Web Proof Information Pack of

SpringREIT

Spring Real Estate Investment Trust

春泉產業信託

(a Hong Kong collective investment scheme authorized under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

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YOU SHOULD READ THE SECTION HEADED "WARNING" ON THE COVER OF THIS WEB PROOF INFORMATION PACK.

KEY INVESTMENT INFORMATION

The following summary is derived from, and should be read in conjunction with, the full text of this Document. This section is only a general summary of the more detailed information contained elsewhere in this Document. You should read carefully the entire Document to understand Spring REIT's business, statement of distributions, the rights attached to the Units, and tax and other considerations that may be important.

Statements contained in this summary that are not historical facts may be forward-looking statements based on certain assumptions, expectations and beliefs of the REIT Manager. You are cautioned that there are certain risks and uncertainties associated with Spring REIT and the actual results may differ materially from those projected by such forward-looking statements.

A REIT AS AN INVESTMENT VEHICLE

A REIT is a collective investment scheme constituted as a unit trust that invests primarily in income-producing real estate assets and uses the income to provide stable returns to its unitholders. Holding units in a REIT allows Unitholders to share the benefits and risks of owning the real estate assets held by the REIT. An investment in the units of a REIT in Hong Kong is governed primarily by the REIT Code and also the trust deed constituting the REIT and offers the following benefits:

- certainty as to business focus of the REIT, as a REIT does not have the discretion to diversify outside of the real estate sector or to own significant non-real estate assets;
- a distribution which is required by the REIT Code to be at least 90% of the REIT's audited net income after tax for each financial year, subject to certain adjustments;
- significantly enhanced liquidity in comparison to direct investments in real estate;
- a REIT manager licensed and regulated on an ongoing basis by the SFC; and
- a corporate governance framework, compliance with which is overseen by an independent trustee.

OVERVIEW OF SPRING REIT

Spring REIT is a real estate investment trust formed primarily to own and invest in high quality income-producing real estate assets in Asia. The key objectives of the REIT Manager for Spring REIT are to provide Unitholders with stable distributions and the potential for sustainable long-term growth in the distributions and enhancement in the value of the real estate assets.

SUMMARY

Spring REIT is the first REIT to offer direct exposure to two Premium Grade office buildings strategically located in the CBD of Beijing. Spring REIT will initially invest in and own the Property through its ownership of RCA01. The Property comprises all of the office floors of Office Tower 1 (including Levels 4 to 28, and the equipment and emergency shelter floor on Level 16, which contains no lettable space) and Office Tower 2 (including Levels 4 to 32, and the equipment and emergency shelter floor on Level 20, which contains no lettable space) in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings. The Property has a total of 120,245 sq.m. of office space and 25,127 sq.m. of car parking spaces. Construction of the Property commenced in March 2004 and was completed in December 2006.

KEY HIGHLIGHTS OF SPRING REIT

The REIT Manager believes that Spring REIT presents Unitholders with an attractive proposition:

- Exposure to Premium Grade office buildings located in the CBD of Beijing;
- The Property is able to benefit from being part of China Central Place (華貿中心), a prime mixed-use complex in Beijing and a well recognized brand;
- High occupancy rates and a diverse and high quality tenant base at the Property;
- Attractive distribution prospects supported by organic growth; and
- Transparent and professional management by a highly experienced management team with a proven track record.

For further details, see the section headed "Highlights" in this Document.

OBJECTIVES AND INVESTMENT STRATEGIES OF SPRING REIT

The key objectives of the REIT Manager for Spring REIT are to provide Unitholders with stable distributions and the potential for sustainable long-term growth in the distributions and enhancement in the value of the real estate assets. The REIT Manager intends to accomplish these objectives through holding and investing in high quality income-producing real estate assets in mainland China, although future acquisitions may also be made in Hong Kong, Macau, Taiwan, Japan and other areas of Asia.

The implementation of the REIT Manager's strategy can be broadly categorized as follows:

- **Asset Management Strategy.** The REIT Manager intends to actively manage Spring REIT's property portfolio to maximize long-term value, maintain high occupancy rates, increase lease renewal rates and maintain a high quality tenant base. The REIT Manager will work closely with both the Property Manager and the Building Manager to drive organic growth and maintain strong relationships with tenants.

- **Acquisition Strategy.** The REIT Manager intends to seek to selectively acquire additional high quality income-producing real estate that meets its investment criteria.
- **Capital and Risk Management Strategy.** The REIT Manager intends to focus on maximizing the returns on the portfolio and distributions to Unitholders, while maintaining an appropriate loan-to-value ratio.

For further details, see the section headed "Strategy" in this Document.

SUMMARY INFORMATION ON THE PROPERTY

Description	The Property comprises all of the office floors of Office Tower 1 (including Levels 4 to 28, and the equipment and emergency shelter floor on Level 16, which contains no lettable space) and Office Tower 2 (including Levels 4 to 32, and the equipment and emergency shelter floor on Level 20, which contains no lettable space) in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings. The Property is located at No. 79 and No. 81, Jianguo Road (建國路), Chaoyang District, Beijing, China
Year of Completion	December 2006
Number of Car Parking Spaces	Approximately 600 car parking spaces
Total GFA	145,373 sq.m., comprising the Total Office GFA of 120,245 sq.m. and car parking GFA of 25,127 sq.m.
Appraised Value (As of August 31, 2013)	RMB7,747 million
Number of Tenants (As of June 30, 2013)	125 tenants under 174 leases
Land Use Rights	50 years expiring on October 28, 2053
Building Ownership Certificates	RCA01 has valid building ownership certificates for the Property, comprising 120,245 sq.m. of office space and 25,127 sq.m. of car parking spaces

FINANCIAL AND OPERATIONAL INFORMATION

Tenant Mix

The Property has a diverse and high quality tenant base with a total of 125 tenants under 174 leases as of June 30, 2013. A significant number of these tenants are leading multi-national and domestic companies, which include Deutsche Bank, Condé Nast, NBA, Tesco, SAP AG, White & Case LLP, Zhong De Securities, Global Law Office, Aecom, Itochu, Brasil Embraer, Baxter, Richemont and Bain & Company. The tenants are also in a wide variety of industry sectors, including finance, insurance, professional services, education, media, sport, energy, technology and health care. They represent a balance of international and domestic organizations.

The following table sets forth information on the five largest tenants of the Property in terms of Office GFA as of June 30, 2013:

Tenant	Expiration date(s)	Office GFA	Percentage of Total Office GFA
		(sq.m.)	*(%)*
Deutsche Bank and its affiliated companies	November 2013[1]	7,183	6.0
SAP AG	March 2014	6,952	5.8
Condé Nast	January 2014	5,406	4.5
Zhong De Securities	April 2016	3,162	2.6
Global Law Office	June 2014	3,091	2.6
Total		**25,794**	**21.5**

Note:

(1) The lease with Deutsche Bank and its affiliated companies expires on November 30, 2013. As of the Latest Practicable Date, the Property Manager is in the process of renewing this lease.

Occupancy and Unit Rent

The following table sets forth information on the average Office Occupancy Rate, average Unit Rent of new/renewed leases and average leased Unit Rent for the periods indicated:

	Average Office Occupancy Rate[1]	Average Unit Rent of New/Renewed Leases[2]	Average Leased Unit Rent[3]
	(%)	*(RMB)*	*(RMB)*
Year ended December 31, 2010	90	198	188
Year ended December 31, 2011	96	241	201
Year ended December 31, 2012	96	332	226
Six months ended June 30, 2013	96	376	268

Notes:

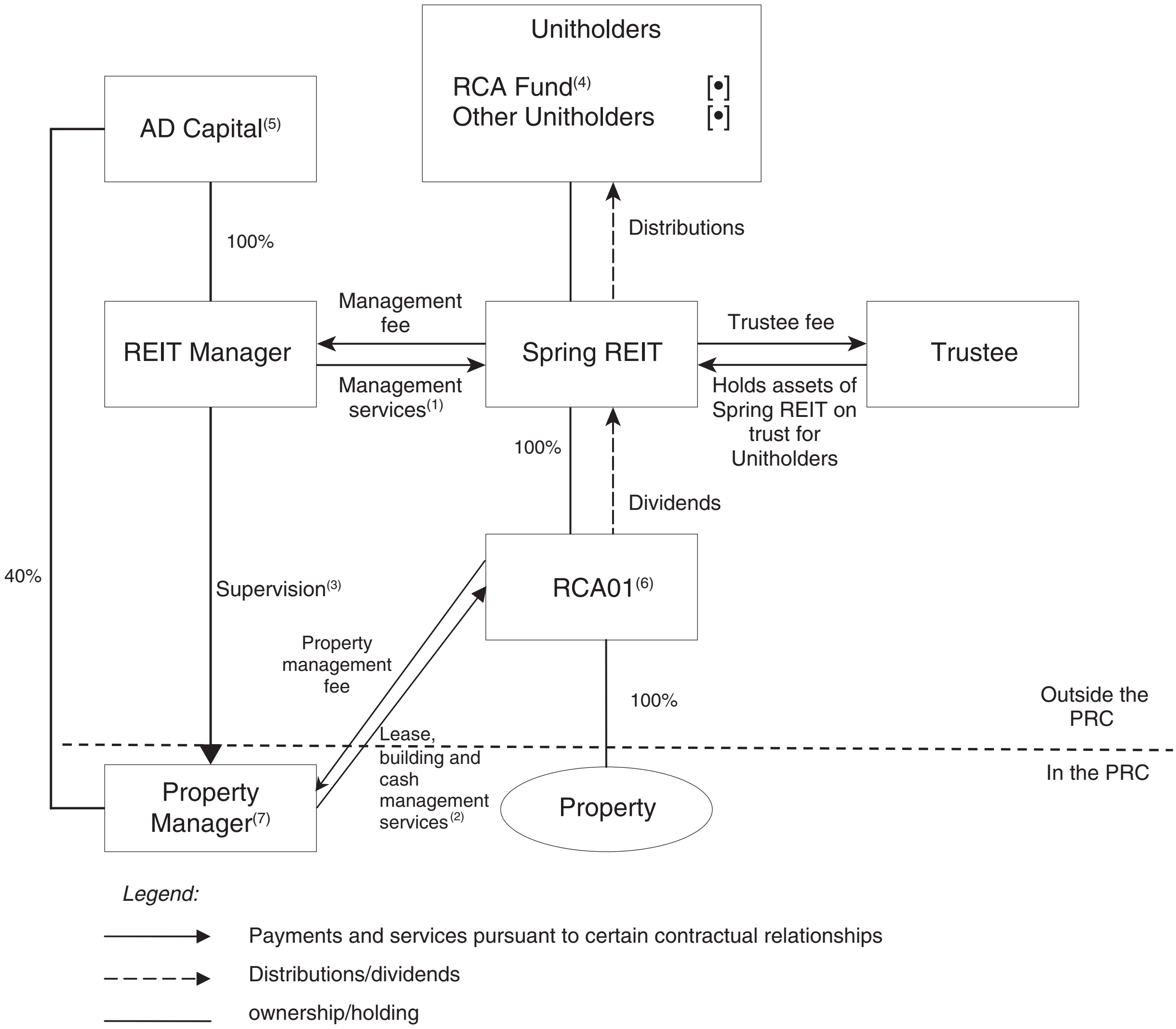
(1) The average Office Occupancy Rate over the relevant period is derived by dividing the sum of the occupancy rates as of the end of each month during the relevant period by the number of months in the relevant period.

(2) The average Unit Rent of new/renewed leases over the relevant period is calculated as the weighted average of the Unit Rent for lease agreements, the performance of which commences during a relevant period.

(3) The average leased Unit Rent is calculated as the weighted average of the Unit Rent for lease agreements that are being performed during a relevant period.

OVERVIEW OF SPRING REIT'S STRUCTURE

The following diagram depicts the ownership structure of Spring REIT and the Property, and the primary structural and contractual relationships between Spring REIT, the Unitholders, the REIT Manager, the Trustee and the Property Manager upon completion of [●].



Notes:

(1) The REIT Manager will provide management services to Spring REIT and will receive a management fee from Spring REIT. Please refer to the section headed "The REIT Manager— Fees, Costs and Expenses of the REIT Manager" in this Document for further details.

(2) The Property Manager provides lease management, building management and cash management services to RCA01 pursuant to the Property Management Agreement and receives a property management fee. Please refer to the section headed "The Property Manager and the Building Manager—Property Management Agreement" in this Document for further details.

(3) The Property Management Supervision Agreement was entered into by the REIT Manager, the Trustee, RCA01, AD Capital and AD Capital Beijing. Please refer to the section headed "Material Agreements and Other Documents Relating to Spring REIT — Property Management Supervision Agreement" in this Document for further details.

(4) RCA Fund is an exempted limited partnership established in the Cayman Islands. As of the Latest Practicable Date, the sole general partner of RCA Fund was RCAC, a Cayman Islands exempted company.

The management, control, operation of and the determination of the policy with respect to RCA Fund and its investments are exclusively vested in RCAC. For further details, see the section headed "Information About RCA Fund" in this Document.

(5) AD Capital is a private equity investment firm owned by DBJ, Asuka Asset Management Co., Ltd. and certain minority management shareholders. AD Capital is principally engaged in investing in companies and projects in growth sectors in Japan, China and other parts of Asia and it has made selective investments in real estate. AD Capital also provides management services to RCA Fund pursuant to a management agreement between AD Capital and RCA Fund (acting through its general partner, RCAC).

(6) RCA01 is an exempted company with limited liability registered in the Cayman Islands. Other than holding the Property, RCA01 has no other business operations or employees.

(7) There will be no change in the ownership structure of the Property Manager as a result of the Reorganization referred to in the section headed "Reorganization, Structure and Organization of Spring REIT — Reorganization" in this Document.

As of the Latest Practicable Date, RCA Fund owned all of the issued preference shares in RCA01 while MaplesFS owned all of the issued ordinary shares in RCA01. In preparation for the [●], as one of the reorganization steps to take place prior to the [●], RCA Fund will acquire all of the issued ordinary shares in RCA01 from MaplesFS and, thereafter, reclassify all of the issued preference shares in RCA01 held by RCA Fund as ordinary shares in RCA01 prior to Completion. Accordingly, RCA Fund will then be the sole shareholder of RCA01, holding all of the issued ordinary shares in RCA01 prior to Completion. Pursuant to the Reorganization, RCA Fund will transfer all of the ordinary shares in RCA01 to the Trustee (in its capacity as trustee of Spring REIT) in exchange for the issue of 1,000,000,000 Units to RCA Fund. Please see the section headed "Reorganization, Structure and Organization of Spring REIT — Reorganization" in this Document for details.

THE REIT MANAGER

The REIT Manager, Spring Asset Management Limited, was incorporated in Hong Kong under the Companies Ordinance on January 29, 2013.

The REIT Manager is wholly owned by AD Capital, which is a private equity investment firm established as a joint venture among DBJ, a financial institution wholly owned by the Government of Japan, Asuka Asset Management Co., Ltd., one of the major alternative asset management firms in Japan, and certain minority management shareholders. AD Capital is principally engaged in investing in companies and projects in growth sectors in Japan, China and other parts of Asia and it has made selective investments in real estate. AD Capital also provides management services to RCA Fund pursuant to a management agreement between AD Capital and RCA Fund (acting through its general partner, RCAC).

The REIT Manager is [licensed by the SFC] to conduct the regulated activity of asset management. The REIT Manager is responsible for the management of Spring REIT and ensuring compliance with the applicable provisions of the REIT Code, the SFO and other relevant legislation, the [●], the Trust Deed and all relevant contracts. See the section headed "The REIT Manager" in this Document for further details on the REIT Manager.

THE TRUSTEE

The trustee of Spring REIT is DB Trustees (Hong Kong) Limited. The Trustee is an indirect wholly owned subsidiary of Deutsche Bank AG. The Trustee is a company incorporated in Hong Kong and registered as a trust company under section 77 of the Trustee Ordinance. The Trustee is qualified to act as a trustee of collective investment schemes authorized under the SFO pursuant to the REIT Code.

For details of the Trustee's obligations under the Trust Deed and the REIT Code, see the section headed "The Trust Deed and Related Matters" in this Document.

THE PROPERTY MANAGER

The Property Manager is Beijing Hua-re Real Estate Consultancy Co., Ltd. As of the Latest Practicable Date, the Property Manager was owned by AD Capital, Langfang Development Zone Hua-kun Information Consultancy Co., Ltd. (廊坊開發區華坤信息諮詢服務有限公司) and Langfang Development Zone Xinhua Jiaye Investment Consultancy Co., Ltd. (廊坊開發區鑫化嘉業投資諮詢有限公司) as to 40.0%, 40.0% and 20.0%, respectively.

The Property Manager has been appointed as an agent of RCA01 to conduct the day-to-day operation and management of the Property under the Property Management Agreement. The Property Manager receives, on a monthly basis, 2.0% of the total monthly revenue of the Property for providing lease management, building management and cash management services in respect of the Property. For details of the Property Manager's services, see the sections headed "The Property and Business — Lease Management and Lease Agreements" and "The Property Manager and the Building Manager — The Property Management Agreement" in this Document.

For further information on the Property Manager, see the section headed "The Property Manager and the Building Manager" in this Document.

CORPORATE GOVERNANCE

With the objectives of establishing and maintaining high standards of corporate governance, certain policies and procedures have been put in place to promote the operation of Spring REIT in a transparent manner and with built-in checks and balances. The Trustee and the REIT Manager are independent of each other, with their respective roles in relation to Spring REIT set out in the REIT Code and the Trust Deed. The REIT Manager is required by the REIT Code to act in the best interests of the Unitholders, to whom the Trustee also owes fiduciary duties.

The Board comprises seven members, three of whom are independent non-executive Directors.

Policies and procedures have been established for, among other things, monitoring and supervising dealings in Units by the Directors and the REIT Manager. For further details, see the section headed "Corporate Governance" in this Document.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information on a historical basis for RCA01.

The summary statements of comprehensive income and cash flows for each of the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013 and the statements of financial position as of December 31, 2010, 2011 and 2012 and June 30, 2013 have been derived from RCA01's financial information and related notes thereto, which have been included in Appendix I to this Document. The financial information as of and for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 and the related notes thereto have been prepared in accordance with IFRS and have been audited by PricewaterhouseCoopers, the reporting accountant. The statements of comprehensive income and cash flows for the six months ended June 30, 2012 have been derived from RCA01's unaudited financial information and related notes thereto, which have been included in Appendix I to this Document.

The summary financial information for RCA01 included below and set forth in Appendix I to this Document is not indicative of Spring REIT's future performance. You should read the following selected financial information together with the sections headed "The Property and Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and [●] in this Document and the historical financial information of RCA01 and related notes thereto set forth in Appendix I to this Document. For a discussion of Spring REIT's future financial condition and results of operations, see the section headed "Management's Discussion and Analysis of Future Financial Condition and Results of Operations" in this Document.

Statements of Comprehensive Income

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Revenues	37,191	44,692	52,903	24,829	30,510
Operating expenses	(11,691)	(12,425)	(13,630)	(6,468)	(7,755)
General and Administrative expenses	(272)	(303)	(226)	(67)	(2,037)
Increase in fair value of an investment property	122,058	158,479	190,102	113,356	45,912
Other losses, net	(13,777)	(1,025)	(7,520)	(3,749)	(5,158)
Operating profit	133,509	189,418	221,629	127,901	61,472
Finance income	155	194	324	168	188
Finance costs(1)	(34,498)	(5,977)	(27,575)	(15,846)	(9,394)
Profit for the year/period	99,166	183,635	194,378	112,223	52,266
Other comprehensive income/(loss)					
Exchange gain/(loss) on translation of financial statements	5,527	15,481	1,838	(1,864)	10,778
Total comprehensive income for the year/period	104,693	199,116	196,216	110,359	63,044

Note:

(1) Please see Note 9 to the Accountant's Report set out in Appendix I to this Document for more information on finance costs.

Statements of Financial Position

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	US$'000	*US$'000*	*US$'000*	*US$'000*
ASSETS				
Non-current assets				
Investment property	790,614	993,509	1,186,859	1,253,500
Derivative financial instruments	6,443	4,613	—	2,043
	797,057	998,122	1,186,859	1,255,543
Current assets				
Trade and other receivables	3,113	1,309	1,817	2,693
Amount due from redeemable preference shareholders(1)	11,983	25,466	29,080	—
Restricted bank balances	30,256	34,782	36,955	55,916
Cash and cash equivalents	5,927	2,099	12,076	20,675
	51,279	63,656	79,928	79,284
Total assets	848,336	1,061,778	1,266,787	1,334,827
EQUITY				
Capital and reserves				
Ordinary shares	—	—	—	—
Redeemable preference shares(2)	151,077	158,793	159,182	161,934
Retained earnings	206,006	389,641	584,019	607,697
Exchange reserves	5,527	21,008	22,846	33,624
Total equity	362,610	569,442	766,047	803,255
LIABILITIES				
Non-current liabilities				
Long-term borrowings	465,947	472,343	—	500,535
Current liabilities				
Rental deposits	12,446	14,622	16,652	19,314
Receipts in advance, accruals and other payables	7,333	5,371	6,914	11,723
Current portion of long-term borrowings	—	—	477,174	—
	19,779	19,993	500,740	31,037
Total liabilities	485,726	492,336	500,740	531,572
Total equity and liabilities	848,336	1,061,778	1,266,787	1,334,827
Net current assets / (liabilities)	31,500	43,663	(420,812)	48,247
Total assets less current liabilities	828,557	1,041,785	766,047	1,303,790

Notes:

(1) This receivable represents the asset management fee paid by RCA01 on behalf of RCA Fund to AD Capital. The receivable was offset by a dividend payable on June 28, 2013.

(2) The preference shares in RCA01 will be reclassified as ordinary shares prior to Completion.

Statements of Cash Flows

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Net cash generated from operating activities	31,463	34,575	39,509	18,947	27,063
Net cash used in investing activities	(3,862)	(12,552)	(3,535)	(2,834)	(3,234)
Net cash used in financing activities	(21,675)	(25,851)	(25,998)	(11,095)	(15,232)
Net increase/(decrease) in cash and cash equivalents	5,926	(3,828)	9,976	5,018	8,597
Cash and cash equivalents at beginning of the year/period	1	5,927	2,099	2,099	12,076
Exchange gains on cash and cash equivalents	—	—	1	—	2
Cash and cash equivalents at end of the year/period	5,927	2,099	12,076	7,117	20,675

HEDGING STRATEGIES

RCA01 has in the past entered into currency options to economically hedge bank borrowings denominated in U.S. dollars and plain vanilla interest rate caps to economically hedge the interest rate risk arising from bank borrowings as part of its financial risk management, but did not account for these as accounting hedges under IAS 39. As of the date of this Document, RCA01 has outstanding plain vanilla interest rate caps entered into in February 2013 to economically hedge the interest rate risk arising from the Term Loan Facility with principal amount of US$515 million. For more information on the hedging transactions RCA01 has entered into, please see the section headed "Management's Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosure about Market Risk" in this Document. Apart from the plain vanilla interest rate caps entered into in February 2013, the REIT Manager currently does not have any immediate plans to enter into any other hedging transactions.

CERTAIN FEES AND CHARGES

The following is a summary of certain fees and charges payable by Spring REIT in connection with the establishment and ongoing management of Spring REIT:

	Payable by Spring REIT	Amount Payable
(a)	REIT Manager's fee[1]	**Base Fee** 0.4% per annum of the value of the Deposited Property. **Variable Fee** 3.0% per annum of the Net Property Income (before deduction therefrom of the Base Fee and Variable Fee). **Acquisition Fee** Not exceeding the rate of 1.0% (and being 1.0% as of the date of the Trust Deed) of the acquisition price of each real estate asset (other than the Property) acquired by Spring REIT. **Divestment Fee** Not exceeding the rate of 0.5% (and being 0.5% as of the date of the Trust Deed) of the sale price of each real estate asset sold by Spring REIT.
(b)	Trustee's fee	Currently 0.015% to 0.025% per annum of the value of the Deposited Property payable semi-annually or quarterly in arrears, which may be adjusted from time to time but subject to a minimum of RMB56,000 per month and a maximum cap of 0.06% per annum of the value of the Deposited Property. Based on the value of the Deposited Property of approximately RMB7,747 million as of August 31, 2013, the rate of the Trustee's fee in respect of the Property would be 0.02% per annum. Spring REIT will also pay to the Trustee a one-time inception fee of HK$180,000. The Trustee may also charge Spring REIT additional fees on a time-cost basis at a rate to be agreed with the REIT Manager from time to time if the Trustee were to undertake duties that are of an exceptional nature or otherwise outside the scope of its normal duties in the ordinary course of normal day-to-day business operation of Spring REIT, such as acquisition or divestment of investments by Spring REIT after the [●].
(c)	Property management fee (payable to the Property Manager)	2.0% monthly of the total monthly revenues of the Property.

Note:

(1) The REIT Manager may elect at its sole discretion to receive, in whole or in part, the Base Fee and/or the Variable Fee in cash or in the form of Units. If no election is made, the Base Fee and the Variable Fee will be paid in cash. The Acquisition Fee or the Divestment Fee will be paid to the REIT Manager in the form of cash or, at the election of the REIT Manager, in whole or in part in the form of Units.

PARTIES INVOLVED

Spring REIT	As constituted by the Trust Deed entered into on November 14, 2013 in Hong Kong
REIT Manager	Spring Asset Management Limited Suite 2019, One International Finance Centre 1 Harbour View Street Central Hong Kong
Directors of the REIT Manager	
Chairman	Mr. Toshihiro Toyoshima
Executive Directors	Mr. Lau Jin Tin, Don Mr. Nobumasa Saeki
Non-executive Directors	Mr. Toshihiro Toyoshima Mr. Hideya Ishino
Independent Non-executive Directors	Mr. Simon Murray Dr. Tin Sek Tang Mr. Liping Qiu
Responsible Officers of the REIT Manager	Mr. Lau Jin Tin, Don Mr. Nobumasa Saeki Mr. Chung Wai Fai
Trustee	DB Trustees (Hong Kong) Limited 52/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong

PARTIES INVOLVED

Auditor and Reporting Accountant	PricewaterhouseCoopers Certified Public Accountants 22/F, Prince's Building Central Hong Kong
Legal Advisors to the REIT Manager and RCA Fund	*As to Hong Kong and United States laws* DLA Piper Hong Kong 17/F Edinburgh Tower The Landmark 15 Queen's Road Central Central Hong Kong
	As to PRC law Zhong Lun Law Firm 36-37/F, SK Tower 6A Jianguomenwai Avenue Beijing China
	As to Cayman Islands law Maples and Calder 53/F, The Center 99 Queen's Road Central Hong Kong
Legal Advisor to the Trustee	*As to Hong Kong law* Mayer Brown JSM 16-19/F, Prince's Building 10 Chater Road Central Hong Kong

PARTIES INVOLVED

Independent Property Valuer	Colliers International (Hong Kong) Limited Suite 5701, Central Plaza 18 Harbour Road Wanchai Hong Kong
Property Consultant	Nikken Sekkei Ltd. 2-18-3 Iidabashi, Chiyoda-ku Tokyo Japan
Market Consultant	DTZ Debenham Tie Leung Limited 16/F, 1063 King's Road Quarry Bay Hong Kong

RISKS RELATING TO SPRING REIT

The outlook for financial markets and the world economy is uncertain and Spring REIT may be adversely affected by any economic slowdown

The global financial crisis which unfolded in 2008 resulted in a marked slowdown in world economic growth, economic contractions in certain markets, more commercial and consumer delinquencies, weakened consumer confidence and increased market volatility. The outlook for financial markets and the world economy is uncertain. In the near term, economic downturns may result in a reduction in business activity and income levels in the PRC and the rest of the world. An economic decline in the PRC and/or the rest of the world could lead to decreases in leasing demand, rental levels and occupancy rates of commercial real estate in Beijing, and thus adversely affect Spring REIT's results of operations and future growth.

Adverse economic conditions could adversely affect Spring REIT if they result in:

- a negative impact on the ability of the tenants to pay their rents in a timely manner or to continue their leases;
- a negative impact on Spring REIT's ability to attract new and/or retain tenants and maintain high occupancy and rental rates;
- an increased likelihood that one or more of (i) Spring REIT's lending banks or (ii) Spring REIT's insurers may be unable to honor or renew their commitments to Spring REIT, or that Spring REIT may not be able to obtain sufficient funding for its operations or refinance its indebtedness when required; or
- an increase in counterparty risk (being the risk of monetary loss which Spring REIT may be exposed to if any of its counterparties encounters difficulty in meeting its obligations under the terms of its respective transactions).

Any economic slowdown and any of the above factors could have a material adverse effect on Spring REIT's business, financial condition, results of operations and prospects.

Spring REIT may be unable to renew leases or re-lease vacant space at the same or higher rental rates or at all upon lease expirations or early terminations

As of June 30, 2013, leases representing approximately 28%, 31% and 12% of the Leased Office GFA of the Property were scheduled to expire in the six months ending December 31, 2013, and the years ending December 31, 2014 and 2015, respectively. In addition, leases may be terminated before expiration, especially during an economic downturn. There is no assurance that Spring REIT will be able to renew these leases or secure replacement tenants for the vacant space at the same or higher rental rates. If Spring REIT is unable to renew leases or re-lease a significant portion of available space, Spring REIT may experience long periods of vacancy at the Property. In addition, the current rental yield may not be sustained. Spring REIT may have to lower rental rates to secure tenants which would also negatively affect revenue. As a result, Spring REIT's business, financial condition, results of operations, cash flows, prospects and its ability to satisfy its debt service obligations could be materially adversely affected.

Spring REIT's operations may be adversely affected if the Property Manager fails to operate and manage the Property in an efficient and effective manner or terminates the Property Management Agreement before expiration or decides not to renew the Property Management Agreement upon expiration

The Property Manager is appointed by RCA01 as its agent to conduct the day-to-day operation and management of the Property under the Property Management Agreement. The Property Manager is responsible for providing lease management services, building management services and cash management services in respect of the Property, and obtaining and maintaining all approvals and permits necessary for the operation and management of the Property. Among other things, the Property Manager manages the execution of lease agreements and the collection of rents and the payment of costs and expenses concerning the operation of the Property. The failure of the Property Manager to manage the Property in an efficient and effective manner may have a negative impact on the overall operation of the Property, such as lower quality of building management services and lower rental incomes from poor lease management, which in turn may materially adversely affect the underlying value of the Property and Spring REIT's business, financial condition, results of operations and prospects.

Furthermore, if the Property Manager terminates the Property Management Agreement before expiration or decides not to renew the Property Management Agreement upon expiration on August 31, 2015, the REIT Manager may not be able to replace the Property Manager in a timely manner, or on terms similar to those under the Property Management Agreement. During any period where there is no property manager in place, Spring REIT would face a substantial disruption to its operations. As a result, Spring REIT's business, financial condition, results of operations and prospects could be materially adversely affected.

Currency fluctuations, especially in the value of RMB, could affect the amount of distributions to Unitholders and the [●] of the Units

The revenue received from the Property is denominated in RMB, which will have to be converted into (i) U.S. dollars to make principal and interest payments under the Term Loan Facility and (ii) Hong Kong dollars for the payment of the distributions to the Unitholders. Accordingly, Spring REIT is exposed to risks associated with exchange rate fluctuations, which may adversely affect Spring REIT's results of operations due to the translation of currencies. The value of the RMB against the U.S. dollar, Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and many other factors. The value of the distributions received by a Unitholder may be adversely affected by fluctuations in the exchange rates between the RMB, U.S. dollar, Hong Kong dollar and any other currencies that may be adopted from time to time. Although the RMB has appreciated against the U.S. dollar and the Hong Kong dollar in the past few years, there is no assurance that the value of the RMB will not decrease in the future. A depreciation of the RMB may result in a decrease in the [●] and the value of the proceeds denominated in Hong Kong dollars that a Unitholder would receive upon sale of the Units in Hong Kong.

A decrease in the fair value of the Property at revaluation could result in a decrease in the net profit of Spring REIT for the relevant period and trigger certain events which may lead to adverse consequences under the Term Loan Facility and the REIT Code

Under Spring REIT's accounting policies, any decrease in the fair value of the Property would result in non-cash charges to the statement of comprehensive income, and may give rise to a substantial decline in net profit for the relevant period.

If any decrease in the fair value of the Property results in a breach of the loan-to-value covenants in the Term Loan Facility, Spring REIT may be required to apply cash flow from the Property to prepay the Term Loan Facility in part to remedy such breach, and any failure or inability to do so may cause an event of default under the Term Loan Facility. As a result, Spring REIT's business, financial condition, results of operations and prospects could be materially adversely affected.

In addition, Spring REIT's borrowings are limited by the REIT Code to no more than 45.0% of its total gross asset value and a downward revaluation of assets may result in a breach of this borrowing limit requirement. A downward revaluation of assets may result in a breach of the borrowing limit under the REIT Code. In the event of such a breach, Spring REIT would not be able to incur further borrowings or draw down on its loan facilities, and the REIT Manager would be required to use its best endeavors to reduce excess borrowings, which may constrain its operational flexibility including the ability to make new investments or acquisitions. The REIT Manager is required to inform Unitholders and the SFC of the magnitude of the breach, the cause of the breach, the proposed method of rectification and the progress of the rectification on a regular basis.

The results of operations and value of Spring REIT may be adversely affected by fluctuations in interest rates

Fluctuations in interest rates may increase Spring REIT's interest costs incurred under the Term Loan Facility and they may adversely affect the financial position of Spring REIT and the ability of Spring REIT to make distributions to Unitholders. The Term Loan Facility has a floating interest rate of three-month LIBOR plus 3.5% per annum. For details of the Term Loan Facility, see the section headed "Material Agreements and Other Documents Relating to Spring REIT—US$515,000,000 Secured Term Loan Facility Agreement" in this Document. In addition, fluctuations in interest rates may have an adverse effect on the level of activity in the property market and as a result may have a material adverse effect on the business, financial condition, results of operations, value of the Property and prospects of Spring REIT.

Spring REIT will operate principally through its interest in RCA01 and relies on income earned from the Property to make distributions and there are various risks relating to RCA01's ability to make distributions. Spring REIT may not be able to make distributions to Unitholders in a timely manner or at all or the level of distributions may fall

Spring REIT will operate principally through its interest in RCA01, the real estate investment of which currently consists solely of the Property. RCA01 relies on the income earned from the Property to make distributions to Spring REIT. Any negative performance or results of operations with respect to the Property will adversely affect the overall performance of Spring REIT and the ability of Spring REIT to make distributions to Unitholders in a timely manner or at all. If the Property and any other properties which Spring REIT acquires in the future do not generate sufficient operating profit, Spring REIT's business, financial condition, results of operations, prospects and its ability to make distributions to the Unitholders may be materially adversely affected.

The ability of RCA01 to make distributions to Spring REIT will depend on a variety of factors including revenue, operating expenses, capital expenditure and debt servicing commitments. There can be no assurance that RCA01 will have sufficient revenue, cash flow and distributable profits in any future period to enable dividends to be paid or advances to be made to Spring REIT, nor is there any assurance that the level of distributions can be maintained or will increase over time. If RCA01 does not have sufficient revenue, cash flow and distributable profits to make distributions to Spring REIT, Spring REIT may be required to obtain financing to satisfy the payment of distributions to Unitholders. If Spring REIT is unable to obtain financing on terms that are acceptable or at all, the amount of distributions to Unitholders could be adversely affected. If Spring REIT obtains financing to support the making of distributions to Unitholders, additional finance costs may be incurred which will, in turn, reduce the distributable income of Spring REIT.

Spring REIT's ability to make distributions to Unitholders may be adversely affected by increases in operating expenses without a corresponding increase in revenue in the same period

Spring REIT's results of operations and ability to make distributions to Unitholders could be adversely affected if its operating expenses increase without a corresponding increase in revenue. Factors which could lead to an increase in operating expenses include, but are not limited to, the following:

- increases in taxes and other statutory charges;
- changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- changes in direct or indirect tax policies, laws or regulations;
- increases in sub-contracted service costs;
- increases in repair and maintenance costs;

- increases in the rate of inflation;
- defects affecting Spring REIT's properties;
- environmental pollution in connection with Spring REIT's properties;
- increases in insurance premium;
- increases in the cost of utilities;
- costs and expenses not covered by the existing insurance policies; and
- increases in labor costs.

Spring REIT's results of operations may be adversely affected if it fails to retain or replace certain key personnel of the REIT Manager and the Property Manager

Spring REIT's success depends, in part, upon the continued service and performance of the key executive officers and certain other key senior personnel of the REIT Manager and the Property Manager. These persons may leave the REIT Manager or the Property Manager in the future, and also may thereafter compete with it and Spring REIT. The loss of any of these individuals and the inability to recruit suitable replacements could have a material adverse effect on Spring REIT's business, financial condition, results of operations and prospects.

Spring REIT's portfolio growth depends on its ability to obtain external sources of capital

In order to maintain Spring REIT's qualification as a REIT, it is required under the REIT Code to annually distribute at least 90% of its audited annual net income after tax, subject to certain adjustments. In addition, the REIT Manager has the discretion to distribute additional amounts. For more details on Spring REIT's distribution policy, see the section headed "Distribution Policy" in this Document. Therefore, Spring REIT may not be able to fund future capital needs, including any necessary acquisition financing, from its operating cash flow. Consequently, it may need to rely on external sources of funding to expand its portfolio, which may not be available in a timely manner on commercially acceptable terms or at all. In addition, the amount of funds that Spring REIT can borrow is subject to the loan-to-value covenants under the Term Loan Facility and the borrowing limit of 45.0% of the total gross asset value of Spring REIT under the REIT Code. If Spring REIT cannot obtain capital from external sources or on commercially acceptable terms in a timely manner, it may not be able to acquire properties when strategic opportunities exist. As a result, the business, financial condition, results of operations and prospects of Spring REIT could be materially adversely affected.

The REIT Manager may not be able to achieve its key objectives for Spring REIT and its stated strategies for accomplishing such objectives may change

The REIT Manager's key objectives for Spring REIT are to provide the Unitholders with stable distributions and the potential for sustainable long-term growth in the distributions and enhancement in the value of the real estate assets. While the REIT Manager has formulated specific strategies outlined in the section headed "Strategy" in this Document to accomplish these key objectives, there can be no assurance that it will be able to successfully implement such strategies, or that it will be able to do so in a timely and cost effective manner. Unitholders should also note that, subject to the requirements of the REIT Code, the Trust Deed, the [●] and applicable laws and regulations, the REIT Manager has absolute discretion to determine the strategies of Spring REIT and therefore the strategies outlined in the section headed "Strategy" in this Document may change.

Spring REIT and the REIT Manager are both newly established entities and do not have established operating histories

The REIT Manager was incorporated on January 29, 2013 and Spring REIT was established on November 14, 2013. Accordingly, neither Spring REIT nor the REIT Manager has an operating history by which its respective past performance may be judged and it may be difficult to evaluate their business and prospects. In particular, RCA01's historical financial information included in this Document may not necessarily reflect Spring REIT's results of operations, financial condition and cash flows in the future or what its results of operations, financial condition and cash flows would have been had it been a separate, stand-alone entity during each of the periods presented. Further, there can be no assurance that the REIT Manager will be able to successfully operate Spring REIT as a REIT.

The REIT Manager's operations are subject to regulation and its licensing conditions

The REIT Manager is required to be licensed under the SFO for the regulated activity of asset management. No assurance can be given that the REIT Manager will be operated and managed in accordance with its licensing and approval conditions. In particular, the departure of any of the three responsible officers of the REIT Manager may result in the loss of the REIT Manager's license to act as the manager of Spring REIT. There can be no assurance that the REIT Manager will be able to retain new qualified responsible officers in a timely manner or to appoint new qualified responsible officers on commercially acceptable terms in order to maintain the REIT Manager's license. In the event that the REIT Manager ceases to be licensed under the SFO, Spring REIT may need to appoint other licensed or approved management companies. The loss of the services of the REIT Manager may materially adversely affect the business, financial condition, results of operations and prospects of Spring REIT if a competent successor cannot be found. In the event that no other management companies duly licensed or approved are willing to replace the existing REIT Manager, the Trustee may terminate Spring REIT.

Spring REIT may face risks associated with debt financing and the debt covenants in the financing agreements could limit or adversely affect Spring REIT's operations

Spring REIT's level of debt and the covenants imposed on it by its current or future financing agreements (whether directly or through RCA01) could have significant adverse consequences, including, but not limited to, the following: (i) its cash flow may be insufficient to meet its required principal and interest payments; (ii) it may be unable to borrow additional funds as needed or on commercially acceptable terms; (iii) it may be unable to refinance its indebtedness upon maturity or the refinancing terms may be less favorable than the terms of the original indebtedness; (iv) it may default on its obligations and the lenders or mortgagees may foreclose on its properties, and require a forced sale of the mortgaged property, or foreclose on its interests in the entities that own the properties and require a forced sale of those entities; (v) it is subject to restrictive covenants under the Term Loan Facility and may be subject to similar covenants in future loan agreements, which limit or may limit or otherwise adversely affect Spring REIT's or RCA01's operations, such as their ability to incur additional indebtedness, acquire properties, make certain other investments, make capital expenditures, or make distributions from RCA01 to Spring REIT and from Spring REIT to Unitholders; (vi) it is subject to a prescribed debt service coverage ratio under the Term Loan Facility and may be required to hold funds in a prescribed account or apply the funds on deposit in the prescribed account towards the prepayment of the loan if it fails to comply with such debt service coverage ratio; (vii) it may violate covenants under the Term Loan Facility and in future loan documents, which would entitle the lenders to accelerate its debt obligations; and (viii) its default under any one of its loan agreements could result in a cross default under other indebtedness. If any one or more of these events were to occur, Spring REIT's business, financial condition, results of operations, cash flow, prospects and its ability to satisfy its debt service obligations and make distributions to Unitholders could be materially adversely affected.

If payments under the current or future bank borrowings of Spring REIT are not made when required, the lending banks may declare a default and enforce the security. Also, if certain covenants under the relevant loan agreements are breached, the lending bank may declare an event of default, demand the immediate repayment of all outstanding loans and other sums payable under such loan agreements and enforce the security. Further, Spring REIT may, from time to time, require debt financing to achieve the REIT Manager's investment strategies. Spring REIT will be subject to risks normally associated with debt financing. Payments of principal and interest on borrowings may leave Spring REIT with insufficient cash resources to operate the Property or make distributions to Unitholders necessary to maintain its REIT qualification. As a result, the business, financial condition, results of operations and prospects of Spring REIT could be materially adversely affected.

Spring REIT's investments or acquisitions in the future may not be successful, which may adversely affect the results of operations of Spring REIT

Spring REIT may invest in or acquire other commercial and commercial-related real estate assets in the future. These assets may expose Spring REIT to additional local real estate market conditions, such as competition and supply and demand conditions. The success of any investment or acquisition will depend on a number of factors, including Spring REIT's ability to identify suitable acquisition targets, complete and integrate successfully the acquisition into Spring REIT's business, and execute the acquisition strategies. As a result, there can be no assurance that Spring REIT's investments or acquisitions in the future will be successful, which in turn may incur loss and materially adversely affect the business, the results of operation, financial condition and prospects of Spring REIT.

There are potential conflicts of interest between Spring REIT and AD Capital and the Property Manager

AD Capital may influence the affairs of Spring REIT through its control over RCA Fund and the REIT Manager. RCA Fund, a fund managed by AD Capital pursuant to a management agreement between AD Capital and RCA Fund (acting through its general partner, RCAC), is expected to hold, immediately following the completion of the [●], [658,500,000] Units.

AD Capital will therefore have the ability to influence RCA Fund's right as a Unitholder in respect of the affairs of Spring REIT (in so far as such matters are subject to the vote by the Unitholders and RCA Fund is not required to abstain from voting), including in relation to approval of significant corporate transactions, such as acquisitions or disposals. In addition, the REIT Manager is a wholly-owned subsidiary of AD Capital and some of its non-executive Directors are also directors and/or senior executives of AD Capital. AD Capital may exercise influence over the activities of Spring REIT through the REIT Manager.

The principal activities of AD Capital include investment in, among other things, real estate assets and although, prior to the completion of the [●], the Property is currently AD Capital's only real estate investment in the PRC, there can be no assurance that AD Capital will not invest in real estate assets in Beijing or elsewhere in the PRC in the future. Moreover, AD Capital may in the future manage or invest in other real estate investment trusts or other vehicles which may compete with Spring REIT. There can be no assurance that conflicts of interest will not arise between Spring REIT and AD Capital in the future.

The Property Manager is currently 40% owned by AD Capital and 60% by third parties. If the Property Manager were to manage a property which competes with the Property, there can be no assurance that the Property Manager will not favor those properties owned by AD Capital or such third parties over the Property when providing management services to Spring REIT, which could lead to lower occupancy rates and/or lower rental income for the Property as a whole and thus materially adversely affect the business, financial condition, results of operations and prospects of Spring REIT and distributions to Unitholders.

The representations, warranties and indemnities granted in favor of Spring REIT by RCA Fund are subject to limitations

The representations, warranties and indemnities granted in favor of Spring REIT by RCA Fund pursuant to the Reorganization Agreement and the Deed of Tax Covenant are subject to limitations as to their scope and as to the amount and timing of claims which can be made thereunder. Generally, a claim for a breach of any representation, warranty or undertaking by RCA Fund under the Reorganization Agreement must be made within three years from the date of Completion and a tax-related claim under the Deed of Tax Covenant must be made within seven years from the date of Completion. In addition, the aggregate maximum liability of RCA Fund in respect of all claims made under the Reorganization Agreement and the Deed of Tax Covenant shall not exceed the aggregate value of the Units issued to RCA Fund under the Reorganization Agreement at [●]. There is no assurance that any breaches by RCA Fund of such representations, warranties and indemnities can be identified and a claim made within such limitation periods or that Spring REIT will be compensated for all losses or liabilities suffered or incurred as a result of such breaches by RCA Fund.

RCA Fund and AD Capital may not be able to meet their respective obligations under the Reorganization Agreement and the Deed of Tax Covenant

To support its obligations under the Reorganization Agreement and the Deed of Tax Covenant, RCA Fund has undertaken to retain 15% of the Units in issue immediately upon completion of the [●] for a period of three years from the date of Completion (being the limitation period for general claims under the Reorganization Agreement), and thereafter 10% of the Units in Spring REIT in issue at the completion of the [●] for the next two years (to support, in part, the remaining limitation period for tax claims under the Deed of Tax Covenant). There is no assurance that the Units retained by RCA Fund will be sufficient to satisfy any claims made against RCA Fund under the Reorganization Agreement and the Deed of Tax Covenant since the Units retained represent only a portion of the aggregate Units issued to RCA Fund pursuant to the Reorganization Agreement, the retention period for such Units does not cover the entire limitation period for claims under the Deed of Tax Covenant and the value of such Units will depend on the prevailing market price of such Units. In addition, AD Capital has agreed to guarantee to the Trustee the performance by RCA Fund of its indemnification and retention obligations under the Reorganization Agreement and the Deed of Tax Covenant. However, there is no assurance that AD Capital will have the financial resources to satisfy any claims made pursuant to that guarantee.

Spring REIT may engage in hedging transactions, which can limit gains and increase exposure to losses, and not offer full protection against interest rate and exchange rate fluctuations

Spring REIT may enter into hedging transactions to protect itself from the effects of interest rate fluctuations on floating rate debt and exchange rate fluctuations. Hedging transactions may include entering into hedging instruments, purchasing or selling futures contracts, purchasing put and call options or entering into forward agreements. However, hedging activities may not always have the desired beneficial effect on the results of operations or financial condition of Spring REIT. The REIT Manager currently does not have any immediate plans to enter into any other hedging transactions, apart from the plain vanilla interest rate caps entered into by RCA01 in February 2013 to economically hedge the interest rate risk arising from the Term Loan Facility with principal amount of US$515 million. For more information on the hedging transactions RCA01 has entered into, please see the section headed "Management's Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosure about Market Risk" in this Document. No hedging activity can completely insulate Spring REIT from risks associated with changes in interest rates and exchange rates. Moreover, hedging could fail to protect or adversely affect Spring REIT because, among other things:

- the available hedging may not correspond directly with the risk for which protection is sought;
- the duration or nominal amount of the hedge may not match the duration of the related liability;
- the party owing money in the hedging transaction may default on its obligation to pay;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs the ability of Spring REIT to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments and the significant loss in value of hedging instruments due to a write down to fair value would reduce the NAV of Spring REIT.

Hedging involves risks and typically involves costs, including transaction costs, which may reduce overall returns. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. These costs will also limit the amount of cash available for distributions to the Unitholders.

The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could adversely impact the business, financial condition and results of operations of Spring REIT

The outbreak of infectious diseases such as Influenza A (H1N1), avian influenza (H5N1 and H7N9), Severe Acute Respiratory Syndrome (SARS), Middle East Respiratory Syndrome Coronavirus (MERS-CoV) or other serious public health concerns in Beijing or Asia, together with any resulting restrictions on travel and/or the imposition of quarantines, could have a negative impact on economic and business activities in Beijing and Asia and could thereby adversely impact the revenues and performance of Spring REIT. In particular, there have been a number of outbreaks of H7N9 bird flu in several provinces in the PRC. A further spread of H7N9 bird flu may have a negative impact on the economic and business activities in China and thereby adversely affect Spring REIT's results of operation. There can be no assurance that any precautionary measures taken against infectious diseases will be effective. A future outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could have a material adverse effect on the business, financial condition, results of operations and prospects of Spring REIT.

Spring REIT's internal control policies and procedures may not be effective

The REIT Manager has established corporate governance policies and operational procedures that seek to prevent misconduct and fraud in the operation and financial management of Spring REIT. However, there can be no assurance that these policies and procedures will be effective and that there will not be any misconduct and fraud by the management and employees of the REIT Manager. In addition, Spring REIT is managed by management teams based in mainland China, Hong Kong and Tokyo, which may increase the risk of violations of these policies and procedures. If Spring REIT's internal control policies and procedures are not effective, Spring REIT's business, financial condition, results of operations and prospects may be adversely affected.

RISKS RELATING TO THE PROPERTY

Spring REIT presently relies on the Property for all of its revenue

Spring REIT presently relies on the Property for all of its revenue. This concentration may entail a higher level of risk as compared to some other REITs and real estate corporations that have more than one property, in particular those with properties which are spread over several different locations or which have a more diverse range of investments. Any circumstance that adversely affects the operations or business of the Property, or its attractiveness to tenants, may adversely affect the revenue generated by the Property, and Spring REIT will not have income from other properties to mitigate any ensuing loss arising from such circumstances. As a result, the business, financial condition, results of operations and prospects of Spring REIT could be materially adversely affected. In addition, a concentration of investment in the Property causes Spring REIT to be highly susceptible to market conditions in the PRC as a whole and Beijing and its CBD in particular.

RCA01 is subject to taxes that may increase or be imposed in the future, which may adversely affect Spring REIT's financial condition

RCA01 is subject to the various types of taxes in the PRC on the income and gains derived from the operation of the Property, such as income tax (including withholding tax and capital gains tax), business tax, real estate tax, land use tax and stamp duty. In the event of a disposal of the Property, the income and gains derived by RCA01 may also be subject to various types of taxes in the PRC, including income tax, business tax, land appreciation tax, stamp duty and local surcharge implications in the PRC. For more information on the taxes that RCA01 is subject to, please see the section headed "Taxation — PRC Taxation of RCA01" in this Document. There is no assurance that these existing taxes and the taxation bases will not vary in the future.

Further, certain taxes in the PRC such as the real estate tax are subject to the discretion or practice of local tax bureaus, and thus the amount of taxes payable may vary. If the tax assessed in respect of the Property increases, the business, financial position, results of operations, prospects and distributions of Spring REIT could be adversely affected.

The Appraised Value is based on various assumptions and the price at which Spring REIT is able to sell the Property may be different from the Appraised Value or the initial acquisition price of the Property

The Independent Property Valuer's Valuation Report is contained in Appendix IV to this Document. In conducting its valuation of the Property, the Independent Property Valuer primarily adopted discounted cash flow and the income capitalization approach. The valuation was based on certain assumptions and required a subjective determination of certain factors relating to the Property, such as its relative market position, its financial and competitive strengths, location and its physical condition.

There can be no assurance that the assumptions are accurate measures of the market or that the Property was valued accurately. Further, the Appraised Value of the Property is not an indication of, and does not guarantee, a sale price at that value at present or in the future. The price at which Spring REIT may sell the Property in the future may be lower than the Appraised Value or the initial acquisition price of the Property. These factors may have a material adverse effect on the business, financial condition, results of operations and prospects of Spring REIT.

The survey exercise carried out by the Property Consultant on the Property may not have identified all material defects, breaches of laws and regulations and other deficiencies

In connection with the acquisition of the Property by Spring REIT by way of acquisition of RCA01, due diligence reviews, surveys and inspections of the Property have been conducted by the Property Consultant. A letter from the Property Consultant in relation to its due diligence survey report is set out in Appendix V to this Document. The due diligence survey comprised, among other things: (i) visual inspection of the Property; (ii) visual inspection of the current building layouts and usage against the latest approved building plans; (iii) visual inspection of major accessible building elements, including the façade, units, external walls, roofs, corridors, lavatories, electrical and mechanical plant rooms; and (iv) visual inspection of all major building services installations, including mechanical ventilation, air conditioning, fire services, electricity, lifts and plumbing. Nevertheless, the due diligence process with respect to the physical condition of the Property has been limited. There can be no assurance that such reviews, surveys or inspections (or the relevant review, survey or inspection reports on which Spring REIT, the REIT Manager and the [●] have relied) would have revealed all defects or deficiencies affecting the Property. In particular, there can be no assurance as to the absence of: (i) latent or undiscovered defects or deficiencies; or (ii) inaccuracies or deficiencies in such reviews, surveys or inspection reports.

If the Property has any other material latent property or equipment defects which have not been identified, Spring REIT may incur additional capital expenditures, liabilities and expenses, other than those disclosed in this Document. Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure, which may have a material adverse effect on Spring REIT's business, financial condition, results of operations and prospects.

The land which the Property occupies or parts thereof may be resumed compulsorily by the PRC Government when the use term of the land expires or before the end of such use term where a legitimate public interest for requisition of such land is established

The PRC Government has the power to resume compulsorily any land in the PRC when the use term of the land expires or before the end of such use term where a legitimate public interest for requisition of such land is established. In such event, the existing occupier of the land would no longer have any right to occupy the land and any immoveable assets on the land would cease to be owned by the existing occupier. In the event of any compulsory resumption of property in the PRC before the end of its use term, the land user will be compensated by the PRC Government. However, if the land use right in respect of the Property was so resumed compulsorily by the PRC Government, the level of compensation paid to RCA01 as the owner of the Property may be less than the price which Spring REIT paid for its interest in the Property. This may have a material adverse effect on the business, financial condition, results of operations and prospects of Spring REIT.

The Property may face increased competition from other properties in Beijing and other cities in the PRC

The office building property sector in the CBD of Beijing is a competitive market. Spring REIT competes for tenants with developers, owners and operators of office buildings in the CBD of Beijing, including Office Tower 3 in China Central Place, which is owned by Beijing Guohua. New supply of office buildings in the CBD will result in additional competition for tenants, and approximately 1.1 million sq.m. of Grade A office space in Beijing is anticipated to enter into the market from 2013 to 2016 according to DTZ. Any renovations and upgrading of competing office building properties may also reduce the competitiveness of older or existing properties such as the Property, which was constructed more than six years ago.

In addition, one of the key attractions of the Property is its location within the CBD of Beijing. As other business districts in Beijing develop and become popular with businesses, the Property may become less attractive to existing and potential tenants. Such developments could cause existing tenants in the Property to relocate away from the Property, and Spring REIT may have to lower rental rates at the Property in order to retain existing tenants or attract new tenants.

Further, Spring REIT's competeviveness and attractiveness depend, to a large extent, on the local conditions of Beijing and the CBD in Beijing, such as environment and transportation. Severe environmental pollution such as severe smog and air pollution and traffic congestion problems in Beijing may adversely affect the competiveness and attractiveness of Beijing as an office location for corporations. If a significant number of tenants relocate their offices to other cities in the PRC, or to areas outside the CBD in Beijing, as a result of the local conditions in Beijing and the CBD in Beijing, Spring REIT's business, financial condition, results of operation and prospects may be materially adversely affected.

There can be no assurance that new or existing competing properties will not offer lower rental rates or greater convenience, service, amenities or environmental conditions in the market in which the Property operates. An inability to compete effectively could result in the loss of tenants and rental income, and a material adverse effect on Spring REIT's business, financial condition, results of operations and prospects.

The Property is in part dependent upon the maintenance and development of the other parts and the brand name of China Central Place, which are not within the REIT Manager's control

The Property is part of China Central Place in Beijing, a mixed-use development consisting of (i) three Premium Grade office buildings; (ii) Shin Kong Place, one of the largest department stores in China by sales, and other shopping areas in China Central Mall, China Central Square and China Central Commercial Street, (iii) two five-star luxury hotels, The Ritz-Carlton Hotel Beijing and JW Marriott Hotel Beijing, and (iv) residential and serviced apartment buildings and a clubhouse. The real estate assets of China Central Place other than the Property are not owned by Spring REIT. The attractiveness and competitiveness of the Property are partially dependent on the quality of maintenance and development level of the other parts of China Central Place, which are outside the REIT Manager's control. The failure by the respective owners and operators to manage or develop the other parts of China Central Place appropriately may adversely affect the attractiveness and marketability of the Property. In addition, the operations of the Property may also be affected or disrupted by the redevelopment or renovation or physical damage to the other parts of China Central Place. Further, there is no assurance that any of Shin Kong Place, The Ritz-Carlton Hotel Beijing or JW Marriott Hotel Beijing will not relocate to other places in Beijing. Furthermore, any degradation or adverse market developments relating to the China Central Place brand name or any negative publicity affecting China Central Place could adversely affect the results of operations of the Property. Any of these events may adversely affect the prestige and marketability of China Central Place as a whole and the Property in particular, which in turn could materially adversely affect the business, financial condition, results of operations and prospects of Spring REIT.

Renovation or redevelopment works or physical damage to the Property may disrupt the operations of the Property and require capital expenditures periodically beyond the REIT Manager's current estimates

The quality and design of the Property have a direct influence over the demand for space in, and the rental rates of, the Property. The Property may need to undergo renovation or redevelopment works from time to time to maintain its competitiveness and may also require additional capital expenditure, special repair or maintenance expenses in respect of faults or problems that may develop or physical damage resulting from fire or other causes or because of new planning laws or regulations. As a result, Spring REIT may incur periodic capital expenditures for refurbishment and renovation of the Property in order to remain competitive or be income-producing. The costs of maintaining commercial property and the risk of significant and potentially unexpected maintenance or repair requirements tend to increase over time as the building ages. The business and operations of the Property may suffer some disruption and it may not be possible to collect the full or any rental income on space affected by such renovation and redevelopment works. As a result, Spring REIT's business, financial condition, results of operations and prospects may be materially adversely affected.

Existing or planned amenities and transportation infrastructure near the Property may be closed, relocated, terminated, delayed or abandoned

There is no assurance that existing or planned amenities, transportation infrastructure and public transportation services near the Property will not be closed, relocated, terminated, delayed or abandoned. If such an event were to occur, it may adversely impact the accessibility of the Property and the attractiveness and marketability of the Property to tenants. As a result, it may lead to decreases in rental rates and occupancy rates of the Property, which in turn could materially adversely affect the business, financial condition, results of operations and prospects of Spring REIT.

The loss of key tenants or any breach of their obligations under the lease agreements may have an adverse effect on Spring REIT's financial condition and results of operations

In the event that any key tenant experiences a downturn in their businesses, it may be unable to make timely rental payments. Spring REIT's claims for unpaid rent against a bankrupt tenant may not be paid in full. In addition, Spring REIT would incur time and expense relating to any eviction proceedings and would be unable to collect rent during such proceedings. Further, when key tenants decide not to renew their leases or terminate early, Spring REIT may not be able to re-let the space at all or on similar terms. As a result of these events, Spring REIT's cash flow, rental income, and profit could decrease and it may not be able to make distributions to Unitholders. Furthermore, loss of major tenants, especially tenants who are international or national leading brands, may adversely affect the attractiveness and prestige of the Property and thus Spring REIT's business, financial condition, results of operations and prospects.

Factors that affect the ability of such major tenants to meet their obligations include, but are not limited to:

- their financial position;
- the local economic conditions impacting business operations;
- the ability of such major tenants to compete with their competitors;
- where such major tenants have sub-leased the Property, the failure of the sub-tenants to pay rent; and
- material losses in excess of insurance proceeds.

RISKS RELATING TO THE REAL ESTATE INDUSTRY

The real estate industry may be adversely affected by laws and regulations

The real estate industry is subject to extensive governmental regulations. As with other property owners in the PRC, Spring REIT must comply with various requirements mandated by the PRC laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In particular, the PRC Government exerts considerable direct and indirect influence on the development of the PRC real estate sector by imposing industry policies and other economic measures, such as control of foreign exchange, taxation, financing and foreign investment. Among other things, these measures include raising benchmark interest rates of commercial banks, placing additional limitations on the ability of commercial banks to make loans to property developers, imposing additional taxes and levies on property sales, restricting foreign investment in the PRC property sector and restricting domestic individuals to purchase properties in some cities in China. For additional information on the PRC laws and regulations relating to the real estate market, please refer to Appendix VI to this Document. Many of the real estate industry policies carried out by the PRC Government are unprecedented and are expected to be refined and improved over time. This refining and adjustment process may not necessarily have a positive effect on Spring REIT's operations and future business development. The REIT Manager cannot assure that the PRC Government will not adopt additional and more stringent industry policies and regulations in the future. If Spring REIT fails to adapt its operations to comply with new policies and regulations that may come into effect from time to time with respect to the real estate industry, or such policy changes disrupt Spring REIT's business prospects or cause Spring REIT to incur additional costs, Spring REIT's business, financial condition, results of operations and prospects may be adversely affected.

Spring REIT may be adversely affected by the illiquidity of property investments

Spring REIT invests solely in real property, which entails a higher level of risk than a portfolio which has a diverse range of investments. Property investments, particularly investments in high value properties such as those in which Spring REIT may from time to time consider to invest, are relatively illiquid. In particular, the market for acquiring or disposing of office building properties has historically not been very active in Beijing and is affected by many factors, such as general economic conditions, availability of financing, interest rate and other factors, including supply and demand, that are beyond Spring REIT's control. In addition, office buildings may not readily be converted to alternative uses if they were to become unprofitable due to competition, age, decreased demand or other factors. The conversion of an office building to a building with an alternative use would also generally require substantial capital expenditures. Such factors, together with the fact that the lease agreements usually continue following a sale of an office building property, may limit the number of possible purchasers, thus affecting the ability of Spring REIT to dispose of its indirect interest in the Property when required or considered desirable to do so.

The divestment of Spring REIT's interest in the Property may include, but is not limited to, a disposal of Spring REIT's shareholding in RCA01 or a direct sale of the Property held by RCA01. The PRC Legal Advisor has confirmed that, given that Spring REIT will have valid ownership of all of the issued shares in RCA01 upon Completion and RCA01 has valid and marketable title to the Property, there are no restrictions or regulatory approval requirements under PRC laws that may impede or restrict the sale of Spring REIT's shareholding in RCA01 or the sale of the Property by RCA01 (except that RCA01 must obtain written consent from the mortgagee of the Property or discharge the mortgage over the Property prior to such sale). However, given that the underlying asset of Spring REIT is a real estate asset, Spring REIT's ability to promptly sell its interest in RCA01 or to vary its investment portfolio in response to changing economic, financial and investment conditions may be limited. For example, Spring REIT may be unable to liquidate its assets on short notice or may be required to substantially reduce the price that may otherwise be sought for such assets, to ensure a quick sale. In addition, under the REIT Code, Spring REIT is prohibited from disposing of its properties for at least two years from the time such properties are acquired, unless the rationale of the sale has been clearly communicated to Unitholders and a Special Resolution passed to consent to such sale. Further, Spring REIT and RCA01 may face difficulties in securing timely and commercially acceptable financing in asset-based lending transactions secured by real property due to the illiquid nature of real estate assets. These factors could have a material adverse effect on Spring REIT's business, financial condition, results of operations and prospects, with a consequential adverse effect on Spring REIT's ability to make expected distributions to Unitholders.

Spring REIT may suffer material losses not covered by insurance or in excess of insurance proceeds

The Property could suffer physical damage caused by fire or other causes and Spring REIT or RCA01 may suffer public liability claims, resulting in losses (including loss of rent), which may not be fully compensated for by insurance proceeds. In addition, Spring REIT has not obtained insurance covering certain types of losses, such as losses from war and nuclear contamination. Should an uninsured loss or a loss in excess of insured limits occur, Spring REIT or RCA01 could be required to pay compensation and/or lose the capital invested in the Property as well as anticipated future revenue from the Property. Nonetheless, Spring REIT or RCA01 would remain liable for any debt or other financial obligation, such as committed capital expenditures, related to the Property. It is also possible that third-party insurance carriers will not be able to maintain reinsurance sufficient to cover any losses that may be incurred. Any material uninsured loss could materially adversely affect Spring REIT's business, financial condition, results of operations and prospects.

