



Interim Results 2015 Presentation

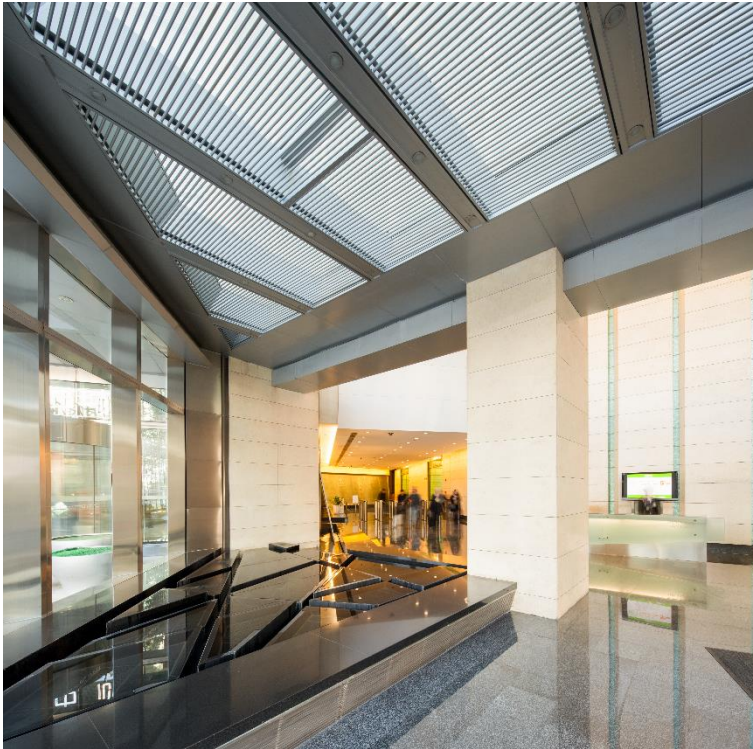
20 August 2015

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- 1 Key Messages
- 2 Results Highlights
- 3 Refinancing
- 4 Investment Highlights
- 5 Market Outlook
- 6 Strategies

Key Messages

Five Competitive Strengths of Spring REIT

1

Exposure to Premium Grade office buildings in Beijing CBD

2

Part of China Central Place Complex – a prime mixed-use complex in Beijing CBD and a well recognized brand

3

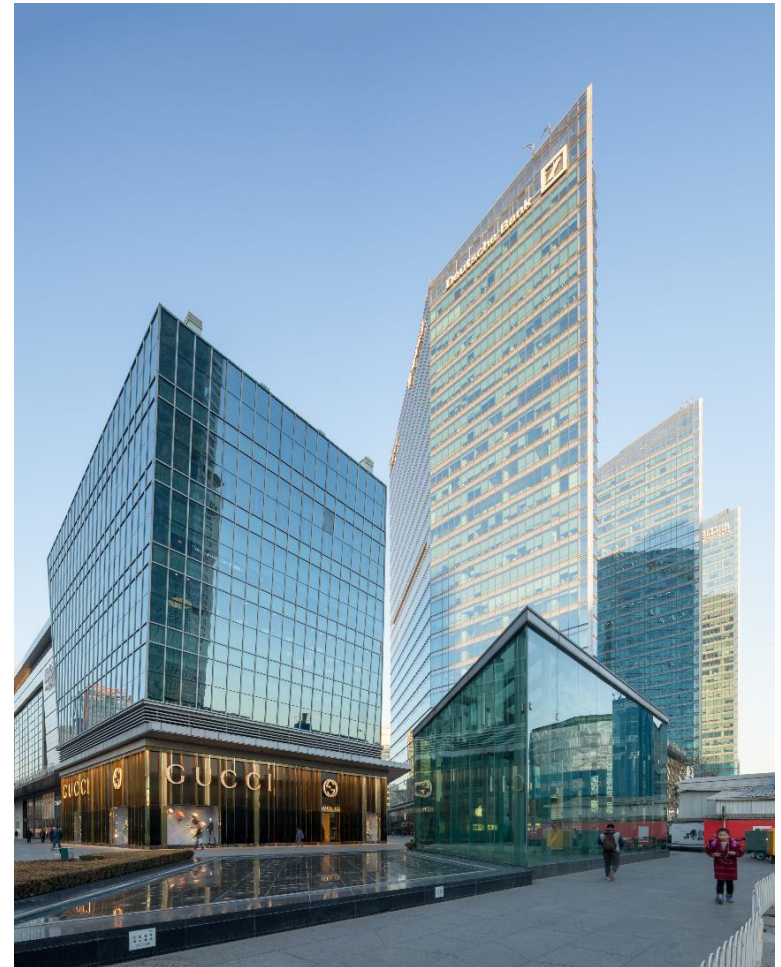
High occupancy rate with a diverse and high quality tenant base

4

Attractive distribution prospects with positive rental reversion potential

5

Transparent and professional management team with proven track record





- 1 Key Messages
- 2 Results Highlights
- 3 Refinancing
- 4 Investment Highlights
- 5 Market Outlook
- 6 Strategies

Results Highlights

1H2015 – A set of solid results

1. Financial Performance

- Revenue: US\$40.84 mn, **+2.6% yoy**
- Net property income (NPI): US\$31.41 mn, **+3.4% yoy**
- NPI margin: 76.9%, **+0.5 ppt**

2. Leasing Performance

- Leases entered into (as % of end-June occupied GFA): **13.9%**
- Avg monthly passing rent at RMB356/sqm, **+3.2% yoy**
- Avg Monthly Occupancy stayed high: **95%**

3. Interest Expense & Refinancing

- Refinancing completed on 30 April.
- Interest rate at LIBOR plus 2.75%, **-75bps** vs old loan
- Cash savings on interest expenses to fully reflect in 2H 2015

4. Interim Distribution

- Interim DPU of **HK14.0 cents** (to be paid on 17 Sep 2015)
- Annualized distribution yield **8.2%**^{note}
- Payout 96%. Payable on 17 Sep 2105

Note:

- Annualized distribution yield is calculated using the closing price of Spring REIT unit of HK\$3.44 as of 30 June 2015.

