

Spring REIT Announces 2015 Annual Results

Another set of stable results amid market volatility

Full-Year DPU amounts to HKD26.6, representing annualized yield of 8.8%

(17 March 2016 – Hong Kong) Spring Asset Management Limited (“the **Manager**”), as manager of Spring Real Estate Investment Trust (“**Spring REIT**”, Stock Code: 01426), is pleased to announce the final results of Spring REIT for the year ended 31 December 2015 (the “**Reporting Year**”).

RESULTS HIGHLIGHTS

For the year Ended 31 December	2015	2014	Change
Total Revenue (<i>USD million</i>)	80.52	81.46	-1.2%
Net Property Income (<i>USD million</i>)	61.28	62.17	-1.4%
Net Property Income Margin	76.1%	76.3%	-0.2ppts
Total Distributable Income (<i>USD million</i>)	41.23	37.70	+9.4%
Distribution per Unit (<i>HK cents</i>)	26.6	26.4	+0.8%

As at 31 December	2015	2014	Change
Gross Assets (<i>USD million</i>)	1,377.19	1,392.40	-1.1%
Appraised Property Value (<i>USD million</i>)	1,283.55	1,306.58	-1.8%
Appraised Property Value (<i>RMB million</i>)	8,335.00	8,108.00	+2.8%
Net Assets per Unit (<i>HKD</i>)	5.98	6.25	-4.3%
Total Borrowings (<i>USD million</i>)	477.30	460.68	+3.6%
Total Borrowings to Gross Asset Value	34.7%	33.1%	+1.6ppts
Number of Units Outstanding	1,120,158,306	1,109,468,088	+1.0%

DISTRIBUTION SUMMARY

	Distribution per Unit	Distribution Yield ³	Annualized Distribution Yield ³
2015 Final Distribution ¹	HK12.6 cents	8.8%	8.8%
2015 Interim Distribution	HK14.0 cents		
2014 Final Distribution	HK12.5 cents	7.2%	7.2%
2014 Interim Distribution	HK13.9 cents		
2013 Final Distribution ²	HK1.6 cents	0.5%	6.8%
2013 Special Distribution	HK7.0 cents	2.2%	N/A

Notes:

1. The record date of 2015 final distribution will be 8 April 2016 (“Record Date”) and the payment date is expected to be 20 April 2016.
2. 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.
3. Distribution yield and annualized distribution yield are calculated using closing price of the Units at the end of each relevant financial period.

Overview of 2015 Annual Results

Stable Financial Performance

Spring REIT maintained stable financial performance for the year ended 31 December 2015 amid the volatile economy, with total revenue and net property income edged down 1.2% to USD 80.52 million and 1.4% to USD 61.28 million respectively.

The small decline in revenue and net property income were mainly attributable to 4.4% depreciation of RMB against USD in 2015, as the Group's financial statements reported and rental income collected are in USD and RMB respectively. Excluding such foreign exchange impacts, the operating results would have shown a slight growth in RMB terms.

Total distributable income of Spring REIT for the Reporting Year amounted to approximately USD 41.23 million, representing a 9.4% increase comparing to that of USD 37.70 million in 2014, due to a lower base in 2014 that is mainly attributable to one-off loan arrangement fees related to refinancing.

Leasing Performance and Property Valuation

During the Reporting Year, Spring REIT's property achieved a high occupancy rate of 95%. New and renewed leases equivalent to 25.2% of leased gross floor area (as at 31 December 2015) were signed and came to effect. Average monthly passing rent increased by 0.9% from RMB 352 per sqm in 2014 to RMB 355 per sqm in 2015, on the back of slightly positive rental reversion.

As at 31 December 2015, the appraised value was RMB 8,335.00 million, representing an increase of 2.8% over the valuation as at 31 December 2014.

Optimized Capital Structure

During the Reporting Period, the Manager has successfully completed the drawdown of a new 5-year term loan with USD 480 million principal to early repay the previous 3-year term loan. The new term loan bears an interest rate of 2.75% plus LIBOR. Compared with the previous term loan which borne an interest rate of 3.5% plus LIBOR, this represents tangible financial benefits of a 75 basis points savings in cash interest payment, which is equivalent to approximately USD 3.08 million per annum.

2015 Final Distribution and Distribution Yield

The Board of directors of the Manager is pleased to declare a final distribution of HK 12.6 cents per Unit. Together with the interim distribution of HK 14.0 cents, it represents a 93% distribution of Spring REIT's total distributable income for the Reporting Year. Based on the closing price as at 31 December 2015, the full year distribution represents a distribution yield of 8.8%.

Broader Alliance

During the Reporting Year, the Manager's parent company Mercuria had brought in ITOCHU and SMTB as its shareholders. ITOCHU is a leading trading conglomerate in Japan as well as a Fortune Global 500 company, with strong real estate division which provides extensive services ranging from development and construction to sales, operation, leasing, brokering and financial management of real estate projects. Meanwhile, SMTB is a leading trust bank group in Japan which offers a wide spectrum of financial services including financing, consulting, real estate management and asset management services.

Press release

By establishing closer business relationships with ITOCHU and SMTB, Mercuria is well positioned to leverage the experience and resources of ITOCHU and SMTB in order to facilitate future cooperation on business opportunities in real estate area, including the potential to identify and present Spring REIT with real estate investment opportunities.

Outlook

Mr. Toshihiro Toyoshima, Chairman of Spring Asset Management Limited said, "Looking ahead, despite the continued moderation in China's economic growth, the supply and demand of Grade-A office space in Beijing CBD is expected to remain tight in 2016. Spring REIT's assets, Office Tower 1 and 2 at China Central Place will benefit from its prime location as well as the opening of the Central Portion of Beijing Subway Line 14, which highly increase its convenience and accessibility."

"Amid the uncertainties in the global economy, we will stay focused on our asset management strategy to achieve good rental rates and high occupancy. In view of the relatively large portion of scheduled expiry this year, which is equivalent to about 46.4% in leased GFA terms, we have initiated early discussions with expiring tenants and made good progress in lease renewals. We remain confident in delivering a relatively stable leasing operation in terms of passing rent and occupancy in 2016."

"From real estate investment industry's past experience, excellent investment opportunities tends to emerge during periods of uncertainties. With a broadened investment scope, Spring REIT now has greater flexibility with respect to geographical scope and targeted property types. During the Reporting Year, the Manager has explored various real estate projects in China, Japan and Southeast Asia. We will continue our efforts to identify potential investments that can enhance the value of Spring REIT and its distributions to Unitholders."

- Ends -

About Spring Real Estate Investment Trust

Spring Real Estate Investment Trust ("**Spring REIT**", stock code: 01426) is a real estate investment trust which owns and invests in high quality income-producing real estate in Mainland China. Listed on 5 December 2013 on the Hong Kong Stock Exchange, 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 seeks to offer to Unitholders 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 and is 90.2% owned by Mercuria Investment Co., Limited (formerly known as AD Capital Co., Ltd., name changed as of 1 January 2016).

Notes to Editor:

Further information on Spring REIT's annual 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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