



Annual Results 2015 Presentation

17 March 2016

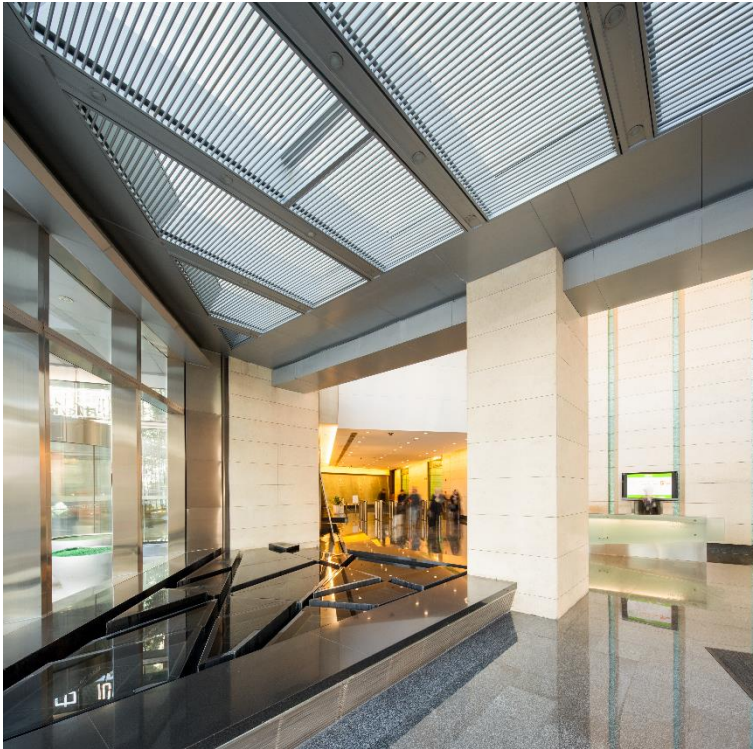
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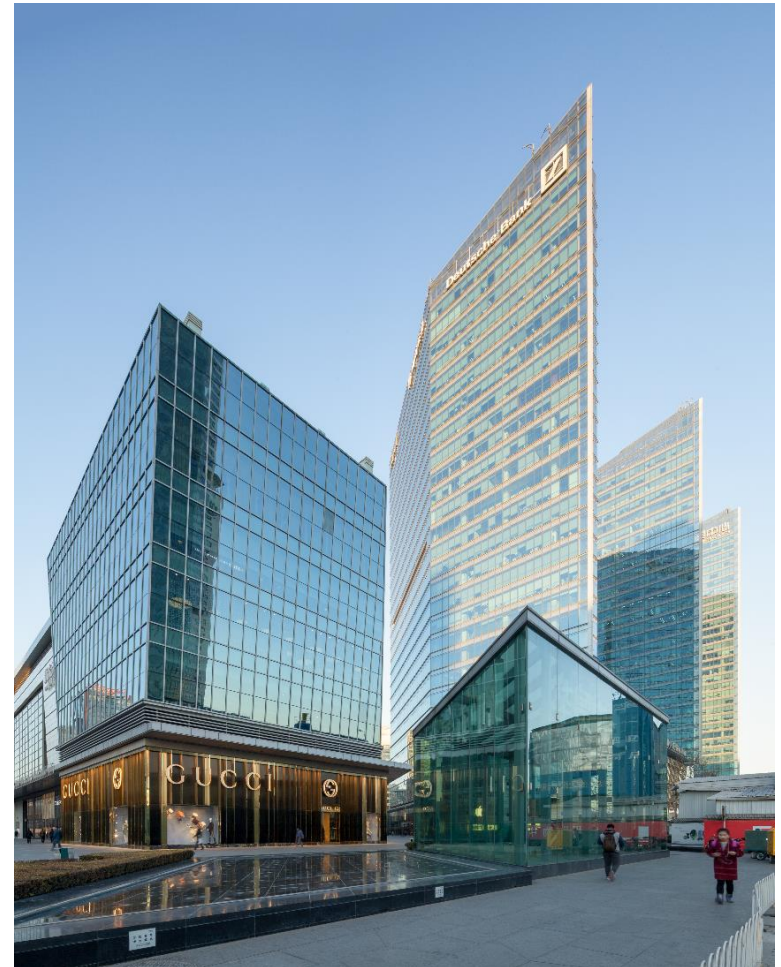