Results Highlights

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

As at	30 Jun 2015	31 Dec 2014	Change
Appraised Property Value (RMB million)	8,168.00	8,108.00	+ 0.7%
Total Borrowings (US\$ million)	473.26	460.68	+ 2.7%
Gearing Ratio (total borrowings to gross assets)	33.5%	33.1%	+ 0.4 pts
Net Assets per Unit (HK\$)	6.27	6.25	+ 0.3%

Results Highlights

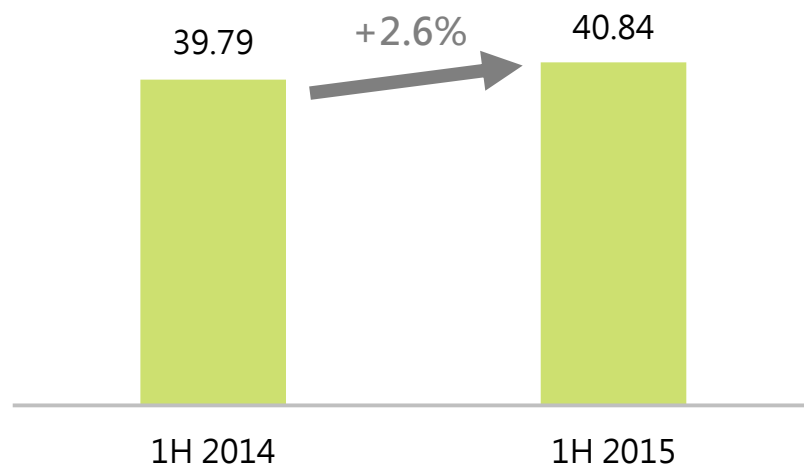
Financial Performance

Revenue

- Revenue: US\$40.84 mn, +2.6% yoy
- 13.9% of leases (as % of end-June occupied GFA) were entered into in 1H2015
- Mildly positive rental reversion

Revenue

(US\$ million)

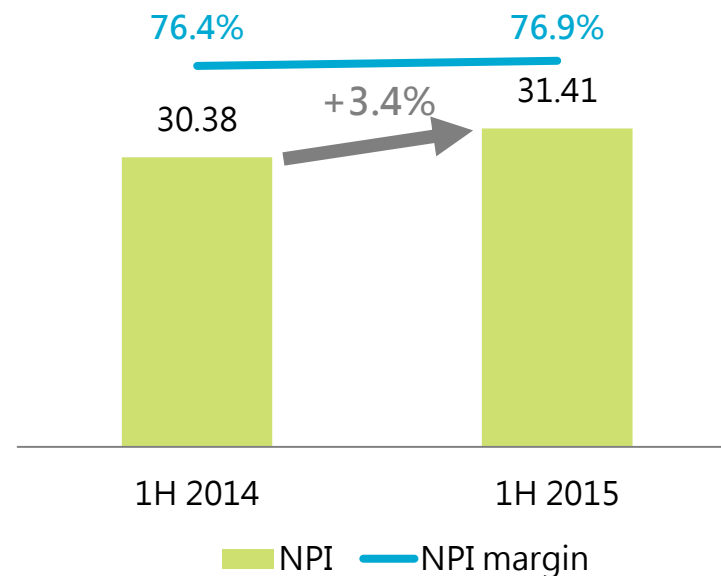


Net Property Income

- NPI: US\$31.41 mn, +3.4% yoy
- Property operating expenses US\$9.43mn, only +0.2%
- NPI margin expanded due to positive operating leverage

NPI and NPI margin

(US\$ million)



Results Highlights

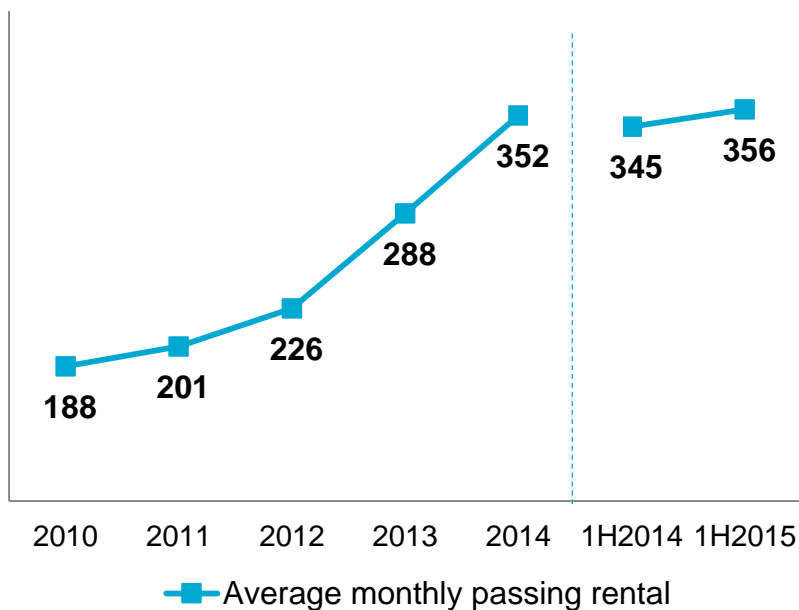
Leasing Performance

Passing Rents

- Average monthly passing rent at RMB356 per sqm, up 3.2% yoy
- Average monthly spot rent at RMB345 per sqm, down 8.5% yoy. Excluding certain leases that covers less preferred premises, average monthly spot rent at RMB398 per sqm, up 5.6% yoy.

