



Interim Results 2016 Presentation

24 August 2016

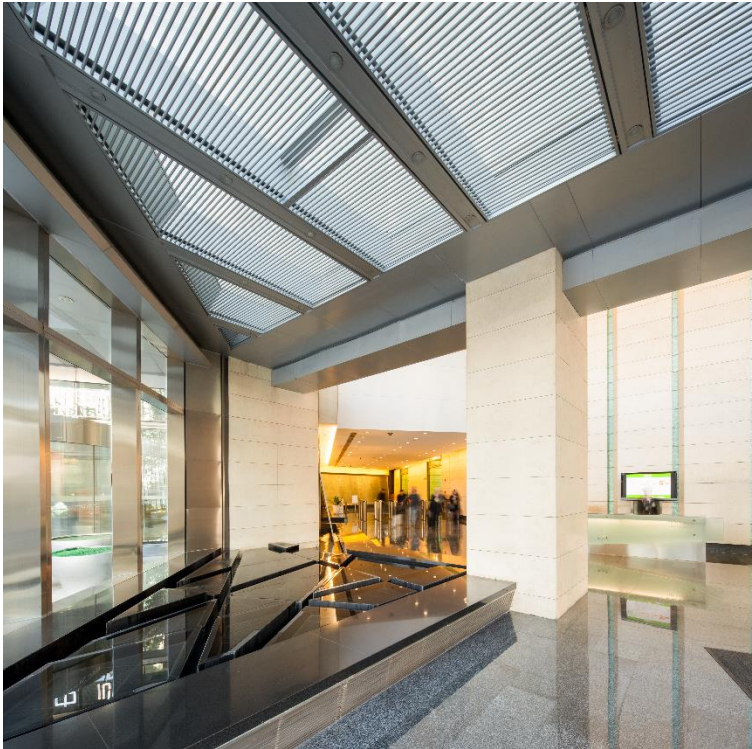
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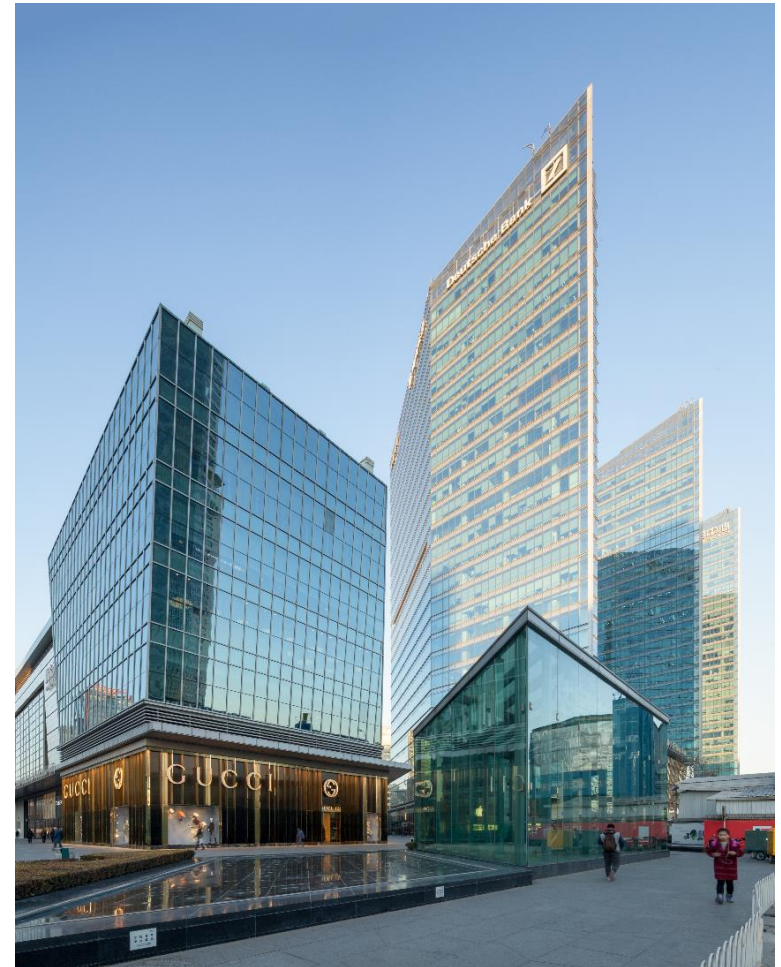