- 1 KEY MESSAGES
- 2 2015 RESULTS
- 3 INVESTMENT HIGHLIGHTS
- 4 MARKET OUTLOOK
- 5 OUTLOOK & STRATEGY

OVERVIEW OF 2015

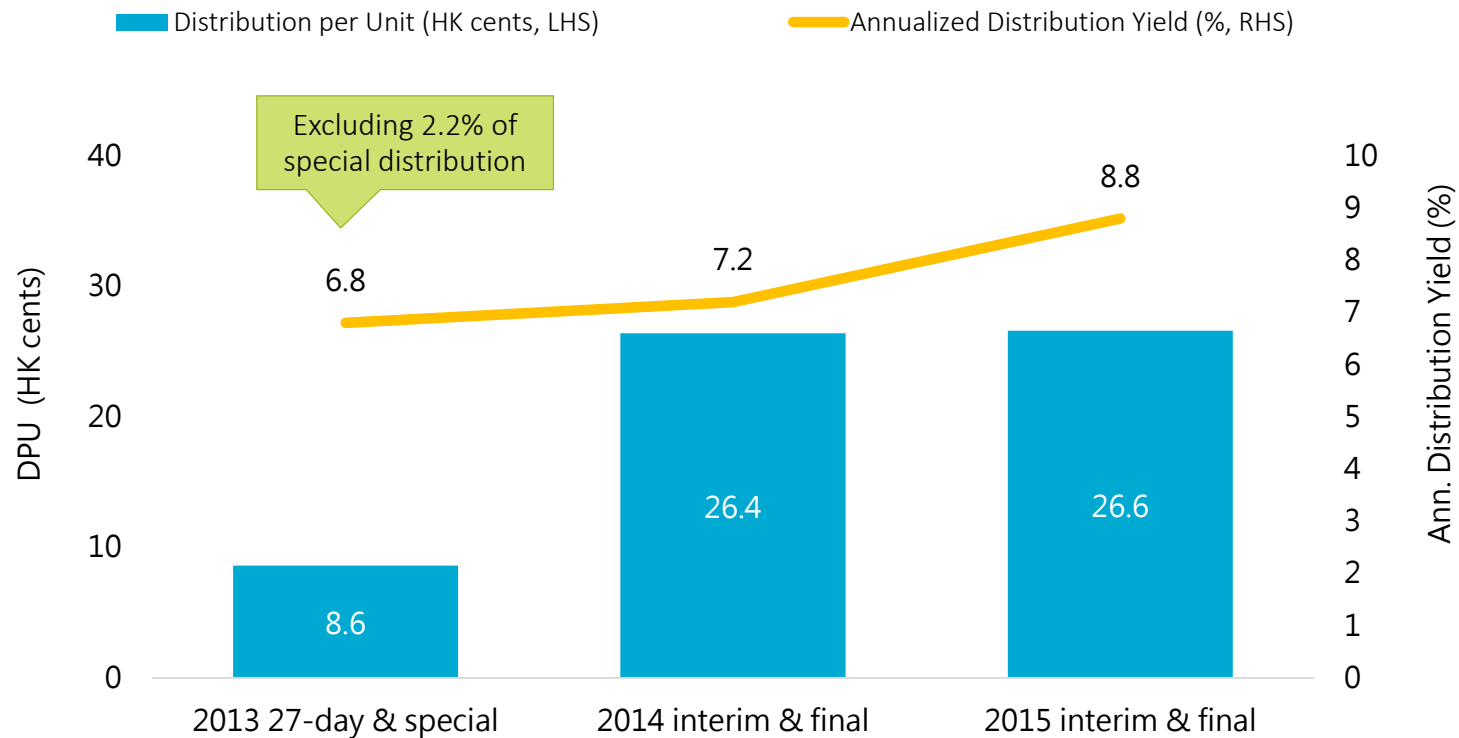
Delivering stable distribution despite macro uncertainties

- Final distribution HK12.6 cents. Full-year total distribution HK26.6 cents, +0.8% yoy.
- Superior asset quality and location of China Central Place office towers contributed to stable leasing performance.
- Property valuation benefited by higher transacted rental rates and cap rate compression.
- Purchased currency hedging to protect against substantial RMB depreciation.
- Gearing ratio remained healthy at 34.7%.



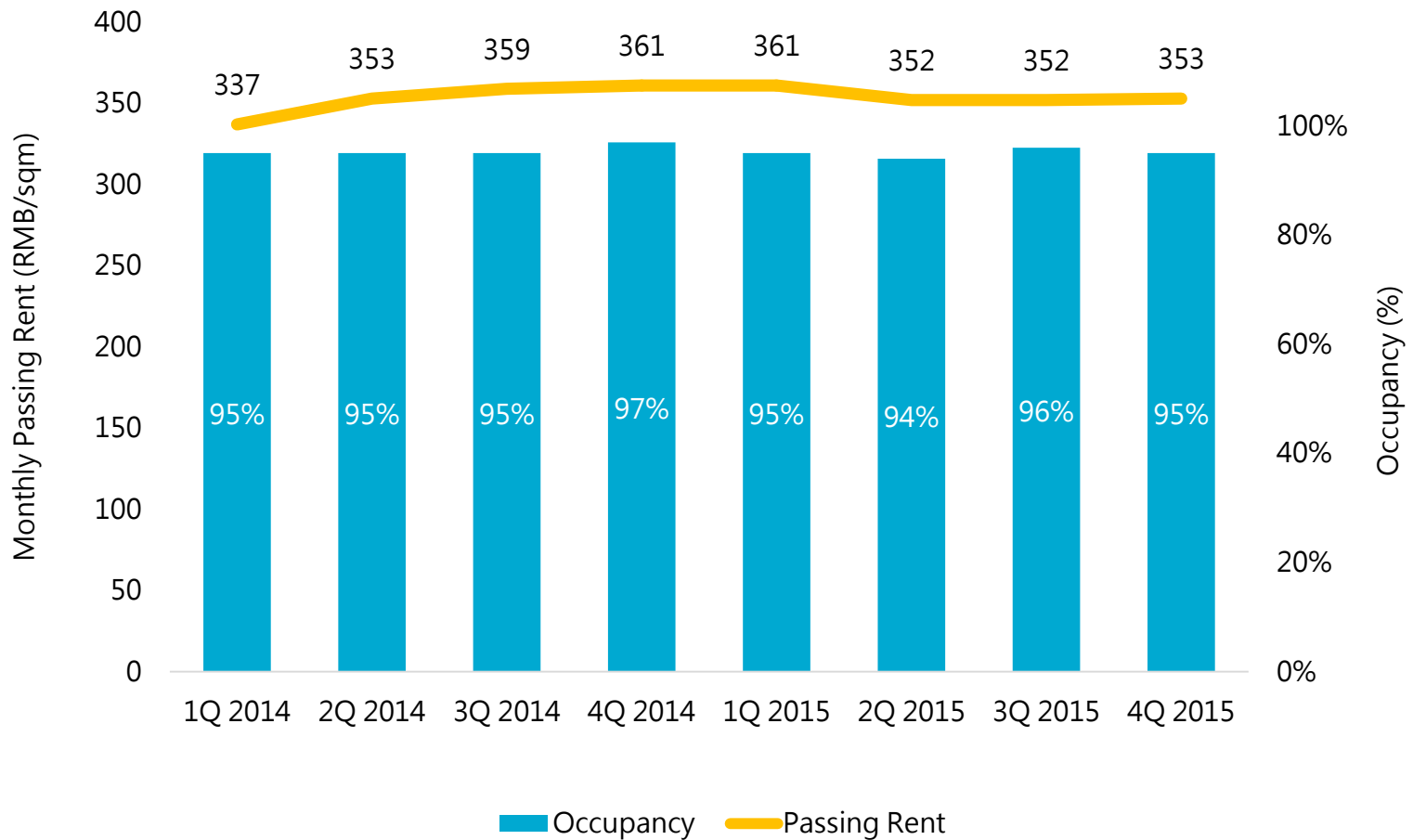
HISTORICAL DISTRIBUTIONS SINCE IPO

- IPO was on 5 Dec 2013 → Two full years of listing history.
- So far, total DPU of HK61.6 cents, or a return of 20.3% on the unit price at end-2015.