Rising Passing Rents

(RMB per sq.m. per month)

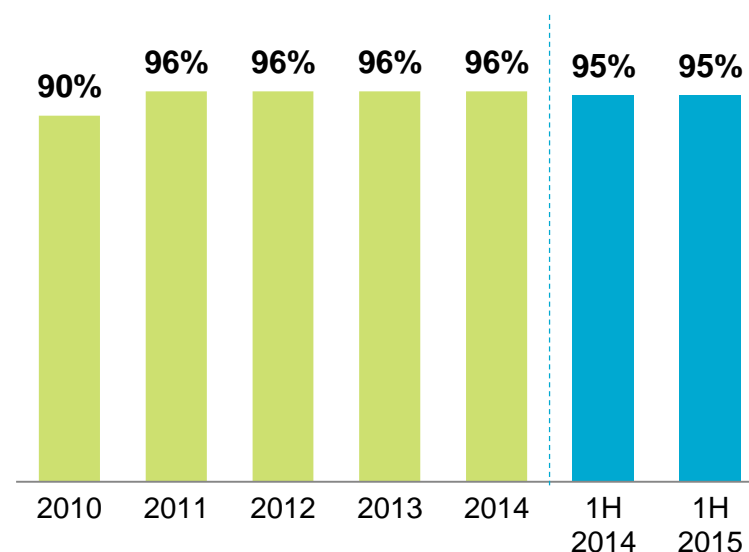


Occupancy Rates

- 1H2015 average occupancy rate maintained at 95%
- Consistently averaged above 90% since 2010
- Supply-demand dynamics in Beijing CBD favorable

High Occupancy Rates Maintained

(Average % over the relevant period)



Results Highlights

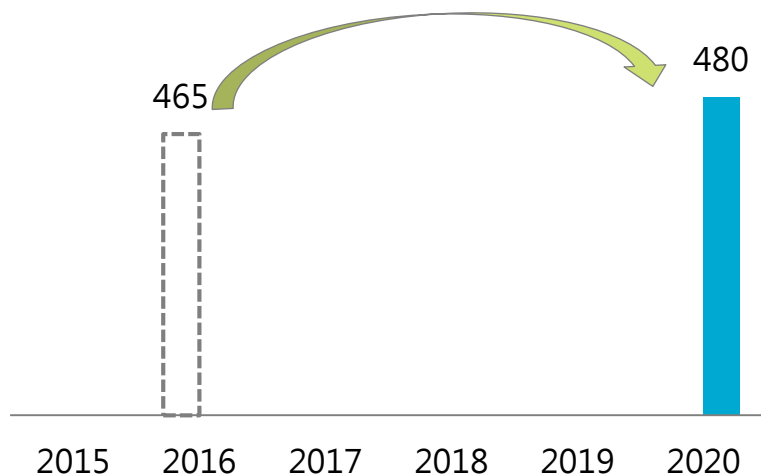
Refinancing and interest expenses

Completion of Refinancing

- Old loan: US\$465 mn (refinanced in Apr 2015)
- New Loan (drawdown in Apr 2015)
 - Principal : US\$480 mn
 - Interest rate: 3-month USD LIBOR + 2.75%
 - Term: 5 years (mature in Apr 2020)

No Refinancing needs till 2020

(Maturity of loan principal , in US\$ million)

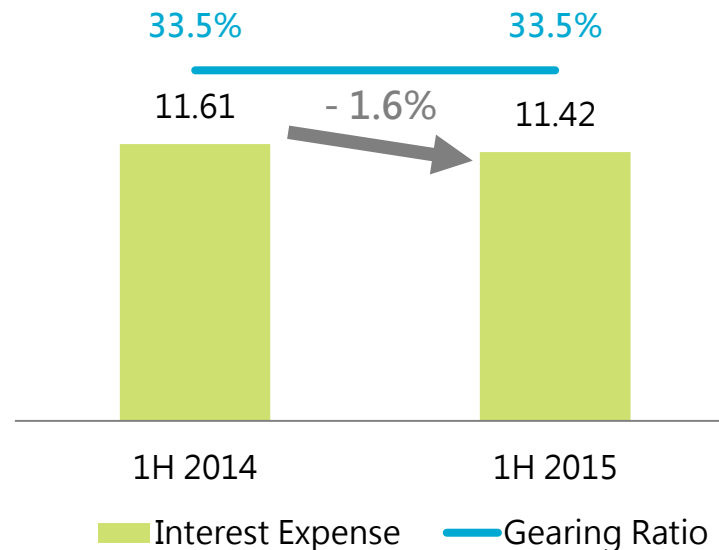


Interest expenses

- Interest expenses: US\$11.61 mn, -1.6% yoy
- Cash interest expense benefited from lower interest margin in last 2 months of 1H15
- Gearing stable at 33.5%

Interest Expense and Gearing Ratio

(US\$ million)



Results Highlights

Distributions

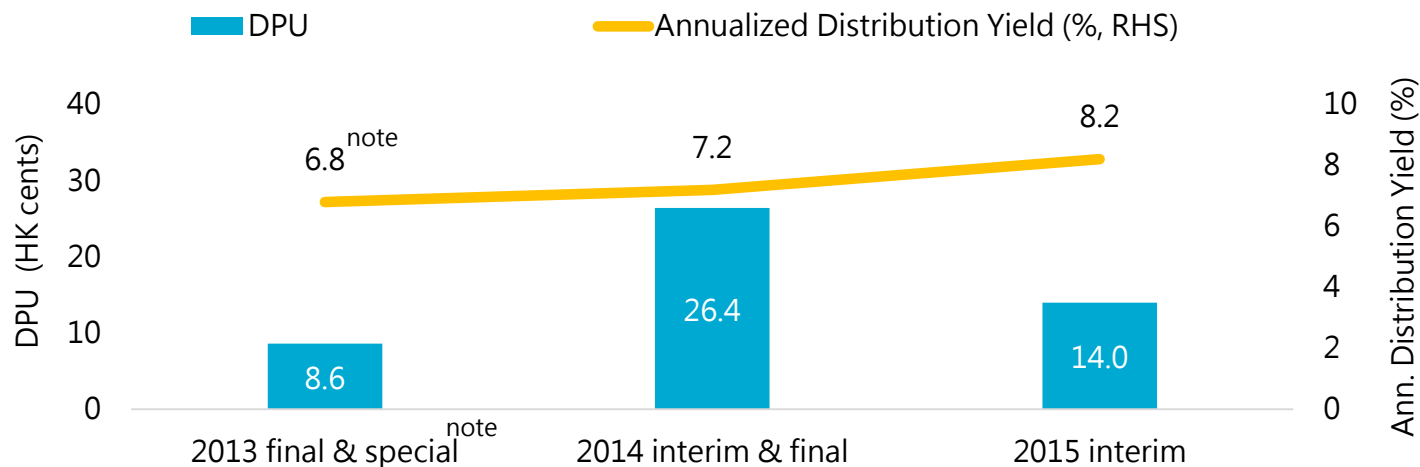
1H15 Interim Distribution

- Distribution per unit: HK14.0 cents
- Ex-date: 2 Sep 2015. Payable: 17 Sep 2015
- Annualized distribution yield 8.2%

Distribution Payout

- 1H15 payout: 96% of total distributable income
- Thereafter: At least 90% of total distributable income each year

Historical DPUs and Annualized Distribution Yields



Note:

- Year 2013 represents only 27 days since IPO on 5 December 2013.
- Year 2013 annualized distribution yield does not include the one-off special distribution of HK7.0 cents/unit.



