

Spring REIT Reports Solid Results for the First Half of 2015

Interim DPU of HK14.0 cents per unit, representing annualized yield of 8.2%¹

Refinancing completed in April 2015, with interest margin reduced by 75 basis points

(20 August 2015 – Hong Kong) Spring Asset Management Limited or (“the **Manager**”), as manager of Spring Real Estate Investment Trust (“**Spring REIT**”, Stock Code: 1426), is pleased to announce the interim results of Spring REIT and its special purpose vehicle (the “**Group**”) for the six months ended 30 June 2015 (the “**Reporting Period**”).

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%	+0.5ppts
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
Gross Assets (US\$ million)	1,411.41	1,392.40	+1.4%
Appraised Property Value (US\$ million)	1,317.21	1,306.58	+0.8%
Appraised Property Value (RMB million)	8,168.00	8,108.00	+0.7%
Net Assets per Unit (HK\$)	6.27	6.25	+0.3%
Total Borrowings to Gross Asset Value	33.5%	33.1%	+0.4ppts
Number of Units Outstanding	1,114,886,108	1,109,468,088	+0.5%

DISTRIBUTION SUMMARY

	Distribution per Unit	Distribution Yield ¹	Annualized Distribution Yield ¹
2015 Interim Distribution ²	HK14.0 cents	4.1%	8.2%
2014 Final Distribution	HK12.5 cents	7.2%	7.2%
2014 Interim Distribution	HK13.9 cents		
2013 Final Distribution ³	HK1.6 cents	0.5%	6.8%
2013 Special Distribution	HK7.0 cents	2.2%	N/A

Notes:

1. Distribution yield and annualized distribution yield are calculated using the closing price of the Units at the end of each period.
2. The record date of 2015 interim distribution will be 8 September 2015 (“**Record Date**”) and the payment date will be 17 September 2015.
3. The distribution for the period from 5 December 2013 to 31 December 2013 represented only 27 days of operation. It was paid on 30 September 2014.

Overview of 2015 Interim Results

Solid Financial Results

Spring REIT delivered solid financial performance for the six months ended 30 June 2015, with total revenue up by 2.6% year-on-year to US\$40.84 million and net property income up 3.4% year-on-year to US\$31.41 million.

The moderate growth in revenue reflected the relatively small portion of new and renewed leases being entered into during the Reporting Period and a mildly positive rental reversion. Net property income margin edged up 0.5 percentage point to 76.9% thanks to a stable cost structure and the benefit of positive operating leverage.

Total distributable income of Spring REIT for the Reporting Period amounted to US\$ 20.97 million (2014: US\$ 19.75 million).

Leasing Performance

During the Reporting Period, office leases equivalent to 13.9% of leased gross floor area (as at 30 June 2015) were signed and came into effect. Average monthly passing rent increased 3.2% to RMB356 per square meter, whereas average monthly spot rent decreased 8.5% to RMB345 per square meter due to the entering of certain leases in less preferred premises. Excluding those leases, average monthly spot rent was RMB398 per square meter, which is 5.6% higher than RMB377 per square meter for the six months ended 30 June 2014.

Property Valuation

As at 30 June 2015, the appraised value of Spring REIT's property increased by approximately 0.7% to RMB 8,168.00 million over the valuation as at 31 December 2014.

Completion of Refinancing

As announced on 18 February 2015, Spring REIT (through its special purpose vehicle RCA01) successfully obtained a US\$480 million 5-year secured term loan ("**2015 Term Loan**") and a US\$20 million uncommitted revolving credit facility (together the "**2015 Term Loan and Revolving Facility**") from a syndicate of 16 international and local banks. The 2015 Term Loan received overwhelming responses from banks and recorded an oversubscription totaling US\$1.47 billion, or 3.06 times of the issue size.

The 2015 Term Loan was successfully drawn down in April 2015 with the proceeds applied to the early repayment of the existing US\$465 million term loan ("**2013 Term Loan**") which was to fall due in January 2016. The 2015 Term Loan bears an interest rate of 2.75% plus LIBOR. Compared with the 2013 Term Loan which borne an interest rate of 3.5% plus LIBOR, this represents a saving of 75 basis points on interest margin.

Interim Distribution

The Board of the Manager is pleased to declare an interim distribution of HK14.0 cents per Unit, representing a 96% payout of Spring REIT's total amount available for distribution for the Reporting Period. The interim distribution represents a distribution yield of 4.1%, or an annualized distribution yield of 8.2% based on the closing price of Spring REIT of HK\$ 3.44 as at 30 June 2015.

Press release

Prospects

Looking ahead, despite continued moderation in China's economic growth, Mr. Toshihiro Toyoshima, Chairman of Spring Asset Management Limited, said, "The underlying tight supply-demand situation is expected to continue in the remaining of the year, with limited new supply of Grade-A office space in the Central Business District (CBD). The Manager would continue to focus on maintaining high occupancy, strengthening tenant mix and managing costs."

"During the first half of the year, ITOCHU Corporation (a leading trading conglomerate in Japan as well as a Fortune Global 500 company) became a 28.3% shareholder of AD Capital which is the parent company of the Manager. With closer business ties with ITOCHU Corporation, AD Capital would be well-positioned to facilitate future business cooperation with ITOCHU in real estate area, including the potential to identify and present Spring REIT with real estate investment opportunities that may enhance the long-term development prospect of Spring REIT."

"With refinancing successfully completed, the savings from a 75 basis points reduction in interest margin of the 2015 Term Loan will contribute to Spring REIT's financial performance in the coming years. Having obtained unitholders' approvals in May 2015 to expand the investment scope, Spring REIT now enjoys greater investment flexibility for future expansion. This includes the flexibility to invest in properties anywhere in the world, and to a limited extent in property development projects or financial instruments such as listed securities and overseas property funds. While we explore opportunities to enhance the long-term prospects of Spring REIT, we remain committed to delivering stable distributions to our unitholders. "

- Ends -

About Spring Real Estate Investment Trust

Spring Real Estate Investment Trust ("Spring REIT", stock code: 01426), listed on 5 December 2013, is the first Hong Kong REIT to offer direct exposure to two Premium Grade office buildings strategically located in the Central Business District (CBD) of Beijing. The portfolio of Spring REIT includes Office Tower 1 and Office Tower 2 (total gross floor area of 120,245 sqm) of China Central Place and approximately 600 car parking spaces (total gross floor area of 25,127 sqm). Spring REIT seeks to provide unitholders with stable distributions and the potential for sustainable long-term growth.

Spring REIT is managed by Spring Asset Management Limited (the "Manager"), a company incorporated in Hong Kong. As at 30 June 2015, the Manager is 90.2% owned by AD Capital Co., Ltd., which is a private equity investment firm primarily owned by Development Bank of Japan, Itochu Corporation and Asuka Holdings.

Notes to Editor:

Further information on Spring REIT's interim results can be obtained from an Announcement published on the respective websites of the Stock Exchange at www.hkexnews.hk and Spring REIT at www.springreit.com. This press release can also be found in the News Release section of Spring REIT.

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