In addition, when its current insurance policies expire, Spring REIT will have to seek renewal of the policies and negotiate acceptable terms for coverage, exposing it to the volatility of the insurance markets, including the possibility of increased premiums. The REIT Manager will regularly monitor the state of the insurance market, but it cannot anticipate what coverage will be available on commercially reasonable terms in future policy years. Any material increase in insurance premiums or decrease in available coverage in the future could adversely affect Spring REIT's business, financial condition and results of operations.

Spring REIT may incur significant costs or liabilities related to environmental matters

Spring REIT's operations are subject to various environmental laws, including those relating to air pollution control, water pollution control, waste disposal, noise pollution control, fire services control and the storage of dangerous goods. Under these laws, an owner or operator of real property may be subject to liability, including a fine or imprisonment, for air pollution, noise pollution or the presence or discharge of hazardous or toxic chemicals at that property. In addition, Spring REIT may be required to incur capital expenditures to comply with these environmental laws. The presence of any contamination, air pollution, noise pollution or dangerous goods without a valid license or the failure to remedy contamination, air pollution, noise pollution or dangerous goods or non-compliance with fire services control measures may expose Spring REIT to liability or materially adversely affect its ability to lease the real property or to borrow using the real property as collateral, which may materially adversely affect the business, financial condition, results of operations and prospects of Spring REIT.

There is uncertainty about the amount of the land grant premium which Spring REIT will have to pay and additional conditions which may be imposed if the REIT Manager decides to seek an extension of the land use rights for the Property upon expiration in 2053 of the current land use rights and there can be no assurance that such extension will be obtained as there are currently no precedents for any such extension

The Property is held by RCA01 under a land use right granted by the PRC Government for a 50-year term expiring in 2053. Upon the expiration of such term, the land use right as well as the ownership of the Property (including all buildings and structures situated on the land) will revert to the PRC Government unless the land user applies for an extension of the term of the land use right. If such an application is granted, the holder of the land use rights will be required, among other things, to pay a land grant premium. As none of the land use rights granted by the PRC Government to date has run their full term, there is no precedent to provide any indication of the amount of land grant premium which Spring REIT will have to pay and additional conditions which may be imposed if the REIT Manager decides to seek an extension of the land use right for the Property upon the expiration thereof, or if an extension would be granted at all. In addition to the potential impact at the time of expiration in 2053, this uncertainty may also adversely affect the value of the Property and the willingness of lenders to accept a charge over the Property as security for borrowings by Spring REIT. As a result, the business, financial condition, results of operations and prospects of Spring REIT may be materially adversely affected.

RISKS RELATING TO THE PRC

The PRC Government has implemented property control measures in relation to the PRC property market

To discourage speculation in the PRC property market, the PRC Government has implemented a variety of control measures. To date, the PRC Government has placed emphasis on regulating investments in the residential property market. However, there can be no assurance that the PRC Government will not extend such control measures to regulate the commercial property market. Although the various control measures are intended to promote more balanced property developments in the long term, these measures could adversely affect the demand for the Property if extended to the commercial property market. In addition, there is no assurance that the PRC Government will not introduce additional measures from time to time to regulate the growth of the PRC property market. The extension of the existing measures and the introduction of any new measures may materially and adversely affect Spring REIT's business, financial condition, results of operations and prospects.

Changes in the political, economic and social conditions in the PRC may have a material adverse effect on Spring REIT's financial condition and results of operations

The political, economic and social conditions in the PRC differ from those in most developed countries in many respects, including: (i) economic and political structure; (ii) level of development; (iii) growth rate; (iv) control of foreign exchange; and (v) allocation of resources.

While the PRC Government has implemented economic reform measures emphasizing utilization of market forces in the development of the PRC economy and the PRC economy has experienced significant growth in the past 30 years, growth has been uneven, both geographically and among different sectors of the economy. In addition, the PRC Government continues to regulate industries' development by imposing top-down policies and control over the PRC's economic growth through various means such as the allocation of resources, monetary policy, control over foreign currency denominated payment obligations and the provision of preferential treatment to particular industries and companies. The REIT Manager cannot predict whether changes in the PRC's political, economic and social conditions will have any material adverse effect on Spring REIT's business, financial condition, results of operations or prospects.

RMB is not a freely convertible currency and the PRC Government's control of foreign currency conversion may limit Spring REIT's foreign exchange transactions including distributions to Unitholders

The revenue received from the Property is denominated in RMB, which will have to be converted into (i) U.S. dollars to make principal and interest payments under the Term Loan Facility and (ii) Hong Kong dollars for distribution payments to the Unitholders. Conversion of RMB is subject to strict government regulation in the PRC. Under the existing foreign exchange regulations in the PRC, rental income received by RCA01 may be converted into foreign currency without the requirement for further approval from SAFE subject to compliance with certain procedural requirements and the payment of relevant PRC taxes by RCA01. There is no assurance that the government policies regarding conversion of RMB into foreign currencies will continue in the future.

In addition, RMB proceeds originating from the Property can only be converted into foreign currencies and remitted offshore after complying with the relevant administrative procedures, which include, among other things, the presentation of tax filing forms affixed with the seal of the PRC tax authorities and lease agreements. As advised by the PRC Legal Advisor, there are no legal or other impediments for RCA01 to exchange RMB proceeds originating from the Property into foreign currencies and to remit them outside the PRC, provided that such remittance is made in accordance with the administrative procedures set out under the relevant PRC laws. If such governmental policies, or the manner in which they are applied, are changed or if tax filing forms cannot be obtained from the PRC tax authorities in a timely manner, RCA01's ability to make principal and interest payments under the Term Loan Facility may be limited, which may have a material adverse effect on Spring REIT's business, financial condition, results of operations or prospects, or limit Spring REIT's ability to make distribution payments to the Unitholders. In the event that a problem arises in the future with respect to the repatriation of proceeds originating from the Property out of the PRC, the REIT Manager will consider an alternative arrangement at the time, including credit facilities or the establishment of reserves, in order to meet its obligation to make distributions on a timely basis.

Interpretation of PRC laws and regulations involves uncertainty

As the Property is located in the PRC, its operation is governed principally by laws and regulations in the PRC. The PRC legal system is based on written statutes and prior court decisions are not binding on the PRC courts. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions and because of the limited volume of published cases and their non-binding nature, any particular interpretation of the PRC laws and regulations may not be definitive.

The land and real estate laws of the PRC, including laws relating to land title and building ownership and laws applicable to landlords and tenants, are still under development and reform. In recent years, the National People's Congress, the State Council, the Ministry of Land and Resources and the Ministry of Housing and Urban-Rural Development have promulgated a number of laws and regulations and departmental rules relating to legal problems in respect of land and real estate. In addition, the local people's congresses and local governmental authorities in many provinces and cities have also promulgated various local regulations and rules. There may be uncertainties in the interpretation and application of these laws, regulations, departmental rules and local regulations and rules, which may have a material adverse effect on Spring REIT's business, financial condition, results of operations and prospects.

The building standards applicable in the PRC may become more stringent and Spring REIT may incur significant costs to ensure conformity with such amended standards

The Property has passed the examination process and obtained completion certifications certifying that it can be handed over for occupation or use in accordance with the building standards that currently apply to the Property. However, the building standards that apply to the Property, or that would have applied to the Property were it built in the future, may become more stringent in the future. There can be no assurance that the Property will remain in conformity with the latest building standards from time to time in the PRC. Compliance with the latest amended building standards may be required retrospectively, which could entail significant costs for Spring REIT. In addition, if the Property does not meet the most recent requirements for building standards and materials, it may be less desirable than developments which have been built in accordance with the latest standards, which may affect the ability to sell or let the Property and consequently may materially affect the business, financial condition, results of operations and prospects of Spring REIT.

The PRC's political policies and foreign relations could affect the Property

Investment in properties in the PRC entails risks of a nature and degree not typically encountered in property investments in developed markets. In the PRC, there is a high risk of nationalization, expropriation, confiscation, punitive taxation, currency restriction, political changes, government regulation, political, economic or social instability or diplomatic developments which could adversely affect the value of investments made in the PRC, including the Property, and for which Spring REIT may not be fairly compensated.

DISTRIBUTION POLICY

Distributions to Unitholders will, subject to compliance with applicable legal and regulatory requirements, be declared and paid in Hong Kong dollars. The REIT Manager's policy is to distribute to Unitholders an amount of no less than 90% of Spring REIT's Annual Distributable Income for each financial year.

For these purposes, and under the terms of the Trust Deed, "**Annual Distributable Income**" for a financial year is the amount calculated by the REIT Manager (based on the audited financial statements of Spring REIT for that financial year) as representing the consolidated audited net profit after tax of Spring REIT and the Special Purpose Vehicles for that financial year, as adjusted for the Adjustments (as defined below), except that the Annual Distributable Income for 2013 will be calculated based on the consolidated audited net profit after tax of Spring REIT and the Special Purpose Vehicles for the period from the [●] to December 31, 2013. After eliminating the effects of these Adjustments, Annual Distributable Income may be different from the net profit recorded for the relevant financial year.

"**Adjustments**" means adjustments to certain items which are charged or credited to the consolidated profit and loss account for the relevant financial year or the relevant distribution period, as the case may be, including: (i) unrealized property revaluation gains/losses, including impairment provisions and reversals of impairment provisions; (ii) impairment loss of goodwill/recognition of negative goodwill; (iii) differences between cash and accounting finance costs; (iv) realized gains on the disposal of properties; (v) fair value changes on financial instruments; (vi) deferred tax charges/credits in respect of property valuation movements, commercial building allowances/capital allowances and other tax deductions claimed; (vii) the portion of the REIT Manager's fees that are paid in the form of Units; (viii) non-cash foreign exchange gains or losses; (ix) costs of any public offering of Units that are expensed through the income statement but are funded by proceeds from the issuance of such Units; (x) depreciation and amortization in respect of real estate directly or indirectly owned by Spring REIT; and (xi) other material non-cash gains /losses. Based on and in sole reliance upon the information and assurances provided by the REIT Manager, and having regard to the minimum distribution requirement expressed in paragraph 7.12 of the REIT Code, the Trustee's duties under REIT Code and the Trustee's fiduciary duties, the Trustee has no objection to the definition of "Adjustments" as described above.

The REIT Manager also has the discretion to direct the Trustee from time to time to make distributions over and above the minimum 90% of Annual Distributable Income if and to the extent Spring REIT, in the opinion of the REIT Manager, has funds surplus to its business requirements, provided that no amount of revaluation surplus on real estate credited to income, or gains on disposal of real estate, whether directly or indirectly through the disposal of any Special Purpose Vehicle, shall form part of any distribution to Unitholders unless the REIT Manager shall have obtained the Trustee's prior consent. The REIT Manager currently intends to distribute 100% of the Annual Distributable Income for the period from the [●] to December 31, 2013 and 100% of the Annual Distributable Income for the financial year ending December 31, 2014.

Under the Trust Deed, the REIT Manager will, subject to applicable law, endeavor to ensure that at least one distribution shall be made in respect of each financial year and paid no later than five months after the distribution calculation date for the relevant distribution period. Spring REIT's first distribution after the [●] will comprise (i) the distribution for the FY2013 Distribution Period, namely, from and including the [●] to December 31, 2013 and (ii) the interim distribution for the first six months of 2014, which will be paid together no later than November 30, 2014.

DISTRIBUTION POLICY

Spring REIT's initial distribution policy is that two distributions will be made in respect of each year, being distributions with respect to the six-month period ending June 30 and December 31. The Directors anticipate that interim and final distributions will be paid by the end of November and May in each year, respectively.

The REIT Manager may also adopt such rules as it considers appropriate for the reinvestment by Unitholders of any distributions to be made by Spring REIT in return for [●] but no Unitholder shall be obliged to receive Units in lieu of a cash distribution. Under current Hong Kong tax law, distributions may be made free of withholdings or deductions on account of Hong Kong tax. It is understood that, under the Hong Kong Inland Revenue Department's current practice, Hong Kong profits tax will not be payable by a Unitholder on distributions made by Spring REIT. However, Unitholders should take advice from their own professional advisors as to their particular tax position.

Distributions to Unitholders will be declared and paid in Hong Kong dollars. Spring REIT's ability to make distributions is dependent on, among other things, the Trustee having available sufficient cash in Spring REIT to make the payments required. If the Trustee does not have sufficient cash to make payment of distributions, Spring REIT may be required to obtain financing to satisfy the payment of distributions to Unitholders. See the section headed "Risk Factors — Risks Relating to Spring REIT — Spring REIT will operate principally through its interest in RCA01 and relies on income earned from the Property to make distributions and there are various risks relating to RCA01's ability to make distributions. Spring REIT may not be able to make distributions to Unitholders in a timely manner or at all or the level of distributions may fall" in this Document.

The REIT Code requires the REIT Manager and the Trustee to ensure that each company used to hold real estate and other assets for Spring REIT for the time being shall distribute to Spring REIT all of such company's income for each financial year as permitted by the laws and regulations of its relevant jurisdiction of incorporation. In addition, the revenue received from the Property is denominated in RMB, which will have to be converted into Hong Kong dollars for distribution payments to the Unitholders. Conversion of RMB is subject to strict government regulation in the PRC. Under the existing foreign exchange regulations in the PRC, rental income received by RCA01 may be converted into foreign currency without the requirement for further approval from SAFE subject to compliance with certain procedural requirements and the payment of relevant PRC taxes by RCA01. As advised by the PRC Legal Advisor, there are no legal or other impediments for RCA01 to exchange RMB proceeds originating from the Property into foreign currencies and to remit them outside the PRC, provided that such remittance is made in accordance with the procedures set out under the relevant PRC laws. However, there is no assurance that the government policies regarding conversion of RMB into foreign currencies will continue in the future. See the section headed "Risk Factors — Risks Relating to the PRC — RMB is not a freely convertible currency and the PRC Government's control of foreign currency conversion may limit Spring REIT's foreign exchange transactions including distributions to Unitholders" in this Document.

Spring REIT may make distributions out of capital. The composition of distributions declared by Spring REIT (including, but not limited to, the extent to which the distribution declared or made is composed of, and the types of, income and capital) shall be determined by the REIT Manager in its absolute discretion and will be disclosed in the relevant results announcements, semi-annual reports and annual reports of Spring REIT.

DISTRIBUTION POLICY

For information on the forecast distributions for the period from the [●] to December 31, 2013, see the section headed "Financial Information and Forecast — Statement of Distributions" in this Document.

RCA01 paid a distribution, by way of a dividend, of US$15 million to RCA Fund on November 15, 2013. See the section headed "Financial Information and Forecasts — Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments" in this Document for details.

HIGHLIGHTS

Spring REIT is a real estate investment trust formed primarily to own and invest in high quality income-producing real estate in Asia. The key objectives of the REIT Manager for Spring REIT are to provide Unitholders with stable distributions and the potential for sustainable long-term growth in the distributions and enhancement in the value of the real estate assets.

Spring REIT is the first REIT to offer direct exposure to two Premium Grade office buildings located in the CBD of Beijing. Spring REIT will initially invest in and own the Property through its ownership of RCA01, which holds the land use rights and building ownership rights in respect of the Property. The Property comprises all of the office floors of Office Tower 1 (including Levels 4 to 28, and the equipment and emergency shelter floor on Level 16, which contains no lettable space) and Office Tower 2 (including Levels 4 to 32, and the equipment and emergency shelter floor on Level 20, which contains no lettable space) in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings.

The Property is part of China Central Place (華貿中心), a prime mixed-use development complex in Beijing. China Central Place has a total GFA of approximately 910,000 sq.m., and comprises:

- Three Premium Grade office buildings, including Office Tower 1 and Office Tower 2 which comprise the Property (華貿中心寫字樓1座和2座);
- Shin Kong Place (新光天地), one of the largest department stores in China by sales, and other shopping areas in China Central Mall (華貿購物中心), China Central Square and China Central Commercial Street;
- The Ritz-Carlton Hotel Beijing (北京麗思卡爾頓酒店) and JW Marriott Hotel Beijing (北京JW萬豪酒店), both five-star luxury hotels with a total of approximately 900 guest rooms;
- Residential and serviced apartment buildings and a clubhouse; and
- Approximately 3,600 car parking spaces, including a total of approximately 600 car parking spaces owned by Spring REIT.

The REIT Manager believes that Spring REIT presents Unitholders with an attractive investment proposition as described below.

Exposure to Premium Grade office buildings located in the CBD of Beijing

The Property is one of the most highly regarded Premium Grade office properties in Beijing. By DTZ's definitions, Premium Grade office buildings form a subset of Grade A office buildings with the highest quality standards of any office building. A Premium Grade office building is distinguished from a general Grade A office building by a number of features, including the location, supply of car parking spaces, building quality and standard of finish, provision and service of elevators and single ownership structure. Offices in Premium Grade office buildings generally command higher unit rents than offices in buildings with lower classifications. Based on DTZ's definitions, there are a total of 10 Premium Grade office properties in the CBD of Beijing.

The Property is located in the southeast corner of Beijing's traditional CBD and the central core area of the expanded CBD. The CBD is traditionally a hub for international business and activities and home to the PRC headquarters of many Fortune 500 companies and multi-national corporations. The REIT Manager believes that one of the main drivers behind multi-national corporations choosing Beijing over Shanghai and other cities in the PRC as their PRC headquarters is due to its proximity to the PRC State-level government authorities.

The Property has good accessibility. It is bordered on the east by the Fourth Ring Road (東四環路) and exits directly onto Chang'an Avenue (長安街)/Jianguo Road (建國路) in front of the Property. Chang'an Avenue (長安街)/Jianguo Road (建國路) is the main east-west artery in Beijing. Along the west, the Property is bordered by West Dawang Road (西大望路), a six-lane throughway, which runs north-south between mostly residential neighborhoods. It is approximately 7 km away from the Tian'anmen Square and 20 km away from the Beijing Capital International Airport. The Property has direct access to Subway Line 1 Dawanglu Station through the shopping mall in the underground, and will also be directly connected to Subway Line 14, construction of which is expected to be completed in 2015. The Property's location allows tenants and visitors to avoid the heavy traffic congestion in the China World Trade Center intersection in the center of the traditional CBD and at the same time enjoy convenient accessibility to public transportation facilities. The REIT Manager believes that the Property's convenient location is one of the most important advantages the Property has over other Premium Grade office buildings in the CBD.

The Property, together with Office Tower 3 at China Central Place, has won numerous awards, including:

- Top 20 Office Buildings in China jointly by www.funxun.com ("房訊網"), China Office Building Industry Association ("中國寫字樓行業協會") and Nanfeng Think Tank ("南豐智庫") in 2012;
- Model Business Service Building in Beijing ("北京市商務服務業示範樓宇") by Beijing Municipal Commission of Commerce ("北京商務中心區總工會") in 2012; and
- National Construction Decoration Design Award ("全國建築工程裝飾獎") by China Building Decoration Association ("中國建築裝飾協會") in 2008.

The Property is able to benefit from being part of China Central Place (華貿中心), a prime mixed-use complex in Beijing and a well recognized brand

The Property is part of China Central Place, a prime mixed-use development complex in Beijing. The REIT Manager believes that the Property benefits from the synergies between the different components of the China Central Place complex as tenants and visitors to the Property are able to enjoy a wide range of facilities in the same complex within close proximity to each other. The status of China Central Place also reinforces the positioning of the Property as a leading Premium Grade office development in the CBD and helps to promote the business of the Property.

The office buildings and shopping malls in China Central Place are inter-connected underground, and are directly connected to the Beijing Subway. The REIT Manager believes that the four components of China Central Place (office towers, shopping malls, hotels and residential complexes) are complementary to each other and form a community with a range of facilities and services, which facilitate the business activities and daily life activities of the users of the complex.

China Central Place is widely recognized as a shopping landmark in Beijing, primarily owing to Shin Kong Place, one of the largest department stores in China by sales. With the combination of its shopping experience and a wide variety of leisure activities as well as food and beverage options, Shin Kong Place has become one of the most popular shopping and leisure destinations in Beijing. The presence of The Ritz-Carlton Hotel Beijing and JW Marriott Hotel Beijing in China Central Place also complements the business and commercial activities of the users of the complex, in particular the tenants of the Property. The REIT Manager believes that Shin Kong Place and these five-star hotels not only provide facilities and convenience for the business activities of tenants to the Property but also help to promote the leading status of the Property among Premium Grade office developments.

The REIT Manager believes the synergies between the different components of China Central Place and its well-known status are key elements contributing to the success of the business of the Property.

High occupancy rates and a diverse and high quality tenant base at the Property

The Property maintained a high occupancy rate during the Track Record Period. The average Office Occupancy Rate was 90%, 96%, 96% and 96% for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively.

The Property has a diverse and high quality tenant base with a total of 125 tenants under 174 leases as of June 30, 2013. A significant number of these tenants are leading multi-national and domestic companies, which include Deutsche Bank, Condé Nast, NBA, Tesco, SAP AG, White & Case LLP, Zhong De Securities, Global Law Office, Aecom, Itochu, Brasil Embraer, Baxter, Richemont and Bain & Company. The tenants are also in a wide variety of industry sectors, including finance, insurance, professional services, education, media, sport, energy, technology and health care, and represent a balance of international and domestic organizations. None of the tenants accounted for more than 6.0% of the Property's Total Office GFA for the six months ended June 30, 2013. The REIT Manager believes that a diverse and high quality tenant base will help Spring REIT to achieve a stable income stream.

Attractive distribution prospects supported by organic growth

DTZ expects that the supply of Grade A office space for lease in Beijing's CBD will be limited in the next few years and that there will be no supply of Premium Grade offices in the coming two years. As of the first quarter of 2013, the occupancy rate of Grade A offices in the CBD was 97.3%. Given the limited supply and the current occupancy rate position, DTZ expects that the occupancy rate for Grade A offices in the CBD from 2013 to 2016 will remain high at around 97%. Grade A offices in the CBD also enjoy a higher average rental rate than the citywide average. In the first quarter of 2013, the average rental rate for Grade A offices in the CBD was 11.7% higher than the citywide average. In addition, the average rental rate for Premium Grade office buildings was higher than general Grade A office buildings within the same submarket by a further 36.2% in the first quarter of 2013. DTZ expects that rental rates will remain high in the CBD in the next few years as a result of the scarcity of office space in the CBD.

Lease expiration presents an opportunity for increasing rental rates. Typically, the term for a lease agreement relating to the Property is approximately three years. Beijing office rental levels have increased significantly since 2011 and a large portion of leases at the Property were entered into before the increase. As of June 30, 2013, leases comprising approximately 28%, 31% and 12% of the Total Office GFA will expire and can potentially be re-leased or renewed to achieve higher rents in 2013, 2014 and 2015, respectively. The average leased Unit Rent for the six months ended June 30, 2013 was RMB268, which is much lower than the average Unit Rent of RMB376 for leases entered into in the first six months ended June 30, 2013.

Benefiting from office rental market growth in Beijing and the potential to increase rental rates through lease renewals and new leases, the REIT Manager believes that Spring REIT will experience significant rental income growth in 2013, should current market conditions continue and subject to the other assumptions set out in the section headed “Profit Forecast” in this Document. Currently, the REIT Manager expects to pay an annualized distribution yield of [●]% based on the [●] and [●]% based on the [●], in respect of the period from the [●] to December 31, 2013. See the sections headed “Profit Forecast”, “Statement of Distributions” and “Risk Factors — Risks Relating to an Investment in the Units — The forward-looking and certain other information in this Document may prove inaccurate” in this Document for further details.

Transparent and professional management by a highly experienced management team with a proven track record

Spring REIT will be managed by the REIT Manager, Spring Asset Management Limited, which is 100% owned by AD Capital, a private equity investment firm owned by DBJ, Asuka Asset Management Co., Ltd. and certain minority management shareholders. AD Capital, based in Japan and led by Mr. Toshihiro Toyoshima, has considerable experience in private equity and real estate investments. AD Capital, as a professional investment manager, has gained considerable experience in management of projects through its active involvement in the day-to-day management and operation of each project it has invested in with support from professional third parties. The REIT Manager believes that the successful investment and management experience of AD Capital will be beneficial to Spring REIT.

Furthermore, the Board of Directors and the management team of the REIT Manager have extensive experience in real estate investment and asset management. In particular, Mr. Toshihiro Toyoshima, Chairman of the Board and the CEO of AD Capital, has extensive experience in investment and real estate management. Mr. Toyoshima also led a number of innovative financing schemes while he worked with DBJ, three of which were awarded Deal of the Year by Project Finance Magazine. Mr. Lau Jin Tin, Don, a managing director of the REIT Manager, previously served as a Responsible Officer and Deputy Chief Executive Officer of a REIT listed on the Hong Kong Stock Exchange. He has the appropriate experience in planning the business direction and managing the overall day-to-day operations of a REIT. Mr. Nobumasa Saeki, a managing director of the REIT Manager, has extensive experience in managing properties, especially properties in Japan, and has been actively involved in the management and operation of the Property since 2008.

The REIT Manager believes that the management team’s experience of and insight into the Beijing office rental market will make Spring REIT well positioned to capitalize on market growth and achieve optimal operational results. The management team, together with the Property Manager, has demonstrated its ability to strategically select the right tenant mix in order to promote the Property as a leading office property and as a result attract better tenants and increase rental rates. Spring REIT’s management team also has a proven track record of actively managing the Property. The average Office Occupancy Rate of the Property was 90%, 96%, 96% and 96% for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. Under their management, the

Property has become one of the most highly regarded Premium Grade offices in Beijing and received numerous awards. With a strong emphasis on customer service, the management team, with the support of the Property Manager and the Building Manager, has been able to provide, and expects to continue to provide, professional and high quality services to tenants and thereby retain existing tenants and attract new tenants. Spring REIT's management team will endeavor to deliver stable and sustainable distributions to Unitholders, in part, through their experience and expertise in managing the Property.

Spring REIT's management team also intends to focus on transparency and management accountability. The REIT Manager has established several board committees, including an audit committee and a disclosure committee, and adopted international best-practice corporate governance standards, in order to seek to guarantee the ongoing transparency of management of Spring REIT.

The key objectives of the REIT Manager for Spring REIT are to provide Unitholders with stable distributions and the potential for sustainable long-term growth in the distributions and enhancement in the value of the real estate assets. The REIT Manager intends to accomplish these objectives through holding and investing in high quality income-producing real estate assets in mainland China, although future acquisitions may also be made in Hong Kong, Macau, Taiwan, Japan and other areas of Asia.

The implementation of the REIT Manager's strategy can be broadly categorized as follows:

- **Asset Management Strategy.** The REIT Manager intends to actively manage Spring REIT's property portfolio to maximize long-term value, maintain high occupancy rates, increase lease renewal rates and maintain a high quality tenant base. The REIT Manager will work closely with both the Property Manager and the Building Manager to drive organic growth and maintain strong relationships with tenants.

- **Acquisition Strategy.** The REIT Manager intends to seek to selectively acquire additional high quality income-producing real estate that meets its investment criteria.

- **Capital and Risk Management Strategy.** The REIT Manager intends to focus on maximizing the returns on the portfolio and distributions to Unitholders, while maintaining an appropriate loan-to-value ratio.

ASSET MANAGEMENT STRATEGY

Maintain high occupancy rates and maximize long-term value of the Property

The REIT Manager will seek to maintain high occupancy rates and maximize the long-term value of the Property. To maintain high occupancy rates, the REIT Manager intends to:

- increase tenant retention rates by maintaining good relationships with existing tenants;

- work with the Property Manager and Building Manager to provide world-class professional services to meet the tenants' ongoing needs;

- proactively manage lease renewals to minimize downtime arising from lease expirations or early termination;

- attract new tenants to the Property by actively conducting marketing through property agents and advertising the Property through the media such as newspapers and the Internet to further increase the awareness of the Property to attract new tenants;

- explore mutually beneficial marketing opportunities with China Central Place; and

- leverage on the brand recognition of China Central Place and the benefits of being in a prime mixed-use complex to further promote the Property.

To maximize the long-term value of the Property, the REIT Manager will seek to optimize rental rates in renewals and new leases by leveraging on the low vacancy and tight supply dynamics of the Beijing office market, particularly in the CBD. The REIT Manager also plans to work with the Property Manager to closely monitor rental collection to minimize defaults by tenants.

Optimize tenant mix

The REIT Manager plans to actively manage lease expirations to identify opportunities to maintain an optimal tenant mix. The REIT Manager intends to continue to verify the backgrounds of new tenants before entering into leases, including the nature of their business and their customers, and focus on maintaining a high quality tenant base to promote the prestigious status of the Property and ensure stability of rental income.

Control property expenses

The REIT Manager intends to work closely with the Property Manager to control property expenses without compromising the quality of services to tenants. The REIT Manager intends to continue to monitor expenses closely against the annual maintenance and renovation plan.

Increase returns through asset enhancement

The REIT Manager intends to continue to improve the Property where necessary to increase the value of the Property and thus the value of Spring REIT. The REIT Manager intends to (i) maintain a good relationship with owners or managers of the other property components of China Central Place to create synergies and increase the value of the complex; and (ii) create more lettable space, increase the connectivity and accessibility of the Property, and refurbish the Property where feasible.

Improve asset management expertise and provide high quality services

The REIT Manager will seek to provide high quality services to the tenants of the Properties. In particular, the REIT Manager intends to:

- employ external consultants, advisors and service providers as and when it considers appropriate;
- closely monitor and benchmark staff and service provider performance against international standards, as well as against the standards of local competitors; and
- create a feedback mechanism for all staff and service providers.

ACQUISITION STRATEGY

The REIT Manager intends to capitalize on acquisition opportunities that provide the potential for attractive yields and net asset growth, primarily in mainland China, although future acquisitions may also be made in Hong Kong, Macau, Taiwan, Japan and other parts of Asia. In evaluating acquisition opportunities, the REIT Manager will consider the following criteria:

- consistency with the REIT Manager's strategy to invest in high quality income-producing commercial properties primarily in Greater China and potentially other parts of Asia, for instance Japan where Spring REIT has strength;

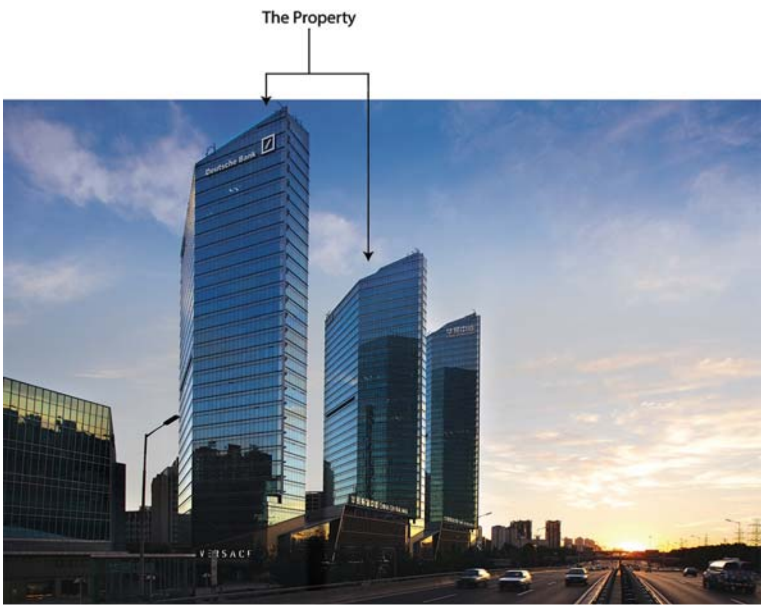
- ability of the target property to complement the existing portfolio; and
- opportunities to enhance the target property to increase investment returns and create value.

CAPITAL AND RISK MANAGEMENT STRATEGY

The REIT Manager will focus on maximizing the returns on the portfolio and distributions to Unitholders, while maintaining an appropriate loan-to-value ratio. The REIT Manager will endeavor to optimize the capital structure of Spring REIT within the requirements of the REIT Code. The ratio of total borrowings of Spring REIT against its total gross asset value is required to be maintained at below 45% under the REIT Code. To satisfy this limit, the REIT Manager will seek to take into account a reasonable margin for adverse fluctuations in asset value in order to create a buffer for future capital expenditure and working capital needs. The REIT Manager may use a combination of debt and equity financing to fund future acquisitions and asset enhancements and will implement a prudent financial and capital management policy. The REIT Manager will, from time to time, review and optimize the fixed rate/floating rate profile of Spring REIT's borrowings and evaluate refinancing options, which may include long-term bank borrowings, bonds and medium-term notes. The REIT Manager aims to minimize the risks and exposures relating to interest rates and foreign exchange rates through the use of appropriate financial instruments.

OVERVIEW

The Property

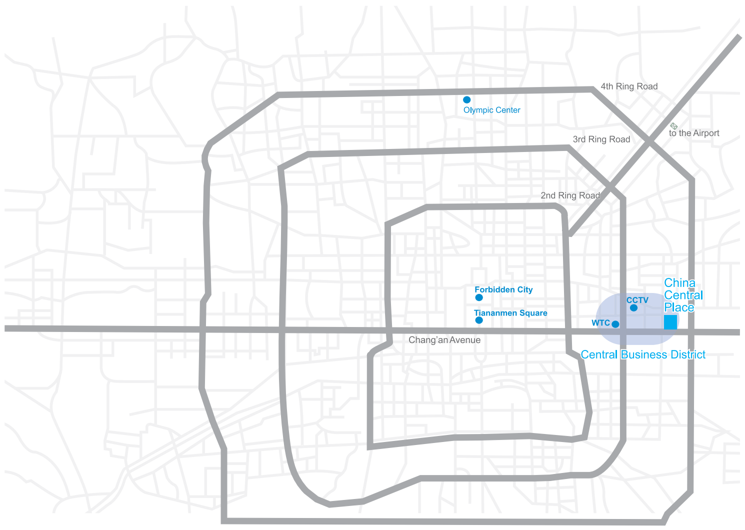


Note: The Property does not include Levels 1 to 3 of both Office Tower 1 and Office Tower 2, which are part of China Central Mall.

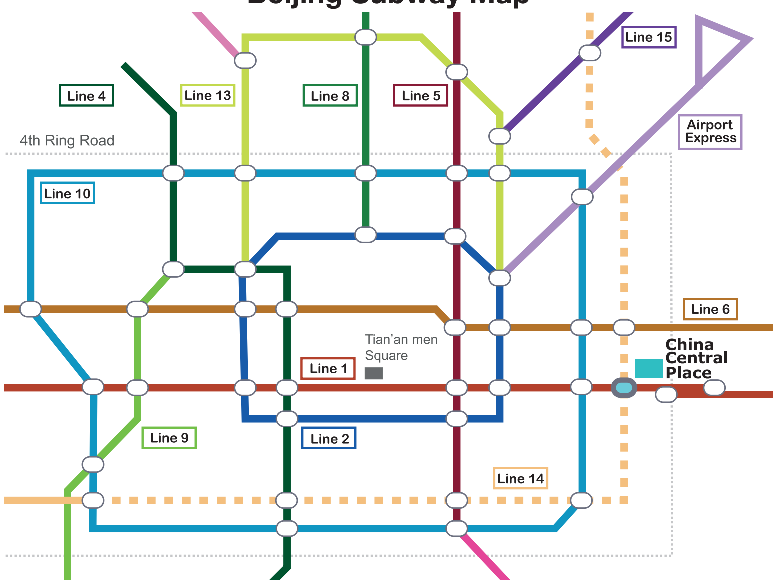
Spring REIT will initially invest in and own the Property through its ownership of RCA01. Spring REIT does not own other parts of China Central Place other than the Property. The Property comprises two Premium Grade office buildings strategically located in the CBD of Beijing. By DTZ’s definitions, Premium Grade office buildings form a subset of Grade A office buildings with the highest quality standards of any office building. A Premium Grade office building is distinguished from a general Grade A office building by a number of features, including the location, supply of car parking spaces, building quality and standard of finish, provision and service of elevators and single ownership structure. Offices in Premium Grade office buildings generally command higher unit rents than offices in buildings with lower classifications. The Property is one of the most highly regarded Premium Grade office properties in Beijing. By DTZ’s definitions, there are a total of 10 Premium Grade office properties in the CBD of Beijing.

The Property comprises all of the office floors of Office Tower 1 (including Levels 4 to 28, and the equipment and emergency shelter floor on Level 16, which contains no lettable space) and Office Tower 2 (including Levels 4 to 32, and the equipment and emergency shelter floor on Level 20, which contains no lettable space) in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings. Office Tower 1 has a total of 28 storeys and Office Tower 2 has a total of 32 storeys. Levels 1 to 3 of both Office Tower 1 and Office Tower 2 are part of China Central Mall, which is not owned by RCA01. The equipment and emergency shelter floors on Level 16 of Office Tower 1 and Level 20 of Office Tower 2 are used exclusively for the purpose of storage of equipment that service the office towers and as emergency shelter during natural and other disasters. The Property has a total of 120,245 sq.m. of office space and a total of 25,127 sq.m. of car parking spaces. Construction of the Property commenced in March 2004 and was completed in December 2006.

Location of China Central Place



Beijing Subway Map



Note: Subway Line 14 is currently under construction and is expected to be completed in 2015

The Property is located in the southeast corner of Beijing's traditional CBD and the central core area of the expanded CBD. It is bordered on the east by the Fourth Ring Road (東四環路) and exits directly onto Chang'an Avenue (長安街)/Jianguo Road (建國路) in front of the Property. Chang'an Avenue (長安街)/Jianguo Road (建國路) is the main east-west artery in Beijing. Along the west, the Property is bordered by West Dawang Road (西大望路), a six-lane throughway, which runs north-south between mostly residential neighborhoods.

The CBD is traditionally a hub for international business and activities and home to the PRC headquarters of many Fortune 500 companies and multi-national corporations. The Property has direct access to Subway Line 1 Dawanglu Station through the shopping mall in the underground, and will also be directly connected to Subway Line 14, construction of which is expected to be completed in 2015. The Property's strategic location allows tenants and visitors to avoid the heavy traffic congestion in the China World Trade Center intersection in the center of the traditional CBD and at the same time enjoy convenient accessibility to public transportation facilities.

The REIT Manager believes that the design and facilities of the Property are among the highest quality of any office building in Beijing. During the construction of the Property, international architects and engineering consultants were engaged to provide input on the construction quality and design of the Property. The Property features a card access security control system and each of the two buildings is equipped with 12 high-speed passenger lifts to service the office areas and two passenger lifts for changeover to four underground levels.

The Property, together with Office Tower 3 at China Central Place, has won numerous awards, including:

- Top 20 Office Buildings in China jointly by **www.funxun.com** ("房訊網"), China Office Building Industry Association ("中國寫字樓行業協會") and Nanfeng Think Tank ("南豐智庫") in 2012;
- Model Business Service Building in Beijing ("北京市商務服務業示範樓宇") by Beijing Municipal Commission of Commerce ("北京商務中心區總工會") in 2012; and
- National Construction Decoration Design Award ("全國建築工程裝飾獎") by China Building Decoration Association ("中國建築裝飾協會") in 2008.

The REIT Manager believes that one of the key factors behind the success of the Property is the ability to achieve rental income growth by striking a balance between maintaining long-term relationships with anchor and loyal tenants and constantly optimizing the tenant mix. The REIT Manager believes that the Property has been able to attract an improved mix of tenants in terms of their industry and profile due to the Property's premium status and high occupancy rate.

The Property has a diverse and high quality tenant base with a total of 125 tenants under 174 leases as of June 30, 2013. A significant number of these tenants are leading multi-national and domestic companies, which include Deutsche Bank, Condé Nast, NBA, Tesco, SAP AG, White & Case LLP, Zhong De Securities, Global Law Office, Aecom, Itochu, Brasil Embraer, Baxter, Richemont and Bain & Company. The 10 largest tenants (in terms of Monthly Rental Revenue) contributed approximately 34% of total Monthly Rental Revenue for the month ended June 30, 2013. The 10 largest tenants in terms of Office GFA accounted for approximately 32% of the Total Office GFA as of June 30, 2013.

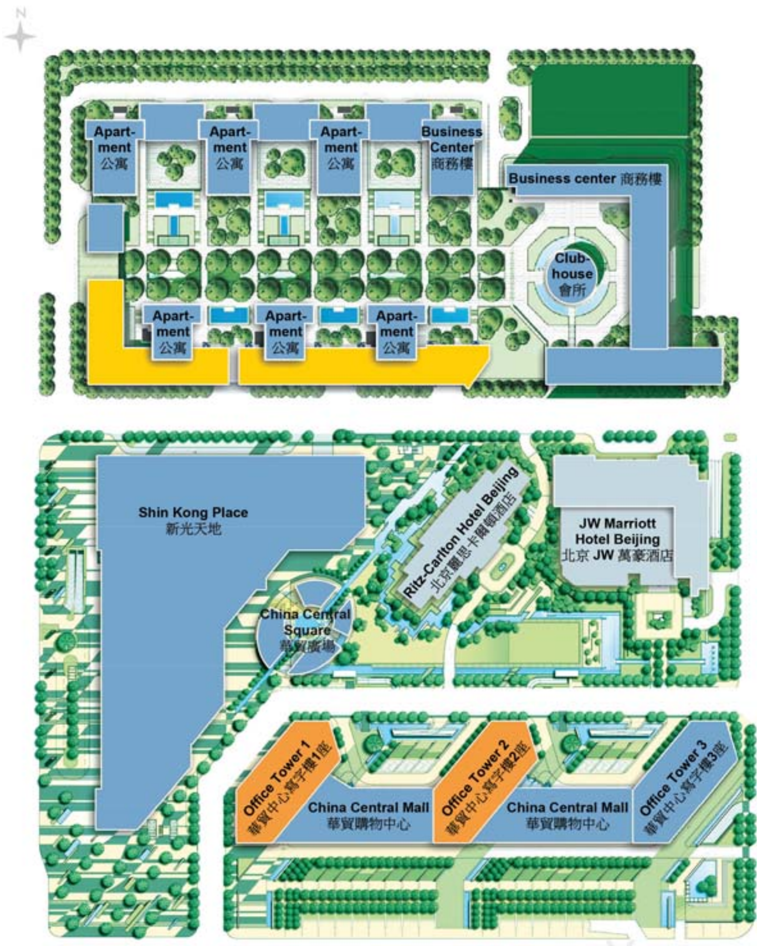
The Property maintained a very high occupancy rate during the Track Record Period. The average Office Occupancy Rates were 90%, 96%, 96% and 96% for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively.

DTZ expects that the supply of Grade A office space for lease in the CBD will be limited in the next few years and that there will be no supply of Premium Grade offices in the coming two years. Given the limited supply and the current occupancy rate position, DTZ expects that occupancy rate for Grade A offices in the CBD submarket from 2013 to 2016 will remain high at around 97%.

RCA01 acquired the Property from Beijing Guohua, the developer of China Central Place, in 2006. RCA01 holds the Property directly. Since the commencement of operations of the Property in 2007, the Property Manager has been appointed to conduct the day-to-day operation and management of the Property under the Property Management Agreement with supervision from AD Capital's team in Beijing. The Building Manager provides building management services for the Property, including security, cleaning and maintenance services.

Spring REIT, as the ultimate owner of all of the office floors of Office Tower 1 and Office Tower 2, through RCA01, has the exclusive right to appoint a building manager to manage all building management matters for the office floors of Office Tower 1 and Office Tower 2*.* The use and control of the Property is not subject to constraints imposed by the developer of China Central Place, Beijing Guohua, or the owners of the other parts of China Central Place, who, to the best knowledge of the REIT Manager, and after due and careful enquiry, are Independent Third Parties. Therefore, Spring REIT will have full autonomy and influence over matters relating to the property management of the office floors for the Property. Spring REIT also possesses rights of access to all areas of these office floors and to all common areas and service areas required for the management of these office floors. While Spring REIT has the sole discretion to use and control the Property, free from any encumbrances, Spring REIT is restricted by the covenants and security under the Term Loan Facility Agreement and related security agreements, which the REIT Manager believes to be customary for real estate financings, covenants in loan agreements and security agreements. For more details of the covenants that RCA01 is subject to under the Term Loan Facility Agreement, please see the section headed "Management's Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness" in this Document.

China Central Place



Spring REIT does not own other parts of China Central Place other than the Property. However, the REIT Manager considers that one of the most important features of the Property is that it forms part of China Central Place, a prime mixed-use development complex in Beijing. China Central Place comprises (i) three Premium Grade office buildings; (ii) Shin Kong Place, one of the largest department stores in China by sales, and other shopping areas in China Central Mall, China Central Square and China Central Commercial Street, (iii) two five-star luxury hotels, The Ritz-Carlton Hotel Beijing and JW Marriott Hotel Beijing, and (iv) residential and serviced apartment buildings and a clubhouse. The office buildings and shopping malls in the complex are inter-connected in the underground, and are directly connected to the Beijing Subway, allowing users to reach buildings in the complex and the Beijing Subway without exiting the complex. The REIT Manager believes that the Property benefits from the synergies between the different components of the complex. The four components of China Central Place (office towers, shopping malls, hotels and residential complexes) complement each other and create a community with comprehensive facilities and services, which significantly enhances the business activities and daily life of the Property’s office tenants. The prime status of China Central Place also reinforces the positioning of the Property as a leading Premium Grade office development in Beijing’s CBD and helps to promote the business of the Property. The REIT Manager believes the synergies between the different components of China Central Place and its prestige status are that key contributing elements in the success of the Property.

China Central Place is widely recognized as a shopping landmark in Beijing, primarily owing to Shin Kong Place, one of the largest department stores in China by sales. It houses numerous leading international and local fashion, beauty and lifestyle brands. It has a large upscale food court in the underground level as well as several other high-end restaurants in other floors, providing a wide variety of high quality eating options. Exhibitions and other cultural activities are regularly held in the event hall in Shin Kong Place drawing footfalls and promoting the shopping experience. With the combination of a world-class shopping experience and a wide variety of leisure activities as well as food and beverage options, Shin Kong Place has become one of the most popular shopping and leisure destinations in Beijing. Apart from Shin Kong Place, China Central Place also has other retail sections, including the China Central Mall, China Central Square and China Central Commercial Street.

The Ritz-Carlton Hotel Beijing and JW Marriott Hotel Beijing, both five-star luxury hotels, have a total of approximately 900 guest rooms and 20 function rooms and conference rooms. The two hotels complement the business and commercial activities of users of the complex, in particular the tenants of the Property.

China Central Place has received numerous awards, including Asia Pacific Real Estate Award — Urban Design of the Year by Asiacre.com in 2006 and China Intensive Urbanization Model Case (中國集約型城市化典範案例) by China International Urbanization Development Strategy Research Committee (中國國際城市化發展戰略研究委員會) in 2011.

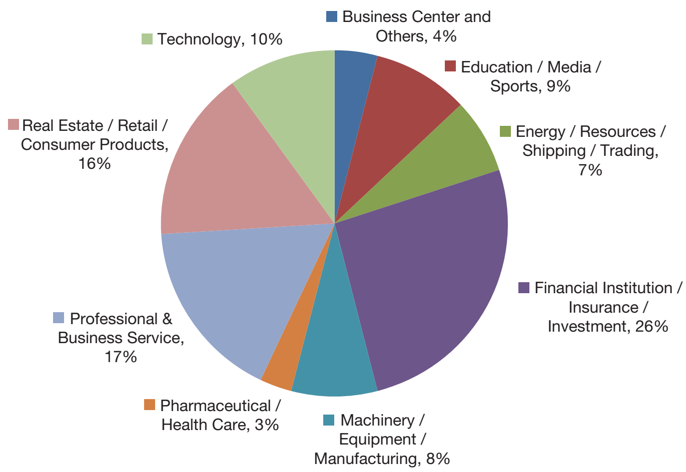
THE PROPERTY

Tenant Profile

As of June 30, 2013, the Property was leased to 125 tenants under 174 leases.

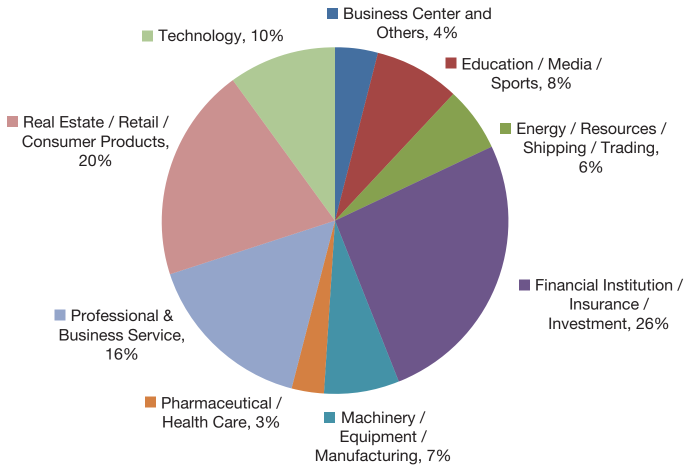
The Property has a diverse tenant base. The chart below provides a breakdown of the mix of the office tenants of the Property by industry sector as a percentage of Leased Office GFA as of June 30, 2013.

Tenant Mix by Industry (as a percentage of Leased Office GFA)



The chart below provides a breakdown of the mix of office tenants of the Property by industry sector as a percentage of Monthly Rental Revenue for the month ended June 30, 2013.

Tenant Mix by Industry (as a percentage of Monthly Rental Revenue)



The five largest tenants of the Property in terms of Office GFA accounted for 21.5% of the Total Office GFA as of June 30, 2013.

The following table sets forth information on the five largest tenants of the Property in terms of Office GFA as of June 30, 2013:

Tenant	Expiration date(s)	Office GFA	Percentage of Total Office GFA
		(sq.m.)	*(%)*
Deutsche Bank and its affiliated companies	November 2013[(1)]	7,183	6.0
SAP AG	March 2014	6,952	5.8
Condé Nast	January 2014	5,406	4.5
Zhong De Securities	April 2016	3,162	2.6
Global Law Office	June 2014	3,091	2.6
Total		**25,794**	**21.5**

Note:

(1) The lease with Deutsche Bank and its affiliated companies expires on November 30, 2013. As of the Latest Practicable Date, the Property Manager is in the process of renewing this lease.

Each of these leases has been transacted on normal arm's length commercial terms.

Occupancy and Unit Rent

The following table sets forth information on the average Office Occupancy Rate, average Unit Rent of new/renewed leases and average leased Unit Rent for the periods indicated:

	Average Office Occupancy Rate(1)	Average Unit Rent of New/Renewed Leases(2)	Average Leased Unit Rent(3)
	(%)	*(RMB)*	*(RMB)*
Year ended December 31, 2010	90	198	188
Year ended December 31, 2011	96	241	201
Year ended December 31, 2012	96	332	226
Six months ended June 30, 2013	96	376	268

Notes:

(1) The average Office Occupancy Rate over the relevant period is derived by dividing the sum of the occupancy rates as of the end of each month during the relevant period by the number of months in the relevant period.

(2) The average Unit Rent of new/renewed leases over the relevant period is calculated as the weighted average of the Unit Rent for lease agreements, the performance of which commences during a relevant period.

(3) The average leased Unit Rent is calculated as the weighted average of the Unit Rent for lease agreements that are being performed during a relevant period.

Expiration and Renewals

Lease terms for the lease agreements relating to the Property are generally approximately three years, which is in line with the general practice in the Beijing property market for office leases.

Tenants generally have an option to renew their leases for an additional term by providing at least six months' prior written notice that they wish to exercise the option to the Property Manager before the expiration of the current leases and entering into a new lease three months before the expiration of the current lease. Tenants are generally deemed to have given up the option to renew if they fail to provide notice or enter into new leases with the Property Manager within the required time. Rent for the additional term is determined through negotiation between the tenant and the Property Manager (on behalf of RCA01), and in accordance with the then prevailing market standard. The lease agreements do not generally give tenants the right to terminate their leases prior to their scheduled expiration dates, except in limited situations such as when there are major defects in the leased premises either on handover to the tenant or that arise during the course of the lease term and are not corrected within a reasonable time.

The following table sets forth details of expirations in respect of leases as of June 30, 2013 which are scheduled to take place during the periods indicated:

Period	Office GFA of Leases Expiring	Expiring Leases as a percentage of Leased Office GFA	Average Unit Rent for Leases Expiring(1)
	(sq.m.)	*(%)*	*(RMB/sq.m.)*
2013 (July 1 to December 31) . . .	31,198	28	210.8
2014	35,380	31	249.5
2015	13,396	12	365.2
2016	24,932	22	374.7
2017	8,274	7	307.5
2018	—	—	—

Note:

(1) The average Unit Rent for leases expiring over the relevant period is calculated as the weighted average of the Unit Rent for lease agreements which are expiring during a relevant period.

Valuation

The Appraised Value of the Property as determined by the Independent Property Valuer as of August 31, 2013 was RMB7,747 million.

Information regarding the Title of the Property

RCA01 holds the Property under a land use rights certificate as well as building ownership certificates with land use rights for a term of 50 years expiring on October 28, 2053.

In addition, the PRC Legal Advisor has confirmed that the land use rights and building ownership rights of the Property have been mortgaged to the security agent under the Term Loan Facility. For details on the Term Loan Facility, see the section headed "Financial Information and Forecasts — Management's Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness" in this Document. Registration of the mortgage on the building ownership rights of the Property was completed on July 15, 2013, and the registration of the mortgage on the land use rights of the Property was completed on July 25, 2013. Except for the abovementioned mortgages, there are no other mortgage registrations and seizure records relating to the land use rights and building ownership rights of the Property.

Marketing and Leasing Activities

The Property Manager has a dedicated marketing team, which seeks to identify suitable tenants. The REIT Manager and the Property Manager will actively conduct marketing through property agents and advertise the Property through the media such as newspapers and the internet to further increase the awareness of the Property, and explore mutually beneficial marketing opportunities with China Central Place. Leasing agents are regularly updated with information relating to available space.

Lease Management and Lease Agreements

Lease Management

The Property Manager is appointed as an agent of RCA01 to conduct the day-to-day operation and management of the Property under the Property Management Agreement. The Property Manager receives a monthly service fee, which equals to 2.0% of the total monthly revenue of the Property, for providing the services as described below.

(i) *Lease management services*. The Property Manager is authorized to identify tenants and enter into lease agreements in the capacity as an agent of RCA01. The Property Manager is required to seek the prior approval from RCA01 before entering into any lease agreements which modify any provision of the standard lease agreements. The Property Manager submits a report to RCA01 monthly or upon request, summarizing the rental income, new lease agreements entered into, leases terminated and other important items each month. In the lease agreements, it is clearly indicated that the Property Manager is entering into the agreement as an agent of the owner of the Property, RCA01, and that it has obtained a power of attorney from RCA01 to do so. The PRC Legal Advisor has confirmed that the relationship between RCA01 and the Property Manager is that of principal and agent under the PRC laws, and that RCA01, as the principal of the Property Manager, has the right to directly enforce the lease agreements and hold the tenants liable for any breach of the lease agreements.

(ii) *Building management services*. The Property Manager is authorized to select a competent building manager to provide building management services and supervise the work provided by the building manager. Beijing CCP & Savills Property Services Management Co., Ltd. has been appointed as the building manager for the Property. The Building Manager receives building management fees from tenants directly for its services. In addition, the Building Manager manages leasing for the car parking spaces on behalf of RCA01.

(iii) *Cash management services*. The Property Manager is authorized to collect rents from tenants and transfer the proceeds to an account designated by RCA01, manage the account books and records, arrange payments for costs and expenses concerning the operation of the Property out of the operating account and transfer the funds to the designated offshore account, which shall be under the supervision of the REIT Manager. The Property Manager provides the cash flow statements of the Property and reports the actual revenues and expenditures of the Property to RCA01 at the end of each month. Tenants are required to deposit all payments under their lease agreements into the account designated by RCA01. The Property Manager is contractually prohibited under the account control agreement entered into in relation to the Term Loan Facility from unilaterally withdrawing funds from the account without the approval of the facility agent under the Term Loan Facility even though the account is under its name and the Property Manager acknowledges that it has no right, title or interest in or to the funds in such account. The PRC Legal Advisor has confirmed that RCA01, as the principal of the Property Manager, has full legal rights over the funds in the account managed by the Property Manager, and even in the bankruptcy proceedings of the Property Manager, creditors of the Property Manager have no claims against funds in bank account managed by the Property Manager on behalf of RCA01. The Trustee will have appropriate control and oversight of the funds in the bank accounts of RCA01 maintained in the PRC.

Lease Agreements

After entering into a lease, tenants of the Property are required to provide a security deposit which amounts to the sum of approximately three months' rent and three months' building management fee. Security deposits are unsecured and do not bear interest. Tenants are generally required to pay their monthly rent in advance. Consistent with market practice, rent-free periods, typically one to three months for a lease term of three years, are commonly granted on leases.

Under the leases, tenants are normally responsible for payment of outgoings including utilities and the fees of the Building Manager. Tenants are generally also responsible for repairing, and the payment of all other expenses relating to, the interior decoration of the premises, while the Property Manager on behalf of RCA01 is generally responsible for repairing the public facilities and main structure. In the event that the premises are rendered unfit for use by force majeure and RCA01 and the relevant tenant fail to reach agreement as to performance of the current lease for a prescribed period of time, either the tenant or the Property Manager on behalf of RCA01 may terminate the lease.

Tenants are not permitted to assign or sublet the premises without the written consent of the Property Manager on behalf of RCA01. The lease agreements do not generally give tenants the right to terminate their leases prior to their scheduled expiration dates, except in limited situations such as when there are major defects in the lease premises either on handover to the tenant or that arise during the course of the lease term and are not corrected within a reasonable time. The Property Manager, on behalf of RCA01, has the right to terminate leases upon the occurrence of certain events, such as non-payment of rent or breach of covenants by the tenants. The tenants are required to use the leased premises for the permitted purposes only and otherwise in accordance with all applicable laws and regulations in the PRC.

Renovation and Improvement

The REIT Manager works with the Property Manager to identify the renovation and improvement work necessary to be carried out in each forthcoming year and prepare an annual budget for such renovation and improvement work at the end of every year. As of the Latest Practicable Date, no major maintenance and improvement work had been scheduled.

Five-Year Transaction History

There were no transactions involving a sale or purchase of the Property in the five years immediately preceding the Latest Practicable Date.

Competition

The office property market in Beijing is highly competitive. Principal competitive factors include rental rates, prestige and location of properties, quality of the building, availability of nearby amenities and supply of comparable office space. The Property competes primarily with other Grade A office buildings in Beijing's CBD, including office space in China World Trade Centre Towers Two and Three, Yintai Centre and Kerry Centre. There may be potential competition between the Property and Office Tower 3 in Central China Place, although the REIT Manager believes that having Office Tower 3 in an integrated complex with the Property allows the Property to benefit from certain synergies.

Insurance

Spring REIT has comprehensive insurance for the Property to meet the requirements under the Term Loan Facility, which the REIT Manager believes to be superior to the industry practice in Beijing. This includes property all risk insurance, business interruption insurance and public liability insurance. There are no significant or unusual excess or deductible amounts required under such policies. There are, however, certain types of risks that are not covered by such insurance policies, including losses resulting from nuclear contamination and infectious or contagious diseases.

Litigation

To the REIT Manager's knowledge, none of Spring REIT, the REIT Manager, the Directors, the Property Manager, the Building Manager or RCA Fund is currently involved in any material litigation, arbitration or legal proceeding, nor is there any material litigation, arbitration or legal proceeding currently threatened against any of them.

As of the Latest Practicable Date, there had not been any material delinquency in the collection of the rental in respect of the Property and there was no pending action relating to claims of unpaid rental.

Legal and Regulatory Compliance

The REIT Manager has been advised by the PRC Legal Advisor that RCA01 has obtained all relevant approvals, permits, licenses and certificates for its holding of the land use rights and the building ownership rights over the Property and for it to conduct its current business and that RCA01 has complied with the relevant PRC laws and regulations in all material respects.

The PRC Legal Advisor has also confirmed that there has not been any material violation of laws applicable to the development, holding and operation of the Property by RCA01 other than the filing of 18 lease agreements that have not yet been completed as required by the PRC laws. However, the PRC Legal Advisor has confirmed that there is no adverse impact related to the non-completion of the filing of these 18 lease agreements.

See Appendix VI to this Document for the applicable laws and regulations to which Spring REIT will be subject.

Environmental Matters

Spring REIT's operations are subject to various environmental laws. The Property has operated, and going forward the REIT Manager will continue to manage the Property, in compliance with applicable environmental laws and regulations. Neither the REIT Manager nor RCA01 has ever received any fines or penalties associated with the breach of any environmental laws and regulations in relation to the Property.

FINANCIAL INFORMATION AND FORECASTS

The following tables set forth selected financial information on a historical basis for RCA01.

The selected historical income statements, statements of comprehensive income and cash flows for each of the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013 and the statements of financial position as of December 31, 2010, 2011 and 2012 and June 30, 2013 have been derived from RCA01's financial information and related notes thereto, which have been included in Appendix I to this Document. The financial information as of and for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 and the related notes thereto have been prepared in accordance with IFRS and have been audited by PricewaterhouseCoopers, the reporting accountant. The income statement, statements of comprehensive income and cash flows for the six months ended June 30, 2012 have been derived from RCA01's unaudited financial information and related notes thereto, which have been included in Appendix I to this Document.

The selected historical financial information for RCA01 included below and set forth in Appendix I to this Document is not indicative of Spring REIT's future performance. You should read the following selected financial information together with the sections headed "The Property and Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Unaudited Pro Forma Statement of Financial Position" in this Document and the historical financial information of RCA01 and related notes thereto set forth in Appendix I to this Document. For a discussion of Spring REIT's future financial condition and results of operations, see the section headed "Management's Discussion and Analysis of Future Financial Condition and Results of Operations" in this Document.

Statements of Comprehensive Income

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	US$'000	*US$'000*	*US$'000*	*US$'000 (unaudited)*	*US$'000*
Revenues	37,191	44,692	52,903	24,829	30,510
Operating expenses	(11,691)	(12,425)	(13,630)	(6,468)	(7,755)
General and Administrative expenses	(272)	(303)	(226)	(67)	(2,037)
Increase in fair value of an investment property	122,058	158,479	190,102	113,356	45,912
Other losses, net	(13,777)	(1,025)	(7,520)	(3,749)	(5,158)
Operating profit	133,509	189,418	221,629	127,901	61,472
Finance income	155	194	324	168	188
Finance costs[(1)]	(34,498)	(5,977)	(27,575)	(15,846)	(9,394)
Profit for the year/period	99,166	183,635	194,378	112,223	52,266
Other comprehensive income/(loss)					
Exchange gain/(loss) on translation of financial statements	5,527	15,481	1,838	(1,864)	10,778
Total comprehensive income for the year/period	104,693	199,116	196,216	110,359	63,044

Note:

(1) Please see Note 9 to the Accountant's Report set out in Appendix I to this Document for more information on finance costs.

Statements of Financial Position

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	US$'000	*US$'000*	*US$'000*	*US$'000*
ASSETS				
Non-current assets				
Investment property	790,614	993,509	1,186,859	1,253,500
Derivative financial instruments	6,443	4,613	—	2,043
	797,057	998,122	1,186,859	1,255,543
Current assets				
Trade and other receivables	3,113	1,309	1,817	2,693
Amount due from redeemable preference shareholders[(1)]	11,983	25,466	29,080	—
Restricted bank balances	30,256	34,782	36,955	55,916
Cash and cash equivalents	5,927	2,099	12,076	20,675
	51,279	63,656	79,928	79,284
Total assets	848,336	1,061,778	1,266,787	1,334,827
EQUITY				
Capital and reserves				
Ordinary shares	—	—	—	—
Redeemable preference shares[(2)]	151,077	158,793	159,182	161,934
Retained earnings	206,006	389,641	584,019	607,697
Exchange reserves	5,527	21,008	22,846	33,624
Total equity	362,610	569,442	766,047	803,255
LIABILITIES				
Non-current liabilities				
Long-term borrowings	465,947	472,343	—	500,535
Current liabilities				
Rental deposits	12,446	14,622	16,652	19,314
Receipts in advance, accruals and other payables	7,333	5,371	6,914	11,723
Current portion of long-term borrowings	—	—	477,174	—
	19,779	19,993	500,740	31,037
Total liabilities	485,726	492,336	500,740	531,572
Total equity and liabilities	848,336	1,061,778	1,266,787	1,334,827
Net current assets / (liabilities)	31,500	43,663	(420,812)	48,247
Total assets less current liabilities	828,557	1,041,785	766,047	1,303,790

Statements of Cash Flows

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Net cash generated from operating activities	31,463	34,575	39,509	18,947	27,063
Net cash used in investing activities	(3,862)	(12,552)	(3,535)	(2,834)	(3,234)
Net cash used in financing activities	(21,675)	(25,851)	(25,998)	(11,095)	(15,232)
Net increase/(decrease) in cash and cash equivalents	5,926	(3,828)	9,976	5,018	8,597
Cash and cash equivalents at beginning of the year/period	1	5,927	2,099	2,099	12,076
Exchange gains on cash and cash equivalents	—	—	1	—	2
Cash and cash equivalents at end of the year/period	5,927	2,099	12,076	7,117	20,675

Notes:

(1) This receivable represents the asset management fee paid by RCA01 on behalf of RCA Fund to AD Capital. The receivable was offset by a dividend payable on June 28, 2013.