- 1 Key Messages
- 2 Results Highlights
- 3 **Refinancing**
- 4 Investment Highlights
- 5 Market Outlook
- 6 Strategies

Refinancing

Completed in April 2015

New Loan Facilities

- Secured term loan with principal **US\$480 mn, 5-year term**
- Revolving facility principal **US\$20 mn, uncommitted**

Loan Syndication

- Lead Arrangers: **ANZ, Deutsche Bank, Credit Suisse**
- Oversubscription of **3.06 times** coverage by 16 international and local banks
- Signing of facility agreement: **18 Feb 2015**
- Drawdown of US\$480mn term loan: **30 Apr 2015**

Benefits of Refinancing

- No refinancing need till loan maturity in **April 2020**
- Interest rate at **3-month USD LIBOR plus 2.75%**, representing cash interest savings of estimated **US\$3.03 mn per year**



- 1 Key Messages
- 2 Results Highlights
- 3 Refinancing
- 4 **Investment Highlights**
- 5 Market Outlook
- 6 Strategies

Property Overview

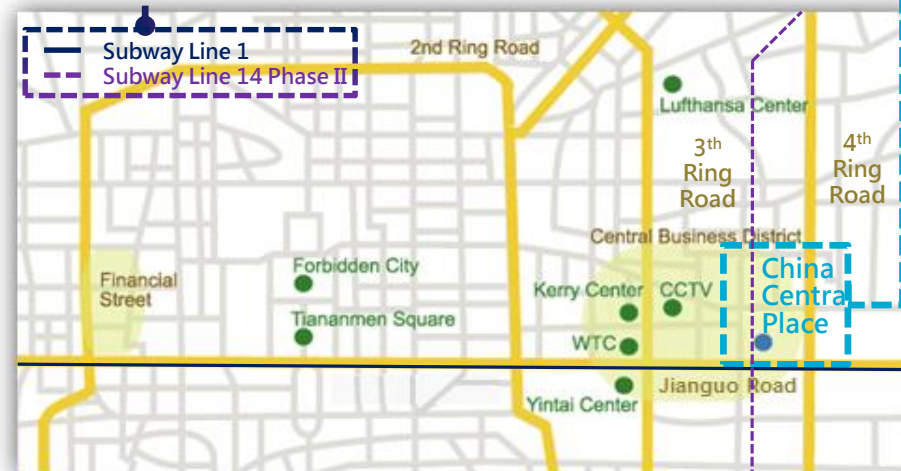
Premium Grade Office Buildings in Beijing CBD

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
 - Shin Kong Place – 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: RMB8,168.00 million⁽¹⁾ (US\$1,317.21 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](#) through the shopping mall and [Subway Line 14 Phase II](#) (expected to open in December 2015.)



(1) As at 30 June 2015

Diverse and high quality tenant base

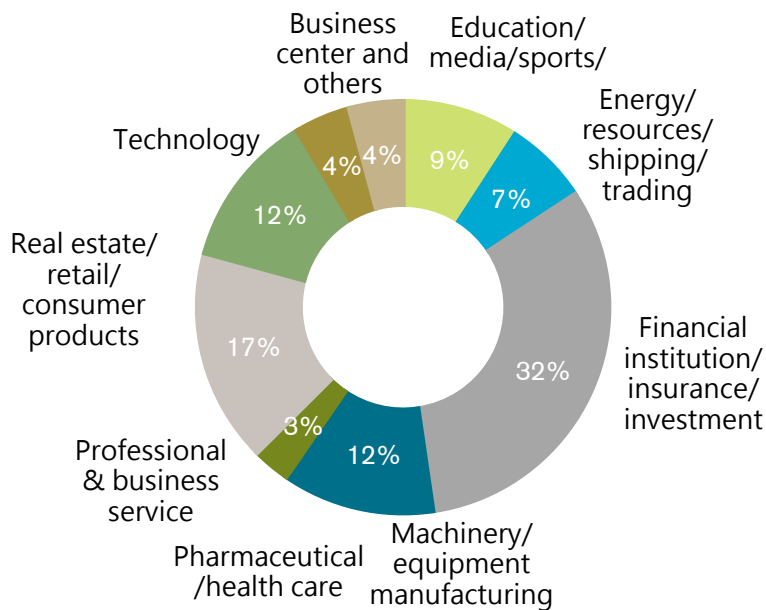
Focus on optimizing our tenant mix – 130 tenants in total⁽¹⁾

Diversified Tenant Base

Industry breakdown

By leased office GFA

(As of 30 June 2015)



Top 5 Tenants

Tenants	% of total leased GFA
Deutsche Bank	6.2%
EPSON	5.8%
Condé Nast	4.7%
Zhong De Securities	4.1%
Xinyuan Real Estate	3.7%