HISTORICAL LEASING PERFORMANCE SINCE IPO

- Quarterly leasing performance shows a track record of stable operation.
- Passing rent stabilizing and occupancy maintained at high levels.





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- 2 **2015 RESULTS**
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2015 RESULTS SUMMARY

Financial Performance	FY 2015	FY 2014	Change
Total Revenue (US\$ million)	80.52	81.46	- 1.2%
Net Property Income (US\$ million)	61.28	62.17	- 1.4%
Net Property Income Margin	76.1%	76.3%	- 0.2 ppts
Total Distributable Income (US\$ million)	41.24	37.70	+ 9.4%
Distribution per Unit (HK cents)	26.6	26.4	+0.8%

Financial Positions	End-2015	End-2014	Change
Appraised Property Value (RMB million)	8,335.00	8,108.00	+ 2.8%
Appraised Property Value (USD million)	1,283.55	1,306.58	- 1.8%
Total Borrowings (US\$ million)	477.30	460.68	+ 3.6%
Gearing Ratio (total borrowings to gross assets)	34.7%	33.1%	+ 1.6 ppts
Net Assets per Unit (HK\$)	5.98	6.25	- 4.3%

2015 RESULTS HIGHLIGHTS

Stable Operations and Distribution

1. Leasing Performance

- Avg monthly passing rent at RMB355/sqm, **+0.9% yoy**
- Avg Monthly Occupancy stayed high: **95%**
- Leases entered into (as % of end-December occupied GFA): **25.2%**

2. Financial Performance

- Revenue: US\$80.52 mn, **-1.2% yoy**
- Net property income (NPI): US\$61.28 mn, **-1.4% yoy**
- NPI margin: 76.1%, **-0.2 ppt**

3. Debt Profile

- Refinancing completed in April 2015.
- Interest rate at LIBOR plus 2.75%, **-75bps** savings vs old loan
- Cash interest expense, **-11.8% yoy**

4. Dividend Distribution

- Final DPU of **HK12.6 cents** (payable on 20 April 2016)
- Full-year DPU **HK26.6 cents, +0.8% yoy** (payout 93%)
- Full-year distribution yield **8.8%**^{note}

Note:

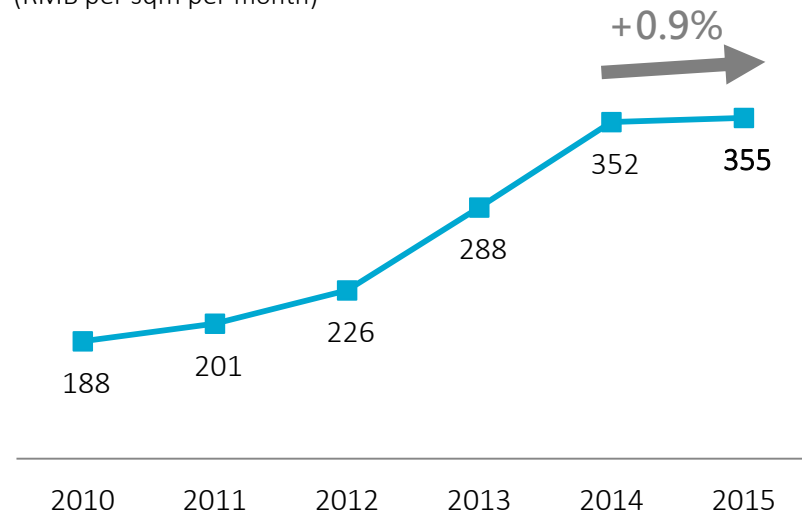
- Distribution yield is calculated based on the closing price of Spring REIT unit of HK\$3.03 as of 31 December 2015.

LEASING PERFORMANCE

Solid performance despite slowing China growth

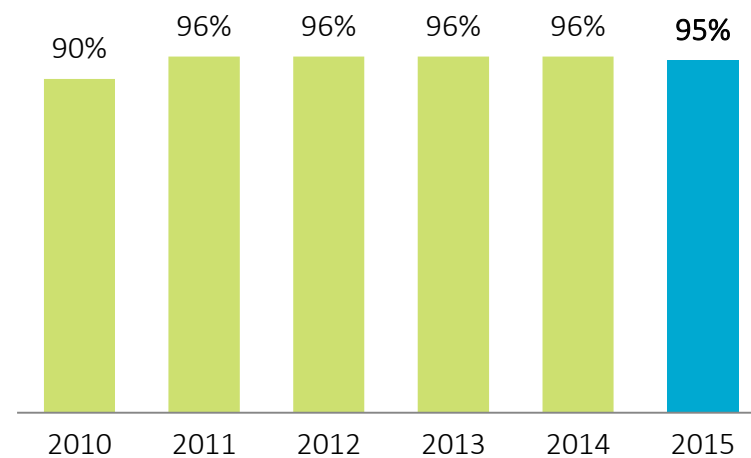
Average Passing Rents

(RMB per sqm per month)



Average Occupancy Rates

(%)



- Avg monthly passing rent +0.9% yoy
- Driven by mildly positive rental reversion
- Lease executed in 2015 = 25.2% of leased GFA

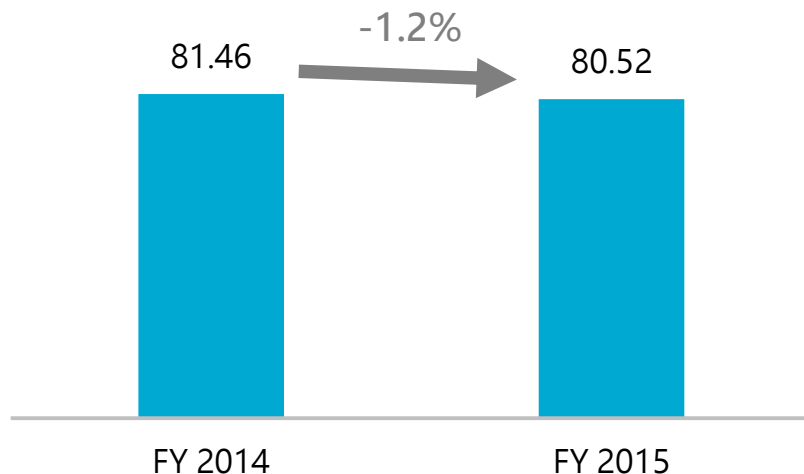
- Occupancy stable at 95%
- Consistently above 90% since 2010
- Favourable supply-demand dynamics in Beijing CBD continued.