(2) The preference shares in RCA01 will be reclassified as ordinary shares prior to Completion.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the section headed "Selected Financial Information" in this Document and the historical financial information of RCA01 and related notes thereto set forth in Appendix I to this Document. The financial information for RCA01 included below is not indicative of Spring REIT's future performance. For a discussion of Spring REIT's future financial condition and operations, see the section headed "Management's Discussion and Analysis of Future Financial Condition and Results of Operations" in this Document.

Statements contained in this section that are not historical facts may be forward-looking statements based on certain assumptions, expectations and beliefs of the REIT Manager. You are cautioned that there are certain risks and uncertainties associated with Spring REIT and the actual results may differ materially from those projected by such forward-looking statements.

BASIS OF DISCUSSION AND PRESENTATION

Spring REIT, which will only acquire RCA01 on the second Business Day immediately preceding the [●], has no operating history. The REIT Manager has therefore set forth below a discussion of the historical operating results of RCA01 as of and for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013.

The historical financial information set out in the section headed "Selected Financial Information" and the Accountant's Report on RCA01 set out in Appendix I to this Document reflect the operating results of RCA01. Upon Completion, Spring REIT will hold the ownership interest in the Property indirectly through RCA01. The Property is discussed in greater detail in the section headed "The Property and Business" in this Document.

After the [●], there will be certain changes to Spring REIT's cost structure, level of indebtedness and operations. The cost structure of Spring REIT after the [●] will differ in certain significant respects from the historical cost structure of RCA01. For example, certain costs, such as the REIT Manager's and Trustee's fees and other trust-related expenses, that were not costs of RCA01 historically will become costs of Spring REIT going forward. Further, the presentation format of Spring REIT's financial information may differ from that of the audited financial information set forth in Appendix I to this Document. For more information, see the section headed "Management's Discussion and Analysis of Future Financial Condition and Results of Operations" in this Document.

PRINCIPAL ACCOUNTING POLICIES

For a discussion of the principal accounting policies used in the preparation of the audited financial statements, see Note 2 of the Accountant's Report set out in Appendix I to this Document.

FACTORS AFFECTING RESULTS OF OPERATIONS

The key factors affecting Spring REIT's financial condition and results of operations include the following:

Rental and Occupancy Rates

Spring REIT's rental income depends principally on the rental rates the Property is able to command and the occupancy rates it is able to maintain. Factors affecting the rental rates and occupancy rates include the competitiveness of competing properties, tenant retention rates on expiration of the leases, market conditions and general macroeconomic and supply/demand trends affecting the office property market in Beijing. In addition to general macroeconomic and supply/demand trends affecting the office property market in Beijing, occupancy rates depend on rental rates relative to other competing properties and the ability to minimize downtime arising from lease expirations or early terminations.

The following table sets forth information on the average Office Occupancy Rate, average Unit Rent of new/renewed leases and the average leased Unit Rent for the periods indicated:

	Average Office Occupancy Rate(1)	Average Unit Rent of New/Renewed Leases(2)	Average Leased Unit Rent(3)
	%	*(RMB)*	*(RMB)*
Year ended December 31, 2010	90	198	188
Year ended December 31, 2011	96	241	201
Year ended December 31, 2012	96	332	226
Six months ended June 30, 2013	96	376	268

Notes:

(1) The average Office Occupancy Rate over the relevant period is derived by dividing the sum of the occupancy rates as of the end of each month during the relevant period by the number of months in the relevant period.

(2) The average Unit Rent of new/renewed leases over the relevant period is calculated as the weighted average of the Unit Rent for lease agreements, the performance of which commences during a relevant period.

(3) The average leased Unit Rent is calculated as the weighted average of the Unit Rent for lease agreements that are being performed during a relevant period.

Expiration and Renewal of Existing Leases

The lease agreements entered into for the Property are generally for a term of three years. Tenants usually do not have the right to terminate their leases prior to the scheduled expiration dates, except in limited situations such as when there are major defects in the leased premises. As of June 30, 2013, leases representing 28%, 31% and 12% of the Leased Office GFA of the Property were scheduled to expire in the six months ending December 31, 2013 and the years ending December 31, 2014 and 2015, respectively. For additional information on leases which are scheduled to expire in the following few years, see the section headed "The Property and Business — Expiration and Renewals" in this Document. Spring REIT's ability to re-lease expiring space will impact its results of operations.

Changes in Fair Value of Investment Property as a Result of Economic and Market Conditions

The revaluation of the Property in the past has had an impact on the results of operations of the Property, and may in the future result in significant fluctuations in the results of operations of Spring REIT. The Property is accounted for as investment property, and RCA01 is required to recognize income or loss in its income statement if the value of the Property changes in the revaluation. During the Track Record Period, RCA01 recorded gain from the increase in fair value of investment property of US$122.1 million, US$158.5 million, US$190.1 million, US$113.4 million and US$45.9 million for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013, respectively. The Property was valued as of December 31, 2010, 2011 and 2012 and June 30, 2012 and 2013 by the Independent Property Valuer. For additional information on the increase in fair value of investment property, see Note 11 to the Accountant's Report set out in Appendix I to this Document.

The fair value of the Property represents open market value, which is affected to a large extent by property market conditions. The fair value of the Property is valued by the Independent Property Valuer based on methods and assumptions that were periodically adjusted by the Independent Property Valuer to reflect market conditions. The PRC property market is volatile and has in the past experienced and may in the future experience oversupply and property price fluctuations. The central and local governments adjust monetary and other economic policies from time to time to prevent and curtail the overheating of the PRC and local economies, and such economic adjustments may affect the property market in Beijing and other parts of the PRC. For additional information on the policies adopted by the PRC Government, see the section headed "Risk Factors — Risks Relating to the PRC — The PRC Government has implemented property control measures in relation to the PRC property market" in this Document.

Bank Borrowings

RCA01 has maintained and is expected to maintain significant indebtedness under loan facilities with banks. RCA01 recognizes finance costs in connection with these bank borrowings and enters into derivative financial instruments as part of its financial risk management.

COMPONENTS OF RESULTS OF OPERATIONS

Revenues

During the Track Record Period, RCA01 generated revenues from (i) rental income; (ii) car park income; and (iii) other income from the Property. Rental income represents primarily the amounts recognized from tenants under their leases and signage revenues, but does not include building management fees as building management fees are paid directly to the Building Manager by tenants. Other income represents compensation paid by tenants for early termination of leases, which comprises primarily the deposit of three-month rents paid by the tenants when entering into lease agreements. The following table sets forth a breakdown of the revenues for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	US$'000	*% of total*	*US$'000*	*% of total*	*US$'000*	*% of total*	*US$'000*	*% of total*	*US$'000*	*% of total*
							(unaudited)			
Rental income	36,746	98.8	43,687	97.8	51,345	97.1	24,256	97.7	30,221	99.0
Car park income	388	1.0	408	0.9	491	0.9	224	0.9	243	0.8
Other income	57	0.2	597	1.3	1,067	2.0	349	1.4	46	0.2
Total	37,191	100.0	44,692	100.0	52,903	100.0	24,829	100.0	30,510	100.0

RCA01 maintained consistently high occupancy rates during the Track Record Period. The average Office Occupancy Rates for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 were 90%, 96%, 96% and 96%, respectively.

Operating Expenses

Operating expenses mainly include (i) property management fee, (ii) property taxes, (iii) business tax and other taxes and (iv) withholding tax. For more information on taxes to which RCA01 is subject, see section headed "Taxation" in this Document. RCA01's operating expenses do not include building management fees as they are paid directly to the Building Manager by tenants.

The following table sets forth a breakdown of RCA01's operating expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	US$'000	*% of total*	*US$'000*	*% of total*	*US$'000*	*% of total*	*US$'000 (unaudited)*	*% of total*	*US$'000*	*% of total*
Property management fee	(1,308)	11.2	(1,382)	11.1	(1,063)	7.8	(503)	7.8	(622)	8.0
Property taxes	(3,562)	30.5	(3,732)	30.0	(3,835)	28.1	(1,912)	29.6	(1,944)	25.1
Business tax and other taxes	(1,987)	17.0	(2,630)	21.2	(3,028)	22.3	(1,420)	21.9	(1,815)	23.4
Withholding tax	(3,927)	33.6	(4,727)	38.0	(5,341)	39.2	(2,503)	38.7	(3,158)	40.7
Leasing commission	(297)	2.5	(171)	1.4	(196)	1.4	(60)	0.9	(141)	1.8
Insurance	(146)	1.2	(158)	1.3	(141)	1.0	(70)	1.1	(70)	0.9
Others	(464)	4.0	375	(3.0)	(26)	0.2	—	—	(5)	0.1
Total	(11,691)	100.0	(12,425)	100.0	(13,630)	100.0	(6,468)	100.0	(7,755)	100.0

General and Administrative Expenses

General and administrative expenses include asset management fee and professional fee. Asset management fee represents the fee payable to AD Capital for the provision of asset management services. In January 2013, a management agreement was entered into between AD Capital and RCA01, whereby RCA01 agreed to pay an asset management fee to AD Capital until the [●]. Before January 2013, the asset management fee was borne by RCA Fund. Upon [●], the asset management services will be provided by the REIT Manager, which will receive REIT Manager's fees.

The following table sets forth a breakdown of RCA01's general and administrative expenses for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	US$'000	*US$'000*	*US$'000*	*US$'000 (unaudited)*	*US$'000*
Asset management fee	—	—	—	—	(1,824)
Professional fee	(272)	(303)	(226)	(67)	(213)
Total	(272)	(303)	(226)	(67)	(2,037)

Change in Fair Value of the Property

The Property is accounted for as investment property. The Property was valued as of December 31, 2010, 2011 and 2012, June 30, 2013 and August 31, 2013 by the Independent Property Valuer.

The fair value of the Property as of December 31, 2010, 2011 and 2012 and as of June 30, 2013 was US$790.6 million, US$993.5 million, US$1,186.9 million and US$1,253.5 million, respectively. This resulted in increases of US$122.1 million, US$158.5 million, US$190.1 million and US$45.9 million for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively, which were recognized as increases in the fair value of investment property in the audited statements of comprehensive income of RCA01.

The fair value of the Property as of August 31, 2013 was US$1,255.4 million.

Other Losses, net

Other losses, net include net fair value losses of derivative financial instruments, foreign exchange gains or losses, payables written off and other miscellaneous gains or losses.

Finance Income

Finance income represents interest income generated from bank deposits.

Finance Costs

Finance costs represent the interest expenses on bank borrowings, foreign exchange losses or gains on bank borrowings and other incidental borrowing costs. Interest expenses on bank borrowings includes contractual loan interest and amortized loan arrangement fees, which were recognized using the effective interest rate method. Foreign exchange losses and gains on bank borrowing arise when translating the bank borrowings denominated in foreign currencies to RMB, the functional currency of RCA01. Other incidental borrowing costs include bank charges and the de-recognition of unamortized loan arrangement fees.

A breakdown of our finance costs is set out below.

	Year ended December 31,			Six months ended June 30,	
	2010	**2011**	**2012**	**2012**	**2013**
	US$'000	***US$'000***	***US$'000***	***US$'000*** **(Unaudited)**	***US$'000***
Interest expenses on bank borrowings	(30,588)	(29,663)	(29,010)	(14,020)	(14,153)
Foreign exchange (losses)/gains on bank borrowings	(3,910)	23,745	1,495	(1,766)	8,558
Other incidental borrowing costs	—	(59)	(60)	(60)	(3,799)
	(34,498)	(5,977)	(27,575)	(15,846)	(9,394)

RESULTS OF OPERATIONS

The REIT Manager sets out below a discussion of the historical operating results of RCA01 for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and June 30, 2013.

Six months ended June 30, 2013 compared against six months ended June 30, 2012

Revenues

Total revenues increased by US$5.7 million, or 22.9%, from US$24.8 million for the six months ended June 30, 2012 to US$30.5 million for the six months ended June 30, 2013.

Rental income

Rental income increased by US$6.0 million, or 24.6%, from US$24.3 million for the six months ended June 30, 2012 to US$30.2 million for the six months ended June 30, 2013. The increase was primarily due to positive rental reversion as a result of the continued positive market conditions in Beijing.

Car park income

Car park income remained stable at US$0.2 million for the six months ended June 30, 2012 and 2013.

Other income

Other income decreased from US$0.3 million for the six months ended June 30, 2012 to US$0.1 million for the six months ended June 30, 2013. The decrease in other income derived from early termination of leases was primarily due to a decrease in the number of tenants who moved out of the Property before expiry as compared to the six months ended June 30, 2012.

Operating Expenses

Operating expenses increased by US$1.3 million, or 19.9%, from US$6.5 million for the six months ended June 30, 2012 to US$7.8 million for the six months ended June 30, 2013 primarily due to increases in withholding tax and business tax and other taxes corresponding to the increase in rental income.

General and Administrative Expenses

General and administrative expenses increased by US$2.0 million from US$67,000 for the six months ended June 30, 2012 to US$2.0 million for the six months ended June 30, 2013 primarily due to the incurrence of an asset management fee in the six months ended June 30, 2013.

Change in Fair Value of the Property

The increase in fair value of the Property was US$45.9 million for the six months ended June 30, 2013 compared to an increase of US$113.4 million for the six months ended June 30, 2012. The increase in the fair value of investment property for the six months ended June 30, 2013 was the result of higher property values in Beijing, which reflected strong property market conditions, but the increase was significantly less than the change in fair value for the six months ended June 30, 2012.

Other Losses, net

Other losses, net increased by US$1.5 million, or 37.6%, from US$3.7 million for the six months ended June 30, 2012 to US$5.2 million for the six months ended June 30, 2013. The increase was primarily attributable to an increase in exchange loss of the amount due from redeemable preference shareholders due to appreciation of RMB against Japanese yen during the period.

Finance Income

Finance income remained stable at US$0.2 million for the six months ended June 30, 2012 and 2013.

Finance Costs

Finance costs decreased by US$6.5 million, or 40.7%, from US$15.8 million for the six months ended June 30, 2012 to US$9.4 million for the six months ended June 30, 2013. The decrease was primarily due to (i) the recognition of foreign exchange gains on bank borrowings in the six months ended June 30, 2013, attributable to the appreciation of the RMB against the U.S. dollar during the period, as compared to foreign exchange losses on bank borrowings in the six months ended June 30, 2012, attributable to the depreciation of the RMB against the U.S. dollar during the period; and (ii) an increase in other incidental borrowing costs due to the de-recognition of an unamortized loan arrangement fee arising from the early repayment of bank borrowings in January 2013.

Profit

Profit decreased by US$60.0 million, or 53.4%, from US$112.2 million for the six months ended June 30, 2012 to US$52.3 million for the six months ended June 30, 2013 mainly as a result of the smaller increase in the fair value of the Property in the six months ended June 30, 2013 relative to the six months ended June 30, 2012 as well as the cumulative effect of the other factors described above.

Financial Year ended December 31, 2012 compared against Financial Year ended December 31, 2011

Revenues

Total revenues increased by US$8.2 million, or 18.4%, from US$44.7 million for the year ended December 31, 2011 to US$52.9 million for the year ended December 31, 2012.

Rental income

Rental income increased by US$7.6 million, or 17.5%, from US$43.7 million for the year ended December 31, 2011 to US$51.3 million for the year ended December 31, 2012. The increase was primarily due to positive rental reversion as a result of strong positive market conditions in Beijing.

Car park income

Car park income increased by US$0.1 million, or 20.3%, from US$0.4 million for the year ended December 31, 2011 to US$0.5 million for the year ended December 31, 2012. The increase was primarily due to higher utilization levels of the car parking spaces.

Other income

Other income increased by US$0.5 million, or 78.7%, from US$0.6 million for the year ended December 31, 2011 to US$1.1 million for the year ended December 31, 2012. The increase was primarily due to an increase in tenants who moved out of the Property in 2012 to find more affordable substitutes.

Operating Expenses

Operating expenses increased by US$1.2 million, or 9.7%, from US$12.4 million for the year ended December 31, 2011 to US$13.6 million for the year ended December 31, 2012. The increase in operating expenses was primarily due to increases in withholding tax and business tax and other taxes corresponding to the increase in rental income, partially offset by a decrease in property management fees due to the restructuring of the property management fee arrangement.

General and Administrative Expenses

General and administrative expenses decreased by US$77,000, or 25.4%, from US$0.3 million for the year ended December 31, 2011 to US$0.2 million for the year ended December 31, 2012 primarily due to a decrease in professional fee.

Change in Fair Value of the Property

There was an increase in the fair value of the Property of US$190.1 million for the year ended December 31, 2012 compared to an increase of US$158.5 million for the year ended December 31, 2011. The substantial increases in the fair value of the Property for the years ended December 31, 2011 and 2012 were the result of higher property values in Beijing, which reflected improving property market conditions.

Other Losses, net

Other losses, net increased by US$6.5 million from US$1.0 million for the year ended December 31, 2011 to US$7.5 million for the year ended December 31, 2012. The increase was primarily attributable to an increase in net fair value losses of derivative financial instruments and an increase in exchange losses as a result of the continued strengthening of the RMB against the U.S. dollar during 2012.

Finance Income

Finance income increased by US$0.1 million from US$0.2 million for the year ended December 31, 2011 to US$0.3 million for the year ended December 31, 2012.

Finance Costs

Finance costs increased by US$21.6 million from US$6.0 million for the year ended December 31, 2011 to US$27.6 million for the year ended December 31, 2012. The increase was primarily due to the recognition of lower foreign exchange gains on bank borrowings in 2012 as compared to 2011, mainly attributable to the lower rate of appreciation of the RMB against the U.S. dollar in 2012 as compared to 2011.

Profit

Profit increased by US$10.8 million, or 5.9%, from US$183.6 million for the year ended December 31, 2011 to US$194.4 million for the year ended December 31, 2012, mainly as a result of the cumulative effect of the factors described above.

Financial Year ended December 31, 2011 compared against Financial Year ended December 31, 2010

Revenues

Total revenues increased by US$7.5 million, or 20.2%, from US$37.2 million for the year ended December 31, 2010 to US$44.7 million for the year ended December 31, 2011.

Rental income

Rental income increased by US$7.0 million, or 18.9%, from US$36.7 million for the year ended December 31, 2010 to US$43.7 million for the year ended December 31, 2011. The increase was primarily due to positive rental reversion as a result of strong positive market conditions in Beijing.

Car park income

Car park income was US$0.4 million in each of the years ended December 31, 2010 and 2011.

Other income

Other income increased by US$0.5 million from US$0.1 million for the year ended December 31, 2010 to US$0.6 million for the year ended December 31, 2011. The increase was primarily due to an increase in tenants who moved out of the Property in 2011 to find more affordable substitutes.

Operating Expenses

Operating expenses increased by US$0.7 million, or 6.3%, from US$11.7 million for the year ended December 31, 2010 to US$12.4 million for the year ended December 31, 2011. The increase was primarily due to increases in withholding tax and business tax and other taxes corresponding to the increase in rental income.

General and Administrative Expenses

General and administrative expenses remained stable at US$0.3 million for the years ended December 31, 2010 and 2011.

Change in Fair Value of the Property

Increase in fair value of the Property was US$158.5 million for the year ended December 31, 2011 compared to an increase of US$122.1 million for the year ended December 31, 2010. The substantial increases in the fair value of the Property for the years ended December 31, 2010 and 2011 were the result of higher property values in Beijing, which reflected improving property market conditions.

Other Losses, net

Other losses, net decreased by US$12.8 million, or 92.6%, from US$13.8 million for the year ended December 31, 2010 to US$1.0 million for the year ended December 31, 2011. The decrease was primarily attributable to a decrease in net fair value losses of derivative financial instruments and a decrease in exchange gains as a result of fluctuations of foreign exchange rates of currencies in which part of RCA01's bank balances and the amount due from redeemable preference shareholders were denominated.

Finance Income

Finance income remained stable at US$0.2 million for the years ended December 31, 2010 and 2011.

Finance Costs

Finance costs decreased by US$28.5 million, or 82.7%, from US$34.5 million for the year ended December 31, 2010 to US$6.0 million for the year ended December 31, 2011. The decrease was primarily due to the recognition of foreign exchange gains on U.S. dollar denominated bank borrowings in 2011, attributable to an appreciation of the RMB against the U.S. dollar, as compared to net foreign exchange losses on Japanese yen and U.S. dollar denominated bank borrowings in 2010, attributable to a depreciation of the RMB against the Japanese yen, which was partially offset by an appreciation of the RMB against the U.S. dollar.

Profit

Profit increased by US$84.4 million, or 85.2% from US$99.2 million for the year ended December 31, 2010 to US$183.6 million for the year ended December 31, 2011, mainly as a result of the cumulative effect of the factors described above.

LIQUIDITY AND CAPITAL RESOURCES

The principal sources of funding for the management of the Property have historically been from internally generated funds and loan facilities from various banks.

INDEBTEDNESS

As of December 31, 2010, 2011 and 2012 and June 30, 2013, bank borrowings amounted to US$465.9 million, US$472.3 million, US$477.2 million and US$500.5 million, respectively. Bank borrowings as of December 31, 2012 were classified as current liabilities as the bank borrowings were due to expire in June 2013, and such indebtedness was refinanced in January 2013 using proceeds from the Term Loan Facility. The Term Loan Facility of US$515.0 million was recognized to be US$500.5 million in the financial statements as of June 30, 2013, as such bank borrowing was carried at amortized cost in accordance with IFRS. During the Track Record Period, RCA01 complied with all terms of the loan facilities in all material respects. RCA01 currently has no committed but undrawn bank facilities.

Historically, RCA01 entered into derivative financial instruments consisting of certain plain vanilla interest rate caps and currency options as part of its financial risk management but did not account for these as accounting hedges under IAS 39. This investment resulted in the income statement effects described above. Spring REIT intends to maintain certain of these derivative financial instruments going forward. For a detailed discussion of our derivative financial instruments, see Note 12 of the Accountant's Report set out in Appendix I to this Document.

On January 10, 2013, RCA01 entered into the Term Loan Facility Agreement with Australia and New Zealand Banking Group Limited as the mandated lead arranger and bookrunner, pursuant to which a secured term loan facility of US$515.0 million was made available to RCA01 by a group of lenders for a term of three years. The Term Loan Facility has a floating interest rate of three-month LIBOR plus 3.5% per annum. The Property and RCA01's shares, derivative financial instruments, rental receivables and all future trade receivables were pledged to secure the Term Loan Facility. In addition, RCA01's restricted bank accounts were charged to, or otherwise subject to the control of, the security agent to secure the Term Loan Facility.

The Term Loan Facility Agreement contains certain customary covenants that restrict RCA01 from (subject to certain agreed exceptions), among other things, creating security on or disposing of its assets and incurring additional indebtedness.

The affirmative covenants of RCA01 include (without limitation) that RCA01 shall:

- make all payments and perform all its obligations in accordance with the terms of the Term Loan Facility Agreement and relevant finance documents;
- maintain the Property, including its use, in material compliance with all applicable governmental rules relating to health, safety, zoning, construction, building codes and environmental matters;
- comply with all governmental rules to which it is subject;
- insure the Property for its full replacement value; and
- submit to the facility agent its annual budget, audited annual financial statements and semi-annual financial statements at the times set out in the Term Loan Facility Agreement.

RCA01 must also ensure that the following financial covenants are complied with:

- the ratio of loan to the aggregate value of the Property on each valuation test date shall not be greater than 60%; and
- the quotient of the net operating income divided by the amount of interest accruing on the loan shall not be less than 1.25.

The negative covenants include (but are not limited to) that RCA01 shall not, apart from certain agreed exceptions:

- create any charge over its existing or future assets;
- sell, lease, transfer or otherwise dispose of all or part of its assets;

- enter into any amalgamation, de-merger, consolidation, merger or corporate reconstruction or reorganization;
- make any substantial change to the general nature of its business as a whole;
- wind up, liquidate or dissolve;
- incur, create, assume, guarantee or become liable for any financial indebtedness other than the Permitted Indebtedness (as defined in the Term Loan Facility Agreement) without prior consent;
- cancel, forgive or release any claim or debt owed to RCA01 by any person; or
- cause any material alteration to the Property.

Provided that RCA01 is in compliance with the covenants under the Term Loan Facility, it may pay distributions out of available reserves.

In connection with the Term Loan Facility, DBJ entered into a specified recourse obligations guarantee dated January 10, 2013 (the "Specified Recourse Guarantee") with the security agent whereby DBJ irrevocably and unconditionally guarantees the punctual and complete payment of all obligations or liabilities that the security agent, facility agent, arranger and lender are entitled to be paid under the Term Loan Facility and are actually suffered or incurred by the security agent, facility agent, arranger and lender arising out of or in connection with certain specified acts or occurrences in connection with the financing, including among other things (i) fraud, wilful misconduct, wilful breach, gross negligence or intentional misrepresentation by RCA01 or the REIT Manager; (ii) misapplication, misappropriation, theft or conversion of funds by RCA01 or the REIT Manager, (iii) failure of RCA01 to remain a single purpose entity as provided in the Term Loan Facility and (iv) any voluntary filing of insolvency proceedings by RCA01 or the REIT Manager. The Specified Recourse Guarantee remains in operation until all of the obligations under the Term Loan Facility have been paid in full.

INDEBTEDNESS AS AT SEPTEMBER 30, 2013

As at September 30, 2013, borrowings of RCA01 amounted to approximately US$502,762,000, representing the Term Loan Facility available to RCA01 in January 2013, which is due to be fully repayable in January 2016.

RCA01 entered into interest rate caps with notional principal amount of US$515 million to economically hedge the interest rate risk arising from the Term Loan Facility. The fair value of these interest rate caps as at September 30, 2013 was approximately US$1,201,000.

CAPITAL EXPENDITURE

There were no significant capital expenditures during the Track Record Period.

Quantitative and Qualitative Disclosure about Market Risk

RCA01's activities expose it to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk.

Foreign exchange risk

RCA01 operates in the PRC and is exposed to foreign exchange risk arising from commercial transactions, and from recognized assets and liabilities that are denominated in non-functional currencies. This is primarily with respect to the U.S. dollar.

RCA01 entered into a currency option with a notional principal amount of US$370 million on June 29, 2010 to economically hedge bank borrowings denominated in U.S. dollars with a principal amount of US$370 million against the potential weakening of RMB against the U.S. dollar as of December 31, 2010, 2011 and 2012. The strike price of the currency option was RMB7/US$1, and it was exercisable on the date of maturity in June 2013. The bank loan was fully repaid on January 28, 2013 and the currency option expired upon its maturity date in June 2013. On January 10, 2013, RCA01 entered into the Term Loan Facility with principal amount US$515 million, but did not enter into any currency option in relation to the Term Loan Facility. As of June 30, 2013, RCA01's bank borrowings amounted to US$500.5 million.

Except as described above relating to the foreign currency bank borrowings, RCA01 currently does not have other foreign currency hedging arrangements. It manages its foreign currency risk by closely monitoring the movement of foreign currency rates and will consider entering into forward foreign exchange contracts to reduce its exposure should the need arise.

Interest rate risk

RCA01's interest rate risk mainly arises from long-term borrowings. Borrowings issued at variable rates expose RCA01 to cash flow interest rate risk which is partially offset by cash. Under RCA01's interest rate management policy, RCA01 generally raises borrowings at floating rates and may use interest rate caps to manage the risk where RCA01 forecasts a significant rise in interest charges in the foreseeable future.

As of June 30, 2013, RCA01 had outstanding plain vanilla interest rate caps with a notional principal amount of US$515 million entered into in February 2013 to economically hedge the interest rate risk arising from the Term Loan Facility with a principal amount of US$515 million. The interest rate was capped at 1.3% until maturity of the caps in January 2016.

Credit risk

Credit risk arises from the potential failure of RCA01's counterparties to meet their obligations under financial contracts. RCA01 is exposed to credit risk on its cash and cash equivalents and deposits with banks and financial institutions, derivative financial instruments as well as trade and other receivables.

For deposits with banks and financial institutions, RCA01 has limited its credit exposure by restricting its selection of financial institutions to licensed banks with sound credit ratings.

In respect of credit exposures to tenants, credit risk exposure is minimized by undertaking transactions with a large number of counterparties and conducting credit reviews on prospective tenants. Monthly rentals are payable in advance by tenants in accordance with their leases. RCA01 also has policies in place to ensure that rental security deposits, typically equivalent to rental payments for a period of three months, are required from tenants prior to commencement of leases. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, RCA01 regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate provision for impairment losses is made for irrecoverable amounts.

Liquidity risk

Cash flow forecasting is performed by RCA01's finance function. RCA01's finance function monitors rolling forecasts of RCA01's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its borrowing facilities at all times so that RCA01 does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration RCA01's debt financing plans, covenant compliance, compliance with internal Statements of Financial Position ratio targets and, if applicable, external regulatory or legal requirements.

Liquidity risk management includes maintaining sufficient cash, the availability of funding from operating cashflow and seeking stable financing activities. RCA01 will continue to monitor market conditions to assess the possibility of arranging longer term refinancing at favorable rates and extending the maturity profile of its debts.

The table below categorizes RCA01's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows which comprise both interest and principal cash flows.

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years
	US$'000	*US$'000*	*US$'000*
At December 31, 2010			
Accruals and other payables	2,763	—	—
Interest payable on borrowings	22,658	22,658	10,863
Borrowings	—	—	480,000
At December 31, 2011			
Accruals and other payables	137	—	—
Interest payable on borrowings	23,989	11,501	—
Borrowings	—	480,000	—
At December 31, 2012			
Accruals and other payables	398	—	—
Interest payable on borrowings	10,869	—	—
Borrowings	480,000	—	—
At June 30, 2013			
Accruals and other payables	1,009	—	—
Interest payable on borrowings	19,431	19,431	11,286
Borrowings	—	—	515,000

Capital risk management

RCA01's objectives when managing capital are to safeguard RCA01's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

RCA01 monitors capital on the basis of its gearing ratio. The gearing ratio is calculated as total borrowings divided by total assets.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	US$'000	*US$'000*	*US$'000*	*US$'000*
Total borrowings	465,947	472,343	477,174	500,535
Total assets	848,336	1,061,778	1,266,787	1,334,827
Gearing ratio	54.9%	44.5%	37.7%	37.5%

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, RCA01 had not entered into any off-balance sheet arrangements other than those described elsewhere in this Document relating to derivative financial instruments.

RECENT DEVELOPMENTS

RCA01 paid a distribution, by way of a dividend, of US$15 million to its preference shareholder, RCA Fund on November 15, 2013. The source of funding for the distribution was internally generated funds.

After the [●], there will be certain changes to Spring REIT's cost structure, level of indebtedness and operations. As a result, the following discussion has been prepared to provide an evaluation of the factors which may affect Spring REIT's future results of operations.

Such statements are subject to uncertainties and assumptions, and under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction by Spring REIT, the REIT Manager, the Trustee, the [●], the [●] or any other person that the underlying assumptions will materialize.

OVERVIEW

Spring REIT is a real estate investment trust formed primarily to own and invest in high quality income-producing real estate in Asia. Spring REIT will initially invest in and own the Property. The audited financial information of RCA01 set forth in Appendix I to this Document and the other historical financial information have been prepared based on the historical operations of RCA01. While the sources of revenues of Spring REIT will be similar to those of RCA01, its cost structure after the [●] will differ in certain significant respects from the historical cost structure of RCA01. Certain historical costs of RCA01, such as the asset management fee, will no longer be costs of Spring REIT and certain new costs that were not costs of RCA01 historically, such as the REIT Manager's and Trustee's fees and other trust-related expenses, will be costs of Spring REIT going forward.

In addition, in accordance with the Trust Deed, distributions to Unitholders will be determined on the basis of Annual Distributable Income, which is the consolidated audited net profit after tax of Spring REIT and its special purpose vehicles for the relevant financial year adjusted to eliminate the effects of certain significant adjustments, as more specifically described in the section headed "Distribution Policy" in this Document.

Thus, for these and other reasons described below, historical net profit after tax of RCA01 should not be treated as comparable to Annual Distributable Income.

Further, the presentation format of Spring REIT's financial information may differ from that of the audited financial information set forth in Appendix I to this Document. Set forth below are details of the primary income items and other financial statement items of RCA01 that may be affected by the [●] and the issuance of Units to RCA Fund in exchange for all of the issued RCA01 Shares pursuant to the Reorganization Agreement. Please refer to the section headed "Material Agreements and Other Documents Relating to Spring REIT— Reorganization Agreement" in this Document for further details of the Reorganization Agreement.

SIGNIFICANT ACCOUNTING POLICIES TO BE ADOPTED BY SPRING REIT

Significant policies are those that are expected to have a significant impact on the reporting of financial condition and results of operations and require management to make estimates and judgments that affect the reported results. These estimates are evaluated on an ongoing basis, based on historical experience, information that is currently available and various assumptions that management believes are reasonable under the circumstances.

Actual results may differ from these estimates under different assumptions or conditions. Due to the different legal, financial and operating structure of Spring REIT compared to RCA01's operations, Spring REIT will adopt certain accounting treatments that will differ in certain respects from those used in preparing the audited financial statements of RCA01. Based on the provisions of the Trust Deed, the REIT Manager expects to adopt significant accounting policies materially similar to those adopted by RCA01 as set out in Note 2 of the Accountant's Report set out in Appendix I to this Document. Significant accounting policies will require the most significant judgments and estimates in the preparation of Spring REIT's consolidated financial statements and have the most significant effect on the presentation of Spring REIT's results. In the event of any future changes to Spring REIT's business, Spring REIT may be required to adopt different or additional critical accounting policies which may be similar to those used in the preparation of the financial statements of RCA01.

ADDITIONAL COST ITEMS

Spring REIT will incur fees and expenses associated with the REIT structure that were not previously incurred by RCA01 in respect of the Property. Set out below are certain such additional cost items.

REIT Manager's Fees

Under the Trust Deed, the REIT Manager will receive:

(a) from the [●], a Base Fee of 0.4% per annum of the Deposited Property, calculated quarterly as of the close of business on the last Business Day of each calendar quarter, and allocated rateably for any partial periods and payable quarterly in arrears within 15 calendar days after the end of each respective calendar quarter during the term of Spring REIT; and

(b) from the [●] a Variable Fee of 3.0% per annum of the Net Property Income (before deduction therefrom of the Base Fee and the Variable Fee) of Spring REIT.

The REIT Manager currently intends to elect to receive 80% of the REIT Manager's fee for 2013 and 2014 in the form of Units. The issuance of Units to the REIT Manager as all or part of its compensation will result in dilution to the Unitholders, including the amount of distributions per Unit. The Base Fee and the Variable Fee, whether paid in cash or in Units, will be treated as an expense item in the income statement. When the Base Fee and the Variable Fee are paid in the form of Units, it will be an adjustment item that will be added back to the net profit after taxation for purposes of calculating the Annual Distributable Income. For further information on these arrangements and a detailed description of the Base Fee and the Variable Fee, see the section headed "The REIT Manager — Fees, Costs and Expenses of the REIT Manager" in this Document.

Acquisition Fee and Divestment Fee

In addition to the Base Fee and the Variable Fee, under the Trust Deed, the REIT Manager is also entitled, with effect from the [●], to receive an acquisition fee not exceeding 1.0% (and being 1.0% as of the date of the Trust Deed) of the acquisition price of any real estate in the form of land acquired, directly or indirectly, by Spring REIT. The acquisition fee will be paid to the REIT Manager in the form of cash or, at the election of the REIT Manager, entirely in the form of Units or partly in cash and partly in the form of Units. Further, the REIT Manager is entitled to receive, with effect from the [●], a divestment fee not exceeding 0.5% (and being 0.5% as of the date of the Trust Deed) of the sale price of any real estate in the form of land sold or divested, directly or indirectly, by Spring REIT. The divestment fee will be paid to the REIT Manager in the form of cash or, at the election of the REIT Manager, entirely in the form of Units or partly in cash and partly in the form of Units. For further information on these arrangements and a detailed description of the Base Fee and the Variable Fee, see the section headed "The REIT Manager — Fees, Costs and Expenses of the REIT Manager" in this Document.

Trustee's Fees

Spring REIT's costs will also include the Trustee's Fee which will be calculated and paid semi-annually or quarterly as an ongoing fee of not more than 0.025% per annum of the value of the Deposited Property with reference to the unaudited management accounts of Spring REIT for the relevant quarter (which may be increased up to a maximum of 0.06% per annum of the value of the Deposited Property) subject to a minimum of RMB56,000 per month. In addition, Spring REIT will also pay the Trustee a one-time inception fee of HK$180,000. For further information regarding these arrangements, see the section headed "The Trust Deed — Trustee's Fee" in this Document.

The Trustee may also charge Spring REIT additional fees on a time-cost basis at a rate to be agreed with the REIT Manager from time to time, if the Trustee were to undertake duties that are of an exceptional nature or otherwise outside the scope of its normal duties in the ordinary course of normal day-to-day business operation of Spring REIT, such as acquisitions or divestments of investments by Spring REIT after the [●].

LIQUIDITY AND CAPITAL RESOURCES

Upon completion of the [●], net cash received from the operations of the Property will be Spring REIT's primary source of liquidity to fund cash distributions to the Unitholders, debt servicing, repairs and maintenance and other recurring operating and capital costs. Where appropriate, Spring REIT may also seek to issue further Units and debt securities and incur external borrowings (under the REIT Code, Spring REIT is only allowed to borrow up to 45.0% of total gross asset value), particularly in relation to any proposal to acquire further properties. The issue of additional equity or equity-linked securities may result in additional dilution to Unitholders.

The REIT Manager will only seek to incur capital expenditures or other expenses that will enhance the Property to improve the yield or long-term value of the Property, either by improving rental rates or occupancy rates or otherwise increasing the total rentable area of the Property. Such enhancements should both increase the cash flows from the Property and the value of the Property, which may allow the REIT Manager further flexibility to borrow in accordance with the REIT Code.

The Property Consultant's building condition survey report prepared by Nikken Sekkei set out in Appendix V to this Document includes a summary of cost estimates for remedial works as detailed and the ten-year forecasts of maintenance and capital expenditure.

As of June 30, 2013, RCA01 did not have any contractual commitments or obligations to make any capital expenditures.

WORKING CAPITAL STATEMENT

Taking into consideration the financial resources available to Spring REIT, including its internally generated funds, the Term Loan Facility and the estimated net proceeds of the [●], the REIT Manager believes that Spring REIT has sufficient liquid assets to meet its working capital and operating requirements for the 12 calendar months following the date of this Document.

NO MATERIAL ADVERSE CHANGE

The REIT Manager confirms that, having performed reasonable due diligence on Spring REIT and RCA01, there has been no material adverse change in Spring REIT's and RCA01's financial or trading position or prospects since June 30, 2013, which is the end of the period covered by the Accountant's Report set out in Appendix I to this Document.

REVENUE

Revenue is derived from (a) rental income; (b) car park income; and (c) other income from the Property.

Rental income

Rental income represents primarily the amounts paid by tenants under their lease agreements and signage revenues, but does not include building management fees as building management fees are paid directly to the Building Manager. Rents paid under lease agreements are typically fixed for three years, but may vary for certain lease agreements. The forecast rental income is calculated based on the contracted rents receivable under existing leases plus expected income on renewed leases or new leases, and are adjusted for rent free periods and fit-out periods annualized over the lease terms. A tenant-by-tenant analysis has been conducted on the likelihood of renewal of each expiring lease using factors such as the market situation and ongoing dialogue with the relevant tenants.

Rental income for the Profit Forecast Period is forecast to be US$5.1 million, calculated on a pro-rata basis of the forecast rental income for the month of December 2013 (based on the number of days between the [●] and December 31, 2013).

The following table sets forth a breakdown of the forecast rental income from the Property attributable to the different categories of tenants for the Profit Forecast Period:

Categories of tenants	Percentage of rental income for the Profit Forecast Period
Existing lease agreements as of June 30, 2013 and committed renewals and new leases that will commence after June 30, 2013	94%
Expected renewals or new leases entered into on or after the date of this Document	6%

Occupancy rates assumption

The average occupancy rate of the Property for the Profit Forecast Period is forecast to be approximately 94%, which is comparable to the historical occupancy rates of the Property.

Rental rates assumption

The rental rates for expected new tenancies entered into during the Profit Forecast Period are assumed to be the current prevailing market spot rent, which is RMB410 per sq.m. per month. If a tenancy is scheduled to expire during the Profit Forecast Period, the rental rates under the renewed tenancy are forecast to be RMB390 per sq.m. per month, as observed from lease agreements that were recently entered into. According to DTZ, the monthly effective rent of Premium Grade office buildings in the CBD of Beijing in the first quarter of 2013 reached RMB453.9 per sq.m., which represents a premium of approximately 11% and 16% to the current prevailing market spot rent and the forecast rental rate for renewals, respectively. The REIT Manager took into account the profile, the operations and leasing history of the tenants in forecasting the retention rate. The REIT Manager believes that, in the absence of unforeseen circumstances, the forecast new and renewal rental rates at RMB410 per sq. m. per month and RMB390 per sq. m. per month, respectively, are justifiable and achievable.

The historical and forecast average leased Unit Rent for the Property are as follows:

	Year ended December 31, 2011	Year ended December 31, 2012	Six months ended June 30, 2013	Profit Forecast Period
	RMB	*RMB*	*RMB*	*RMB*
Average leased Unit Rent	201	226	268	320

Car park income

Car park income comprises income derived from the operation of the Property's car parking spaces. Car park income is forecast to be US$40,000 for the Profit Forecast Period, calculated on a pro-rata basis of the forecast car park income for the month of December 2013 (based on the number of days from the [●] to December 31, 2013).

Other income

Other income represents compensation paid by tenants for early termination of leases. The early termination of leases occurred in the previous years were mainly attributable to the sharp increase in market rental levels, which resulted in certain tenants moving to alternative locations with lower rental rates. The REIT Manager expects no early termination in the Profit Forecast Period as the office rental market has stabilized and tenants are in general more receptive to rental increase. Hence, no other income has been included in the profit forecast.

OPERATING EXPENSES

Property management fee

Under the Property Management Agreement, the Property Manager receives a fee equivalent to 2.0% of the total monthly revenue of the Property on a monthly basis. For the Profit Forecast Period, the property management fees are forecast to be US$0.1 million, calculated on a pro-rata basis of the forecast property management fees for the month of December 2013 (based on the number of days from the [●] to December 31, 2013).

Property taxes

Property taxes represent real estate tax and land use tax. RCA01 currently pays real estate tax based on the residual value of the Property. For land use tax, it is forecast that the same land use tax rate will apply in the Profit Forecast Period. Property taxes are forecast to be US$0.3 million for the Profit Forecast Period, calculated on a pro-rata basis of the forecast property taxes for the month of December 2013 (based on the number of days from the [●] to December 31, 2013).

Business tax and other taxes

Business tax and other taxes mainly include (i) business tax, urban construction and maintenance tax and educational surcharge and (ii) stamp duty. Business tax, urban construction and maintenance tax and educational surcharge is forecast to be 5.6% of the total revenue for the Profit Forecast Period. Stamp duty is charged at 0.1% on the total aggregate rental income payable over the term of each lease agreement. Business tax and other taxes are forecast to be US$0.3 million for the Profit Forecast Period, calculated on a pro-rata basis of the forecast business tax and other taxes for the month of December 2013 (based on the number of days from the [●] to December 31, 2013).

Withholding tax

In respect of the rental income derived from the PRC, RCA01 is currently subject to withholding income tax rate at 10.0%. The withholding tax rate is forecast to remain the same and the withholding tax is forecast to be US$0.5 million for the Profit Forecast Period.

Insurance

Comprehensive insurance has been arranged for the Property, including property all risk insurance, business interruption insurance and public liability insurance. The insurance expenses for the Profit Forecast Period are forecast to be US$13,000, approximately pro rata of the average expenses incurred in the two years ended December 31, 2011 and 2012, based on the number of days from the [●] to December 31, 2013.

Leasing commissions

Leasing commissions equivalent to one month of rental are paid for securing new tenants for the Property. For the Profit Forecast Period, leasing commissions are forecast to be US$71,000.

Other expenses

Except for expenses mentioned above, the remaining expenses are considered to be non-recurring items and/or immaterial. Hence, no other expenses have been included in the profit forecast.

GENERAL AND ADMINISTRATIVE EXPENSES

Asset management fee

Asset management fee represents the fee payable to AD Capital for the provision of asset management services, in accordance with a management agreement entered into between AD Capital and RCA01 in January 2013. As the management agreement will be terminated prior to [●], the asset management fee is forecast to be nil during the Profit Forecast Period.

Professional fees

Professional fees comprise legal and consultant fees in relation to cash repatriation from onshore to offshore. Professional fees are forecast to be US$45,000 for the Profit Forecast Period.

TRUST AND [●] EXPENSES

REIT Manager's fee

The REIT Manager's fee includes a Base Fee and a Variable Fee. The Base Fee is 0.4% per annum of the value of the Deposited Property. The Variable Fee is 3.0% per annum of the Net Property Income (before deduction therefrom of the Base Fee and the Variable Fee). No acquisition or divestment fees are assumed during the Profit Forecast Period. It is forecast that 80% of the REIT Manager's fee will be paid in the form of Units, which will be issued at the prevailing market price as defined in the Trust Deed, and the remaining in the form of cash. For the Profit Forecast Period, the REIT Manager's fee is forecast to be US$0.4 million, calculated on a pro-rata basis.

Trustee fees and other trust expenses

The Trustee fees include (i) a one-time inception fee of HK$180,000, and (ii) an ongoing fee of up to 0.025% per annum of the value of the Deposited Property (subject to a minimum of RMB56,000 per month). Other trust expenses include annual audit and tax advisory fees, valuation fees, legal fees, register fees, printing fees, distribution fees and other trust related expenses. For the Profit Forecast Period, the Trustee’s fees and other trust expenses are forecast to be US$0.2 million.

INCREASE IN FAIR VALUE OF INVESTMENT PROPERTY

The REIT Manager, based on its best estimate, is of the view that the estimated fair value of the investment property, being the Property, as of the [●] and December 31, 2013 will not materially change from the fair value as of August 31, 2013. The Independent Property Valuer is of the opinion that the fair value of the investment property estimated by the REIT Manager is reasonable and does not materially deviate from the market anticipation of the office sector market. While the REIT Manager has considered for the purposes of the profit forecast what it believes is the best estimate of the fair value of the Property as of December 31, 2013, the actual fair value as of 31 December 2013, as subsequently appraised by the Independent Property Valuer, and the fair value change for the Profit Forecast Period, may differ materially from the REIT Manager’s estimate and are dependent on market conditions and other factors that are beyond the REIT Manager’s control. The valuation bases for the forecast valuation of the investment property as at December 31, 2013 are consistent with the approaches undertaken by the Independent Property Valuer in Appendix IV to this Document.

OTHER LOSSES, NET

Other losses, net, include (i) net fair value change in derivative financial instruments at fair value through profit or loss, (ii) foreign exchange gains or losses, (iii) payables written off and (iv) other miscellaneous gains or losses.

It is forecast that there will be fair value losses of derivative financial instruments arising from the decrease in the option value over time, calculated using the straight–line method. Save for the net fair value losses of derivative financial instruments, it is forecast that there will be no other material changes in other losses, net for the Profit Forecast Period because (i) it is forecast that the foreign exchange rate will not change materially from its prevailing rate and (ii) other items are non-recurring in nature and it is not expected that such items will appear in the Profit Forecast Period. For the Profit Forecast Period, Other losses, net, are forecast to be US$59,000.

FINANCE INCOME

Finance income is forecast based on the average cash balance, including both restricted bank balances and cash and cash equivalents, at an applicable interest rate. The interest rate used in the Profit Forecast Period for finance income is 0.30% on a blended basis. For the Profit Forecast Period, finance income is forecast to be US$22,000, calculated on a pro-rata basis of the forecast finance income for the month of December 2013 (based on the number of days from the [●] to December 31, 2013).

FINANCE COSTS

Finance costs are forecast based on the terms of the existing Term Loan Facility. Finance costs represent the interest expenses payable on bank borrowings and upfront finance costs to be amortized over the life of the Term Loan Facility. During the Profit Forecast Period, amortized finance costs are calculated on a pro-rata basis of the forecast costs for the month of December 2013 (based on the number of days from the [●] to December 31, 2013). It is forecast that there will be no repayment or new borrowings during the Profit Forecast Period. Finance costs are forecast to be US$2.0 million for the Profit Forecast Period.

ADJUSTMENTS

Annual Distributable Income for the Profit Forecast Period is arrived at after eliminating the effects of the Adjustments from the consolidated audited net profit after tax. The Adjustments for the Profit Forecast Period are forecast to be US$0.9 million, which consists of

- US$59,000 in respect of the losses in fair value of derivative financial instruments;
- US$335,000 in respect of the portion of the REIT Manager's fee to be paid in the form of Units; and
- US$497,000 in respect of the non-cash loan arrangement fees amortized under finance costs.

EXCHANGE DIFFERENCE ON TRANSLATION ON FINANCIAL STATEMENTS

No assumption has been made as to any change in the foreign exchange rate during the Profit Forecast Period as there is no reliable basis for determining such rate as at any future date.

ACCOUNTING STANDARDS

The REIT Manager has assumed no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the forecast net operating profit during the Profit Forecast Period. The accounting policies to be adopted by Spring REIT are set out in the section headed "Management's Discussion and Analysis of Future Financial Condition and Results of Operations — Significant Accounting Policies to be Adopted by Spring REIT" in this Document.

OTHER ASSUMPTIONS

The REIT Manager has made the following additional assumptions in preparing the profit forecast for the Profit Forecast Period:

- there will be no material change in the existing political, legal, fiscal, market or economic conditions in Hong Kong or the PRC or any other country or territory, which may materially and adversely affect the business of Spring REIT;
- there will be no change in legislation, regulations or rule in Hong Kong or the PRC, or any other country or territory, which may materially and adversely affect the business of Spring REIT;

- Spring REIT's operation and business will not be severely interrupted by any force majeure events, unforeseeable factors, or unforeseeable reasons that are beyond the control of the Directors, including the occurrence of natural disasters, catastrophes (such as floods and typhoons), epidemics or serious accidents;
- exchange rates and interest rates will not differ materially from those presently prevailing for the Profit Forecast Period;
- there will be no material change in the bases or applicable rates of taxation in the countries in which Spring REIT operates or in the countries in which Spring REIT or any of its subsidiaries were or will be incorporated;
- during the Profit Forecast Period, other income or non-recurring items is not expected to be significant;
- there will be no further capital raising during the Profit Forecast Period after [●];
- all leases are enforceable and will be performed in accordance with their terms as amended from time to time;
- Spring REIT will continue to enjoy its existing banking and credit facilities at the prevailing interest rates, terms and conditions;
- Spring REIT's operations will not be adversely affected by interruptions of any supplies, labor disputes, commercial litigation, or for any reasons that are beyond the control of the Directors;
- Spring REIT's operations, results and financial condition will not be materially and adversely affected by the risk factors set out in the section headed "Risk Factors" in this Document;
- the property portfolio of Spring REIT will comprise only the Property throughout the Profit Forecast Period;
- the US$/RMB exchange rate used throughout the Profit Forecast Period is assumed to remain constant at US$1.00 = RMB6.21 = HK$7.75;
- there will be no material change in the physical condition of the Property;
- Spring REIT intends to distribute 100% of Annual Distributable Income to Unitholders for the Profit Forecast Period, and distribution reinvestment arrangement will not be triggered;

- during the Profit Forecast Period, Spring REIT's derivative financial instruments are expected to experience fair value losses arising from the decrease in option value over time; and

- the Reorganization is expected to have no financial impact on Spring REIT's consolidated income statement.

SENSITIVITY ANALYSIS

The profit forecast and forecast distributions included in this Document are based on a number of assumptions that have been outlined above and are subject to a number of risks as outlined in the section headed "Risk Factors" in this Document. Prospective investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast in this Document are to be expected.

To assist prospective investors in assessing the impact of some but not all assumptions on the annualized DPU, the following tables demonstrate the sensitivity of the annualized DPU to certain changes in assumptions as set forth below. It should also be noted that annualized DPU as discussed below assumes that the REIT Manager will distribute to Unitholders 100% of the Annual Distributable Income for the Profit Forecast Period and will distribute no additional amounts out of capital. Accordingly, the sensitivity illustrations are based exclusively on movements of the specified items in Annual Distributable Income resulting from the circumstances considered, holding all other assumptions and metrics unchanged. The illustrations are not profit forecasts for the purposes of the relevant rules or any other purpose and accordingly have not been reported on by the reporting accountant.

Prospective investors should be aware that the sensitivity analysis is not intended to be exhaustive and is limited in scope in that not all principal assumptions or other assumptions which are relevant to the figures forecast or projected in this Document have been examined or reviewed in this sensitivity analysis.

Care should be taken in interpreting these sensitivities. These sensitivities treat each movement in the variables in isolation and hold all other assumptions and metrics unchanged whereas, in practice, the movements could be interdependent and such movements may lead to changes in other metrics. The effects of movements may offset or compound each other. Accordingly, the effect on the profit forecast presented for each sensitivity is not intended to indicate the likely range of outcomes with respect to each sensitivity. No attempt is made to identify the cause of any potential variation, or to identify or quantify any consequential or related changes or variations in other lines.

Results of a sensitivity analysis of the impact of changes in revenue, operating expenses, cost of borrowing and fair value of investment property of Spring REIT on the forecast profit for the Profit Forecast Period are as follows:

	Change in annualized profit per Unit	Change in annualized DPU
Total revenue		
5.0% increase in total revenue	21.5%	12.3%
5.0% decrease in total revenue	(21.5%)	(12.3%)
Operating expenses		
5.0% increase in operating expenses	(5.4%)	(3.1%)
5.0% decrease in operating expenses	5.4%	3.1%
Cost of borrowing		
0.5% increase in interest rate	(15.9%)	(9.1%)
0.5% decrease in interest rate	15.9%	9.1%
Property valuation		
5.0% increase in fair value of investment property (US$62.7 million)	387.4%	0.0%(1)
5.0% decrease in fair value of investment property (US$62.7 million)	(387.4%)	0.0%(1)

Note:

(1) Holding all other assumptions and metrics unchanged, the change in fair value of investment property will not affect distributable income as it is non-cash in nature and will be adjusted.

STATEMENT OF DISTRIBUTIONS

None of Spring REIT, the REIT Manager, the Trustee, RCA Fund, AD Capital, the [●], the [●], any of their respective directors, agents, employees or advisors or any other persons involved in the [●] guarantees the performance of Spring REIT, the repayment of capital or the payment of any (or any particular) return on the Units.

Period from the [●] to December 31, 2013

[●]

Bases and Assumptions

The above forecast distribution yields are calculated based on the [●] and [●] (excluding other transaction costs). It is also assumed that the anticipated [●] is December 5, 2013 and the distributions and the distribution yield will vary if the actual [●] is different.

DTZ was commissioned by the REIT Manager to prepare a report on the Grade A and Premium Grade office property market in Beijing, the PRC and the following is primarily based on DTZ's report.

The REIT Manager believes that the sources of certain information below are appropriate sources for such information and has taken reasonable care in extracting and reproducing such information. The REIT Manager has no reason to believe that such information is false or misleading or there is omission of any other information which will render the information below to be false or misleading. The information has not been independently verified by the REIT Manager, the Trustee, the [●] or any other party involved in the [●] (except for DTZ as appropriate in respect of the relevant parts of its report) and no representation is given as to its accuracy.

PRC Economic Overview

China's economy has grown rapidly since the beginning of reforms towards a market-oriented economy in 1978. China became the second largest economy in the world in terms of GDP measured at real exchange rates in 2012. With a real GDP growth rate of 7.8% in 2012, the Chinese economy remained among the fastest growing economies in the world. The PRC Government is targeting an annual real GDP growth of approximately 7.0% for the 12th five year plan period (2011 to 2015).

Key Economic Indicators for China

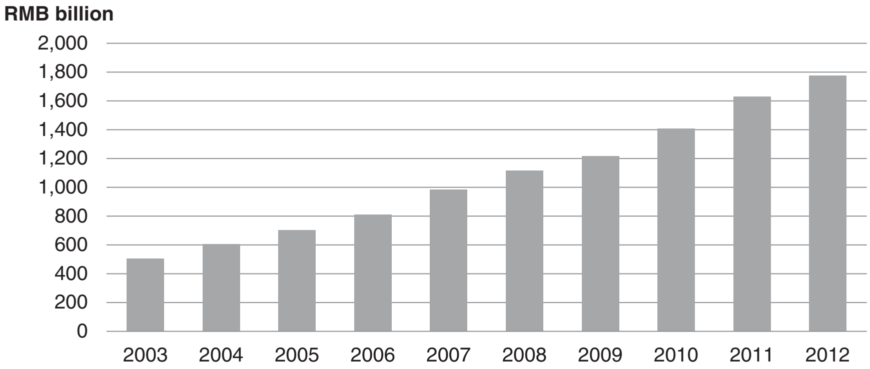
	2007	2008	2009	2010	2011	2012
Nominal GDP (RMB billion)	26,642.2	31,603.0	34,032.0	39,760.0	47,211.5	51,932.2
Real GDP Growth Rate (%)	14.2	9.6	9.2	10.4	9.3	7.8
Per Capita GDP (RMB)	20,169.0	23,708.0	25,608.0	30,015.0	35,181.0	38,420.0
Fixed Asset Investment (FAI) (RMB billion)	13,732.4	17,282.8	22,459.9	27,812.2	31,148.5	37,467.6
Foreign Direct Investment—Actual Utilized (USD 100 billion)	74.8	92.4	90.0	105.7	116.0	111.7

Source: National Bureau of Statistics of China

Beijing Economic Overview

Beijing is located in the North China Plain and has a permanent population of 20.7 million as of 2012. As the capital city of China, Beijing takes on the role within the country as the center of politics, culture, education and international affairs. Moreover, it is the management and decision-making center of China's economy, with a high concentration of government institutions. Because of its unique advantage as the capital city, Beijing has attracted both domestic companies and multi-national corporations to locate their headquarters in Beijing. In particular, according to U.S. Fortune Magazine, a total of 44 Fortune 500 companies were headquartered in Beijing by the end of 2012, the second highest number of all cities in the world.

Beijing Annual Nominal GDP from 2003 to 2012



Source: Beijing Municipal Statistics Bureau, March 2013

Beijing's economy has grown rapidly from 2003 to 2012, with its nominal GDP experiencing an average annual growth rate of approximately 15.2% during that period. In 2012, Beijing's nominal GDP reached RMB1,781.9 billion, which is the second highest nominal GDP in China, after Shanghai.

DTZ expects that Beijing's economy will continue to remain strong under the steady growth measures released by the PRC Government. According to the Beijing City Master Plan (2004-2020), the Beijing Municipal Government planned to transform Beijing into an international metropolis and to further expand the city's economic catchment. Beijing's per capita GDP is targeted to reach US$10,000 by 2020, of which the tertiary sector is targeted to contribute more than 70%. In particular, Chaoyang district, where the Property is located, is within the urban core area and is positioned as the standard bearer of Beijing's image as a political, cultural, media and commercial center according to DTZ.

Beijing has undergone a rapid development phase in the past eight years. The city's urbanization rate has been over 80.0% since 2005, and reached 86.2% in 2012, which is as high as that of developed countries. DTZ expects that the urbanization rate will reach 89% by 2020. Rapid urbanization has led to a continuing demand for urban housing and other real estate products, as well as enhancing the economic structure of the city.

Beijing's Infrastructure Development

Beijing enjoys a comprehensive transportation network, which includes highways, railways, subways and an international and domestic airport. Beijing's highways had an aggregate length of 21,454 k.m. in 2012, of which approximately 923 k.m. were intercity expressways linking Beijing with cities such as Tianjin, Shenyang, Harbin, Shanghai, Chengde, Baotou and Shijiazhuang. Beijing is also one of the largest railway hubs in northern China. There are nonstop trains between Beijing and most large-sized and medium-sized cities in northern China. The commencement of the operations of Beijing-Shanghai and Beijing-Guangzhou high-speed railways in 2011 and 2012, respectively has significantly shortened the travel time between Beijing and Shanghai and Beijing and Guangzhou.

In addition to the highway and railway networks, Beijing also has a well-developed subway network. As the first city to construct a subway system in China, Beijing's subway system has experienced rapid development in recent years. Beijing's subway system expanded to 17 lines with a total operation length of 481.5 k.m. in 2012 from eight lines with a total operation length of 200 k.m. in 2008. Beijing plans to further increase the subway operation length to 561.5 k.m. by 2015 and to over 1,000 k.m. by 2020.

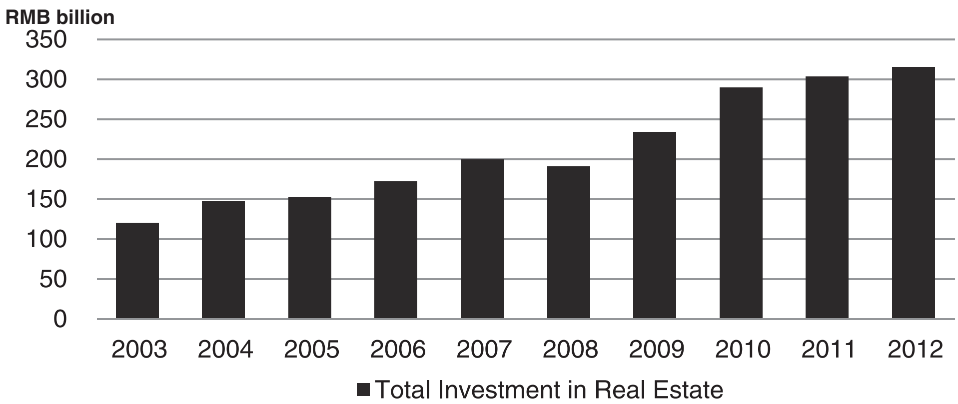
Beijing Capital International Airport is the largest and busiest international aviation hub in China. It has three terminals and its annual passenger throughput reached 75.4 million by the end of November 2012, which was ranked second highest in the world, according to Airports Council International. Moreover, the construction of a second capital international airport, which will be located in Lixian Town in Daxing District, south of Beijing city, has been approved by the State Council. DTZ believes that the operation of the two airports will help to make Beijing more competitive as an international metropolis.

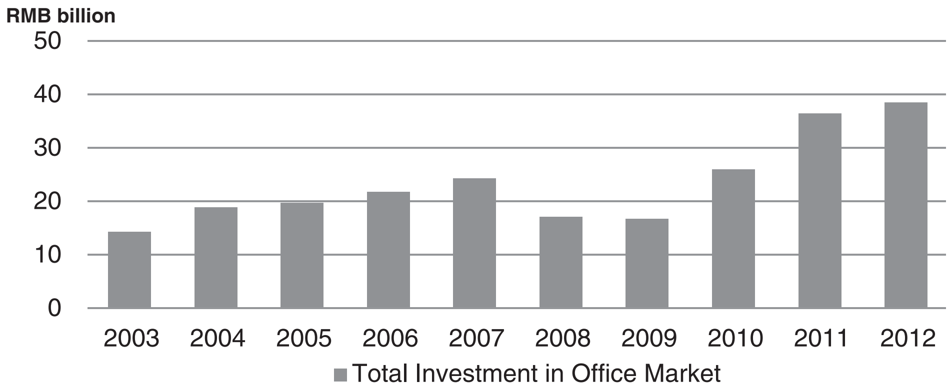
Beijing Real Estate Market

An increase in disposable income per capita, high growth in urbanization rates and rapid infrastructure development in Beijing have facilitated the growth of Beijing's real estate market. From 2003 to 2012, real estate development investment in Beijing increased from approximately RMB120.3 billion in 2003 to approximately RMB315.3 billion in 2012, representing a CAGR of approximately 11.3%.

Beijing's real estate market has maintained a general growing trend since 2009 after the global financial crisis. However, starting in 2010, the PRC Government implemented restrictive policy measures aiming to avoid an asset bubble developing in the PRC, especially in the residential sector. In response, investments in the residential sector decreased, while real estate investment in the office sector remained strong and reached RMB38.5 billion in 2012, representing a year-on-year 5.8% growth from 2011. According to DTZ, this is partly due to investors diversifying their portfolios from the residential sector, which has been heavily regulated by the PRC Government, to other real estate sectors, as well as the limited new supply of offices in Beijing since 2010.

Beijing Real Estate Investment between 2003 and 2012





Source: Beijing Municipal Statistics Bureau, March 2013

Beijing Grade A Office Market

Overview

Along with the growth of the urban population, Beijing has enjoyed a rapid growth in working population, which reached approximately 10.7 million in 2011, and a steady growth in disposable income per capita. The increasing working population and the rapidly developing tertiary industry in recent years have primarily driven the demand for office property in Beijing.