24.5%

Note: as of 30 June 2015

Other industry-leading tenants

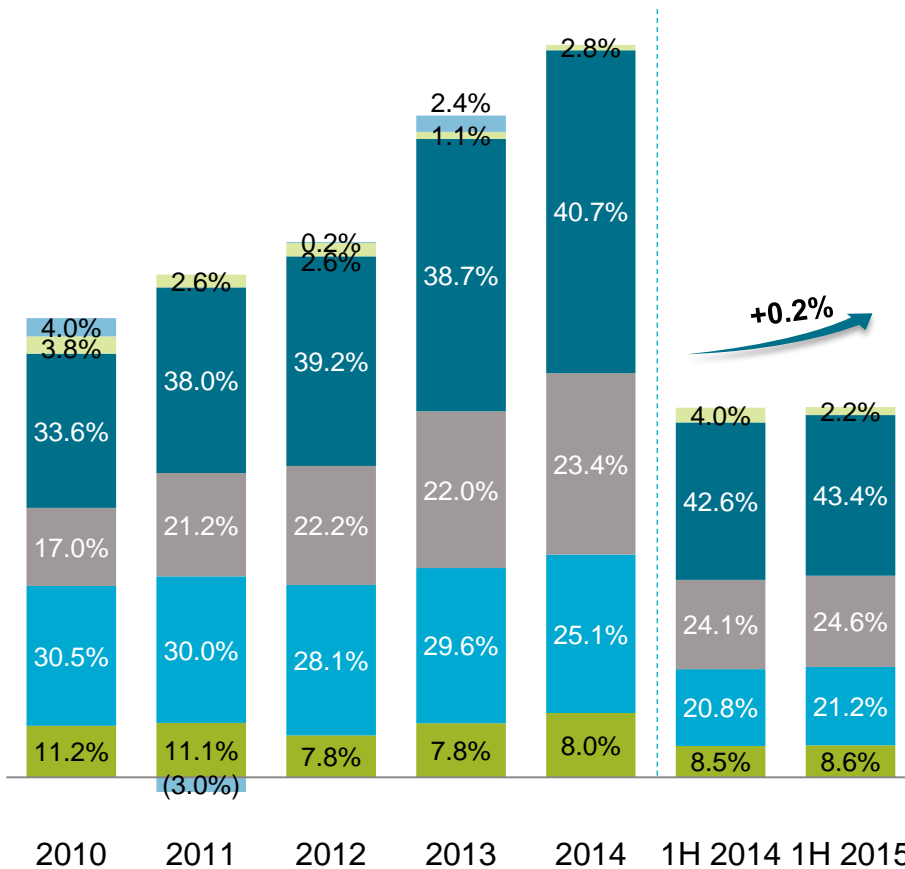
- Global Law Office
- White & Case
- Tesco
- NBA
- Baxter
- Itochu
- AECOM
- Bain & Company
- Brazil Embraer
- Richemont

Note: As of 30 June 2015

Cost Structure

Property expenses are revenue-linked or fixed

Property Operating expenses breakdown



- **Property management fee**

- 2% of the total revenue

- **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

- **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

- **Withholding tax**

- 10% of revenues received from rental operations

- Property management fees
- Property taxes
- Business tax and other taxes
- Withholding tax
- Others
- Non-recurring items

Attractively Priced Premium Quality Assets

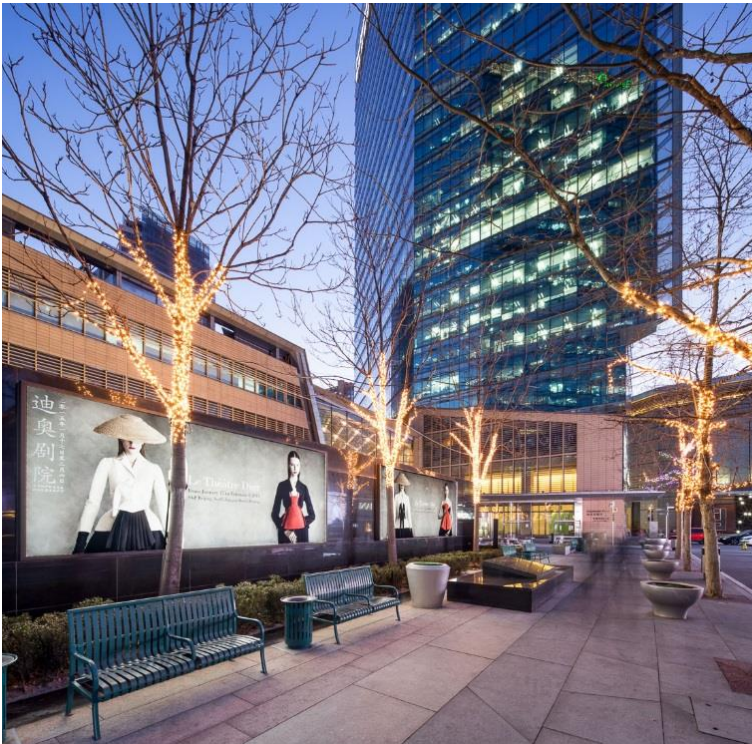
High Distribution Yield. At Discount to NAV.

Company Name	Share Price (LCC) ⁽¹⁾	Market Cap (US\$m) ⁽¹⁾	DPU Growth (Latest Fiscal Yr)	DPU Yield (Last 12 months) ⁽²⁾	Discount to NAV ⁽³⁾
Spring REIT	3.44	495	23.4%	8.1%	(44.7%)
Link REIT	45.40	13,422	24.8%	4.0%	(11.9%)
Hui Xian REIT	3.48	3,007	4.6%	7.4%	(34.6%)
Champion REIT	4.26	3,165	-3.0%	4.8%	(48.1%)
Fortune REIT	7.81	1,893	15.8%	5.3%	(37.6%)
Yuexiu REIT	4.27	1,551	9.4%	7.0%	(28.5%)
Regal REIT	2.25	945	8.0%	7.2%	(52.7%)
Sunlight REIT	3.95	835	13.0%	5.3%	(43.7%)
Prosperity REIT	2.78	512	9.0%	5.9%	(40.5%)
New Century REIT	3.05	368	-11.1%	7.5%	(11.6%)
Median		1,248	9.2%	6.4%	(39.0%)

Sources: Bloomberg estimates, company filings.