FINANCIAL PERFORMANCE

Stable but affected by RMB depreciation

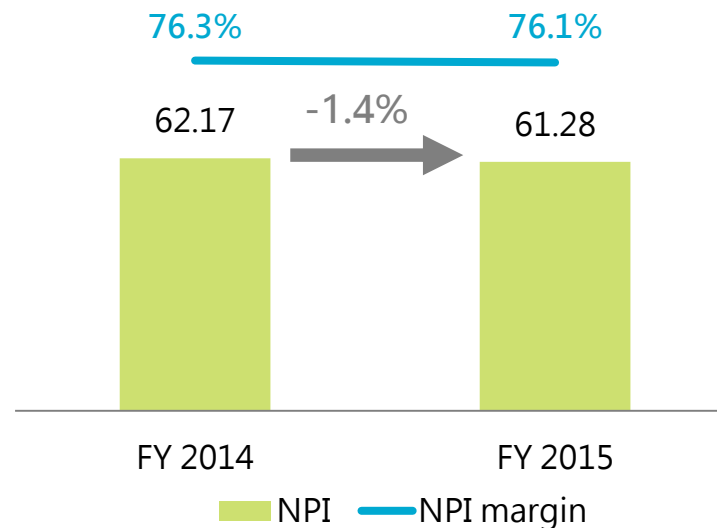
Revenue

(US\$ million)



Net Property Income

(US\$ million)



- Overall, revenue reflected stable passing rents and occupancy rates.
- Revenue in USD decreased 1.2% due to RMB depreciation.
- Excluding RMB effect, revenue up approximately 0.8% yoy.

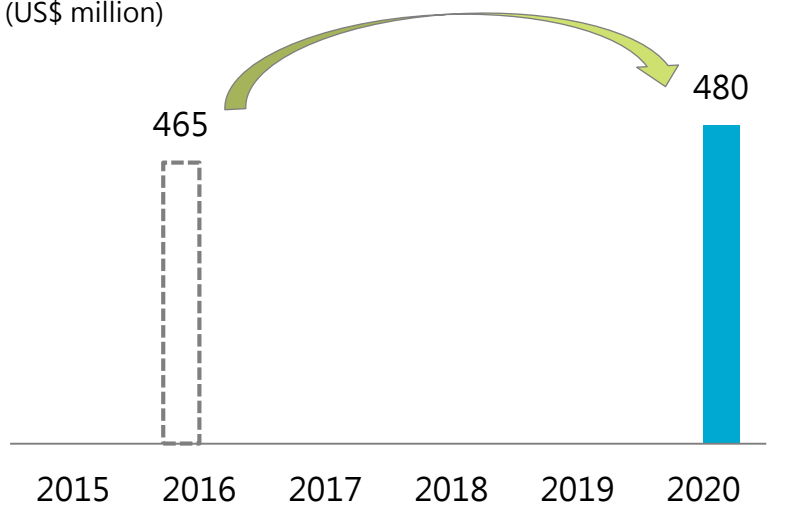
- Stable cost structure - 90%+ of property expenses are revenue-linked or fixed.
- NPI margin at 76.1%, -0.2 ppt yoy
- NPI -1.4% yoy, also affected by RMB depreciation.

DEBT PROFILE

Cash interest savings of new loan kicked in

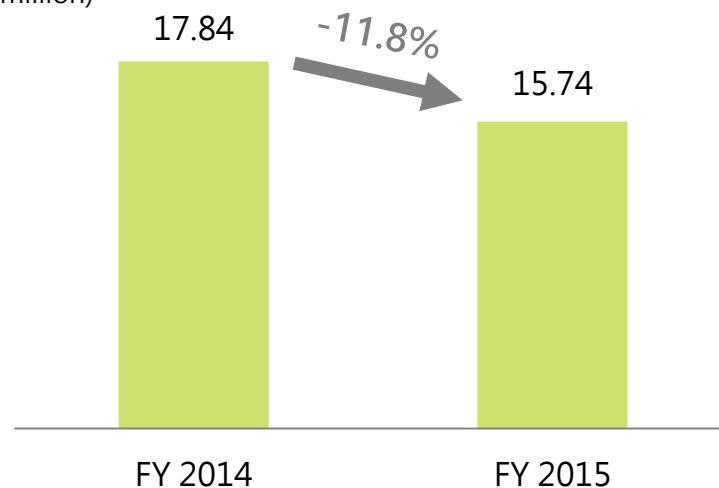
Maturity of Loan Principal

(US\$ million)



Cash Interest Expenses

(US\$ million)



- Refinancing completed in Apr 2015
- Old loan: US\$465 mn
 - Interest rate: 3-month USD LIBOR + 3.50%
 - Term: 3 years
- New Loan: US\$480 mn
 - Interest rate: 3-month USD LIBOR + 2.75%
 - Term: 5 years

- Cash Interest payments: US\$15.74 mn, -11.8% yoy
- 75bps reduction in interest margin during the last 8 months of 2015
- Gearing ratio at 34.7% (2014 : 33.1%)



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PROPERTY OVERVIEW

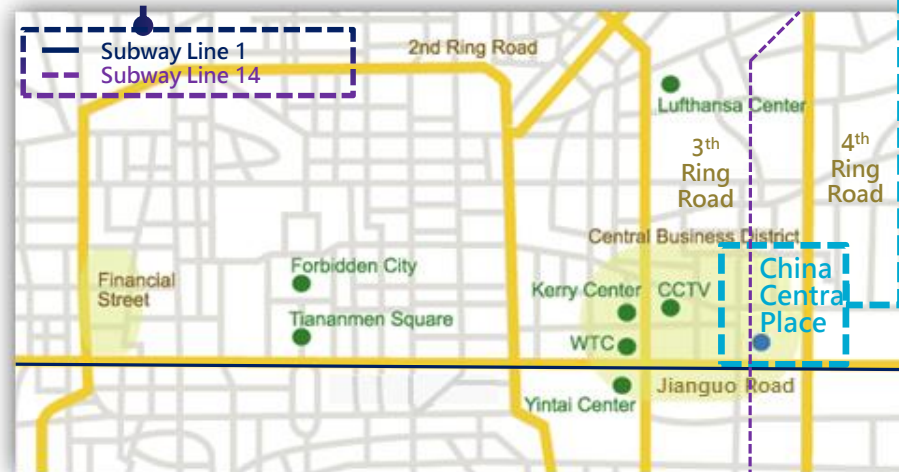
Premium Grade Office Buildings in Beijing CBD