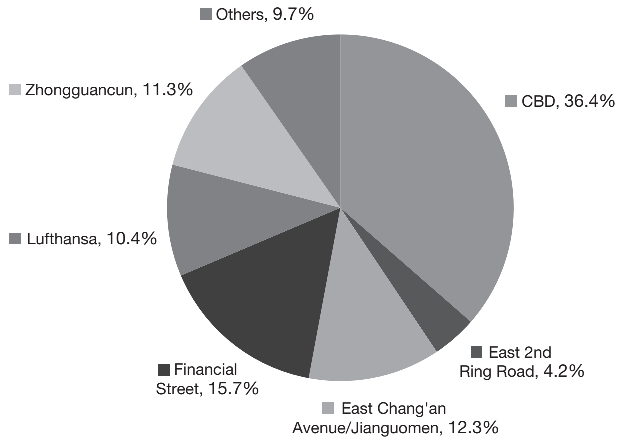
Location Distribution of Major Business Districts in Beijing

Data Source: DTZ Consulting, March 2013

After almost 30 years of development, there are six core business districts in Beijing's Grade A office market, namely the CBD, East Second Ring Road, East Chang'an Avenue/ Jianguomen, Financial Street, Lufthansa, and Zhongguancun districts. In addition, Wangjing is also emerging as a new business district with Grade A office developments.

Supply, Demand and Rent

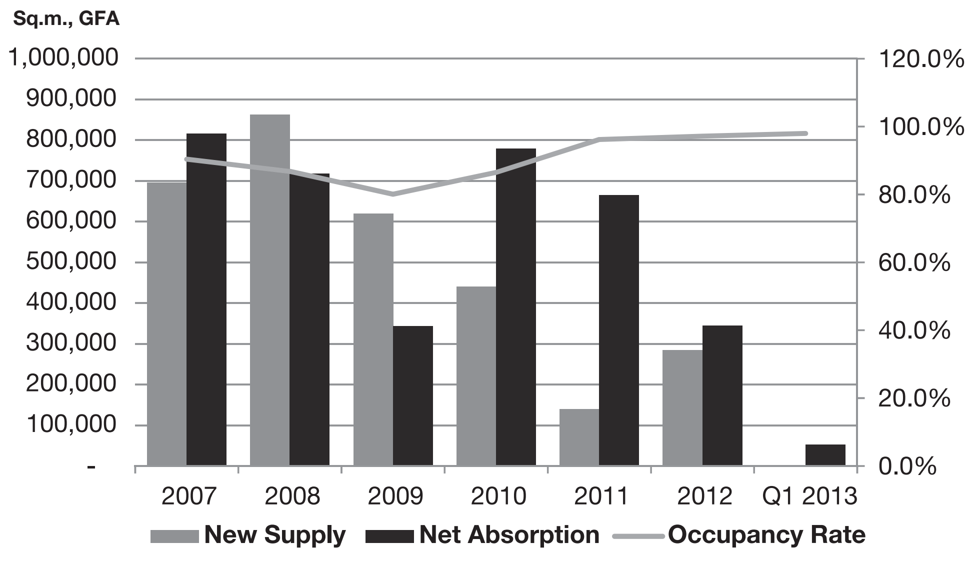
Grade A Office Stock by Major Business Districts in Beijing



Data Source: DTZ Consulting, March 2013

The Grade A office stock in Beijing increased from 5.4 million sq.m. in 2007 to 6.7 million sq.m. in the first quarter of 2013. By district, the CBD has the highest number of high-end office properties, followed by Financial Street, accounting for 36.4% and 15.7%, respectively, of overall stock as of the first quarter of 2013.

Supply, Demand and Occupancy of Grade A Office in Beijing



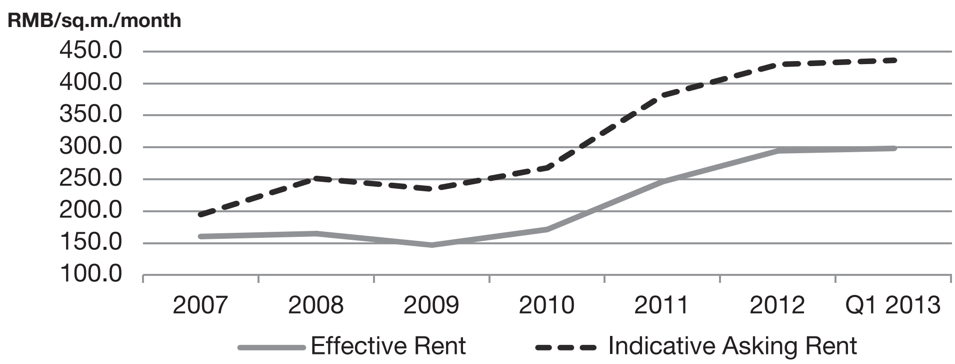
Data Source: DTZ Consulting, March 2013

A large supply of new Grade A office buildings emerged in the Beijing market in 2007 and 2008, with an average annual supply of approximately 780,000 sq.m. The large supply was supported by a strong demand from multi-national corporations and domestic companies for good quality office buildings. However as the result of the global economic crisis in 2008 and 2009, there was a sharp decrease in the supply of Grade A office in Beijing since 2009.

Beijing's economy rebounded quickly and Beijing Grade A office market experienced strong demand from 2010 due to the limited supply in key business districts. The average occupancy rate for Grade A office space in Beijing was 98.0% in the first quarter of 2013.

There is a general upward trend in the rent of Grade A office in Beijing, except the fall in 2009 amidst the global financial crisis. According to DTZ, the effective rent of Beijing Grade A offices increased substantially from 2009 to 2012 and reached RMB294.5 per sq.m. per month in 2012, which was supported by the improving economy and limited supply for Grade A office space over the past few years. This increasing trend continued into the first quarter of 2013. Monthly effective rent per sq.m. of Beijing's Grade A offices was RMB298.2 in the first quarter of 2013. Financial Street and the CBD command the highest Grade A office rental levels in Beijing. The effective rent in the CBD reached RMB333.3 per sq.m. per month by the end of the first quarter of 2013.

Beijing Grade A Office Rent



Data Source: DTZ Consulting, March 2013

Supply and Rental Forecast

According to DTZ, future Grade A office supply in Beijing is expected to be approximately 1.1 million sq.m. in total between 2013 and 2016 with an average annual supply of approximately 275,183 sq.m., which is only 54.3% of the average annual supply during the period from 2007 to 2012. Therefore, DTZ expects that the shortage in Grade A office supply will continue in Beijing in the next few years. Considering the limited supply and the growing strong demand for Grade A office space, DTZ expects that the occupancy rate of the Grade A office in the six core business districts will remain at approximately 95% by 2016.

Future Grade A Office Supply in Beijing

Project Name[(1)]	District	Completion Year[(2)]	Approximate GFA available for lease[(3)] (sq.m.)
World Profit Centre	Lufthansa	2013	48,957
Fortune Capital International Centre	Financial Street	2013	37,557
Fortune Financial Centre	CBD	2013	150,000
Ocean International Center II	CBD	2013	49,633
Sub-total			**286,147**
Raycom Info. Tech Park B	Zhongguancun	2014	58,000
Sub-total			**58,000**
Financial Street E6 Plot	Financial Street	2015	52,740
Guoson Centre	East 2nd Ring Road	2015	134,000
Beijing POSCO Centre	Others	2015	77,000
LSH Plaza II	Others	2015	68,000
World Profit Centre II	Lufthansa	2015	51,000
Emperor Chang'an Avenue Project	East Chang'an Avenue	2015	50,000
Aether Square	CBD	2015	103,846
Sub-total			**536,586**
Air China Plaza II	Lufthansa	2016	80,000
Huadu Hotel Redevelopment	Lufthansa	2016	80,000
One Indigo 2	Others	2016	60,000
Sub-total			**220,000**
Total			**1,100,733**

Notes:
(1) Does not include those projects with self-occupation area greater than 50% of the project's total office GFA.
(2) Completion Year refers to the year when construction of a building is completed and ready for occupation.
(3) Estimated GFA available for lease after deducting self-occupied GFA, where applicable.

Data Source: DTZ Consulting, March 2013

Beijing Grade A office rental levels experienced an average annual rental growth of 14.4% in the past five years from 2008 to 2012. DTZ anticipates that the supply of office market in Beijing will remain tight until at least 2017 given that there is limited new supply in the coming few years, and that this scarcity of quality office buildings will further increase rental levels, especially in prime business districts such as the CBD and Financial Street.

DTZ estimates that Beijing Grade A office rental levels will continue to grow by 5.0%, 8.0%, 5.0% and 5.0% in 2013, 2014, 2015 and 2016, respectively. Therefore, DTZ anticipates that the monthly effective rent per sq.m. of Beijing Grade A offices will reach RMB309.2, RMB334.0, RMB350.7 and RMB368.2 in 2013, 2014, 2015 and 2016, respectively.

Beijing Grade A Office Rent Forecast

	2013F	2014F	2015F	2016F
Effective Rent (RMB/sq.m./month)	309.2	334.0	350.7	368.2
Indicative Transacted Rent (RMB/sq.m./month)	337.1	364.0	382.2	401.3
Annual Growth Rate (%)	5.0	8.0	5.0	5.0

Data Source: DTZ Consulting, March 2013

Grade A Office in the CBD Submarket

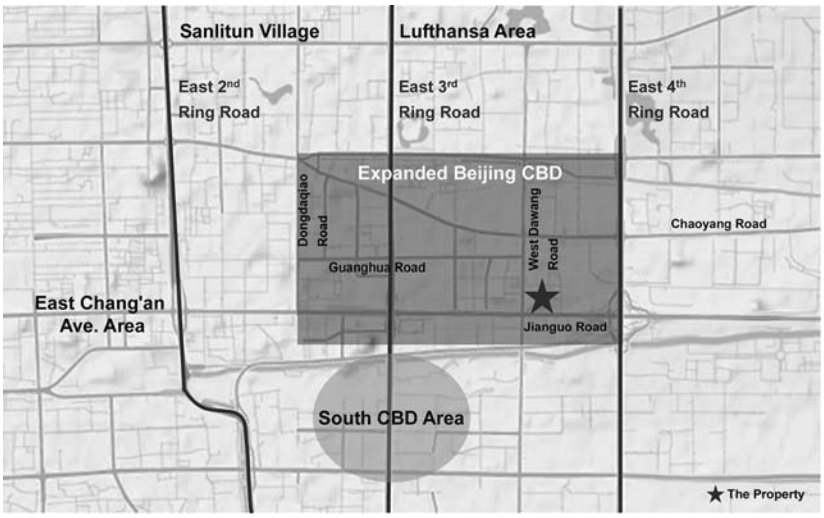
Overview

As one of the six core business districts in Beijing, the CBD has developed a mature business function and environment over the past 10 years and it is still at an expansion and development stage. The CBD is the mainstay of the international finance industry, cultural media industry and modern business service industry in Beijing. The CBD is traditionally a hub for international business and activities. By the end of 2011, the CBD was home to 160 Fortune 500 companies, 252 international financial institutions, 50 international headquarters and 200 international business service companies. In addition, approximately 50% of Beijing's Grade A offices and hotels are located in the CBD.

The majority of Grade A offices are located along East Third Ring Road and Jianguo Road. The concentration of office buildings along these roads has resulted in heavy traffic congestion around Guomao Bridge and Guanghua Bridge. China Central Place is located in the eastern corner of the traditional CBD and as such, enjoys better traffic conditions.

On May 25, 2009, the Beijing CBD Committee announced the East Expansion Plan for the CBD district. According to this plan, the east boundary of the CBD will be expanded to the East Fourth Ring Road, and the total site area of the CBD will be increased from 3.99 sq.km. to 6.99 sq.km. over the next 10 years. Based on the East Expansion Plan, China Central Place is located at the border between the existing and expanded CBD.

CBD Submarket Expansion Plan

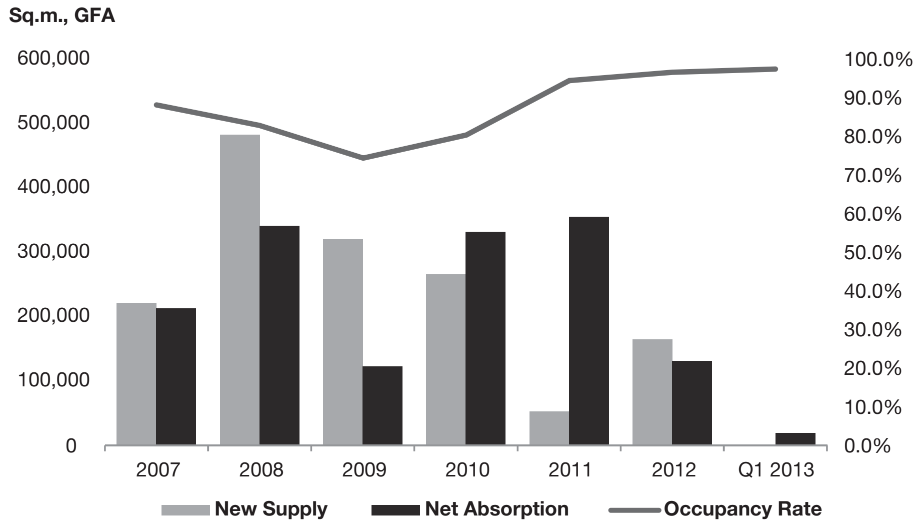


Data Source: DTZ Consulting

Supply, Demand and Rent

The new supply of Grade A office buildings in the CBD submarket is relatively small in comparison with its total stock over the past six years due to land scarcity. No new supply entered the market in the first quarter of 2013. The stock of Grade A office in the CBD submarket exceeded 2.4 million sq.m. by the end of the first quarter of 2013, representing 36.4% of Beijing's total Grade A office stock.

Supply, Demand and Occupancy of Grade A Office in the CBD Submarket



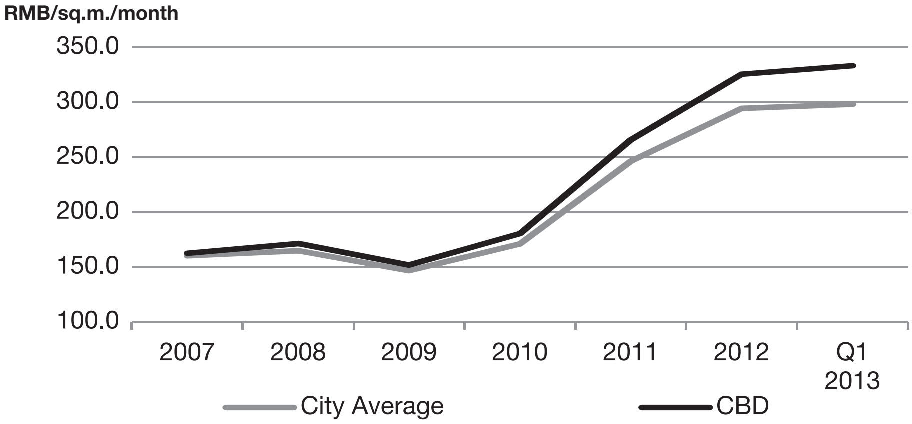
Data Source: DTZ Consulting, March 2013

Total net absorption from 2007 to the first quarter of 2013 was 1,514,686 sq.m., which exceeded the total new supply in the same period of 1,505,442 sq.m., reflecting a healthy demand and supply situation. After years of development, the CBD has become one of the most popular business districts in Beijing and attracts many multinational corporations. As of the first quarter of 2013, the occupancy rate was 97.3%.

Office rental levels in the CBD continued to be higher than the citywide average. By the end of the first quarter of 2013, the effective rent of Grade A offices in the CBD was RMB333.3 per sq.m. per month, which is 11.7% higher than that of the citywide average.

The strong demand for Grade A office and general shortage of new supply in other business districts have driven up the rental levels in the CBD submarket in the past few years.

Grade A Office Rental, CBD Submarket



Data Source: DTZ Consulting, March 2013

Supply and Rental Forecast

DTZ expects that there will be a limited supply of Grade A office buildings in the CBD submarket from 2013 to 2016 and that there will be no supply of Premium Grade offices in this submarket in the next two years, given that potentially qualifying office buildings will not be regarded as Premium Grade in the market until they have established themselves for at least one to two years after completion. The new Zhongfu Parcel is the last remaining plot for new office property development in the CBD. Given the relatively slow pace of the construction progress at this plot, DTZ expects the majority of the new supply from this area will enter into the market from late 2017. Given the limited supply in the CBD submarket and its leading position in office take-up, DTZ estimates the occupancy rate in the CBD submarket will remain high at around 97% from 2013 to 2016.

Future Supply of Grade A Office Buildings in the CBD Submarket

Project Name	District	Completion Year	Estimated Available GFA for Lease (sq.m.)
Fortune Financial Centre	CBD	2013	150,000
Ocean International Center II	CBD	2013	49,633
Aether Square	CBD	2015	103,846
Total			**303,479**

Data Source: DTZ Consulting, March 2013

Taking into consideration the future supply, future market conditions, domestic and global economic movements, inflation rates and other influential factors, DTZ expects that the monthly effective rent per sq.m. in the CBD submarket will reach RMB341.8, RMB372.5, RMB391.2 and RMB410.7 in 2013, 2014, 2015 and 2016 respectively.

Rental Forecast of Grade A Office Buildings in the CBD Submarket

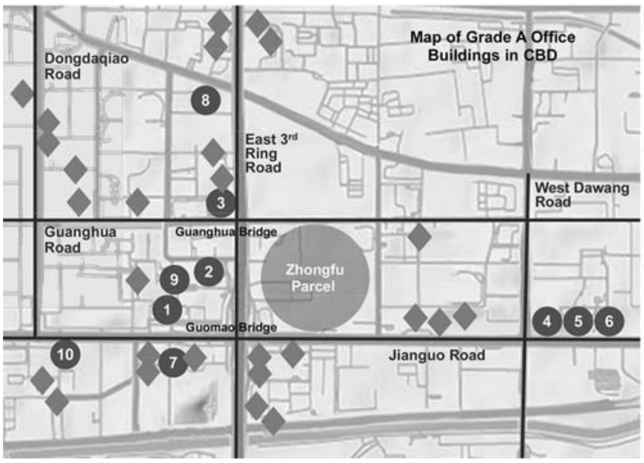
	2013F	2014F	2015F	2016F
Effective Rent (RMB/sq.m./month)	341.8	372.5	391.2	410.7
Indicative Transacted Rent (RMB/sq.m./month)	372.5	406.1	426.4	447.7
Annual Growth Rate (%)	5.0	9.0	5.0	5.0

Data Source: DTZ Consulting, March 2013

Premium Grade Offices

Among the Grade A office buildings in Beijing, there are only 13 office buildings (with a total GFA of approximately 1.0 million sq.m.) which could be classified as Premium Grade according to DTZ's definition, of which 10 office buildings (with a total GFA of approximately 855,349 sq.m.), including the Property, are located in the CBD. The other Premium Grade office buildings are located in Financial Street (3 Winland International Financial Centre and Excel Plaza) and Zhongguancun (Raycom Infotech Park C). A Premium Grade office building is distinguished from a general Grade A office building by a number of features, most importantly those relating to location, the supply of car parking spaces, building quality and standard of finish, provision and service of elevators and single ownership and lease only. In addition, it is expected that these existing Premium Grade office buildings will remain popular in the market in the coming few years due to the scarcity of such office building types. According to DTZ, the Property is commonly believed to be one of the top five Premium Grade offices in Beijing.

Location Distribution of Grade A and Premium Grade Office Buildings in the CBD Submarket



Selected CBD Grade A Office List

No.	Project Name	Completion Date	GFA (sq m)
1	China World Trade Centre Tower 1	1990	69,523
2	China World Trade Centre Tower 2	1999	71,871
3	Kerry Centre	1999	79,542
4	China Central Place Tower 1	2006	55,867
5	China Central Place Tower 2	2006	64,262
6	China Central Place Tower 3	2007	72,482
7	Beijing Yintai Center (West Wing)	2008	73,975
8	World Financial Centre	2009	177,847
9	China World Trade Centre Tower 3	2010	87,000
10	IFC	2010	103,000

Data Source: DTZ Consulting, March 2013

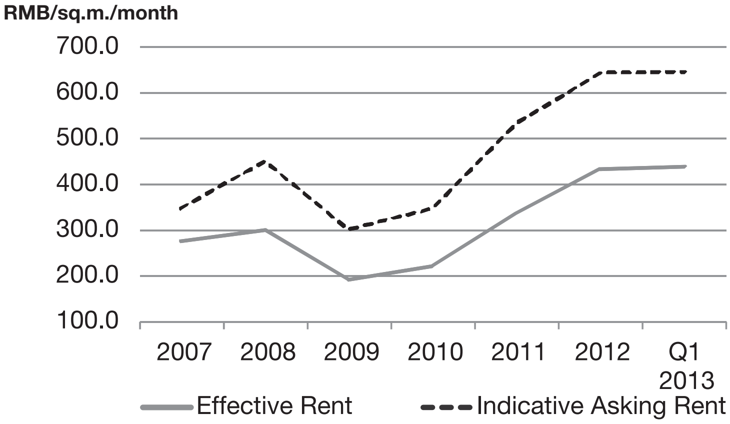
Notes:

(1) Office buildings shown in the table and those marked as circles on the map are Premium Grade office buildings by DTZ's definition. The rest (marked as diamond shape) are general Grade A office buildings.

(2) Zhongfu Parcel is the only large scale land supply in the CBD submarket in recent years and it is anticipated that the majority of the new supply from this parcel will not enter the market until 2017.

In the CBD submarket, rental rate varies depending on office quality. The monthly effective rent of Premium Grade office buildings has been generally higher than other Grade A office buildings in the same submarket. The monthly effective rent of Premium Grade office buildings in the CBD reached RMB453.9 per sq.m. in the first quarter of 2013, 36.2% higher than that of other Grade A office buildings in the same submarket.

Premium Grade Office Rental, CBD Submarket



Data Source: DTZ Consulting, March 2013

DTZ estimates that the monthly effective rent per sq.m. for Premium Grade office buildings will reach RMB467.0, RMB515.0, RMB540.0 and RMB565.0 in 2013, 2014, 2015 and 2016, respectively.

Rental Forecast of Premium Grade Office Buildings in the CBD Submarket

	2013F	2014F	2015F	2016F
Effective Rent (RMB/sq.m./month)	467.0	515.0	540.0	565.0
Indicative Transacted Rent (RMB/sq.m./month)	509.0	561.4	588.6	615.9
Annual Growth Rate (%)	4.0	10.3	4.9	4.6

Data Source: DTZ Consulting, March 2013

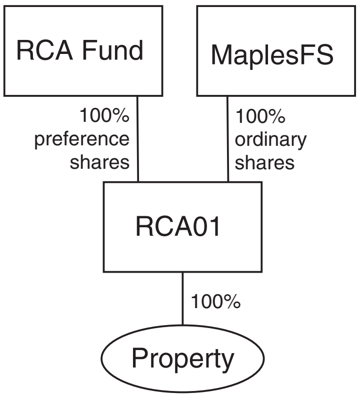
STRUCTURE, MANAGEMENT AND AGREEMENTS

REORGANIZATION

As of the Latest Practicable Date, RCA Fund owned all of the issued preference shares in RCA01 while MaplesFS held all of the issued ordinary shares in RCA01 as share trustee under the terms of a declaration of trust (the "Declaration of Trust") under which the ordinary shares are held for charitable purposes. The purpose of having the ordinary shares in RCA01 held by a professional services company pursuant to the Declaration of Trust is to increase the bankruptcy remoteness of RCA01. The use of such Cayman Islands charitable trust structures is common in structured finance transactions.

RCA01 is an exempted company with limited liability under the laws of Cayman Islands. Other than acting as a holding vehicle for the Property, RCA01 has no other business operations or employees.

The chart below illustrates the holding structure of the Property prior to Completion:



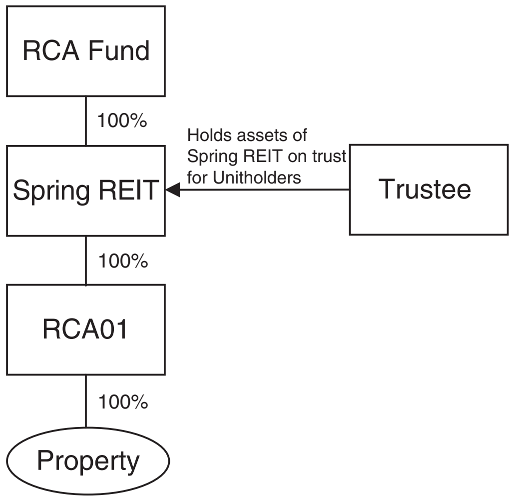
In preparation for the [●], the following reorganization steps have been or will be implemented prior to the [●]:

(i) Spring REIT was constituted by the Trust Deed entered into on November 14, 2013 between the REIT Manager and the Trustee.

(ii) RCA Fund and MaplesFS entered into an agreement on November 21, 2013 pursuant to which RCA Fund will acquire all of the issued ordinary shares in RCA01 from MaplesFS prior to Completion. Upon such acquisition, RCA Fund will cause all of the issued preference shares in RCA01 to be re-classified as ordinary shares in RCA01. Accordingly, RCA Fund will be the sole shareholder of RCA01, holding all of the issued ordinary shares in RCA01 prior to Completion.

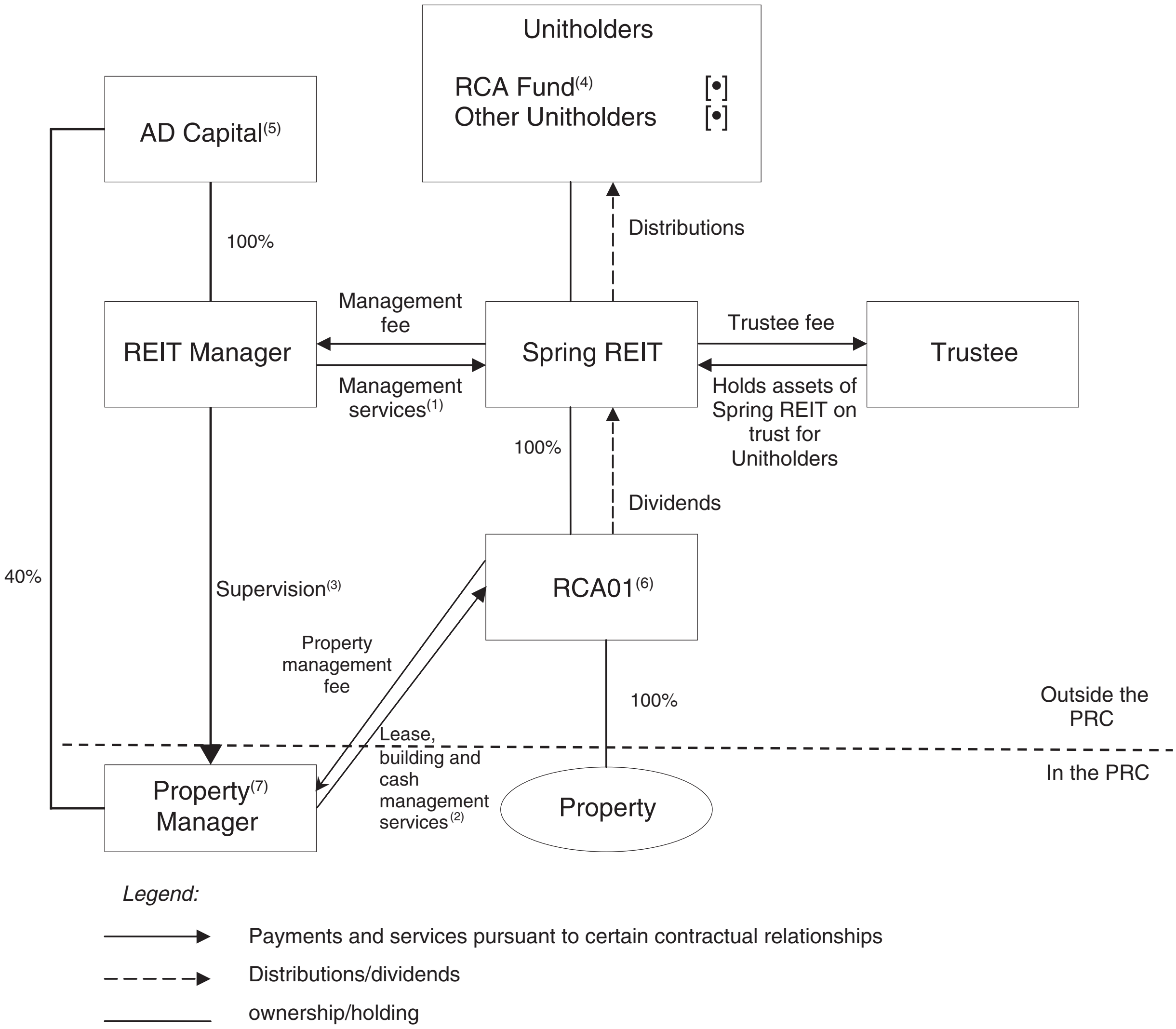
(iii) The REIT Manager, the Trustee, RCA Fund and AD Capital entered into the Reorganization Agreement on November 21, 2013 pursuant to which RCA Fund has conditionally agreed to transfer all of the issued RCA01 Shares to the Trustee (in its capacity as trustee of Spring REIT) in exchange for the issue of 1,000,000,000 Units by Spring REIT to RCA Fund or its nominees. Upon Completion, Spring REIT will own the Property through RCA01. Please refer to the section headed "Material Agreements and Other Documents Relating to Spring REIT — Reorganization Agreement" in this Document for further details of the Reorganization Agreement.

The chart below illustrates the holding structure of the Property immediately after the Completion but prior to the [●]:



OWNERSHIP STRUCTURE AND PRIMARY CONTRACTUAL RELATIONSHIPS

The following diagram depicts the ownership structure of Spring REIT and the Property, and the primary structural and contractual relationships between Spring REIT, the Unitholders, the REIT Manager, the Trustee and the Property Manager upon completion of [●].



Notes:

(1) The REIT Manager will provide management services to Spring REIT and will receive a management fee from Spring REIT. Please refer to the section headed "The REIT Manager — Fees, Costs and Expenses of the REIT Manager" in this Document for further details.

(2) The Property Manager provides lease management, building management and cash management services to RCA01 pursuant to the Property Management Agreement and receives a property management fee. Please refer to the section headed "The Property Manager and the Building Manager — Property Management Agreement" in this Document for further details.

(3) The Property Management Supervision Agreement was entered into by the REIT Manager, the Trustee, RCA01, AD Capital and AD Capital Beijing. Please refer to the section headed "Material Agreements and Other Documents Relating to Spring REIT — Property Management Supervision Agreement" in this Document for further details.

(4) RCA Fund is an exempted limited partnership established in the Cayman Islands. As of the Latest Practicable Date, the sole general partner of RCA Fund was RCAC, a Cayman Islands exempted company.

The management, control, operation of and the determination of the policy with respect to RCA Fund and its investments are exclusively vested in RCAC. For further details, see the section headed “Information About RCA Fund” in this Document.

(5) AD Capital is a private equity investment firm owned by DBJ, Asuka Asset Management Co., Ltd. and certain minority management shareholders. AD Capital is principally engaged in investing in companies and projects in growth sectors in Japan, China and other parts of Asia and it has made selective investments in real estate. AD Capital provides management services to RCA Fund pursuant to a management agreement between AD Capital and RCA Fund (acting through its general partner, RCAC).

(6) RCA01 is an exempted company with limited liability registered in the Cayman Islands. Other than holding the Property, RCA01 has no other business operations or employees.

(7) There will be no change in the ownership structure of the Property Manager as a result of the Reorganization referred to in the section headed “Reorganization, Structure and Organization of Spring REIT — Reorganization” in this Document.

OVERVIEW

Spring REIT is organized and managed in a manner which is consistent with the provisions and requirements of the REIT Code, except as described in the section headed "Modifications, Waivers and Licensing Conditions" in this Document. The REIT Manager is independent of the Trustee and possesses the skills and resources to discharge its functions in relation to Spring REIT effectively and responsibly. In discharging such functions, the REIT Manager is required to observe high standards of corporate governance. For details of the corporate governance policies and procedures of the REIT Manager, please refer to the section headed "Corporate Governance" in this Document.

THE REIT MANAGER

The REIT Manager, Spring Asset Management Limited, was incorporated in Hong Kong under the Companies Ordinance on January 29, 2013. The REIT Manager is wholly owned by AD Capital, which is a private equity investment firm owned by DBJ, Asuka Asset Management Co., Ltd. ("**Asuka**") and certain minority management shareholders. The management function of the REIT Manager is executed by its Board of Directors and senior executives, details of which are set out in the section headed "The REIT Manager — The board of directors of the REIT Manager" and "The REIT Manager — Senior Executives" in this Document.

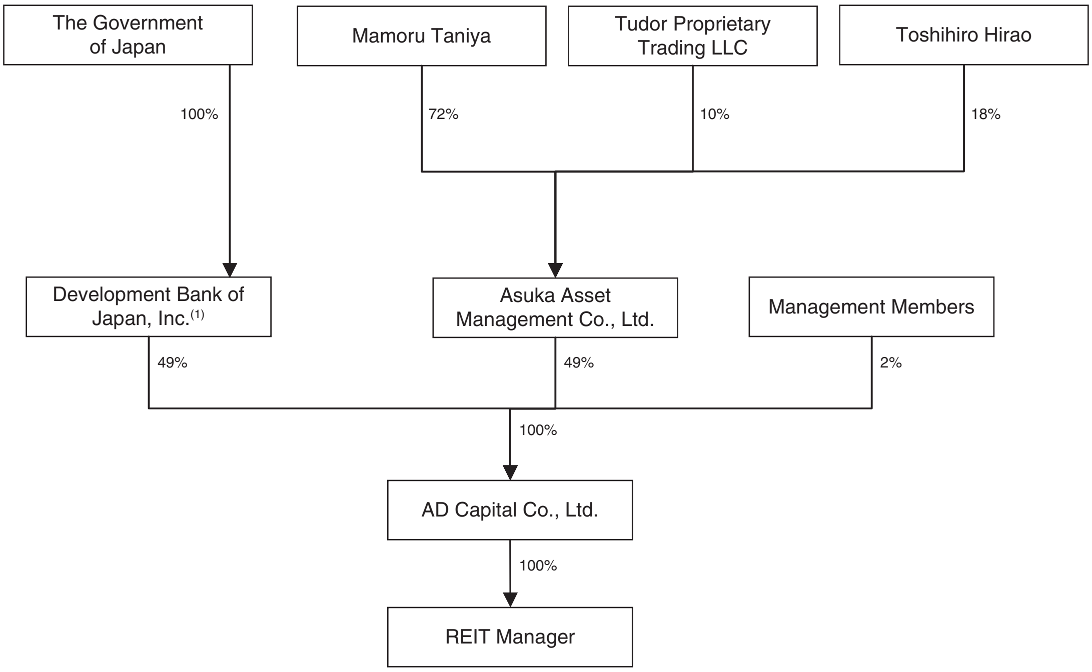
AD Capital is principally engaged in investing in companies and projects in growth sectors in Japan, China and other parts of Asia and it has made selective investments in real estate. One of its most successful investments is Lifenet Insurance Company, a company listed on Tokyo Stock Exchange. AD Capital was the founding partner of Lifenet Insurance Company, which was the first internet-only life insurance company in Japan and made a successful listing on Tokyo Stock Exchange in 2012. AD Capital has also made a number of successful investments in China including 21 Vianet Group, Inc., a company listed on NASDAQ, which became the largest carrier-neutral internet data center service provider in the PRC. In addition, AD Capital has extensive experience in real estate investment across Japan. Its current real estate portfolio in Japan includes two hotel properties, four office properties, one retail project and one residential project. AD Capital has been engaged in the management of the Property for more than six years. AD Capital also provides management services to RCA Fund pursuant to a management agreement between AD Capital and RCA Fund (acting through its general partner, RCAC). The management function of AD Capital is executed by its board of directors and management team, which are independent from the management of the REIT Manager. The management team of AD Capital is comprised of professionals, some of whom have more than 20 years of global experience in finance and/or investment, and has successfully managed various investment funds for its clients ranging from financial institutions, pension funds, corporations to high net worth individuals.

Asuka is one of the major alternative asset management firms in Japan. As of the Latest Practicable Date, Asuka was owned by Mr. Mamoru Taniya, Tudor Proprietary Trading LLC and Toshihiro Hirao as to 72%, 10% and 18%, respectively. Mr. Mamoru Taniya is one of the founding partners, the chairman and the chief executive officer of Asuka and has a broad range of investment experience from fixed-income derivatives to private equities. Mr. Toshihiro Hirao is another founding partner of Asuka and a specialist in Japanese equities with over 10 years of experience in trading long/short Japanese equity markets. Tudor Proprietary Trading LLC is a US corporation which is principally engaged in the management of client and proprietary assets.

DBJ is a government-owned Japanese financial corporation. The principal activities of DBJ are financing and private equity investing. As of the Latest Practicable Date, DBJ is solely owned by the Government of Japan through the Ministry of Finance.

Up to the Latest Practicable Date, the Government of Japan has never had a representative on the Board and has had no involvement in the management of the REIT Manager.

The following diagram sets forth the ownership structure of the REIT Manager as of the Latest Practicable Date:



Note:

(1) Development Bank of Japan Inc. is controlled and supervised by The Ministry of Finance of the Government of Japan.

The REIT Manager has a paid-up share capital of HK$9,000,000 and its registered office is located at Suite 2019, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong. The REIT Manager is licensed by the SFC to conduct the regulated activity of asset management, as required by the REIT Code.

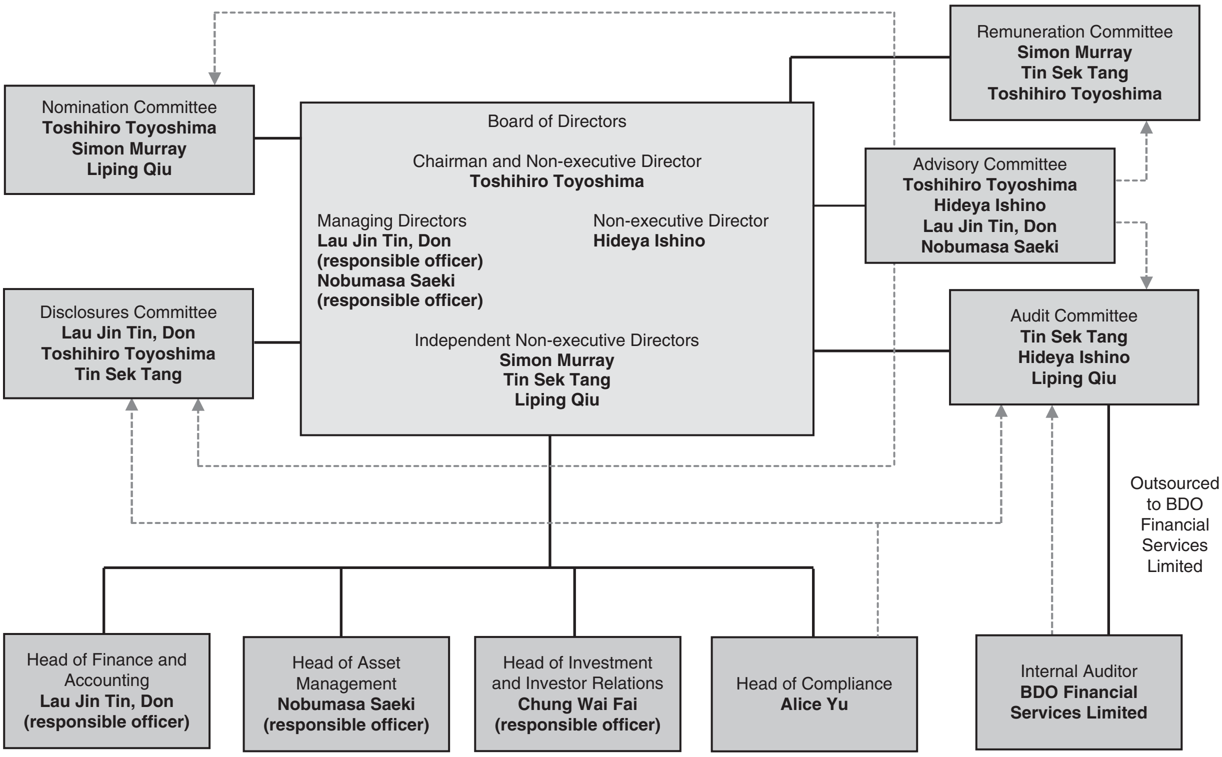
The REIT Manager has a general power of management over the assets of Spring REIT and the REIT Manager's main responsibility is to manage the assets of Spring REIT for the benefit of the Unitholders. The REIT Manager will set the strategic direction and risk management policies of Spring REIT and give instructions to the Trustee with respect to the acquisition and divestment of assets of Spring REIT in accordance with its stated investment strategy and with respect to borrowings and guarantees for the account of Spring REIT. The REIT Manager will manage the assets of Spring REIT in accordance with the REIT Manager's investment strategy as stated in the section headed "Strategy" in this Document and in accordance with the provisions of the Trust Deed and the compliance procedures set forth herein. The REIT Manager is also responsible for appointing and reviewing the performance and eligibility of the auditors of Spring REIT and making decisions regarding borrowing and fund raising.

Notwithstanding the REIT Manager's delegation of certain property management functions to the Property Manager and Building Manager, the REIT Manager is responsible for the management of Spring REIT, including its initial asset, the Property and any acts and omissions in respect of the property management functions for the Property carried out by the delegates. The REIT Manager will closely monitor and supervise the Property Manager to ensure compliance with its duties under the Property Management Agreement and the proper management of the Property by the Property Manager. To facilitate such monitoring and supervision, the REIT Manager has entered into the Property Management Supervision Agreement on November 21, 2013 with the Trustee, RCA01, AD Capital and AD Capital Beijing pursuant to which, among other things, the REIT Manager appointed AD Capital and AD Capital Beijing to assist in the supervision of the property management of the Property. Please refer to the section "Material Agreements and Other Documents Relating to Spring REIT — Property Management Supervision Agreement" in this Document for further details. Further, the compliance manual of the REIT Manager provides that as part of the process for deciding whether to continue with the appointment of the Property Manager and the Building Manager, the REIT Manager will review and conduct appropriate due diligence on the Property Manager and the Building Manager in order to be satisfied that each of them has the necessary skills, resources, competencies and capabilities to fulfill its roles and each of its performance. In order to ensure the on-going suitability, competency and satisfactory performance of the Property Manager and the Building Manager, the Advisory Committee will regularly review these delegates. The REIT Manager, with the assistance of AD Capital Beijing, will establish adequate measures to monitor the financial conditions of the delegates and to ensure that the delegates remain competent to perform the delegated functions.

The REIT Manager will also be responsible for ensuring compliance with the applicable provisions of the REIT Code, the SFO and other relevant legislation, the [●], the Trust Deed and all relevant contracts. The REIT Manager will also be responsible for all regular communications with Unitholders. The REIT Manager will maintain adequate professional indemnity insurance.

ORGANIZATIONAL STRUCTURE OF THE REIT MANAGER

The following diagram sets forth the organizational and reporting structure of the REIT Manager:



Note: Dotted lines represent ad hoc reporting on a case by case basis

THE BOARD OF DIRECTORS OF THE REIT MANAGER

The Board is responsible for the overall governance of the REIT Manager, including establishing goals for management and monitoring the achievement of these goals. The Board has established a framework for the management of Spring REIT, including a system of internal control and business risk management processes.

The Board comprises seven Directors comprising two managing Directors, two non-executive Directors and three independent non-executive Directors. Mr. Lau Jin Tin, Don, Mr. Nobumasa Saeki and Mr. Chung Wai Fai are currently licensed by the SFC as Responsible Officers of the REIT Manager for the purposes of the SFO.

For further information on the Board and its committees, please refer to the section headed "Corporate Governance" in this Document.

Directors

The Board is entrusted with the responsibility for the overall management of the REIT Manager. The following table sets forth information regarding the Directors:

Name	Age	Position
Toshihiro Toyoshima	51	Chairman and non-executive Director
Hideya Ishino	50	Non-executive Director
Lau Jin Tin, Don	57	Managing Director
Nobumasa Saeki	43	Managing Director
Simon Murray	73	Independent non-executive Director
Tin Sek Tang	54	Independent non-executive Director
Liping Qiu	49	Independent non-executive Director

Information on the business and working experience of the Directors is set out below:

Non-executive Directors

Toshihiro Toyoshima

Mr. Toyoshima was appointed as the Chairman of the Board and a non-executive Director of the REIT Manager on January 29, 2013. Mr. Toyoshima has been the chief executive officer of AD Capital since October 2008, and has been sitting on its board from its establishment in October 2005. Prior to joining AD Capital, he worked in DBJ from April 1985 to October 2008. Between July 2001 and September 2004, Mr. Toyoshima also worked at the World Bank as a senior private sector specialist, in charge of the private sector policies in four African countries.

Mr. Toyoshima graduated from the University of Tokyo with a Bachelor's degree in Law in 1985 and from the Massachusetts Institute of Technology with Master's degrees in Real Estate Development and City Planning in 1992.

Hideya Ishino

Mr. Ishino was appointed as a non-executive Director of the REIT Manager on April 10, 2013. He has been working for AD Capital since June 2008 and has served as the chief operating officer of AD Capital since March 2010. Before joining AD Capital, Mr. Ishino co-founded Sports Vanguard Co., Ltd., a company which provides sports-related internet community services and trading platform, in March 2004. Mr. Ishino had also previously worked in Salomon Brothers (Tokyo) from April 1986 to March 2000. Mr. Ishino graduated from the University of Tokyo with a Bachelor's degree in Liberal Arts in 1986.

Managing Directors

Lau Jin Tin, Don

Mr. Lau was appointed as a managing Director on April 10, 2013 and is one of the Responsible Officers of the REIT Manager. Mr. Lau has extensive experience in corporate finance, risk management, and property investment and management.

Prior to joining the REIT Manager, he was the deputy group financial controller of both Yuexiu Enterprises (Holdings) Limited and Yuexiu Property Company Limited where his main responsibilities included the active structuring, sourcing and management of equity and debt capital to finance the properties and other projects held by the Yuexiu’s group of companies. Mr. Lau’s experience also included managing the group’s risk exposure as well as hedging their asset and liability portfolios. From 2005 to 2010, he was also the deputy chief executive officer and one of the responsible officers of Yuexiu REIT Asset Management Limited. Mr. Lau was one of the key members in executing the listing of Yuexiu REIT on the Hong Kong Stock Exchange (Stock Code: 0405). Soon after its listing, he continued to spearhead Yuexiu REIT’s operations and business expansion. He was actively involved in the performance and direction of Yuexiu REIT and oversaw matters relating to compliance, investment and financial decisions.

Mr. Lau obtained a Master’s degree in Applied Finance from Macquarie University.

He is a responsible officer licensed under the SFO to carry on type 9 regulated activities.

Nobumasa Saeki

Mr. Saeki was appointed as a managing Director of the REIT Manager on April 10, 2013 and is one of the Responsible Officers of the REIT Manager. Mr. Saeki is principally responsible for supervising property management for Spring REIT, including: (i) formulating leasing strategy and authorizing all the lease terms to maximize the rental income of the Property; (ii) setting budgets and monitoring of maintenance activities related to the Property; (iii) overseeing day-to-day cash operations of the Property, together with local team members and the Property Manager; and (iv) procuring valuations of the Property and reviewing and analyzing appraisal reports.

He was a senior vice president of AD Capital from September 2008 until January 2012 at which time he became a managing director of AD Capital. Prior to that, he was the group head of overseas investment group of Re-Plus Inc., a company listed on the Tokyo Stock Exchange, from July 2007 to September 2008. He was also a vice president of The Tokyo Star Bank, Limited from August 2004 to July 2007, an assistant vice president of GMAC Commercial Mortgage Japan K.K. from July 2002 to August 2004 and an associate director of UBS Warburg Securities Japan Ltd. from March 2000 to July 2002.

Mr. Saeki obtained a Bachelor’s degree in Economics from the University of Tokyo in 1993.

He is a responsible officer licensed under the SFO to carry on type 9 regulated activities.

Independent non-executive Directors

Simon Murray

Mr. Murray was appointed as an independent non-executive Director of the REIT Manager on November 20, 2013. He has been the chairman of General Enterprise Management Services Limited, a private equity fund management company founded by him, since 1998. He has also been: (i) an independent non-executive director of Cheung Kong (Holdings) Limited (a company listed on the Hong Kong Stock Exchange (Stock Code: 0001)) since August 1993; (ii) an independent non-executive director of Orient Overseas (International) Limited (a company listed on the Hong Kong Stock Exchange (Stock Code: 316)) since July 1992; (iii) a non-executive director of

Greenheart Group Limited (a company listed on the Hong Kong Stock Exchange (Stock Code: 94)) since August 2010; (iv) a non-executive director of IRC Limited (a company listed on the Hong Kong Stock Exchange (Stock Code: 1029)) since November 2010; (v) a non-executive director of Compagnie Financiere Richemont SA (a company listed on Swiss Exchange) since October 2003; and (vi) an independent non-executive director of Essar Energy plc (a company listed on the London Stock Exchange) since April 2010 and later appointed as the vice chairman of that company in July 2012.

Mr. Murray was the non-executive chairman of Glencore International plc (a company dually listed on the London Stock Exchange and the Hong Kong Stock Exchange (stock code: 805)) from April 2011 to April 2013. He was also a non-executive director of Vodafone Group Plc between July 2007 and July 2010 and an independent director of Sino-Forest Corporation (a company listed on the Toronto Stock Exchange) between June 1999 and January 2013.

Mr. Murray holds an honorary degree of Doctor of Laws from Bath University.

Tin Sek Tang

Dr. Tang was appointed as an independent non-executive Director of the REIT Manager on November 20, 2013. Dr. Tang is a Certified Public Accountant practicing in Hong Kong and a partner of Terence Tang & Partners. He has over 32 years of experience in corporate finance, business advisory, financial management and auditing.

Dr. Tang has been an independent non-executive director of CEC International Holdings Limited (a company listed on the Hong Kong Stock Exchange (stock code: 759)) since June 2003, after serving as an executive director of that company from September 1999 to December 1999 and as a non-executive director of that company from January 2000 to June 2003. He has also been an independent non-executive director of Sinofert Holdings Limited (a company listed on the Hong Kong Stock Exchange (stock code: 297)) since 2000.

Dr. Tang is a member of the Chinese Institute of Certified Public Accountants, the Institute of Chartered Accountants in Australia and the Chartered Association of Certified Accountants in the United Kingdom. He obtained a Bachelor of Science degree from the University of Hong Kong in 1980, a Master of Business Administration degree from the University of Sydney, Australia in 1990 and a Doctor of Accountancy degree from the Hong Kong Polytechnic University in 2004.

Liping Qiu

Mr. Qiu was appointed as an independent non-executive Director of the REIT Manager on November 20, 2013. Mr. Qiu is a co-founder of Milestone Capital, a China-focused private equity investment company. Since February 2002, he has been the general partner of Milestone China Opportunities Fund I and Fund II, L.P., both being partnerships that invest primarily in high-growth Chinese companies. He has also been a director of the board of Trina Solar Limited, a company listed on the New York Stock Exchange, since 2006.

Mr. Qiu received his Bachelor's degree and Master's degree in Engineering from the National University of Defense Technology of China.

Independence of independent non-executive Directors

In assessing the independence of an independent non-executive Director, the Board will take into account the following factors, none of which is necessarily conclusive. Independence is more likely to be questioned if the Director:

(a) holds more than 1% of the total issued units in Spring REIT (including Units held legally or beneficially by the Director, together with the total number of Units which may be issued to the Director or his nominee upon the exercise of any outstanding options, convertible securities and other rights (whether contractual or otherwise) to call for the issue of Units) or more than 1% of the total issued share capital of the REIT Manager. Any candidate for appointment who holds an interest of more than 1% must satisfy the Nomination Committee, prior to the appointment, that he or she is independent. A candidate holding 5% or more would not normally be considered to be independent;

(b) has received an interest in the Units as a gift, or by means of other financial assistance, from Spring REIT or a connected person of Spring REIT (however, subject to the limit set out in (a) above). The Director will still be considered independent if he/she receives Units from Spring REIT (but not from connected persons of Spring REIT) as part of his/her Director's fee or pursuant to any option schemes established by Spring REIT or the REIT Manager;

(c) is a director, partner or principal of a professional advisor which currently provides or has within one year immediately prior to the date of his/her proposed appointment provided services, or is an employee of such professional advisor who is or has been involved in providing such services during the same period, to:

   (i) Spring REIT or any connected person of Spring REIT (including but not limited to the Significant Holders); or

   (ii) any person who was a Significant Holder, a chief executive or a Director (other than an independent non-executive Director) of the REIT Manager within one year immediately prior to the date of the proposed appointment, or any of their associates;

(d) has a material interest in any principal business activity of or is involved in any material business dealings with Spring REIT or any connected person of Spring REIT;

(e) is on the board specifically to protect the interests of an entity whose interests are not the same as those of the Unitholders of Spring REIT as a whole;

(f) is or was connected with a Director or the chief executive of the REIT Manager, or a significant holder of Spring REIT, within two years immediately prior to the date of his/her proposed appointment;

(g) is, or has at any time during the two years immediately prior to the date of his/her proposed appointment been, an executive or Director (other than an independent non-executive Director) of the REIT Manager, its holding company or any of their respective subsidiaries or any other connected person of Spring REIT; or

(h) is financially dependent on Spring REIT or any connected person of Spring REIT.

The factors set out in this section are included for guidance only and are not intended to be exhaustive. The Board may take into account any factors relevant to a particular case in assessing independence.

Please refer to the full details of the assessment of the independence of the independent non-executive Directors set out in the compliance manual of the REIT Manager (a copy of which is available for inspection in accordance with Appendix VII to this Document).

ROLES OF THE EXECUTIVE OFFICERS OF THE REIT MANAGER

The **Head of Asset Management** is primarily responsible for: (i) formulating the business plans of Spring REIT's properties with short, medium and long-term objectives and with a view to maximizing the rental income of Spring REIT via active asset management; (ii) formulating asset enhancement strategies and plans; (iii) monitoring and supervising the performance of the Property Manager and the Building Manager and the management of the Property under the Property Management Supervision Agreement; and (iv) ensuring that the assets of Spring REIT are regularly valued according to market practice and in accordance with the regulatory requirements.

The **Head of Finance and Accounting** is primarily responsible for the financial management of Spring REIT and ensuring effective and efficient financial management, including statutory reporting, financial and management accounting, taxation, and cash flow management. He also maintains capital expenditure controls by overseeing the development of annual plans and monitoring approved expenditures against the plans. He is responsible for managing Spring REIT's borrowings, cash flow, assets and liabilities and other financial matters.

The **Head of Investment and Investor Relations** is primarily responsible for: (i) identifying and evaluating potential acquisitions or investments consistent with Spring REIT's investment strategy with a view to enhancing Spring REIT's portfolio or divestments where a property is no longer strategic or fails to enhance the value of Spring REIT's portfolio; (ii) analyzing the impact on the portfolio of acquisition and development opportunities and their financing and ensuring that Spring REIT's exposure to risk is appropriately managed; (iii) overseeing the due diligence process in potential acquisitions or disposals of real estate assets; and (iv) managing relationships with the media and conducting all communications with Unitholders and other key stakeholders with the aim of upholding high transparency standards.

The **Head of Compliance** is primarily responsible for: (i) ensuring that in managing the affairs of Spring REIT, the REIT Manager shall comply with the Trust Deed, the REIT Code, the [●], the rules and regulations of the [●] (where applicable), the SFO, and other applicable laws, regulations and rules; (ii) ensuring that the REIT Manager is kept up-to-date with any changes in applicable rules and regulations that relate to compliance matters; (iii) establishing an effective compliance framework and conducting regular compliance reviews to monitor its implementation; and (iv) identifying contingency events and escalating them to the appropriate level within the REIT Manager.

The **Internal Auditor** is primarily responsible for: (i) reviewing the accuracy and completeness of records of all operations and transactions of Spring REIT and ensuring that the REIT Manager's internal control system functions properly; (ii) identifying contingency events and escalating them to the appropriate level within the REIT Manager; and (iii) reviewing and making recommendations to the Board or the Audit Committee (as the case may be) to ensure effective segregation of duties and operation functions of the REIT Manager and effectiveness and accuracy of the reporting of irregularities and infringements of the REIT Manager's operational and compliance procedures.

The Internal Auditor of the REIT Manager will be outsourced to BDO Financial Services Limited, an independent third party. Under the outsourcing arrangements between the REIT Manager and the Internal Auditor, the Internal Auditor, who will generally be engaged to perform the internal audit function for a period of time in accordance with the management's instructions, will be paid a fee (calculated on a project basis and paid out of the Deposited Property) by the REIT Manager for discharging such obligations. Further information regarding the Internal Auditor and the reasons for their selection is contained in the section headed "Corporate Governance" in this Document.

SENIOR EXECUTIVES

Information on the business and working experience of the senior executives of the REIT Manager is set out below:

Lau Jin Tin, Don

Mr. Lau is a managing Director, one of the Responsible Officers of the REIT Manager and the head of finance and accounting. Information on his business and working experience has been set out in the section headed "Directors" above.

Nobumasa Saeki

Mr. Saeki is a managing Director, one of the Responsible Officers of the REIT Manager and the head of asset management. Information on his business and working experience has been set out in the section headed "Directors" above.

Chung Wai Fai

Mr. Chung was appointed as a senior vice president, one of the Responsible Officers of the REIT Manager in March 2013 and is the head of investment and investor relations.

Mr. Chung has more than nine years of experience in asset management and investment research in the Asia ex-Japan region. Prior to joining the REIT Manager, Mr. Chung was a senior fund manager and responsible officer of Imperial Capital Limited where he was involved in launching an absolute-return Asia ex-Japan equity fund and assumed responsibilities in product development and strategy formulation. Previously, Mr. Chung was a fund manager of iVenture Investment Management Limited and was actively involved in investment idea generation, equity research, macroeconomic analysis, and day-to-day portfolio management of its absolute-return Asia ex-Japan equity fund. Mr. Chung started his career at PricewaterhouseCoopers as an audit associate, performing statutory audit works for companies in Hong Kong and mainland China.

Mr. Chung obtained a bachelor degree in business administration in finance from Hong Kong University of Science and Technology in 2003.

He is a responsible officer licensed under the SFO to carry on type 9 regulated activities.

Alice Yu

Ms. Yu was appointed the compliance manager of the REIT Manager in April 2013 and is the head of compliance.

Prior to joining the REIT Manager, Ms. Yu acted as a responsible officer in various assignments including: Ohra Capital Partners Limited from 2010 to 2013; FB Investment Management Limited from 2007 to 2009; Qi Yuan Asset Management (H.K.) Limited from 2002 to 2007. She was the investment manager of Hang Seng Investment Management Limited from 1997 to 1999. From 1994 to 1997, she was a portfolio manager of Daiwa International Capital Management (HK) Limited.

Ms. Yu obtained a bachelor's degree in arts from the University of Hong Kong in November 1987. She finished the ICA international diploma in compliance with merit result in 2012 and has been a professional member (MICA) of International Compliance Association since then. She undertook a corporate governance compliance training program and was awarded a certificate in directorship from the Hong Kong Baptist University in 2007.

Board Committees

The Board has the power to delegate to committees consisting of such numbers of its body as it thinks fit. Various committees have been established to assist the Board in discharging its responsibilities. The committees of the Board have been set up with clear terms of reference to review specific issues or items and then to submit their findings and recommendations to the full Board for consideration and endorsement. Unless the decision making power has been vested in the relevant committee by the Board, the ultimate responsibility for making final decisions rests with the full Board and not the committees.

The committees of the Board are currently as described in the section headed "Corporate Governance" in this Document.

FEES, COSTS AND EXPENSES OF THE REIT MANAGER

The REIT Manager is entitled to receive the following fees under the Trust Deed:

(a) a Base Fee of 0.4% per annum of the value of the Deposited Property;

(b) a Variable Fee of 3.0% per annum of the Net Property Income (before deduction therefrom of the Base Fee and the Variable Fee);

(c) an Acquisition Fee not exceeding 1.0% (and being 1.0% as of the date of the Trust Deed) of the purchase price of each real estate asset acquired, directly or indirectly, by Spring REIT; and

(d) a Divestment Fee not exceeding 0.5% (and being 0.5% as of the date of the Trust Deed) of the sale price of each real estate asset sold or divested, directly or indirectly, by Spring REIT.

Base Fee

The REIT Manager will be entitled to receive the Base Fee, commencing from and including the [●], for its own account out of the Deposited Property. The Base Fee will be paid to the REIT Manager in cash or, at the election of the REIT Manager, entirely in the form of the Units or partly in cash and partly in the form of the Units. The REIT Manager shall make elections for the payment of the Base Fee in cash and/or Units, annually, on or before January 15, in each calendar year by way of notice in writing to the Trustee and an announcement to the Unitholders, such election to be irrevocable during the calendar year in which it was made. In the event that the REIT Manager fails to make such an election in any calendar year, the Base Fee shall be paid in cash. When paid in the form of the Units, the REIT Manager shall receive such number of Units as may be purchased for the relevant amount of the REIT Manager's Base Fee at a price equivalent to the price determined by the REIT Manager as being the average closing price of the Units in the 10 trading days immediately preceding the date on which the relevant Units are issued to the REIT Manager. If the relevant thresholds for issue of Units without Unitholders' approval are exceeded and the Unitholders' approval is not obtained, then payment of that excess part of the REIT Manager's Base Fee will be paid to the REIT Manager in the form of cash. For the purpose of calculating the Base Fee, the value of the Deposited Property shall be taken as the valuation as of the latest published interim report (if any) of Spring REIT or the latest published audited annual accounts available at the time that the calculation is made. The Base Fee shall be calculated quarterly as of the close of business on the last Business Day of each calendar quarterly, and allocated rateably for any partial periods. The REIT Manager shall submit an invoice with such computation of the Base Fee to the Trustee within 15 calendar days (or such later date as agreed by the REIT Manager and the Trustee) of the end of each calendar quarter, or partial period. Any invoice submitted shall be subject to the review and clearance by the Trustee and the Trustee shall pay the Base Fee to the REIT Manager within 5 calendar days of the Trustee's receipt of the REIT Manager's invoice. If the aggregate of the Base Fee paid quarterly to the REIT Manager exceeds the Base Fee due to the REIT Manager in respect of the relevant financial year calculated based on the audited annual accounts for that financial year, then the REIT Manager shall pay Spring REIT the difference in cash within 30 days after the publication of such audited annual accounts. If the aggregate of the Base Fee paid quarterly to the REIT Manager is less than the Base Fee due to the REIT Manager in respect of the relevant financial year calculated based on the audited annual accounts for that financial year, then Spring REIT shall pay the REIT Manager the difference within 30 days after the publication of such audited annual accounts in cash. An announcement will be made by the REIT Manager in relation to such adjustment (if any).

The REIT Manager shall be entitled to alter the rate of the Base Fee to some smaller percentage than that provided by notice to the Trustee in writing provided that the REIT Manager shall give written notice of any alteration of such rate to a higher percentage within the permitted limit to all Unitholders and the Trustee, not less than three months prior to the date of effect thereof. Any increase in the rate of the Base Fee above the rate of 0.4% per annum of the value of Deposited Property or any change in the structure of the Base Fee must be approved by a Special Resolution of the Unitholders.

Variable Fee

With effect from and including the [●], the REIT Manager will be entitled to receive for its own account out of the Deposited Property the amount of the Variable Fee accrued to it. The Variable Fee will be paid to the REIT Manager in the form of cash or, at the election of the REIT Manager, be paid entirely in the form of the Units or partly in cash and partly in the form of the Units. The REIT Manager may make elections for the payment of the Variable Fee in cash and/or Units, annually, on or before January 15, in each calendar year by way of notice in writing to the Trustee and an announcement to the Unitholders, such election to be irrevocable during the calendar year in which it was made. In the event that the

REIT Manager fails to make such an election in any calendar year, the Variable Fee shall be paid in cash. When paid in the form of the Units, the REIT Manager shall receive such number of Units as may be purchased for the relevant amount of the REIT Manager's Variable Fee at a price equivalent to the price as determined by the REIT Manager as being the average closing price of the Units in the 10 trading days immediately preceding the date on which the relevant Units are issued to the REIT Manager.

If the relevant thresholds for issue of Units without Unitholders' approval are exceeded and the Unitholders' approval is not obtained, then payment of that excess part of the REIT Manager's Variable Fee will be paid to the REIT Manager in the form of cash.

The Variable Fee payable to the REIT Manager in respect of property will be an annual amount equal to 3.0% per annum of the net property income of that property (before deduction therefrom of the Base Fee and the Variable Fee).

Any increase in the Variable Fee above the rate of 3.0% per annum or any change in the structure of the Variable Fee must be approved by a Special Resolution of the Unitholders.

The REIT Manager shall at the end of each quarter of each financial year compute the Variable Fee for the quarter, based on management accounts of Spring REIT (if that real estate is directly owned by the Trustee) or the relevant special purpose vehicle (if the real estate is owned by a special purpose vehicle), and the Variable Fee shall be paid to the REIT Manager (in the form of cash and/or Units, as the case may be) quarterly, subject to adjustment according to the provision of the Trust Deed. An announcement will be made by the REIT Manager in relation to such adjustment (if any).