Notes:

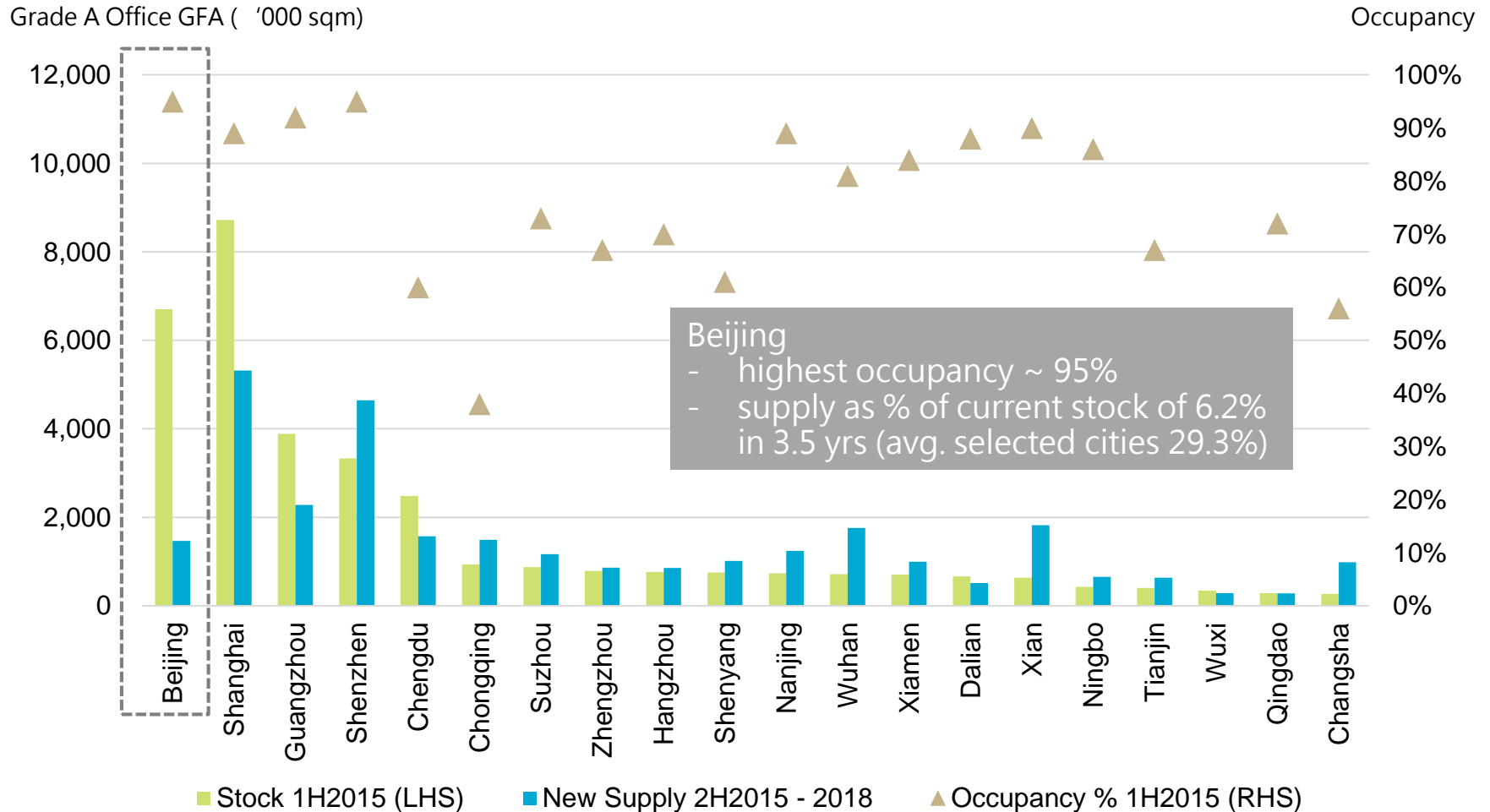
- 1) Share prices are in local currency and market capitalizations are in USD million dollars, as at 30 June 2015.
- 2) DPU yield represents entitled DPUs for the 12 months ended 30 June 2015 divided by closing unit prices as at 30 June 2015.
- 3) Calculated as share prices as at 30 June 2015 to NAV/unit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



- 1 Key Messages
- 2 Results Highlights
- 3 Refinancing
- 4 Investment Highlights
- 5 **Market Outlook**
- 6 Strategies

Office Market Conditions across China

Beijing enjoys the best supply-demand dynamics



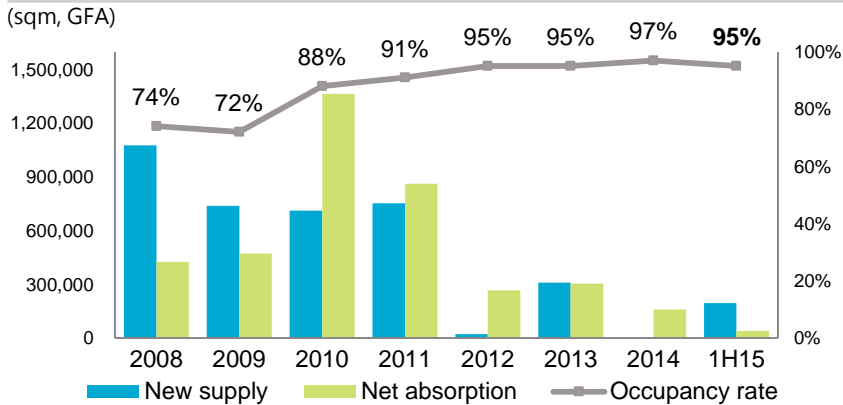
Source: Jones Lang LaSalle Research, June 2015