Premium Assets

- Two Premium Grade office buildings (total GFA 120,245 sqm) in China Central Place (“CCP”) (华贸中心) and approximately 600 car parking spaces (the “Property”).
- China Central Place is a prime mixed-use complex with well-recognized brand hotels and shopping centers, including
 - Hotels – Ritz Carlton, JW Marriott
 - SKP Beijing – one of largest department store in China by sales
 - Retail stores of international brands – e.g. Apple Store, Louis Vuitton, Chanel, Hermes, etc.
- Appraised value: RMB8,335.00 million⁽¹⁾ (US\$1,283.55 million)

Prime Location

- Strategically located in the CBD of Beijing at the intersection of Jianguo Road and West Dawang Road, between 3rd and 4th Ring Road
- Direct access to [Subway Line 1](#) and [Subway Line 14 Phase II \(opened in December 2015\)](#) through underground walkway

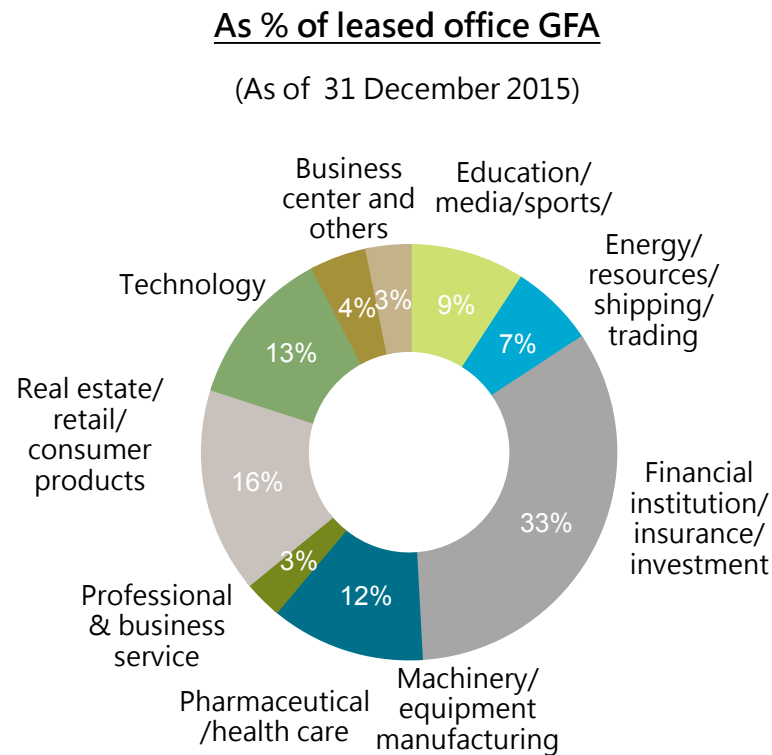


(1) As at 31 December 2015

TENANT BASE

Diverse and high quality tenant mix

Tenants by Industry



Top 5 Tenants

Tenants	% of total leased GFA
Deutsche Bank	6.2%
EPSON	5.8%
Condé Nast	4.7%
Zhong De Securities	4.2%
Xinyuan Real Estate	3.8%

24.7%

Note: as of 31 December 2015

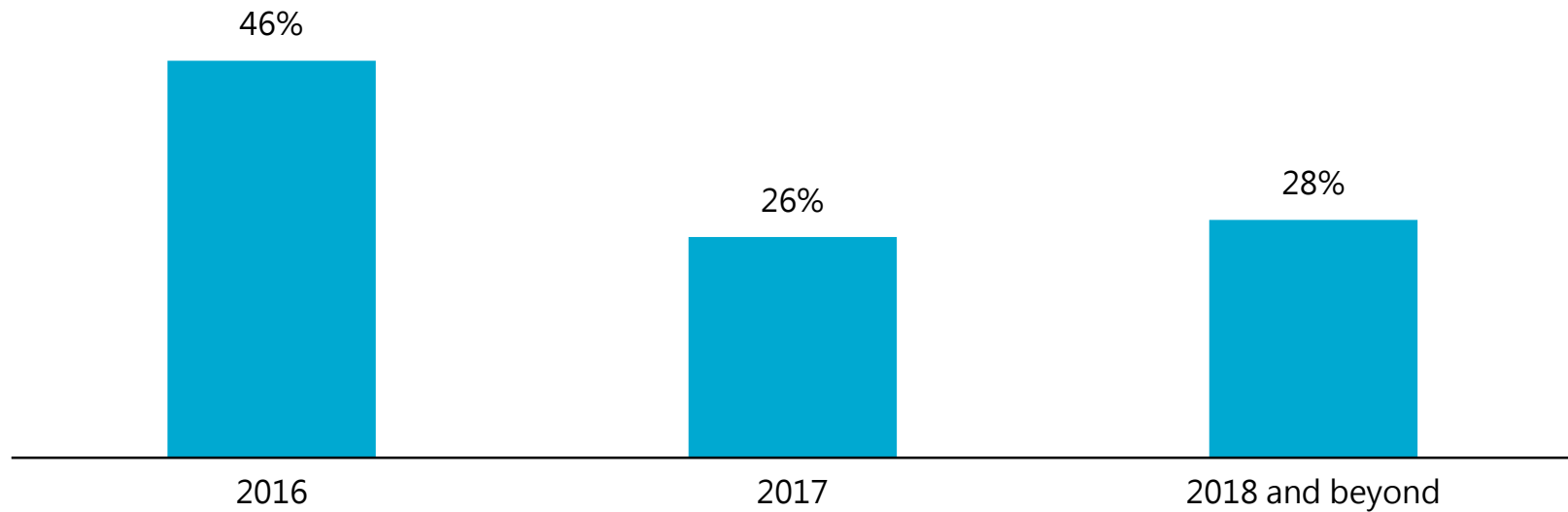
Other industry-leading tenants

- Global Law Office
- White & Case
- Tesco
- NBA
- Baxter
- Itochu
- AECOM
- Bain & Company
- Brazil Embraer
- Richemont