Where any part of the Variable Fee is to be paid in Units in respect of the last calendar quarter of any distribution period or financial year for which an interim distribution or final distribution (as the case may be) will be paid, such Units shall not be issued to the REIT Manager until after the record date for such interim distribution or final distribution (as the case may be). Where any such distribution period is shorter than three months, all Units to be issued by way of payment of the Variable Fee to the extent referable to such distribution period shall not be issued until after the record date for such distribution.

Limitation on Payment of Base Fee and Variable Fee in Units

When the Base Fee and/or the Variable Fee is (are) paid in the form of Units, (a) the maximum number of Units that may be issued to the REIT Manager as payment of all or part of the Base Fee and Variable Fee for each financial year shall be limited to such number of Units as represents 3.0% of the total number of Units outstanding as at the last day of the immediately preceding financial year plus the number of Units (if any) issued in the relevant financial year for the purposes of financing any acquisition of real estate by Spring REIT; and (b) in the event payment is to be made in the form of Units and (i) the relevant thresholds for the issuance of outstanding Units without Unitholders' approval (including the threshold of 20% (or such other percentage as permitted by the REIT Code) of outstanding Units that the REIT Manager may issue in each financial year without Unitholders' approval pursuant to the REIT Code, and any other limit or threshold specified in any waiver from strict compliance with the REIT Code granted by the SFC) are exceeded and Unitholders' approval is not obtained, or (ii) any thresholds for triggering a mandatory offer under the Takeovers Code will be reached as a result, then payment of that excess part of the Base Fee or the Variable Fee (as the case may be) shall be paid in the form of cash instead of Units.

Acquisition Fee and Divestment Fee

The REIT Manager is also entitled to receive the following fees:

Acquisition Fee

An Acquisition Fee not exceeding the rate of 1% (and being 1% as of the date of the Trust Deed) of the acquisition price of any real estate acquired directly or indirectly by Spring REIT (pro-rated if applicable to the proportion of Spring REIT's interest in the real estate acquired) is payable to the REIT Manager as soon as practicable after completion of the acquisition. No Acquisition Fee shall be payable out of Spring REIT to the REIT Manager in relation to Spring REIT's acquisition of the Property through its purchase of RCA01 Shares.

Any increase in the Acquisition Fee above the rate mentioned in the preceding paragraph or any change in the structure of the Acquisition Fee must be approved by a Special Resolution of the Unitholders. The Acquisition Fee will be paid to the REIT Manager in the form of cash or, at the election of the REIT Manager, be paid entirely in the form of Units or partly in cash and partly in the form of Units. When paid in the form of Units, the REIT Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Acquisition Fee at the issue price of the Units issued to finance or part finance the acquisition of such real estate assets in respect of which the Acquisition Fee is payable or, where Units are not issued to finance or part finance such acquisition, at the issue price which is equal to the highest of:

(a) the average closing price of the Units on the [●] for the 10 trading days immediately prior to the date of entry into of the agreement for such acquisition;

(b) the average closing price of the Units on the [●] for the 10 trading days immediately prior to the date of the announcement in respect of such acquisition; and

(c) the average closing price of the Units on the [●] for the 10 trading days immediately prior to the date of completion of such acquisition;

in each case rounded down to the nearest whole number of the Units and with any remaining amount to be paid in cash. If the relevant thresholds for issue of Units without Unitholders' approval are exceeded and the Unitholders' approval is not obtained, then payment of that part of the Acquisition Fee will be paid in the form of cash.

Divestment Fee

A Divestment Fee not exceeding the rate of 0.5% (and being 0.5% as of the date of the Trust Deed) of the sale price of any real estate asset sold or divested directly or indirectly by Spring REIT (pro-rated if applicable to the proportion of Spring REIT's interest in the real estate sold). The Divestment Fee is payable as soon as practicable after completion of the divestment.

Any increase in the Divestment Fee above the rate mentioned in the preceding paragraph or any change in the structure of the Divestment Fee must be approved by a Special Resolution of the Unitholders. The Divestment Fee will be paid to the REIT Manager in the form of cash or, at the election of the REIT Manager, be paid entirely in the form of the

Units or partly in cash and partly in the Units. When paid in the form of the Units, the REIT Manager shall be entitled to receive such number of the Units as may be purchased for the relevant amount of the Divestment Fee at the issue price which is equal to the highest of:

(a) the average closing price of the Units on the [●] for the 10 trading days immediately prior to the date of entry into of the agreement for such divestment;

(b) the average closing price of the Units on the [●] for the 10 trading days immediately prior to the date of the announcement in respect of such divestment; and

(c) the average closing price of the Units on the [●] for the 10 trading days immediately prior to the date of completion of such divestment;

in each case rounded down to the nearest whole number of the Units and with any remaining amount to be paid in cash. If the relevant thresholds for issue of Units without Unitholders' approval are exceeded and the Unitholders' approval is not obtained, then payment of that part of the Divestment Fee will be paid in the form of cash.

The Trustee, acting in consultation with the REIT Manager, may rely on the recommendation of tax advisors and authorize the payment of any Acquisition Fee or Divestment Fee, either at the level of Spring REIT or at the level of the relevant special purpose vehicle.

The divestment of Spring REIT's interest in the Property may include, but is not limited to, a disposal of Spring REIT's shareholding in RCA01 or a direct sale of the Property held by RCA01. The PRC Legal Advisor has confirmed that, given that Spring REIT has valid ownership of all of the issued shares in RCA01 and RCA01 has good marketable legal and beneficial title to the Property, there are no restrictions or regulatory approval requirements under PRC laws that may impede or restrict the sale of Spring REIT's shareholding in RCA01 or the sale of the Property by RCA01 (except that RCA01 must obtain written consent from the mortgagee of the Property or discharge the mortgage over the Property prior to such sale).

REIT Manager's right to reimbursement

The REIT Manager is entitled to apply, or to be reimbursed from, the Deposited Property (at such times and over such periods as the Trustee and the REIT Manager may determine in any particular case) for all liabilities that may be properly suffered or incurred by the REIT Manager in the performance of its obligations or the exercise of its powers under the Trust Deed, or otherwise arising out of or in connection with the Trust Deed or other constitutive documents save where such action, cost, claim, damage, expense or demand is caused by the fraud, negligence, willful default, breach of trust, breach of the REIT Code, applicable laws or regulations, or breach of the Trust Deed or other constitutive documents, by the REIT Manager or any employee, officer, director, servant, agent or delegate of the REIT Manager of the REIT Code or other applicable laws or regulations, or breach of any constitutive documents of Spring REIT (including the Trust Deed), including, to the extent permitted by the REIT Code or any applicable law, costs and expenses for promotion, roadshow, marketing press conferences luncheons, presentations, and public - relations related fees, costs or expenses incurred in relation to any fund raising exercise by Spring REIT or otherwise in connection with Spring REIT, as permitted in the Trust Deed and as disclosed in this Document.

RETIREMENT OR REMOVAL OF THE REIT MANAGER

The REIT Manager may retire as manager of Spring REIT at any time after giving 60 days' written notice, or any other period of notice as agreed to by the Trustee, to the Trustee provided that, and subject to:

(a) the REIT Manager selecting a new manager of Spring REIT which is duly qualified under the REIT Code, licensed under the SFO, and acceptable to the Trustee, the SFC and the [●]; and

(b) the requirement in the REIT Code that such retirement will not adversely affect the interests of the Unitholders in any material respect.

The retirement of the REIT Manager will not be effective until the appointment of a new manager is effective pursuant to a deed of retirement and appointment amongst the Trustee, the REIT Manager and the new manager.

Also, the REIT Manager may be removed by prior notice given in writing by the Trustee if:

(a) the REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of its assets or a judicial manager is appointed in respect of the REIT Manager (or any analogous process occurs or any analogous person is appointed in respect of the REIT Manager);

(b) the REIT Manager ceases to carry on business;

(c) the REIT Manager fails or neglects after reasonable notice from the Trustee to carry out or satisfy any material obligation imposed on the REIT Manager by the Trust Deed;

(d) the SFC withdraws its approval of the REIT Manager to act as the manager of Spring REIT;

(e) an ordinary resolution is passed by the Unitholders to dismiss the REIT Manager; or

(f) for good and sufficient reason(s), the Trustee states in writing that a change in management company is desirable in the interest of the Unitholders.

If the REIT Manager is removed by the Trustee in the circumstances mentioned above, the Trustee shall (with, for so long as Spring REIT is authorized by the SFC, the prior written consent of the SFC) appoint another corporation to be the new manager of Spring REIT.

If the REIT Manager's removal is effected at the written request of the Unitholders as described in paragraph (e) above, the REIT Manager will have the right to deliver to the Trustee, within 14 days of the date of its removal, a written representation addressed to the Unitholders (the "**Manager's Letter of Representation**") concerning its removal. The Trustee shall, at the costs and expenses of Spring REIT, send a copy of the REIT Manager's Letter of Representation to each Unitholder.

Notwithstanding the foregoing, Spring REIT shall terminate if, for any reason, there is no manager of Spring REIT for a period of more than 60 calendar days or such other longer period as the Trustee considers appropriate. Please refer to the section headed "The Trust Deed — Termination of Spring REIT" in this Document for details in respect of the termination of Spring REIT.

EXCLUSION OF LIABILITY

In the absence of fraud, negligence, willful default, breach of trust, breach of the REIT Code, applicable laws or regulations, or breach of the Trust Deed or other constitutive documents (to which it is a party) by the REIT Manager (including its employees, officers, directors, servants, agents and delegates as well as any agents and delegates appointed by the Trustee at the direction of the REIT Manager), the REIT Manager shall not incur any liability to Spring REIT, the Trustee, the Unitholders or any person by reason of any error of judgment or any matter or thing done or suffered or omitted to be done by it in good faith under the Trust Deed. In addition, the REIT Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as REIT Manager to have recourse to the assets of Spring REIT or any part thereof, save where such action, cost, claim, damage, expense or demand is caused by the fraud, negligence, willful default, breach of trust, breach of the REIT Code, applicable laws or regulations, or breach of the Trust Deed or other constitutive documents, by the REIT Manager or any employee, officer, director, servant, agent or delegate of the REIT Manager.

The REIT Manager may, to the extent permitted by applicable regulatory requirements, delegate to any person as it thinks fit specific aspects (but not the whole) of the management and the administration of the assets of Spring REIT and any of the rights, trusts and discretions granted to the REIT Manager under the Trust Deed. Notwithstanding the foregoing, the REIT Manager shall be fully liable to the Trustee (in its capacity as trustee of Spring REIT), for all losses, liabilities, damages, costs and expenses suffered or incurred by Spring REIT arising from all the acts and omissions of its delegates and agents (including delegates or agents appointed by the Trustee at the direction of the REIT Manager) as if the relevant act or omission had been performed by the REIT Manager itself.

HOLDING OF UNITS BY AND INDEPENDENCE OF THE REIT MANAGER

The REIT Manager aspires to be a truly independent professional real estate investment manager. Except pursuant to the option to elect to receive payment of all or part of its fees in the form of Units, it is the REIT Manager's intention not to otherwise acquire Units.

THE PROPERTY MANAGER

The Property Manager, Beijing Hua-re Real Estate Consultancy Co., Ltd., was established in the PRC on July 13, 2006 and is licensed to perform leasing, brokerage and property management activities in Beijing. The Property Manager has been managing the Property since August 2006.

As of the Latest Practicable Date, the Property Manager was owned by AD Capital, Langfang Development Zone Hua-kun Information Consultancy Co., Ltd. (廊坊開發區華坤信息諮詢服務有限公司) and Langfang Development Zone Xinhua Jiaye Investment Consultancy Co., Ltd. (廊坊開發區鑫化嘉業投資諮詢有限公司) as to 40%, 40% and 20%, respectively. Therefore, the Property Manager is a connected person of Spring REIT. To the best knowledge of the Directors, each of Langfang Development Zone Hua-kun Information Consultancy Co., Ltd., Langfang Development Zone Xinhua Jiaye Investment Consultancy Co., Ltd. and their respective ultimate owners is an Independent Third Party.

Currently, the Property Manager manages no properties other than the Property and has a team of operational staff exclusively dedicated to providing property management services to the Property.

The Property Management Agreement

Under the Property Management Agreement entered into between RCA01 and the Property Manager on August 30, 2011, the Property Manager has agreed to provide the following services with respect to the Property for an initial term of two years from September 1, 2011 to August 31, 2013, which term was automatically renewed on the same terms for another two years upon the expiry of the initial term:

(i) *Lease management services*. The Property Manager is authorized to identify tenants and enter into lease agreements in the capacity as an agent of RCA01. The Property Manager is required to seek the prior approval from RCA01 before entering into any lease agreements which modify any provision of the standard lease agreements. The Property Manager submits a report to RCA01 monthly or upon request, summarizing the rental income, new lease agreements entered into, leases terminated and other important items each month.

(ii) *Building management services*. The Property Manager is authorized to select a competent building manager to provide building management services, and supervise the work provided by the building manager.

(iii) *Cash management services*. The Property Manager is authorized to collect rents from tenants and transfer the proceeds to an account designated by RCA01, manage the account books and records, arrange payments for costs and expenses concerning the operation of the Property out of the operating account and transfer the fund to the designated offshore account under the supervision of the REIT Manager. The Property Manager provides the cash flow statements of the Property and reports the actual revenues and expenditures of the Property to RCA01 at the end of each month.

Each of RCA01 and the Property Manager has the right to terminate the Property Management Agreement with immediate effect by giving written notice to the other party in the event of any of the following:

- a party is voluntarily or involuntarily dissolved or declared bankrupt, becomes insolvent, makes any decision to go into bankruptcy or dissolution, gives notification to convene a meeting to adopt a resolution on bankruptcy or dissolution (other than a voluntary liquidation conducted for the purpose of reorganization or restructuring), an administrator or relevant judicial personnel has been authorized to wind the relevant party up in accordance with the relevant legal procedure;
- a party stops its business; or
- the operation and management of the Property encounters or is likely to encounter serious obstacles for any reasons.

RCA01 is able to terminate the Property Management Agreement with immediate effect by giving written notice to the Property Manager in the event of, among other things, any of the following:

- the Property Manager breaches any material provisions of the Property Management Agreement and fails to cure the breach within 20 working days of the receipt of a written request from RCA01 to cure such breach; and
- the Property Manager's property, credit or business is subject to significant change, causing RCA01 to reasonably believe that it would be difficult for the Property Management Agreement to continue.

In addition, RCA01 is entitled to terminate the Property Management Agreement at any time by giving the Property Manager at least 60 days' advance written notice.

Under the Property Management Agreement, the Property Manager will be entitled to receive, from RCA01, the management service fees equivalent to 2% of the total revenues of the Property on a monthly basis.

BUILDING MANAGER

The Property Manager has delegated to Beijing CCP & Savills Property Services Management Co., Ltd., the Building Manager, the handling of certain aspects of management of the Property on a non-exclusive basis for an initial period of January 1, 2012 to December 31, 2012, which was automatically renewed to December 31, 2013, pursuant to the Building Management Agreement. The REIT Manager intends to cause RCA01 and the Property Manager to renew the Building Management Agreement upon its expiration on December 31, 2013. In the event that the Building Management Agreement cannot be renewed for whatever reason, the REIT Manager will cause RCA01 and the Property Manager to appoint another building manager.

The Building Manager is a joint venture between Savills (China) Co., Ltd. and third parties. The Building Manager has a general power of management in relation to the Property in accordance with the provisions of the Building Management Agreement. The Building Manager's scope of responsibilities under the Building Management Agreement include, among other things, the maintenance, repair and upkeep of common areas, common facilities and public structures, the operation of the building services systems and the maintenance of building security. Pursuant to the Building Management Agreement, the fees for the Building Manager are paid by the tenants of the Property directly.

Under the Building Management Agreement, the Building Manager agrees that the Property Manager and RCA01 have the right, among others, to receive monthly management reports, to approve the building management budget, to inspect and supervise the daily management and quality of service, to require prompt explanations, and to appoint a professional agency to conduct audits. The REIT Manager will supervise the Building Manager through (i) Spring REIT's ownership of 100% of the issued shares in RCA01, (ii) RCA01's rights under the Property Management Agreement and the Building Management Agreement, (iii) the maintenance of the appointment, at the recommendation of the REIT Manager to the Trustee, of Mr. Nobumasa Saeki, a Responsible Officer of the REIT Manager (or other nominee of the REIT Manager), as the sole director of RCA01, (iv) the REIT Manager's rights against RCA01 under the Property Management Supervision Agreement and (v) the services (including the monitoring and supervision of the Building Manager) to be provided by AD Capital and AD Capital Beijing to the REIT Manager under the Property Management Supervision Agreement.

Immediately after the completion of the [●], RCA Fund will hold approximately [60.0]% of Spring REIT. RCA Fund intends to make a distribution in cash or distribution in-specie of Units to some of its limited partners approximately one month after the completion of the [●], provided that the limited partners receiving such Units shall agree to a lock-up of the distributed Units up to the date ending on and including the date which is six months after the [●].

RCA Fund is a Cayman Island exempted limited partnership whose registered office is at PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands. The operation of RCA Fund is governed by a limited partnership agreement ("LPA"). As of the Latest Practicable Date, the sole general partner of RCA Fund is RCAC, a Cayman Islands exempted company. Pursuant to the LPA, the management, control and operation of, the determination of the policy with respect to RCA Fund and its investments, are exclusively vested in RCAC, which only holds a nominal limited partnership interest in RCA Fund. Pursuant to the LPA, the voting rights of the limited partners are limited to: (i) voting with respect to the removal of the general partner of RCA Fund (being RCAC); and (ii) voting with respect to certain modifications of or amendments to the LPA. The limited partners are not permitted to take part in the conduct of the business of RCA Fund. In other words, all the limited partners of RCA Fund are passive investors. As of the Latest Practicable Date, the limited partners of RCA Fund comprise Japanese banks, Japanese corporations, pension funds, custodians and high net worth individuals. None of the limited partners will, immediately upon completion of the [●], hold an interest in 5% or more of the issued Units. However, if RCA Fund elects to make a distribution in-specie of Units to its limited partners, some of the limited partners of RCA Fund may hold an interest in 5% or more of the issued Units. Under the Trust Deed and by virtue of the deemed application of [●], the limited partners of RCA Fund (in their capacity as Unitholders) will have a notifiable interest if their holdings of Units reach or exceed [●], and which is 5.0% as of the date of this Document) of the Units then in issue, and will be required to notify the [●] and the REIT Manager of their holdings in Spring REIT. RCAC does not carry on any business other than acting as general partner of RCA Fund and it has appointed AD Capital to provide management services to RCA Fund. The ordinary shares in RCAC are held by MaplesFS in a charitable trust. The sole investment of RCA Fund is its indirect ownership in the Property, through the holding of shares in RCA01.

With the objectives of establishing and maintaining high standards of corporate governance, certain policies and procedures have been put in place to promote the operation of Spring REIT in a transparent manner and with built-in checks and balances. The corporate governance policies of Spring REIT have been adopted having due regard to the requirements under [●], with necessary changes as if those rules were applicable to REITs. Set out below is a summary of the key components of the corporate governance policies that have been adopted and will be followed by the REIT Manager and Spring REIT. Such policies may be amended by a simple majority vote of all of the Directors.

AUTHORIZATION STRUCTURE

Spring REIT is a collective investment scheme authorized by [●] under [●] and regulated by certain laws, regulations and documents including the provisions of the REIT Code. The REIT Manager has been authorized by [●] under [●] to conduct the regulated activity of asset management. The REIT Manager has three persons who are approved as Responsible Officers pursuant to the requirements of [●] and paragraph 5.4 of the REIT Code, at least one of whom is an executive Director of the REIT Manager pursuant to the requirements of [●]. The Managing Director, Mr. Lau Jin Tin, Don, was approved by [●] as an approved person of the REIT Manager pursuant to [●].

The Trustee is registered as a trust company under section 77 of the Trustee Ordinance. The Trustee is qualified to act as a trustee for collective investment schemes authorized under [●] pursuant to the REIT Code.

ROLES OF THE TRUSTEE AND THE REIT MANAGER

The Trustee and the REIT Manager are independent of each other. The Trustee, in its capacity as trustee of Spring REIT, is responsible under the Trust Deed for the safe custody of the assets of Spring REIT on behalf of Unitholders. The REIT Manager's role under the Trust Deed is to manage Spring REIT and its assets in accordance with the Trust Deed in the sole interest of the Unitholders and to fulfill the duties imposed on it under general law as the manager of Spring REIT in particular, to ensure that the financial and economic aspects of Spring REIT's assets are professionally managed in the sole interests of Unitholders.

FUNCTIONS OF THE BOARD OF DIRECTORS OF THE REIT MANAGER

The Board comprises seven members, three of whom are independent non-executive Directors. The Board principally oversees the day-to-day management of the REIT Manager's affairs and the conduct of its business and is responsible for the overall governance of the REIT Manager. The Board exercises its general powers within the limits defined by its constitutional documents, with a view to ensuring that the management discharges its duties and is compensated appropriately, and that sound internal control policies and risk management systems are maintained. The Board will also review major financial decisions and the performance of the REIT Manager. In accordance with the REIT Code, the REIT Manager is required to act in the best interests of Unitholders, to whom it owes a fiduciary duty.

BOARD COMPOSITION

With the aim of creating a board structure that is both effective and balanced, the size of the Board has been set to provide for a minimum of seven Directors and a maximum of nine Directors. Pursuant to the REIT Manager's corporate governance policy, independent non-executive Directors must be individuals who fulfill the independence criteria set out in the compliance manual adopted by the REIT Manager. Please refer to the section headed "The REIT Manager — Independence of independent non-executive Directors" of this Document.

The composition of the Board is determined using the following principles:

- the Chairman of the Board should be a non-executive Director;
- the Board should have a balance of skill and experience appropriate for the requirements of Spring REIT's business and should ensure that changes to its composition can be managed without undue disruption;
- the Board should have a balanced composition of executive, non-executive and independent non-executive Directors so that there is a strong independent element on the Board which can effectively exercise independent judgment;
- the Board should include non-executive Directors of sufficient caliber and number for their views to carry weight;
- at least one-third, and a minimum of three members, of the Board should be independent non-executive Directors and at least one independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise; and
- the re-election and further appointment of any independent non-executive director serving on the Board for nine years shall be subject to a separate Unitholders' resolution.

The positions of Chairman and the managing Directors are held by separate persons in order to maintain an effective segregation of duties. The Chairman leads the Board discussions and deliberations and is responsible for setting the meeting agenda of Board meetings. He ensures that Board meetings are held when necessary. He promotes high standards of corporate governance and maintenance of effective communications with Unitholders. Each of the managing Directors are responsible for the day-to-day management of the REIT Manager and Spring REIT. Each of the managing Directors executes the strategic plans set out by the Board and ensures that the Directors are kept updated and informed of Spring REIT's business via management reports.

The Board composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience and that the Directors being appointed have the relevant expertise and experience in discharging their duties.

Board Committees

The Board has the power to delegate to committees consisting of such numbers of its body as it thinks fit. Various committees have been established to assist the Board in discharging its responsibilities. The committees of the Board have been set up with clear terms of reference to review specific issues or items and then to submit their findings and recommendations to the full Board for consideration and endorsement. Unless the decision making power has been vested in the relevant committee by the Board, the ultimate responsibility for making final decisions rests with the full Board and not the committees. The committees of the Board are currently as follows:

Audit Committee

The Audit Committee is appointed by the Board from among the non-executive Directors and at least one of them shall has appropriate professional qualification or accounting or related financial management expertise. A majority of the members of the Audit Committee are required to be independent non-executive Directors. As of the date of this Document, the members of the Audit Committee are Dr. Tin Sek Tang, Mr. Liping Qiu (each of whom are independent non-executive Directors) and Mr. Hideya Ishino (a non-executive Director). Dr. Tin Sek Tang has been appointed as the initial chairman of the Audit Committee. The Audit Committee is responsible for establishing and maintaining an adequate internal control structure, effective financial reporting and risk management systems and ensuring the quality and integrity of financial statements. The Audit Committee is also responsible for the nomination of independent external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance. The Audit Committee also ensures the existence and working of an effective system of internal control and risk management, in respect of both the REIT Manager and Spring REIT.

The Audit Committee's responsibilities also include:

(a) reviewing [●] of the REIT Manager and the Directors on a half-yearly basis;

(b) reviewing all financial statements and all external audit reports and developing and implementing a policy on the engagement of external auditors to supply non-audit services;

(c) ensuring the internal audit function is adequately resourced and guiding the management to take appropriate actions to remedy any faults or deficiencies in internal controls which may be identified;

(d) assisting the Board in its monitoring of the entity's overall risk management profile and setting guidelines and policies to govern risk assessment and risk management;

(e) periodically reviewing and monitoring all [●] transactions; and

(f) reviewing the REIT Manager and Spring REIT's compliance with legal and regulatory requirements on a regular basis.

Disclosures Committee

The Disclosures Committee is appointed by the Board from among the Directors. The Disclosures Committee consists of three Directors, one of whom is an independent non-executive Director. As of the date of this Document, the members of the Disclosures Committee are Mr. Lau Jin Tin, Don, Mr. Toshihiro Toyoshima and Dr. Tin Sek Tang. Mr. Lau Jin Tin, Don has been appointed as the initial Chairman of the Disclosures Committee. The role of the Disclosures Committee includes reviewing matters relating to the disclosure of information to Unitholders and public announcements. The Disclosures Committee also works with the management of the REIT Manager to ensure that the disclosure of information is accurate, complete and not misleading.

The Disclosures Committee's responsibilities include:

(a) regularly reviewing and making recommendations to the Board on matters of corporate disclosure issues and announcements regarding (without limitation) financial reporting, connected party transactions, and potential areas of conflict of interests;

(b) overseeing compliance with applicable legal requirements and the continuity, accuracy, clarity, completeness and currency of information disseminated by or on behalf of Spring REIT to the public and applicable regulatory agencies;

(c) reviewing and approving all material non-public information and all public regulatory filings of or on behalf of Spring REIT prior to such information being disseminated to the public or filed with applicable regulatory agencies, as applicable;

(d) reviewing periodic and current reports, proxy statements, information statements, registration statements and any other information filed with regulatory bodies;

(e) reviewing press releases containing financial information, information about material acquisitions or dispositions or other information material to Unitholders;

(f) reviewing correspondence containing financial information disseminated to Unitholders;

(g) selecting, appointing, directing and terminating, where appropriate, outside experts (such as legal advisors or accountants) as the Disclosures Committee deems necessary in the performance of its duties; and

(h) maintaining and updating the terms of reference as the Disclosures Committee deems appropriate.

Remuneration Committee

The Remuneration Committee is appointed by the Board from among the Directors. A majority of the members of the Remuneration Committee are independent non-executive Directors and the chairman of the Remuneration Committee is an independent non-executive Director. As of the date of this Document, the members of the Remuneration Committee are Mr. Simon Murray, Dr. Tin Sek Tang (each of whom are independent non-executive Directors) and Mr. Toshihiro Toyoshima (a non-executive Director). Mr. Simon Murray has been appointed as the initial chairman of the Remuneration Committee. Among other matters, the Remuneration Committee is responsible for reviewing the terms and conditions of employment of all staff and Directors of the REIT Manager (other than the members of the Remuneration Committee, whose remuneration is determined by the Board) and recommending an appropriate manpower deployment plan (including the succession plan for the management of the REIT Manager and the Board), remuneration and retirement policies and packages. The Remuneration Committee also ensures that no Director is involved in deciding his own remuneration.

Nomination Committee

The Nomination Committee is appointed by the Board from among the Directors. The Nomination Committee shall at all times comprise a minimum of three directors. A majority of the members of the Nomination Committee are independent non-executive directors and the chairman of the Nomination Committee is required to be an independent non-executive Director or the Chairman of the Board. As of the date of this Document, the members of the Nomination Committee are Mr. Toshihiro Toyoshima (a non-executive Director), Mr. Simon Murray and Mr. Liping Qiu (each of whom are independent non-executive Directors). Mr. Toshihiro Toyoshima has been appointed as the chairman of the Nomination Committee. Among other matters, the Nomination Committee is responsible for reviewing the structure, size and composition (including skills, knowledge and expertise) of the Board and its committees on an ongoing basis and for nominating, and providing recommendations on, persons for appointment, re-appointment or removal as Directors.

Advisory Committee

The Advisory Committee is appointed by the Board from among the Directors. As of the date of this Document, the members of the Advisory Committee are Mr. Lau Jin Tin, Don, Mr. Nobumasa Saeki, Mr. Toshihiro Toyoshima and Mr. Hideya Ishino. The role of the Advisory Committee includes generally reviewing the management services provided by the REIT Manager to Spring REIT, the financial performance of the REIT Manager, investor relations with respect to Spring REIT and potential acquisition opportunities, as well as supervising the performance of service providers to the REIT Manager and Spring REIT (including the performance of the Property Manager and the Building Manager). The Advisory Committee presents information to the Board from time to time as it considers necessary and ensures the smooth co-ordination between the various committees established by the Board. Where appropriate, the Advisory Committee can recommend to the Chairman that a Board meeting be convened to discuss any Spring REIT matter. Meetings of the Advisory Committee will be held monthly (or more frequently if required) to review Spring REIT management issues and to make recommendations to the Board.

Internal Auditor

The internal audit function of the REIT Manager will be outsourced to BDO Financial Services Limited, an independent third party in accordance with the instructions of the REIT Manager. Under the proposed outsourcing arrangements, the Internal Auditor will generally be engaged to perform the internal audit function for a particular period of time; this period is estimated to be around four years. The REIT Manager will pay the Internal Auditor a fee (calculated on a project basis and paid out of the Deposited Property) for discharging such obligations.

The Audit Committee is satisfied that the internal auditor has met the standards set by internationally recognized professional bodies including the Standards for the Professional Practise of Internal Auditing set by the Institute of Internal Auditors. The Internal Auditor will report directly to the Audit Committee on audit matters, and to the Board on administrative matters. The Audit Committee will also review and approve the annual internal audit plan and will review the internal audit reports and activities.

The functions of internal audit include (i) reviewing the accuracy and completeness of records of all operations and transactions of Spring REIT and ensuring that the REIT Manager's internal control system functions properly; (ii) identifying contingency events and escalating them to the appropriate level within the REIT Manager; and (iii) reviewing and making recommendations to the Board or the Audit Committee (as the case may be) to ensure effective segregation of duties and operation functions of the REIT Manager and effectiveness and accuracy of the reporting of irregularities and infringements of the REIT Manager's operational and compliance procedures.

CONFLICT OF INTEREST

For details on the conflicts of interest relating to Spring REIT, please refer to the section headed "Risk Factors — Risks Relating to Spring REIT — There are potential conflicts of interests between Spring REIT and AD Capital and the Property Manager" in this Document.

All conflicts of interest shall be managed by the Board in accordance with the Articles of Association of the REIT Manager and applicable laws, rules and regulations. The REIT Manager shall ensure that all conflicts of interest relating to Spring REIT shall be managed and avoided. The following measures are taken in that regard:

- the REIT Manager will be a dedicated manager to Spring REIT and, unless with the approval of the SFC, the REIT Manager will not manage any REIT other than Spring REIT nor manage other real estate assets other than those in which Spring REIT has an ownership interest or investment;
- the REIT Manager will ensure that it will be able to function independently from its shareholders and all executive officers will be employed by the REIT Manager on a full time basis and solely be dedicated to the operations of Spring REIT;
- the REIT Manager also has independent non-executive Directors and an Audit Committee which provide independent checks on the performance of the executive officers and ensure that the executive officers manage and operate Spring REIT independent from AD Capital;
- the REIT Manager has established procedures to deal with conflict of interests under its compliance manual;
- the REIT Manager has established internal control systems to ensure that connected party transactions between Spring REIT and its connected persons are monitored and undertaken according to procedures and/or on terms in compliance with the REIT Code (or where applicable, in compliance with the waiver conditions imposed by the SFC) and that other potential conflicts of interest that may arise are monitored;
- all conflicts of interest involving a substantial Unitholder or a Director will be required to be managed by a physical Board meeting rather than a written resolution and all independent non-executive Directors who, and whose associates, have no material interest in the matter should be present at such Board meeting;
- a Director who has material interests in a matter which is the subject of a resolution proposed at a Board meeting of the REIT Manager shall abstain from voting on the resolution concerned and shall not be counted in the quorum at the Board meeting at which such resolution is proposed; and
- the Property Manager has a team of operational staff exclusively dedicated to provide property management services to the Property. The Property Management Agreement provides that the Property Manager shall act in the best interest of RCA01.

The REIT Manager has established an internal control system intended to ensure that connected party transactions between Spring REIT and its connected persons are monitored and are undertaken on terms in compliance with the REIT Code. All connected party transactions must be:

(a) carried out at arm's length, on normal commercial terms and in an open and transparent manner;

(b) valued, in relation to a property transaction, by an independent property valuer;

(c) consistent with Spring REIT's investment objectives and strategy;

(d) in the best interests of Unitholders;

(e) properly disclosed to Unitholders; and

(f) approved by the independent non-executive Directors of the REIT Manager (or a committee thereof) and, where the prior approval of Unitholders is required, the independent non-executive Directors of the REIT Manager (or a committee thereof) shall confirm, in a letter set out in the circular to Unitholders, whether the terms and conditions of the transaction are fair and reasonable and in the best interests of Unitholders and whether Unitholders should vote in favor of the resolution.

The REIT Manager must demonstrate to the independent non-executive Directors and the Audit Committee that all connected party transactions satisfy the foregoing criteria, which may entail (where practicable) obtaining quotations from parties unrelated to the REIT Manager, or obtaining one or more valuation letters from independent professional valuers. Prior approval of Unitholders is required for connected party transactions where the value of the transaction is 5.0% or more of the latest NAV of Spring REIT. A Unitholder is prohibited from voting its Units at, or being part of a quorum for, any meeting of Unitholders convened to approve any matter in which the Unitholder has a material interest in the business to be conducted and that interest is different from the interest of other Unitholders.

Under the Trust Deed, any Unitholder shall be prohibited from voting its own Units at, or being counted in the quorum for, a meeting at which it has a material interest in the business to be conducted and that interest is different from the interests of other Unitholders (as determined by: (a) the REIT Manager, where the Unitholder concerned is not a connected person related to the REIT Manager; or (b) the Trustee, where the Unitholder concerned is a connected person related to the REIT Manager, if appropriate, in its absolute opinion) including an issue of [●] where a Unitholder may increase its holdings of Units by more than its pro rata share. After the [●], where required under the REIT Code, the Takeovers Code or the applicable provisions of the [●], the REIT Manager and its connected persons shall abstain from voting in relation to the relevant issuance of [●]. The REIT Manager and its connected persons shall also abstain from voting in relation to any proposal on the termination or merger of Spring REIT if such proposal is recommended by the REIT Manager, and the REIT Manager and connected persons related to it hold interests in the Units and their interest (at the sole determination of the Trustee) in the termination or merger of Spring REIT is different from that of all other Unitholders.

It is also provided in the Trust Deed that, as and to the extent required by the REIT Code or any conditions of waivers and exemptions from the operation of the REIT Code granted by the SFC from time to time or upon request in writing by the REIT Manager, the Trustee shall take actions or commence proceedings on behalf of Spring REIT as necessary, including against any connected persons of the Trustee in relation to any transactions or agreements entered into by the Trustee for and on behalf of Spring REIT with such persons provided that in the event of any action against the connected persons of the Trustee, the Trustee shall act upon the REIT Manager's request and instructions. Notwithstanding the foregoing, the REIT Manager shall inform the Trustee as soon as it becomes aware of any breach by a connected person of the Trustee of any agreement or transaction entered into by Spring REIT (or by the Trustee or the REIT Manager for and on behalf of Spring REIT) with such connected person and the REIT Manager may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders.

MANAGEMENT OF BUSINESS RISK

The Board will meet quarterly, or more often if necessary, to review the risks to the assets and business of Spring REIT and will consider and, if appropriate, act upon any comments from the auditors of Spring REIT. The management of the REIT Manager (through the Advisory Committee) will also meet monthly (or more frequently if required) to review the operations of Spring REIT and discuss continuous disclosure issues.

GENERAL MEETINGS

Spring REIT will in each calendar year hold an annual general meeting in addition to any other general meetings in that year. The Trustee or the REIT Manager may at any time convene a meeting of Unitholders. The REIT Manager will also convene a meeting of Unitholders if requested in writing by not less than two Unitholders registered as holding together not less than 10.0% of the Units for the time being in issue and outstanding. Notice of 14 days or 10 clear business days (whichever is the longer) at the least, of the meeting will be given to Unitholders, except that notice of 21 days or 20 clear business days (whichever is the longer) at the least, will be given to Unitholders for an annual general meeting or where a Special Resolution is proposed for consideration at such meeting, and the notice will specify the time and place of the meeting and the terms of any resolutions to be proposed.

Two or more Unitholders present in person or by proxy registered as holding together not less than 10.0% of the Units for the time being in issue and outstanding will form a quorum for the transaction of all business, except for the purpose of passing a Special Resolution. The quorum for passing a Special Resolution will be two or more Unitholders present in person or by proxy registered as holding together not less than 25.0% of the Units for the time being in issue and outstanding. The quorum for an adjourned meeting shall be such number of Unitholders who are present in person or by proxy, regardless of the number of Units held by them.

REPORTING AND TRANSPARENCY

Spring REIT will prepare its accounts in accordance with the International Financial Reporting Standards with a financial year end of December 31 and a financial half-year end of June 30. In accordance with the REIT Code, the annual report and accounts for Spring REIT will be published and sent to Unitholders and filed with the SFC no later than four months following each financial year-end of Spring REIT and the semi-annual reports no later than two months following the end of the period it covers.

The REIT Manager shall ensure that a full valuation of each of Spring REIT's real estate (whether held directly by the Trustee or indirectly through a special purpose vehicle) shall be conducted by a principal valuer appointed in accordance with the Trust Deed at least once a year, and may require the principal valuer to carry out additional valuations or inspections at such other dates as the REIT Manager may determine in its sole discretion, except that the next valuation of Spring REIT's real estate following the establishment of Spring REIT will be effected no later than or as at the end of the relevant financial year (the first valuation to be effected at the end of the financial year in which the [●] is completed). The REIT Manager shall also ensure that the principal valuer shall produce a valuation report (i) on real estate to be acquired or sold by Spring REIT or (ii) on non-cash consideration in the nature of real estate which is to be received for the issue of Units in accordance with the Trust Deed or (iii) in any other circumstance prescribed by the REIT Code.

The REIT Manager shall keep Unitholders informed of any material information pertaining to Spring REIT in a timely and transparent manner as required by the REIT Code.

The REIT Manager shall also inform Unitholders by way of announcement as soon as reasonably practicable of any information and/or developments concerning Spring REIT which:

- is necessary to enable Unitholders to appraise the position of Spring REIT;
- is necessary to avoid [●];
- might be reasonably expected to materially affect [●]; or
- requires Unitholders' approval.

The REIT Manager will also issue circulars to Unitholders in respect of transactions that, pursuant to the REIT Code (or in the reasonable opinion of the Trustee or the REIT Manager), require Unitholders' approval or circulars in respect of material information in relation to Spring REIT, in accordance with the Trust Deed.

Except pursuant to the issue of Units under the [●], an issue of Units to a connected person of Spring REIT (other than, among other things, the issues under the section headed "Connected Party Transactions—Waiver for Issuance of [●] to Connected Persons" in this Document, and other than issues of Units to the REIT Manager as payment of the REIT Manager's fees in accordance with certain waivers granted by the SFC) shall require specific prior approval of Unitholders by way of an Ordinary Resolution in respect of which the connected person shall be prohibited from voting or being counted in the quorum for the meeting of the Unitholders. Where the issue of Units would give rise to a conflict of interest on the part of the REIT Manager or its connected persons, the REIT Manager and its connected persons shall abstain from voting in relation to any issuance of Units.

Spring REIT is also subject to certain other restrictions on the issuance of Units and certain related securities, the details of which are set out in the section headed "[●]" in this Document.

RCA Fund is also subject to certain restrictions in respect of the Units held by it, the details of which are set out in the section headed "[●]" in this Document.

INTERESTS OF DIRECTORS, THE REIT MANAGER OR THE SIGNIFICANT UNITHOLDERS

[●]

Additionally, where the Trustee or the REIT Manager believes that a Unitholder may be a Significant Holder, each of the Trustee (on the instructions of the REIT Manager in writing) and the REIT Manager have the power to require the Unitholder to promptly disclose to the Trustee and the REIT Manager all of the legal, beneficial and equitable interests in Units held by the Unitholder and such other persons whose holdings of Units would be taken into account in determining whether the Unitholder is a Significant Holder. Without prejudice to the above, the Trustee shall have the power to require any Unitholder to promptly disclose to the Trustee all of the Unitholder's beneficial interests in Units.

MATTERS TO BE DECIDED BY UNITHOLDERS BY SPECIAL RESOLUTION

Pursuant to the Trust Deed, decisions with respect to certain matters require specific prior approval of Unitholders by way of Special Resolution. Such matters include: (a) changes in the REIT Manager's investment policies or strategies for Spring REIT; (b) disposal of any of Spring REIT's investments (which is in the nature of real estate or shares in any special purpose vehicle holding interest in real estate) prior to the expiry of two years from the time of Spring REIT's holding of such investment; (c) any increase in the rate above the permitted limit or change in structure of the REIT Manager's fees; (d) any increase in the rate above the permitted limit or change in structure of the Trustee's fees; (e) certain modifications of the Trust Deed; (f) termination of Spring REIT; and (g) merger of Spring REIT. Unitholders may also, by way of Special Resolution, (i) remove Spring REIT's auditors and appoint other auditors or (ii) remove the Trustee. As stated above, the quorum for passing a Special Resolution is two or more Unitholders present in person or by proxy registered as holding together not less than 25.0% of the Units for the time being in issue and outstanding.

At any meeting of Unitholders, a resolution put to the meeting shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting.

The Trust Deed is a complex document and the following is a summary only of the provisions of the Trust Deed, in addition to related information. A copy of the Trust Deed is available for inspection at the registered office of the REIT Manager during normal business hours.

THE TRUST DEED

Spring REIT is a REIT constituted and governed by the Trust Deed entered into between the REIT Manager and the Trustee, dated November 14, 2013 and as amended and restated from time to time.

The provisions of the Trust Deed shall be binding on the Trustee, the REIT Manager and each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed contained covenants on the part of each Unitholder to observe and be bound by the provisions of the Trust Deed and an authorization by each Unitholder to do all such acts and things as the Trust Deed may require the REIT Manager and/or the Trustee to do.

The provisions of the Applicable Rules prescribe certain terms that have been included in the Trust Deed and certain rights, duties and obligations of the REIT Manager, the Trustee and the Unitholders that have been included in the Trust Deed.

REIT STRUCTURE

Spring REIT is established in the form of a unit trust under Hong Kong law to invest primarily in real estate (either directly or indirectly through special purpose vehicles). The REIT Manager must manage Spring REIT so that the principal investments of Spring REIT are real estate. For further details of the investment objectives and policies of the REIT Manager, see the section headed "Strategy" in this Document. The assets of Spring REIT and income arising from those assets separately will be held by the Trustee on trust for the benefit of the REIT Manager initially and thereafter, upon issuance of Units, the Unitholders *pari passu* according to the number of Units held by each Unitholder, subject to the terms and conditions of the Trust Deed.

THE UNITS AND UNITHOLDERS

The rights and interests of Unitholders are contained in the Trust Deed. Under the Trust Deed, the Trustee must exercise all due diligence and vigilance in protecting the rights and interests of Unitholders.

Each Unit represents an undivided interest in Spring REIT. A Unitholder has no equitable or proprietary interest in the underlying assets of Spring REIT and is not entitled to the transfer to it of any asset (or any part thereof) or any estate or interest in any asset (or any part thereof) of Spring REIT.

Unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere or seek to interfere with the rights, powers, authority or discretion of the REIT Manager or the Trustee, exercise any right in respect of the assets of Spring REIT or any part thereof or lodge any caveat or other notice affecting the assets of Spring REIT or any part thereof, or require that any assets of Spring REIT be transferred to such Unitholder.

ISSUE OF UNITS AND/OR CONVERTIBLE INSTRUMENTS AND ISSUE PRICE

The following is a summary of the provisions of the Trust Deed relating to the issue of Units.

The REIT Manager has the exclusive right to effect, for the account of Spring REIT, the creation and issue of Units and/or Convertible Instruments in accordance with the Trust Deed and subject to the provisions of the REIT Code and any other applicable laws and regulations. Upon Reorganization, the Units shall be issued to RCA Fund pursuant to the Reorganization Agreement in exchange for all of the issued RCA01 Shares. The issue of Units on the [●] for the purpose of the [●] shall be at an issue price determined on the basis disclosed in this Document.

After the [●], [●] and/or Convertible Instruments may be offered on a pro rata basis as a rights issue without the prior approval of Unitholders other than where any such issue together with such Convertible Instruments (assuming full conversion) would increase the total number of issued Units by more than 50.0%, in which case such issue shall require the prior approval of Unitholders by Ordinary Resolution at a meeting to be convened by the REIT Manager in accordance with the provisions of the Trust Deed.

Subject to certain restrictions in the Trust Deed regarding the issue of [●] to a connected person and the REIT Code, after the [●], Units may be issued, or agreed (conditionally or unconditionally) to be issued, in any financial year (whether directly or pursuant to any Convertible Instruments), otherwise than on a pro rata basis to all existing Unitholders, without the approval of Unitholders, if:

(a) the total number of [●] issued, or agreed (conditionally or unconditionally) to be issued, in that financial year pursuant to this paragraph, without taking into account:

   (i) any [●] issued or issuable in that financial year pursuant to any Convertible Instruments issued (whether in that or any prior financial year) pursuant to and in compliance with this paragraph, to the extent that such [●] are covered by the aggregate number of [●] contemplated under paragraph (b) below at the Relevant Date applicable to the relevant convertible instruments;

   (ii) such number of [●] issued or issuable pursuant to any such Convertible Instruments or any agreement referred to in sub-paragraph (a)(iii) below, in each case as a result of adjustments arising from the consolidation or sub-division or redesignation of Units;

   (iii) any [●] issued in that financial year pursuant to any agreement for the issuance of Units, to the extent that such [●] were previously taken into account in the calculation made under this sub-paragraph (a) (whether in that or any prior financial year) at the Relevant Date applicable to that agreement;

   (iv) any [●] issued or issuable (whether directly or pursuant to any Convertible Instruments) in that financial year pursuant to any pro rata offer made in that financial year in accordance with the Trust Deed;

(v) any [●] issued, or agreed (conditionally or unconditionally) to be issued, otherwise than on a pro rata basis to all existing Unitholders and in respect of which the specific prior approval of Unitholders, in accordance with the relevant requirements hereunder and under applicable laws and regulations (including the REIT Code), has been obtained; and/or

(vi) any [●] issued or agreed to be issued in that financial year pursuant to any reinvestment of distributions made in accordance with the Trust Deed;

plus:

(b) (i) the maximum number of [●] issuable at the initial issue price pursuant to any Convertible Instruments issued, or agreed (conditionally or unconditionally) to be issued, otherwise than on a pro rata basis to all existing Unitholders and whose Relevant Date falls within that financial year; and

(ii) the maximum number of any other [●] which may be issuable pursuant to any such Convertible Instruments as of the Relevant Date thereof as estimated or determinable by the REIT Manager in good faith and using its best endeavours and based on such assumptions as may be considered appropriate by the REIT Manager and confirmed in writing to the Trustee and the SFC, having regard to the relevant terms and conditions of such Convertible Instruments (including any additional [●] issuable under any adjustment mechanism thereunder other than adjustments arising from the consolidation or sub-division or re-designation of Units);

does not increase the number of Units that were outstanding at the end of the previous financial year (or, in the case of an issue of, or an agreement (whether conditional or unconditional) to issue, Units or Convertible Instruments during the first financial year, the number of Units that were outstanding as of the [●]) by more than 20.0% (or such other percentage of outstanding Units as may, from time to time, be prescribed by the SFC) (the "**Percentage Threshold**") provided that such threshold in terms of number of Units shall in the event of any consolidation or sub-division or re-designation of Units during that financial year be proportionally adjusted to give effect to such consolidation, sub-division or re-designation of Units.

Any issue of, or any agreement (whether conditional or unconditional) to issue, [●] exceeding the Percentage Threshold will require specific prior approval of Unitholders by Ordinary Resolution at a meeting to be convened by the REIT Manager in accordance with the provisions of the Trust Deed.

Any issue, grant or offer of Units or Convertible Instruments to a connected person shall require specific prior approval of Unitholders by Ordinary Resolution at a meeting to be convened by the REIT Manager in accordance with the provisions of the Trust Deed, unless such issue, grant or offer is made under the following circumstances (where, for the avoidance of doubt, no Unitholders' approval will be required):

(i) the connected person receives a pro rata entitlement to Units and/or Convertible Instruments in its capacity as a Unitholder (provided that such issue will not increase the market capitalization of Spring REIT by more than 50.0%);

(ii) Units are issued to a connected person under the Trust Deed in or towards the satisfaction of the Base Fee and Variable Fee pursuant to a waiver granted by the

SFC, one of the conditions of which being that in respect of each financial year, the maximum number of Units that may be issued to the REIT Manager as payment of all or part of the Base Fee and Variable Fee for that financial year shall be limited to such number of Units as represents 3.0% of the total number of Units outstanding as at the last day of the immediately preceding financial year plus the number of Units (if any) issued in the relevant financial year for the purposes of financing any acquisition of real estate by Spring REIT. For details, see the section headed "Modifications, Waivers and Licensing Conditions" in this Document;

(iii) Units and/or Convertible Instruments are issued to a connected person within 14 calendar days after such connected person has executed an agreement to reduce its holding in the same class of Units and/or convertible instruments by placing such Units and/or convertible instruments to or with any person(s) who is/are not its Associate(s) (other than any Excluded Associate), provided always that: (i) the [●] and/or convertible instruments must be issued at a price not less than the placing price (which may be adjusted for the expenses of the placing); and (ii) the number of Units and/or Convertible Instruments issued to the connected person must not exceed the number of Units and/or Convertible Instruments placed by it;

(iv) the connected person is acting as underwriter or sub-underwriter of an issue or offer of Units or other securities by or on behalf of the Trust or any special purpose vehicle, provided that: (i) the issue or offer is made under and in accordance with the Trust Deed; and (b) the issue or offer is in compliance with any applicable provisions of the [●] where a connected person is acting as an underwriter or sub-underwriter of an offer of shares or other securities by a listed company, with necessary changes being made, as if the provisions therein are applicable to real estate investment trusts;

(v) the excess application and the taking up of pro rata entitlements by the connected person in respect of a pro rata issue of Units and/or convertible instruments or an open offer by the Trust; or

(vi) Units are issued to a connected person pursuant to a reinvestment of distribution.

Notwithstanding the above, the REIT Manager shall not: (a) issue Units and/or; (b) issue Units at an issue price, that would result in non-compliance with the other provisions of the Trust Deed in respect of issue of Units, including, but not limited to the provisions regarding compliance with the [●] as may be applicable in determining the issue price.

The REIT Manager may, in its absolute discretion, elect not to extend an offer of Units under a rights issue to those Unitholders whose addresses are outside Hong Kong if the REIT Manager considers such exclusion to be necessary or expedient on account of the relevant legal restrictions or requirements. In such event, the rights or entitlement to the Units of such Unitholders will be offered for sale by the REIT Manager as the nominee and authorized agent of each such relevant Unitholder in such manner and at such price, as the REIT Manager may determine. The Trustee shall have the discretion to impose such other terms and conditions in connection with such sale as necessary. The proceeds of any such sale, if successful, will be paid to the relevant Unitholders.

REPURCHASE AND REDEMPTION OF UNITS

Unitholders have no right to demand for the repurchase or redemption of their Units. The REIT Manager must not repurchase or cause the redemption of Units unless it is permitted to do so by the relevant codes and guidelines issued by the SFC from time to time (including but not limited to the Code on Share Repurchases and the circular to management companies of SFC-authorized REIT titled "On-market Unit Repurchases by SFC-authorized REITs" dated January 31, 2008). Any such repurchase or redemption of Units by the REIT Manager must be effected in accordance with such codes and guidelines.

RIGHTS AND LIABILITIES OF UNITHOLDERS

The key rights of Unitholders include rights to:

(a) receive income and other distributions attributable to the Units held;

(b) receive audited accounts and the annual reports and semi-annual reports of Spring REIT; and

(c) participate in the termination of Spring REIT by receiving a share of all net cash proceeds derived from the realization of the assets of Spring REIT, in accordance with their proportionate interests in Spring REIT.

No Unitholder has a right to require that any authorized investment forming part of the Deposited Property of Spring REIT be transferred to it.

Further, Unitholders cannot give any directions to the Trustee or the REIT Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee or the REIT Manager to do or omit doing anything which may result in:

(a) Spring REIT ceasing to comply with the Applicable Rules; or

(b) the exercise of any discretion expressly conferred on the Trustee or the REIT Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of either or both of the Trustee and the REIT Manager; provided that nothing in this paragraph shall limit the right of a Unitholder to require the proper operation of Spring REIT in accordance with the Trust Deed or the compliance by the Trustee or the REIT Manager with their respective obligations under the Trust Deed.

A Unitholder shall not be liable to the REIT Manager or the Trustee to make any further payments to Spring REIT after he has fully paid the consideration to acquire its Units and no further liability shall be imposed on such Unitholder in respect of such Units. The provisions seek to ensure that if the issue price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of Spring REIT in the event that the liabilities of Spring REIT exceed its assets.

Subject to the restrictions and requirements of the REIT Code, the REIT Manager shall ensure that the following investment restrictions are complied with:

(a) subject as provided in the Trust Deed, no investment shall be made by Spring REIT which would result in non-compliance with the REIT Code, any applicable laws and regulations, the Trust Deed or applicable investment restrictions in the [●] (if any);

(b) Spring REIT may only invest in authorized investments and other investments permitted by the REIT Code from time to time;

(c) Spring REIT shall not invest in vacant land or engage or participate in any property development activities (excluding, for the avoidance of doubt, refurbishment, retrofitting and renovations);

(d) Spring REIT shall not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person nor shall any part of the Deposited Property be used to secure the indebtedness of any person or any obligations, liabilities or indebtedness, without the prior written consent of the Trustee;

(e) Spring REIT shall not acquire any investment which involves the assumption of any liability that is unlimited; and

(f) Spring REIT shall hold each investment (which is in the nature of real estate or shares in any special purpose vehicle holding interest in real estate) for a period of at least two years, unless the REIT Manager has clearly communicated to the Unitholders the rationale for disposal prior to the expiry of such period and the Unitholders approve the disposal of such investment by Special Resolution at a meeting to be convened by the REIT Manager in accordance with the Trust Deed.

The REIT Manager shall ensure that each special purpose vehicle (including, but not limited to RCA01) complies with the requirements set out in the preceding paragraph.

VALUATION OF INVESTMENTS

The REIT Manager shall ensure that all valuations made by principal valuers pursuant to the Trust Deed shall be carried out in good faith in accordance with market practice on such basis as the principal valuers respectively may determine to be appropriate, subject always to the terms of the Trust Deed and the provisions of the REIT Code. The valuation methodology shall follow the "Valuation Standards on Properties" published from time to time by the Hong Kong Institute of Surveyors or the International Valuation Standards issued from time to time by the International Valuation Standards Committee, the REIT Code or any applicable code of practice for asset valuations. Once adopted, the same valuation standards shall be applied consistently to all valuations of properties of Spring REIT.

The REIT Manager shall determine the net asset value of the Deposited Property based upon the principal valuer's valuation of real estate (as defined in the Trust Deed), the value of cash (as defined in the Trust Deed) and cash equivalent items (as defined in the Trust Deed) comprised in the assets of Spring REIT and other Deposited Property, less liabilities.

The Trustee shall take all reasonable care to ensure that the net asset value of the Deposited Property and net asset value of the Deposited Property per Unit (being the net asset value of the Deposited Property divided by the number of Units then in issue) is calculated by the REIT Manager in accordance with the Trust Deed as and when an annual valuation report of Spring REIT's real estate is issued by the principal valuer for the relevant period, and that such net asset value of the Deposited Property and net asset value of the Deposited Property per Unit shall be published in the annual report for Spring REIT.

AMENDMENT OF THE TRUST DEED

The Trustee and the REIT Manager shall be entitled by supplemental deed and with the prior approval of the SFC to modify, alter or add to the provisions of the Trust Deed in such manner and to such extent as they may consider expedient for any purpose provided that:

(a) unless the Trustee shall certify in writing that in its opinion such modification, alteration or addition:

  (i) does not materially prejudice the interests of Unitholders and does not operate to release to any material extent the Trustee or the REIT Manager from any responsibility to the Unitholders and does not increase the costs and charges payable from the Deposited Property; or

  (ii) is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law) including, without limitation, requirements under any Applicable Rules; or

  (iii) is necessary to correct a manifest error,

  no such amendment, variation, modification, alteration or addition shall be made without the sanction of a Special Resolution of a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed; and

(b) no such amendment, variation, modification, alteration or addition shall impose upon any Unitholder any obligation to make any further payments in respect of his Units or to accept any liability in respect thereof.

MEETINGS OF UNITHOLDERS

An annual general meeting shall, in addition to any other meeting, be held once in every calendar year, at such time and place as may be determined by the REIT Manager and not less than 21 days' notice or 20 clear business days' notice (whichever is the longer) in writing shall be given to all Unitholders.

A meeting of Unitholders may be convened at any time and place by the Trustee or the REIT Manager. The REIT Manager shall also convene a meeting at the request in writing of not less than two Unitholders registered as together holding not less than 10% of the issued Units. The party convening the meeting may convene a meeting of Unitholders at such time or place in Hong Kong (subject to the provisions of the Trust Deed) as the party convening the meeting may think fit and propose resolutions for consideration at such meeting.

The REIT Manager or a person nominated by the REIT Manager shall be the chairman of the meeting.

Except as otherwise provided for in the Trust Deed, notice of 14 days or 10 clear business days (whichever is the longer) at the least notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting for an Ordinary Resolution shall be given to the Unitholders, and notice of 21 days or 20 clear business days (whichever is the longer) at the least (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting for an annual general meeting or a Special Resolution shall be given to the Unitholders, both in manner provided in the Trust Deed. The notice shall specify the place, day and hour of meeting and the terms of the resolutions to be proposed. A copy of the notice shall be sent by post to the Trustee unless the meeting shall be convened by the Trustee in which case it shall be sent to the REIT Manager. The accidental omission to give notice to or the non-receipt of notice by any of the Unitholders shall not invalidate the proceedings at any meeting.

The quorum shall be not less than two Unitholders present in person or by proxy registered as holding together not less than: (a) 10% of the Units for the time being in issue and outstanding in the case of an Ordinary Resolution; or (b) 25% of the Units for the time being in issue and outstanding in the case of a Special Resolution. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business. Split proxies shall, for the avoidance of doubt, be permitted.

Any Unitholder shall be prohibited from voting its own Units at, or being counted in the quorum for, a meeting at which it has a material interest in the business to be conducted and that interest is different from the interests of other Unitholders (as determined by: (a) the REIT Manager, where the Unitholder concerned is not a connected person related to the REIT Manager; or (b) the Trustee, where the Unitholder concerned is a connected person related to the REIT Manager, in its absolute opinion) including an issue of [●] where a Unitholder may increase its holdings of Units by more than its pro rata share.

At any meeting, a resolution put to the meeting shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which it is the Unitholder, provided such Units are fully paid up. Where any Unitholder is under the REIT Code required to abstain from voting on any particular resolution or, in the case of a proxy given to any connected persons of the REIT Manager restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of Unitholders in contravention of such requirement or restriction shall not be counted. A person entitled to more than one vote need not use all his votes or cast them the same way. An instrument of proxy may be in the usual common form or in any other form which the Trustee shall approve. The instrument appointing a proxy shall be in writing, under the hand of the appointor or of his attorney duly authorized in writing or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorized.

A corporation, being a Unitholder, may by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of

Unitholders. The person so authorized shall be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual Unitholder.

Under the Trust Deed, decisions with respect to certain matters require specific prior approval of Unitholders by way of Special Resolution. Such matters include: (a) changes in the REIT Manager's investment policies or strategies for Spring REIT; (b) disposal of any of Spring REIT's investment (which is in the nature of real estate or shares in any special purpose vehicle holding interest in real estate) prior to the expiry of two years from the time of Spring REIT's holding of such investment; (c) any increase in the rate above the permitted limit or change in structure of the REIT Manager's fees; (d) any increase in the rate above the permitted limit or change in structure of the Trustee's fees; (e) certain modifications of the Trust Deed; (f) termination of Spring REIT; and (g) merger of Spring REIT. Unitholders may also, by way of a Special Resolution, (i) remove Spring REIT's auditors and appoint other auditors or (ii) remove the Trustee.

Any decisions to be made by resolution of the Unitholders other than as specified otherwise in the Trust Deed shall be made by Ordinary Resolution, unless a Special Resolution is required by the Applicable Rules. Such matters to be made by Ordinary Resolution include, without limitation: (a) any issue of Units after the [●] which will require the approval of Unitholders pursuant to the Trust Deed and/or the Applicable Rules (please see the section headed "The Trust Deed — Issue of Units" for details); (b) the removal of the REIT Manager; or (c) any connected party transaction entered into between any connected person and with Spring REIT or any special purpose vehicle.

POWERS, DUTIES AND OBLIGATIONS OF THE TRUSTEE

The Trustee's powers, duties and obligations are set out in the Trust Deed. These powers and duties include, but are not limited to:

(1) carrying out the instructions of the REIT Manager in respect of investments unless they are in conflict with this Document, the Trust Deed or other constitutive documents of Spring REIT, the REIT Code or under general law;

(2) ensuring that the Deposited Property is properly segregated and held for the benefit of the Unitholders in accordance with the provisions of the Trust Deed;

(3) overseeing the activities of the REIT Manager for compliance with the Trust Deed, other relevant constitutive documents of Spring REIT and the regulatory requirements applicable to Spring REIT; and

(4) ensuring that all the investment activities carried out by the REIT Manager are in line with the investment objective and policy of Spring REIT and the constitutive documents of Spring REIT and are in the interests of the Unitholders.

The Trustee shall exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unitholders. In the exercise of its powers, the Trustee may (on the instruction of the REIT Manager in writing) and subject to the provisions of the Trust Deed, acquire or dispose of any real or personal property, borrow moneys and issue guarantees for the account of Spring REIT and encumber any asset. However, the Trustee shall take all reasonable care to ensure that Spring REIT (including, where relevant, a special purpose vehicle) has good marketable legal and beneficial title to any real estate owned by Spring REIT (including where relevant, a special purpose vehicle) and observe all relevant requirements of the REIT Codes. It shall not acquire any investment which involves the assumption of any liability that is unlimited.

The Trustee has the power, but except for the purpose of complying with the REIT Code, shall not be under any obligation, to institute, acknowledge service of, appear in, prosecute or defend any action, suit, proceedings or claim in respect of the provisions hereof or in respect of the Deposited Property or any part thereof, or in respect of any entitlement or interest of Spring REIT or any corporate or Unitholders' action (which in its opinion would or might involve it in expense or liability), unless the REIT Manager shall so request in writing. At the reasonable request of the REIT Manager, the Trustee shall take actions or commence proceedings in its capacity as trustee of Spring REIT as necessary including but not limited to action against any connected persons of the Trustee in relation to any transactions or agreements entered into by the Trustee in its capacity as trustee of Spring REIT with such persons, provided that the Trustee shall have discretion to refrain from taking actions or commencing proceedings after consultation with the REIT Manager if it considers in its absolute discretion that such action is not in the best interests of the Unitholders.

Spring REIT may legally and beneficially acquire and own the issued share capital of any special purpose vehicles in accordance with the REIT Code if the REIT Manager considers it necessary or desirable for Spring REIT to do so, in which event the REIT Manager shall instruct the Trustee to and the Trustee, shall accordingly establish, subscribe or acquire by transfer, or otherwise invest in its capacity as trustee of Spring REIT a special purpose vehicle provided that: (i) the special purpose vehicle is wholly-owned by Spring REIT; or (ii) Spring REIT has majority ownership and control of such special purpose vehicle and there are sufficient and proper safeguards in relation to the special purpose vehicle to address the risks arising from the non-wholly owned structure; and such investment is not in conflict with the Trust Deed, the REIT Code and other applicable law.

Spring REIT shall hold each investment (which is in the nature of real estate or shares in any special purpose vehicle holding interest in real estate) for a period of at least two years, unless the REIT Manager has clearly communicated to the Unitholders the rationale for disposal prior to the expiry of such period and the Unitholders approve the disposal of such investment by Special Resolution.