- 1 **KEY MESSAGES**
- 2 1H 2016 RESULTS
- 3 INVESTMENT HIGHLIGHTS
- 4 MARKET OUTLOOK
- 5 OUTLOOK & STRATEGY

OVERVIEW OF 1H 2016

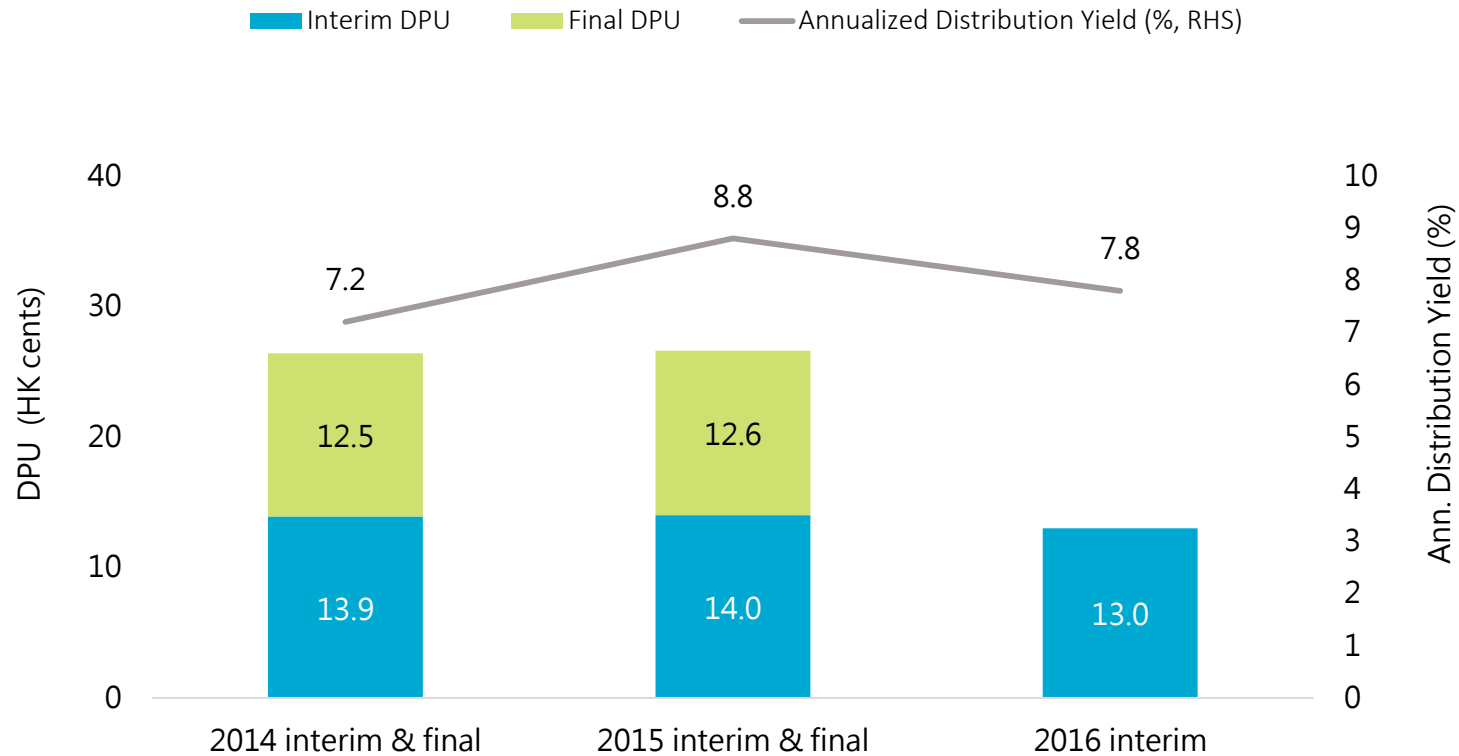
Delivering stable operation

- Occupancy stable average at 96%, maintained high rental
- 24.3% lease executed (GFA terms) with high retention rate.
- Superior asset quality and location of China Central Place office towers contributed to stable leasing performance.
- Total Distributable Income of USD 20.42 mn, slightly down 2.6% YoY, as RMB depreciated 4.9%
- Smooth transition from Business Tax (“BT”) to Value-Added Tax (“VAT”)
- Property valuation benefited from monetary easing and lower cap rate.
- Gearing ratio remained healthy at 33.2%.



HISTORICAL DISTRIBUTIONS SINCE IPO

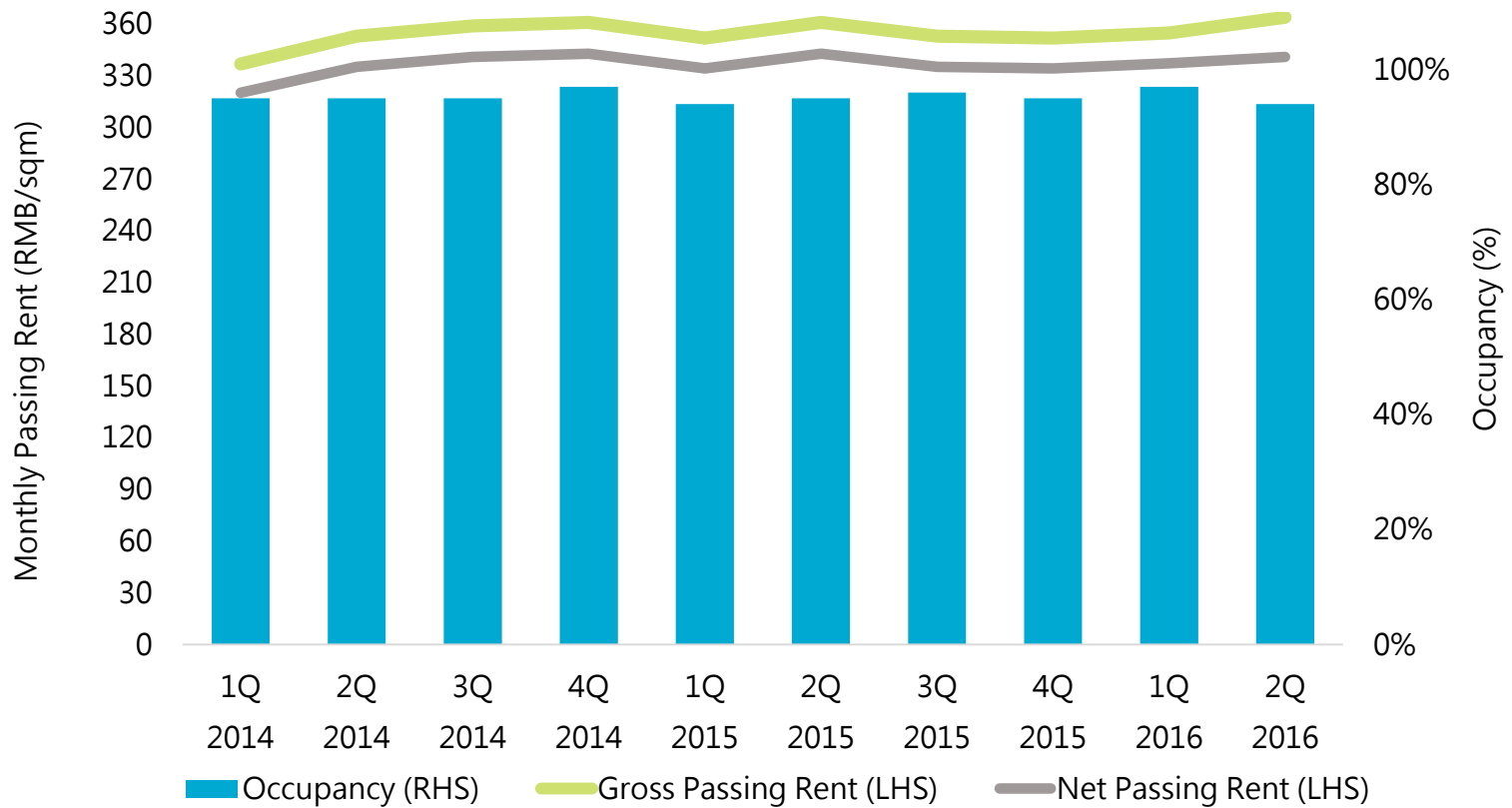
- Stable distribution since IPO in Dec 2013.
- Average DPU yield of 7.9% since 2014.



Note:
Annualized distribution yields are calculated using closing price of the Units at the end of each relevant financial period.