Current Market Condition

Tight supply & high occupancy in Beijing Grade-A offices

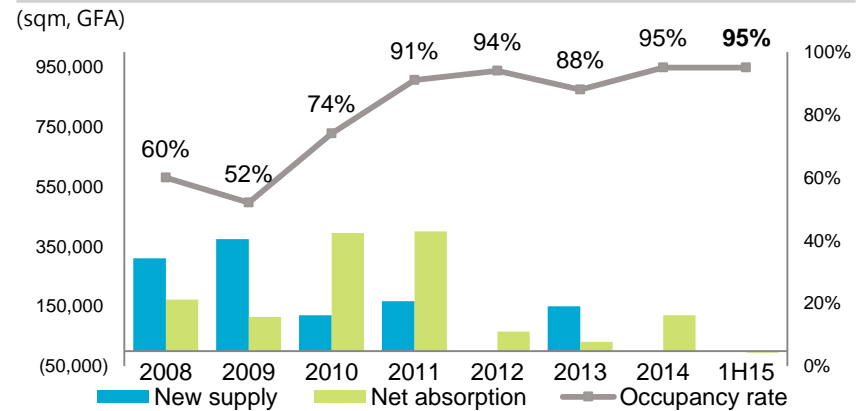
Beijing Overall

Beijing Overall – Supply, Absorption, Occupancy

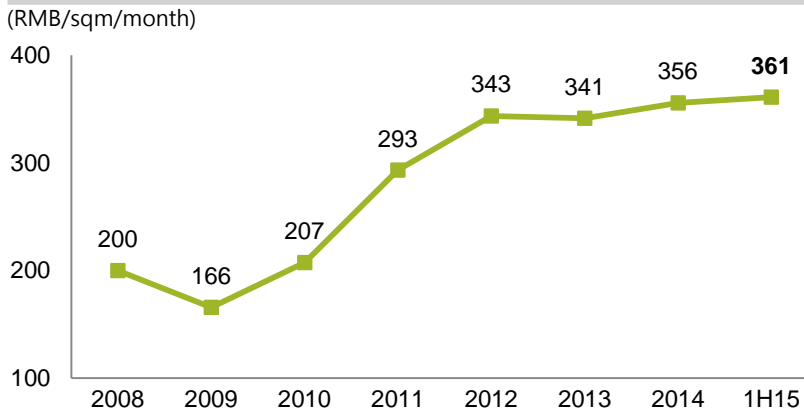


Beijing CBD

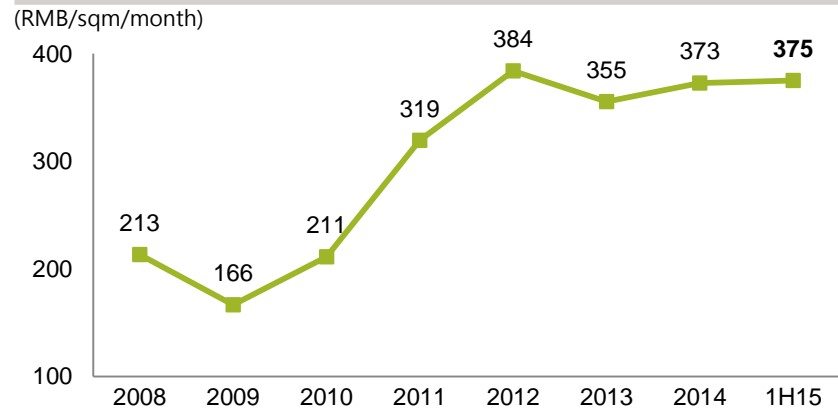
Beijing CBD – Supply Absorption, Occupancy



Beijing Overall – Effective Rental Rate



Beijing CBD – Effective Rental Rate



Future Grade-A Office Supply

Tight Supply-demand Conditions to Continue Till 2018

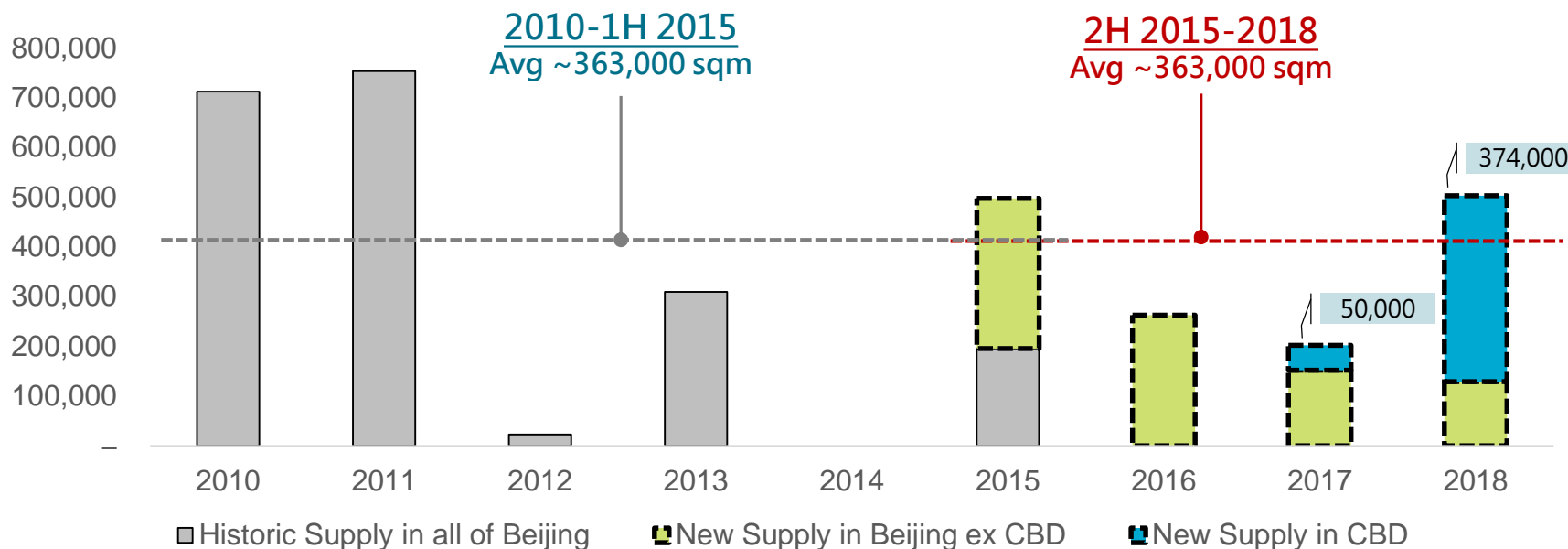
All of Beijing : Supply Normalized

- 2010-1H 2015 average new supply : 363k sqm
- 2015 2H-2018 average new supply : 363k sqm
= **5.4%** of current stock of 6.71 mn sqm