Note: as of 31 December 2015

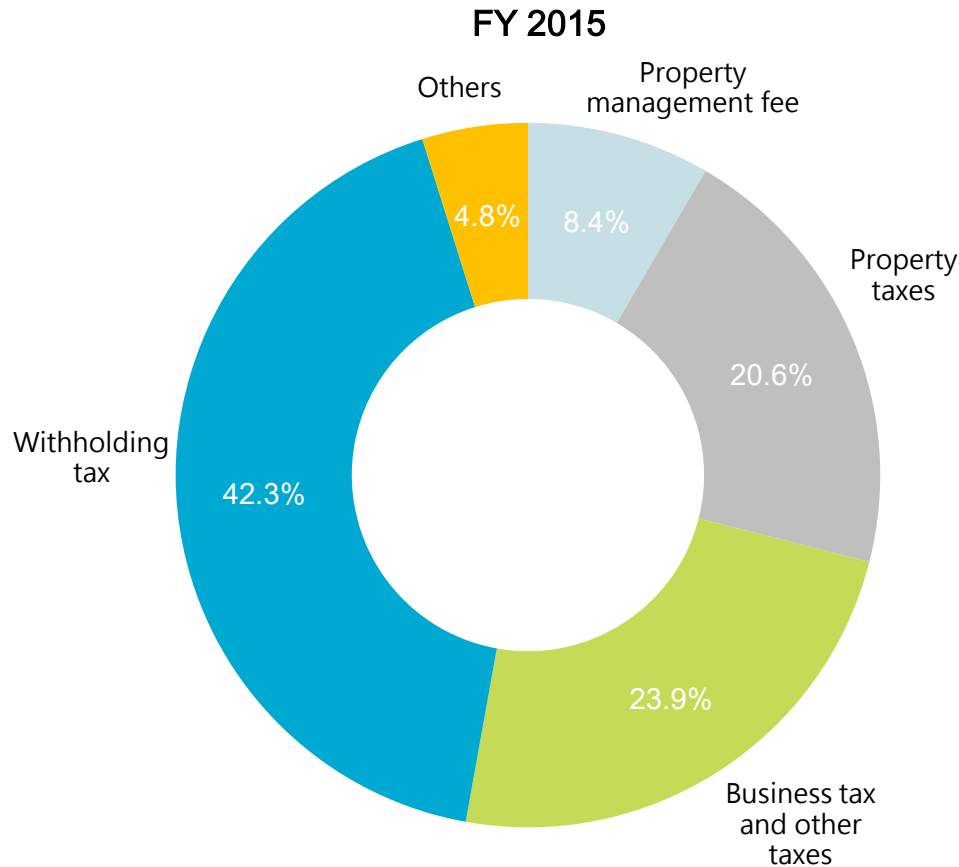
- Typical office lease has a term of 3 years.
- In 2016, 46.4% of leased GFA scheduled to expire.
- Good progress on negotiations with upcoming expires.

Expiring leases as a % of leased office GFA



COST STRUCTURE

More than 90% of property expenses are revenue-linked or fixed



■ Withholding tax

- 10% of revenues received from rental operations

■ Business tax and other taxes

- Business tax, urban construction and maintenance tax, and education surcharge
- Stamp duty of 0.1% on total rental income payable over the term of each lease

■ Property taxes

- Includes real estate tax and land use tax
- Real estate tax based on property residual value
- Land use tax based on the site area of the development

■ Property management fee

- 2% of the total revenue

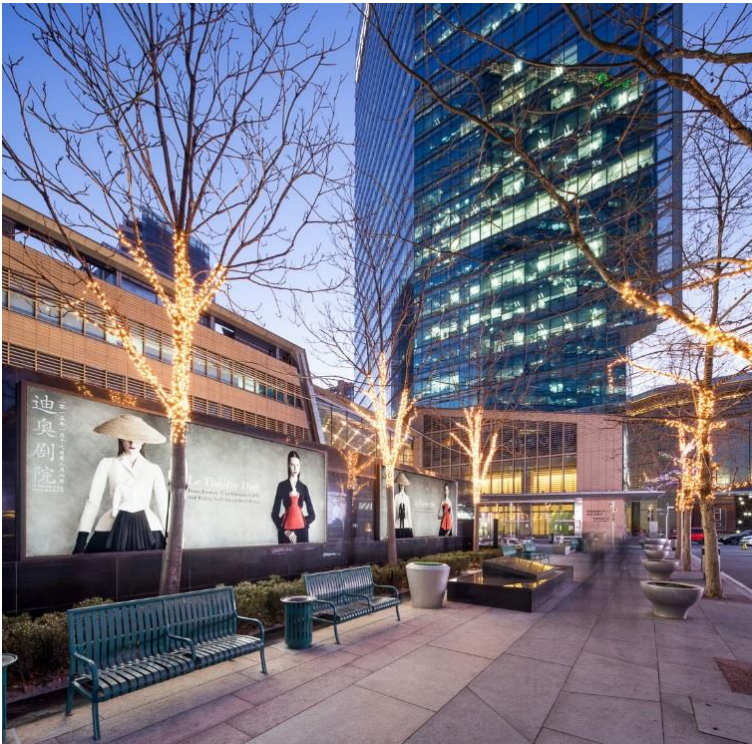
Quality Assets with Attractive Distribution Yield

Company Name	Share Price (LCC) ⁽¹⁾	Market Cap (US\$m) ⁽¹⁾	DPU Yield (Last 12 months) ⁽²⁾	Discount to NAV ⁽³⁾
Spring REIT	3.09	446	8.6%	(48.4%)
Link REIT	44.35	12,851	4.3%	(18.3%)
Hui Xian REIT	3.20	2,644	8.3%	(39.6%)
Champion REIT	3.88	2,885	5.0%	(53.8%)
Fortune REIT	8.15	1,984	5.8%	(36.1%)
Yuexiu REIT	4.16	1,516	7.3%	(26.4%)
Regal REIT	1.88	789	8.6%	(55.5%)
Sunlight REIT	3.89	821	6.0%	(51.4%)
Prosperity REIT	2.88	535	5.9%	(42.0%)
New Century REIT	2.93	354	6.9%	(8.0%)
Median		1,168	6.5%	(40.8%)

Sources: Bloomberg estimates, company filings.