HISTORICAL LEASING PERFORMANCE SINCE IPO

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



Notes:

- 1) Gross passing rent represents effective rent on a gross basis, inclusive of BT or VAT, as applicable.
- 2) Net passing rent represents effective rent on a net basis, exclusive of BT or VAT, as applicable.



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1H 2016 RESULTS SUMMARY

Financial Performance	1H 2016	1H 2015	Change
Total Revenue (US\$ million)	39.38	40.84	-3.6%
Net Property Income (US\$ million)	30.48	31.41	-3.0%
Net Property Income Margin	77.4%	76.9%	+0.5 ppts
Total Distributable Income (US\$ million)	20.42	20.97	-2.6%
Distribution per Unit (HK cents)	13.0	14.0	-7.1%

Financial Positions	As at 30 Jun 2016	As at 31 Dec 2015	Change
Appraised Property Value (RMB million)	9,005.00	8,335.00	+8.0%
Appraised Property Value (USD million)	1,354.54	1,283.55	+5.5%
Total Borrowings (US\$ million) ⁽¹⁾	479.79	477.30	+0.5%
Gearing Ratio (total borrowings to gross assets)	33.2%	34.7%	-1.5 ppts
Net Assets per Unit (HK\$)	6.41	5.98	+7.2%

Note:

1) Notional amount of the borrowing remained unchanged at USD480 million

1. Leasing Performance

- Gross avg monthly passing rent at RMB360/sqm, **+1.1% yoy⁽¹⁾**
- Avg monthly occupancy stayed high: **96%**
- Leases entered into (as % of end-June occupied GFA): **24.3%**

2. Financial Performance

- Revenue: US\$39.38 mn, **-3.6% yoy**
- Net property income (NPI): US\$30.48 mn, **-3.0% yoy**
- NPI margin: 77.4%, **+0.5 ppts**
- Total distributable income (TDI): US\$20.42mn, **-2.6% yoy**

3. Debt Profile / Hedging

- USD480 mn term loan at LIBOR plus 2.75%, remain unchanged
- Cash interest expense, **-1.2% yoy**
- Currency option in place

4. Dividend Distribution

- Interim DPU of **HK13.0 cents** (payable on 23 Sep 2016)
- Payout ratio: **92%⁽²⁾**
- Annualized distribution yield: **7.8%⁽³⁾**

Notes:

1) Net passing rent also increased to RMB339 /sqm /month.

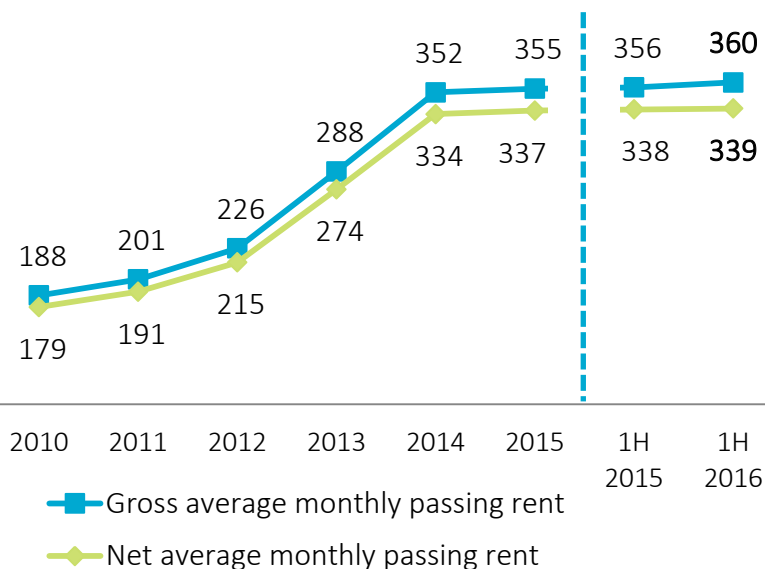
2) Cost the currency option did not impact the TDI. If half of the option cost (for half-year coverage) is deducted from the TDI as a proxy to cash available for distribution, the actual distribution would represent a payout ratio of more than 100% from this amount.

3) Annualized distribution yield is calculated based on the closing price of Spring REIT unit of HK\$3.37 as of 30 June 2016.

Solid performance despite slower China growth

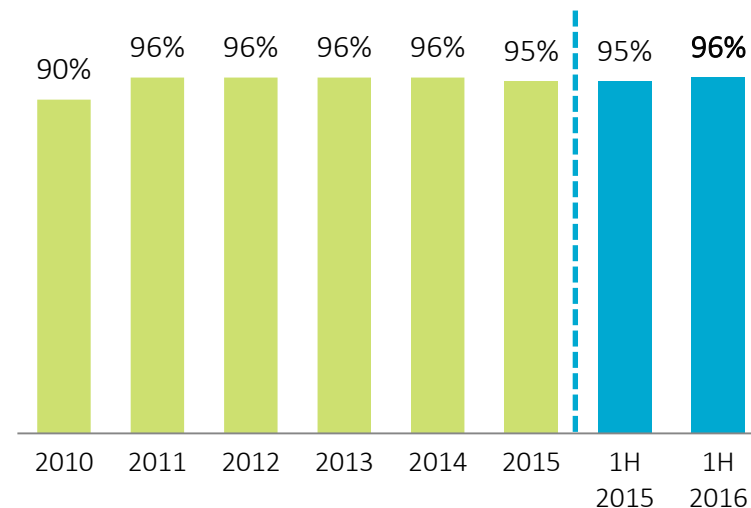
Average Passing Rents

(RMB per sqm per month)



Average Occupancy Rates

(%)

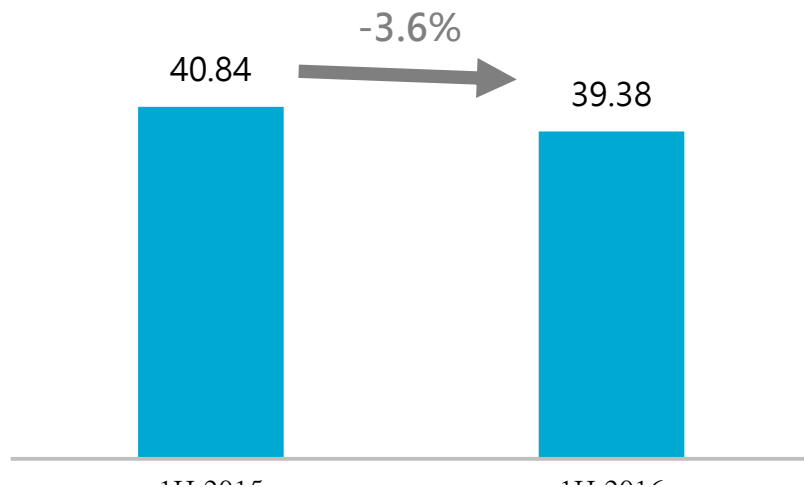


- Gross avg monthly passing rent +1.1% yoy
- Driven by mildly positive rental reversion
- Lease effective in 1H2016 = 24.3% of leased GFA

- Avg occupancy stable at 96%
- Consistently above 90% since 2010
- Favourable supply-demand dynamics in Beijing CBD continued.

