMB'000	*RMB'000*
US$	**23,349**	25,206
RMB	**320,698**	305,290
HK$	**316,493**	210,584
GBP	**18,036**	28,194
	678,576	569,274

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 cash and cash equivalents and restricted bank balances are expected to be recovered as below:

	As at 30 June 2023 (Unaudited) *RMB'000*	As at 31 December 2022 (Audited) *RMB'000*
Cash and cash equivalents		
Within 1 year	**339,876**	202,434
Restricted bank balances		
After 1 year	**338,700**	366,840

19 RENTAL DEPOSITS AND TRADE AND OTHER PAYABLES

	As at 30 June 2023 (Unaudited) *RMB'000*	As at 31 December 2022 (Audited) *RMB'000*
Rental deposits ***(note i)***	**206,017**	204,566
Trade and other payables:		
Rental receipts in advance	**58,653**	52,380
Provision for other taxes *(note ii)*	**11,561**	16,377
Accrued expenses and other payables	**120,630**	148,522
	190,844	217,279

Notes:

(i) The carrying amount is expected to be settled based on the terms of agreement as below:

	As at 30 June 2023 (Unaudited) *RMB'000*	As at 31 December 2022 (Audited) *RMB'000*
Within 1 year	**85,674**	64,764
After 1 year	**120,343**	139,802
	206,017	204,566

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

The carrying amounts of trade and other payables approximate their fair values, mainly denominated in RMB and GBP and are expected to be settled within twelve months.

20 INTEREST-BEARING BORROWINGS

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

	As at 30 June 2023 (Unaudited) *RMB'000*	As at 31 December 2022 (Audited) *RMB'000*
Bank borrowings		
Within 1 year	**66,310**	64,000
After 1 year	**5,064,689**	4,793,346
	5,130,999	4,857,346

Bank borrowings are denominated in the following currencies:

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
	RMB'000	*RMB'000*
HK$ *(note i)*	**3,942,684**	3,674,729
RMB *(note ii)*	**753,834**	768,000
GBP *(note iii)*	**434,481**	414,617
	5,130,999	4,857,346

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 2023 (Unaudited)	As at 31 December 2022 (Audited)
	RMB'000	*RMB'000*
6 months or less	**5,130,999**	4,857,346

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 1.60% per annum above 1-month HK$ HIBOR and repayable in full on 23 September 2025;

(ii) The borrowing bears interest of 60 basis point above the loan prime rate for more than five years as announced by the National Interbank Funding Centre, repayable periodically and will mature in March 2032; and

(iii) The borrowing is repayable in full on 26 January 2025 and bears interest of 2.20% margin plus Sterling Overnight Index Average plus Credit Adjustment Spread.

As at 30 June 2023 and 31 December 2022, the Group's investment properties (note 14), derivative financial instruments (note 16), rent receivables (note 17) and all future rent receivables (note 23), 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.

21 DEFERRED TAX LIABILITIES

Deferred taxation is calculated in full on temporary differences under the liability method.

Deferred tax liabilities are expected to be settled after one year.

The movements in deferred tax liabilities during the period/year are as follows:

	Investment properties revaluation (Unaudited) *RMB'000*	**Acceleration depreciation allowance (Unaudited)** *RMB'000*	**Total (Unaudited)** *RMB'000*
At 30 June 2023			
At beginning of the period	**95,250**	**2,063**	**97,313**
Deferred tax expense recognised in consolidated income statement	**—**	**2,746**	**2,746**
At end of the period	**95,250**	**4,809**	**100,059**

	Investment properties revaluation (Audited) *RMB'000*	Acceleration depreciation allowance (Audited) *RMB'000*	Total (Audited) *RMB'000*
At 31 December 2022			
At beginning of the year	2,760	—	2,760
Exchange differences recognised in other comprehensive income	(86)	—	(86)
Deferred tax expense recognised in consolidated income statement	92,576	2,063	94,639
At end of the year	95,250	2,063	97,313

22 UNITS IN ISSUE

	Number of units	
	For the period ended 30 June 2023	For the year ended 31 December 2022
Balance at the beginning of the period/year	**1,484,931,187**	1,472,383,580
New units issued for Manager's fee	**8,895,244**	14,674,607
Repurchase of units in issue *(note ii)*	**(259,000)**	(2,127,000)
Balance at the end of the period/year *(note i)*	**1,493,567,431**	1,484,931,187

Notes:

(i) Traded market value of the units as of 30 June 2023 was HK$2.22 (31 December 2022: HK$2.40) per unit. Based on 1,493,567,431 (31 December 2022:1,484,931,187) units, the market capitalisation was HK$3,316 million (approximately RMB3,057 million) (31 December 2022: HK$3,564 million (approximately RMB3,205 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 259,000 units (2022: 808,000 units) at an aggregate consideration of approximately RMB551,000 (2022: RMB1,846,000) during the period ended 30 June 2023. All units bought back were cancelled during the period.

