

Spring REIT Announces 2014 Interim Results

Total revenue and net property income surged 30.4% and 33.5% respectively

Total distribution for the period from 5 December 2013 (the Listing Date) to 30 June 2014 amounted to US\$22.02 million, representing a distribution per unit of HK15.5 cents

(18 August 2014 – Hong Kong) Spring Asset Management Limited (“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 2014 (the “**Reporting Period**”).

RESULTS HIGHLIGHT

For the Six Months Ended 30 June	2014	2013	Change
Total Revenue (<i>US\$ million</i>)	39.79	30.51	+30.4%
Net Property Income (<i>US\$ million</i>)	30.38	22.76	+33.5%
Net Property Income Margin	76.4%	74.6%	+1.8ppts

	As at 30 Jun 2014	As at 31 Dec 2013	Change
Gross Assets (<i>US\$ million</i>)	1,367.13	1,403.68	-2.6%
Appraised Property Value (<i>US\$ million</i>)	1,275.98	1,272.78	+0.3%
Appraised Property Value (<i>RMB million</i>)	7,915.00	7,760.00	+2.0%
Net Assets Attributable to Unitholders (<i>US\$ million</i>)	870.91	862.24	+1.0%
Net Assets Attributable to Unitholders per Unit (<i>HK\$</i>)	6.12	6.09	+0.5%
Total Borrowings (<i>US\$ million</i>)	457.76	504.80	-9.3%
Total Borrowings to Gross Asset Value	33.5%	36.0%	-2.5ppts
Number of Units Outstanding	1,102,859,141	1,098,000,000	+0.4%

DISTRIBUTION SUMMARY

Financial Year	2014 Interim Distribution	2013 Final Distribution	Special Distribution
Total Distribution (<i>US\$ millions</i>) ¹	19.77	2.25	9.91
Distribution per Unit (<i>HK cents</i>) ²	13.9	1.6	7.0
Announcement Date	18 August 2014		17 March 2014
Record Date	12 September 2014		9 April 2014
Payment Date	30 September 2014		16 May 2014
Distribution Yield ³	4.4%	0.5%	2.2%
Implied Annualized Distribution Yield ³	8.9%	6.8%	N/A

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Notes:

1. These total distributions represent distribution of 100% of the amount available for distribution for each period. For details of the amount available for distribution, please refer to the announcement (“Announcement”) issued to Unitholders dated 18 August 2014 under the section headed “Statement of Distributions” in the condensed consolidated financial statements.
2. Cumulatively, distribution per Unit for the period from 5 December 2013 (the Listing Date) to 30 June 2014 (including the Special Distribution paid on 16 May 2014) amounts to HK22.5 cents.
3. Distribution yield and implied annualized distribution yield are based on distribution per Unit for each period and closing price of the Units of HK\$3.16 on 30 June 2014.

Business Review

Spring REIT achieved an outstanding performance for the Reporting Period, with revenue reaching a record high of US\$39.79 million, up 30.4% from the last corresponding period. Net property income also surged 33.5% year-on-year to US\$30.38 million.

The Manager is pleased to declare an interim distribution to the unitholders of Spring REIT (the “Unitholders”) for the Reporting Period of HK13.9 cents per Unit and a final distribution for the period from 5 December 2013 (the Listing Date) to 31 December 2013 (the “Relevant Period”) of HK1.6 cents per Unit, amounting to a total regular distribution of HK15.5 cents per Unit. This represents a 100% distribution of Spring REIT’s total amount available for distribution for the Relevant Period and Reporting Period. The distribution per Unit for Reporting Period represents an annualized distribution yield of approximately 8.9% based on the closing price of HK\$3.16 per Unit as at 30 June 2014.

Commenting on the encouraging inaugural 2014 interim results, **Mr. Toshihiro Toyoshima, Chairman of Spring Asset Management Limited**, said, “The favorable supply-demand dynamics of the Grade A office market in Beijing’s central business district (“CBD”) continued in the first half of 2014. The Group was able to take advantage of the strong demand for Grade A office in Beijing’s CBD deriving from relocations and renewals, and achieved a significant increase in revenue and net property income during the Reporting Period. Our positive rental reversions and active leasing management have underpinned the growth of our business.”

During the Reporting Period, the Group’s average monthly passing rental increased significantly by 28.7% from RMB268 per sqm in the same period last year to RMB345 per sqm, moving closer to the average monthly spot rental of RMB377 per sqm in the same period.

Thanks to favorable market conditions as well as leasing efforts, the average occupancy rate at Spring REIT’s principal assets, the two Premium Grade office buildings at China Central Place in Beijing, China, stood above 95%.

Outlook

Commenting on Spring REIT’s business prospects, Mr. Toyoshima said, “Looking into the second half of 2014, we

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expect the positive rental reversion to continue on the back of limited new supply of high-quality office space in Beijing's CBD, coupled with low vacancy and healthy take-ups. Longer term, we believe Spring REIT is well-positioned to benefit from rising demand for high-quality office space amid China's urbanization and a structural economic shift towards service sectors."

"We also trust that the inclusion of Spring REIT as a member of the Hang Seng REIT Index and MSCI China Small Cap Index will increase its trading liquidity. As the Manager, we will remain committed in driving revenue growth and distribution income. We will continue to evaluate possible acquisition opportunities in Asia when they emerge so as to enhance value for Unitholders. To demonstrate our commitment to delivering distributions to Unitholders, the Board is committed to distributing 100% of the distributable income for the year ended 31 December 2014," concluded Mr. Toyoshima.

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About Spring Real Estate Investment Trust

Spring Real Estate Investment Trust ("Spring REIT", Stock Code: 1426) is a real estate investment trust which owns and invests in high quality income-producing real estate in Mainland China. Spring REIT 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. Spring REIT is managed by Spring Asset Management Limited (the "Manager"), a company incorporated in Hong Kong and wholly owned by AD Capital Co., Ltd. ("AD Capital"), a private equity investment management company based in Japan, with extensive experience in private equity and real estate investments. Spring REIT seeks to offer to Unitholders distributions and the potential for sustainable long-term growth.

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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