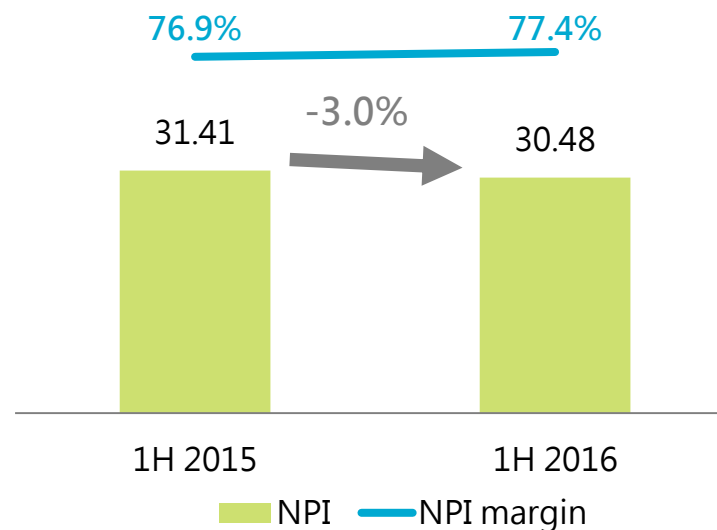
Revenue

(US\$ million)



Net Property Income

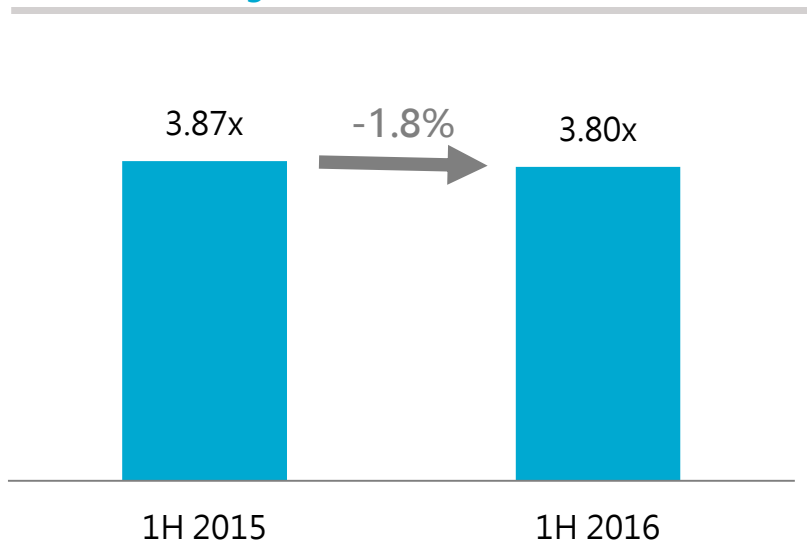
(US\$ million)



- Overall, revenue reflected stable passing rents and occupancy rates.
- Revenue in USD decreased 3.6% due to 4.9% depreciation of RMB
- Excluding RMB effect, revenue up approximately 1.3% yoy.

- Stable cost structure > 90% of property expenses are revenue-linked or fixed.
- NPI margin at 77.4%, +0.5 pts yoy
- NPI -3.0% yoy; +2.0% yoy in RMB terms

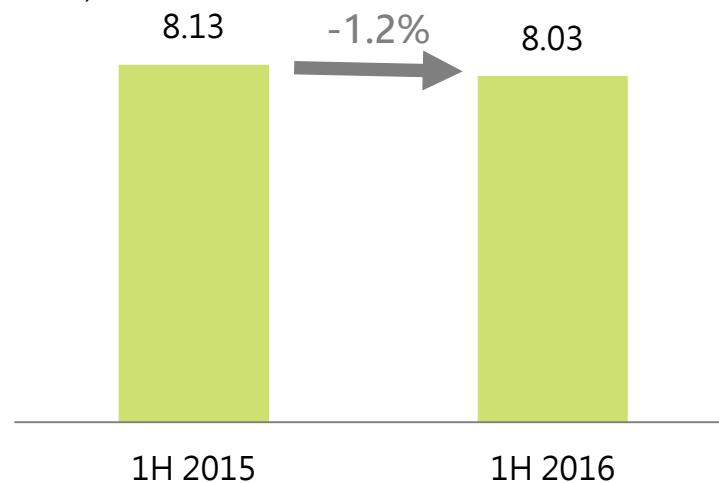
Interest Coverage Ratio



- USD Term Loan
 - Notional Amount: US\$480 mn
 - Interest rate: 3-month USD LIBOR + 2.75%
 - Term: 5 years
- Gearing ratio at 33.2% (2015 : 33.5%)
- Interest coverage at 3.80 times

Cash Interest Expenses

(US\$ million)



- Cash interest expenses: US\$8.03 mn, -1.2% yoy, primarily due to lower interest margin
- Currency hedging matching the notional amount of US\$480 mn is in place



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PROPERTY OVERVIEW

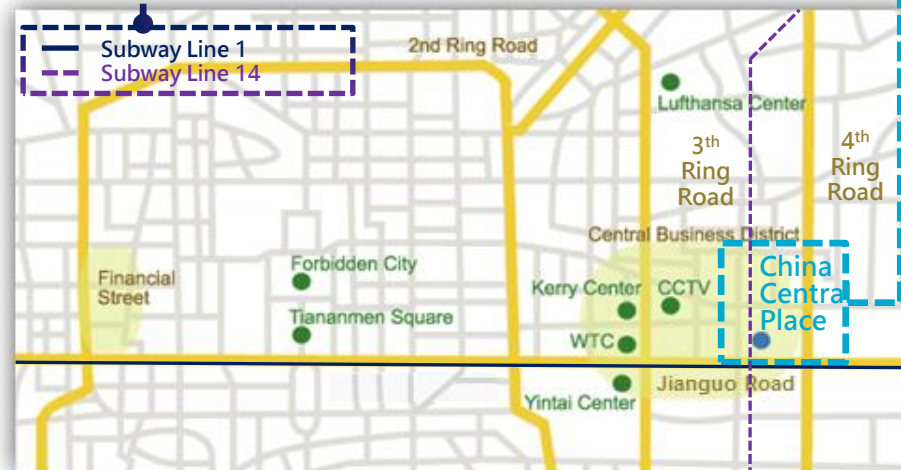
Premium Grade Office Buildings in Beijing CBD