23 FUTURE MINIMUM RENTAL RECEIVABLES

As at 30 June 2023, the analysis of the Group's aggregate future minimum rental receivable under non-cancellable leases is as follows:

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
	RMB'000	*RMB'000*
Within 1 year	**643,832**	633,346
1 - 2 years	**459,038**	493,517
2 - 3 years	**308,468**	327,607
3 - 4 years	**139,381**	162,046
4 - 5 years	**89,746**	74,057
After 5 years	**218,197**	204,317
	1,858,662	1,894,890

Note: Most of the operating leases are on fixed terms and of terms of ranging from 1-3 years (31 December 2022: 1-3 years).

24 ACQUISITION OF SUBSIDIARIES

On 29 April 2022, the Group entered into conditional acquisition agreements, pursuant to which they would acquire an aggregate 68% interest in Huizhou Runxin and its investment holding companies from the associates of a substantial Unitholder. Huizhou Runxin owns a seven-storey shopping mall and certain carpark spaces in Huizhou City, the PRC. The acquisition was completed on 28 September 2022 at purchase consideration of RMB1,641.5 million and related transaction costs of RMB51.0 million which RMB890.0 million was satisfied by the novation of payable from the seller and the remaining balance were settled in cash. The acquisition have been accounted for by the Group as acquisition of asset under IFRS 3 "Business Combinations" since substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset, the Huizhou Huamao Place.

The assets and liabilities arising from the acquisition are as follows:

	RMB'000
Investment properties	2,442,000
Restricted bank balances	40,000
Trade and other receivables (including receivable due from seller)	1,132,320
Cash and cash equivalents	55,011
Interest-bearing borrowings	(800,000)
Rental deposits	(53,051)
Trade and other payables	(102,111)
Tax payable	(35,778)
Other net liabilities	(179,776)
Net assets acquired	2,498,615
Non-controlling interests	(857,085)
Purchase consideration for the acquisition	1,641,530
Consideration satisfied by assumption of payable (non-cash transaction)	(890,000)
Cash and cash equivalents acquired	(55,011)
	696,519
Transaction costs (note)	51,024
Transaction costs paid in prior year	(7,813)
Net outflow to cash – investing activities	739,730

Note: The transaction costs related to the acquisition of RMB51 million were capitalised in the investment properties.

25 PRINCIPAL SUBSIDIARIES

Name	Place of establishment and kind of legal entity/place of operations	Principal activities	Particulars of issued share capital	Interest held 2022	Interest held 2021
Directly held:					
RCA01	Cayman Islands, limited liability	Property investment	1,000 of US$1 each	**100%**	100%
RUK01 Limited	Jersey, limited liability	Investment holding	1 of GBP1 each	**100%**	100%
RHZ01 Limited	British Virgin Islands, limited liability	Investment holding	1 of US$1 each	**100%**	—
Indirectly held:					
Huamao Capital Focus 03 Limited	British Virgin Islands, limited liability	Investment holding	1 of US$1 each	**100%**	—
Hawkeye Properties 501 Limited	Jersey, limited liability	Property investment	2 of GBP1 each	**100%**	100%
Huizhou Runxin Shopping Mall Development Co., Ltd.	PRC, limited liability	Property investment	RMB400,000,000	**68%**	—

The above list contains only the particulars of the subsidiaries which principally affect the results or assets and liabilities of the Group.

26 EVENT AFTER REPORTING PERIOD

On 25 May 2023, the Manager and BT Cayman Ltd. (**"BT Cayman**") entered into a buy-back agreement, pursuant to which the Manager (acting in its capacity as manager for and on behalf of Spring REIT) conditionally agreed to acquire and BT Cayman conditionally agreed to dispose of 63,235,000 Units held by BT Cayman, representing approximately 4.23% of issued Units as at 30 June 2023 (the "**Off-market Unit Buy-back**"). The price of Off-market Unit Buy-back was fixed at HK$2.3810 with a total consideration of approximately HK$151m. The Off-market Unit Buy-back was approved by the independent Unitholders at an extraordinary general meeting of Spring REIT held on 23 June 2023. The Off-market Unit Buy-Back has been completed on 7 July 2023 and all the buy-back units has been subsequently cancelled on 18 July 2023.

27 APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The condensed consolidated interim financial information was authorised for issue by the Manager on 22 August 2023.