Notes:

- 1) Share prices are in local currency and market capitalizations are in USD million dollars, as at 4 March 2016.
- 2) DPU yield represents entitled DPUs for the 12 months ended 30 June 2015 divided by closing unit prices as at 4 March 2016.
- 3) Calculated as share prices as at 4 March 2016 to NAV/unit according to latest company filings.

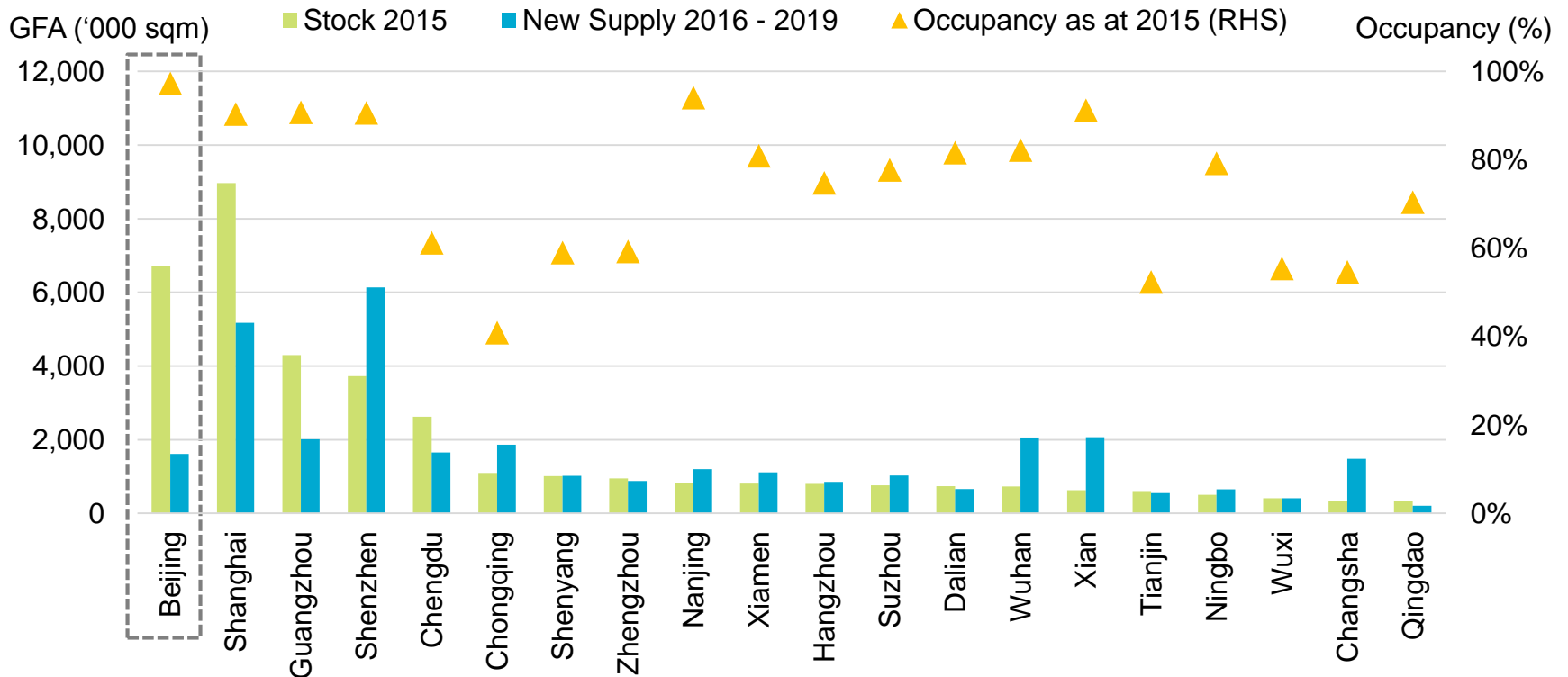


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COMPARISON OF GRADE-A OFFICE MARKETS ACROSS CHINA

Beijing enjoys the best supply-demand dynamics

- Highest office occupancy of about 97%
- Low new supply in the next 4 years, only 6% p.a. of existing stock (vs avg. 25.7% p.a. of selected cities)



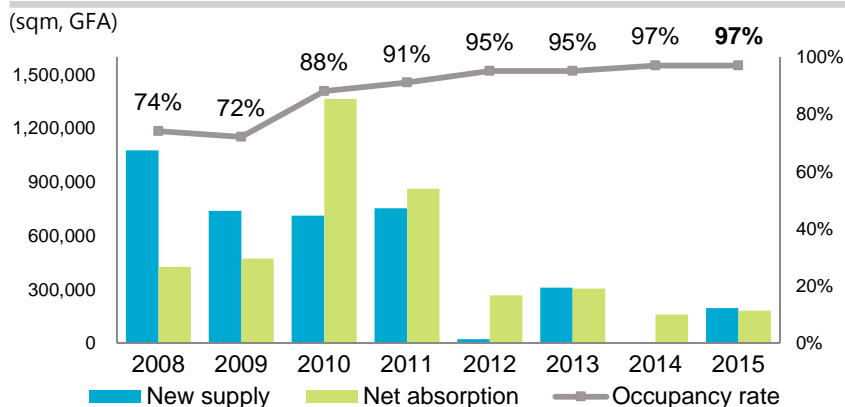
Source: Jones Lang LaSalle Research, December 2015