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: RMB9,005.00 million⁽¹⁾ (US\$1,354.54 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

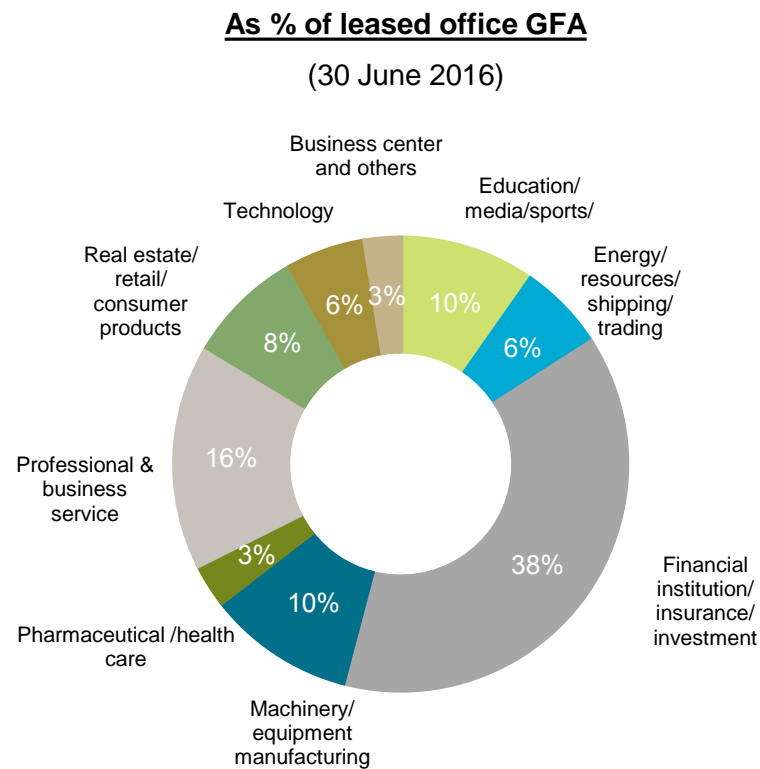


(1) As at 30 June 2016

TENANT BASE

Diverse and high quality tenant mix

Tenants by Industry



Top 5 Tenants

Tenants	% of total leased GFA
Deutsche Bank	6.5%
EPSON	6.0%
Condé Nast	4.9%
Zhong De Securities	4.3%
Xinyuan Real Estate	3.9%