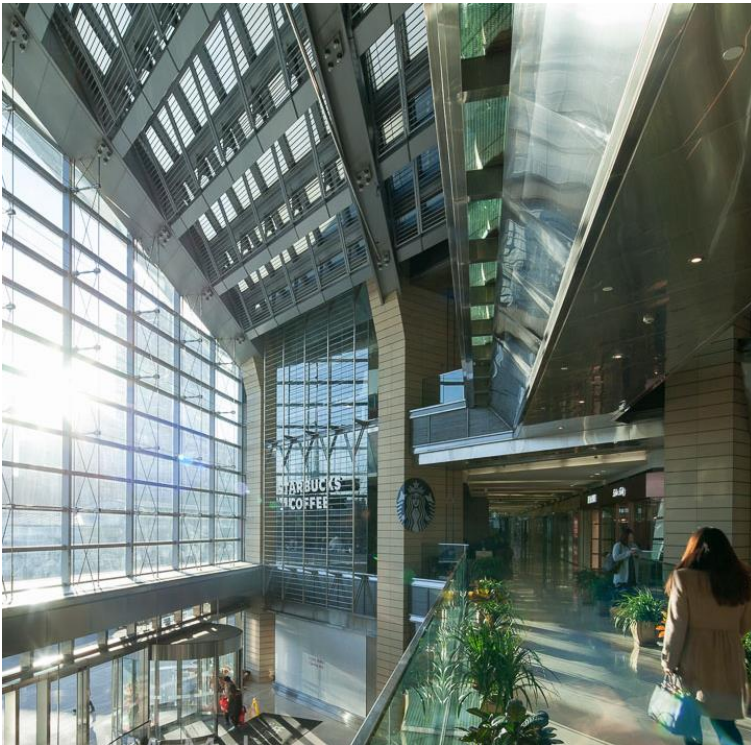
CBD : New Supply Visible in 2018

- 2H 2015-2018 average new supply : 121k sqm
= **6.6%** 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 June 2015.



- 1 Key Messages
- 2 Results Highlights
- 3 Refinancing
- 4 Investment Highlights
- 5 Market Outlook
- 6 **Strategies**

1. Asset Management Strategy

- Maintain high occupancy rates
- Optimize tenant mix
- Control property expenses

2. Capital Management Strategy

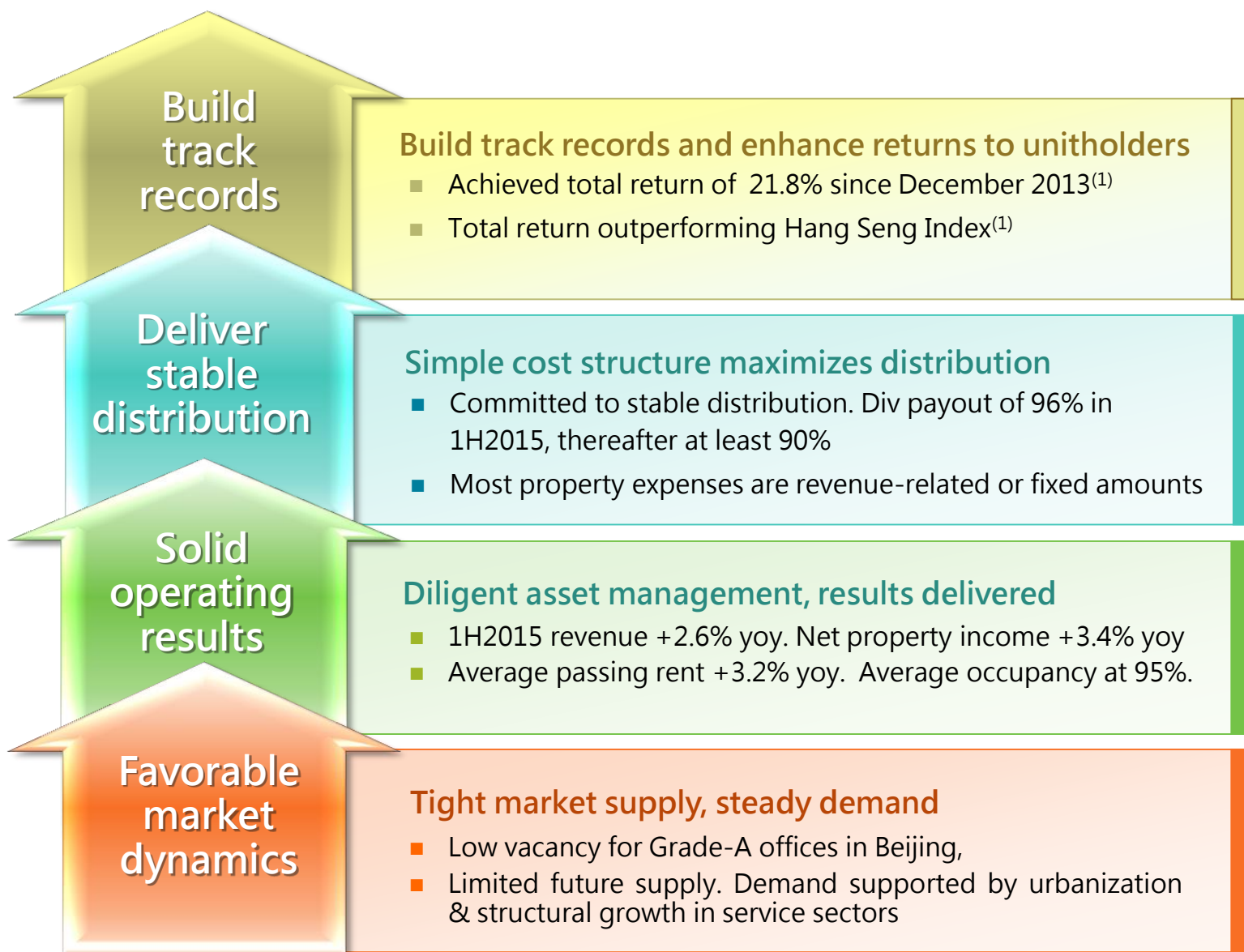
- Prudent financial and capital management policy
- Reduce finance costs & optimize debt maturity profile

3. Acquisition Strategy

- Seek value-enhancing acquisition opportunities
- Focus in Asia (including Greater China, Japan and ASEAN)
- High quality income-producing commercial properties
- Opportunities to enhance returns of the target property

4. Investor Relations Strategy

- Enhance communication with investors & analysts
- Timely updates to the market, incl. operating stats
- Efforts to widen and strengthen unitholder base



Thank You!