CURRENT MARKET CONDITION

Tight supply & high occupancy in Beijing Grade-A offices

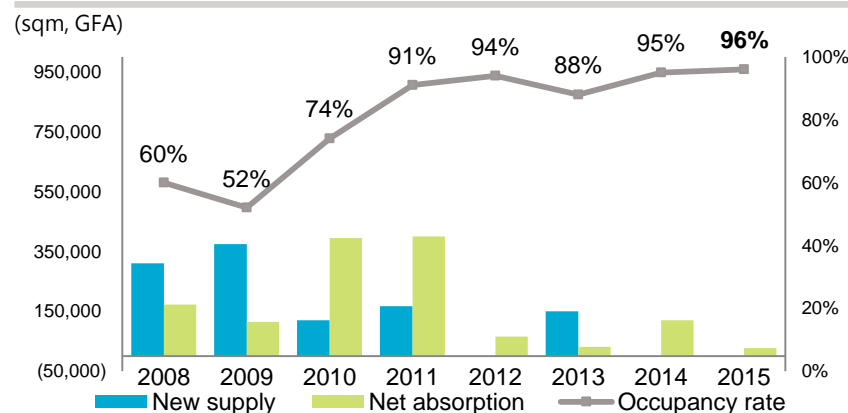
Beijing Overall

Beijing Overall – Supply, Absorption, Occupancy

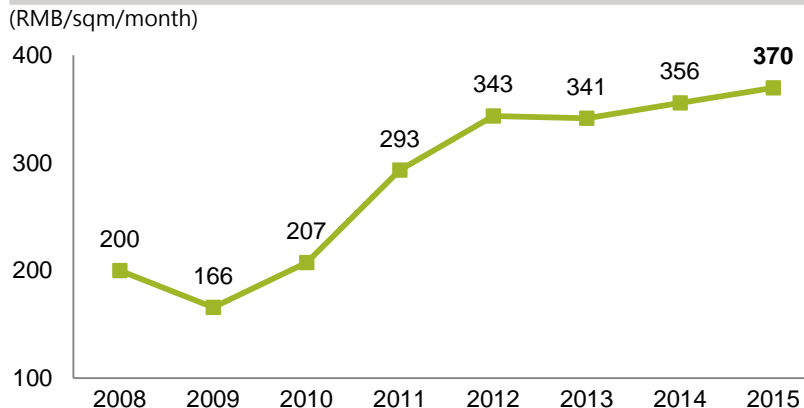


Beijing CBD

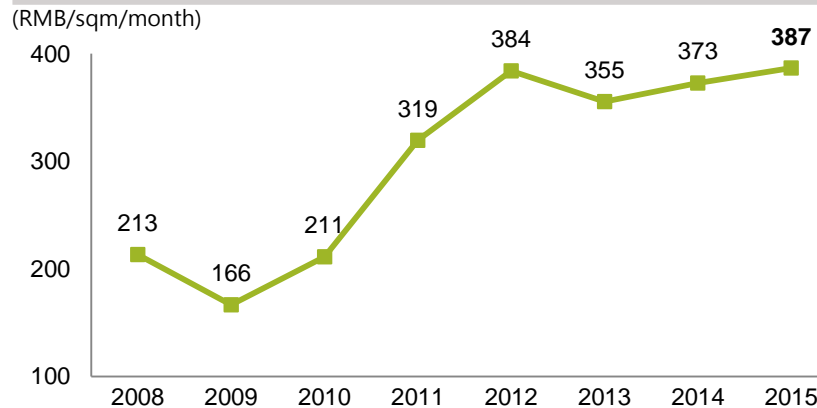
Beijing CBD – Supply Absorption, Occupancy



Beijing Overall – Effective Rental Rate



Beijing CBD – Effective Rental Rate



Source: JLL Research, Dec 2015

FUTURE GRADE-A OFFICE SUPPLY

Beijing CBD to see tight supply in the next 3 years

All of Beijing

- 2016-2018 average new supply : 395k sqm
= **5.9% p.a.** of current stock of 6.71 mn sqm

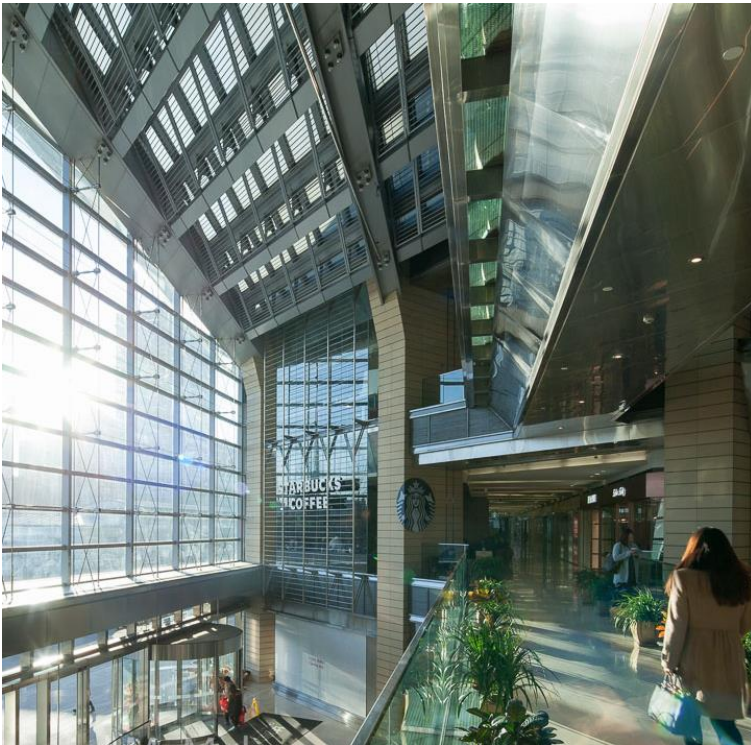
CBD submarket

- 2016-2018 average new supply : 111k sqm
= **6.1% p.a.** of current stock of 1.83 mn sqm

Grade-A office supply by year



Note: All of the above data are based on JLL Research in December 2015.



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Outlook mixed in 2016

- Slowing economic growth in China and weak RMB may affect business confidence.
- But a fast-growing service sector – which expanded 8.3% in 2015 to account for 50%+ of GDP for the first time – should have a positive influence on demand for quality office space.
- Elsewhere, tumbling in crude oil price and weak growth in Europe and Japan add to market uncertainties.
- Amid macro uncertainties, interest rate hike by US Fed has not been as fast as expected – a positive to market confidence and global growth.
- Superior asset quality and location of our assets should contribute to stable leasing performance.
- Recent opening of Metro Line 14 further enhance the accessibility of the Property.

Strategic Priorities

- Maintain stable distributions to Spring REIT's unitholders.
- Focus on core strategy on leasing management to achieve good rental rates and high occupancy.
- Initiate early discussions with expiring tenants to allow adequate time if replacements are needed.
- Continue to explore investment opportunities.
- Continuous monitoring and prudent management of currency and interest rate exposures.
- Work with professional advisors to adapt to the planned value-added tax introduction.