25.6%

Note: as of 30 June 2016

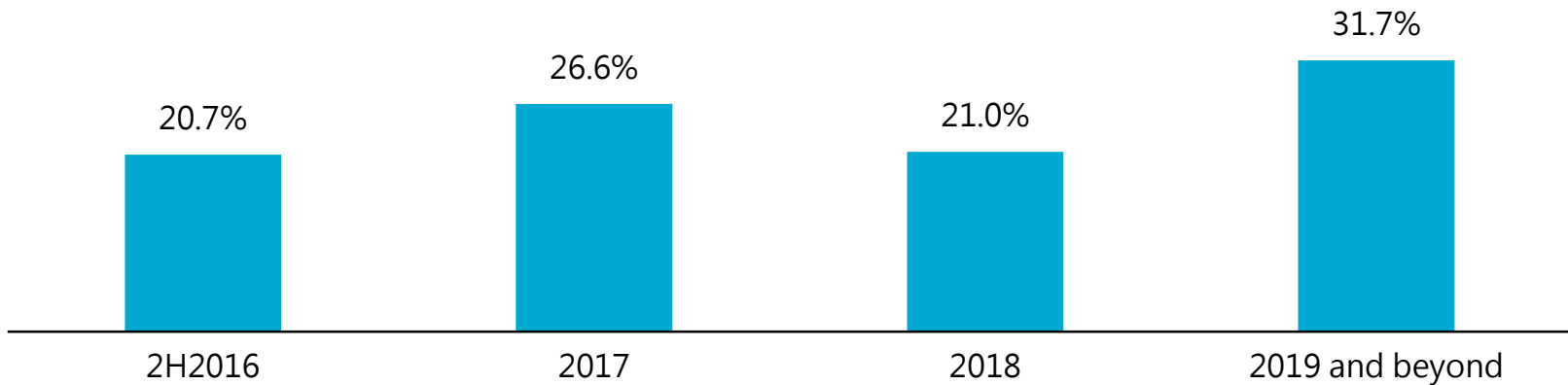
Other industry-leading tenants

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

Note: as of 30 June 2016

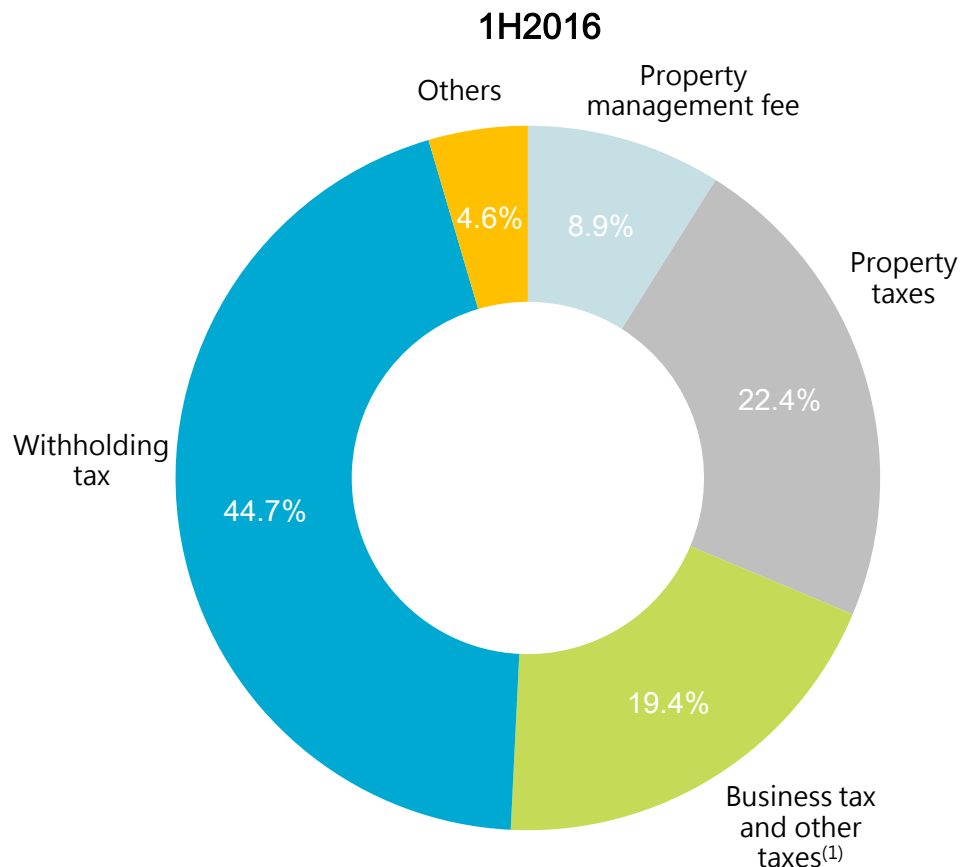
- Typical office lease has a term of 3 years.
- In 1H2016, 24.3% of leases (GFA terms) became effective with high retention rate
- Good progress on negotiations with upcoming expiries.

Expiring leases as a % of leased office GFA



COST STRUCTURE

More than 95% of property expenses are revenue-linked or fixed



■ Withholding tax

- 10% of revenues received from rental operations

■ Business tax and other taxes⁽¹⁾

- 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

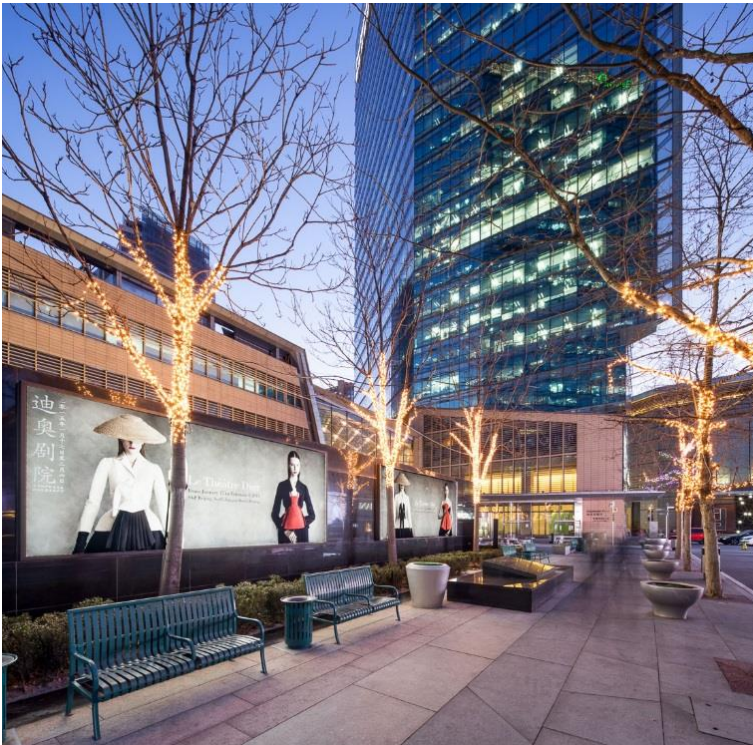
- Includes real estate tax and land use tax
- Real estate tax based on property residual value
- Land use tax based on the site area of the development

■ Property management fee

- 2% of the total revenue

Notes:

- 1) Business tax is no longer applicable since 1 May 2016. It is transitioned into Value-Added Tax, which according to IFRS would not be listed as an expense but would be excluded from revenue instead.