The Trustee may, subject to the provisions of the Trust Deed, appoint and engage a person or entity to exercise any of its powers or perform its obligations, and the REIT Manager may appoint and engage any real estate agents or managers or service providers, in relation to the management, development, leasing, purchase or sale of any of real estate assets and real estate-related assets.

Although the Trustee may borrow money for the purpose of Spring REIT, the Trustee shall take all reasonable care to ensure that the investment and borrowing provisions set out in the Trust Deed and the conditions under which Spring REIT was authorized by the SFC are complied with. The REIT Manager must not direct the Trustee to borrow money if upon the effecting of such borrowing would thereupon in the aggregate exceed 45 percent (or such other higher or lower percentage as may be permitted by the REIT Code or as may be specifically permitted by the SFC) of the total gross asset value of the Deposited Property as set out in Spring REIT's latest published audited accounts immediately prior to such borrowing being effected.

Spring REIT shall not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person nor shall it use any of its assets to secure any obligations, liabilities or indebtedness, except in accordance with the Trust Deed.

The Trustee is not personally liable to a Unitholder in connection with the office of the Trustee except in respect of its own fraud, negligence or willful default, breach of duty or breaches of the Trust Deed or other constitutive documents to which the Trustee is a party, or breaches of the Applicable Rules. Any liability incurred and any indemnity to be given by the Trustee shall be limited to the assets of Spring REIT over which the Trustee has recourse, provided that the Trustee has acted without fraud, negligence, or willful default, breaches of the Trust Deed or other constitutive documents to which the Trustee is a party, breach of trust or breaches of the Applicable Rules. The Trust Deed contains certain indemnities in favor of the Trustee under which it will be indemnified out of the assets of Spring REIT for liability incurred, provided that the Trustee has acted without fraud, negligence, or willful default, or breaches of the Trust Deed, breach of trust or breach of the constitutive documents (to which is a party) or breach of the Applicable Rules.

RETIREMENT AND REMOVAL OF THE TRUSTEE

The Trustee may retire or be removed under the following circumstances:

(a) The Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee, whose appointment has been subject to the prior approval of the SFC. The retirement of the Trustee shall take effect at the same time as the new trustee takes up office as the trustee of Spring REIT.

(b) The Trustee may be removed by notice in writing to the Trustee by the REIT Manager if:

    (i) the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee (or any such analogous process or appointment occurs);

(ii) the Trustee ceases to carry on business; or

(iii) the Unitholders by Special Resolution duly passed at a meeting of Unitholders held in accordance with the provisions contained in the Trust Deed, and of which at least 21 calendar days' notice has been given to the Trustee and the REIT Manager, shall so decide.

TRUSTEE'S FEE

The remuneration of the Trustee shall comprise:

(i) a one-off acceptance fee as agreed between the Trustee and the REIT Manager of HK$180,000; and

(ii) in each financial year, an ongoing fee, the rate of which will be determined in accordance with the thresholds set out below, subject to a minimum amount of RMB56,000 per month.

Value of Deposited Property	Fee Rate per Annum
(a) Where the value of the Deposited Property is less than RMB4 billion	0.0250% per annum of the value of the Deposited Property (which may be increased from time to time to a maximum percentage of 0.06% per annum of the value of the Deposited Property)
(b) Where the value of the Deposited Property is, or is greater than, RMB4 billion but less than RMB8 billion	0.0200% per annum of the value of the Deposited Property (which may be increased from time to time to a maximum percentage of 0.06% per annum of the value of the Deposited Property)
(c) Where the value of the Deposited Property is, or is greater than, RMB8 billion but less than RMB12 billion	0.0175% per annum of the value of the Deposited Property (which may be increased from time to time to a maximum percentage of 0.06% per annum of the value of the Deposited Property)
(d) Where the value of the Deposited Property is, or is greater than, RMB12 billion but less than RMB16 billion	0.0160% per annum of the value of the Deposited Property (which may be increased from time to time to a maximum percentage of 0.06% per annum of the value of the Deposited Property)
(e) Where the value of the Deposited Property is, or is greater than RMB16 billion	0.0150% per annum of the value of the Deposited Property (which may be increased from time to time to a maximum percentage of 0.06% per annum of the value of the Deposited Property)

Where there is an increase in the percentage rate applicable to any of (a), (b), (c), (d) or (e), the other percentage rates may also be increased. Where the value of the Deposited

Property exceeds one of the thresholds described in (a), (b), (c) or (d), the fee rate at the next level shall be applied to the entire value of the Deposited Property and not just to the amount by which such threshold is exceeded.

The Trustee shall give at least one month’s prior written notice to the REIT Manager and the Unitholders of any increase in the rate of the remuneration of the Trustee up to and including the maximum rate of the ongoing fee that the Trustee proposes, subject to the approval of the REIT Manager, to charge from time to time. Any increase in the maximum rate, or any change to the structure of the Trustee’s remuneration, shall be subject to the passing of a Special Resolution.

The remuneration of the Trustee shall be payable out of the Deposited Property semi-annually or quarterly in arrears (within 30 days of the end of every six calendar months or each calendar quarter) and will be calculated by reference to the unaudited management accounts of Spring REIT prepared by the REIT Manager for the relevant six months or the relevant quarter. The remuneration of the Trustee shall be payable out of the Deposited Property in cash. The remuneration payable to the Trustee for a broken period shall be prorated on a time basis.

The ongoing fees calculated in accordance with the above are subject to adjustment, as follows:

Adjustment = (RPF% x DP) – SQF

Where:

RPF = the relevant percentage figure determined in accordance with the table above;

DP = the value of the Deposited Property as published in the audited accounts of Spring REIT for the relevant financial year; and

SQF = the sum of the semi-annually or quarterly ongoing fees received by the Trustee in respect of the relevant financial year.

Where the above adjustment is positive, Spring REIT shall pay the difference to the Trustee within 30 days after the publication of the audited accounts of Spring REIT. Where the adjustment is negative, the Trustee shall pay the difference to Spring REIT within 30 days after publication of the audited accounts of Spring REIT for the relevant financial year.

If the Trustee finds it expedient, necessary or is requested by the REIT Manager to undertake duties which are of an exceptional nature or otherwise outside the scope of the Trustee’s normal duties in the ordinary course of normal day-to-day business operations of Spring REIT including the acquisition or disposal of an authorized investment by Spring REIT after [●], the Trustee is entitled to charge and be paid, out of the Deposited Property, additional fees on a time-cost basis at a rate to be agreed with the REIT Manager.

TERMINATION OF SPRING REIT

Under the Trust Deed, Spring REIT is of indeterminate duration but may be terminated as follows:

Termination if Spring REIT is wound up by a court order or the operation of law

Spring REIT will be terminated if it is wound up by a court order or is otherwise terminated by the operation of law. Spring REIT will also be terminated if for any reason, there is no manager for a period of more than 60 calendar days or such longer period as the Trustee considers appropriate. Otherwise Spring REIT shall continue until the expiration of 80 years less one day from the date of commencement of Spring REIT as provided in the Trust Deed, or until Spring REIT is terminated or merged in the manner described below or as set out in the sub-section headed "Merger of Spring REIT" below.

Termination with the specific prior approval by Special Resolution

Save as described above, the termination of Spring REIT shall require specific prior approval by Special Resolution at a meeting to be convened in accordance with the provisions contained in the Trust Deed by the REIT Manager. Where the proposal to terminate Spring REIT is recommended by the REIT Manager, the REIT Manager and any connected persons of the REIT Manager shall abstain from voting if they hold interests in the Units and if their interest (at the sole determination of the Trustee) in terminating Spring REIT is different from that of all other Unitholders. The Trustee shall have no liability for any consequence arising out of such termination recommended by the REIT Manager and approved by Special Resolution in the absence of fraud, bad faith, willful default or negligence.

An announcement on the termination of Spring REIT shall be made by the REIT Manager to the Unitholders as soon as reasonably practicable in accordance with the provisions of the Trust Deed. The REIT Manager shall also serve on Unitholders, within 21 days of the announcement, a circular convening an extraordinary general meeting containing the following information: (a) the rationale for the termination of Spring REIT; (b) the effective date of the termination; (c) the manner in which the Deposited Property are to be dealt with; (d) the procedures and timing for the distribution of the proceeds of the termination and for the completion of the liquidation of assets of Spring REIT; (e) a valuation report of Spring REIT prepared by an approved valuer which is dated not more than three months before the date of the circular; (f) the alternatives available to the Unitholders; (g) the estimated costs of the termination and who is expected to bear such costs; and (h) such other material information that the REIT Manager determines that the Unitholders should be informed of.

Upon the Unitholders' approval of the termination of Spring REIT, no further Units shall be created, issued, cancelled or sold. No transfer of Units may be registered and no other change to the register of Unitholders may be made without the sanction of the Trustee following the announcement referred to above. No further investments may be made by Spring REIT upon its termination and the obligations of the Trustee, the REIT Manager and the property valuer shall continue until the completion of the liquidation of the assets and termination of Spring REIT.

Generally, upon approval of the termination of Spring REIT, the Trustee shall oversee the realization of the investments by the REIT Manager (which the REIT Manager shall effect as soon as practicable) and shall ensure that the REIT Manager shall repay any outstanding borrowings effected by or for the account of the Trust (together with any interest thereon but remaining unpaid) and shall ensure the proper discharge of all other obligations and liabilities of the Trust. The manner of disposal of the Deposited Property is specified in the Trust Deed, with such manner being subject to the relevant provisions of the REIT Code.

All investments shall be disposed of through public auction or any form of open tender. The disposal shall be conducted at arm's length and conducted in the best interests of the Unitholders. The disposal price shall be the best available price obtained through public auction or open tender. Subject as aforesaid, such sale and repayment shall be carried out and completed in such manner and within such period after the termination of Spring REIT as the REIT Manager in its absolute discretion deems advisable provided that, unless otherwise permitted by the REIT Code, such period may not exceed 24 months and where it exceeds 12 months, it must be in the interests of Unitholders and Unitholders shall be informed by way of announcement.

Subject to the provisions of the Trust Deed, any net cash proceeds derived from the sale or realization of such investments shall (at such time or times as the Trustee shall deem convenient) be distributed to the Unitholders pro rata to the number of Units held or deemed to be held by them respectively at the date of the termination of Spring REIT provided that if the liquidation of Spring REIT exceeds six months from the date of termination of Spring REIT, an interim distribution shall be made in respect of any net proceeds derived from the sale or realization of investments at the end of each six month period, following the date of termination of Spring REIT, in which net proceeds are derived from any sale, or realization of investments. Upon the completion of the liquidation of the assets of Spring REIT, the following shall be prepared:

(a) a REIT Manager's review and comment on the performance of Spring REIT and an explanation as to how the investments have been disposed of and the transaction prices and major terms of disposal;

(b) a Trustee's report that the REIT Manager has managed and liquidated the assets of Spring REIT in accordance with the REIT Code and the provisions of the Trust Deed;

(c) financial statements of Spring REIT which shall be distributed to the Unitholders by the REIT Manager within three months of completion of the liquidation of the assets of Spring REIT and a copy filed with the SFC; and

(d) an auditors' report.

Following the disposal of the assets of Spring REIT and the distribution of the net proceeds derived from the sale or realization of the assets of Spring REIT (if any), Spring REIT will terminate.

MERGER OF SPRING REIT

The merger of Spring REIT shall require specific prior approval by Special Resolution duly passed at a meeting of Unitholders held in accordance with the provisions contained in the Trust Deed. Where the proposal to merge Spring REIT is recommended by the REIT Manager, the REIT Manager and any connected persons of the REIT Manager shall abstain from voting in circumstances where they hold interests in the Units and their interest (at the sole determination of the Trustee) in merging Spring REIT is different from that of all other Unitholders. Where upon any such merger the Trustee retires, any deed effecting the merger by which the Deposited Property and liabilities of Spring REIT are so merged shall include indemnification of the Trustee to its satisfaction. The Trustee shall cease to be liable for obligations and liabilities of Spring REIT subsisting at the time of merger to the extent such obligations and liabilities are subsequently discharged from and out of the merged entity, and shall have no other liability for the consequences arising out of such merger of Spring REIT recommended by the REIT Manager and approved by Special Resolution (other than any liability arising from the fraud, willful default, bad faith or negligence of the Trustee or breach of any constitutive documents of Spring REIT (including the Trust Deed), breach of the REIT Code, or other applicable laws and regulations).

Any merger of Spring REIT may only take effect upon the successor entity assuming responsibility for the performance and discharge of all obligations and liabilities of Spring REIT subsisting at the time of the merger. Where Spring REIT is involved in any form of merger, takeover, amalgamation or restructuring, the Takeovers Code shall be complied with and the Trustee and the REIT Manager shall as soon as practicable consult with the SFC on the manner in which such activities could be carried out so that it is fair and equitable to all Unitholders.

An announcement on the intention to merge of Spring REIT shall be made by the REIT Manager to the Unitholders as soon as reasonably practicable in accordance with the provisions of the Trust Deed. The REIT Manager shall also serve on Unitholders, within 21 days of the announcement, a circular convening an extraordinary general meeting containing the following information: (a) the rationale for the merger of Spring REIT; (b) the effective date of the merger; (c) the manner in which the Deposited Property are to be dealt with; (d) the procedures and timing for the issuance or exchange of [●] arising from the merger; (e) a valuation report of Spring REIT prepared by an approved valuer which is dated not more than three months before the date of the circular; (f) the alternatives available to the Unitholders; (g) the estimated costs of the merger and who is expected to bear such costs; and (h) such other material information that the REIT Manager determines that the Unitholders should be informed of.

Any merger pursuant to the provisions of the Trust Deed may only take effect upon the successor entity assuming responsibility for the performance and discharge of all obligations and liabilities of Spring REIT subsisting at the time of merger. Upon the completion of the merger of Spring REIT, the following shall be prepared:

(i) the REIT Manager's review and comment on the performance of Spring REIT and an explanation as to how the investments have been accounted for in the merged scheme;

(ii) the Trustee's report that the REIT Manager has managed and merged Spring REIT in accordance with the REIT Code and the provisions of the Trust Deed;

(iii) financial statements of Spring REIT which shall be distributed to Unitholders by the REIT Manager within three months of the completion of the merger and a copy filed with the SFC; and

(iv) an auditors' report.

Upon the Unitholders' approval of the merger of Spring REIT: (a) no further Units shall be created, issued, cancelled or sold; and (b) no transfer of Units may be registered and no other change to the unit registers may be made without the sanction of the Trustee.

DEEMED APPLICATION OF [●]

If a person who has a duty of disclosure under the Trust Deed fails to make notification in accordance with the provisions of the Trust Deed, irrespective of whether that person is a Unitholder or not, the Units in which that person is (or is deemed to be) interested in (the "Affected Units") shall be subject to any or all of the following actions which: (a) if the person interested in the Affected Units is a person other than the REIT Manager, the REIT Manager; or (b) if the person interested in the Affected Units is the REIT Manager, the Trustee, may, in its absolute discretion, take in respect of any or all of the Affected Units:

(a) declare that the voting rights attached to any or all of the Affected Units to be suspended (and, upon such declaration, such voting rights shall be suspended for all purposes in connection with Spring REIT);

(b) suspend the payment of any distributions in respect of any or all of the Affected Units (and, upon such suspension, any such distributions shall be retained in a trust account in the name of: (i) (where the person interested in the Affected Units is a person other than the REIT Manager) the REIT Manager; or (ii) (where the person interested in the Affected Units is the REIT Manager) the Trustee, pending the application of such distributions);

(c) impose an administrative fee of up to HK$0.10 per Affected Unit for each day of noncompliance from the date on which disclosure is due to be made by the person; and/or

(d) suspend registration and/or decline to register any transfer of part or all of the Affected Units,

until the relevant notification requirements are fully complied with to the satisfaction of the REIT Manager or the Trustee, as the case may be.

Irrespective of whether any Unitholder is in default of the code for disclosure of interests in the Units adopted by the REIT Manager and the relevant provisions in the Trust Deed, each Unitholder and all persons claiming through or under him expressly acknowledge and agree to the grant of the rights and powers set out above to the REIT Manager and the Trustee and agree to be bound by any action taken by the REIT Manager or the Trustee (as the may be) pursuant to the provisions of the Trust Deed in good faith.

Where the person interested in the Affected Units is the REIT Manager:

(a) the Trustee may exercise the powers of the REIT Manager in respect of any or all of the Affected Units (and for the avoidance of doubt, any suspension of payment of distribution shall be retained in a trust account in the name of the Trustee);

(b) the Trustee may exercise the powers of the REIT Manager to retain the administrative fee for the benefit of Spring REIT and to take action if the fee is not paid; and

(c) irrespective of whether the REIT Manager is in default of the provisions of this schedule, the REIT Manager shall be bound by the decision of the Trustee and its Units shall be bound by such decision if the Trustee declares (in its absolute discretion) that any or all of such Units are (or are deemed to be) Affected Units.

GOVERNING LAW AND JURISDICTION

The Trust Deed shall in all respects be governed by, and construed in accordance with, the laws of Hong Kong. Pursuant to the Trust Deed, the REIT Manager, the Trustee and each Unitholder submit to the non-exclusive jurisdiction of the courts of Hong Kong.

The following is a summary of the material terms of the relevant agreements only. The agreements are available for inspection at [●].

Reorganization Agreement

The REIT Manager, the Trustee, RCA Fund and AD Capital have entered into the Reorganization Agreement pursuant to which RCA Fund has agreed to transfer all of the issued RCA01 Shares to the Trustee (in its capacity as trustee of Spring REIT) in exchange for the issue of 1,000,000,000 Units by Spring REIT (which represents 100% of the issued Units upon completion of the Reorganization but prior to the issuance of [●] by Spring REIT in the [●]) to RCA Fund or its nominees. The transfer is conditional upon the following conditions being satisfied:

(a) the execution of an agreement among the [●] (on behalf of the [●]), RCA Fund and the REIT Manager to determine the [●];

(b) the execution and delivery of the Deed of Tax Covenant (please see the paragraph headed "Deed of Tax Covenant" below for details);

(c) there being no damage to the Property and no material breach of warranties which, in the opinion of the REIT Manager, will have a material adverse effect on the financial condition, prospects, earnings, business, undertakings or assets of Spring REIT or on the Property;

(d) the completion of the acquisition of the ordinary shares in RCA01 held by MaplesFS by RCA Fund and the reclassification of all issued preference shares in RCA01 into ordinary shares in RCA01 such that RCA Fund will own the entire issued share capital of RCA01 (in the form of ordinary shares) prior to Completion; and

(e) there being no pending or written order by a government agency in effect, or any change in applicable law, in either case arising between the date of the Reorganization Agreement and Completion, that prohibits Completion from taking place.

RCA Fund will use all reasonable commercial endeavours to procure that the above conditions are satisfied as soon as possible and in any event on or before the second Business Day immediately preceding the [●]. If the above conditions are not all satisfied or, if applicable, waived by the Trustee on or before the second Business Day immediately preceding the [●], the Trustee shall not be obliged to complete the Reorganization. Completion will take place on the second Business Day immediately preceding the [●]. Upon Completion, Spring REIT will own the Property through RCA01.

Pursuant to the Reorganization Agreement, until Completion, RCA Fund has agreed to procure that, except with the written consent of the Trustee, RCA01 shall not, among other things (except to the extent required to procure and effect the satisfaction of the conditions as mentioned above and to satisfy RCA Fund's obligations under the Reorganization Agreement):

(i) declare, make or pay any dividend or other distribution;

(ii) make any capital expenditure in excess of US$1 million (or the equivalent in any other currency) in aggregate, unless such expenditure has already been provided for in the approved budget;

(iii) acquire or dispose of, or agree to acquire or dispose of, any interest in, any business or material assets of, or invest in any person, or merge or consolidate with any person, or enter into any demerger transaction nor participate in any other type of corporate reconstruction; and

(iv) undertake any act, or suffer any omission, which results or would be likely to result in a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of Spring REIT or on the Property.

The Reorganization Agreement contains certain representations and warranties made by RCA Fund in respect of the RCA01 Shares, RCA01 and the Property. RCA Fund shall indemnify and keep the Trustee (in its capacity as the trustee of Spring REIT) indemnified on a full indemnity basis against all actions, claims (whether or not any such claim involves or results in any actions or proceedings) and proceedings, and all losses, liabilities, costs (including legal costs and fees of experts and consultants), charges, expenses, actions, proceedings, claims and demands which it may at any time and from time to time sustain, incur or suffer by reason of any breach of any representation, warranty or undertaking given by RCA Fund under the Reorganization Agreement (subject to the limitations on claims). Further, RCA Fund undertakes to retain at least 15% of all the issued Units upon completion of the [●] for a period of three years commencing on the date of Completion (being the period in which notice of a claim under the Reorganization Agreement must be given, as described below) and thereafter to retain at least 10% of all the issued Units upon completion of the [●] for the immediately following two years (to support, in part, the remaining limitation period for tax claims under the Deed of Tax Covenant, as described below). RCA Fund also undertakes not to pledge, charge or otherwise encumber its interests in such retained Units during the term of the retention obligation, except for pledges, charges or other encumbrances granted to secure financing incurred for the sole purpose of RCA Fund paying a claim under the Reorganization Agreement or Deed of Tax Covenant. AD Capital guarantees to the Trustee (in its capacity as the trustee of Spring REIT) the performance of RCA Fund with respect to the indemnities provided by RCA Fund and RCA Fund's undertaking to retain Units as mentioned above.

The Reorganization Agreement also sets out limitations on the liability of RCA Fund. The aggregate liability of RCA Fund for all claims (including the tax claims under the Deed of Tax Covenant) shall not exceed the aggregate value of the Units issued to RCA Fund under the Reorganization Agreement at the final [●]. Based on [●], the maximum liability of RCA Fund in this respect is expected to be between HK$3,810 million and HK$4,030 million. In addition, RCA Fund shall not be liable for a claim or a tax claim unless: (i) RCA Fund's liability in respect of such claim (together with any connected claims) exceeds US$100,000; and (ii) in the case of a tax claim, RCA Fund's liability in respect of such tax claim (together with any connected tax claims) exceeds US$100,000; and (iii) the amount of RCA Fund's liability in respect of such claim or tax claim, when aggregated with RCA Fund's liability for any other claims and tax claims that are not excluded under (i) or (ii) above exceeds US$100,000, in which case RCA Fund shall be liable for the whole amount claimed. RCA Fund shall not be liable unless notice in writing has been given by or on behalf of the Trustee to RCA Fund prior to the expiry of the period of three years commencing on the date of Completion.

Following [●], any material change to the terms of the Reorganization Agreement shall require the approval of the independent Unitholders at a duly convened general meeting, unless such approval is not required pursuant to REIT Code.

DEED OF TAX COVENANT

A Deed of Tax Covenant will be entered into by RCA Fund, the Trustee and AD Capital on or before Completion, pursuant to which RCA Fund will covenant to indemnify the Trustee (for itself and/or on behalf of RCA01) in respect of any liability for taxation resulting from or by reference to any event occurring on or before Completion or in respect of any gross receipts, income, profits or gains earned, accrued or received by RCA01 on or before Completion. The aggregate liability of RCA Fund for all claims (including the claims under the Reorganization Agreement) shall not exceed the aggregate value of the Units issued to RCA Fund under the Reorganization Agreement at [●]. The limitation period for claims is 7 years from the date of Completion. The Trustee's right of claim is not prejudiced by any taxation action or proceeding in respect of the relevant tax liability which is the subject matter of the claim not being finally resolved before expiry of the applicable limitation period. AD Capital guarantees to the Trustee (in its capacity of trustee of Spring REIT) the performance of RCA Fund's indemnity obligation. Following [●], any material change to the terms of the Deed of Tax Covenant shall require the approval of the independent Unitholders at a duly convened general meeting, unless such approval is not required pursuant to REIT Code.

PROPERTY MANAGEMENT AGREEMENT

Please see "The Property Manager and the Building Manager — The Property Manager" in this Document for details of the Property Management Agreement.

PROPERTY MANAGEMENT SUPERVISION AGREEMENT

The Property Management Supervision Agreement was entered into on November 21, 2013 by the REIT Manager, the Trustee, RCA01, AD Capital and AD Capital Beijing. As AD Capital and AD Capital Beijing are connected persons of Spring REIT, the transactions contemplated under the Property Management Supervision Agreement constitute connected transactions for Spring REIT under the REIT Code.

Pursuant to the Property Management Supervision Agreement, RCA01 shall, to the extent permitted by applicable law, exercise its rights under and with respect to the Property Management Agreement in accordance with the instructions of the REIT Manager. RCA01 shall promptly forward a copy of all reports, financial statements, budgets, business plans, notices and other documents prepared by or on behalf of the Property Manager or the Building Manager in relation to the Property upon receipt to the REIT Manager and exercise its rights under the Property Management Agreement to promptly request such additional information concerning the operation and management of the Property from the Property Manager as the REIT Manager may from time to time request. RCA01 shall assist the REIT Manager and the Trustee in the supervision of the Property Manager and the Building Manager.

Further, RCA01 shall not do any of the following without the prior consent of the REIT Manager:

- renew the Property Management Agreement, replace the Property Manager or enter into a new property management agreement; and
- grant any approval or consent, make any decision or otherwise exercise any discretion under the Property Management Agreement.

RCA01 shall also consult and follow the instructions of the REIT Manager in connection with any exercise of its rights under the Property Management Agreement and in any dispute with the Property Manager in relation to the Property Management Agreement.

Under the Property Management Supervision Agreement, the REIT Manager appoints AD Capital and AD Capital Beijing (collectively "AD Parties") to assist with the management of the Property. The service provided by AD Parties include monitoring and supervising the Property Manager and the Building Manager, conveying the instructions of the REIT Manager regarding the management of the Property to each of RCA01, the Property Manager and the Building Manager and assisting in the implementation of such instructions and providing such other services incidental to the foregoing or as otherwise agreed by the AD Parties. In consideration for the services provided by the AD Parties, the REIT Manager shall pay to AD Parties an annual fee in the amount of HK$1,000,000, payable quarterly, plus any applicable consumption tax thereon. The REIT Manager and the AD Parties will enter into good faith negotiations to revise the annual fee to reflect market standards (i) in the event that the scope of the services requested by the REIT Manager to be provided by the AD Parties expands substantially, or (ii) if requested by the AD Parties any time after 2 years after the date of the Property Management Supervision Agreement. The REIT Manager will reimburse the AD Parties for any costs and expenses incurred by the AD Parties in performing their duties under the Property Management Supervision Agreement.

The Property Management Supervision Agreement shall terminate upon the earliest of (i) all the parties agreeing mutually in writing to terminate the Property Management Supervision Agreement; (ii) the REIT Manager ceasing to be the manager of Spring REIT, and (iii) Spring REIT ceasing to own RCA01 or RCA01 ceasing to own the Property.

US$515,000,000 SECURED TERM LOAN FACILITY AGREEMENT

On January 10, 2013, the Term Loan Facility Agreement was entered into by RCA01 as borrower, Australia and New Zealand Banking Group Limited as mandated lead arranger and bookrunner, pursuant to which a secured term loan facility of US$515,000,000 was made available to RCA01 by a group of lenders for a term of three years from the date of utilization, with such period being capable of extension upon mutual agreement. The interest rate on the loan is 3.5% per annum above the three-month LIBOR. The said facility is initially secured by (i) a pledge over account receivables dated January 28, 2013 entered into by RCA01, the security agent and the Property Manager; and (ii) a mortgage over the Property dated January 28, 2013 entered into by RCA01 and the security agent.

The Term Loan Facility Agreement contains customary events of default, the occurrence of which would allow the facility agent to cancel the lenders' commitment and/or to demand immediate repayment of all amounts outstanding. The events of default include, without limitation, (a) non-payment of any sum under the Term Loan Facility Agreement; (b) the breach by RCA01 or any other obligor of any of their obligations under the Term Loan Facility Agreement and relevant finance documents; (c) a breach of any representation, warranty or statement made by RCA01 or any other obligor under the Term Loan Facility Agreement and relevant finance documents; (d) a default in any other indebtedness of RCA01 unless the aggregate amount of such indebtedness is less than US$100,000; (e) the insolvency of RCA01; (f) a petition for winding up presented against RCA01 and not being discharged within 30 days; (g) any attachment, sequestration, distress or execution affects any assets or any member of RCA01 having an aggregate value of US$100,000 and not discharged within 30 days; (h) any situation which causes the lenders to believe that a material adverse change has occurred in the business, assets or financial condition of any member of RCA01 to the effect that the ability of such person to perform its obligation under any relevant finance document has been or will be materially and adversely affected; and (i) the Property has suffered actual or presumed total loss or has been confiscated, taken over for use, collected, purchased or returned to the government of the PRC.

The Term Loan Facility Agreement also contains certain customary covenants that restrict RCA01 from (subject to certain agreed exceptions), among other things, creating security on or disposing of its assets and incurring additional indebtedness.

The affirmative covenants of RCA01 include (but are not limited to) that RCA01 shall:

- make all payments and perform all its obligation in accordance with the terms of the Term Loan Facility Agreement and relevant finance documents;
- maintain the Property, including its use, in material compliance with all applicable governmental rules relating to health, safety, zoning, construction, building codes and environmental matters;
- comply with all governmental rules to which it is subject to;
- insure the Property for its full replacement value; and
- submit to the facility agent its annual budget, its audited annual financial statements and its semi-annual financial statements at the times set out in the Term Loan Facility Agreement.

RCA01 must also ensure that the following financial covenants are complied with:

- the ratio of loan to the aggregate value of the Property on each valuation test date shall not be greater than 60%; and
- the quotient of the net operating income divided by the amount of interest accruing on the loan shall not be less than 1.25.

The negative covenants include (but are not limited to) that RCA01 shall not, apart from certain agreed exceptions:

- create any charge over its existing or future assets;
- sell, lease, transfer or otherwise dispose of all or part of its assets;
- enter into any amalgamation, de-merger, consolidation, merger or corporate reconstruction or reorganization;
- make any substantial change to the general nature of its business as a whole;
- wind up, liquidate or dissolve;
- incur, create, assume, guarantee or become liable for any financial indebtedness other than the Permitted Indebtedness (as defined in the Term Loan Facility Agreement) without prior consent;
- cancel, forgive or release any claim or debt owed to RCA01 by any person; or
- cause any material alteration to the Property.

OTHER INFORMATION

The following statements are by way of a general guide and do not constitute tax advice. Investors are therefore advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the Units under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

The following statements are based on advice received by the REIT Manager regarding taxation law, regulation and practice in force as of the date of this Document and may be subject to change.

PRC TAXATION OF RCA01

General

The REIT Manager confirms that, to the best of its knowledge after due and reasonable inquiry, RCA01 has duly paid up all the taxes due and payable under the PRC laws in respect of the holding and operation of the Property since its incorporation.

Income Tax

Under the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) and its implementation rules that became effective on January 1, 2008, the standard income tax rate of 25.0% should be applied to foreign invested enterprises as well as PRC domestic enterprises, while non-resident enterprises without an establishment or presence of business in the PRC shall pay enterprise income tax by way of withholding tax at the rate of 10.0% on various types of income, including rental income and capital gains, derived from the PRC.

In respect of the rental income derived from the PRC, as RCA01 is considered a non-resident enterprise that has no establishment or presence in the PRC, RCA01 currently is subject to withholding income tax at a rate of 10.0% of its gross rental income with no deductions for expenses or allowances.

The repatriation of RCA01's proceeds arising from the Property, from the PRC to outside of the PRC, is subject to withholding tax under the PRC laws. However, given that RCA01 is an exempted company with limited liability incorporated in the Cayman Islands, and considered a non-resident enterprise that has no establishment or presence in the PRC, the distribution of dividends by RCA01 is not subject to PRC laws once the proceeds arising from the Property are repatriated out of the PRC.

Business Tax

Business tax is payable in respect of certain business activities in the PRC as set out in the Provisional Regulations Concerning Business Tax (中華人民共和國營業稅暫行條例), which was promulgated on December 13, 1993 and amended on November 10, 2008. The activities to which the business tax applies include construction, leases and sales of real estate properties in the PRC. The tax is a turnover tax charged on gross revenue. No deduction of the tax incurred on purchased services or materials is allowed. However, deductions from gross revenue are allowed for subcontracting fees paid among the transportation, tourism and construction industries. The rate of business tax payable for property sale and leasing transactions is 5.0% of the proceeds from the sale or leasing of real estate/immovable properties in China.

Real Estate Tax

Under the Tentative Regulations of the PRC on Real Estate Tax (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986 and effective from October 1, 1986 and as amended on January 8, 2011, real estate tax is charged at a rate of 1.2% if it is calculated on the basis of the residual value of a building, such residual value being the original value of a building minus a certain percentage ranging from 10.0% to 30.0%, and at a rate of 12.0% if it is calculated on the basis of the rental income; and if the building is leased, real estate tax should be calculated on the basis of the rental income. RCA01 currently pays real estate tax based on the residual value of the building.

On December 21, 2010, the Ministry of Finance and the State Administration of Taxation jointly issued the Notice on the Policies regarding Urban and Town Land Use Tax Imposed on Entities Employing the Disabled (關於安置殘疾人就業單位城鎮土地使用稅等政策的通知), under which, if the real estate tax of a building is calculated on the basis of its residual value, the value of such building should cover its land premium, including the purchase price paid for the land use rights and cost and expenses of land development, and if the floor area ratio for a parcel of land is less than 0.5, the land premium should be calculated on the basis of a site area which is two times the gross floor area of the building. In respect of the leased building with a rental free period, real estate tax payable during the rental free period should be calculated on the basis of the original value of the building.

Urban and Town Land Use Tax

Pursuant to the Tentative Regulations of the PRC on Land Use Tax in respect of Urban and Town Land (中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council on September 27, 1988 and effective from November 1, 1988, the land use tax in respect of urban and town land is levied according to the area of relevant land. The annual tax on urban land is between RMB0.2 and RMB10 per square meter. The Tentative Regulations of the PRC on Land Use Tax in respect of Urban and Town Land were revised by the State Council on December 31, 2006 and on January 8, 2011. As of January 1, 2007, the annual tax on every square meter of urban land shall be between RMB0.6 and RMB30.

Stamp Duty

Under the Tentative Regulations of the PRC on Stamp Duty (中華人民共和國印花稅暫行條例) promulgated by the State Council on August 6, 1988 and effective from October 1, 1988 and as amended on January 8, 2011, for building property transfer instruments, including those in respect of property ownership transfer, the duty rate is 0.05% of the amount stated therein; for permits and certificates relating to rights, including real estate title certificates and land use rights certificates, the stamp duty is levied on an item-by-item basis of RMB5 per item; for building leases, the duty rate is 0.1% of the rental value; and for supply and purchase instruments, the duty rate is 0.03% of the amount stated therein.

Deed Tax

Under the PRC Tentative Regulations on Deed Tax (中華人民共和國契稅暫行條例) promulgated by the State Council on July 7, 1997 and effective from October 1, 1997, a deed tax is chargeable to transferees of land use rights and/or building ownership within the territory of mainland China. These taxable transfers include the grant of state-owned land use rights and the sale, gift and exchange of land use rights or building ownership, other than the transfer of contracting management rights of rural collective land. Deed tax rate is from 3.0% to 5.0% subject to determination by local governments at the provincial level in light of the local conditions. In accordance with the Administrative Measures on Deed Tax of Beijing (北京市契稅管理規定) issued by the Municipal Government of Beijing on July 13, 1997 as amended on June 27, 2002, the deed tax rate is 3.0% within Beijing.

Land Appreciation Tax

Under the PRC Tentative Regulations on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) promulgated by the State Council on December 13, 1993 and effective from January 1, 1994 and as amended on January 8, 2011 and its implementation rules, all income from the sale or transfer of state-owned land use rights, and buildings and their attached facilities in the PRC, is subject to land appreciation tax at progressive rates ranging from 30.0% to 60.0% of the appreciation value as defined by relevant tax laws. Certain exemptions are available for the sale of ordinary residential houses if the appreciation value does not exceed 20.0% of the total deductible items, but this exemption does not extend to sales of commercial properties.

Municipal Maintenance Tax and Education Surcharge

Under the Interim Regulations of the PRC on Municipal Maintenance Tax (中華人民共和國城市維護建設稅暫行條例) promulgated by the State Council on February 8, 1985 and as amended on January 8, 2011 and the Reply Issued by the State Council on the Interpretation of Article 5 of the Interim Regulations of the PRC on Municipal Maintenance Tax (國務院辦公廳對《中華人民共和國城市維護建設稅暫行條例》第五條的解釋的覆函) which was promulgated on February 27, 2004, any taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall be required to pay municipal maintenance tax. The tax rate shall be 7.0% for a taxpayer whose domicile is in an urban area, 5.0% for a taxpayer whose domicile is in a county or a town, and 1.0% for a taxpayer whose domicile is not in any urban area or county or town, each calculated on the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

Under the Interim Provisions on Imposition of Education Surcharge (徵收教育費附加的暫行規定) promulgated by the State Council on April 28, 1986 and as amended on June 7, 1990, August 20, 2005 and January 8, 2011 respectively, a taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge pursuant to the Notice Issued by the State Council on Raising Funds for Schools in Rural Areas (國務院關於籌措農村學校辦學經費的通知). The tax rate of the education surcharge shall be 3.0% of the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

Under the Supplementary Notice Concerning Imposition of Education Surcharge (國務院關於教育費附加徵收問題的補充通知) issued by the State Council on October 12, 1994, the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises (關於外商投資企業和外國企業暫不徵收城市維護建設稅和教育費附加的通知), and the Approval on Exemption of Municipal Maintenance Tax and Education Surcharge in Foreign-invested Freightage Enterprises (關於外商投資貨物運輸企業徵免城市維護建設稅和教育費附加問題的批覆) issued by the State Administration of Taxation on February 25, 1994 and on September 14, 2005 respectively, neither the municipal maintenance tax nor the education surcharge shall be applicable to foreign enterprises until further explicit stipulations are issued by the State Council.

However, pursuant to the Notice on Unifying the Municipal Maintenance Tax and Education Surcharge System of Domestic Enterprises, Foreign-Invested Enterprises and Individuals (關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知) as issued by the State Council on October 18, 2010, both the municipal maintenance tax and education surcharge became applicable to foreign-invested enterprises, foreign enterprises and foreign individuals as of December 1, 2010.

Local Education Surcharge

Under the Reply Issued by the Ministry of Finance Concerning Imposition of Local Education Surcharge in Beijing (財政部關於同意北京市開徵地方教育附加的覆函) issued by the Ministry of Finance on July 22, 2011 and effective from January 1, 2012, a taxpayer, whether an individual or otherwise (including foreign-invested enterprises, foreign enterprises and foreign individuals), of consumption tax, value-added tax or business tax paid in Beijing shall pay a local education surcharge at the rate of 2.0% of the consumption tax, value-added tax or business tax which has been paid by such taxpayer.

Circular 698

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises issued by the PRC State Administration of Taxation (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知) ("**Circular 698**") on December 10, 2009 (effective from January 1, 2008) and the Announcement on Enterprise Income Tax Administration on Non-PRC Resident Enterprises issued by the PRC State Administration of Taxation (國家稅務總局關於非居民企業所得稅管理若干問題的公告) on March 28, 2011, where a foreign investor or effective controlling party transfers the equity interests in a PRC resident enterprise (excluding the sale of the shares of PRC resident enterprises on the public securities markets which were purchased from the public securities markets) indirectly by way of the sale of equity interests in an overseas holding company, and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate which is less than 12.5% for share transfers or (ii) does not levy tax on share transfer gain, the foreign investor should report such indirect transfer to the competent tax authority of the PRC resident enterprise within 30 days of the execution of the equity transfer agreement for such indirect transfer. The PRC tax authority will examine the true nature of the indirect transfer, and if the PRC tax authority considers that the foreign investor has adopted an abusive arrangement without reasonable commercial purposes and in order to avoid PRC tax, the PRC tax authority may disregard the existence of the overseas holding company that is used for tax planning purposes and re-characterize the indirect transfer. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax currently at the rate of 10.0%.

Under the current laws and regulations, the above reporting obligations and tax implications do not technically apply to an indirect transfer of interest in real estate in the PRC although there can be no assurance that the laws and regulations may not change. In addition, under the current laws and regulations, as RCA01 is a non-resident enterprise, the disposal of the shares in RCA01 is not required to be reported to the PRC tax authority.

HONG KONG TAXATION OF SPRING REIT AND RCA01

Profits Tax

Spring REIT, as a collective investment scheme constituted as a unit trust and authorized under [●], is exempt from Hong Kong profits tax.

Withholding Tax

Distributions made by Spring REIT to the Unitholders are not subject to any withholding tax in Hong Kong.

Property Tax

As RCA01 does not hold any real property in Hong Kong, the income derived by RCA01 is not subject to Hong Kong property tax.

Stamp Duty

No Hong Kong stamp duty is payable by Spring REIT on the issue of [●]. Subsequent dealings by the Unitholders in Units will be subject to Hong Kong stamp duty. For details, please refer to the sub-section headed "Hong Kong Taxation of the Unitholders — Stamp Duty" below.

CAYMAN ISLANDS TAXATION OF RCA01

No taxes, fees or charges (other than stamp duty) are payable (either by direct assessment or withholding) to the government or other tax authority in the Cayman Islands under the laws of the Cayman Islands in respect of a dividend payment by RCA01 to Spring REIT.

The Cayman Islands currently have no form of income, corporate or capital gains tax and no estate duty, inheritance tax or gift tax.

RCA01 has applied for and obtained an undertaking dated March 28, 2006 from the Governor in Cabinet of the Cayman Islands that no law enacted in the Cayman Islands during the period of 20 years from the date of the undertaking imposing any tax to be levied on profits, income, gains or appreciation shall apply to RCA01 or its operations and no such tax or any tax in the nature of estate duty or inheritance tax shall be payable (directly or by way of withholding) on the shares, debentures or other obligations of RCA01.

HONG KONG TAXATION OF THE UNITHOLDERS

Profits Tax

Under the Inland Revenue Department's current practice, Hong Kong profits tax will generally not be payable by any Unitholder on the distributions made by Spring REIT. The Unitholders should take advice from their own professional advisors as to their particular tax position.

Hong Kong profits tax will not be payable by any Unitholder (other than a Unitholder carrying on a trade, profession or business in Hong Kong and holding the Units for trading purposes) on any capital gains made on the sale or other disposal of the Units.

Stamp Duty

No Hong Kong stamp duty is payable by the Unitholders in relation to the issue of the [●] to them by Spring REIT. The sale and purchase of the [●] by the [●] is subject to stamp duty in Hong Kong. However, no stamp duty (including fixed duty) will be payable by any applicant in the [●] since the [●] will bear all stamp duty (including fixed duty) arising from the sale and purchase of the [●] in the [●].

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Units, whether or not the purchase or sale is on or off the [●]. The duty is currently charged at the rate of 0.2% of the higher of the consideration paid or the value of the Units transferred (the buyer and seller each being liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer). In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of the Units.

EXPERTS

Various experts have issued reports and/or letters and/or certificates for inclusion in this Document. The REIT Manager has reviewed the reports, letters and certificates prepared by these experts.

The Independent Property Valuer, the Property Consultant, DTZ, PricewaterhouseCoopers, the PRC Legal Advisor and the [●] have each given and have not withdrawn their respective written consents to the issue of this Document with the inclusion of their reports and/or letters and/or valuation certificates and/or summary thereof (as the case may be) and/or references to their names included herein in the form and context in which they are respectively included.

The Independent Property Valuer was responsible for: (i) conducting a valuation of the Property; (ii) producing a comprehensive report in relation to the findings thereof; and (iii) reviewing the forecasts of rental income for the Property and assumptions used by the REIT Manager for the purposes of the profit forecast of Spring REIT for the period from the [●] to December 31, 2013 as set out in the section headed “Profit Forecast” in this Document.

The Property Consultant was responsible for: (i) carrying out a building condition property condition survey of the Property and; (ii) producing a comprehensive report in relation to the findings thereof.

DTZ was responsible for carrying out a comprehensive study of the office property market in Beijing and producing a comprehensive report in relation to the findings thereof.

PricewaterhouseCoopers is a firm of certified public accountants and is the reporting accountants and auditors for RCA01.

The PRC Legal Advisor is a firm of PRC lawyers and is the legal advisor to the REIT Manager as to PRC law.

The [●] was responsible for considering whether the profit forecast set out in the section headed “Profit Forecast” in this Document was made by the REIT Manager after due and careful enquiry.

DEFINITIONS

TECHNICAL TERMS

In this Document, unless the context otherwise requires, the following terms shall have the meanings set out below:

Adjustments	has the meaning given to it in the section headed "Distribution Policy" in this Document.
Annual Distributable Income	has the meaning given to it in the section headed "Distribution Policy" in this Document.
Deposited Property	means, as used in the Trust Deed, all of the assets of the Trust, including all its authorized investments for the time being held or deemed to be held upon the trusts of the Trust Deed and any interest arising on subscription monies from the issuance of Units.
distribution yield	means DPU, on an annualized basis, divided by the market price of a Unit.
DPU	means distribution(s) per Unit.
GDP	means gross domestic product.
Grade A office	means an office building that has most, if not all, of the following features: located in a key business area; steel frame structure; practical floor plan with office space that can be divided freely; standard floor area of more than 1,000 sq.m. (gross floor area), with a floor loading of above 200 kilograms per sq.m.; dual power, with an electricity capacity of above 60 VA per sq.m.; brandname air-conditioning systems, which enable the adjustment of temperature and humidity in different areas; more than 30 cubic meters of fresh air per person per hour; 24-hour cold and hot water; branded elevators, with a waiting time of less than 40 seconds; sufficient car parking lots, with the serviced area of every single lot less than 250 sq.m; intelligent office operation systems (named as 5A systems); and a reputable property management company.
Gross Floor Area or GFA	means, in respect of a property, the gross floor area of that property being the area contained within the external walls of the building measured at each floor level (including any floor below the level of the ground), together with the area of each balcony in the building, which shall be calculated from the overall dimensions of the balcony (including the thickness of the sides thereof), and the thickness of external walls of the building excluding any floor space that is constructed or intended to be used solely for parking motor vehicles, loading or unloading of motor vehicles, or for refuse storage chambers, material recovery chambers, refuse chutes, refuse hopper rooms and other types of facilities

	provided to facilitate the separation of refuse, or for access facilities for telecommunications and broadcasting services, or occupied solely by machinery or equipment for any lift, air-conditioning or heating system or any similar service.
lease	means a lease in respect of premises within the Property granted to a tenant and "**leases**" shall be construed accordingly.
Leased Office GFA	means the sum of a particular area which is covered by a lease agreement that is being performed at a relevant time.
market value	means the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.
Monthly Rent	means, in respect of the Property, monthly rent payable by a relevant tenant excluding management fees and other outgoings.
Monthly Rental Revenue	means, in respect of the Property, a relevant Monthly Rent adjusted by taking into account of rental concessions granted to a relevant tenant by landlord.
NAV	means net asset value, which is calculated as total assets minus total liabilities.
Net Property Income	means all income accruing or resulting from the ownership or leasing of real estate held by Spring REIT (whether directly held by the Trustee or indirectly held by the Trustee through Special Purpose Vehicles) less all costs and expenses incurred for the account of Spring REIT or Special Purpose Vehicles in the ownership, operation, maintenance, management and marketing of real estate held by the Spring REIT (whether directly held by the Trustee or indirectly held by the Trustee through Special Purpose Vehicles).
Office GFA	means the GFA of a particular office area
Office Occupancy Rate	means, in respect of the Property, the Leased Office GFA divided by the Total Office GFA at a relevant time.
Premium Grade office building	refers to the highest quality office buildings in the market, as a subset of Grade A office buildings, that have most, if not all, the characteristics of Grade A office buildings and most, if not all, of the following additional characteristics: located mainly in leading key business areas (such as the

	CBD or the Financial Street in the case of Beijing); total GFA for the building of more than 50,000 sq.m.; standard floor area of more than 2,000 sq.m. (gross floor area); more than 70 cubic meters of fresh air per person per hour; market leader in rental rate; and part of a complex providing auxiliary facilities. Premium Grade office building is also known as "International Grade A office building" or "Prime office building."
Rental Income	means the amounts payable by tenants under their leases excluding income generated from car parking spaces and early termination.
resume land	means resume occupation and use right of land and acquire ownership of the immoveable assets on such land.
sq.m.	means square meter.
tenant	means a tenant under a lease.
Total GFA	means 145,373 sq.m., the sum of Total Office GFA and Car parking GFA.
Total Office GFA	means 120,245 sq.m., the GFA of all the office floors of the Property.
Unit Rent	means the monthly effective rent per sq.m., which is defined as the Monthly Rental Revenue divided by the relevant Office GFA during that month.

In this Document, unless the context otherwise requires, the following terms shall have the meanings set out below:

Acquisition Fee	means, as used in the Trust Deed, the acquisition fee not exceeding 1.0% (and being 1.0% as of the date of the Trust Deed) of the acquisition price of any real estate acquired directly or indirectly by Spring REIT (pro-rated if applicable to the proportion of Spring REIT's interest in the real estate acquired) payable to the REIT Manager pursuant to the Trust Deed.
AD Capital	means AD Capital Co., Ltd., a private equity investment firm established in Japan, which owns 100% of the issued share capital of the REIT Manager.
AD Capital Beijing	means Asuka DBJ (Beijing) Investment Consulting Co., Ltd, a company incorporated as a limited liability company in the PRC, which is a wholly-owned subsidiary of AD Capital.
Applicable Rules	means the SFO, the REIT Code, the [●] and all other law, rules and regulations applicable to Spring REIT.
Appraised Value	means the value of the Property, as of August 31, 2013, as appraised by the Independent Property Valuer as set out in Appendix IV to this Document.
Articles of Association	means the articles of association of the REIT Manager.
associate	has the meaning ascribed to it under the SFO.
Base Fee	means, as used in the Trust Deed, in relation to the REIT Manager, a periodic charge of 0.4% per annum of the value of the Deposited Property.
Beijing Guohua	means Beijing Guohua Real Estate Co., Ltd.
Board	means the board of Directors.
Building Management Agreement	means the agreement dated December 31, 2011 between the Building Manager and the Property Manager relating to the provision of certain building management services in respect of the Property.
Building Manager	means Beijing CCP & Savills Property Services Management Co., Ltd.
Business Day	means any day (excluding Saturdays, Sundays, public holidays and any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning

	signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general business in Hong Kong.
CBD	means central business district.
China Central Place	means China Central Place, a mixed-use development consisting of (i) three Premium Grade office buildings; (ii) Shin Kong Place, one of the largest department stores in China by sales, and other shopping areas in China Central Mall, China Central Square and China Central Commercial Street, (iii) two five-star luxury hotels, The Ritz-Carlton Hotel Beijing and JW Marriott Hotel Beijing, and (iv) residential and serviced apartment buildings and a clubhouse.
China Central Mall	means China Central Mall at China Central Place.
Colliers	means Colliers International (Hong Kong) Limited.
Companies Ordinance	means the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified for the time being.
Completion	means the completion of the exchange of RCA01 Shares for Units pursuant to the Reorganization Agreement, which shall be on or about two Business Days prior to the [●].
connected person	has the meaning ascribed to it in the REIT Code.
Convertible Instruments	means any securities convertible or exchangeable into Units, or any options or warrants or similar rights for the subscription or issue of Units or securities convertible or exchangeable into Units), issued by Spring REIT or any Special Purpose Vehicle; and references to an issue of Units "pursuant to any Convertible Instruments" means an issue of Units pursuant to exercise of any conversion, exchange and/or subscription or similar rights (as the case may be) under the terms and conditions of such Convertible Instruments.

GENERAL TERMS

DB Group	means Deutsche Bank AG and its subsidiaries and, unless otherwise expressly stated herein, excludes the Trustee and its proprietary subsidiaries (being the subsidiaries of the Trustee but excluding those subsidiaries formed in its capacity as the trustee of Spring REIT).
DBJ	means Development Bank of Japan Inc.
Deed of Tax Covenant	means the deed of tax covenant to be entered into by RCA Fund, the Trustee and AD Capital.
Directors	means the directors of the REIT Manager.
Divestment Fee	means, as used in the Trust Deed, the divestment fee not exceeding 0.5% (and being 0.5% as of the date of the Trust Deed) of the sale price of any real estate sold or divested directly or indirectly by Spring REIT (pro-rated if applicable to the proportion of Spring REIT's interest in the real estate sold) payable to the REIT Manager pursuant to the Trust Deed.
DTZ	means DTZ Debenham Tie Leung Limited.
Executive Officers	means the executive officers of the REIT Manager as of the date of this Document.
FY2013 Distribution Period	means the period from the [●] to December 31, 2013.
HIBOR	means the rate of interest offered on Hong Kong dollar loans by banks in the Hong Kong interbank market for a specified period ranging from overnight to one year.
HK$ or Hong Kong dollars	means Hong Kong dollars, the lawful currency of Hong Kong.
HKSAR Government	means the Government of the Hong Kong Special Administrative Region.

GENERAL TERMS

Hong Kong	means the Hong Kong Special Administrative Region of the PRC.
IFRS	means International Financial Reporting Standards.
Independent Property Valuer	means Colliers International (Hong Kong) Limited.
Independent Third Party	persons or companies which are independent of and not a connected person (as defined under the REIT Code) of Spring REIT.
Internal Auditor	means BDO Financial Services Limited, or such other service provider appointed to provide the internal audit function to the Manager (with respect to the REIT) from time to time.

GENERAL TERMS

Issue Price	means the price at which [●] may be issued pursuant to the Trust Deed.
JW Marriott Hotel Beijing	means JW Marriott Hotel Beijing at China Central Place.
Latest Practicable Date	means November 15, 2013, being the latest practicable date for the purposes of ascertaining certain information contained in this Document.

MaplesFS	means MaplesFS Limited, a company incorporated as an exempted company with limited liability in the Cayman Islands.
Ordinary Resolution	means a resolution of Unitholders proposed and passed by a simple majority of the votes of those present and entitled to vote in person or by proxy where the votes shall be taken by way of poll, but with a quorum of two or more Unitholders registered as holding together not less than 10% of Units for the time being in issue.
PBOC	means People's Bank of China.
PRC or China	means The People's Republic of China excluding, for the purposes of this Document only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan.

PRC Government	means The Government of PRC.
PRC Legal Advisor	means Zhong Lun Law Firm.
Profit Forecast Period	means the period from the [●] to December 31, 2013.
Property	means all of the office floors of Office Tower 1 (including Levels 4 to 28, and the equipment and emergency shelter floor on Level 16, which contains no lettable space) and Office Tower 2 (including Levels 4 to 32, and the equipment and emergency shelter floor on Level 20, which contains no lettable space) in China Central Place and a total of approximately 600 car parking spaces located at No. 81 and No. 79, Jianguo Road, Chaoyang District, Beijing, China.
Property Consultant	means Nikken Sekkei Ltd.
Property Management Agreement	means the agreement dated August 30, 2011 between RCA01 and the Property Manager relating to the provision of certain building management, lease management and finance management services in respect of the Property.
Property Management Supervision Agreement	means the agreement dated November 21, 2013 entered into by the REIT Manager, the Trustee, RCA01, AD Capital and AD Capital Beijing pursuant to which, among other things, the REIT Manager appoints AD Capital and AD Capital Beijing to assist in the supervision of the property management of the Property.
Property Manager	means, Beijing Hua-re Real Estate Consultancy Co., Ltd., of which AD Capital owns 40% equity ownership on the date hereof.
Public Unitholders	means all Unitholders other than RCA Fund.
RCA01	means RCA01, a company incorporated as an exempted company with limited liability in the Cayman Islands on March 8, 2006.
RCA01 Shares	means the shares comprising the entire issued share capital of RCA01.
RCAC	means RCAC, a company incorporated as an exempted company with limited liability in the Cayman Islands on December 12, 2005, whose registered office is at PO Box

	1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands. RCAC is the general partner of RCA Fund.
RCA Fund	means RCA Fund 01, L.P., a partnership registered in the Cayman Islands as an exempted limited partnership with its limited partners having limited liability on March 3, 2006, whose registered office is at PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.
Record Date	means, as used in the Trust Deed, the date or dates in respect of each distribution period determined by the REIT Manager for the purpose of determining the distribution entitlement to the distribution amount of the Unitholders.
REIT	means real estate investment trust.
REIT Code	means the Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being or, for the purpose of the Trust Deed, from time to time, including but not limited to by published practice statements or in any particular case, by specific written guidance issued or exemptions or waivers granted by the SFC.
Relevant Date	means, as the case may be, the date of the relevant agreement or other instrument for the issue or proposed issue of any Units or Convertible Instruments, or the date of the grant of any Convertible Instruments, whichever is the earlier.
REIT Manager	means Spring Asset Management Limited, a company incorporated in Hong Kong under the Companies Ordinance on January 29, 2013.
Reorganization Agreement	means the reorganization agreement dated November 21, 2013 entered into between the Trustee, the REIT Manager, RCA Fund and AD Capital pursuant to which the Trustee has conditionally agreed to issue Units to RCA Fund in exchange for all the issued RCA01 Shares.

Responsible Officer	means a responsible officer of the REIT Manager appointed pursuant to the requirements of the SFO.
RMB	means Renminbi, the lawful currency of the PRC.
Shin Kong Place	means Shin Kong Place at China Central Place.
SFC	means the Securities and Futures Commission of Hong Kong.
SFO	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified for the time being.
Significant Holder	has the meaning ascribed to it in the REIT Code.
Special Purpose Vehicle(s)	means an entity which is wholly or majority owned directly or indirectly by Spring REIT in accordance with the REIT Code through which Spring REIT holds or owns real estate.
Special Resolution	means a resolution of Unitholders proposed and passed by a majority consisting of 75.0% or more of the votes of those present and entitled to vote in person or by proxy where the votes shall be taken by way of poll, but with a quorum of two or more Unitholders registered as holding together not less than 25.0% of the Units for the time being in issue.
Specified Recourse Guarantee	means the specified recourse obligations guarantee dated January 10, 2013 between DBJ and Australia and New Zealand Banking Group Limited, Singapore Branch (as successor in interest to DB Trustees (Hong Kong) Limited).
Spring REIT	means Spring Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorized under section 104 of the SFO.
Statement of Financial Position	means the statement of financial position of RCA01 delivered to the Trustee and the REIT Manager by RCA Fund pursuant to the Reorganization Agreement.
Term Loan Facility	means the secured term loan facility for the aggregate amount of US$515,000,000 extended to RCA01.

Term Loan Facility Agreement	means the facility agreement entered into by RCA01 on January 10, 2013, in the amount of US$515,000,000 and, where relevant, the security and other agreements relating to the Term Loan Facility.
The Ritz-Carlton Hotel Beijing	means The Ritz-Carlton Hotel Beijing at China Central Place.
Track Record Period	means the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013.
Trust Deed	means the trust deed dated November 14, 2013 between the Trustee (in its capacity as trustee of Spring REIT) and the REIT Manager constituting Spring REIT, as amended by any supplemental deed.
Trustee	means DB Trustees (Hong Kong) Limited, the trustee of Spring REIT.
Trustee Ordinance	means the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong), as amended, supplemented or otherwise modified for the time being.
Unit	means a unit of Spring REIT.
United States or U.S.	means the United States of America.
Unitholder	means any person registered as holding a Unit.
US$ or U.S. dollars	means United States dollars, the lawful currency of the United States.
Valuation Report	means the valuation report produced by the Independent Property Valuer, as set out in Appendix IV to this Document.

Variable Fee	means a fee payable to the REIT Manager of 3.0% per annum of the net property income (before deduction therefrom of the Base Fee and the Variable Fee) of the net property income of Spring REIT.
Zhong De Securities	means Zhong De Securities Company Limited

The following is the text of a report received from the reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document. It is prepared and addressed to the directors of the REIT Manager and to the [●] pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

[*Letterhead of PricewaterhouseCoopers*]

DRAFT

[DATE]

The Directors
Spring Asset Management Limited (as manager of Spring REIT)

Dear Sirs,

We report on the financial information of RCA01 (the "Company") which will be acquired by Spring Real Estate Investment Trust ("Spring REIT") upon completion of [●], which comprises the statements of financial position as at December 31, 2010, 2011, 2012 and as at June 30, 2013 and the income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and Spring Asset Management Limited (the "REIT Manager") and is set out in Sections I to III below for inclusion in Appendix I to the this Document dated [●] (the "this Document") in connection with [●].

Spring REIT is a collective investment scheme constituted as a unit trust and is authorized under section 104 of the Securities and Futures Ordinance. Spring REIT was established under a trust deed dated November 14, 2013 made between the REIT Manager and DB Trustees (Hong Kong) Limited.

The Company was incorporated in the Cayman Islands on March 8, 2006 as an exempted company with limited liability under the Companies Law (as amended) of the Cayman Islands.

No audited financial statements have been prepared by Spring REIT as it is newly established and has not been involved in any significant business transactions since its date of establishment. The audited financial statements of the Company as at the date of this report have been prepared in accordance with Japanese generally accepted accounting principles for the years ended December 31, 2010 and 2011; and International Financial Reporting Standards for the year ended December 31, 2012. The auditor of the Company was Tanaka Certified Public Accountants Office for the years ended December 31, 2010 and 2011; and PricewaterhouseCoopers for the year ended December 31, 2012.

The director of the Company has prepared the financial statements of the Company for the Relevant Periods in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "Underlying Financial Statements"). The director of the Company is responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with IFRSs and for such internal control as the director of the Company determine is necessary to enable the preparation of Underlying Financial Statements that are free from material misstatement, whether due to fraud or error. We have audited the Underlying Financial Statements in accordance with International Standards on Auditing (the "ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB") pursuant to separate terms of engagement with the Company.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

Directors' Responsibility for the Financial Information

The directors of the Company and the REIT Manager are responsible for the preparation of the financial information that gives a true and fair view in accordance with IFRSs. The directors of the REIT Manager and the executive directors of AD Capital Co., Ltd. are responsible for the contents of the this Document in which this report is included.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

Opinion

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company as at December 31, 2010, 2011 and 2012 and June 30, 2013 and of the Company's results and cash flows for the Relevant Periods then ended.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information set out in Sections I to II below included in Appendix I to the this Document which comprises the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended June 30, 2012 and a summary of significant accounting policies and other explanatory information (the "Stub Period Comparative Financial Information").

The directors of the Company and the REIT Manager are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 2 of Section II below.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International

Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB. A review of the Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISAs and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, has not been prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

I FINANCIAL INFORMATION OF THE COMPANY

The following is the financial information of the Company prepared by the directors of the Company and the REIT Manager as at December 31, 2010, 2011 and 2012, and as at June 30, 2013 and for each of the years ended December 31, 2010, 2011 and 2012, and for each of the six months ended June 30, 2012 and 2013 (the "Financial Information").