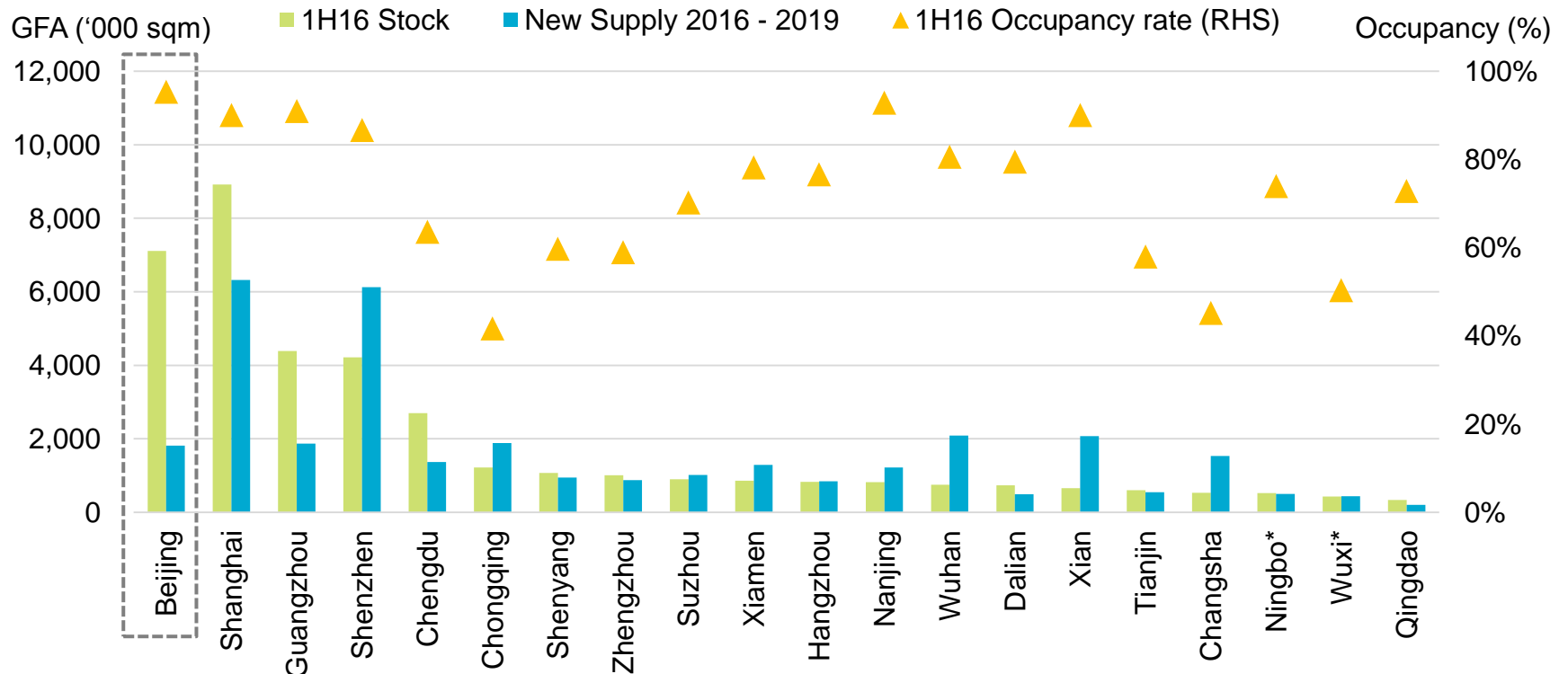


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COMPARISON OF GRADE-A OFFICE MARKETS ACROSS CHINA

Beijing enjoys the best supply-demand dynamics

- Highest office occupancy of 95%
- Low new supply in the next 4 years, only 6.4% p.a. of existing stock (vs avg. 25.1% p.a. of selected cities)



Source: Jones Lang LaSalle Research, June 2016

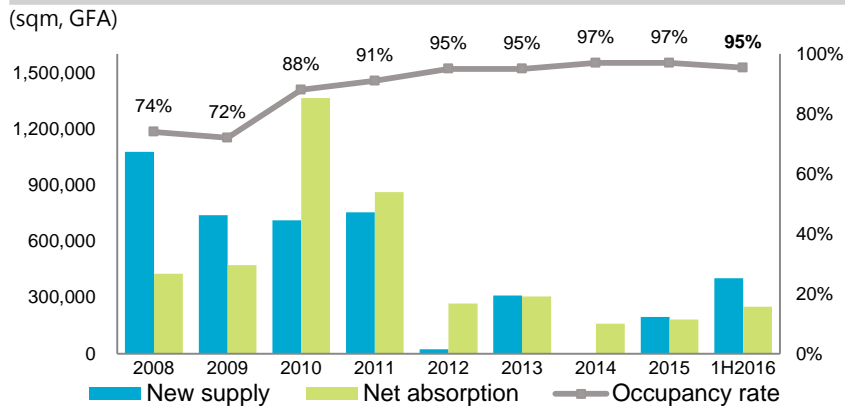
*Note: Ningbo and Wuxi figures are as of 1Q16 & their forecast horizon extends to 2018 only

CURRENT MARKET CONDITION

Tight supply & high occupancy in Beijing Grade-A offices

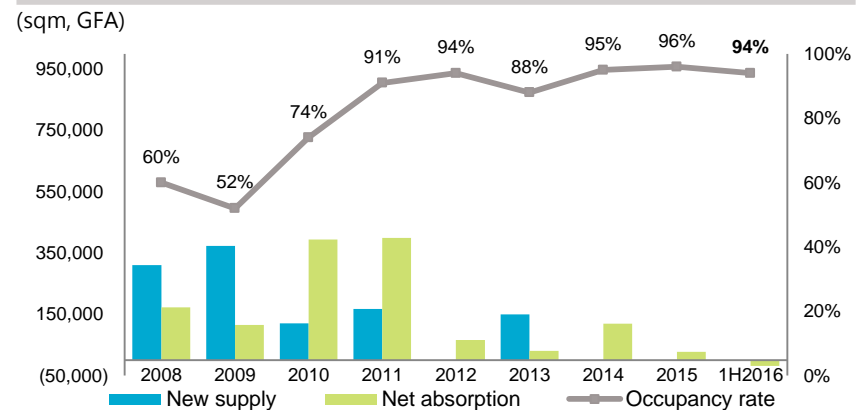
Beijing Overall

Beijing Overall – Supply, Absorption, Occupancy

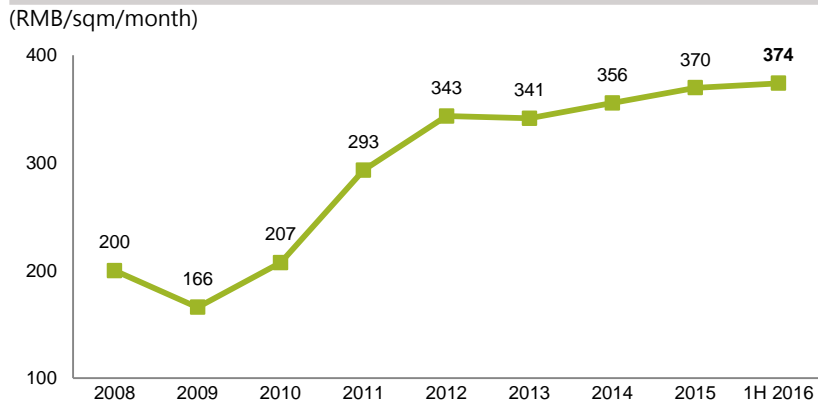


Beijing CBD

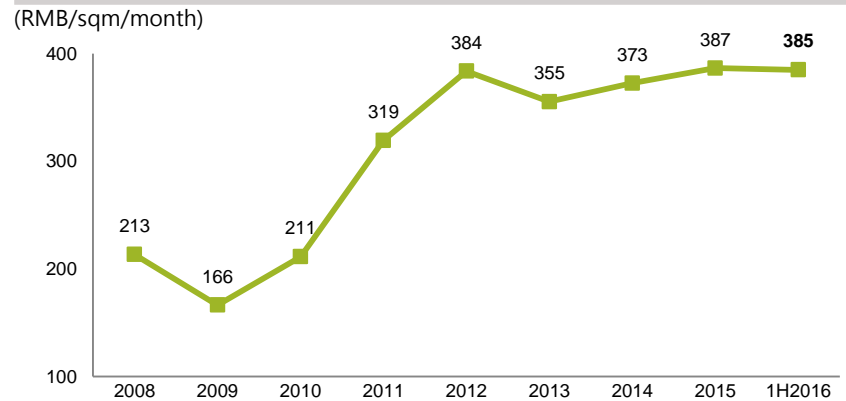
Beijing CBD – Supply Absorption, Occupancy