Income Statements

		Year ended December 31,			Six months ended June 30,	
	Note	2010	2011	2012	2012	2013
		US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Revenues	5	37,191	44,692	52,903	24,829	30,510
Operating expenses	6	(11,691)	(12,425)	(13,630)	(6,468)	(7,755)
General and Administrative expenses	7	(272)	(303)	(226)	(67)	(2,037)
Increase in fair value of an investment property	11	122,058	158,479	190,102	113,356	45,912
Other losses, net	8	(13,777)	(1,025)	(7,520)	(3,749)	(5,158)
Operating profit		133,509	189,418	221,629	127,901	61,472
Finance income		155	194	324	168	188
Finance costs	9	(34,498)	(5,977)	(27,575)	(15,846)	(9,394)
Profit for the year/period		99,166	183,635	194,378	112,223	52,266

Statements of Comprehensive Income

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Profit for the year/period	99,166	183,635	194,378	112,223	52,266
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss					
Exchange gain/(loss) on translation of financial statements	5,527	15,481	1,838	(1,864)	10,778
Other comprehensive income/(loss) for the year/period	5,527	15,481	1,838	(1,864)	10,778
Total comprehensive income for the year/period	104,693	199,116	196,216	110,359	63,044

Statements of Financial Position

	Note	As at December 31, 2010	As at December 31, 2011	As at December 31, 2012	As at June 30, 2013
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Non-current assets					
Investment property	11	790,614	993,509	1,186,859	1,253,500
Derivative financial instruments	12	6,443	4,613	—	2,043
		797,057	998,122	1,186,859	1,255,543
Current assets					
Trade and other receivables	13	3,113	1,309	1,817	2,693
Amount due from redeemable preference shareholders	14	11,983	25,466	29,080	—
Restricted bank balances	15	30,256	34,782	36,955	55,916
Cash and cash equivalents	15	5,927	2,099	12,076	20,675
		51,279	63,656	79,928	79,284
Total assets		848,336	1,061,778	1,266,787	1,334,827
EQUITY					
Capital and reserves					
Ordinary shares	18	—	—	—	—
Redeemable preference shares	18	151,077	158,793	159,182	161,934
Retained earnings		206,006	389,641	584,019	607,697
Exchange reserves		5,527	21,008	22,846	33,624
Total equity		362,610	569,442	766,047	803,255
LIABILITIES					
Non-current liabilities					
Long-term borrowings	17	465,947	472,343	—	500,535
Current liabilities					
Rental deposits	16	12,446	14,622	16,652	19,314
Receipts in advance, accruals and other payables	16	7,333	5,371	6,914	11,723
Current portion of long-term borrowings	17	—	—	477,174	—
		19,779	19,993	500,740	31,037
Total liabilities		485,726	492,336	500,740	531,572
Total equity and liabilities		848,336	1,061,778	1,266,787	1,334,827
Net current assets/(liabilities)		31,500	43,663	(420,812)	48,247
Total assets less current liabilities		828,557	1,041,785	766,047	1,303,790

Statements of Changes in Equity

	Ordinary shares	Redeemable preference shares	Exchange reserves	Retained earnings	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000
At January 1, 2010	—	146,530	—	106,840	253,370
Profit for the year	—	—	—	99,166	99,166
Exchange gain on translation of financial statements	—	—	5,527	—	5,527
Total other comprehensive income	—	—	5,527	—	5,527
Total comprehensive income	—	—	5,527	99,166	104,693
Exchange gain on translation of redeemable preference shares	—	4,547	—	—	4,547
At December 31, 2010	—	151,077	5,527	206,006	362,610
At January 1, 2011	—	151,077	5,527	206,006	362,610
Profit for the year	—	—	—	183,635	183,635
Exchange gain on translation of financial statements	—	—	15,481	—	15,481
Total other comprehensive income	—	—	15,481	—	15,481
Total comprehensive income	—	—	15,481	183,635	199,116
Exchange gain on translation of redeemable preference shares	—	7,716	—	—	7,716
At December 31, 2011	—	158,793	21,008	389,641	569,442
At January 1, 2012	—	158,793	21,008	389,641	569,442
Profit for the year	—	—	—	194,378	194,378
Exchange gain on translation of financial statements	—	—	1,838	—	1,838
Total other comprehensive income	—	—	1,838	—	1,838
Total comprehensive income	—	—	1,838	194,378	196,216
Exchange gain on translation of redeemable preference shares	—	389	—	—	389
At December 31, 2012	—	159,182	22,846	584,019	766,047

Statements of Changes in Equity (Continued)

	Ordinary shares	Redeemable preference shares	Exchange reserves	Retained earnings	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000
At January 1, 2012	—	158,793	21,008	389,641	569,442
Profit for the period (unaudited)	—	—	—	112,223	112,223
Exchange loss on translation of financial statements (unaudited)	—	—	(1,864)	—	(1,864)
Total other comprehensive loss (unaudited)	—	—	(1,864)	—	(1,864)
Total comprehensive income (unaudited)	—	—	(1,864)	112,223	110,359
Exchange loss on translation of redeemable preference shares (unaudited)	—	(603)	—	—	(603)
At June 30, 2012 (unaudited)	—	158,190	19,144	501,864	679,198
At January 1, 2013	—	159,182	22,846	584,019	766,047
Profit for the period	—	—	—	52,266	52,266
Exchange gain on translation of financial statements	—	—	10,778	—	10,778
Total other comprehensive income	—	—	10,778	—	10,778
Total comprehensive income	—	—	10,778	52,266	63,044
Exchange gain on translation of redeemable preference shares	—	2,752	—	—	2,752
Dividend payable to redeemable preference shareholders	—	—	—	(28,588)	(28,588)
At June 30, 2013	—	161,934	33,624	607,697	803,255

Statements of Cash Flows

	Note	Year ended December 31, 2010	Year ended December 31, 2011	Year ended December 31, 2012	Six months ended June 30, 2012	Six months ended June 30, 2013
		US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Cash flows from operating activities						
Cash generated from operations	19	31,266	34,381	39,185	18,779	26,875
Interest received		197	194	324	168	188
Net cash generated from operating activities		31,463	34,575	39,509	18,947	27,063
Cash flows from investing activities						
Additions to investment property		(91)	—	—	—	—
Increase in amount due from preference shareholders		(3,771)	(12,552)	(3,535)	(2,834)	(3,234)
Net cash used in investing activities		(3,862)	(12,552)	(3,535)	(2,834)	(3,234)
Cash flows from financing activities						
Drawdown of borrowings		493,433	—	—	—	497,006
Repayment of borrowings		(520,679)	—	—	—	(480,000)
Settlement of derivative financial instruments		27,048	—	—	—	—
Purchase of derivative financial instruments		(20,040)	—	—	—	(2,421)
Interest paid		(21,628)	(22,885)	(23,859)	(11,992)	(10,181)
Other incidental borrowing cost		—	(59)	(60)	(60)	(675)
Decrease/(increase) in restricted bank balances		20,191	(2,907)	(2,079)	957	(18,961)
Net cash used in financing activities		(21,675)	(25,851)	(25,998)	(11,095)	(15,232)
Net increase/(decrease) in cash and cash equivalents		5,926	(3,828)	9,976	5,018	8,597
Cash and cash equivalents at beginning of year/period		1	5,927	2,099	2,099	12,076
Exchange gains on cash and cash equivalents		—	—	1	—	2
Cash and cash equivalents at end of year/period		5,927	2,099	12,076	7,117	20,675

II NOTES TO THE FINANCIAL INFORMATION

1 General information

The Company was incorporated in the Cayman Islands on March 8, 2006, as an exempted company with limited liability under the Companies Law (as amended) of the Cayman Islands. The address of its registered office is PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands. The Company is principally engaged in property investment.

Spring REIT will acquire the ownership of the property through the acquisition of the entire issued share capital of the Company upon the completion of [●].

These financial statements are presented in United States dollar ("US$"), unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied during the Relevant Periods, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared under the historical cost convention, as modified by investment property and derivative financial instruments, which are carried at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Impact of new or revised International Financial Reporting Standards

The International Accounting Standards Board (the "IASB") has issued a number of new standards, amendments or improvements to standards and interpretation of IFRSs which are not yet effective for the six months ended June 30, 2013.

At the date of this report, the following new standards, amendments or improvements to standards and interpretation are in issue but not yet effective, and have not been early adopted by the Company:

		Effective for accounting periods beginning on or after
New standards, interpretation and amendments		
IAS 32 Amendment	Financial Instruments: Presentation— Offsetting Financial Assets and Financial Liabilities	January 1, 2014
IAS 36 Amendment	Recoverable amount disclosure for non-financial assets	January 1, 2014
IFRS 7 and IFRS 9 Amendments	Mandatory Effective Date and Transition Disclosures	January 1, 2015
IFRS 9	Financial Instruments	January 1, 2015
IFRS 10, IFRS 12 Amendment and IAS 27 (revised 2011)	Investment entities	January 1, 2014
IFRIC Interpretation 21	Levies	January 1, 2014

The Company will apply the above new standards, interpretation, amendments or improvements to existing standards as and when they become effective. The Company has already commenced an assessment of the impact of these new standards, interpretation, amendments or improvements to existing standards, and anticipated that the adoption of new standards, interpretation, amendments or improvements to existing standards will not have a material effect on the Company's operating result or financial position.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, for rental income in the ordinary course of the company's activities. The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company's activities, as described below.

(i) Rental and car park income

Operating lease rental income from investment property is recognized in the income statement on a straight-line basis over the terms of lease agreements. Lease incentives provided, such as rent-free periods, are amortized on a straight-line basis and are recognized as a reduction of rental income over the respective term of the lease.

(ii) Interest income

Interest income is recognized on a time proportion basis using the effective interest method.

(c) Investment property

Investment property, principally comprising leasehold land and buildings, is property held for long-term rental yields or for capital appreciation or both, and not occupied by the Company. Land held under operating leases is accounted for as investment property when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value, representing open market value determined at each reporting date by external valuer. Changes in fair values are recorded in the income statement.

Subsequent expenditure is capitalized to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

(d) Derivative financial instruments

Derivative is initially recognized at fair value on the date a derivative contract is entered into and is subsequently remeasured at its fair value at the end of each reporting period. The change in the fair value is recognized in the income statement.

(e) Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

In the event that lease incentives, including rent free periods, are given to enter into operating leases, such incentives are recognized as deferred rent receivables. The aggregate benefit of incentives is recognized as a reduction of rental income on a straight-line basis.

(f) Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(g) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(h) Redeemable Preference Shares

In accordance with IAS 32 (Amendment), 'Financial instruments: Presentation', the puttable financial instruments are classified as equity where certain strict criteria are met. Those criteria include:

- the puttable instruments must entitle the holder to a pro-rata share of net assets;
- the puttable instruments must be the most subordinated class and class features must be identical;
- there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the puttable instrument over its life must be based substantially on the profit or loss of the issuer.

The Company's redeemable preference shares met all these conditions and are classified as equity. Should the terms or conditions of the redeemable preference shares change such that they do not comply with the strict criteria contained in the amended IAS 32, the redeemable shares would be reclassified to a financial liability from the date the instrument ceases to meet the criteria.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of new ordinary shares or options, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

Where the Company re-purchases its redeemable preference shares, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the ordinary shares are cancelled, reissued or disposed of.

(i) Payables and provisions

(i) Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(ii) Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation that reflects current market assessments of the time value of money and the risks specific to the obligation.

(j) Taxation

The current taxation charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in PRC where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(k) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company holds investment property in the People's Republic of China ("PRC") with rental income earned in Chinese Renminbi ("RMB"). As a result, management considers that the functional currency of the Company is RMB.

The financial statements are presented in US$, which is the Company's presentation currency, to facilitate analysis of financial information by the stakeholders.

The Company's functional currency is different from the presentation currency and the results and financial position are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognized in other comprehensive income.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within other gains or losses.

Translation differences on non-monetary financial assets and liabilities such as derivatives held at fair value through profit or loss are recognized in profit or loss as part of the fair value gains or losses. Translation differences on other non-monetary financial assets are included in other comprehensive income.

3 Financial risk and capital risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the senior management. The management manages and monitors these risk exposures to ensure appropriate measures are implemented on timely and effective manners.

(a) Market risk

(i) Foreign exchange risk

The Company operates in PRC and its functional currency is RMB and is therefore exposed to foreign exchange risk arising from commercial transactions, and from recognized assets and liabilities that are denominated in non-functional currency. This is primarily with respect to the US$ and Japanese Yen ("JPY").

On June 29, 2010, the Company entered into a currency option with notional principal amount of US$370 million to economically hedge the US$ bank borrowings with principal amount of US$370 million against the potential weakening of RMB against the US$ as at December 31, 2010, 2011 and 2012. The strike price of the currency option was RMB7/US$1, and was exercisable on the date of maturity on June 27, 2013. The bank loan was early repaid on January 28, 2013 and the currency option was expired upon maturity date.

On January 10, 2013, the Company entered a new borrowing with principal amount US$515 million.

Except for the foreign currency bank borrowings, the Company currently does not have other foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider entering into forward foreign exchange contracts to reduce the exposure should the need arises.

As at December 31, 2010, 2011 and 2012, if RMB had strengthened/weakened by 5% against the US$ with all other variables held constant, profit for the period in would have been increased/decreased by US$22,226,000, US$22,816,000 and US$22,796,000 respectively, mainly as a result of foreign exchange difference on translation of US$ currency items such as cash and bank balance, derivative financial instruments, other payables and borrowings.

As at June 30, 2012 and 2013, if RMB had strengthened/weakened by 5% against the US$ with all other variables held constant, profit for the period in would have been increased/decreased by US$22,893,000 and US$22,554,000 respectively, mainly as a result of foreign exchange difference on translation of US$ currency items such as cash and bank balance, derivative financial instruments, other payables and borrowings.

As at December 31, 2010, 2011 and 2012, if RMB had strengthened/weakened by 5% against JPY with all other variables held constant, profit for the year would have been decreased/increased by US$534,000, US$1,273,000 and US$1,455,000 respectively, mainly as a result of foreign exchange difference on translation of JPY currency items such as cash and bank balance, amount due from redeemable preference shareholders, and other payables.

As at June 30, 2012 and 2013, if RMB had strengthened/weakened by 5% against JPY with all other variables held constant, profit for the year would have been decreased/increased by US$1,405,000 and US$44,000 respectively, mainly as a result of foreign exchange difference on translation of JPY currency items such as cash and bank balance and other payables.

(ii) Interest rate risk

The Company's interest rate risk mainly arises from its long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash held at variable rate. Under the Company's interest rate management policy, the Company generally raises borrowings at floating rates and may use plain vanilla interest rate caps to manage the risk where the Company forecasts a significant rise in interest charge in the foreseeable future.

The Company entered into a plain vanilla interest rate cap with notional principal amount of US$370 million in June 2010 to economically hedge the interest rate risk arising from the variable rate bank borrowings with principal amount of US$370 million as at December 31, 2010, 2011 and 2012. The US dollar London Interbank Offered Rate ("LIBOR") interest rate was capped at 1.53719% until maturity of the cap in June 2013.

The Company entered into two plain vanilla interest rate cap with notional principal amount of US$260 million and US$255 million in February 2013 to economically hedge the interest rate risk arising from the variable rate bank borrowings with principal amount of US$515 million. The US dollar London Interbank Offered Rate ("LIBOR") interest rate is capped at 1.3000% until the maturity of the caps in January 2016.

As at December 31, 2010, 2011 and 2012, and as at June 30, 2012 and 2013, if interest rates had been 10 basis points higher/lower with all other variables held constant, profit for the years ended December 31, 2010, 2011 and 2012, and each of the six months ended June 30, 2012 and 2013 would have been US$444,000, US$443,000, US$431,000, US$439,000 and US$435,000 lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings offset by cash held at variable rate.

(b) Credit risk

Credit risk arises from the potential failure of the Company’s counterparties to meet their obligations under financial contracts. The Company is exposed to credit risk on its cash and cash equivalents and deposits with banks and financial institutions, derivative financial instruments as well as trade and other receivables.

For deposits with banks and financial institutions, the Company has limited its credit exposure by restricting their selection of financial institutions to reputable banks with sound credit ratings.

In respect of credit exposures to tenants, credit risk exposure is minimized by undertaking transactions with a large number of counterparties and conducting credit reviews on prospective tenants. Monthly rentals are payable in advance by tenants in accordance with the leases. The Company also has policies in place to ensure that rental security deposits are required from tenants prior to commencement of leases. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate provision for impairment losses is made for irrecoverable amounts.

(c) Liquidity risk

Cash flow forecasting is performed by the Company’s finance function (“Company Finance”). Company Finance monitors rolling forecasts of the Company’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its borrowing facilities (note 17) at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company’s debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements.

Liquidity risk management includes maintaining sufficient cash, the availability of funding from operating cashflow and seeking stable financing activities. The Company will continue to monitor market conditions to assess the possibility of arranging longer term refinancing at favorable rates and extending the maturity profile of its debts.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows which comprise both interest and principal cash flows.

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years
	US$'000	US$'000	US$'000
At December 31, 2010			
Accruals and other payables	2,763	—	—
Interest payable on borrowings	22,658	22,658	10,863
Borrowings	—	—	480,000
At December 31, 2011			
Accruals and other payables	137	—	—
Interest payable on borrowings	23,989	11,501	—
Borrowings	—	480,000	—
At December 31, 2012			
Accruals and other payables	398	—	—
Interest payable on borrowings	10,869	—	—
Borrowings	480,000	—	—
At June 30, 2013			
Accruals and other payables	1,009	—	—
Interest payable on borrowings	19,431	19,431	11,286
Borrowings	—	—	515,000

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total borrowings divided by total assets.

	As at December 31,			As at June 30, 2013
	2010	2011	2012	
	US$'000	US$'000	US$'000	US$'000
Total borrowings (note 17)	465,947	472,343	477,174	500,535
Total assets	848,336	1,061,778	1,266,787	1,334,827
Gearing ratio	54.9%	44.5%	37.7%	37.5%

3.3 Fair value estimation

For financial instruments that are measured at fair value, IFRS requires disclosure of fair value measurement by three levels of fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Company's financial assets and liabilities that are measured at their fair values at December 31, 2010, 2011 and 2012 and June 30, 2013.

	Fair Value as at				
	December 31, 2010	December 31, 2011	December 31, 2012	June 30, 2013	Fair value hierarchy
	US$'000	US$'000	US$'000	US$'000	
Asset					
Derivative financial instruments	6,443	4,613	—	2,043	Level 2
	6,443	4,613	—	2,043	

(a) Valuation techniques used to derive Level 2 fair values

Level 2 derivative financial instruments comprise plain vanilla interest rate cap contracts and currency option contract which are not traded in an active market. The fair values of these derivative financial instruments are based on prices quoted by financial institutions, which are determined using forward prices at the balance sheet date.

The fair values of plain vanilla interest rate cap contracts and currency swap contract are calculated by reference to the present values of the estimated future cash flows, taking into account current interest and exchange rates observed in the market. The Company's plain vanilla interest rate cap contracts are included in Level 2 in June 2013.

There were no changes in valuation techniques during the year.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimates of fair value of investment property

The fair value of each investment property is individually determined at each reporting date by independent valuer based on a market value assessment, on an existing use basis.

The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the valuer determined the amount within a range of reasonable fair value estimates and considered information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using other method such as the discounted cash flow method or income capitalization approach.

At December 31, 2010, 2011, 2012 and June 30, 2012, the valuer has relied on the discounted cash flow method as the primary methods with cross-reference to direct comparison approach using office lease comparables. In respect of the valuation as at June 30, 2013, the valuer also used the income capitalization approach in addition to discounted cash flow method.

(b) Estimate of fair value of derivatives

Fair values of derivative financial instruments have been arrived at using valuations provided by the counterparty banks for each reporting period with reference to market data such as interest rates and exchange rates. Actual results may differ when assumptions and selections of valuation technique changes.

(c) Taxation

The Company is a foreign enterprise established outside the PRC, and paid withholding taxation charged at 10% over the revenues derived from the property. Deferred tax liabilities have not been established for the withholding taxation as the director considers that, since the tax is based on gross revenues rather than profits, the withholding tax expense is an operating expense.

The Company is subject to various taxes in the PRC, including withholding taxation charged at 10% over the revenues. Significant judgement is required in determining the provision for taxation including deferred taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes or writes back liabilities for anticipated tax issues based on estimates of whether additional taxes will be due or reversal to be made. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxation and deferred tax provisions in the period in which such determination is made.

5 Revenues and segment information

The Company holds an investment property in the PRC and is principally engaged in property investment. Turnover mainly consists of rental income. Revenues recognized during the year represent rental income from tenants. Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker, A.D. Capital Co., Ltd. (note 21) that are used to make strategic decisions. Given that management review the operating results of the Company on an aggregate basis, no segment information is therefore presented.

The Company's revenues from external tenants are derived solely from its operation in the PRC and the non-current assets of the Company are also mainly located in the PRC. During each of the years ended December 31, 2010, 2011 and 2012, and each of the six months ended June 30, 2012 and 2013, no revenue from a single external tenant exceeded 10% or more of the Company's total revenue.

An analysis of revenues of the Company is as follows:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Revenues					
Rental income	36,746	43,687	51,345	24,256	30,221
Car park income	388	408	491	224	243
Other income	57	597	1,067	349	46
	37,191	44,692	52,903	24,829	30,510

Note:

Other income represents compensation paid by tenants for early termination of leases.

6 Operating expenses

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Property management fee (i)	(1,308)	(1,382)	(1,063)	(503)	(622)
Property taxes (ii)	(3,562)	(3,732)	(3,835)	(1,912)	(1,944)
Business tax and other taxes (iii)	(1,987)	(2,630)	(3,028)	(1,420)	(1,815)
Withholding tax (iv)	(3,927)	(4,727)	(5,341)	(2,503)	(3,158)
Leasing commission	(297)	(171)	(196)	(60)	(141)
Insurance	(146)	(158)	(141)	(70)	(70)
Provision for trade receivables	(416)	—	—	—	—
Reversal of provision for impaired trade receivables	—	379	—	—	—
Bad debt written off	(21)	—	—	—	—
Others	(27)	(4)	(26)	—	(5)
Total	(11,691)	(12,425)	(13,630)	(6,468)	(7,755)

Notes:

(i) Property management fee represents leasing, marketing and tenancy management services received from a leasing agent in Beijing, namely, Beijing Hua-re Real Estate Consultancy Co., Ltd ("HuaRe").

(ii) Property taxes represent real estate tax and land use tax.

(iii) Business tax and other taxes represent business tax, urban construction and maintenance tax, education surcharge and stamp duty.

(iv) Withholding tax in the PRC is calculated based on 10% of the revenues received from rental operation.

7 General and Administrative expenses

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Asset management fee (i)	—	—	—	—	(1,824)
Professional fee	(272)	(303)	(226)	(67)	(213)
Total	(272)	(303)	(226)	(67)	(2,037)

Note:

(i) During the years ended December 31, 2010, 2011 and 2012, asset management costs related to RCA01 were borne by the preference shareholders of RCA01. Pursuant to an agreement signed in January 2013 between RCA01 and AD Capital Co., Ltd, an asset management fee would be charged to RCA01 for services such as casualty insurance review, monitoring of the property manager, construction, renovation and leasing of the Property, financial reporting, financing and business plan preparation. The asset management fee will be terminated prior to [●] and be replaced by REIT Manager fee.

8 Other losses, net

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Derivative financial instruments at fair value through profit or loss:					
Net fair value losses	(15,766)	(2,106)	(4,604)	(3,301)	(418)
Foreign exchange gains/(losses)	1,953	(847)	(3,060)	(448)	(4,735)
Payables written off	—	1,928	—	—	—
Other miscellaneous gains/(loss)	36	—	144	—	(5)
	(13,777)	(1,025)	(7,520)	(3,749)	(5,158)

9 Finance costs

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Interest expenses on bank borrowings (i)	(30,588)	(29,663)	(29,010)	(14,020)	(14,153)
Foreign exchange (losses)/gains on bank borrowings (ii)	(3,910)	23,745	1,495	(1,766)	8,558
Other incidental borrowing costs (iii)	—	(59)	(60)	(60)	(3,799)
	(34,498)	(5,977)	(27,575)	(15,846)	(9,394)

Notes:

(i) Interest expenses on bank borrowings comprised contractual loan interest and amortized loan arrangement fee, which were recognized using the effective interest rate method.

(ii) Foreign exchange losses and gains on bank borrowings arise upon translating the bank borrowings denominated in foreign currencies to RMB, the Company's function currency. The exchange gains on bank borrowing during the years ended December 31, 2011, 2012 and the 6 months ended June 30, 2013 were mainly arisen from the appreciation RMB of against USD.

(iii) Other incidental borrowing costs comprise bank charges and derecognition of unamortized loan arrangement fee. In January 2013, the Company early repaid a bank borrowing (see Note 17 (i)), resulting in a derecognition of unamortized loan arrangement fee of US$3,124,000 during the 6 months ended June 30, 2013.

10 Director's remuneration

For each of the years ended December 31, 2010, 2011 and 2012, and each of the six months ended June 30, 2012 and 2013, no fee or other emoluments were paid to the director in respect of his services to the Company, nor were any payable.

11 Investment property

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
At beginning of year/period	645,705	790,614	993,509	1,186,859
Exchange differences recognized in other comprehensive income	22,760	44,416	3,248	20,729
Changes in fair value recognized in income statement	122,058	158,479	190,102	45,912
Additions	91	—	—	—
At end of year/period	790,614	993,509	1,186,859	1,253,500

The investment property comprises office tower 1 & 2 located at No. 79 and 81 Jianguo Road, Beijing, the People's Republic of China ("PRC"). Land use rights has been granted to RCA01 for a 50-year term expiring on October 28, 2053.

As at December 31, 2010, 2011 and 2012, and as at June 30, 2013, the investment property was pledged to secure the Company's bank borrowings (note 17 ii).

The investment property was revalued by Colliers International, independent qualified valuer not connected to the Company for each of the years ended December 31, 2010, 2011, 2012 and each of the six months ended June 30, 2012 and 2013. The external valuer used the discounted cash flow method with reference to direct office lease comparable in 2010, 2011 and 2012 and June 2012 to value the investment property. For the June 30, 2013 valuation, the valuer used the discounted cash flow method and income capitalization approach.

The discounted cash flow method in the context of property valuation is defined in the International Valuation Standards as a financial modelling technique based on explicit assumptions regarding the prospective cash flow to a property. This analysis involves the projection of a series of periodic cash flows to an operating property. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the property. In operating real property, periodic cash flow is typically estimated as gross income less vacancy and operating expenses and other outgoings. The series of periodic net operating incomes, along with an estimate of the terminal value which is anticipated at the end of the projection period, is then discounted at the discount rate, being a cost of capital or a rate of return used to convert a monetary sum, payable or receivable in the future, into present value.

The income capitalization approach estimates the values of the properties on an open market basis by capitalizing net rental income on a fully leased basis having regard to the current passing rental income from existing tenancies and potential future reversionary income at the market level. In calculating the net rental income, no deduction has been made from the net passing rental income which is exclusive of property management fee. In this valuation method, the total rental income is divided into a current passing rental income over the existing lease term (the term income) and a potential future reversionary rental income over the residual land use term (the reversionary income). The term value involves the capitalization of the current passing rental income over the existing lease term. The reversionary value is taken to be current market rental income upon the expiry of the lease over the residual land use rights term and is capitalized on a fully leased basis. It is then discounted back to the date of valuation. In this approach, the valuer has considered the term yield and reversionary yield. The term yield is used for capitalization of the current passing rental income as at the date of valuation whilst the reversionary yield is used to convert reversionary rental income.

Key inputs used to determine fair values are as follows:

(a) Capitalization rate

This is estimated based on the market lease over market value on comparables. The higher the capitalization rates used, the lower the fair values of the investment property. In the June 30, 2013 valuation, a capitalization rate of 7% is used in the income capitalization approach; a net terminal capitalization rate of 6% is used in the discounted cash flow method.

(b) Discount rate

This is estimated based on cost of capital of a rate of return used to convert a monetary sum, payable or receivable in the future into present value. The higher the discount rates used, the lower the fair values of the investment property. In the June 30, 2013 valuation, a discount rate of 9% is used in the discounted cash flow method.

(c) Base rent

This is estimated based on the market lease comparables. The higher the base rent used, the higher the fair values of the investment property. In June 30, 2013, the average gross monthly office unit base rent of RMB 410 per square meter is used in the valuation.

As at June 30, 2013, if the market value of investment property had been 5% (Dec 2012: 5%) higher/lower with all other variables held constant, the carrying value of the Company's investment property would have been US$62.7 million (Dec 2012: US$59.3 million) higher/lower.

12 Derivative financial instruments

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
Non-current assets				
Interest rate cap	2,872	307	—	2,043
Currency option	3,571	4,306	—	—
Total	6,443	4,613	—	2,043

The Company has entered into certain interest rate caps and currency option as part of its financial risk management but did not account for these as accounting hedges under IAS 39. Plain vanilla interest rate cap is used to hedge the interest payments of variable debt instruments and the floating interest rate risk. Currency option is used to hedge foreign currency borrowings against foreign currency risks.

The notional principal amount of the outstanding plain vanilla interest rate cap as at December 31, 2010, 2011 and 2012, and as at June 30, 2013 were US$370 million, US$370 million, US$370 million and US$515 million respectively. The notional principal amount of the outstanding currency option at December 31, 2010, 2011 and 2012 were US$370 million, US$370 million and US$370 million.

The Company recorded fair value losses on derivative financial instruments for the years ended December 31, 2010, 2011 and 2012 and each of the six months ended June 30, 2012 and 2013 amounting to US$15.8 million, US$2.1 million, US$4.6 million, US$3.3 million (unaudited) and US$0.4 million respectively (note 8) which were charged to the income statement.

The maximum exposure to credit risk at the reporting date is the carrying value of the derivative financial instruments.

As at December 31, 2010, 2011 and 2012, and as at June 30, 2013, the Company's derivative financial instruments were pledged to secure the Company's bank borrowings (note 17 ii).

13 Trade and other receivables

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
Trade receivables	465	56	2	116
Less: provision for trade receivables	(426)	—	—	—
Trade receivables – net	39	56	2	116
Deferred rent receivables	3,042	1,243	1,815	2,486
Prepayment	—	—	—	91
Other receivables	32	10	—	—
	3,113	1,309	1,817	2,693

Notes:

(i) Receivables are denominated in RMB and the carrying amounts of these receivables approximate their fair values.

Monthly rentals are payable in advance by tenants in accordance with the leases while daily gross receipts from car parks are received from the car park operators in arrears.

(ii) The Company's exposure from outstanding trade receivables is generally fully covered by the rental deposits from the corresponding tenants.

(iii) As at December 31, 2010, 2011 and 2012, and as at June 30, 2013 the Company's trade receivables and all future trade receivables were pledged to secure the Company's bank borrowing (note 17 ii).

The ageing analysis of trade receivables is as follows:

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
0—30 days	38	56	2	116
31—90 days	171	—	—	—
Over 90 days	256	—	—	—
	465	56	2	116

As at December 31, 2010, 2011 and 2012, and as at June 30, 2013 trade receivables of US$39,000, US$56,000, US$2,000 and US$116,000 were past due but not impaired.

The ageing analysis of the past due but not impaired trade receivables is as follows:

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
0—30 days	31	56	2	116
31—90 days	8	—	—	—
Over 90 days	—	—	—	—
	39	56	2	116

As at December 31, 2010, 2011 and 2012, and as at June 30, 2013, trade receivables of US$426,000, US$nil, US$nil and US$nil were considered as impaired and had been provided for. The individually impaired receivables are those where collectability is in doubt.

The ageing analysis of the impaired trade receivables is as follows:

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
0—30 days	7	—	—	—
31—90 days	163	—	—	—
Over 90 days	256	—	—	—
	426	—	—	—

Movements on the provision for impairment of trade receivables are as follows:

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
At beginning of year/period	—	426	—	—
Provision for trade receivables	416	—	—	—
Reversal of provision for trade receivables	—	(379)	—	—
Bad debt written off	—	(57)	—	—
Exchange difference	10	10	—	—
At end of year/period	426	—	—	—

The creation and release of provision for trade receivables have been included in operating expenses in the income statement. Amounts charged to the provision account will be written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivables.

14 Amount due from redeemable preference shareholders

Amount due from redeemable preference shareholders was unsecured, interest free, repayable on demand and the carrying amount was denominated in JPY. The amount was off set by a dividend payable as at June 28, 2013 of the same amount (note 19 i).

15 Restricted bank balances and cash and cash equivalents

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
Total time deposits and bank balances				
Restricted	30,256	34,782	36,955	55,916
Unrestricted	5,927	2,099	12,076	20,675
	36,183	36,881	49,031	76,591

Cash and cash equivalents and restricted bank balances are denominated in the following currencies:

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
RMB	20,931	25,464	27,640	27,011
JPY	10	3	135	118
US$	15,242	11,414	21,256	49,462
	36,183	36,881	49,031	76,591

As at December 31, 2010, 2011 and 2012, and as at June 30, 2013, the Company's restricted bank accounts were charged to, or otherwise subject to the control of, the facility agent of the Company's bank borrowing (note 17 ii). The restricted bank balances are bank accounts established and restricted under the bank borrowing facility agreements entered in June 2010 and January 2013. Prior consent from facility agent, Deutsche Bank AG, must be obtained before transfer and withdrawal of funds in the restricted bank accounts.

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
Bank balances	36,180	36,878	48,896	76,473
Short-term bank deposits	3	3	135	118
Total	36,183	36,881	49,031	76,591

16 Rental deposits, receipts in advance, accruals and other payables

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
Rental deposits (note i)	12,446	14,622	16,652	19,314
Receipts in advance	3,471	3,897	5,080	6,336
Provision for withholding tax	289	435	493	542
Provision for other taxes (note ii)	179	239	279	325
Accrued expenses and other payables	3,394	800	1,062	4,520
	7,333	5,371	6,914	11,723

Notes:

(i) Rental deposits are classified as current liabilities so as to follow the Company's rental business operating cycle. The ageing analysis is as follows:

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
Within 1 year	3,781	2,086	6,958	8,213
Over 1 year	8,665	12,536	9,694	11,101
Total	12,446	14,622	16,652	19,314

(ii) The balance represents provision for business tax, urban construction and maintenance tax, education surcharge and stamp duty.

(iii) The carrying amounts of rental deposits, receipts in advance, accruals and other payables approximate their fair values.

17 Long-term borrowings

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
Non-current				
Bank borrowings	465,947	472,343	—	500,535
Current				
Bank borrowings	—	—	477,174	—
Total	465,947	472,343	477,174	500,535

The exposure of the Company's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
6 months or less	465,947	472,343	477,174	500,535

The carrying amounts of bank borrowings approximate their fair value as the borrowings were at floating interest rate.

The Company's bank borrowings are denominated in US$.

Notes:

(i) As at December 31, 2010, 2011 and 2012, the Company had a term loan facility with carrying amount of US$359 million, US$364 million and US$367 million, respectively. The borrowings bore interest at 3.5% above LIBOR and were scheduled to be repaid on June 24, 2013. These were early settled on January 28, 2013.

As at December 31, 2010, 2011 and 2012, the Company had a term loan facility with carrying amount of US$107 million, US$108 million, and US$110 million, respectively. The borrowings bore interest at 7.5% above LIBOR and were scheduled to be repaid on June 24, 2013. These were early settled on January 31, 2013.

A new term loan facility, with principal of US$515 million and carrying amount of US$501 million as at June 30, 2013, was drawdown on January 28, 2013. The amount is wholly repayable on January 27, 2016. The borrowing bears interest of 3.5% above 3-months LIBOR.

(ii) As at December 31, 2010, 2011 and 2012, and as at June 30, 2013, the Company's investment property (note 11), derivative financial instruments (note 12), rental receivables and all future trade receivables (note 13) , restricted bank accounts (note 15), Company's ordinary shares and preference shares (note 18) was pledged to secure the Company's term loan facilities.

18 Ordinary shares and redeemable preference shares

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
Authorized:				
1,000 ordinary shares of US$1 each (note i)	1	1	1	1
49,000,000 non-voting preference shares of US$0.001 each (note ii)	49	49	49	49
	50	50	50	50
Issued and fully paid:				
250 ordinary shares of US$1 each (note i)	—	—	—	—
31,094,000 non-voting preference shares of US$0.001 each (note ii)	151,077	158,793	159,182	161,934
	151,077	158,793	159,182	161,934

Notes:

(i) The Company's authorized ordinary share capital is 1,000 shares with par value of US$1 per share. The shares carry voting rights, no rights to dividends and receive the par value of ordinary share capital before any payment to the redeemable preference share capital in case the Company was winding-up.

The Company's issued ordinary share capital is 250 shares. All issued ordinary shares are fully paid. All issued ordinary shares are held and ultimately held by MaplesFS Limited (formerly known as Maples Finance Limited) under a charitable trust.

As at December 31, 2010, 2011 and 2012, and as at June 30, 2013, the Company's ordinary shares were pledged to secure the Company's bank borrowings (note 17 ii).

(ii) The Company's authorized redeemable preference share capital is 49,000,000 shares with par value of US$0.001 per share. The shares carry no voting rights, are entitled to discretionary dividends, are redeemable at the option of the preference shareholders, and are entitled to redeem at a proportionate share of the Company's net assets attributable to redeemable preference shares. The preference shareholders are entitled to all the dividends distributed by the Company. In the case of winding up, the preference shareholders are entitled to all the Company's net assets after the par value of the issued ordinary shares was returned to the ordinary shareholder.

The Company's issued redeemable preference share capital is 31,094,000 shares. All issued redeemable preference shares are fully paid.

As at December 31, 2010, 2011 and 2012, and as at June 30, 2013, the Company's preference shares were pledged to secure the Company's bank borrowings (note 17 ii).

19 Notes to statements of cash flows

Net cash flow from operating activities

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Profit for the year	99,166	183,635	194,378	112,223	52,266
Changes in fair value of investment property	(122,058)	(158,479)	(190,102)	(113,356)	(45,912)
Payables written off	—	(1,928)	—	—	—
Net fair value losses on derivative financial instruments	15,766	2,106	4,604	3,301	378
Provision for trade receivables	416	—	—	—	—
Bad debt written off	21	—	—	—	—
Interest income	(155)	(194)	(324)	(168)	(188)
Finance costs	34,498	5,977	27,575	15,846	9,394
Net exchange losses	129	200	47	(21)	4,342
(Increase)/decrease in trade and other receivables	(239)	1,837	(502)	(824)	(876)
Increase in rental deposits	1,773	1,502	1,985	973	2,662
Increase/(decrease) in receipts in advance, accruals and other payables	1,949	(275)	1,524	805	4,809
	31,266	34,381	39,185	18,779	26,875

Note: Material non-cash movement

(i) The dividend payable of US$28,588,000 to redeemable preference shareholders is offset with the amount due from preference shareholders on June 30, 2013.

20 Future minimum rental receivables

At December 31, 2010, 2011 and 2012, and as at June 30, 2013, the analysis of the Company's aggregate future minimum rental receivable under non-cancellable leases is as follows:

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	US$'000	US$'000	US$'000	US$'000
Within 1 year	39,151	45,347	48,812	59,388
After 1 year, but within 5 years	56,085	43,338	51,741	78,663
	95,236	88,685	100,553	138,051

21 Related party transactions

The Company's ordinary shares are held by MaplesFS Limited (formerly known as Maples Finance Limited), a Cayman Islands incorporated limited liability company. The

Company's preference shares are held by RCAC, a Cayman Islands incorporated exempted company, on behalf of RCA01 Fund L.P.. RCAC is the general partner of RCA01 Fund L.P., a Cayman Islands incorporated exempted partnership and whose fund manager is Asuka Asset Management, Co., Ltd ("Asuka"). A.D. Capital Co., Ltd is the sub-fund manager of RCA01 Fund L.P. and is jointly owned by Asuka and Development Bank of Japan, Inc. ("DBJ").

For the years ended December 31, 2010, 2011 and 2012, the and each of the six months ended June 30, 2012 and 2013, Company undertook the following transactions with related parties at mutually agreed terms in the normal course of its business:

(a) Income

		Year ended December 31,			Six months ended June 30,	
		2010	2011	2012	2012	2013
	Note	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Rental revenue from ADC BJ	(i)	—	18	109	54	56
Rental revenue from BDIC	(ii)	21	43	44	22	23

(b) Expenses

		Year ended December 31,			Six months ended June 30,	
		2010	2011	2012	2012	2013
		US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Finance costs to DBJ	(iii)	4,929	9,840	9,920	4,860	—
Management fees to HuaRe	(iv)	1,308	1,382	1,063	503	622
Asset management fee to AD Capital Co., Ltd	(v)	—	—	—	—	1,824

(c) Balances with related parties

		Year ended December 31,			As at June 30,
		2010	2011	2012	2013
		US$'000	US$'000	US$'000 (Unaudited)	US$'000
Bank borrowing with DBJ	(iii)	107,000	108,000	110,000	—
Amount due from redeemable preference shareholders (note 14)		11,983	25,466	29,080	—
Lease deposit from ADC BJ	(vi)	—	34	34	34
Lease deposit from BDIC	(vii)	14	14	14	14

Notes:

(i) Rental revenue was charged in accordance with the terms of the relevant agreements with Asuka DBJ (Beijing) Investment Consulting Co., Ltd. ("ADC BJ"), a subsidiary of A.D. Capital Co., Ltd..

(ii) Rental revenue was charged in accordance with the terms of the relevant agreements with Beijing Development Investment Consulting Ltd. ("BDIC"), a company in which A.D. Capital Co., Ltd., is the non-controlling shareholder.
(iii) Finance cost to DBJ was charged based on a bank borrowing at effective interest rate for each of the years ended December 30, 2010, 2011 and 2012 are 9.06%, 9.24% and 9.20% per annum respectively (note 17i).
(iv) Property management services were charged based on mutually agreed prices with HuaRe, a company in which A.D. Capital Co., Ltd is the non-controlling shareholder.
(v) Asset management fee was charged based on mutually agreed prices agreed with A.D. Capital Co. Ltd..
(vi) Lease deposit placed with the Company for the lease of the Company's property to ADC BJ, a subsidiary of A.D. Capital Co., Ltd..
(vii) Lease deposit placed with the Company for the lease of the Company's property to BDIC, a company in which A.D. Capital Co., Ltd., is the non-controlling shareholder.

No transaction was entered with director of the Company (being the key management personnel) for the years ended December 31, 2010, 2011, 2012 and each of the six months ended June 30, 2012 and 2013 and no emoluments was paid to the director as disclosed in note 10.

22 Subsequent events

(a) On November 12, 2013, the Company declared a dividend of US$15,000,000 to the preference shareholders, which has been paid out on November 15, 2013.

(b) As stated in Note 21, RCA Fund owns all of the Company's issued preference share and Maple FS Limited owns all of the Company's issued ordinary shares. On November 21, 2013, RCA Fund and MaplesFS have entered into an agreement pursuant to which RCA Fund will acquire all of the issued ordinary shares in RCA01 from Maples FS. Upon such acquisition, as a part of a reorganization, RCA Fund will cause all of the issued preference shares in RCA01 to be re-classified as ordinary shares in RCA01. Accordingly RCA Fund will be the sole shareholder of RCA01, holding all of the issued ordinary shares in RCA01.

On November 21, 2013, DB Trustees (Hong Kong) Limited (the "Trustee") and the REIT Manager, entered into a reorganization agreement with RCA Fund, pursuant to which the Trustee has conditionally agreed to issue units to RCA Fund in exchange for all of the issued Company's shares (which will comprise all the ordinary share in RCA01) held by RCA Fund. The Spring REIT will issue 1,000,000,000 Units to RCA Fund in exchange for all of the issued the Company's shares, which will not be subject to any adjustment as a result of the offering. Upon completion of the reorganization, Spring REIT will own the property through the Company.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company in respect of any period subsequent to June 30, 2013 and up to the date of this report. Except as disclosed in this report, no dividend or distribution have been declared, made or paid by the Company in respect of any period subsequent to June 30, 2013.

Yours faithfully,

[PricewaterhouseCoopers]
Certificate Public Accountants
Hong Kong

November 25, 2013

Spring Asset Management Limited (as manager of Spring Real Estate Investment Trust)
20/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

DB Trustees (Hong Kong) Limited
(as trustee of Spring Real Estate Investment Trust)
52/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Dear Sirs

Re: Office Tower 1 & 2 in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings located at Nos. 79 and 81 Jianguo Road, Chaoyang District, Beijing, the People's Republic of China (the "Property")

INSTRUCTIONS

With reference to the instructions received from Spring Asset Management Limited (as the Manager of Spring Real Estate Investment Trust) (the "REIT Manager") to value the captioned property held by RCA01 (the "Company"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary to allow us to provide you with our opinion of the market value of the Property, as at August 31, 2013 (the "Date of Valuation"), for the purpose of incorporating in the this Document.

BASIS OF VALUATION

Our valuation of the Property represents the Market Value which we would define as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value. The value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

VALUATION METHODOLOGY

In the course of our valuation, we have taken into account the existing tenancies of the Property.

We have adopted Discounted Cash Flow Analysis ("DCF Analysis") to assess the market value of the Property. DCF Analysis involves discounting the future net cash flow of the Property to its present value by using an appropriate discount rate that reflects the rate of return required by a third-party investor for an investment of this type. The DCF Analysis, which comprises annual rental income streams, was mainly based on the following assumptions:

i) We have estimated that market rent as at the valuation date is RMB410 per sq m per month, excluding property management fee, which is based on the recent 6 months new leases committed, for 2013 will grow at 0% per annum, followed by an annual growth rate of 5% from 2014 to 2018;

ii) We have made reference to the occupancy rate of similar office developments in Beijing CBD and adopted a long-run occupancy rate of 95% in DCF Analysis;

iii) The discount rate adopted was 9%. We have taken into account the location, income and tenant mix of the Property and the requirement of return of property investors when determining the discount rate;

iv) A net terminal capitalization rate of 6% was applied when deriving the present value of the cash flows after year 2018;

v) The operating period of the Property is based on the un-expired term of the land use rights of approximately 40 years as mentioned in the land use rights certificate of the Property.

We have also carried out the valuation by the Income Capitalization Approach, which is a valuation method commonly applied for investment properties. The Income Capitalization Approach estimates the values of the properties on an open market basis by capitalizing rental income on an assumed fully leased basis having regard to the current passing rental income from existing tenancies and potential future reversionary income at the market level. In this valuation method, the total rental income is divided into a current passing rental income over the existing lease term (the term income) and a potential future reversionary rental income over the residual land use term (the reversionary income). The term value involves the capitalization of the current passing rental income over the existing lease term. The reversionary value is taken to be current market rental income upon the expiry of the lease over the residual land use rights term and is capitalized on an assumed fully leased basis. The gross yield adopted for capitalization of the rental income is derived with reference to the comparable Grade A offices in Beijing in consideration of the characteristics of the Property. This expected return reflects implicitly the quality of the investment, the expectation of the potential future rental growth, capital appreciation, risk factors, and also based on our experience in valuing other similar properties.

The market rent adopted in the Income Capitalization Approach is RMB410 per square meter per month, which is in line with our assumption in DCF approach as it reflect the achievable rent in the market. The adopted capitalization rate in our valuation is 7.0%. The capitalization rate is applied to capitalize the rental income generated for the unexpired term of the land use rights of the property until October 28, 2053.

ASSUMPTIONS AND CAVEATS

Our valuation has been made on the assumption that the owner sells the Property on the open market in its existing state without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Property. In addition, no forced sale situation in any matter is assumed in our valuation.

In our valuations, we have not made any allowance for any charges, mortgages or amounts owing on the Property or for expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have assumed that no significant capital expenditure by the owners of the Property will be required in the foreseeable future.

We are not aware of any significant overseas taxes expected to be charged in respect of the Property.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the Property interests situated in the PRC. We have not, however, scrutinized the original documents to verify ownership or to verify any material encumbrances that might be attached to the Property or any amendments, which may not appear on the copies handed to us. We have relied on the PRC legal opinion given by the REIT Manager's PRC legal advisor on the PRC law regarding title to the Property.

VALUATION CONSIDERATION

We have relied to a very considerable extent on the information provided by the REIT Manager and have accepted advice given to us on such matters as development schemes for the Property and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information provided to us by the REIT Manager.

We have inspected the exterior of the Property and, where possible, we have also inspected the interior of the premises. However, we have not carried out investigations to determine the suitability of the ground conditions and the services etc for any future development. According to the Building Condition Survey Report prepared by Nikken Sekkei Co., Ltd provided to us by the REIT Manager, the Property is structurally safe and is maintained in a good condition. We have not carried out detailed site measurements to verify the correctness of the site and floor areas in respect of the Property but have assumed that the site and floor areas provided to us are correct. All documents and contracts have been used as a reference only and all dimensions, measurements and areas are approximations.

REMARKS

Our valuation is prepared in accordance with Chapter 6.8 of the Code on Real Estate Investment Trusts (the "REIT Code") issued by the Securities and Futures Commission (the "SFC"), the Practice Note on Overseas Investment by SFC — Authorized Real Estate Investment Trusts (forming part of the REIT Code) and the "HKIS Valuation Standards on Properties (First Edition 2005)" published by The Hong Kong Institute of Surveyors and the RICS Valuation — Professional Standards, incorporating the International Valuation Standards (March 2012) published by the Royal Institution of Chartered Surveyors.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuation certificate is attached.

Yours faithfully,
For and on behalf of
Colliers International (Hong Kong) Ltd

Zhi Rong He (Flora He)	David Faulkner
MRICS MCOMFIN	*BSc(Hons) FRICS FHKIS RPS(GP) MAE*
Director	Executive Director
Valuation and Advisory Services	Valuation and Advisory Services

Note: *Mr David Faulkner, Chartered Valuation Surveyor, BSc(Hons), FRICS, FHKIS, RPS(GP), MAE, has over 25 years of experience in the valuation of properties in Hong Kong and the PRC.*
Ms Zhi Rong He (Flora He), Chartered Valuation Surveyor, MRICS, MCOMFIN, has over 10 years of experience in the valuation of properties in Hong Kong and the PRC.

VALUATION OF THE PROPERTY

VALUATION ABSTRACT

Property:	Office Tower 1 & 2 in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings located at Nos. 79 and 81 Jianguo Road, Chaoyang District, Beijing, the People's Republic of China (the "Property") (中華人民共和國北京市朝陽區建國路79, 81號華貿中心1, 2號樓辦公區域及地下車位部分)
Description:	The Property comprises all of the office floors of Office Tower 1 (including Levels 4 to 28, and the emergency shelter floor on Level 16, which contains no lettable space) and Office Tower 2 (including Levels 4 to 32, and the emergency shelter floor on Level 20, which contains no lettable space) in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings. The Property was completed in 2006 and the office portion is in Premium Grade (the highest quality of Grade A) quality by Colliers International's definition.
Site Area:	13,692.99 sq m
GFA:	Office: 120,245.19 sq m Car Park: 25,127.35 sq m Total: 145,372.54 sq m
Registered Owner:	RCA01
State-owned Land Use Certificate:	Jing Chao Guo Yong (2010 Chu) Di 00118 Hao (京朝國用（2010出）第00118號)
Permitted Use:	Office and car park uses
Building Ownership Certificate	56 Real Estate Ownership Certificates Nos. X Jing Fang Quan Zheng Chao She Wai Zi Di 521508 to 521593 Hao (discontinuous)
Date of Valuation:	August 31, 2013
Valuation Approach:	Discounted Cash Flow Analysis ("DCF Analysis") Income Capitalization Approach
Market Value in Existing State as at August 31, 2013:	DCF Analysis: RMB7,734,000,000 Income Capitalization Approach: RMB7,760,000,000 Reconciled Value: **RMB7,747,000,000** **RENMINBI SEVEN BILLION SEVEN HUNDRED AND FORTY SEVEN MILLION**

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Estimated Net Property Yield	Market Value in Existing State as at August 31, 2013
Office Tower 1 & 2 in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings located at Nos. 79 and 81 Jianguo Road, Chaoyang District, Beijing, the People's Republic of China (the "Property")	China Central Place is a mixed-use development in Beijing's CBD, which comprises luxury retail, three premium grade office towers, two five star hotels, car park, residential, club house, etc. The Property comprises all of the office floors of Office Tower 1 (including Levels 4 to 28, and the emergency shelter floor on Level 16, which contains no lettable space) and Office Tower 2 (including Levels 4 to 32, and the emergency shelter floor on Level 20, which contains no lettable space) in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings. The Property is completed in 2006 and the office portion is in Premium Grade (the highest quality of Grade A) quality by Collier International's definition. The Property has a total gross floor area (GFA) of approximately 145,372.54 sq m, a breakdown of which is as follows:	As at the date of valuation, the office portion of the Property is let under various tenancies for various terms with the latest expiring on January 31, 2018, yielding a total monthly rental income of approximately RMB37,700,000 exclusive of management fee and utility charges. A number of tenancies contain rent review clauses and/ or options to renew for further terms at the then market rents. The occupancy rate of the Property (excluding car park) as at August 31, 2013 was about 96%. Approximately 600 car park spaces are being operated as a fee-paying carpark. The total average monthly income in 2012 is approximately RMB258,500. Various naming rights are let under various agreements, yielding an average monthly rental of approximately RMB750,000 in 2012.	5.1%	RMB7,747,000,000

Use	GFA (sq m)
Office— Tower 1	56,068.32
Office— Tower 2	64,176.87
Sub-total	*120,245.19*
Car Park	25,127.35
Total	**145,372.54**

Property	Description and Tenure	Particulars of Occupancy	Estimated Net Property Yield	Market Value in Existing State as at August 31, 2013
	The land use rights of the Property have been granted for a term expiring on October 28, 2053 for office and car park use.			

Notes:

1) Pursuant to State-Owned Land Use Right Certificate Jing Chao Guo Yong (2010 Chu) No.00118 (京朝國用（2010出）第00118號) dated May 21, 2010, the land use rights of the Property, with a site area of 13,692.99 sq m, has been granted to RCA01 for a 50-year term expiring on October 28, 2053 for office and car park uses.
2) Pursuant to the 56 Real Estate Ownership Certificates X Jing Fang Quan Zheng Chao She Wai Zi No. 521508 to 521593 (discontinuous) issued by the Beijing Municipal Commission of Construction (北京市建設委員會), the ownership of the Property, located at Nos.79 and 81 Jianguo Road, Chaoyang District, with a total gross floor area of approximately 145,372.54 sq m (including 120,245.19 sq m for office use and 25,127.35 sq m for car park use), is vested to RCA01.
3) The ownership and corresponding land use rights of the Property are mortgaged to Australia and New Zealand Bank Group Limited, Singapore Branch, the security agent under the Facility Agreement and the other documents set out in Schedule 6 ("Security Agreements"), for a loan amounts to USD515,000,000.
4) In accordance with standard terms and conditions of the tenancy agreement, the landlord is responsible for repair of main building structure and tenant is responsible for the maintenance of internal non-structural repair of the Property.
5) The estimated net property yield of the Property is based on the said monthly rental income of the office and car park portion for August 2013 and average monthly income from naming rights after allowing business tax and real estate tax provided by RCA01.
6) Based on the tenancy information provided by the REIT Manager, our analysis of the existing tenancy profile as at August 31, 2013 (excluding car parking spaces) is set out below:

Occupancy Profile

Type	Office GFA (sq m) (approx.)	% of total (approx.)
Leased	115,097	96
Vacant	5,149	4
Total	**120,245**	**100**

Tenancy Commencement Profile

Year	Leased Office GFA[Note 1] (sq m) (approx.)	% of total (approx.)	Monthly Rental (RMB)[Note 2] (approx.)	% of total (approx.)	No. of Tenancies[Note 3]	% of total (approx.)
2007	42,722	37.1	12,445,131	33.0	54	30.9
2008	13,248	11.5	4,168,833	11.1	17	9.7
2009	5,895	5.1	2,173,159	5.8	11	6.3
2010	13,940	12.1	4,620,899	12.3	25	14.3
2011	9,669	8.4	2,906,212	7.7	19	10.9
2012	17,305	15.0	6,747,688	17.9	24	13.7
2013	12,318	10.7	4,634,155	12.3	25	14.3
Total	**115,097**	**100.0**	**37,696,078**	**100.0**	**175**	**100.0**

Tenancy Expiry Profile

Year	Leased Office GFA[Note 1] (sq m) (approx.)	% of total (approx.)	Monthly Rental (RMB)[Note 2] (approx.)	% of total (approx.)	No. of Tenancies[Note 3]	% of total (approx.)
2013	15,376	13.4	3,701,817	9.8	22	12.6
2014	29,582	25.7	8,247,900	21.9	46	26.3
2015	16,216	14.1	5,920,969	15.7	34	19.4
2016	39,851	34.6	15,428,040	40.9	57	32.6
2017	8,666	7.5	2,829,805	7.5	7	4.0
2018	5,406	4.7	1,567,547	4.2	9	5.1
Total	**115,097**	**100.0**	**37,696,078**	**100.0**	**175**	**100.0**

Tenancy Duration Profile

Year[Note 4]	Leased Office GFA[Note 1] (sq m) (approx.)	% of total (approx.)	Monthly Rental (RMB)[Note 2] (approx.)	% of total (approx.)	No. of Tenancies[Note 3]	% of total (approx.)
0-1 year	394	0.3	167,412	0.4	1	0.6
1-2 years	2,970	2.6	1,094,439	2.9	3	1.7
2-3 years	8,837	7.7	3,198,623	8.5	17	9.7
3-4 years	23,980	20.8	8,498,381	22.5	44	25.1
4-5 years	2,464	2.1	862,434	2.3	8	4.6
5-6 years	4,234	3.7	1,584,109	4.2	10	5.7
6-7 years	42,481	36.9	11,749,822	31.2	54	30.9
7-8 years	3,885	3.4	1,181,386	3.1	7	4.0
8-9 years	11,545	10.0	4,560,195	12.1	11	6.3
9-10 years	9,590	8.3	3,432,090	9.1	14	8.0
More than 10 years	4,718	4.1	1,367,186	3.6	6	3.4
Total	**115,097**	**100.0**	**37,696,078**	**100.0**	**175**	**100.0**

Note 1: As at the date of valuation, the total leased office GFA of about 115,097 square metres includes an area of about 1,626 square metres for tenancies with lease terms not yet commenced and an area of about 113,471 square metres for tenancies with lease terms already commenced.

Note 2: As at the date of valuation, the total monthly rental only includes the monthly rental receivable from tenancies with lease terms already commenced and excludes the monthly rental receivable from tenancies with lease terms not yet commenced, amounting to about RMB699,930 per month.

Note 3: As at the date of valuation, there are 175 tenancies, in which 170 tenancies are with lease terms already commenced and 5 tenancies are with lease term not yet commenced.

Note 4: The duration of tenancy is calculated from the date when the tenant moved in till expiry date of current contract. For the renewals, the duration of tenancy is calculated from the first lease started. There are tenancies that have been renewed once or twice. The standard lease is in 36 months.

PRC Legal Opinion on RCA01

The PRC legal opinion states, inter alia, that:

i) RCA01 has obtained the land use rights and building ownership rights of the Property with a site area of 13,692.99 sq m and the gross floor area of 145,372.54 sq m respectively. RCA01, being the sole legal owner of the land use rights and building ownership rights of the Property, has obtained all necessary permits and certificates from relevant departments of the PRC Government, and has the rights to occupy, use, lease, transfer, mortgage or deal with the said land use rights and building ownership rights by other lawful means in accordance with the permitted use during the term of the said land use rights.

ii) The land use rights and building ownership rights of the Property are mortgaged to the security agent under the Facility Agreement and the Security Agreements for a loan amount of USD515,000,000. Except the aforesaid mortgage, there are no other mortgage registrations and seizure records relating to the building ownership and land use rights of the Property.

iii) RCA01 is the sole legal owner of the building ownership rights of the Property and possesses the rights to lease the Property and receive rental income from the leased property according to the relevant tenancy agreements.

iv) The existing tenancy agreements are legal and valid, and binding on both the signing parties within the respective tenancy period.

v) The tenants should not sub-let the leased portion of the Property during relevant lease terms unless agreed by RCA01 in writing. The tenants agree to waive its rights of refusal regarding the purchase of the leased portion of the Property. If RCA01 wishes to dispose of the leased portion of the Property, no consent is required of the tenants but a notice shall be given the tenants. The said property management agreements regarding the office portion of the Property as stipulated in the valuation certificate are legal and valid, and binding on both the signing parties.

MARKET OVERVIEW

China General Overview

The People's Republic of China ("PRC") is the world's second biggest economic system and the third largest country (in terms of total area) with a total population reaching approximately 1.4 billion in 2012. Since the open-door policies instituted 30 years ago, the PRC's gross domestic product (GDP) has been continuously growing. The country had realized double-digit annual growth until 2007. Since 2008, GDP grew moderately between 7.7% and 10.3% and the total amount climbed from RMB31 trillion in 2008 to over RMB59 trillion in 2012. According to the International Monetary Fund ("IMF") World Economic Outlook update in October 2013, the PRC is expected to grow at an average of 7.5% between 2013 and 2014. The growth of the PRC's booming economy is supported by the remarkably rising internal demand and the modestly developing external demand.

Beijing City Overview

Beijing is the capital of the PRC. It is situated at the northeast edge of the North China Plain, covering a land area of approximately 16,411 square kilometres, with six urban districts, eight suburban districts and two rural counties under its jurisdiction. It serves as one of the major transportation hubs and the country's political, financial, cultural and educational centre. It is the place where the Chinese Central Government is located so government agencies and financial institutions at state level, most of China's large state-owned enterprises (SOEs) and many multi-national corporations (MNCs) are located in Beijing. Due to the countrywide economic impact, the decisions made in Beijing are the most influential. Also, the successful hosting of the 2008 Summer Olympic Games catalysed Beijing's global exposure, especially reinforced by better integrated infrastructure and transportation network, leading the city to become more attractive to the international and domestic market.

Beijing Office Market

The Beijing office property market can be primarily divided into Grade A and Grade B sectors. Within the Grade A sector, only a few assets can meet the international Grade A standard and consequently be categorized as Premium Grade. Premium Grade office property is the market leader in terms of building specifications, quality of occupiers, as well as rental achievements. The Property is one of the Premium Grade office properties in Beijing, and similar to other counterparts located in the Central Business District (CBD) submarket.

The CBD Grade A office submarket is the largest supply in Beijing. This submarket together with Financial Street Grade A office submarket are the two closest business submarkets to the Central Government core decision makers at Zhongnanhai on Chang An Avenue. Therefore, many domestic and multinational corporates will choose these areas as their priority presence. The market rent and occupancy is the highest amongst the city.

Supply and Demand

The total stock of Grade A office market is currently around 5.3 million sq m. This sum has been in an increasing trend from 2004. In particular, the total stock of Grade A office within the CBD submarket is 1.9 million sq m. For the coming 2-3 years, CBD Grade A office supply will be around 350,000 sq m and the supply in the nearest term will be Fortune Financial Centre Phase III.

Demand has outpaced supply in Beijing's Grade A office market since 2010, leading to a significant decrease in overall average vacancy rate. During the period from 2010, the overall average vacancy rate decreased from 10.0% in 4Q2010 to 3.8% in 3Q2013, down 6.2 percentage points in 33 months. Better profile companies are added into the tenant mix as rent increases. Demand for CBD Grade A office is mainly driven by banks, financial institutions such as insurance companies, funds, trusts, professional services companies like law, accounting and consultancy firms, state-owned enterprises, domestic and multi-national corporations from industries for example pharmaceuticals and related, international brands, consumer goods etc. The vacancy rate for CBD Grade A office has decreased tremendously since 2010 and is now at 5.74%.

Rents

Beijing Grade A office market rent has undergone dramatic growth since 2010. In 4Q2010, the overall average market rent of Beijing Grade A offices was RMB164.3 per sq m per month, and in 3Q2013, the rent climbed to RMB316.6 per sq m per month, up approximately 93 percentage points. The average market rent in 2013 has started to become stabilized with slight fluctuations. We observed that rent free periods are shorter than previously, keeping the effective in-place rent in a high position. In the CBD, the average Grade A office rent stood at RMB357.6 per sq m per month in 3Q 2013.

The transacted rent falls within the general market range. The range for Beijing Grade A office, CBD Grade A office, and Premium Grade office falls between RMB 270-530, RMB 330-530, and RMB370-600 per sq m per month respectively.

Market Trend

According to the National Bureau of Statistics in July 2013, the PRC has achieved an overall GDP growth of 7.6% in the first half of the year. The State Council announced more measures to support the growth of economic sectors. The economy will be mainly driven by domestic consumption and international demand. Many of the favorable industries such as finance, biotechnology, state-owned resources, new material, clean energy, luxury and reputable branded goods, infrastructure will be attracted to set-up or expand their offices in high grade office areas. Beneficiary industries such as financial services, professional services, trade as well as regional headquarters and operation centres will add an additional demand for Grade A offices. With a limited new supply of Grade A offices in the CBD in the coming 2-3 years, sustained and new demand will bring positive momentum.

The Property is a component of a mixed-use development in the CBD area of Beijing. Although rent in the CBD Grade A office area may undergo some adjustments with slight fluctuations in the coming short term period, the Subject Property will not likely face meaningful competition due to its Premium Grade quality, location and the limited comparable new supply in this area. In the mid-to long-term period, the overall effective rental income as well as the capital value of properties is expected to be favorable to the owner.

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52/F, International Commerce Centre
1 Austin Road West, Kowloon Hong Kong

November 25, 2013

Dear Sirs,

Due Diligence Survey on Office Tower 1 & 2 in China Central Place and a total of approximately 600 car parking spaces located in the underground levels of the two office buildings located at No.79 and 81 Jianguo Road, Chaoyang District, Beijing, the People's Republic of China (the "Property")

Property Condition Report Summary

1. Introduction

Nikken Sekkei LTD. was appointed as the Property Consultant to carry out a property condition survey on the Property.

This letter summarizes the approach of our property condition survey conducted on December 4, 2012 to December 5, 2012 and November 4, 2013 and the findings of the review. However, this letter only covers the major points of the report. More detailed information is contained in the comprehensive condition survey report of the Property. Thus, this letter should be used in connection with the comprehensive condition survey report.

2. Surveys and Evaluations Conducted

The property condition survey on the Property focused on the following areas:

(a) Visual inspection of the Property to confirm its structural integrity;

(b) Visual inspection of the current building layout and usage against the latest general building plans approved by the government to identify any additional structure;

(c) Visual inspection of current building layout to identify any existing or potential hazards and deviations in respect of the fire safety requirements and usage;

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(d) Visual inspection of major building elements in accessible common areas of the Property, including building facade, units, external walls, roofs, corridors, lavatories, electrical and mechanical plant rooms and etc. to identify any apparent major building defects;

(e) Visual inspection of all major building services installations, including mechanical ventilation, air-conditioning, fire services, electricity, lifts and plumbing to identify any apparent major defects; and

(f) Check and review of current building layout to identify any environmental, pollution, health and safety hazard or other risks.

After completion of the visual inspection and review of the Property, we have:

(a) Compiled a list of visible defects of building elements and major building services installations, together with the proposed remedial works; and

(b) Compiled a ten-year Forecast of Maintenance and Capital Expenditure.

The property condition survey was carried out by registered professional surveyors (architect and engineer) and experienced building services engineers.

It consisted of visual inspection of the building common areas and units, major building services installations and review of the current building layout of the Property in order to verify its overall condition and conformity to the relevant statutory requirements in respect of health and safety based on accessible area visual inspection and provided documents from the Property Manager.