Beijing Overall – Effective Rental Rate



Beijing CBD – Effective Rental Rate

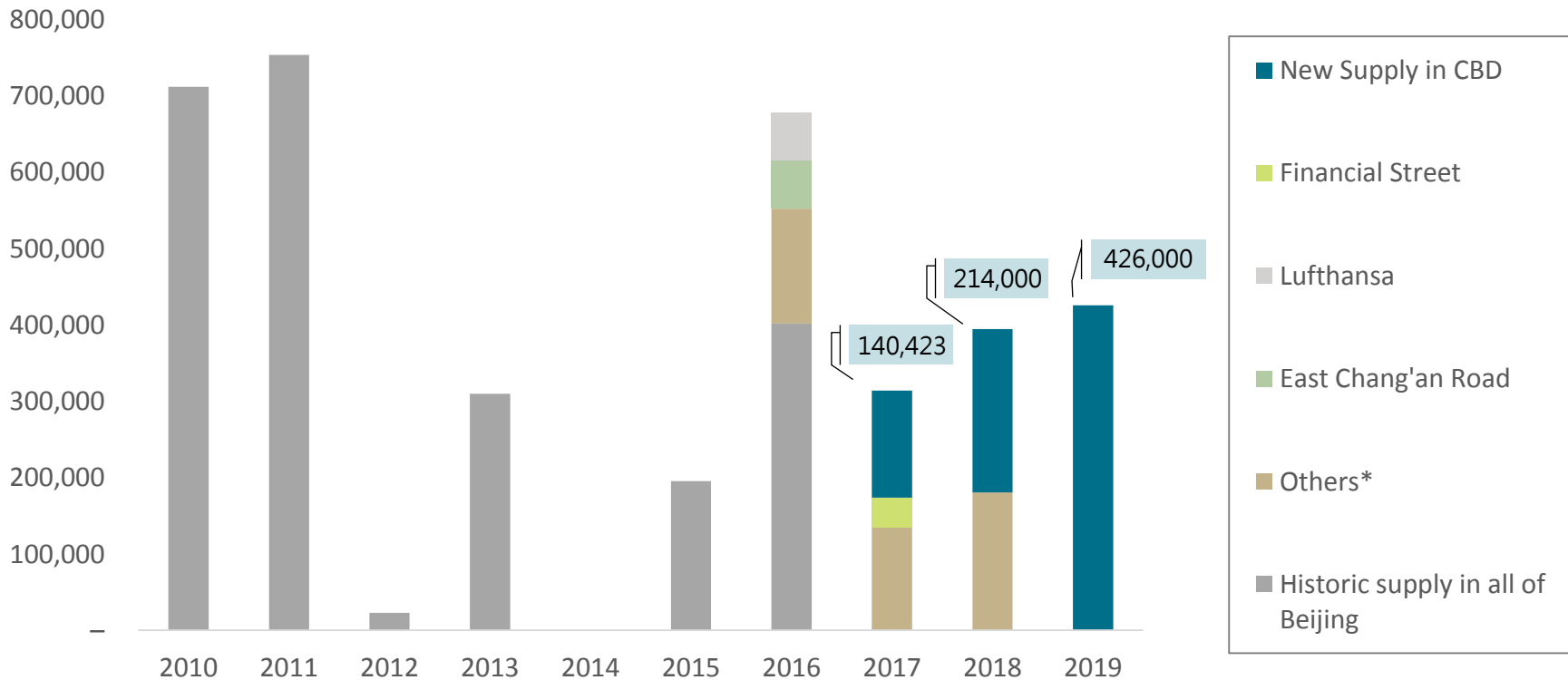


Source: JLL Research, June 2016

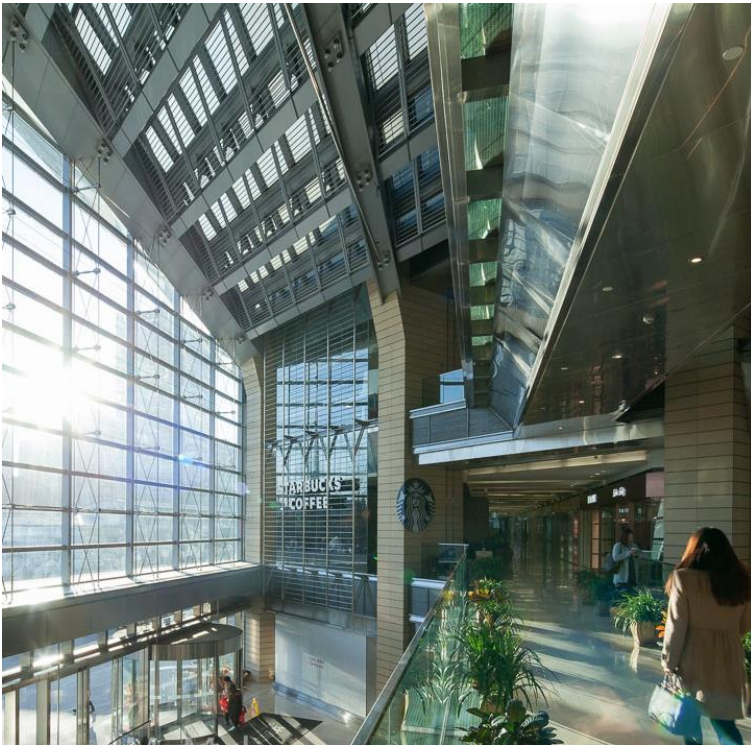
FUTURE GRADE-A OFFICE SUPPLY

Beijing CBD to see more supply in 2019

Grade-A office supply by year



Note:
Others included Wangjing, Lize and Olympic Park
All of the above data are based on JLL Research in June 2016.



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Outlook mixed in 2016

- In China, slowing economic growth may affect business confidence.
- But a fast-growing service sector – which expanded 7.5% in 1H2016 to account for 54% of GDP – should be positive to the demand for quality office space.
- Various macro events expected in 2H2016, such as the pace of Fed rate hike, RMB included in SDR, US election may bring positive / negative impacts to the operating environment.
- Superior asset quality and location of our assets should contributed to stable leasing performance.

Strategic Priorities

- Focus on core strategy on leasing management to maintain good rental rates and high occupancy.
- Stable distributions to Spring REIT's unitholders.
- Retention of high-profile tenants with differentiating leasing offers.
- Actively exploring investment opportunities.
- Proactive management of currency and interest rate exposure.