The findings of the survey are as follows:

(a) Structural Soundness

Visual inspection was carried out of the exposed structure of the Property. No major structural defect was found.

(b) Building Layout

Having reviewed the accessible general building plans, the relevant permits and the information provided by the Property Manager against the existing site condition and usage at the time of inspection. No major change was found at the inspection.

(c) Health and Safety

We noted that the Property complied generally with relevant health and safety requirements as at the time of inspection.

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(d) Building Defects

The overall condition of the building elements of accessible common areas and units in the development was performed. No major defects were found.

(e) Building Services Defects

The major building services installations, including mechanical ventilation air-conditioning, fire services, escalators and lifts, plumbing of the Property was in good condition.

3. Reports Delivered

We have prepared a comprehensive condition survey report for the Property. The content of the report includes:

A) General Description (Property Subjected to Property Condition Evaluation)

B) Assumptions for Estimate of Capital Reserve Expenditure

C) Capital Reserve Expenditure

D) The cost of Repair and Replacement Requiring Immediate Action

E) Analysis of Current State (Architectural, Electrical, HVAC and Plumbing, Conveyance and Fire Protection.)

F) Compliance with Codes and Regulations (Legal Procedures, Instructions Given By Government Authorities During Inspections ,Results of On-site Inspection and Safety Performances)

G) Environmental condition (Property Description, Environment Setting, and Site Reconnaissance)

H) Ten-year forecasts of maintenance and capital expenditure

I) Photographic records of defects.

4. Cost Estimates for Remedial Works and Ten-years forecast of Maintenance and Capital Expenditure

Based on the site survey and hearing from the Property Manager, we estimated the cost of necessary remedial works. In addition to the cost of remedial works, we have prepared a ten-year forecast of maintenance and capital expenditure for major building elements.

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The summary of this forecast is shown below.

The following methodology was adopted to estimate the ten-year forecast of maintenance and capital expenditure:

A) Basis for Cost Estimate

Capital reserve expenditures over the first half of the next decade are estimated from the deteriorated conditions of the building and the past maintenance repair expenditures for the building, and those over the second half of the next decade are estimated from the maintenance expenditures of similar buildings in Japan.

B) Excepted Items

Periodical inspections (consumable supplies such as filters and light bulbs), landscape maintenance, security, cleaning and other day to day expenses

Repair cost for elevators normally operated under full maintenance contract (excluding winch, rope and interior of elevator room) or other special equipment

Repair and restoration arising from acts of God, casualty or terrorism

Refurbishment (renewal) cost

C) Note

The repair cost is estimated (excluding interest and price fluctuation) based on review of existing drawings and documents, and the site investigation, and does not represent the actual repair cost. Expenses incurred in one specific year may be distributed to several years in the vicinity.

	2013	2014	2015	2016	2017	2018-2023	(UNIT:
Repair and Maintenance	0	235,170	110,968	333,710	504,270	4,458,480	US$)

5. Conclusion

Based on our property condition survey and visual inspection of the Property on December 4, 2012 to December 5, 2012 and November 4, 2013, we could not find any major issue. Minor repair is required. We conclude that the building is structurally safe and is maintained in good condition and that there are no material defects that would affect the operation and usage of the Property and/or impede the transfer of the Property.

6. Caveats

(a) The survey and review are based on the information provided by the Property Manager, such as approved general building plans, permits, the licensing as-built services

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drawings, test certificates, maintenance and local authority inspection reports. We conducted interviews with the Technical Property Manager of the Property so as to establish a good understanding of the use of the various parts of the Property.

(b) The survey was conducted based on visual inspection on accessible area and no testing was carried out on any of the structure, building fabric, services or equipment of the Property.

(c) Nikken neither commit assessment of the management effectiveness of the subject property, nor undertake responsibility of the future management effort and practice that might favorably or adversely affect the future physical conditions of the subject property.

(d) A part of the investigation result of the comprehensive condition survey report is obtained from third parties. We undertake neither express nor implied warranty for correctness and completeness of such information.

(e) We cannot accept any liability for the condition of concealed or inaccessible parts of the development.

Yours sincerely

For and on behalf of

Nikken Sekkei LTD.

Kenichiro Nakatani

General Manager, Facility Solution Department

The Land and Property System of the PRC

The Land system

Under the Constitution of the PRC (中華人民共和國憲法), as amended in 2004, all land in the PRC (also the "**State**") is either state-owned or collectively-owned, depending on the location of the land. All land located within urban areas, including cities and towns, is state-owned, and all land in the rural and suburban areas including residential sites (宅基地), privately farmed crop land (自留地) and hilly land (自留山), are, unless otherwise specified by law, collectively-owned. The right to use the land, referred to as land use rights, can be transferred in accordance with applicable laws and regulations. The State may expropriate (徵收), (i.e. resume the ownership of) or requisition (徵用), (i.e. acquire the use right of) any land for the benefit of the public upon paying compensation in accordance with applicable laws. Although all land in the PRC is owned by the State or by collectives, private individuals, enterprises and other organizations are permitted to hold and develop land for which they are granted land use rights. Furthermore, those who obtain State-owned land use rights by means of grant or assignment can lease the aforementioned land use rights to a third party.

In April 1988, the Constitution of the PRC was amended by the PRC National People's Congress to allow for the transfer of land use rights for value. In December 1988, the Land Administration Law of the PRC (中華人民共和國土地管理法) was amended to permit the transfer of land use rights for value. Under the Provisional Regulations of the PRC Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (the "**Urban Land Regulations**") promulgated in May 1990, local governments at or above county level have the power to grant land use rights for specific purposes and for a definite period to a land user, pursuant to a contract for the grant of such land use rights, upon payment of a grant premium. Under the Urban Land Regulations, there are different maximum periods of grant for different uses of land. They are generally as follows:

Use of land	Maximum period (in years)
Commercial, tourism, entertainment	40
Residential	70
Industrial	50
Educational, scientific, cultural, public health and sports	50
Comprehensive utilization or others	50

Under the Urban Land Regulations, all local and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise. The State may not resume possession of lawfully granted land use rights prior to expiration of the term of grant. If, in special circumstances, public interest requires the resumption of possession by the State during the term of grant, compensation must be paid to the land user. A land user may without the grantor's consent lawfully assign, mortgage or lease its land use rights to a third party for the remainder of the term of grant.

Upon expiration of the term of grant, renewal is possible subject to the execution of a new contract for the grant of land use rights and payment of a premium. If the term of the grant is not renewed, the land use rights and ownership of any buildings thereon will revert to the State without compensation.

The National People's Congress adopted the PRC Property Rights Law (中國人民共和國物權法) (the "**Property Rights Law**") in March 2007, which became effective on October 1, 2007. According to the Property Rights Law, when the term of the right to use land designated for construction purposes land for residential (but not other) property purposes expires, it will be renewed automatically.

Grant of land use rights

PRC law distinguishes between the ownership of land and the right to use land. Land use rights can be granted by the State to a person to entitle him to the exclusive use of a piece of land for a specified purpose and for a specified term, on such other terms and conditions as may be prescribed. A premium is payable on the grant of land use rights. The maximum term that can be granted for the right to use a parcel of land depends on the purpose for which the land is used. As described above, the maximum limits specified in the relevant regulations vary from 40 to 70 years depending on the purpose for which the land is used.

Under the Urban Land Regulations, there are three methods by which land use rights may be granted, namely by agreement, tender or auction.

On June 11, 2003, the Ministry of Land and Resources promulgated the Regulation on Grant of State-owned Land Use Rights by Agreement (協議出讓國有土地使用權規定), which became effective on August 1, 2003. According to such regulation, if there is only one intended user of a parcel of land, the land use rights (excluding land use rights used for business purposes, such as commercial, tourism, entertainment and commodity residential properties) may be granted by way of agreement. The local land bureau, together with other relevant government departments including the city planning authority, will formulate a plan for the granting of state-owned land use rights by agreement (協議出讓) concerning issues including the specific location, boundary, purpose of use, area, term of grant, conditions of use, conditions for planning and designing, and submit such plan as well as the proposed minimum price of land premium, which is designated by the group decision based on the valuation result, to the relevant government for approval. The local land bureau and the intended user will negotiate the land premium, such premium not to be lower than the minimum price approved by the relevant government and enter into a land grant contract based on such plan. If two or more entities are interested in the land use rights proposed to be granted, such land use rights shall be granted by way of tender, auction or listing-for-sale. Furthermore, according to the Rules Regarding the Grant of State-owned Land Use Rights by Way of Tender, Auction or Listing-for-sale (招標拍賣 掛牌出讓國有土地使用權規定) (the "**Land Use Grant Rules**") which are effective from July 1, 2002, land use rights for business land for commercial use, tourism, entertainment and commodity residential purposes can only be granted through tender, auction or listing-for-sale.

Where land use rights are granted by way of tender, invitations to tender will be issued by the local land bureau. The invitation will set out the terms and conditions upon which the land use rights are proposed to be granted. A committee will be established by the relevant local land bureau to evaluate the tenders which have been submitted. The successful bidder will then be asked to sign the land grant contract with the local land bureau and pay the relevant land premium within a prescribed period. The land bureau will take into account whether the bidder can satisfy the comprehensive evaluation criteria of the tender, or whether they can satisfy the substantial requirements of the tender and also offers the highest bid when decides upon the successful bidder.

Where land use rights are granted by way of auction, a public auction will be held by the relevant local land bureau. The land use rights are granted to the bidder with the highest bid. The successful bidder will be asked to enter into a land grant contract with the local land bureau.

Where land use rights are granted by way of listing-for-sale, a public notice will be issued by the local land bureau to specify the location, area and purpose of the proposed land use right and the initial bidding price, period for receiving bidding and terms and conditions upon which the land use rights are proposed to be granted. The land use rights are granted to the bidder with the highest bid which satisfies the terms and conditions. The successful bidder will then enter into a land grant contract with the local land bureau.

Upon signing of the contract for the grant of land use rights, the grantee is required to pay a land premium pursuant to the terms of the contract and the contract is then submitted to the relevant local land bureau for the issue of the land use certificate. Upon expiration of the term of grant, the grantee may apply for renewal of the term. Upon approval by the relevant local land bureau, a new contract shall be entered into to renew the grant, and a grant premium shall be paid.

In September 2007, the Ministry of Land and Resources further promulgated the Regulations on the Grant of State-owned Construction Land Use Rights Through Public Tender, Auction or Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定) which became effective on November 1, 2007, to require that land for industrial use, except land for mining, must also be granted by public tender, auction or listing-for-sale. Only after the grantee has paid the land premium in full under the land grant contract, can the grantee apply for land registration and obtain the land use certificates. Furthermore, land use certificates may not be issued in proportion to the land premium paid under the land grant contract.

In November 2009, the Ministry of Land and Resources issued a Circular on the Distribution of the catalog for Restricted Land Use Projects (Supplement to the 2006 Version) and the catalog for Prohibited Land Use Projects (Supplement to the 2006 Version) (關於印發限制用地項目目錄 (2006年增補本) 和禁止用地項目目錄 (2006 年增補本)的通知) as a supplement to its 2006 version, and in May 2012, the Ministry of Land and Resources issued a Circular on the Distribution of the catalog for Restricted Land Use Projects (2012 Version) and the catalog for Prohibited Land Use Projects (2012 Version) (關於發佈實施限制用地項目目錄 (2012 年本) 和禁止用地項目目錄 (2012 年本) 的通知). In these two Circulars, the Ministry of Land and Resources has restricted the area of land that may be granted by local governments for the development of commodity residential properties to seven hectares for small cities and towns, 14 hectares for medium-sized cities and 20 hectares for large cities.

In November 2009, the Ministry of Finance, the Ministry of Land and Resources, the People's Bank of China (the "**PBOC**"), the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Control Over the Revenue and Expenditure on Land Grant (關於進一步加強土地出讓收支管理的通知). The Notice raises the minimum down payment for a land premium to 50% and requires the land premium to be fully paid within one year of the signing of a land grant contract, subject to limited exceptions.

The Ministry of Land and Resources promulgated the Notice on Problems Regarding Strengthening Control and Monitor of Real Estate Land Supply (關於加強房地產用地供應和監管有關問題的通知) (the "**Notice**") on March 8, 2010. According to the Notice, the land provision for affordable housing, redevelopment of shanty towns and small/medium residential units for occupier owners should be no less than 70% of total land supply, whilst the land supply for large residential units will be strictly controlled and land supply for villa projects will be banned in its entirety. The Notice also requires that the lowest land grant price shall be no less than 70% of the basic land price applicable to the area in which the granted land is located and the real estate developers' bid deposit shall be no less than 20% of the lowest grant price. The land grant contract must be executed within 10 working days of the land transaction being confirmed. The minimum down payment of the land premium shall be 50% and must be paid within one month of the execution of the land grant contract. The remaining payment shall be paid in accordance with the contract, but no later than one year of the execution of the land grant contract. If the land use contract is not executed in accordance with the requirement above, the land shall not be handed over and the deposit will not be returned. If no grant premium is paid after the execution of the agreement, the land must be withdrawn.

In September 2010, the Ministry of Land and Resources and the Ministry of Housing and Urban-Rural Development jointly issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控有關問題的通知), which stipulates that, among other things, the planning and construction conditions and land use standards shall be specified when a parcel of land is to be granted, and the restrictions on the area of parcels of land granted for commodity residential properties shall be strictly implemented. The development and construction of large low-density residential properties shall be strictly restricted, and the floor area ratio for residential land is required to be more than 1. In addition, a property developer and its shareholders will be prohibited from participating in land bidding before any illegal behaviors in which it engages, such as leaving land idle for more than one year for any unauthorized reason, have been completely rectified.

Transfer of land use rights

After land use rights relating to a particular area of land have been granted by the State, unless any restriction is imposed, the party to whom such land use rights are granted may without the grantor's consent transfer, lease or mortgage such land use rights for a term not exceeding the term which has been granted by the State. The difference between a transfer and a lease is that a transfer involves the vesting of the land use rights by the transferor in the transferee during the term for which such land use rights are vested in the transferor. A lease, on the other hand, does not involve a transfer of such land use rights by the lessor to the lessee. The longest lease term is 20 years, while a transferee may enjoy the remaining land use term. Furthermore, a lease, unlike a transfer, does not usually involve the payment of a premium. Instead, a rent is payable during the term of the lease. Land use rights cannot be transferred, leased or mortgaged if the provisions of the land grant contract, with respect to the prescribed period and conditions of investment, development and use of the land, have not been complied with. In addition, different areas in the PRC have different conditions which must be fulfilled before the respective land use rights can be transferred, leased or mortgaged.

All transfers, mortgages and leases of land use rights must be evidenced by a written contract between the parties which must be registered with the relevant local land bureau at municipality or country level. Upon a transfer of land use rights, depending on the nature of the transaction. All rights and obligations contained in the contract pursuant to which the land use rights were originally granted by the State are deemed to be incorporated as part of the terms and conditions of the contract governing such transfer.

Under the Law of Administration of Urban Real Property (2007 revision) (中華人民共和國城市房地產管理法（2007年修訂）) (the "**Urban Real Property Law**"), real property that has not been registered and of which a title certificate has not been obtained in accordance with the law may not be assigned. Also, under the Urban Real Property Law, if land use rights are acquired by means of grant, the real property shall not be assigned before the following conditions have been met: (i) the premium for the grant of land use rights must have been paid in full in accordance with the land use contract and a land use certificate must have been obtained; (ii) investment or development must have been made or carried out in accordance with terms of the land use contract; (iii) where the investment or development involves housing construction projects, more than 25% of the total amount of investment or development must have been made or completed; (iv) where the investment or development involves a large tract of land, conditions for use of the land for industrial or other construction purposes have been satisfied; and (v) where the real property is assigned with a completed building, the building ownership certificate is needed as well.

Termination of land use rights and repossession of properties

A land use right terminates upon the expiration of the term of the grant specified in the land grant contract and the resumption of that right. Upon expiry, the land use rights and ownership of the related buildings erected thereon and other attachments shall be resumed by the State without compensation. The land user will take steps to surrender the land use certificate and cancel the registration of the certificate in accordance with relevant regulations. A land user may apply for renewal of the land use rights and, if the application is granted, the land user is required to enter into a new land grant contract, pay a premium and effect appropriate registration for the renewed right.

The State generally will not reclaim the land use right before the expiration of its term of grant unless there are special reasons (such as in the public interests) for doing so. Where the State reclaims a land use right before the expiration of its term of grant, it must offer proper compensation to the land user, having regard to the surrounding circumstances and the period for which the land use right has been enjoyed by the user. However, according to the Urban Real Property Law, where a real property development is carried out on land for which the land use rights are acquired by means of grant and the development does not commence within two years from the date set out in the land use contract, the relevant land use rights may be reclaimed by the State without compensation before the expiration of its term of grant, subject to limited exceptions as stipulated in the relevant PRC laws and regulations.

Documents of title

In the PRC, there are two registers for property interests. Land registration is achieved by the issue of a land use certificate (土地使用證) by the relevant authority to the land user. It is evidence that the land user has obtained land use rights which can be assigned, mortgaged or leased. The building registration is achieved by the issue of a building ownership certificate (房屋所有權證) or a real estate ownership certificate (房地產權證) to the owner. It is evidence that the owner has obtained building ownership rights in respect of the building erected on a piece of land. According to the Land Registration Regulations (土地登記規則) (the "**Registration Regulations**") promulgated by the State Land Administration Bureau (國家土地管理局), the predecessor of the Ministry of Land and Resources, on December 28, 1995 and implemented on February 1, 1996, the Land Registration Measures (土地登記辦法) promulgated by the Ministry of Land and Resources on December 30, 2007 and effective on February 1, 2008, and the Building Registration Measures (房屋登記辦法) promulgated by the Ministry of Housing and Urban-Rural Development on February 15, 2008 and effective on July 1, 2008, all land use rights and building ownership rights which are duly registered are protected by the law.

In connection with these registration systems, real estate and land registries have been established in the PRC. In most cities in the PRC including Beijing, the above systems are separate systems. However, in Shenzhen, Shanghai, Guangzhou and some other major cities, the two systems have been consolidated and a single composite real estate ownership certificate (房地產權證) will be issued evidencing the ownerships of both land use rights and any buildings erected thereon.

Mortgage

The grant of a mortgage in the PRC is governed by the Security Law of the PRC (中華人民共和國擔保法) (the "**Security Law**") promulgated by the Standing Committee of the National People's Congress in June 1995, the Measures for Administration of Mortgages of Urban Real Estate promulgated by the Ministry of Construction (城市房地產抵押管理辦法) in May 1997, as amended in August 2001, and the PRC Property Rights Law and by relevant laws regulating real estate. Under the Security Law, any mortgage contract must be in writing and must contain specified provisions including (i) the type and amount of the indebtedness secured; (ii) the period of the obligation of the debtor; (iii) the name, quantity, and ownership of the land use rights of the mortgaged property; and (iv) the scope of the mortgage. For mortgages of urban real properties, new buildings on a piece of land constructed after a mortgage has been entered into will not be subject to the mortgage.

The validity of a mortgage depends on the validity of the facility agreement secured by the mortgage, the validity of the mortgage contract and registration of the mortgage with the authorities. If the loan in respect of which the mortgage was given is not duly repaid, the mortgagee may sell the property to settle the outstanding amount and return the balance of the proceeds from the sale or auction of the mortgaged property to the mortgagor. If the proceeds from the sale of such property are not sufficient to cover the outstanding amount, the mortgagee may bring proceedings before a competent court or arbitration tribunal (where there is an agreement to recover the amount still outstanding through arbitration) in the PRC.

The Security Law also contains comprehensive provisions dealing with guarantees. Under the Security Law, guarantees may be given in two forms: (i) guarantees whereby the guarantor bears the liability when the debtor fails to perform the payment obligation; and (ii) guarantees with joint and several liability whereby the guarantor and debtor are jointly and severally liable for the payment obligation. A guarantee contract must be in writing and unless agreed otherwise, the term of a guarantee shall be six months after the expiration of the term for performance of the principal obligation.

The Security Law further provides that where indebtedness is secured by both a guarantee and by mortgaged property, the guarantor's liability shall be limited to the extent of the indebtedness that is not secured by the mortgaged property.

Lease

Both the Urban Land Regulations and the Urban Real Property Law permit leasing of granted land use rights and buildings thereon. However, leasing of land use rights obtained by allocation (劃撥) and of buildings on such allocated land is regulated by the Urban Land Regulations.

Leasing of urban real properties is also governed by the Measures for Administration of Leasing of Urban Buildings (城市房屋租賃管理辦法) (the "**Measures**"), which was promulgated in accordance with the Urban Real Property Law. Under the Measures, owners of buildings in the PRC are entitled to lease their buildings, and landlords and tenants are required to enter into a written lease contract which must contain certain specified provisions. The contract has to be registered with the relevant property administrative authority at municipality or county level within 30 days of its execution. A contract cannot be longer than the remainder of the term under the land grant contract. The tenant may, upon obtaining consent from the landlord, sublease the premises.

According to the Urban Real Property Law, where the owner of a house built on state-owned land leases his/her property and that the land use rights were obtained through allocation for the purpose of profit making, any proceeds derived from the land in the form of rent must be paid to the State.

According to the Notice on Strengthening Registrations of Building Leasing Agreements for Non-residence (關於加強非居住房屋租賃合同登記備案工作有關問題的通知) issued by Beijing Municipal Commission of Housing and Urban-Rural Development in May 2008 and effective from June 2008, the Administration Rules on Building Leasing of Beijing (北京市房屋租賃管理若干規定) issued by the Beijing Municipal Government in November 2007 and effective as of January 2008, and as amended in May 2011, together with the Measures, the building lease agreements in Beijing for residences should be registered with the building lease service station (出租房屋服務站), and those for non-residence should be registered with the relevant property administrative authority at municipality or county level according to the Measures.

In December 2010, the Ministry of Housing and Urban-Rural Development issued the Administrative Measures for Leasing of Commodity Housing (商品房屋租賃管理辦法), which superseded the Measures on February 1, 2011. According to the Administrative Measures for Leasing of Commodity Housing, landlords and tenants are required to enter into lease contracts which contain certain specified provisions as outlined in the Measures, the floor area per tenant must not be less than the minimum living space stipulated by the local government applicable to where the building is located, no kitchens, lavatories, balconies or basement storerooms should be rented out as a residence, and the lease contract should be registered with the relevant construction or property authorities at municipal or county level within 30 days of its conclusion. If the lease contract is extended or terminated or if there is any change to the registered items, the landlord and the tenant are required to alter the registration, extend the registration or deregister with the relevant construction or property authorities within 30 days of the occurrence of the extension, termination or alteration.

The Contract Law of the PRC (中華人民共和國合同法) promulgated by the National People's Congress in March 1999 and effective from October 1999 provides among other things, that the lease agreement shall be in writing if its term is over six months, and the term of any lease agreement shall not exceed 20 years. During the lease term, any change of ownership to the leased property does not affect the validity of the lease contract. The tenant may sub-let the leased property if it is agreed with the landlord and the lease agreement between the landlord and the tenant is still valid and binding. When the landlord wishes to sell a leased property, it shall give the tenant reasonable advance notice before the sale, and the tenant shall be given the priority to buy such leased property on equal terms. The tenant, however, can waive such rights in the lease agreement.

The tenant must pay rent on time in accordance with the lease contract. In the event of a default in the payment of rent without reasonable cause, the landlord may ask the tenant to pay the outstanding amounts within a reasonable period of time, or will otherwise be entitled to terminate the lease with a default fine.

Except as mentioned below, if the landlord wishes to terminate the lease before its expiry date, prior consent shall be obtained from any tenants who are entitled to be indemnified for any resulting loss. The amount of compensation for loss shall be equal to the loss caused by the breach of the lease, including the interests receivable after the performance of the lease, provided not exceeding the probable loss caused by the breach of the lease which has been foreseen or ought to be foreseen when the landlord concludes the contract.

The landlord has the right to terminate the lease agreement if the tenant sub-lets the property without prior consent from the landlord, or causes loss to the leased properties resulting from its used the property otherwise than in compliance with the permitted usage stipulated in the lease agreement, or if the tenant defaults in its rental payments following the expiry of a reasonable period, or such other circumstances provided in the lease occur which allow the landlord to terminate the lease agreement under relevant PRC laws and regulations.

Sale and transfer of property

Under the regulatory Measures on the Sale of Commodity Buildings (商品房銷售管理辦法), commodity buildings may be put to post-completion sale only when the following preconditions have been satisfied: (a) the property development enterprise shall have a business license and a qualification certificate as a property development enterprise; (b) the enterprise shall obtain a land use certificate or other approval documents for land use; (c) the enterprise shall have a construction works planning permit and construction works commencement permit; (d) the building shall have been completed, inspected and accepted as qualified; (e) the relocation of the original residents shall have been completed; (f) the provision of essential facilities for supplying water, electricity, heating, gas, communication, etc. shall have been made ready for use, and other essential utilities and public facilities shall have been made ready for use, or a date for their construction and delivery shall have been specified; and (g) the property management plan shall have been completed.

Before the post-completion sale of a commodity building, a property development enterprise shall submit the property development project manual and other documents evidencing the satisfaction of the preconditions for a post-completion sale to the property development authority.

According to the Urban Real Estate Law and the Provisions on Administration of Transfer of Urban Real Estate promulgated by the Ministry of Construction (城市房地產轉讓管理規定) in August 1995, as amended in August 2001, a real estate owner may sell, bequeath or otherwise legally transfer real estate to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred together. The parties to the transfer must enter into a real estate transfer contract in writing and register the transfer with the real estate administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by grant, the real property may only be transferred on the condition that:

- the land premium has been paid in full for the grant of the land use rights as provided by the land grant contract and a land use certificate has been properly obtained;

- in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed;

- in the case of a the whole land lot development project, construction works have been carried out as planned, water supply, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been leveled or made ready for industrial or other construction purposes; and

- in cases of where the construction on the land has been completed, the property ownership certificate has been obtained.

If the land use rights were originally obtained by grant, the term of the land use rights following transfer of the real estate will be the remaining portion of the original term provided by the land grant contract after deducting the time that has been used by the former land users. In the event that the assignee intends to change the use of the land provided in the original grant contract, consent must first be obtained from the original grantor of the land use rights and the planning administration authority at the relevant city or county applicable to property and an agreement to amend the land use contract or a new land use contract must be signed in order to, change the use of the land and adjust the land premium accordingly.

If the land use rights were originally obtained by allocation, such allocation may be changed to the grant of land use rights if approved by the relevant government vested with the necessary approval power from the State Council. After the government authorities vested with the necessary approval power approve such change, the grantee must complete the formalities for the grant of the land use rights and pay the land premium in accordance with to the relevant statutes. Land for industry (including warehouse land, but excluding mining land), commercial use, tourism, entertainment and commodity housing development must be assigned by competitive bidding, public auction or listing-for-sale under the current PRC laws and regulations.

Property Management Rules in the PRC

According to the Regulation on Property Management (物業管理條例) enacted by the State Council on June 8, 2003 and enforced on September 1, 2003, as amended on August 26, 2007 and effective on October 1, 2007, the State has complemented a qualification scheme system to ensure that property management enterprises and enterprises engaging in property management obtain relevant qualifications from competent authorities. According to the Measures for Administration of Qualifications of Property Service Enterprises (物業服務企業資質管理辦法) enacted by the Ministry of Housing and Urban-Rural Development on March 17, 2004, as amended on October 30, 2007, a property service enterprise shall be classified as either class one, class two or class three. The relevant construction authorities will issue qualification certificates for property service enterprises according to relevant criteria, including but not limited to, the registered capital, the number of relevant technical personnel, the property service experience and the service administration systems of the property service enterprise. According to the Regulation on Property Management, owners may engage or dismiss a property management company with the consent of more than half of the owners who in the aggregate hold more than 50% of the total non-communal area of the building. If, prior to either the formal employment of a property manager by the owners or a general meeting of the owners, the construction unit is to employ a real estate management enterprise, it shall enter into a preparation stage property services contract in writing with the real estate management enterprise. In addition, under the Administrative Measures on Property Management of Beijing (北京市物業管理辦法) as promulgated by Beijing Municipal Government on April 20, 2010 and effective as of October 1, 2010, property service enterprises are required to submit the property service contract to the relevant property administrative authority at county level within 15 days of the execution of the property service contract.

Comparison of Certain Aspects of the PRC Property Laws and the Laws of Hong Kong

The following is a general comparison of the legal protection of proprietary rights over real estate conferred by the legal systems of the PRC and Hong Kong:

The PRC	Hong Kong
General	**General**
Under the Urban Real Property Law, the legitimate rights and interests of the owners over real estate shall be protected by the law of the PRC, and no person may unlawfully infringe such rights. In general, the legitimate rights and interests of the owners over real estate in the PRC are protected under PRC law.	Following Hong Kong's reunification with the PRC on July 1, 1997, the Basic Law of Hong Kong Special Administrative Region became the constitution of Hong Kong. Article 6 of the Basic Law provides that the Hong Kong Special Administrative Region shall protect the right of private ownership of property in accordance with law. Under the concept of "one country, two systems", Hong Kong enjoys a high degree of autonomy and its legal system is separate

from that of the PRC. The proprietary rights of land owners over landed properties in Hong Kong are protected under Hong Kong law, which consists of the English common law principles as well as Hong Kong legislation.

Land System in the PRC

PRC law distinguishes between the ownership of land and the right to use land. According to the Constitution, all land in the cities is owned by the State while land in the rural and suburban areas, unless otherwise specified by law, is owned by collectives. Residential sites (宅基地), privately farmed crop land (自留地) and hilly land (自留山) are also owned by collectives. The State may expropriate or requisition any land upon the payment compensation in accordance with applicable laws if such land is required for public benefit.

Under the Urban Land Regulations, a system for the grant and transfer of state owned land in urban areas was implemented. Pursuant to this system, all local and foreign companies, enterprises and other organizations and individuals, unless the law provides otherwise, are permitted to acquire land use rights and to develop and operate properties in accordance with PRC law.

Under the Urban Land Regulations, local governments at or above county level have the power to grant land use rights for specific purposes and for a definite period to a land user pursuant to a contract for the grant of land use rights and upon payment of a grant premium. There are different maximum periods of grant for different uses of land. They are generally as follows:

- up to 70 years for residential use;
- up to 50 years for industrial use, or for educational, scientific, cultural, public health and sports;
- up to 40 years for commercial, tourism and entertainment uses; and

System of Land Holding in Hong Kong

Land tenure in Hong Kong is essentially leasehold. Title to a landed property is derived from long-term Government leases or agreements and conditions for lease (as the case may be) granted by the Hong Kong Government. Accordingly, owners of landed properties in Hong Kong are effectively long-term leaseholders with a right to use the property excluding the land beneath it for a limited period of time, known as the term.

Due to historical reasons, the terms of the Government leases vary from short term leases to leases of up to 999 years. Article 120 of the Basic Law essentially provides that all Government leases of land granted, decided upon or renewed before the establishment of the Hong Kong Special Administrative Region which extended beyond June 30, 1997, and all rights in relation to such Government leases, shall continue to be recognized and protected under the law of Hong Kong. Article 121 of the Basic Law provides that as regards all Government leases of land granted or renewed where the original Government leases contain no right of renewal, during the period from May 27, 1985 to June 30, 1997, which extend beyond June 30, 1997 and expire not later than June 30, 2047, the Government lessee is not required to pay any additional premium as from July 1, 1997, but an annual rent equivalent to 3% of the rateable value of the landed property concerned is payable to the Hong Kong Government.

In general, the terms of the earlier Government grants are less restrictive. As society has become more sophisticated, extensive development requirements,

- up to 50 years for comprehensive utilization or other uses.

Upon expiration of the term of grant, it is possible for a land user to renew such term subject to the execution of a new land grant contract and payment of a land grant premium. If the term of the grant is not renewed, the land use rights of the land and ownership of any building thereon will revert to the State without compensation. According to the Property Rights Law, when the term of the right to use construction land for residential (but not other) property purposes expires, it will be renewed automatically.

Under the Urban Land Regulations, there are three methods by which land use rights may be granted, namely by agreement, tender or auction.

According to the Land Use Grant Rules which are effective from July 1, 2002, land use rights for properties used for commercial purposes, or tourism, entertainment or commodity residential purposes can only be granted through tender, auction or listing-for-sale.

On June 11, 2003, the Ministry of Land and Resources promulgated the Regulation on Grant of State-owned Land Use Rights by Agreement. According to this regulation, land use rights may be granted by way of agreement if it is not required under applicable laws and regulations that the land be granted by public auction, tender or bidding.

Upon signing of the contract for the grant of land use rights, the grantee is required to pay the land grant premium in accordance with the terms of the contract. Once the land grant premium is paid in full, the contract may be submitted to the relevant local bureau for the issue of a land use certificate evidencing the grant of land use rights.

In September 2007, the Ministry of Land and Resources further promulgated the Regulations on the Grant of State-owned obligations and restrictions are found in recent Government grants. Very often, the Government will provide a restriction on alienation in the Government grant—the grantee is required to comply with all the positive obligations in the Government grant, such compliance being evidenced by the issuance of a Certificate of Compliance by the Lands Department, before the grantee is in a position to sell/assign any individual unit of the development. If no such Certificate of Compliance has been issued, the grantee can only sell/assign the units unless it has obtained the relevant prior written consent from the Lands Department. Any non-compliance of the terms of the Government grant may result in the Government exercising its rights of re-entry over the land.

Certain Government grants and certain legislation in Hong Kong contains Government's right of resumption of the land or any part thereof for public purposes before expiry of the terms granted. Compensation may be made payable to the affected owners.

Any individual or corporate legal entity, whether local or overseas, is entitled to own real property in Hong Kong. There are no legal restrictions on foreign investors acquiring real estate, but foreign investors are subject to applicable stamp duties. A property transaction in Hong Kong attracts payment of ad valorem stamp duty ("**AVD**") in accordance with the Stamp Duty Ordinance (Cap.117, Laws of Hong Kong). On February 22, 2013, the Financial Secretary announced that the Government would amend the Stamp Duty Ordinance to adjust the AVD rates and to advance the charging of AVD on non-residential property transactions from the conveyance on sale to the agreement for sale. Any residential property (except any property acquired by a Hong Kong Permanent Resident who does not own any other residential property in Hong Kong at the time of acquisition) and non-residential property acquired on or after

Construction Land Use Rights Through Public Tender, Auction or Listing-for-sale to require that land for industrial use, except land for mining, must also be granted by public tender, auction and listing-for-sale. Only after the grantee has paid the land premium in full under the land grant contract, can the grantee apply for land registration and obtain the land use certificates. Furthermore, land use certificates may not be issued in proportion to the land premium paid under the land grant contract.

Subject to any restrictions imposed, the party to which the land use right is granted may without the grantor's consent transfer such land use right. The transfer may be by way of sale, exchange or gift. The term of the land use rights for the transferred land is the original term granted under the initial grant contract less the term which has already been enjoyed by the original grantee.

A transfer of land use rights must be evidenced by a written contract. Upon such transfer, all rights and obligations contained in the original contract for the grant of land use rights by the State are deemed to be simultaneously transferred to the transferee, together with any buildings and other fixtures on the land. The transfer must be duly registered at the relevant local land bureau and a new of land use certificate will be issued, with the original land use certificate being suspended.

Under the Urban Real Property Law, in relation to a transfer of land for which land use rights were acquired by way of grant, the following conditions must be met:

- the land premium must have been paid in full in accordance with the land grant contract and a land use certificate must have been obtained;

- investment in or development of such land must have been made or carried out in accordance with the terms of the land grant contract;

February 23, 2013, either by an individual or a company, will be subjected to the new AVD rates upon the enactment of the relevant legislation. The adjustment to the AVD has been in essence a doubling of the previously existing rates.

In addition, the Stamp Duty (Amendment) Ordinance 2011 imposes Special Stamp Duty ("**SSD**") on top of AVD on the disposal of residential properties with effect from November 20, 2010. Unless the transaction is exempted from SSD, or SSD is not applicable, any residential property acquired on or after November 20, 2010, either by an individual or a company (regardless of its place of incorporation), and resold within 24 months (if the property was acquired between November 20, 2010 and October 26, 2012) or 36 months (if the property was acquired on or after October 27, 2012) will be subject to the SSD at different rates depending on the time of purchase and the holding periods.

On October 26, 2012, The Government of Hong Kong introduced the Buyer's Stamp Duty in residential properties ("**BSD**") which takes effect from October 27, 2012. Unless exempted, any residential property acquired by any person (including a company) except other than a Hong Kong Permanent Resident is subject to the BSD charged at a flat rate of 15% on the stated consideration or the market value of the property (whichever is the higher), on top of the existing stamp duty and the special stamp duty if applicable.

- if the investment or development involves the construction of building on the land, more than 25% of the total amount of investment or development must have been made or completed; and

- where the investment or development involves a large tract of land, conditions for the use of the land for industrial or other construction purposes must have been met.

Property Owners' Committee

According to the Regulation on Property Management, owners may engage or dismiss a property management company with the consent of more than half of the owners who in aggregate hold more than 50% of the total non-communal area of the building. If before the formal employment of a property manager by the owners or the general meeting of the owners, the construction unit employs a real estate management enterprise, it shall enter into a preparation stage property services contract in writing with the real estate management enterprise.

Strata Title Ownership

In Hong Kong where supply of land is limited, strata-title ownership is commonly found in Hong Kong's multi-story buildings. The structure is derived from the concept that all owners of the units are holding the land and the development jointly as co-owners. Such parcel of land and the development built thereon are notionally divided into a number of undivided shares. An owner of each unit holds a certain number of the allocated undivided shares, together with the exclusive right to hold, use, occupy and enjoy his unit. The sale of a flat to a purchaser is effected by transferring the relevant undivided shares and exclusive right. All owners of the development then share the use of such common part and common facilities of the development which are intended for common use, such as the staircase and roof. The allocation of the undivided shares is usually made by the architect of the development with reference to the gross floor area of each unit. Immediately after the first unit of a development is assigned, the developer, the first purchaser of a unit and the manager of the development will enter into a document known as the Deed of Mutual Covenant and Management Agreement ("**DMC**"), which sets out the rights and obligations of the parties vis-à-vis each other relating to the co-ownership and management of the development.

The system of building management in Hong Kong is mainly based upon private contractual arrangements between the owners of units in the development by virtue of a DMC. The governing legislation for building management is the Building Management Ordinance (Cap.344, Laws of Hong Kong), which also plays an important role in guarding against inclusion of unfair terms by the developer in the DMC and in setting out the framework for the mandatory terms to be contained in a DMC, with the intent that the rights and obligations of the owners and the manager of the development are regulated for the purpose of co-ownership and management of the development. The formation of an owners' Corporation ("**OC**") is common and the OC acts legally on behalf of all owners in managing the common parts of the building.

The DMC is usually prepared in accordance with the guidelines laid down by the Government and the rules laid down by The Law Society of Hong Kong. It is commonly found in the newer Government grants that the terms of the DMC have to be approved by the Lands Department.

Documents of Title

There are two types of title registrations in the PRC, namely land registration and building registration. Land registration is achieved by the issue, of a land use certificate by the relevant authority to the land owner evidencing that the land owner has obtained land use rights which can be assigned, mortgaged or leased. The building registration is achieved by the issue of a building ownership certificate or a real estate ownership certificate to the owner evidencing that the owner has obtained building ownership rights in respect of the buildings (and other structures) erected on the land. According to the Land Registration Regulations, the Land Registration Measures and the Building Registration Measures, all land use rights and building ownership rights which are duly registered are protected by the law.

Land Registration

The present land registration system in Hong Kong is a "deeds registration" system. The governing legislation is the Land Registration Ordinance (Cap.128, Laws of Hong Kong). Documents affecting landed properties in Hong Kong are lodged with the Land Registry for registration.

The Land Registry maintains a public land register for recording interests in the landed property in Hong Kong. A purchaser must register all instruments effecting a transfer, including the sale and purchase agreement, within one month after the time of execution in order to preserve priority so that the transfer takes effect as at the date of execution. Once registered, the transfer of title is recorded with details of ownership of the land and certain title documents which are made available to the public. Such

The two different systems are commonly maintained separately in many cities in the PRC including Beijing. However, in Shenzhen, Guangzhou, Shanghai and some other major cities, the two system have been consolidated and a single composite real estate ownership certificate (房地產權證) will be issued to evidence the ownerships of both land use rights and the buildings erected thereon.

registration confers priority on registered documents and will ensure that the vendor cannot transfer the land to a third party without that third party having notice of the purchaser's interest and therefore also being subject to such interest. Such registration, however, does not serve as proof that a person registered as the owner has good title to the property. Legal advice on title checking should be sought if one would like to ascertain whether a person has good and marketable title to a particular property.

Hong Kong enacted the Land Title Ordinance (Cap.585, Laws of Hong Kong) in 2004. The new title registration system will transform the present system of deeds registration into a system of title registration. Under the new system, the title register will be conclusive evidence of title to the property. However, the date on which the new system will be implemented is yet to be ascertained.

Proving Title to Property

Before the title registration comes into actual operation, title of a property has to be proved by investigation of the original title deeds (if they relate exclusively to a particular property) or certified copies of the title deeds in order to ascertain the owner's title is properly derived from his predecessors in title and is not encumbered. Such due diligence is important and should be carried out properly by the purchaser and his lawyer. If there are any problems on title, the purchaser's solicitors will raise formal queries which the vendor's solicitors will need to answer satisfactorily in order to prove good title, otherwise the purchaser can refuse to proceed with the transfer unless otherwise agreed by the parties in a sale and purchase agreement.

The Conveyancing and Property Ordinance (Cap. 219, Laws of Hong Kong) is the governing legislation of the conveyance of landed property in Hong Kong. It was enacted in 1984. It has been adopted from the relevant English statutes and codified various common law principles in real estate conveyance aspects. Apart from this ordinance, the rulings in the judgments of the court cases play an important part in determining whether the title to a property is in order.

Leases/Tenancies in the PRC

Both the Urban Land Regulations and the Urban Real Property Law permit leasing of granted land use rights and buildings thereon.

Leasing of urban real properties is also governed by the Measures for Administration of Leasing of Urban Buildings (the "**Measures**"), which was promulgated in accordance with the Urban Real Property Law. Under the Measures, owners of buildings in the PRC are entitled to lease their buildings, and landlords and tenants are required to enter into a written lease contract which must contain certain specified provisions. The contract has to be registered with the relevant property administrative authority at municipality or country level within 30 days after its execution. A contract cannot be longer than the remainder of the term remaining under the initial land grant contract. The tenant may, upon obtaining consent from the landlord, sublease the premises.

According to the Notice on Strengthening Registrations of Building Leasing Agreements for Non-residence, the Administration Rules on Building Leasing of Beijing, and the Measures, the building lease agreements in Beijing for residences should be registered with the building lease service station (出租房屋服務員站), and those for non-residence should be registered with the relevant property administrative authority at municipality or country level according to the Measures.

Leases/Tenancies in Hong Kong

The governing legislation of leasing and letting of real property in Hong Kong is the Landlord and Tenant (Consolidation) Ordinance (Cap. 7, Laws of Hong Kong) ("**LTCO**"). Under the former regime, a domestic tenant was entitled to statutory renewal of his tenancy provided he was willing to pay the prevailing market rent. Only on certain statutory grounds of opposition stated in the pre-amended LTCO, namely self-occupation by the landlord, rebuilding by the landlord, use of property for an illegal purpose or illegal subletting etc., could the landlord refuse to renew the tenancy. This regime was abolished by the Landlord and Tenant (Consolidation) (Amendment) Ordinance 2004 (the "**Amendment Ordinance**") which came into effect on July 9, 2004.

Further, under the Amendment Ordinance, a fixed term non-domestic tenancy will end upon the expiration of its contractual term and the landlord is no longer required to give the tenant at least 6 months statutory notice to end the tenancy on the expiry date.

Following the implementation of the Amendment Ordinance, in general, landlords and tenants enjoy more freedom in their negotiation on the terms of a letting. It is common practice in Hong Kong for landlords, especially those who own whole commercial developments or residential blocks to impose extensive obligations on

The Contract Law of the PRC provides among other things, that the lease agreement shall be in writing if its term is over six months, and the term of any lease agreement shall not exceed twenty years. During the lease term, any change of ownership to the leased property does not affect the validity of the lease contract. The tenant may sub-let the leased property if it is agreed with the landlord and the lease agreement between the landlord and the tenant is still valid and binding. When the landlord wishes to sell a leased property under a lease agreement, it shall give the tenant reasonable advance notice before the sale, and the tenant must be given the priority to buy such leased on equal conditions.

The tenant must pay rent on time in accordance with the lease contract. In the event of a default in rental payments without reasonable cause, the landlord may ask the tenant to pay a within a reasonable period of time, or the landlord may otherwise terminate the lease with a default fine.

the tenants, such as the covenant to pay rent, management fees and rates, and sometimes promotion levys (particularly for large shopping arcades), as well as obligation to maintain the leased premises in a tenantable condition, not to underlet, as well as compliance with DMC, the land grant, ordinances and other governmental regulations. The landlord's obligations will simply be confined to the granting of "quiet enjoyment" (in brief this means the non-interference with the tenant's rights under the tenancy agreement), payment of government rent and the obligation to repair the structural part of the premises. The landlord or the tenant may institute legal proceedings to enforce their rights under the tenancy agreement.

It should be noted that a tenancy with a term not exceeding three years is not required to be entered as a deed and registered in the Land Registry. However, if an option to renew the tenancy is granted to the tenant, common law cases have laid down the precedent that the tenant should submit the tenancy agreement for registration to the Land Registry in order to obtain priority against third party interests even though the original term or the option term does not exceed three years.

Foreign Exchange Controls

The lawful currency of the PRC is the RMB, which is subject to foreign exchange controls and is not freely convertible into foreign exchange at this time. The State Administration of Foreign Exchange (the "**SAFE**"), under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Prior to December 31, 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local branch of the SAFE before it could convert RMB into foreign currency through the Bank of China (中國銀行) or other designated banks. Such conversion had to be effected at the official rate prescribed by SAFE on a daily basis. RMB could also be converted into foreign currency at swap centers. The exchange rates used by swap centers were largely determined by the demand for, and supply of, the foreign currency and the RMB requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap center had to obtain the prior approval of the SAFE.

On December 28, 1993, PBOC, under the authority of the State Council, promulgated the Notice of the PBOC Concerning Further Reform of the Foreign Currency Control System (中國人民 銀行關於進一步改革外匯管理體制的公告), effective from January 1, 1994. The notice announced the abolition of the foreign exchange quota system, the implementation of conditional convertibility of RMB in current account items, the establishment of the system of settlement and payment of foreign exchange by designated banks, and the unification of the official RMB exchange rate and the market rate for RMB established at swap centers. On March 26, 1994, the PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯暫行管理規定) (the "**Provisional Regulations**"), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organizations and social organizations in the PRC.

On January 1, 1994, the former dual exchange rate system for RMB was abolished and replaced by a controlled floating exchange rate system, which is determined by demand and supply of RMB. Pursuant to such systems, the PBOC sets and publishes the daily RMB-US dollar exchange rate. Such exchange rate is determined with reference to the transaction price for RMB-US dollar in the inter-bank foreign exchange market on the previous day. Also, the PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of RMB against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks shall, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by the PBOC.

On January 29, 1996, the State Council promulgated Regulations for the control of Foreign Exchange (中華人民共和國外匯管理條例) (the "**Control of Foreign Exchange Regulations**") which became effective from April 1, 1996. The Control of Foreign Exchange Regulations classifies all international payments and transfers into current account items and capital account items. Current account items are no longer subject to SAFE approval while capital account items still are. The Control of Foreign Exchange Regulations was subsequently amended on January 14, 1997 and again on August 5, 2008. Such amendment affirms that the State shall not restrict international current account payments and transfers.

On June 20, 1996, PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) (the "**Settlement Regulations**") which became effective on July 1, 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. On the basis of the Settlement Regulations, the PBOC published the Announcement on the Implementation of Foreign Exchange Settlement and Sale Banks by Foreign invested Enterprises (外商投資企業實行銀行結售匯工作實施方案). The announcement permits foreign-invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange, and specialized accounts for capital account receipts and payments at designated foreign exchange banks.

On October 25, 1998, PBOC and SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swap Business (關於停辦外匯調劑業務的通知) pursuant to which and with effect from December 1, 1998, all foreign exchange swap businesses in the

PRC for foreign-invested enterprises were discontinued, while the trading of foreign exchange by foreign invested enterprises became regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On July 21, 2005, the PBOC announced that, from July 21, 2005, the PRC would implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The RMB exchange rate is no longer pegged to the US dollar. The PBOC announce the closing price of a foreign currency such as the US dollar traded against the RMB in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity rate for trading of the RMB on the following business day.

Save for foreign invested enterprises or other enterprises which are specially exempted by relevant regulations, all entities in the PRC (except for foreign trading companies and production enterprises having import and export rights, which are entitled to retain part of foreign exchange income generated from their current account transactions and to make payments using such retained foreign exchanges in their current account transactions or approved capital account transactions) must sell their foreign exchange income to designated foreign exchange banks. Foreign exchange income from loans issued by organizations outside the territory or from the issuance of bonds and shares is not required to be sold to designated banks, but may be deposited in foreign exchange accounts with designated banks.

Enterprises in the PRC (including foreign invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange account or convert and pay at designated foreign exchange banks, upon presentation of valid receipts and proof of their requirements. Foreign invested enterprises which need foreign currencies for the distribution of profits to their shareholders, and PRC enterprises which, in accordance with regulations, are required to pay dividends to shareholders in foreign currencies, may with the approval of board resolutions on the distribution of profits, effect payment from their foreign exchange account or convert and pay at designated foreign exchange banks.

Convertibility of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction, and prior approval from SAFE or its competent branch.

In January and April 2005, SAFE issued two regulations that require PRC residents to register with, and receive approvals from, SAFE in connection with their offshore investment activities. SAFE also announced that the purpose of these regulations is to achieve the proper balance of foreign exchange and the standardization of all cross-border flows of funds. On October 21, 2005, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) which became effective as at November 1, 2005. The notice replaced the two regulations issued by SAFE in January and April 2005 mentioned above. According to the notice, "special purpose company" (特殊目的) refers to the offshore company established or indirectly controlled by PRC residents (including both PRC domestic legal persons and natural persons) for the special purpose of carrying out equity financing with their assets or interest in PRC domestic enterprises. Prior to the establishing or assuming control of such special purpose company, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch. The notice applies retroactively. As a result, PRC residents who have established or acquired control of such offshore companies that have made onshore investments in the PRC in the past were required to complete the relevant overseas investment foreign exchange registration procedures by March 31, 2006. However, the notice was been repealed upon the promulgate of the Provisions on the Administration of Foreign Exchange in Foreign Direct Investments of Foreign Investors (外國投資者境內直接投資外匯管理規定) by SAFE on May 13, 2013.

On July 11, 2006, the PBOC, SAFE and other authorities jointly promulgated the Opinions on Foreign Investment in Real Estate (關於規範房地產市場外資准入和管理的意見), which state that: (i) an overseas entity or individual investing in real estate in China other than for self-use, shall apply for the establishment of a foreign invested real estate enterprise in accordance with applicable PRC laws and shall only conduct operations within the authorized business scope after obtaining the relevant approvals from, and registering with, the relevant governmental authorities; (ii) the registered capital of a foreign invested real estate enterprise with a total investment of US$10 million or more shall not be less than 50% of its total investment amount, whereas for foreign invested real estate enterprise with a total investment of less than US$10 million the current rules on registered capital shall apply; (iii) a newly established foreign invested real estate enterprise must first obtain an approval certificate and business license which are valid for one year. The formal approval certificate and business license can be obtained by submitting the land use certificate to the relevant government departments after the land grant premium for the land has been paid in full; (iv) an equity transfer of a foreign invested real estate enterprise or the transfer of its projects, as well as the acquisition of a domestic real estate enterprise by foreign investors, must first be approved by the commerce authorities. The investor shall submit a letter of guarantee to the commerce authorities confirming that it will abide with the land grant contract, the construction land planning permit and the construction works planning permit. In addition, the investor shall also submit the land use certificate, the evidence of alteration filing with the construction authorities and evidence from the tax authorities confirming the tax payment situation; (v) foreign investors acquiring a domestic real estate enterprise through an equity transfer, acquiring the Chinese investors' equity interest in an equity joint venture or through any other methods shall pay the purchase funds in a lump sum and with its own capital and shall ensure the proper treatment of the enterprise's employees and bank loans in accordance with applicable PRC laws; (vi) if the registered capital of a foreign invested real estate enterprise is not fully paid up, its land use certificate has not been obtained or the capital-fund in respect of its development project is less than 35% of the total investment amount of the project, the foreign invested real estate enterprise is prohibited from borrowing from any domestic or foreign lenders and SAFE shall not approve the settlement of any foreign loans; (vii) neither the domestic investors nor the foreign investors in a foreign invested real estate enterprise shall in any manner stipulate a fixed return clause or equivalent clause in contract, articles of association, equity transfer agreement or in any other documents; (viii) a branch or representative office established by a foreign investor in the PRC (other than a foreign invested real estate enterprise), or a foreign individual working or studying in the PRC for more than one year, is permitted to purchase commodity residential properties located in the PRC only for the purpose of self-residence. Residents of Hong Kong, Macau and Taiwan and overseas Chinese may purchase commodity residential properties of a stipulated floor area based on their living requirements in the PRC for self-residence purposes.

On September 1, 2006, the Ministry of Construction and SAFE promulgated the Circular on the Issues Concerning the Regulation of Foreign Exchange Administration of the Real Estate Market (關於規範房地產市場外匯管理有關問題的通知). This circular states that: (i) where foreign exchange is remitted for a real estate purchase, the foreign purchaser shall be subject to examination by the designated foreign exchange bank. The remitted funds shall be directly remitted by the bank to the RMB account of the real estate development enterprise and no payment remitted from abroad by the purchasers shall be kept in the foreign exchange account or current account of the real estate development enterprise; (ii) where the commercial house transaction fails to complete and the foreign purchaser intends to remit the purchase funds in RMB back to foreign currencies, the foreign purchaser shall be subject to examination by the designated foreign exchange bank; (iii) when selling real estate in the PRC where the purchase price received in RMB is remitted to foreign currencies, the foreign purchaser shall be subject to examination by the local branch of SAFE; and (iv) if the registered capital of a foreign invested real estate enterprise is not fully paid up, its land use certificate has not been obtained or the capital-fund in respect of its development project is less than 35% of the total investment amount of the project, the foreign invested real estate enterprise is prohibited from borrowing from any foreign lenders and SAFE shall not process the foreign debt registration or examine and approve the settlement of foreign debt.

In July 2007, SAFE issued a Notice on the Distribution of the List of the First Group of Foreign Invested Real Estate Projects Filed with the Ministry of Commerce (關於下發第一批通過商 務部備案的外商投資房地產項目名單的通知). The notice stipulates, among other things, (i) that SAFE will no longer process foreign debt registrations or examination and approval regarding the settlement of foreign debt for foreign invested real estate enterprises which obtain authorization certificates from, and file with, the Ministry of Commerce on or after June 1, 2007 and (ii) that SAFE will no longer process foreign exchange registrations (or alteration of such registrations) or settlement and sale of foreign exchange under capital account for foreign invested real estate enterprises which obtain approval certificates from local government commerce authorities but do not file with the Ministry of Commerce on or after June 1, 2007. However, the notice has been repealed upon the promulgate of the Provisions on the Administration of Foreign Exchange in Foreign Direct Investments of Foreign Investors (外國投資者境內直接投資外匯管理規定) by SAFE on May 13, 2013.

The Control of Foreign Exchange Regulations was amended by the State Council on August 1, 2008 and became effective on August 5, 2008. Under the revised Control of Foreign Exchange Regulations, the compulsory settlement of foreign exchange was dropped. As long as the capital inflow and outflow under the current accounts are based upon real and legal transactions, individuals and entities may keep their income in foreign currencies inside or outside the PRC according to the provisions and terms to be set forth by the SAFE. The foreign exchange income generated from current account transactions may be retained or sold to financial institutions engaging in the settlement and sale of foreign exchange. Whether to retain or sell the foreign exchange income generated from capital account transactions to financial institutions is subject to approvals from the SAFE or its branches, except as otherwise stipulated by the State. Foreign exchange or settled fund of foreign exchange of capital account must be used in the way approved by the competent authorities and SAFE or its branches, and the SAFE and its branches are empowered to supervise the utilization of foreign exchange or settled fund of foreign exchange of capital account and the alterations of the capital accounts. The RMB follows a managed floating exchange rate system in line with the market demand and supply. A domestic individual or entity who conducts overseas direct investments or overseas issues and transactions of negotiable securities and derivative financial products shall undergo registration formalities with foreign exchange administrative authorities of the State. Furthermore, such individual or entity shall apply for the approval or filing on such investment, issue or transaction from relevant authorities prior to the approval or filing if otherwise required by relevant PRC laws and regulations.

On August 29, 2008, the General Affairs Department of SAFE issued a Notice with Regard to the Issue of Administration of Settlement of Foreign Currency Capital of Foreign Investment Enterprises (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知). This notice further regulates the administration of settlement of foreign currency capital of foreign invested enterprises within the PRC.

According to the notice, prior to applying for settlement of foreign currency capital with designated banks, foreign investment enterprises must undergo capital verification by an accountancy firm. The designated banks should not engage in settlement of foreign currency capital for foreign invested enterprises that have not completed the process of capital verification. Furthermore, the total amount of foreign exchange settled by a designated bank for a foreign investment enterprise should not exceed the total audited capital. The designated banks must comply with the SAFE administration rules of settlement when engaging in foreign currency capital settlement with foreign investment enterprises.

Funds in RMB obtained by foreign investment enterprises through foreign currency capital settlement may only be used within the business scope approved by the government authorities. Furthermore, such funds shall not be used for equity investments within the PRC unless otherwise stipulated. Except for foreign invested real estate enterprises, foreign investment enterprises may not use funds in RMB obtained through foreign currency capital settlement to purchase real estate for any purposes other than its own occupancy. Should a foreign investment enterprise wish to use funds in RMB obtained through foreign currency capital settlement to purchase securities, it must act in compliance with the relevant PRC regulations. Any transfer of funds for the sake of equity investment in the PRC by foreign invested investment enterprises approved by the commerce authorities must first undergo examination and approval by the SAFE. The receipt and settlement in respect of profits obtained by PRC entities or individuals through the sale of shares or interests in PRC enterprises to foreign investors must be conducted through a foreign exchange account exclusively for assets realization. The opening of such account, and any related transfer of funds, must undergo examination and approval by the local branches of SAFE as provided by the relevant regulations.

On July 1, 2009, the PBOC, the Ministry of Finance, the Ministry of Commerce, the General Administration of Customs, the State Administration of Taxation and the China Banking Regulatory Commission jointly promulgated the Measures for the Administration of Pilot RMB Settlement in Cross-border Trade (跨境貿易人民幣結算試點管理辦法), under which, eligible enterprises as designated by relevant authorities located in the cities or provinces which have been chosen by the State Council to execute the pilot RMB trade settlement scheme, are allowed to settle the cross-border trade transactions in RMB. On June 17, 2010, the PBOC, the Ministry of Finance, the Ministry of Commerce, the General Administration of Customs, the State Administration of Taxation and the China Banking Regulatory Commission jointly promulgated the Circular on Issues Regarding the Extension of Pilot RMB Settlement in Cross-border Trade (關於擴大跨境貿易人民幣結算試點有關問題的通知), which extended the pilot scheme to cover more than 20 provinces and cities, including Beijing, and to make RMB trade and other current account item settlement available in all countries worldwide.

On February 25, 2011, the Ministry of Commerce issued the Notice on Relevant Issues regarding the Administration of Foreign Investment (商務部關於外商投資管理工作有關問題的通知), under which, if a foreign investor intends to make investment in the PRC, including establishing new foreign invested enterprises, increasing capital to or acquiring existing PRC enterprises, and providing loans, with its RMB proceeds through settlement of cross-border trades or obtained lawfully through other means outside the PRC, it shall apply to the relevant commerce authority for approval. Upon receiving such application, the relevant provincial commerce authority shall report to the Ministry of Commerce for its consent. Only with the consent of the Ministry of Commerce, may the provincial commerce authority process with the relevant approval procedures.

On May 13, 2013, the SAFE issued the Provisions on the Administration of Foreign Exchange in Foreign Direct Investments of Foreign Investors (外國投資者境內直接投資外匯管理規定) (the "**Provisions**") and the relevant supporting documents, further regulating and clarifying the administration of foreign exchange in foreign direct investments. Pursuant to the Provisions, the SAFE will process foreign exchange registrations for foreign direct investments, any enterprises or individuals who engage in domestic direct investments activities must undergo registration formalities with the SAFE and its local branches, and banks shall ensure the completion of the registration, relating to foreign direct investment with the SAFE when engaging in foreign direct investment business.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following agreements will be available for inspection, free of charge, at the office of DLA Piper Hong Kong at 17/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours up to the [●].

(a) Trust Deed;

(b) Accountant's Report of Spring REIT, the text of which is set out in Appendix I to this Document;

(c) Independent Property Valuer's Valuation Report, the text of which is set out in Appendix IV to this Document;

(d) letter from the Property Consultant in relation to its Building Condition Survey Summary Report, the text of which is set out in Appendix V to this Document;

(e) Corporate governance policy adopted by the REIT Manager on November 1, 2013;

(f) Reorganization Agreement;

(g) Property Management Agreement;

(h) Property Management Supervision Agreement;

(i) Term Loan Facility Agreement;

(j) written consents referred to in the paragraph headed "Qualification and Consents of Experts" below.

(k) the undertaking letter dated November 15, 2013 referred to in the section "Connected Party Transactions — Connected Party Transactions in connection with the establishment of Spring REIT and the Global Offering — (6) Undertaking letter" of this Document.

In addition, a copy of the Trust Deed will be available for inspection free of charge at the above registered office of the REIT Manager during normal business hours as long as [●].

QUALIFICATION AND CONSENTS OF EXPERTS

The qualifications of the experts who have given opinions in the this Document are as follows:

Name	Qualification
Colliers	Chartered valuers and surveyors
Zhong Lun Law Firm	PRC legal advisor
PricewaterhouseCoopers	Certified public accountants
DTZ Debenham Tie Leung Limited	Market Consultant, whose personnel include qualified urban planners
Nikken Sekkei Ltd.	Property Consultant, whose personnel include Registered Japan 1st Class and 2nd Class Architects and engineers

Each of the entities listed above has given and has not withdrawn its written consent to the issue of this Document with the inclusion of its report and/or opinion and/or memorandum and/or valuation certificate and/or summary thereof (as the case may be) and/or references to its name included herein in the form and context in which it is included.

MISCELLANEOUS

Save as disclosed in this Document, as of the Latest Practicable Date:

(a) none of the Directors nor any of the parties listed in the paragraph headed "Qualification and Consents of Experts" of this Appendix is interested in Spring REIT's promotion, or in any assets which have, within the two years immediately preceding the issue of this Document, been acquired or disposed of by or leased to Spring REIT, or are proposed to be acquired or disposed of by or leased to Spring REIT or any companies controlled by it;

(b) none of the Directors nor any of the parties listed in the paragraph headed "Qualification and Consents of Experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date to this Document which is significant in relation to Spring REIT's business;

(c) save in connection with the [●] and save as disclosed in the section headed "[●]" in this Document, none of the parties listed in the paragraph headed "Qualification and Consents of Experts" of this Appendix:

    (i) is interested legally or beneficially in any of the Units or any shares in any of companies controlled by Spring REIT; or

    (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for Spring REIT's securities;

(d) no amount or securities or benefit has been paid or allotted or given within the two years preceding the date of this Document to any of Spring REIT's [●] nor is any such securities or amount or benefit intended to be paid or allotted or given;

(e) there are no outstanding loans or guarantees granted or provided by Spring REIT or any companies controlled by it to, or for the benefit of, any of the Directors;

(f) within the two years immediately preceding the date of this Document, Spring REIT has not issued nor agreed to issue any Units fully or partly paid either for cash or for a consideration other than cash;

(g) save in connection with the [●], no outstanding Units are under option or are agreed conditionally or unconditionally to be put under option;

(h) save for the issue of Units under the Reorganization Agreement, Spring REIT has not issued or agreed to issue any founder Units, management Units or deferred Units;

(i) none of the equity and debt securities of Spring REIT is listed or dealt with on any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(j) Spring REIT has no outstanding convertible debt securities;

(k) within the two years immediately preceding the date of this Document, no commissions, discounts, brokerages or other special items have been granted or paid to any Director, proposed Director, promoter, any of the parties listed in the paragraph headed "Qualification and Consents of Experts" of this Appendix nor to any other person in connection with the issue or sale of any Units or shares or loan capital of Spring REIT or any of the companies controlled by it;

(l) there are no arrangements in existence under which future distributions are to be waived or agreed to be waived; and

(m) there have been no interruptions in the business of RCA01 which may have or have had a significant effect on the financial position of RCA01, taken as a whole, in the last 12 months.